

Fire Authority

11 February 2021



Membership:

Councillors: West, O'Keeffe, Galley (Chairman), Lambert (Vice-Chair), Barnes, Dowling, Evans, Hamilton, Osborne, Peltzer Dunn, Powell, Pragnell, Scott, Sheppard, Smith, Taylor, Theobald and Tutt

You are requested to attend this meeting to be held via Webex at <https://esfrs.webex.com/esfrs/j.php?MTID=e04415464bb4bfc117da09cf4a470dea8>
event password: bvEdEeB5W62 OR call +44-20-7660-8149 Access code: 183 052 9644 at 10.30 am

Quorum: 6

Contact:	Abigail Blanshard democraticservices@esfrs.org
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Agenda

89. Declarations of Interest

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.

90. Apologies for Absence

91. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

Any Members wishing to raise urgent items are asked, wherever possible to notify the Chairman before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently

92. To consider any public questions

93. To receive any petitions

- | | | |
|-------------|--|------------------|
| 94. | Non-confidential Minutes of the Previous Meeting | 5 - 20 |
| | To approve the Non-confidential Minutes of the last meeting held on 3 September 2020. | |
| 95. | Callover | |
| | The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Fire Authority to adopt without debate the recommendations and resolutions contained in the relevant reports for these items which have not been called. | |
| 96. | Fire Authority Service Planning processes for 2021/22 and beyond - Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26 | 21 - 82 |
| | Report of the Chief Fire Officer and Assistant Director Resources/Treasurer | |
| 97. | Treasury Management Strategy 2021-22 | 83 - 114 |
| | Report of the Assistant Director Resources/Treasurer | |
| 98. | Pay Policy Statement 2021-22 | 115 - 126 |
| | Report of the Assistant Director People Services | |
| 99. | CRM Project - Additional Funding Requirement | 127 - 158 |
| | Report of the Assistant Chief Fire Officer | |
| 100. | People Strategy 2021-2025 | 159 - 188 |
| | Report of the Deputy Chief Fire Officer | |

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

Date of Publication: 3 February 2021

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FIRE AUTHORITY

Minutes of the meeting of the virtual FIRE AUTHORITY held at 10.30 am on Thursday, 3 September 2020.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Barnes, Dowling, Evans, Grimshaw, O'Keeffe, Osborne, Peltzer Dunn, Powell, Pragnell, Scott, Sheppard, Smith, Taylor, Theobald, Tutt and West

Also present: D Whittaker (Chief Fire Officer/Chief Executive), M O'Brien (Deputy Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), A Ghebre-Ghiorghis (Monitoring Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), H Scott-Youldon (Assistant Director People Services), M Matthews (Assistant Director Safer Communities), R Fowler (Assistant Director Operational Support & Resilience), E Curtis (Communications & Marketing Manager), N Cusack, S Milner, C Fry, P Evans, M Elder, K Pearce, M Lloyd, S Higgins, D Marshall, S Philips, C Porter, E Simpkin and A Blanshard (Senior Democratic Services Officer)

15 Declarations of Interest

There were none.

16 Apologies for Absence

Apologies were received from Councillor Hamilton. The Fire Authority welcomed Councillor Grimshaw who had been appointed to attend as substitute for this meeting.

17 Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

18 To consider any public questions

There were none.

19 To receive any petitions

There were none.

20 Non-confidential Minutes of the Previous Meeting

RESOLVED – That the minutes of the meeting held on 11 June 2020 be approved and signed by the Chairman. (*Copy in Minute Book*)

21 Callover

Members reserved the following items for debate:

84 2019/20 Annual Performance Outcome Report

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- 85 IT Strategy 2020-2025
- 87 2021/22 to 2024/25 Strategic Service Planning and Medium Term Financial Plan
- 88 Draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a Safer Future' – Consultation Results and Modified Proposals

RESOLVED – That all other reports be approved according to the recommendations set out.

22 2019/20 Annual Performance Outcome Report

The Fire Authority considered the report of the Assistant Director Planning & Improvement providing details of East Sussex Fire Rescue Service's performance for the period April – March 2019/20. Fourteen top level indicators had improved or met the target set in 2019/20 (70%) and six indicators declined.

The Planning & Intelligence Manager (P&IM) introduced the report to Members and drew their attention to some particular key points, linked to the Service's priority performance areas. These included highlighting the reduction in accidental dwelling fires, in 2019/20 ESFRS had recorded the lowest number of these incidents ever at 453, this was an 11% reduction on the previous year. Other key points in the report related to a decline in performance regarding overall sickness absence rates, there had been a slight increase in sickness absences, particularly relating to long-term sickness. Members were informed that at the end of 2019/20 the number of inspections of high risk premises and business safety audits had increased by 28%.

Members felt that the report outlined some satisfactory performance figures. There was some concern that the number of home safety visit figures was not as high as desired and that there would be an unavoidable impact in relation to the COVID-19 pandemic. Officers reassured members that this was being addressed and that there were ways of working in place for telephone home safety visits.

The Assistant Chief Fire Officer (ACFO) responded to comments on the figures relating to the inspections of high risk premises by confirming to those present that the report demonstrated some positive figures in this area. In terms of ESFRS' preparedness the Service continues to have positive performance when compared to other comparable Fire & Rescue Services in terms of attendance times and confinement of fires to the room of origin. ESFRS would continue to prioritise quality over quantity with regards to its home safety visits, the Service was attending more complex cases and these required additional personnel to ensure that we were giving our residents the best quality service. Members passed on their thanks to staff for the number and quality of visits being carried out and their appreciation for how these had been adapted during the COVID-19 restrictions.

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Members suggested the Service consider running a public communications campaign regarding the dangers of hoarding, in the same way it has done with regards to kitchen safety. The ACFO explained that ESFRS had for some time been focussing on hoarding as an area of concern, as it had needed to make a number of interventions in the past. It is also important to be sensitive to the mental health challenges that may also be an underlying reason and generally there was a multi-agency approach to these cases. The Chief Fire Officer (CFO) added that historically hoarding had been under reported. The CFO was proud of ESFRS Firefighters for their work on this issue and for ensuring safeguarding referrals are made. The ACFO agreed to work with the prevention team to see what other work could be done on a communications campaign.

Members wanted some more detail regarding the sickness absence figures and asked whether there was mitigation in place to support staff. The Assistant Director Safer Communities (ADSC) confirmed that the sickness figures over recent months had reduced, with the larger figures related to those staff on long term sickness, some of whom were experiencing delays in treatment as a result of the COVID-19 pandemic, this was being monitored. New programmes had been introduced as part of a renewed occupational health offer. The ADSC informed the Authority that there was work underway with regards to streamlining the medical practitioner process and attention was being given to the subject of light duties work.

Members asked whether in light of the impact of COVID-19 there was additional mental health support being given to staff. The Chief Fire Officer gave reassurance to Members that staff wellbeing was a matter of significant focus at the moment. Support staff were being monitored as some were experiencing more isolation due to working from home and many staff had been dealing with complex family health issues. ESFRS had been the only fire and rescue service to take part in the charity Mind's workplace survey last year and subscribed to CALM (Campaign against living miserably). During the COVID-19 pandemic staff had been surveyed about the impact that the situation was having on their mental health. The Service had contracted specific psychological support and counselling services for staff, it was all confidential. The CFO reminded the Fire Authority of the additional £30k invested in the occupational health provision. ESFRS has a supportive culture that ensures any issues are escalated very quickly and it is also important to note that the majority of these issues were not connected with working life, but the service was not complacent and recognises the importance of good Occupational Health and managerial support.

RESOLVED: The Fire Authority considered and noted:

- i. the performance results and progress towards achieving the Service's purpose and commitments; and
- ii. the performance results and remedial actions that have been taken to address areas of under performance in the Fire Authority's priority areas.

23 IT Strategy 2020-2025

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) seeking Fire Authority approval for the East Sussex Fire & Rescue IT Strategy 2020-2025 and the associated funding requirements.

The Authority were given a brief outline of the Strategy, which built on the significant progress that had been made since the decision to outsource IT Services to telent in November 2016 and embark on a transformation programme of the core IT infrastructure and applications. The IT Strategy deliverables had been developed in support of and aligned with the Corporate Plan. The deliverables also took into consideration the Integrated Risk Management Plan, Operational Response Review and the findings of the HMICFRS 2019 inspection report. The Authority were informed that in June 2020 SLT had agreed the priorities for agreed IT Strategy funding as being:

- Mobilising Strategy Project 21
- CRM
- Firewatch
- Performance Management
- Electronic Document Management System (EDRMS)
- IT Infrastructure Projects / Office 365
- Information Security

Members were informed that a detailed prioritisation process conducted by the Assistant Directors included a scaling back of the Service's technology ambitions in line with the priorities and capacity, this had reduced the project funding shortfall to £0.20m (excluding the CRM Project where a report on project costs and the need for additional funding was expected to SLT in the autumn) over the five years of the IT Strategy.

The Lead Member for IT thanked officers on behalf of the Fire Authority for their significant work on this strategy document and commended the paper to Members. There had been a lot of work on improving the IT provision already and this paper took the proposed changes to a new level. Successes so far included the imminent move to Office 365, improvements to IT security, and the changes to working practices that had to be brought in at speed as a result of COVID-19. Members thanked the Lead Member for his comments as it was a very technical paper and his reassurance was valuable given his experience in the IT sector.

Some Members raised their concerns about the carbon cost of IT, whilst they were keen on the possibilities of IT reducing travel, there was also significant hidden carbon costs in IT provision. There were also some questions about whether the outsourcing of IT since 2016 had represented value for money. The ADR/T explained that Officers had a responsibility for driving efficiencies and whilst this strategy put in place funding, each project would have to produce a business case including identification of benefits (cashable and non-cashable) to unlock that funding. The ADR/T confirmed that the Strategy document dealt with sustainability, but that ESFRS doesn't currently measure

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its IT carbon footprint. Officers would take away these comments from this meeting and work with telent to look at this in more detail. The ADR/T advised that it could be expected that the COVID-19 induced IT cultural change would to a significant degree be permanent and there were already associated financial savings being made e.g. in reduced travel and subsistence costs.

There was some debate about the use of the term efficiencies and the ADR/T sought to reassure Members that the efficiencies that would be delivered through the investment in the IT Strategy primarily focussed on streamlining administrative processes and improving productivity. Some Members requested that they be permitted to record a vote for, against or abstention on the second recommendation to this report, this was permitted and the voting was as follows:

Recommendation 2:

FOR: 12 (*Cllrs Barnes, Dowling, Galley, Lambert, Osborne, Peltzer Dunn, Pragnell, Sheppard, Smith, Taylor, Theobald, Tutt*)
AGAINST: 0
ABSTAIN: 5 (*Cllrs Evans, Grimshaw, Powell, Scott, West*)

RESOLVED: The Fire Authority therefore agreed to:

- i. approve the IT Strategy 2020-2025 and the use of existing funding of £7.79m, including the use of the previously Fire Authority approved P21 ESFRS IT integration funding £2.26m. Total approved funding £10.05m.
- ii. note that further funding will need to be identified through delivering financial efficiencies and the budget setting process in order to resolve the combined one off and ongoing cost pressure of £2.25m (excluding CRM HSV & Business Safety) or £3.53m (including CRM HSV & Business Safety);
- iii. note costed proposals for the development of CRM HSV and Business Safety are due to be presented to SLT in October 2020;
- iv. note that regular reports on the delivery of the IT Strategy will be presented to SLT and the Scrutiny & Audit Panel; and
- v. that business owners should now develop business cases, defining the business benefits, costs and efficiency savings for the projects included in the Strategy.

24 **Revenue & Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 4**

The Fire Authority received the report of the Assistant Director Resources/Treasurer (ADR/T) which reported to Members the findings of the month 4 monitoring undertaken on the Revenue and Capital Budget 2020/21. This was the first report to the Fire Authority for the 2020/21 financial year and highlights the findings from the Month 4 monitoring undertaken on the

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Revenue Budget 2020/21 and 5 year Capital Programme, approved by the Authority in February 2020.

RESOLVED: That the Fire Authority agreed to note:

- (i) the risks to Revenue Budget and the projected underspend;
- (ii) the risks to the Capital Programme and the projected in year underspends;
- (iii) the reduced net drawdown from reserves;
- (iv) the monitoring of savings taken in 2020/25 including those savings at risk;
- (v) the current year investments; and
- (vi) that the underspends of £35,000 on travel & subsistence for April to September will be transferred into the Corporate Contingency.

25 2021/22 to 2024/25 Strategic Service Planning and Medium Term Financial Plan

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) which set out to roll forward the Fire Authority's medium term service planning strategy and medium term financial plan for 2021/22 to 2024/25. The ADR/T explained that financial planning was particularly difficult this year and had been made worse by COVID-19. The Government had commenced a comprehensive spending review (CSR) covering a 3 year period from 2021/22. The fire sector had made a strong submission to this, but an outcome was unlikely until later in the autumn with a provisional settlement in December, planning therefore was very difficult.

The ADR/T explained that COVID-19 was having a significant impact on both Council Tax and Business Rates, not only in terms of collection, but also base growth. The report built on the existing Medium Term Finance Plan (MTFP) mid-case scenario and updated the assumptions that underpinned it where possible, highlighting emerging pressures and potential risks. The revised MTFP indicated a revised funding gap of £1.659m in 2021/22 rising to £2.967m in 2024/25. In addition it was recommended that the Authority plans for a scenario where the current one off pensions grant does not continue into 2021/22. This would add a further £1.735m to the savings required in each year.

The ADR/T added that budget planning would need to take everything discussed into account. If the state of the financial challenges ahead were as detailed in this report, efficiencies alone would not be enough, the Fire Authority and Officers would have to consider wider options for savings. The IRMP, if approved, did present the authority with some further options, in that the original proposals could possibly be re-examined if the wider financial implications necessitated it.

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The ADR/T reminded the Fire Authority that there was also a financial risk attached to the Pension Grant. The Firefighter pension schemes were subject to periodic review, the last revaluation involved a significant increase in employer's rates in 2019/20. The Home Office and Treasury agreed that the burden on fire services was significant and they agreed to grant fund all but £10m of the additional cost. This grant had been extended for a further year, and was not in the base line funding as it was not certain that it would continue.

Members agreed that the current financial climate was creating probably the most uncertain future that the Fire Authority had faced. They felt it very important that the Local Government Association and National Fire Chiefs Council be urged to continue to work with government to sort out the funding of pensions, it was not possible for fire authorities to carry on working on the basis of one off funding when it equated to such a large percentage of our spending capacity.

Members were worried most by the implications of the business rates and council tax system, as it is likely Covid-19 will have a dramatic impact on collection rates. It was felt important that Fire Authorities needed to raise the issue of business rates with the Home Office, specifically whether they should be collected locally or centrally and especially the implications of essential services being funded by grants. Members felt that the current uncertainty made financial planning very difficult. There was some suggestion that reserves could be drawn down and that some consideration be given to raising Council Tax again next year.

The Fire Authority thanked Officers for all their hard work during very difficult times. There was some concerns that previous correspondence with MPs and funding reviews did not seem to be producing any results. There had been some claims by some local MPs that additional funding might be available and the Chairman proposed an additional recommendation regarding writing to MPs to lobby them on this matter. This recommendation was seconded by the Vice Chairman and agreed by the Authority.

At the request of some Members it was agreed that a recorded vote would be taken on this item, including the new recommendation, with votes recorded as follows:

Recommendation 1

FOR: 11 (*Cllrs Barnes, Dowling, Galley, Lambert, Osborne, Peltzer Dunn, Pragnell, Sheppard, Smith, Taylor and Tutt*)

AGAINST: 0

ABSTAIN: 6 (*Cllrs Evans, Grimshaw, Powell, Scott, Theobald and West*)

Recommendations 2-4

FOR: 13 (*Cllrs Barnes, Dowling, Galley, Lambert, Osborne, Peltzer Dunn, Powell, Pragnell, Sheppard, Smith, Taylor, Tutt and West*)

AGAINST: 0

ABSTAIN: 4 (*Cllrs Evans, Grimshaw, Scott and Theobald*)

RESOLVED: That the Fire Authority agreed:

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- i. to approve the updated Medium Term Financial Plan for 2021/22 to 2024/25 and its underlying assumptions;
- ii. the risks set out in section 4.6 of the report;
- iii. considered their policy preferences for Council Tax, should the Government set the referendum threshold higher than the 2% currently included in the MTFP; and
- iv. that given the ongoing uncertainty about the future core funding of the service the Chairman of the Fire Authority will again write to all local MPs to request their support in lobbying for additional and sustainable funding for 2021/22 and use the opportunity of the planned autumn MPs briefing to expand on the issues further.

26 Draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a Safer Future' - Consultation Results and Modified Proposals

The Fire Authority considered the report of the Chief Fire Officer which presented the results of the public consultation on the proposals laid out in the Fire Authority's draft Integrated Risk Management Plan (IRMP) 2020-2025. The first part of the report presented the views of staff, stakeholders and communities. The second part of the report presented a modified set of proposals based on the feedback from the consultation exercise and engagement with staff and representative bodies. The report sought the agreement of the Fire Authority on the revised proposals in order to allow a final IRMP, covering the period 2020-2025 to be published.

The Deputy Chief Fire Officer introduced the report to those present and reminded the Fire Authority that they had a statutory duty to have an IRMP and that the existing one expired this year. Formal public consultation on the Fire Authority's draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a Safer Future' commenced on 24 April 2020, having been agreed by the Fire Authority on 23 April 2020, and ran for an 8-week period. The views expressed throughout the consultation were subjected to thorough analysis and used to further shape the development of the modified proposals presented to this meeting.

The consultation and engagement process included the collection of opinions from staff, partners, stakeholders and the public using a variety of methods including:

- Publication of the review and supporting documents on the website,
- An online questionnaire hosted by Opinion Research Services (ORS)
- Internal publications inviting staff to consult on the review
- Emails/letters to over 650 local councillors, businesses, stakeholders and community groups inviting them to take part in the consultation online and/or to attend a stakeholder webinar
- Fire Authority Member engagement

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- briefing sessions undertaken by local station managers
- Station Manager engagement with local organisations
- 6 online public focus groups facilitated by ORS
- 1 online stakeholder webinar facilitated by ORS
- A representative telephone survey to 600 residents
- 10,000 letters sent to targeted households where there was a higher likelihood of residents not having access to the internet/email/social media.
- An additional 10,000 letters sent in the latter half of the consultation period targeting specific areas and towns.

The Fire Authority were reassured that the public consultation process had been extremely comprehensive with valuable contributions received from partners, members of the public, and other organisations. In addition, significant feedback had been received from staff and representative bodies. In parallel to the public consultation, senior officers engaged in meaningful and constructive dialogue with staff representative groups and trade unions, specifically with senior officials of the Fire Brigades Union (FBU).

The DCFO took those present through the final proposals for change contained within in the report including:

- Operational Resilience Plan;
- Changes to duty systems and staffing across day crewed stations;
- Improving the efficiency and effectiveness of the operational fleet;
- Changing the way stations in Hastings were crewed, and introducing an additional fire appliance at Bohemia Road;
- Aerial appliances and other specialist capabilities; managing demand; and
- The introduction of group crewing across the three City stations.

The DCFO closed by informing the Fire Authority that this updated set of proposals delivered the original objectives and outcomes by better matching resources to risk. The revised IRMP provided more prevention and protection activity, and better operational coverage across the service and particularly in Hastings. The Fire Authority were reassured that the plan enabled improvements to our overall effectiveness and efficiency including better availability and increased resilience at core on-call stations. The plan also supported delivery of the HMICFRS improvement areas and the Fire Authority's purpose and commitments.

A lengthy discussion followed during which Members took the opportunity to thank all officers, representative bodies and other interested parties for their exceptionally hard work and responses to the consultation. It was agreed that whilst some Members had originally very strong doubts regarding the timing of the consultation process, everyone involved did their utmost to ensure it was a success. Members were particularly impressed at the scale of the public response to the consultation which had been the largest of any previously undertaken by the Service.

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There were still some concerns amongst Members about particular details within the proposals and that there would be challenges with implementation, but there was a consensus that the Authority was very aware of its statutory duty to have in place an IRMP and felt that this amended set of proposals was a considerable improvement.

Members were pleased to hear that there would be a separate debrief process on the consultation. Whilst it was generally agreed that the response rate was exceptional, there were some amongst the Authority who felt that the survey questions in particular were totally satisfactory.

The Green Group had submitted a proposed amendment to two of the recommendations within the report, proposed by Cllr Powell and seconded by Cllr West. Members discussed this proposal and agreed that it should be voted on at the end of the discussion on this item.

The amendment (Amendment 1) updated recommendations f (2) and (3) to read as follows:

2. *The Service will continue its attendance at lift releases. Confinement in a lift is traumatic for anyone, but even more so for those with a disability or a severe health condition, those who are elderly, or for those with young children. A swift response by the ESFRS is the right one, given the training of the firefighters and the equipment that they have to hand. This service should continue.*
3. *The Service will continue to attend calls to birds trapped in netting. If birds are not rescued by the ESFRS, then there is the potential for greater risk to members of the public in attempting to rescue trapped or dying birds themselves. It also places the burden back onto animal charities who are suffering huge financial consequences because of the pandemic. It is also a humanitarian gesture, and this service should continue.*

The CFO provided Members with professional advice on both these proposals. With regards to Lift rescues, ESFRS had the highest incidences in its family group, in part due to the number of high-rise buildings. The CFO agreed with member statements that being trapped in a lift could be a traumatic experience and that it had never been the professional view that the Service should stop attending these. The main issue was those callouts that were to maintenance issue, in particular this was a concern with properties owned by BHCC, and the support of Councillors would be welcomed to ensure that maintenance of these lifts was improved.

The CFO then addressed the proposed amendment relating to bird rescues, explaining that it was certainly not the intention of the Service to put any member of the public at risk by not attending these call-outs. The Fire Authority was informed that the majority of these rescues were already attended by charities rather than ESFRS, especially the Wildlife Rescue Ambulance Service (WRAS) and RSPCA.

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Wider discussions continued including the voicing of a concern by some members that the public may have been distracted by some claims in the public domain that there was more significant funding available to the Fire Authority than was currently the case. It was suggested that an additional recommendation be added stating that the IRMP could be revisited if there was an increase in Government funding. In consultation with the Monitoring Officer the following additional recommendation (Amendment 2) was proposed by Cllr Lambert and seconded by Cllr Osborne:

- vii) *In the event that there is an increase in government funding to Fire Service, the authority agrees to review the IRMP to reflect the changed position.*

Some of the Members representing the City had concerns about staffing changes and wished for the following amendment to be considered:

“For any of the staffing actions it is suggested that the matter be revisited and reported to the Fire Authority for approval prior to implementation.”

The CFO reassured the Authority that every effort had been made to minimise the impact on staff. There were no compulsory redundancies associated with this IRMP. The staffing changes in the amended proposals equated to a very small number of posts and limited movement available to deliver enhancements. Members were reminded that the IRMP would be a “living document” and if external factors changed, then it would be revisited. For example there were two new pieces of legislation making their way through parliament at the current time regarding building safety. This legislation would have particular relevance to the City. The CFO asked Members to give the Service the legitimacy of the IRMP to enable them to rebalance the resources available in the City, enabling the use of agreed resources to address risk issues in the City.

The Authority took advice from the Monitoring Officer that this amendment was not “standalone” as the others were and therefore would cause fundamental issues to the rest of the recommendations and the IRMP as a whole rendering the plan incoherent. Therefore it was deemed that this proposed amendment was not acceptable. Cllr Peltzer Dunn agreed to withdraw this proposed amendment.

The Fire Authority concluded its discussions with the Chairman reminding all those present that they had a statutory duty to agree an IRMP (as set out in the National Framework) and that this should be achievable at this meeting and if not they there was a high risk that they Authority would run out of time. The CFO confirmed that current IRMP would end in December 2020, if not agreed today then the Authority would need to be recalled in October, as the scheduled meeting in December would be too late. The CFO closed by reminding those present of the tireless work by officers and representative bodies that had been undertaken to acknowledge all concerns, and suggestions and create the updated proposals presented here.

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The closing discussions amongst Members demonstrated a general support for the proposed amendments and then the IRMP as a whole based on those being agreed. There was a general agreement that Authority Members should lobby government on funding matters and, as a result of comments during the consultation process, contact Local MPs and request that they too support the Authority and lobby on their behalf.

Members then agreed to take a recorded vote on the two proposed amendments and then the final recommendations in full. The votes were as follows:

Amendment 1

FOR: 13 (*Cllrs Barnes, Dowling, Evans, Galley, Grimshaw, Osborne, Peltzer Dunn, Powell, Pragnell, Scott, Smith, Theobald and Tutt*)
AGAINST: 1 (*Taylor*)
ABSTAIN: 2 (*Lambert and Sheppard*)

Amendment 2

FOR: 15 (*Cllrs Barnes, Dowling, Evans, Galley, Grimshaw, Lambert, Osborne, Peltzer Dunn, Powell, Pragnell, Scott, Sheppard, Smith, Theobald and Tutt*)
AGAINST: 1 (*Taylor*)
ABSTAIN: 0

Recommendations as amended

FOR: 14 (*Cllrs Barnes, Dowling, Evans, Galley, Grimshaw, Lambert, Osborne, Powell, Pragnell, Scott, Sheppard, Smith, Taylor and Tutt*)
AGAINST: 0
ABSTAIN: 2 (*Cllrs Peltzer Dunn and Theobald*)

RESOLVED - That the Fire Authority:

- i) considered the results of the public consultation exercise and the views raised by staff, public and stakeholders for each of the original proposed changes in the draft Integrated Risk Management Plan 2020-2025;
- ii) noted the modified set of proposals that are detailed in section 11 of this report which were developed based on ongoing consultation and engagement with staff groups and union representatives throughout the process; and
- iii) agreed the final IRMP proposal for change as follows:
 - (a) agreed to the introduction of Proposal 1 - the Operational Resilience Plan (ORP) – which will enhance our operational resilience by increasing our core number of fire appliances available at the start of the day from 15 to 18. Agree the associated staffing and contractual arrangements to facilitate the ORP including the introduction of a flexible crewing pool

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and enhancements to on-call contracts to improve appliance availability – as outlined in paragraph 11.2 onwards.

- (b) agreed to the modified Proposal 2 changes to day crewed stations – To introduce a one-watch duty system at Bexhill, Crowborough, Lewes, Newhaven and Uckfield to work over 7 days with an establishment of 9 and; introduce a one-watch duty system at Battle Fire Station to work over 5 days with an establishment of 7 - as outlined in paragraph 11.11 onwards.
- (c) agreed to the modified Proposal 3 removal of second fire appliances – The second appliances at Bexhill, Crowborough, Uckfield, Newhaven, Lewes, Battle and Rye will be removed and these stations will be formally designated as single appliance stations. In addition, Heathfield, Seaford and Wadhurst (former maxi-cab stations) will be designated as single appliance stations. However, through an overall redistribution of operational vehicles, Bexhill, Crowborough, Uckfield and Newhaven will be designated 1 pump resilience stations and will therefore have access to an additional fire appliance located at the stations. These will be utilised as flexible Service-wide assets providing part of the Service's spare appliance fleet, as well as being operationally available at the stations for response to incidents, if required. Lewes, Battle, Rye, Heathfield, Seaford and Wadhurst will also have access to specialist operational vehicles to maintain at least two operational vehicles at the station, and these vehicles will also be operationally available at the stations for response to incidents, if required. As outlined in paragraph 11.19 onwards.
- (d) agreed to the modified Proposal 4 changes to the appliance and staffing arrangements in Hastings – A second full-time fire appliance will be introduced at Bohemia Road Station, increasing the staffing levels at that station. The Ridge fire station will change to a 7 day a week “day crewed” system with a 1 watch staffing level of 9. The dedicated crewing for the Bohemia Road Aerial Ladder Platform will be maintained to provide immediate high-reach cover to the eastern part of our county area. To facilitate this the overall number of operational staff across both Hastings stations will be increased by 1. As outlined in paragraph 11.28
- (e) agreed to the modified proposal 5 – aerial appliances and other specialist vehicles - to maintain three aerial ladder platforms (ALPs) two as primary crewed in Brighton and Hastings, and place a dedicated ALP at Eastbourne with a shared crewed and second fire appliance; and noting that

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

further work on the provision and disposition of specialist capabilities is underway and will report to SLT in September.

- (f) agreed to proposal 6 previous IRMP decisions– smaller appliances will not be progressed. Also, in relation to the following demand management arrangements, agree the following:
 - 1. The Service will no longer automatically attend fire alarms operating in low risk commercial premises. Plans will be developed to work with businesses in order to reduce the numbers of unwanted fire signals (AFAs) attended through a range of measures.
 - 2. The Service will continue its attendance at lift releases
Confinement in a lift is traumatic for anyone, but even more so for those with a disability or a severe health condition, those who are elderly, or for those with young children. A swift response by the ESFRS is the right one, given the training of the firefighters and the equipment that they have to hand. This service should continue.
 - 3. The Service will continue to attend calls to birds trapped in netting. If birds are not rescued by the ESFRS, then there is the potential for greater risk to members of the public in attempting to rescue trapped or dying birds themselves. It also places the burden back onto animal charities who are suffering huge financial consequences because of the pandemic. It is also a humanitarian gesture, and this service should continue.
- (g) agreed to modified proposal 7 – changes to wholetime duty systems –noting the proposal to introduce option B, group crewing in the City, only. However, we will reinvest 2 of these posts back into the City Business Safety hub, to enhance our overall business safety capacity in the City.
- iv) Noted that, subject to agreement, the above recommendations will replace the draft proposals contained within the draft IRMP and this will be updated prior to publication; and
- v) Noted the revised Equality and Finance Impact Assessments for the IRMP attached as Appendix I.
- vi) Agreed to the required changes to the revenue budget and capital programme as a result of the implementation of the final proposals; and

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

- vii) In the event that there is an increase in government funding to Fire Service, the authority agrees to review the IRMP to reflect the changed position.

The meeting concluded at 2.42 pm

Signed

Chairman

Dated this

day of

2019

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EAST SUSSEX FIRE AUTHORITY

Panel	Fire Authority
Date	11 February 2021
Title of Report	Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26
By	Dawn Whittaker, Chief Fire Officer Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Parmjeet Jassal, Interim Finance Manager

Background Papers	<p>Fire Authority Service Planning processes for 2020/21 and beyond – Revenue Budget 2020/21 and Capital Strategy 2020/21 to 2024/26: Fire Authority 13 February 2020.</p> <p>2021/22 to 2024/25 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 3 September 2020</p> <p>Draft 2021/22 to 2025/26 Strategic Service Planning and Medium Term Financial Plan - Medium Term Capital Asset Strategy: SLT 17 December 2020</p> <p>Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26: Policy & Resources Panel 21 January 2021</p> <p>Economic and Fiscal Outlook, November 2020 -Office of Budget Responsibility.</p> <p>Bank Of England Monetary Policy Report – November 2020</p>
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Appendices	<p>A – Medium Term Finance Plan 2021/22 – 2025/26</p> <p>B – Revenue Budget Summary 2021/22</p> <p>C – Fees and Charges</p> <p>D – Capital Asset Strategy 2021/22 – 2025/26</p> <p>E – Reserves and Balances Policy</p> <p>F – Precept for 2021/22</p> <p>G – Establishment 2021/22</p> <p>H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities</p> <p>I – Equality Impact Assessment</p> <p>J – Consultation Responses</p>
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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 the Fire Authority’s Revenue Budget 2021/22, Capital Strategy 2021/22 – 2025/26 and Medium Term Finance Plan for 2021/22 – 2025/26 for approval.

EXECUTIVE SUMMARY

The Authority’s budget proposals for 2021/22 and its five year Medium Term Finance Plan (MTFP) were considered by the Policy and Resources (P&R) Panel on 21 January 2021. Since that meeting the report has been updated to reflect the latest council tax and business rates information, collection fund positions and our best understanding of how the schemes to compensate authorities for the impact of Covid-19 on Collection Funds and council taxbase will operate. The Local Government Finance Settlement (LGFS) is expected to be finalised when the Local Government Finance Report (England) 2021/22 is debated by Parliament on 10 February 2021

The key decision for the Authority is the level of council tax it wishes to set for 2021/22. P&R Panel has recommended two options for the Authority to consider either no increase (0%) or an increase of 1.99% (the referendum threshold for fire authorities is 2%). The loss of income resulting from a freeze in council tax for 2021/22 is estimated as £0.551m (2021/22) rising to £0.618m (2025/26).

Any decision to freeze council tax at its existing level, even for a single year has a permanent impact on the future income that the Authority can generate from council tax. Across the 5 year MTFP the total loss of income is £2.9m. This increases the level of future savings required under our best case scenario to £0.6m (2025/26 base) and £4.1m (5 year total) and under the worse case scenario to £2.8m and £9.7m respectively.

This decision is being made when there remain significant uncertainties for funding after 2021/22 which the current Covid-19 pandemic has only exacerbated. New legislation resulting from the Grenfell enquiry is likely to impose fresh demands on the Authority’s prevention services and there is no clarity on the extent to which Government will fund the additional cost.

This Authority in line with the joint NFCC / LGA CSR20 submission has lobbied for a fair and sustainable medium term settlement for the fire service including additional local flexibility to increase council tax by 2% or £5 whichever is the greater. This position will be difficult to maintain if the Authority does not take the increase in council tax available to it in 2021/22.

The IRMP consultation carried out last summer demonstrates that 80% of the public support an increase in council tax for the fire service.

This report outlines proposals for setting a balanced revenue budget for 2021/22, including commitments, growth bids and new savings. It sets out the additional savings necessary to balance the budget should the Authority decide to freeze council tax for 2021/22 (0% option). The Government conducted a Comprehensive Spending Review (SR20) during the year and the sector lobbied strongly to secure a sustainable financial settlement for the fire service. The Authority also lobbied local MPs in support of the sector's CSR submission, particularly highlighting both the pressures and risks the service faces and its reliance on one off grant funding to cover significant costs. Given the economic and financial uncertainty caused by the Covid-19 pandemic the Government announced a one year settlement for 2021/22. The LGFS delivered a better settlement than the Authority has expected with core funding maintained with inflation, pension grant extended for a further year (and expected to be baselined into the settlement from 2022/23) and compensation for the majority of the impact of Covid-19 on income from council tax and business rates.

However, fire did not receive any additional funding to support sector improvement or the impact of new legislation. There was also no funding for fire in tranche 5 of the grant covering Covid-19 costs for 2021/22. In addition the Provisional LGFS did not grant additional council tax flexibility for the fire service, maintaining the referendum threshold at 2%.

The budget proposals have been developed using the modelling assumptions previously agreed with the Authority including a proposed increase in council tax of 1.99%. The impact of no increase in council tax for 2021/22 has also been set out in the report.

There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly difficult. There remains a series of other risks for the Authority to consider in setting its budget and MTFP which are set out in this Report.

As a consequence of this uncertainty the MTFP forecasts overall central support in two scenarios:

- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
- Worse Case – 5.0% annual decrease in SFA

The revised MTFP under the worse case option shows a need to deliver further savings of £2.528m by 2025/26. In the best case scenario this reduces to £0.326m. If the Authority were to agree not to increase council tax in 2021/22 then this would increase to £2.245m (worse case) and £0.043m (best case), assuming the additional savings proposed in this Report are delivered.

New savings including those from the IRMP and the Procurement Category Strategy have been built into the MTFP. Officers will continue to explore the potential for further savings to meet the identified target by 2025/26 through Efficiency Strategy activities set out in paragraph 6.7.3.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. As capital reserves are drawn down 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 impact of new borrowing is reflected in the MTFP from 2022/23 onwards. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.

The Authority has acted prudently in establishing reserves and balances to meet its assessed risks and to provide one off funding for specific priorities. The level of reserves held will significantly reduce over the life of the MTFP and this will bring forward the need to borrow and reduce the level of financial flexibility the Authority has outside of its Revenue Budget.

RECOMMENDATION

The Authority is recommended to approve:

1. Either:

(a) an increase in council tax of 1.99% and thus approve:

- (i) the budget proposals set out in this Report and the net budget requirement of £40.704m for 2021/22;
- (ii) the council tax requirement of £28.303m; and
- (iii) the council tax and precepts as set out in Appendix F

Or (b) a council tax freeze (0% increase) and thus approve:

- (i) the budget proposals set out in this Report and the net budget requirement of £40.153m for 2021/22;
- (ii) the council tax requirement of £27.751m; and
- (iii) the council tax and precepts as set out in Appendix F
- (iv) the use of £0.279m from the General Reserves in 2021/22 to balance the revenue budget

2. The capital programme for the next five years and the capital budget of £6.105m for 2021/22 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure

3. A one off contribution of £0.210m from the revenue budget to the General Reserves to return it to the policy minimum of 5% of the net revenue budget
 4. The fees and charges set out in Appendix C; and
 5. That the Assistant Director Resources / Treasurer, in consultation with the Chief Fire Officer and the Chairman be authorised to make any adjustments to the presentation of the budget to reflect the Final Local Government Settlement.
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1 INTRODUCTION

- 1.1 The report sets out the proposed Revenue Budget for 2021/22, a revised MTFP for 2021/22 to 2025/26 as well as the proposed CAS and Capital Programme for the Authority for the period 2021/22 to 2025/26 for the Authority to consider. The report is based on the latest information available, but Members should note that 2021/22 represents a one-year settlement, which at the time of writing this report had still not been finalised. Estimates have also been used where full information from billing authorities was not available and / or where the operation of some Government grants is not yet clear.
- 1.2 The Provisional LGFS suggests a council tax referendum threshold of 2% for 2021/22 for Fire Authorities and options for a council tax freeze (0% option) and 1.99% increase are set out in the report.
- 1.3 As a result of the economic uncertainty created by the Covid-19 pandemic the Government has issued a one year Provisional LGFS for 2021/22. This means that there is still significant uncertainty about the Authority's funding for 2022/23 onwards and therefore a range of assumptions have been made as to the level of funding in the 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 includes savings of £0.995m including £0.504m identified as part of the 2021/22 budget setting process. Additional base budget savings necessary to balance the budget if the Authority chooses to freeze the council tax for 2021/22 are also set out. It includes other changes to spending plans, the provisional LGFS and latest estimates on council tax and business rates. Taken together these show that the Authority can deliver a balanced budget but with reduced flexibility in terms of revenue contributions to capital and contingency.
- 1.5 There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Alongside this issues such as the UK's exit from the EU, new legislation in the wake of the Hackett review, HMI findings locally and nationally, pension costs, the implementation of the IRMP,

major projects such as Project 21, CRM and ESN and the ongoing impact of Covid-19 are likely to impact on our financial position over the medium term.

- 1.6 The level of savings required post 2021/22 will depend heavily on these factors. Our scenario modelling indicates the requirement to make savings, under the 1.99% option of £0.918m in 2022/23 decreasing gradually to £0.326m in 2025/26 (best case). The worse case scenario shows a savings requirement of up to £2.528m by 2025/26. These savings decrease to £0.043m (best case) and increase to £2.245m (worse case) with a council tax freeze, assuming that the additional savings set out in this Report are approved and delivered.

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 coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future. The UK economy has been hit relatively hard by the virus and by the public health restrictions required to control it. The economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these. It also depends on the outcome of the Brexit negotiations. The Office of Budget Responsibility (OBR) expects that UK GDP will fall by 11% this year. Its latest central forecast, which predates the latest lockdown, predicts debt increasing to 105% of GDP by the end of this year, and GDP still down 3% from its pre-Covid levels by the end of 2024. Clearly these factors will be a key influence on public finances generally and the level of flexibility the Government has in terms of future funding for local authorities through CSR.
- 2.2 The official UK bank interest rate was reduced from 0.75% to 0.25% and then again to 0.10% in March 2020 as the Bank Of England sought to respond to the economic shock of Covid-19. Rates are expected to remain at this level until at least the end of 2022. The cost of borrowing through the PWLB remains historically low with the Government recently reducing rate by a further 1%. The PWLB 25 year certainty rate is currently 1.7% and is expected to remain below 2% until at least the end of 2022.
- 2.3 The Government continue to set the target for CPI at 2%. The November 2020 figure was 0.3% down from 0.7% in October and the OBR expect it to rise to 1.2% by the end of 2020 and then to the 2% target by 2025.

3 NATIONAL FUNDING

- 3.1 The CSR20 announced in November 2020 set out a more positive settlement for the fire sector nationally than had been anticipated, with a commitment to increase settlement funding assessment (SFA) by inflation for 2020/21 ("cash real"). This is reflected in the provisional LGFS. This contrasted with our existing

modelling which anticipated reductions in SFA of 5% pa over the MTFP period. The Home Office has also subsequently confirmed that its 2021/22 budget includes a continuation of the funding (£115m) for the one off fire pensions grant awarded to fire in 2019/20.

- 3.2 The LGFS proposes a council tax referendum threshold of 2% for fire authorities. The Authority and the sector nationally has lobbied for an increase of 2% or £5 whichever is the greater in order to allow it to invest in protection services post Grenfell and in anticipation of the outcomes of the Hackett Review, and to address the areas for improvement identified by HMI.
- 3.3 The Provisional LGFS was released on 17 December 2020 and is in line with expectations set out in SR20. We have modelled on the basis of the Provisional LGFS and used the analysis provided by Local Government Futures. The main assumptions from a funding perspective are:
- SFA (RSG and Business Rates) will increase by CPI from the assumed level of funding in 2020/21
 - that the 2020/21 pensions grant will be extended at the same level for another year and baselined into CSR21
 - that the council tax referendum threshold will be set at 2%
 - that any income from the East Sussex Business Rate Pool for 2021/22 will be transferred into the earmarked reserves (given current uncertainty regarding business rates the Authority does not budget for Pool income).
- 3.4 Any decision to trigger a council tax referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling. The Revenue Budget and MTFP have been prepared on the basis of a 1.99% increase for 2021/22 and beyond. An alternative scenario of a freeze in council tax for 2021/22 (0% option) is set out in paragraph 4.8.
- 3.5 The Local Government Finance Report (England) 2021/22 will be debated in Parliament in the week commencing 8 February and there is a risk that final funding figures will not be announced in time for the Authority's budget setting meeting on 11 February 2021. This does not prevent the Authority setting either its budget or its precept but it is recommended that authority is delegated to the Treasurer, in consultation with the Chairman and the Chief Fire Officer, 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.
- 3.6 There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Whilst the joint National Fire Chief's Council (NFCC) / Local Government Association (LGA) CSR20 Submission was well argued and apparently well received in Government, the outcome was mixed. A cash plus basic settlement, extension of the pension grant and some compensation for loss of council tax and business rate income is welcome. However in the published SR document, there is not a single

specific mention of the fire service and the sector was unsuccessful in securing additional flexibility already granted to Districts and Boroughs (2% or £5) and PCCs (2% or £15). Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly challenging.

- 3.7 The Provisional LGFS announcement was followed by a letter from the Fire Minister to the sector setting a clear expectation that fire authorities should deliver further efficiencies through better asset management, budgetary control and the removal of unnecessary costs, as well as collaboration with other bodies. The Minister again highlighted the level of reserves held in the fire sector (£538m or 39% of core spending power) although they acknowledged that some reserves are held to finance capital spend.
- 3.8 As a consequence of this uncertainty and the likelihood of a challenging CSR, the MTFP forecasts overall central support in two scenarios:
- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
 - Worse Case – 5.0% annual decrease in SFA
- 3.9 The current assumption is that as part of the one-year only LGFS, losses from central Government policy changing business rates yield will be compensated for by a section 31 grant. Our assumptions are based on information provided by the billing authorities and analysis by Local Government Futures.
- 3.10 Additional funding was provided to fire authorities in 2019/20 in order to mitigate most of the increase in the employer contribution rate for the Firefighter pensions, with the sector paying £10m of the additional costs in 2019/20. This funding was extended for one year in 2020/21 and the Government has announced it will continue to be provided in 2021/22. In the MTFP, we have assumed that the 2020/21 grant will continue at the same value for the life of the MTFP (£1.735m).
- 3.11 There has been no announcement on specific grants for the fire and rescue service to date. The Authority has assumed cash flat for 2021/22 and beyond.
- 3.12 As part of the LGFS the Government has announced a range of grants and other measures aiming to mitigate the impact of Covid-19. The ones that are applicable to this Authority are set out below. It is worth noting that the fire service nationally has not received any core Covid-19 grant funding (tranche 5 = £1.55bn) for 2021/22 so any cost impacts will fall directly on the Authority and local council tax payers.
- Income Guarantee Scheme – provides compensation for 75% of the losses in council tax and business rate income in 2020/21 which is distributed through the Collection Fund in 2021/22. In addition the Government has agreed that 2021/22 Collection Fund deficits can be spread (accounted for) over three financial years. The methodology for

the payment of this grant is still not entirely clear and we have based our forecasts on our current understanding.

- Local Council Tax Support Grant – provides compensation for the impact on the council taxbase in 2021/22 of increases in those claiming council tax support. The Authority’s indicative allocation is £0.474m
- Income Loss Compensation Scheme – provides 0.75% compensation for loss of income for fees and charges and has been extended to the end of June 2021. This will partially mitigate losses against budgeted income for activities such as commercial training and dry riser testing.

4 MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the modelling for 2021/22 set out in paragraph 3.1 above and then the scenarios in paragraph 3.6 for the remaining four years of the plan. Appendix A shows the best case in detail and a summary of the impact of the worse case scenario. It includes the latest information on business rates and council tax. The risks set out in paragraph 4.8 below, the potential for further reductions in public spending and proposed changes to the way local government is supported centrally makes forecasting the position beyond 2021/22 extremely difficult. For that reason the forecast within the MTFP for 2022/23 to 2025/26 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 2021/22 we have modelled 2 scenarios, flat cash (0% increase - best case) and worse case (5.0% reduction per year);
- any changes to the distribution of business rates under the Government’s localisation proposals for business rates will have a net nil impact on the Authority;
- Section 31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs will continue at forecast levels for 2021/22 in future years;
- A reduction in council tax base of 0.64% for 2021/22 based on notifications from the Districts and Boroughs, an increase of 0.5% 2022/23, an increase of 0.75% 2023/24, an increase of 1% 2024/25 thereafter;
- Increases of 0% or 1.99% in council tax in 2021/22 and 1.99% per annum thereafter;
- A pay freeze in 2021/22 and net provision for pay increases of 2.5% for all staff in 2022/23 and thereafter;
- Provision for price increases of 1.0% in 2021/22 (0.5% under the 0% option) and 2% 2022/23 thereafter;
- Delivery of savings in line with agreed plans and identification of further savings through the Efficiency Strategy;
- That additional employers’ pension contributions for the Firefighter’s Pension Scheme are funded through grant at the same level as in 2020/21;

- The release of additional S31 grant received in relation to business rate reliefs in 2020/21 (and held in an earmarked reserve) to compensate for the impact on the Collection Fund deficit (£1.309m) in 2021/22.

- 4.3 Approval was confirmed in the provisional LGFS for the East Sussex Business Rate Pool to continue in 2021/22. Given the additional risk / uncertainty around business rates income Treasurers of the member authorities (ESFOA) have reviewed additional scenario modelling and intelligence from Local Government Futures, and have agreed that the Pool should continue. Income from the Pool in 2020/21 is still not certain and we are awaiting full monitoring from Q3 but it is likely to be significantly lower than the original (pre-Covid-19) forecast of approximately £0.4m. The Authority has not budgeted for any Pool income in either 2020/21 or in 2021/22 and any income received is transferred into the Business Rate Pool Reserve. Should any income be forthcoming in 2020/21 (payment is not received until after the audit of the 2020/21 accounts i.e. September 2021) it is proposed to be used to fund investment in the CRM system which will significantly enhance our Prevention (Business Safety) delivery. This is in line with the Pool MoU. Members should be aware that if the Pool makes a net loss then that will be shared proportionately to the benefits set out in the MoU which is 10% for this Authority. ESFOA's view is that the risk of this is low.
- 4.4 Overall, current forecasts for Collection Funds indicate a deficit of £1.321m in 2021/22 and £0.169m in 2022/23 and 2023/24. When the use of the S31 Reserve and our estimates of the compensation offered by Government are taken into account the forecast is for a surplus of £0.068m in 2021/22 and deficits of £0.089m in 2022/23 and 2023/24.
- 4.5 For 2021/22 pay inflation for all terms and conditions is 0% reflecting the national government announcement of a pay freeze excepting those earning under £24,000 who receive a flat rate increase of £250 (budgeted cost including on costs of £4,000). Provision is made for incremental progression and performance related pay (where applicable) and for the correction of historic anomalies and other changes in the pay budget identified through budget monitoring in the current year and an ongoing exercise to review and formalise the support staff establishment.
- 4.6 The assumption for price inflation in the 2021/22 revenue budget is 1% (0.5% under the council tax freeze option) and the remainder of the MTFP is 2.0%. The reduction in provision for 2021/22 is based on the fact that actual inflation in 2020/21 is forecast to be less (1.2% forecast) than the budget provision (2%). This is a saving of £0.101m in 2021/22 (£0.151m under the council tax freeze option). As noted earlier in this report the OBR forecast is for CPI to remain slightly below the Government's 2% target until 2024. There may be some scope for further reductions in future iterations of the MTFP, but any headroom provides a small hedge against any additional costs arising after the UK's exit from the EU.
- 4.7 The MTFP presents two options for council tax:

- a 1.99% council tax increase for 2021/22 and for the duration of the MTFP. The result of the modelling is net expenditure increases of 2.4% in 2021/22 and then 2.4%, 1.4%, 1.8% and 1.9% in subsequent years.
- a council tax freeze for 2021/22 and 1.99% increases annually thereafter for the duration of the MTFP. The result of the modelling is net expenditure increases of 1.0% in 2021/22 and then 1.7%, 1.4%, 1.8% and 1.8% in subsequent years.

4.8 Should the Authority determine that it wishes to consider a lower level of council tax increase for 2021/22, in the light of the impact of Covid-19 on the local economy and local council taxpayers, it must consider not only the immediate impact in that year, but also the cumulative impact in future years. The financial impact of a 0% increase would be a reduction in council tax income of £0.551m in 2021/22 rising to £0.618m by 2025/26 and a total loss of income of £2.9m over the MTFP period. The additional savings required to balance the budget under this scenario are set out in paragraph 6.7.3

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

- Our ability to 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);
- The significant costs likely to arise from the remedy to the successful legal challenge to the transitional arrangements for the FPS 2015 (increased employers contributions, compensation and administrative costs) and a number of other pensions cases, and a lack of clarity on whether the Government will fund those costs;
- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards and the resulting impact on the revenue budget;
- The need to find an additional £1.0m to fund the delivery of the business critical CRM project (see the paper elsewhere on this agenda);
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- Uncertainty about future governance and funding including:
 - the three year Comprehensive Spending Review
 - the impact of the Fairer Funding Review
 - proposals for review of business rates
- Any financial impact of the UK's decision to leave the EU including the impact of currency movements on the cost of goods and services purchased from the EU and more widely on the economy and the Governments fiscal objectives
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;

- Any further proposals by the Government or the Police & Crime Commissioner locally for changes to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process;
- The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery.
- Ongoing financial impacts of the Covid-19 pandemic in excess of the Government grant received / forecast

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 £0.341m in 2021/22 decreasing to £0.330m by 2025/26.

- 4.9 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2021/22 (under the council tax freeze option with the taking of additional savings of £0.272m and the drawdown of £0.279m from General Balances, with the additional savings having a full year effect of £0.635m by 2022/23) and then a need to deliver savings of £0.635m in 2022/23, £0.404m in 2023/24, £0.172m in 2024/25 and £0.043m by 2025/26 (best case scenario).

The worse-case scenario results in savings targets of £1.511m in 2022/23, £1.845m in 2023/24, £2.148m in 2024/25 and £2.528m in 2025/26. Under the council tax freeze option, the savings decrease to £1.228m in 2022/23, £1.561m in 2023/24, £1.865m in 2024/25 and £2.245m in 2025/26.

5 PROJECTED REVENUE POSITION 2020/21

- 5.1 The revised Service Revenue Budget for 2020/21 is £41.152m. Based on figures to the end of November 2020, and as reported to Policy & Resources Panel on 21 January 2021, the revenue budget is forecast to underspend by £0.496m.
- 5.2 The underspend is a forecast and cannot be relied upon to provide additional funds. However elsewhere on this agenda it is recommended that the forecast underspend should be used to fund additional investment in the CRM project.

6 REVENUE BUDGET 2021/22

6.1 Impact of national funding changes on local position

- 6.1.1 The Revenue Budget Summary for 2021/22 and the MTFP have been updated to reflect the provisional LGFS, and the most recent information advised by the billing authorities on council tax base, business rates base and Collection Fund surpluses and deficits. The position is summarised below in Table 1 which reflects the difference between the 5% reduction in SFA modelled and the cash real settlement.

Table 1: Summary of Impact of Local Government Finance Settlement

	2021/22
	£'000
Locally Retained Business Rates	2,631
Top Up Grant	5,170
Business Rates Baseline	7,801
Revenue Support Grant	3,226
Settlement Funding Assessment	11,027
Estimated value of Business Rates Pool	0
S31 Grant - Business Rates Adjustment	833
Total for comparative purposes	11,860
As reported to Fire Authority September	11,135
Increase/(decrease) in funding	725

- 6.1.2 The Authority's council tax base for 2021/22 is calculated as 290,494.8, a decrease of 0.64% on 2020/21. This decreased taxbase combined with a council tax increase of 1.99% yields additional income of £0.372m. Under the council tax freeze option there is a decrease in income of £0.180m. In comparison, the taxbase increased in 2020/21 by 0.63% and 2019/20 by 1.02%.
- 6.1.3 Overall, current forecasts for the Collection Funds indicate a deficit of £1.321m in 2021/22 and £0.169m in 2022/23 and 2023/24. When the use of the S31 Reserve and our estimates of the compensation offered by Government are taken into account the forecast is for a surplus of £0.068m in 2021/22 and deficits of £0.089m in 2022/23 and 2023/24. The 2020/21 Collection Fund surplus was £0.085m.

Table 2: Movement in Resources

	2021/22	2021/22	
	Latest position	Fire Authority September 2020	Increase / (Decrease)
	£'000	£'000	£'000
Locally Retained Business Rates	2,631		
Business Rates Top up	5,170		
Business Rates Baseline	7,801		
Revenue Support Grant	3,226		
Settlement funding assessment	11,027	9,776	1,251

Council Tax Collection Fund Surplus / (Deficit)	(34)		(34)
Business Rates Collection Fund Surplus / (Deficit)	(1,288)		(1,288)
Section 31 grant Business Rates adjustment	833	759	74
75% compensation Council Tax	49		49
75% compensation Business Rates	31		31
Release from reserves	1,309		1,309
local council tax support grant	474		474
Total Funding	12,402	10,535	4
Council Tax			
Council Tax Requirement	28,303	28,572	(269)
Total Resources	40,704	39,107	1,597

Under the council tax freeze option the Council Tax Requirement reduces to £27.751m and total resources to £40.153m.

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 2021/22 this Authority's increase in core spending power is assessed as 2.5% which is lower than the fire sector average of 2.7%. Out of 18 standalone fire authorities (excluding Mets) for which comparable figures are available only four, Cleveland, Humberside, Lancashire and Nottinghamshire have lower CSP increases (see Appendix H). The Government's calculation of core spending power (CSP) assumes that all authorities set a council tax increase at the referendum threshold. It also uses a five year historic average figure for council taxbase growth of 1.47% pa rather than the actual 2021/22 figure which is a reduction of 0.79%. Even when the Covid -19 LCTS grant is taken into account the adjusted CSP increase is only 2.3%. If a 0% increase in council tax was approved then the CSP increase would be 0.9%. In terms of spend per 1,000 population this Authority ranks first out of 23 combined fire authorities based on actual expenditure for 2019/20 (source CIPFA Stats).

6.2.2 A comparison of Band D council tax for 2020/21 shows that this Authority ranks fourth highest out of 20 combined fire authorities. The Authority's Band D tax for 2020/21 was 8.3% higher than the authority ranked one below and 4.9% lower than the authority ranked higher.

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 £9.519m of operational and non-operational savings. The current MTFP has a savings of an additional £0.995m over the period covered by the MTFP, with an additional £0.635 under the council tax freeze option.

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 and Balances. The 2021/22 Revenue Budget has been prepared against a background of continued uncertainty regarding future funding for public services. We are currently anticipating that CSR and other reviews affecting our medium term funding from central government will be completed by 2022/23. We have modelled two funding scenarios and the Authority should, as a minimum, ensure that it makes plans to address the worse case scenario.

Table 3: Summary of Net Budget Requirement 1.99% council tax increase

	£'000	Change %
Original Estimate 2020/21	39,737	
Pay inflation	4	0.01%
Non pay inflation	98	0.24%
Changes in capital financing	1	0.00%
Commitments and bids	1,368	3.44%
Savings	(504)	(1.27%)
Original Estimate 2021/22	40,704	2.42%

Under the council tax freeze option non pay inflation reduces to £50,000, savings increase to £726,000 and the Original Estimate reduces to £40,153.

6.4 Consultation

6.4.1 On 23 April 2020, the Authority agreed to commence an 8- week public consultation on the draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a

Safer Future'. The full results of the consultation, which ended on the 19 June, were reported to the Fire Authority at its' meeting on 3 September 2020 (Item 88).

The consultation programme was adapted in light of the restrictions that COVID-19 and the associated lockdown brought. Guidance was sought from professional bodies including the Consultation Institute and our consultation services provider, Opinion Research Services. In addition, the Monitoring Officer gave legal advice on the COVID guidance for local authorities.

In total, 2,047 responses were received:

- 836 questionnaire responses were received
- 620 telephone surveys were completed
- 40 residents attended the focus groups or undertook a depth interview
- 38 stakeholders attended the webinar
- 360 unique submissions, 152 standardised submissions¹ and one petition were received.

This is the highest number of responses received in any IRMP consultation exercise undertaken to date by this Authority.

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

The extent to which ESFRS offers value for money

- Open consultation questionnaire - Around three quarters (74%) of respondents agreed that ESFRS offers value for money, whilst less than 1 in 10 (7%) disagreed, and around 1 in 5 (19%) neither agreed nor disagreed.
- Residents' Survey - Almost 9 in 10 (88%) residents agreed that ESFRS offers value for money, whilst only 2% disagreed, and 1 in 10 (10%) neither agreed nor disagreed.
- Stakeholder webinar - Of the 19 stakeholders who elected to answer this question, 12 agreed (7 strongly) that ESFRS offers value for money, 4 neither agreed nor disagreed and 1 disagreed. There were 2 'don't knows'.

ESFRS is considering options for future council tax rises in light of funding uncertainties beyond 2020/21

- Open consultation questionnaire - More than 4 in 5 (83%) respondents would be willing to pay more in council tax for their local fire and rescue service (ESFRS) next year, whilst 17% would not be willing.
- Residents' Survey - Around 4 in 5 (81%) residents would be willing to pay more in council tax for their local fire and rescue service next year, whilst around 1 in 5 (21%) residents would not.

- Public focus groups/depth interviews - All but three public participants said they would be willing to pay more for ESFRS next year (one said they were not prepared to and there were two 'don't knows').

If you are willing to pay more in council tax for your local fire service next year, what level of increase would you accept?

***Option A - an increase up to 3% depending on what the Government allows -
Option B - an increase more than a 3%***

- Open consultation questionnaire - Of the respondents who would be willing to pay more in council tax for their local fire and rescue service next year, just over half (55%) preferred Option A (an increase of up to 3% depending on what the Government allows), whilst just under half (45%) preferred Option B (an increase of more than 3%).
- Public focus groups/depth interviews - Among the 37 public participants who were prepared to bear an increase, opinion was almost equally split between those who would tolerate an up to 3% rise (18) and those who would tolerate an over 3% rise (19).
- Those who supported a more than 3% rise typically commented that the weekly increase would be 'less than a cup of coffee' and considered it a more than reasonable price to pay for an "essential" public service.
- Those who supported a less than 3% increase did so on the grounds of affordability, for themselves and for others – and the impact of the Covid-19 pandemic on people's finances was raised in the context of keeping increases to a minimum currently.
- Stakeholder webinar - 16 of the 19 stakeholders offered a view as to the level of increase they would be prepared to tolerate: 5 opted for an up to 3% rise; 4 for more than 3%; and there were 7 'don't knows'.

6.4.3 The budget proposals have been shared with key business representative groups, partners and employee representative bodies with an invitation to comment. All responses received are included in full at Appendix J.

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 and 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 the nationally agreed freeze in pay and

the consequent impact of nil overall level of budget provision for pay awards, it is proposed to retain fees and charges at their current levels.

6.6 Main Variations

6.6.1 In setting the 2021/22 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2020/21 budget setting or from the 2021/22 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 sums and others are driven by assumptions. The current position is illustrated in table 4:

Table 4: 2021/22 Budget Commitments

	Current position £'000
Removal of temporary increases	
Fund Control interim service from General and earmarked reserves	500
Control interim service	(546)
SCC exit project costs	(77)
Fund SCC exit project costs	77
Facilitate the HMICFRS inspection in Spring 2021	(36)
ORR Implementation - programme management resource 1 x GM	(84)
Reinstate resilience crewing	(120)
Additional pensions resource	(15)
I&E Reserve Contribution to enable further invest to save activity in relation to ORR and Efficiency Strategy	(214)
Contribution to General Fund	(138)
Service pressures	
LGPS 20.6% to 20.1% decrease of 2.4%	(29)
Fleet Strategy adjustments	302
Removal of Joint control Costs	(1,101)
Interim Service Control Room/Tripartite	1613
Contribution from Mobilisation Reserve	(512)
NFCC subscriptions budget correction	13
Maritime Training - ship alongside	5
Pension Abatement	15
Occupation Heath Collaboration	15
Face fit testing	8
Foam spares - additional costs	20
Increase in insurance premiums	40
Overstated FPS admin saving	10
Increase in External Audit fees	30

Pay budget amendments and incremental progression	354
Additional Personal Protective Equipment costs	20
IT Strategy Refresh - revenue implications	398
Hazardous Waste Collection - additional provision	9
Reduction of Dry Riser testing income (one year only)	20
Maritime allowance pay delay in achieving saving (12 months only)	32
Firefighter Pensions Scheme - employer's contributions	160
IRMP implementation team (fixed term)	141
Reduced Treasury Management income	35
Reduction of redundant income budgets	55
Increase in injury pension	15
Transfer from reserves balance after savings for 0% CT increase	0
Other adjustments	
Reduction in Corporate Contingency	(11)
TOTAL	1,004
Bids	
<i>People Strategy:</i>	
- Training Suite for EDI	10
- Development of toolkits and corporate training - resource for 12 months	45
- Grievance training	10
- Staff survey	10
- E-recruitment	13
- Appraisal Process	40
- HR Intelligence	10
- Draw down from the people strategy reserve	(40)
Fire Fighter recruitment	50
Flu Vaccinations	6
Return General Balances to 5% policy minimum (one year only)	210
Total Bids	364
Overall Total	1,368

6.6.2 The main variations reflect:

- Mobilising – the removal of the old SCC budget and the extension of the interim ESFC service for 6 months along with 6 months of the forecast cost of the new tri-partite service. The additional one off cost is funded from the Mobilising Strategy Reserve (P21 risk contingency)
- Fleet Strategy adjustments – reflecting the additional equipment costs related to the high number of new appliances due to be delivered in 2021/22
- Pay budget adjustments (including increments) - Provision is made for incremental progression and performance related pay (where applicable), the correction of historic anomalies and other changes in the pay budget identified through budget monitoring in the current year and an ongoing exercise to review and formalise the support staff establishment
- IT Strategy Refresh – the revenue implications of the new IT Strategy agreed by the Authority in September 2020
- Firefighter Pension Scheme – employer’s contribution – the correction of under budgeting for the impact of the increase in employer’s contributions following the most recent revaluation, net of the Pension Grant
- IRMP Implementation Team – the cost of establishing the team to implement the IRMP proposals as agreed by the Authority in September 2020
- People Strategy – the costs associated with the proposed People Strategy which total £0.138m in 2021/22 and £0.397m over the MTFP
- Firefighter Recruitment – the Service has determined that it needs to run regular whole time firefighter recruitment and training over the MTFP to reflect its expected retirement profile starting in 2021/22 (£0.050m) and with costs totalling £0.905m over the MTFP.
- General Balances contribution – this is to return General Balances to the agreed 5% policy minimum (the council tax freeze option requires a contribution of £0.279m in 2021/22 pending realisation of savings).

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 £10.514m (£11.145m under the council tax freeze option) of which £9.519m will have been delivered by the end of 2020/21. The MTFP includes savings of £0.504m for 2021/22 and savings of £0.995m over the duration of the MTFP (£0.726m and £1.630m respectively under the council tax freeze option). These are shown in tables 5a and 5b below:

Table 5a: Savings (1.99% council tax option)

Div	Team	Description	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Net savings £'000
SC	Community Safety	Reduction in administration costs in Safer Communities	(25)	0	0	0	0	(25)
	Central	Use of BR Pooling to support service delivery	50	0	0	0	0	50

RT	Estates	Estates Strategy revenue maintenance savings.	(40)	(60)	(120)	(120)	(120)	(460)
OS	Engineering	Engineering - cutting equipment purchased early (1 year only)	60	0	0	0	0	60
All	All	Travel & subsistence	(16)	16	0	0	0	0
OS	Emergency Planning	Various savings to fund abatement costs	(15)	0	0	0	0	(15)
OS	Engineering	Fuel	(15)	15	0	0	0	0
PI	Communications	Stationery contract savings	(10)	0	0	0	0	(10)
PS	HR	Firewatch Project	0	(25)	0	0	0	(25)
PS	Training	STC Catering contract savings	(4)	(6)	0	0	0	(10)
		Reinstate contribution to Capital Expenditure	0	452	0	0	0	452
RT	Corporate	Funded from the Revenue Account (CERA)						
RT	Corporate	Reduce Corporate Contingency	(106)	106	0	0	0	0
RT	Estates	Cessation of HQ shuttlebus service	(18)	0	0	0	0	(18)
RT	ITG	IT Strategy - delay some projects from 21/22 to 22/23	(100)	100	0	0	0	0
RT	Procurement	Category Strategy Savings	(25)	(25)	(25)	(25)	(25)	(125)
		Changes to operational policies and practice (IRMP Appendix A)	(50)	(75)	(125)	0	0	(250)
SC	All ops	Community Safety - Adaptations contract income target (net of contract costs)	(15)	0	0	0	0	(15)
SC	Community Safety	Community Safety Restructure	(79)	0	0	0	0	(79)
SC	Community Safety	IRMP Savings	(96)	(123)	2	(207)	(101)	(525)
Total Proposed Savings			(504)	375	(268)	(352)	(246)	(995)

6.7.2 The Authority has agreed to adopt a more strategic approach to delivering efficiencies that moves beyond previous approaches that had focussed on

delivering savings necessary to balance the revenue budget. The main new efficiencies / savings built into the MTFP as a result are:

- IRMP – financial impact of the IRMP agreed September 2020 excluding the short term costs of the implementation team (shown separately in table 4)
- Changes to operational policy and practice that will release further efficiencies agreed to be implemented alongside the IRMP
- Procurement – Category Strategy – forecast savings resulting from the new Category Strategies agreed by SLT

6.7.3 The proposed additional savings necessary to balance the 2021/22 budget, should the Authority approve the council tax freeze option, are set out in Table 5b. In order to ensure that the savings mitigate the longer term impact of this option base budget savings rather than one off savings have been identified. Not all of these savings can be achieved by 1 April 2021 with some requiring internal consultation processes with staff groups affected. The proposal to move Battle Fire Station to retained duty system will require full public consultation and a further formal decision by the Fire Authority. None of the proposed additional savings have been subject to consultation with staff representative bodies. Table 5b therefore shows the estimated part year effect for 2021/22 with the savings fully achieved by 1 April 2022. In order to balance the budget in 2021/22 it will also be necessary to drawdown £0.279m from General Balances. As the full year effect savings will be greater than the impact of the council tax freeze for 2022/23 – 2024/25 then excess savings could be repaid into General Balances. This would need further consideration as the level of savings required in future years becomes clear after CSR21. These proposals are estimated to result in a reduction of 13 posts by 1 April 2022 of which 12 would be operational.

Table 5b: Additional Savings (council tax freeze option)

Div	Team	Description	2021/22	2022/23	2023/24	2024/25	2025/26	Net savings
			£'000	£'000	£'000	£'000	£'000	£'000
All	All	Non Pay inflation reduce to 0.5 %	(50)	0	0	0	0	(50)
PI	PMO	Consolidate project management capacity	(13)	(12)	0	0	0	(25)
SC	Safer Communities	RDSO's reduce by 1 FTE	(50)	0	0	0	0	(50)
SC	Safer Communities	IRMP Remove 4 posts from the City	(160)	0	0	0	0	(160)
SC	Safer Communities	Battle to RDS	0	(350)	0	0	0	(350)
Total Proposed Savings			(273)	(362)	0	0	0	(635)

6.7.4 As part of the budget setting process SLT has reviewed the opportunities set out in the Efficiency Strategy and identified the following areas to explore in 2021/22 for potential delivery from 2022/23 onwards. Each area will be built into the relevant Directorate Business Plan – some will require extra resourcing, for which bids will need to be made against the Improvement & Efficiency Reserve and for this reason, along with the need to fund additional investment in the CRM project an additional contribution of £0.286m is made into that Reserve in 2021/22:

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- IT Outsource contract review / option to extend

- CRM / Firewatch / Process Digitisation
- Review of Senior / Middle Management
- Administration Review
- Fleet & Equipment Strategy
- ITF Shared Transport function
- P21 / Tripartite Mobilising Service– operational / joint working efficiencies
- Capital Asset Strategy sustainability

In addition work is continuing as part of the Estates Strategy to progress both the Estates Shared Service and achieve an agreed programme of sharing of estates assets with SECamb and Sussex Police, which will be essential to delivering the efficiencies / savings already built into the MTFP (£0.460m by 2025/26, £0.480m in total).

7 **CAPITAL PROGRAMME**

7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.

7.2 As capital reserves are drawn down 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 impact of new borrowing is reflected in the MTFP from 2022/23 onwards. The MTFP includes the cost of financing capital expenditure with an increase of £1,000 in 2021/22 as some external debt is paid off and increases of £4,000 in 2022/23, £156,000 in 2023/24, £101,000 in 2024/25 and £65,000 in 2025/26 as debts mature and are paid off but new borrowing is required. At 31 March 2021 the Authority's debt will be £10.698m and is forecast to stand at £18.202m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.327m to £1.237m over the MTFP.

Table 6: Change in Capital Investment 2020/21 to 2025/26

	Total resource £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
2021/22 Strategy							
Fleet	12,757	1,671	3,100	2,269	2,269	1,789	1,659
Property	12,832	624	3,005	5,413	1,404	1103	1,283
IMD	0						
Total Cost	25,589	2,295	6,105	7,682	3,673	2,892	2,942
2020/21 Strategy							
Fleet	12,794	3,393	2,011	2,916	2,917	1,557	
Property	11,251	2,599	4,756	1,545	989	1,362	

IMD							
Total Cost	24,045	5,992	6,767	4,461	3,906	2,919	
Increase / (Decrease) in planned spend							
Fleet	(37)	(1,722)	1,089	(647)	(648)	232	1,659
Property	1,581	(1,975)	(1,751)	3,868	415	(259)	1,283
IMD	0	0	0	0	0	0	0
Total Increase / (Decrease)	1,544	(3,697)	(662)	3,221	(233)	(27)	2,942

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 reflects the template developed by the NFCC Finance Co-ordination Committee to promote greater consistency across the sector.
- 8.3 The Authority holds a number of earmarked reserves to support the delivery of a range of strategies and projects, including joint funding of the installation of sprinklers and people strategy as well as where the Authority is the Accountable Body for the regional Emergency Service Mobile Communications Programme grant. These are all planned to be consumed in the next year or two as these projects are delivered. The Improvement and Efficiency earmarked reserve is used to support various projects, invest to save and efficiency initiatives and stands at £648,000. The S31 Business Rates Retention earmarked reserve will be used to make good expected S31 grant deficits in 2021/22 and the I.T. reserve is topped up annually from the revenue budget (by £565,000 in 2021/22) to deliver the IT strategy. As noted in paragraph 6.7.4 a contribution of £0.286m will be made into the Improvement & Efficiency Reserve in 2021/22 to support funding of additional investment in CRM and developing future efficiency measures.
- 8.4 The Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces, and currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment in Annexe A indicates that the overall assessed risk has not changed since last year. The National Fire Framework requires authorities to explain the reasons for holding general balances above 5%. A review of the NFCC's Survey of Fire Reserves (2019/20) indicates that the average level of General Reserves held will reduce from 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy

and will be exhausted by the end of 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22. A summary of the forecast year end reserves and balances position is set out in table 7 below.

Table 7: Summary of Forecast Reserves

	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	2,209	2,709	0	0	0	0
Other Earmarked Reserves	7,902	2,739	916	616	356	356
Total Earmarked Reserves	10,111	5,448	916	616	356	356
General Fund	1,815	2,025	2,025	2,025	2,025	2,025
Capital Reserves	5,752	233	0	0	0	0
Total Useable Reserves	17,678	7,706	2,941	2,641	2,381	2,381

Under the council tax freeze option General Fund Reserves will reduce by £0.279m in 2021/22.

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 uncertainty around funding after 2021/22, 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 changes to strategy and policy and new projects are subject to individual Equality Impact Assessments. However a high level EIA of the budget proposals for the 1.99% option has been carried out and is attached at Appendix I. The majority of efficiencies and savings proposals in the MTFP do not impact directly on frontline services the exception being the IRMP and associated changes to operational policies and procedures which have been subject to a separate EIA. Procurement category strategy savings will be subject to the proposed new Responsible Procurement Policy which includes EDI considerations. The cessation of the HQ shuttlebus service involved engagement with staff affected to

determine any need for reasonable adjustments. Other budget proposals are not assessed to impact on any protected characteristics at this stage. The EIA has been reviewed by the EDI Group and approved by the Assistant Director Resources / Treasurer and the HR Manager.

- 10.3 An EIA of the additional savings required for the council tax freeze option has not been carried out at this point. A separate EIA would need to be completed for the proposal to change Battle to RDS and this would be conducted as part of the project.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2021/22 - 2025/26

Best case scenario – Flat Cash (0% per annum reduction in SFA 2022/23 onwards)

INCREASE COUNCIL TAX BY 1.99% EACH YEAR

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	41,459	41,904	42,237	42,867	43,592
Less					
Specific grants	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)
Other income	(582)	(596)	(607)	(620)	(632)
Total income	(2,590)	(2,604)	(2,615)	(2,628)	(2,640)
Net Service Budget	38,870	39,301	39,622	40,239	40,952
Capital financing costs less interest receivable	871	885	1,051	1,152	1,217
Capital expenditure from the Revenue Account	0	452	452	452	452
Transferred from reserves	(597)	(30)	0	0	0
Transferred to reserves	1,561	1,092	1,145	1,181	1,199
Total Net Expenditure	40,704	41,700	42,270	43,024	43,820
Net Budget brought forward	39,737	40,704	41,700	42,270	43,024
Unavoidable cost pressures					
Pay inflation	4	732	726	739	753
Price inflation	98	231	245	239	241
Total inflation	102	963	971	978	994
Changes in Capital Financing	1	4	156	101	65
Budget commitments	1,368	(347)	(289)	28	(17)
Savings approved	(504)	375	(268)	(352)	(246)
Total Net Expenditure	40,704	41,700	42,270	43,024	43,820
Sources of Funding	2021/22	2022/23	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,631				
Business Rate Top Up	5,170				
Business Rates Baseline	7,801				
Revenue Support Grant	3,226				
Settlement Funding Assessment	11,027	11,027	11,027	11,027	11,027
Section 31 Grant Business Rates adjustment	833	833	833	833	833
Council Tax Collection Fund (Deficit) / Surplus	(34)	(127)	(127)	0	0
Business Rates Collection Fund (Deficit) / Surplus	(1,288)	(42)	(42)	0	0

Collection Fund (Deficit) / Surplus	(1,321)	(169)	(169)	0	0
Release of S31 Reserve	1,309				
Covid-19 Collection Fund Deficit 75% compensation CT	49	49	49		
Covid-19 Collection Fund Deficit 75% compensation BR	31	31	31		
Collection Fund (Deficit) / Surplus (Adjusted)	68	(89)	(89)	0	0
local council tax support grant	474	0	0		0
Council Tax Requirement	28,303	29,011	29,811	30,709	31,634
Total Resources Available	40,704	40,782	41,581	42,569	43,494
Additional Savings Required / (surplus)	(0)	918	688	455	326

Worst case scenario – savings required

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
5% per annum settlement funding assessment reduction	(0)	1,511	1,845	2,148	2,528

MEDIUM TERM FINANCIAL PLAN 2021/22 - 2025/26**Best case scenario – Flat Cash (0% per annum reduction in SFA 2022/23 onwards)****FREEZE COUNCIL TAX (0% in 2021/22 and 1.99% thereafter)**

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	41,184	41,261	41,577	42,190	42,897
Less					
Specific grants	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)
Other income	(578)	(592)	(604)	(616)	(628)
Total income	(2,586)	(2,600)	(2,612)	(2,624)	(2,636)
Net Service Budget	38,598	38,661	38,965	39,566	40,261
Capital financing costs less interest receivable	871	885	1,051	1,152	1,217
Capital expenditure from the Revenue Account	0	452	452	452	452
Transferred from reserves	(876)	(309)	(279)	(279)	(279)
Transferred to reserves	1,561	1,161	1,214	1,250	1,268
Total Net Expenditure	40,153	40,850	41,403	42,141	42,919
Net Budget brought forward	39,737	40,153	40,850	41,403	42,141
Unavoidable cost pressures					
Pay inflation	2	726	711	724	737
Price inflation	50	230	244	237	239
Total inflation	52	956	955	961	976
Changes in Capital Financing	1	4	156	101	65
Budget commitments	1,089	(276)	(289)	28	(17)
Savings approved	(727)	13	(268)	(352)	(246)
Total Net Expenditure	40,153	40,850	41,403	42,141	42,919
Sources of Funding	2021/22	2022/23	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,631				
Business Rate Top Up	5,170				
Business Rates Baseline	7,801				
Revenue Support Grant	3,226				
Settlement Funding Assessment	11,027	11,027	11,027	11,027	11,027
Section 31 Grant Business Rates adjustment	833	833	833	833	833
Council Tax Collection Fund (Deficit) / Surplus	(34)	(127)	(127)	0	0

Business Rates Collection Fund (Deficit) / Surplus	(1,288)	(42)	(42)	0	0
Collection Fund (Deficit) / Surplus	(1,321)	(169)	(169)	0	0
Release of S31 Reserve	1,309				
Covid-19 Collection Fund Deficit 75% compensation CT	49	49	49		
Covid-19 Collection Fund Deficit 75% compensation BR	31	31	31		
Collection Fund (Deficit) / Surplus (Adjusted)	68	(89)	(89)	0	0
local council tax support grant	474	0	0		0
Council Tax Requirement	27,751	28,444	29,228	30,109	31,016
Total Resources Available	40,153	40,215	40,999	41,969	42,876
Additional Savings Required / (surplus)					
	0	635	404	172	43

Worst case scenario – savings required

	2021/22	2022/2	2023/2	2024/2	2025/2
	£'000	£'000	£'000	£'000	£'000
5% per annum settlement funding assessment reduction	0	1,228	1,561	1,865	2,245

REVENUE BUDGET OBJECTIVE SUMMARY

	2020/21 Original Estimate £'000	2021/22 Original Estimate (1.99% option) £'000	2021/22 Original Estimate (Freeze option) £'000
Peoples Services	3,641	3,875	3,871
Resources/Treasurer	7,506	7,855	7,822
Planning and Improvement	1,275	1,222	1,208
Total Deputy Chief Fire Officer	12,422	12,952	12,901
Safer Communities	21,017	21,462	21,251
Operational Support	4,298	4,677	4,669
Total Assistant Chief Fire Officer	25,315	26,139	25,919
CFO Staff	705	781	781
Treasury Management	839	875	875
Non delegated costs	(1,058)	(1,348)	(1,350)
Corporate Contingency	454	341	341
Transfers from Reserves	(627)	(597)	(876)
Transfers to Reserves	1,687	1,561	1,561
Total Corporate	2,000	1,613	1,332
Total Net Expenditure	39,737	40,704	40,152

APPENDIX B

REVENUE BUDGET SUBJECTIVE SUMMARY

	2020/21 Original Estimate £'000	2020/21 Original Estimate (1.99% option) £'000	2020/21 Original Estimate (Freeze option) £'000
Salaries, Allowances and On-costs	29,511	29,607	29,382
Training Expenses	586	754	751
Other Employees Costs	45	46	45
Employee Costs	30,142	30,406	30,178
Repair, Maintenance and Other Costs	1,261	1,293	1,287
Utility Costs	1,233	1,230	1,223
Premises Costs	2,494	2,523	2,510
Vehicle Repairs and Running costs	979	1,024	1,019
Travel Allowances and Expenses	124	79	78
Transport Costs	1,103	1,102	1,097
Equipment and Supplies	1,046	1,338	1,332
Fees and Services	3,292	4,040	4,026
Communications and Computing	1,837	1,769	1,759
Other Supplies and Services	290	301	300
Supplies and Services	6,465	7,447	7,417
Sums set aside from revenue	414	428	428
Interest Payments	496	483	483
Capital Financing	910	911	911
Grants and Contributions	(2,041)	(2,304)	(2,302)
Interest Received	(75)	(40)	(40)
Other Income	(321)	(306)	(303)
Income	(2,437)	(2,649)	(2,646)
Transfers from reserves	(627)	(597)	(876)
Transfers to reserves	1,687	1,561	1,561
Total Net Expenditure	39,737	40,704	40,152
Financed By:		0	0
Council Tax	(27,931)	(28,303)	(27,751)
Business Rates	(7,714)	(7,801)	(7,801)
Revenue Support Grant	(3,208)	(3,226)	(3,226)
Covid-19 Local tax support grant	0	(474)	(474)
S31 Grants	(799)	(833)	(833)
Collection Fund Surplus/Deficit Council Tax	(85)	(68)	(68)
Total Funding	(39,737)	(40,705)	(40,153)

APPENDIX C

FEES AND CHARGES

WITH EFFECT FROM 1 APRIL 2021

Fee	Existing Fees 2020/21 £	New Fees 2021/22 £
The hiring of a major pumping appliance with crew per hour	304	304
The hiring of other pumping vehicles with crew per hour	245	245
The hire of hydraulic platforms or turntable ladders with crew per hour	329	329
Large animal rescue per hour	304	304
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	228	228
Additional Dry Risers	149	149
Interviews: *		
- Insurance co. etc.	149	149
- After two hours	97	97
Copy of Petroleum Licences *	37	37
Copy plans *	42	42
Standby at Venue	304	304
Fire Investigation Report	327	327
Chemical Protection Suit	171	171
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	599	599
- Fire Extinguisher training (3 hours)	599	599
- Fire Awareness (3 hours)	599	599
Commercial Training One day course (per delegate)	187	187
Commercial Training Fire Safety at work (1 day, per delegate)	179	179
Commercial Training Fire Talk (without practical, 1 to 3 hours)	350	350
Inspection of Plans for Marriage Act 1994 *	126	126
Environmental search fees *	118	118

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

MEDIUM TERM CAPITAL STRATEGY 2021/22 - 2025/26**Overview**

The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan (IRMP). 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 (including IRMP), which have capital investment implications, these are reflected in this strategy (excepting the review of special appliances).

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.

Spend against budget is significantly reduced in 2020/21 due to the need to suspend works during Covid 19 lockdown and the legacy impact on the supply chain and their resources. Future plans have been adjusted accordingly.

Estates Strategy – Strategic 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.

We are now two years into the strategy and have developed five schemes to a good level of design. However it has become apparent that due to key issues beyond the control of the team such as outcome of IRMP and impact of Covid there is a need to review and re-sequence the programme of works to ensure both sufficient internal and external resource are available to support the successful project delivery.

This review and re-sequencing work is Work in Progress and being undertaken in consultation with operational colleagues, prioritising whole time stations, the need to support the implementation of the IRMP and the recommendations of the Condition surveys.

Since the last version of the Capital Asset Strategy was approved, planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc. rolled into Design Guide schemes for each station. In addition planned refurbishment of live fire training facilities at Service Training Centre is shown as a separate scheme. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of 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 following the approval of an updated business case is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF and a partner contribution from Sussex Police. Batch 1 of this project was completed in August this year with the remaining scope due for delivery in 2021/22. Confirmation is awaited from Sussex Police as to whether they wish to continue to partner on this scheme; should they withdraw this will not impact the grant funding but could affect their £60,000 contribution.

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 – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), has identified the need for a new workshop site in the South East of the Surrey / Sussex area. This was originally planned as a partnership between ESFRS and Sussex Police on a site near Bexhill but initial feasibility studies have confirmed that the proposal was unaffordable and Sussex Police have subsequently withdrawn from the project.

The Authority is currently working with SECamb to assess the feasibility of a joint facility in Polegate. Should the project progress on a partnership basis £1.5m of funding would be available from the Fire Transformation Grant awarded to the ITF in 2015/16 in addition to the £1m provided from the Authority's own resources.

The impact of this delay to agreeing the brief is that the likely programme for delivery has slipped by about one year.

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 has yet to be signed off at RIBA Stage 2 and is now subject to further review to ensure the appliance bays are fit for purpose for the current fleet.

As such the programme has not significantly progressed for almost a year and spend forecast have therefore been pushed on by a year.

The preferred option to maintain business as usual during project delivery is to take temporary off site accommodation, the costs are included within the overall project cost. Our preferred option for the surplus space on site is for this to be redeveloped

as part of the project and let on a commercial basis. This will require additional investment in the project and a proposal will be brought once we have more certainty on the deliverability within with current scheme budget.

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 a new fire station is provided as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions remain ongoing 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.

Lewes District Council and its partners in the project have recently agreed to sell their landholdings to developer Human Nature (HN). We are currently awaiting a meeting with HN to understand their approach and timeline for the NSQ project and the Lewes Blue Light Hub.

Uckfield and Heathfield – These OPE projects to bring Sussex Police and SECAmb onto the existing fire station sites in Uckfield and Heathfield were approved in November 2018. Since that time and following changes to policing numbers locally and nationally Sussex Police confirmed that they would not be able to commit to these projects for several years. The Authority is therefore assessing the viability of proceeding solely with SECAmb as a partner and also reviewing the detriment to the budget of the loss of the partner contribution from Sussex Police.

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. As a result of the IRMP it was agreed to remove the Water tenders from 5 day crewed stations including 2 water tenders from Rye and Battle. Eastbourne and Hastings would have one additional appliance called a P2. Three Appliances from the spares fleet would be based on 3 Day crewed stations Bexhill, Newhaven & Crowborough. As a result of the IRMP it was agreed not to proceed with the flexible fleet review and it would remain with the fire appliance single type design.

Also as part of the IRMP it was also agreed to remove the ARP from Eastbourne and replace it in 2022/23 with a dedicated aerial appliance to mirror the same build as the new aerial appliance for Hastings.

The Authority has taken on a number of national resilience assets and receives a New Burdens grant for their maintenance. Future requirements for these assets once they reach end of life in 2022/23 is being reviewed nationally by the NFCC and the Home Office. Once the outcome of the review is known and the Government confirms funding for new assets a review of local need for any assets where replacement is not funded by Government will be carried out.

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

business case to SLT will be prepared to detail the new policy for capitalising equipment, the pros and cons of adopting this policy and the net financial impact on both capital and revenue budgets (increase in the cost of borrowing, savings on the revenue budget etc.).

Detailed strategies for Estates, 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. The Authority has been successful in a bid for CIL grant funding from Lewes District Council to cover 50% of the cost of Design Guide works at Barcombe and Seaford Fire Stations.

- 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.

Historic capital receipts from the sale of service houses and 20 Upperton Road along with the sale of the former Newhaven Fire Station in Fort Road (£0.525m in 2020/21 & 2021/22) will be used to fund the Capital Strategy. As at 31 March 2021 it is estimated that there will be unapplied capital receipts of £5.752m (Capital Receipts Reserve) including the sale of ARP (£0.120m) plus the balance on the sale of Fort Road (£0.472m) will bring the amount available to £6.224m. 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 2021 it is estimated that there will be a balance of £2.209m in the Capital Programme Reserve (CPR). A revenue contribution to the CPR of £0.5m is included in the base budget annually from 2022/23. The Authority takes the opportunity to set aside additional funding from its revenue budget to help fund the costs of the Capital Programme when it can, in the absence of Government grant. An additional contribution is planned of £0.452m 2022/23 onwards.

- **Community Infrastructure Levy (CIL)**

The Service has been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

- **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 £50,000 - £60,000 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 recommence borrowing to fund capital investment. The borrowing need to finance the Capital Asset Strategy over the next five years is £10.150m and this has been fed into the MTFP and our future borrowing costs.

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 – SCHEMES

Capital Programme Expenditure 2021-22 to 2025-26									
	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	0	20	180	800	0	0	0	1,000
- Partner contribution	0								
Integrated Transport Project net cost	1,000	0	20	180	800	0	0	0	1,000
One Public Estate									
- Heathfield	50	0	16	0	34	0	0	0	50
- Partner contribution	0								
- Heathfield net cost	50	0	16	0	34	0	0	0	50
- Lewes	250	4	0	0	0	246	0	0	246
- Partner contribution	0	0							0
- Lewes net cost	250	4	0	0	0	246	0	0	246
- Preston Circus	3,138	79	85	750	2,224	0	0	0	3,059
- Partner contribution	0	0							
- Preston Circus net cost	3,138	79	85	750	2,224	0	0	0	3,059
- Uckfield	100	0	6	0	0	94	0	0	100
- Partner contribution	0	0							
- Uckfield net cost	100	0	6	0	0	94	0	0	100
Total Shared Investment Scheme:	4,538	83	127	930	3,058	340	0	0	4,455
Strategic Schemes									
- Replacement Fuel Tanks	552	139	220	193	0	0	0	0	413
- Partner contribution	(352)	(137)	(215)	0	0	0	0	0	(215)
- Replacement fuel tanks net cost	200	2	5	193	0	0	0	0	198
Design Guide Schemes	5,605	60	120	1335	1015	874	1008	1193	5,545
BA Chambers works	399	399	0	0	0	0	0	0	0
STC live fire Training	1,340	0	25	200	1115	0	0	0	1,340
Sustainability	277	21	31	100	75	50	0	0	256
Security	215	0	65	20	50	40	20	20	215
Total Strategic Schemes	8,036	482	246	1,848	2,255	964	1,028	1,213	7,554
General Schemes	1,373	677	251	100	100	100	75	70	696
Total Property	13,947	1,242	624	2,878	5,413	1,404	1,103	1,283	12,705

	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information Management									
- Sussex Control Centre	1,643	1,606	37	-	-	-	-	-	37
- Grant funds	(1,643)	(1,606)	(37)	-	-	-	-	-	(37)
Sussex Control Centre net cost	-	-	-	-	-	-	-	-	-
Fleet and Equipment									
- Vehicle cameras	118	-	-	118	-	-	-	-	118
- Grants funds	(118)	0	0	118	-	-	-	-	(118)
- Vehicle cameras net cost	-	-	-	-	-	-	-	-	-
RPE Project	993	961	32	-	-	-	-	-	32
- grant funds	(10)	(10)	0	-	-	-	-	-	0
Telemetry	70	-	-	70	-	-	-	-	70
Special Projects	1,053	951	32	70	-	-	-	-	102
Aerials	2,201	510	190	-	743	758	-	-	1,691
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	6,603	838	830	1,461	891	877	861	845	5,765
Ancillary Vehicles	2,926	300	191	1,149	381	391	368	146	2,626
Cars	1,699	112	175	316	254	64	272	506	1,587
Vans	1,675	689	253	104	-	179	288	162	986
Total Fleet and Equipment	16,179	3,422	1,671	3,100	2,269	2,269	1,789	1,659	12,757
Total Property	14,074	1,242	624	3,005	5,413	1,404	1,103	1,283	12,832
Total Expenditure	30,253	4,664	2,295	6,105	7,682	3,673	2,892	2,942	25,589

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 - FUNDING

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	3,100	2,269	2,269	1,789	1,659	11,086
Estates	3,005	5,413	1,404	1,103	1,283	12,208
Original Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294
Funded by:						
Capital Receipts Reserve	5,991	233	-	-	-	6,224
Capital Programme Reserve	-	3,209	500	500	500	4,709
Revenue Contributions to Capital Programme Reserve	-	-	-	-	-	-
Revenue Contributions to Capital	-	452	452	452	452	1,808
BR Pilot Economic Reserve	86	-	-	-	-	86
CIL	-	289	-	-	-	289
MRP / Internal Borrowing	28	-	-	-	-	28
New Borrowing / Need to Borrow	-	3,499	2,721	1,940	1,990	10,150
Updated Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294

Funding – Use of Reserves							
	2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
	£'000		£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve							
Opening Balance	7,518		5,752	233	0	0	0
Transfers In	173		472	0	0	0	0
Transfers Out	(1,939)		(5,991)	(233)	0	0	0
Closing Balance	5,752		233	0	0	0	0
Capital Programme Reserve							
Opening Balance	1,709		2,209	2,709	0	0	0
Transfers In	500		500	500	500	500	500
Transfers Out	0		0	(3,209)	(500)	(500)	(500)
Closing Balance	2,209		2,709	0	0	0	0
B R Pilot Economic Reserve							
Opening Balance	86		86	0	0	0	0
Transfers In	0		0	0	0	0	0
Transfers Out	0		(86)	0	0	0	0
Closing Balance	86		0	0	0	0	0

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 introduced 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 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 uncertainty about its 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 current overall historically high level of reserves held by the Authority 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 follows: 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 5% of its net revenue budget. The detailed risk assessment is attached at Annexe A and indicates that the overall assessed risk has not changed since last year. Given that not all assessed risks are likely to crystallise in a single year it is deemed appropriate to maintain the minimum level of 5%. This aligns the Authority's General Reserves with the threshold 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 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end on 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22.

At the start of 2021/22, the General Reserve is forecast to represent 4.51% of the Authority's net revenue budget which is a small negative 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 5% indicator will be considered annually as part of the budget setting process.

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, 2021/22, 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 £2.301m. The proposed policy minimum of 5% equates to £2.014m. At the start of 2021/22 the General Reserve is expected to be £1.815m and it is planned to increase by £0.210m to £2.025m by 31 March 2022. Under the council tax freeze option, General Fund Reserves will reduce by £0.279m in 2021/22.

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. The majority of the forecast balance of £0.646m at 1 April 2021 is currently uncommitted but is forecast to be drawn down over the next three financial years as new bids are made.
- **Insurance:** The Authority has joined 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.
- **Mobilising Strategy Reserve:** To facilitate the delivery of the Authority's mobilising strategy – as agreed at the Fire Authority in January 2020 this reserve holds the one off funding for Project 21 (P21) which includes the delivery of a tri-partite mobilising service with Surrey and West Sussex County Fire Authorities and associated investment in other aspects of our mobilising such as pagers & alerters and MDT replacement (outside of that already planned in the IT Strategy and funded from the IT Strategy Reserve). The reserve is expected to be fully drawn down by the end of 2021/22
- **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 has been sold to Lewes District Council – subject to LDC obtaining planning permission for development the sale will complete in 2021/22. The agreed sale of the ARP from Eastbourne is expected to deliver a receipt of £120,000 in 2020/21. No

further disposals are currently planned and this reserve will be fully utilised over the life of the current Capital Asset Strategy, with the balance remaining at 31 March 2021 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 planned for delivery in 2021/22 (subject to Covid 19), St. James House and Essex Place, and further plans are in the pipeline.
- **Business Rate Pool:** 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. A Revenue contribution is made into this reserve each year and as agreed at Fire Authority in September 2020 this will continue and will fund the IT Strategy 2020-25.
- **ESMCP Readiness:** this is grant funding from central government is ring-fenced to fund the IT upgrades to mobilising systems that are required as part of the Emergency Services Mobile Communications Project (ESMCP). The timing of drawdown is dependent on national programme timescales (which have been significantly delayed) and decisions about Project 21. Further discussion with the Home Office will be required to determine use of the grant as it was originally intended to fund improvements jointly for East and West Sussex through our joint control service which ended 4 December 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. The actual drawdown is dependent on regional business cases made to the Home Office.
- **Responding to New Risks:** holds the unspent balance of the Marauding Terrorist Attack grant which will be used for the replacement of specialist equipment and training.
- **People Strategy** (formerly Wholetime Firefighter Recruitment): the balance of this reserve, originally held to finance the recruitment and training of 32 new Wholetime Firefighters over the period 2017/18 to 2019/20, will now be utilised to part fund the implementation of the new People Strategy 2020-25. The reserve will also be used to hold revenue funds committed to the People Strategy as part of the 2021-22 budget and the MTFP.

- **Business Rates Retention Pilot:** holds the additional income from the East Sussex Pilot and is split between financial stability and economic development as set out in the Memorandum of Agreement with other partners. Following the decision of the Fire Authority in July 2019 the majority of the financial stability element (£0.480m) was transferred into the Mobilising Strategy Reserve to fund investment in Project 21. The economic development element will be used to finance estates capital schemes.
- **S31 Business Rate Retention Reliefs** – holds S31 grants received from Government in 2020/21 which compensate for the loss of Business rates income due to reliefs granted by Government but impacted by Covid 19. These amounts will be released in 2021/22 when related losses will be charged via the Collection Fund

Annexe A – Risk Assessment of the Adequacy of General Reserves

Risk type	RISK	Likelihood	Impact £m	Net Impact £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

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
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	0.500	0.125
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, impact of Covid 19	Low	1.000	0.250
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 remain low and may be pushed lower by UK's exit from the EU and lower interest rates as a result of Covid 19. Amounts invested will reduce significantly over the next few years. Although the amounts involved are small relative to the overall budget they continue to present a risk in year	Low	0.250	0.063
Provision of services	The Authority no longer has delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire and Rescue Service under a S16 agreement and therefore this risk has reduced significantly. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority	Low	0.250	0.063

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
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. However for 2020/21 the savings target is relatively small	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
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. This may include the impact of new tariffs on	Medium	0.200	0.100

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
	the cost of goods purchased from the EU for example vehicle chassis.			
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. This risk also addresses the potential for actual pay awards to be higher than that budgeted.	Medium	1.000	0.500
Estimated Reserve Requirement				2.301

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

Description	2021/22	2021/22	2021/22	Projected Closing Balance				
	Opening Balance 01/04/21 £'000	Planned Transfers In £'000	Planned Transfers Out £'000	31/03/2022 £'000	31/03/2023 £'000	31/03/2024 £'000	31/03/2025 £'000	31/03/2026 £'000
Earmarked Reserves								
Improvement & Efficiency	646	286	(300)	632	332	0	0	0
Sprinklers	640	0	(347)	293	0	0	0	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,425	0	(713)	712	0	0	0	0
ESMCP Regional Programme	307	0	(307)	0	0	0	0	0
Responding to New Risks	18	0	0	18	0	0	0	0
IT Strategy	2,029	565	(2,016)	578	128	210	0	0
People Strategy	40	0	(40)	0	0	0	0	0
Mobilising Strategy	846	0	(846)	0	0	0	0	0
Business Rates Retention Pilot - financial stability	107	0	0	107	107	107	107	107
Business Rates Retention Pilot - economic development	86	0	(86)	0	0	0	0	0
Business Rate Pool	200	0	(50)	150	100	50	0	0
S31 Business Rate Retention Reliefs	1,309	0	(1,309)	0	0	0	0	0
Carry Forwards	0	0	0	0	0	0	0	0
Capital Programme Reserve	2,209	500	0	2,709	0	0	0	0
Total Earmarked Reserves	10,111	1,351	(6,014)	5,448	916	616	356	356

General Fund	1,815	210	0	2,025	2,025	2,025	2,025	2,025
Total Revenue Reserves	11,926	1,561	(6,014)	7,473	2,941	2,641	2,381	2,381
Capital Receipts Reserve	5,752	472	(5,991)	233	0	0	0	0
Total Capital Reserves	5,752	472	(5,991)	233	0	0	0	0
Total Usable Reserves	17,678	2,033	(12,005)	7,706	2,941	2,641	2,381	2,381

Under the council tax freeze option General Fund Reserves will reduce by £0.279m in 2021/22

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2021/22
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

1.99% COUNCIL TAX INCREASE

	£	£
NET BUDGET REQUIREMENT		40,704,400
Forecast Business Rates retained	2,631,036	
Top Up grant	5,170,000	
Total Base Line funding	<u>7,801,036</u>	
Add Revenue Support Grant	3,226,000	
Total Grant funding (excluding transitional/freeze grant)	<u>11,027,036</u>	
Section 31 Grant Business Rates adjustment	833,000	
Previous Year's Surpluses/(Deficits)	67,538	
local council tax support grant	474,000	
Total Council Tax required		28,302,826
Tax base	290,495	
Basic Council Tax (Band D equivalent)		97.43
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	64.95
Band B	7/9	75.78
Band C	8/9	86.60
Band D	9/9	97.43
Band E	11/9	119.08
Band F	13/9	140.73
Band G	15/9	162.38
Band H	18/9	194.86
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	89,493.00	8,719,303
Eastbourne	34,532.20	3,364,472
Hastings	25,722.00	2,506,094
Lewes	36,711.40	3,576,792
Rother	37,606.60	3,664,011
Wealden	66,429.60	6,472,236
	290,494.80	28,302,908

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2021/22
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

COUNCIL TAX FREEZE

	£	£
NET BUDGET REQUIREMENT		40,152,900
Forecast Business Rates retained	2,631,036	
Top Up grant	5,170,000	
Total Base Line funding	<u>7,801,036</u>	
Add Revenue Support Grant	3,226,000	
Total Grant funding (excluding transitional/freeze grant)	<u>11,027,036</u>	
Section 31 Grant Business Rates adjustment	833,000	
Previous Year's Surpluses/(Deficits)	67,538	
local council tax support grant	474,000	
Total Council Tax required		<u>27,751,326</u>
Tax base	290,495	
Basic Council Tax (Band D equivalent)		95.53
<hr/>		
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	63.69
Band B	7/9	74.30
Band C	8/9	84.92
Band D	9/9	95.53
Band E	11/9	116.76
Band F	13/9	137.99
Band G	15/9	159.22
Band H	18/9	191.06
<hr/>		
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	89,493.00	8,549,266
Eastbourne	34,532.20	3,298,861
Hastings	25,722.00	2,457,223
Lewes	36,711.40	3,507,040
Rother	37,606.60	3,592,558
Wealden	66,429.60	6,346,020
	290,494.80	27,750,968

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2021	FTE @ 1/4/2022 1.99% option	FTE @ 1/4/2022 freeze option
Principal Officers	3	3	3
Wholetime Firefighter	338	334	322
RDS firefighter Units	219	219	219
Control Room Staff	30.21	3	3
Support staff	152.08	152.08	151.08

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

Local Authority	Core Spending Power	Settlement Funding Assessment	Compensation for under-indexing the business rates multiplier	Estimated Council Tax excluding Parish Precepts	Core Spending Power	Percentage change in Core Spending Power from 2020-21 to 2021-22
	£ millions	£ millions	£ millions	£ millions	£ millions	%
	2020-21	2021-22	2021-22	2021-22	2021-22	
Avon Fire	44.291	16.052	0.568	28.819	45.439	2.590
Bedfordshire Fire	30.380	8.275	0.310	22.799	31.384	3.303
Berkshire Fire	34.508	10.417	0.371	24.719	35.508	2.898
Buckinghamshire Fire	28.133	7.482	0.268	21.197	28.947	2.892
Cambridgeshire Fire	30.063	8.926	0.319	21.685	30.930	2.883
Cheshire Fire	43.981	13.482	0.493	31.263	45.239	2.860
Cleveland Fire	27.371	14.719	0.488	12.748	27.955	2.132
Derbyshire Fire	38.541	13.246	0.468	25.837	39.551	2.622
Devon and Somerset Fire	77.594	22.354	0.830	56.116	79.745	2.773
Dorset and Wiltshire Fire	57.176	14.332	0.545	43.857	58.786	2.816
Durham Fire	29.355	10.622	0.371	19.097	30.090	2.505
East Sussex Fire	39.214	10.989	0.405	28.800	40.194	2.499
Essex Fire	73.423	25.039	0.861	49.452	75.351	2.627
Hampshire Fire	66.976	0.000	0.000	0.000	0.000	0.000
Hereford and Worcester Fire	32.400	7.768	0.296	25.139	33.318	2.834
Humberside Fire	44.451	20.162	0.666	24.731	45.559	2.493
Kent Fire	72.781	21.361	0.777	52.834	74.971	3.009
Lancashire Fire	56.282	24.251	0.817	32.564	57.632	2.398
Leicestershire Fire	36.074	13.350	0.469	23.306	37.126	2.915
Nottinghamshire Fire	42.783	16.299	0.565	26.986	43.850	2.492
Shropshire Fire	22.629	5.243	0.204	17.625	23.409	3.447

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:	Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26 – 1.99% Council Tax option		
	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:	To set a balanced revenue budget and agree the Capital Asset Strategy in the context of a five year financial plan	b. Project Manager and Process owner:	AD Resources / Treasurer
	c. Project/processes this PPADS is linked to:	All budget decisions including revenue and capital projects requiring businesses cases or other approvals		
3	List the information, data or evidence used in this analysis:	Budget reports to Senior Leadership Team, P&R Panel and Fire Authority		
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 type="checkbox"/>		<input checked="" type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Positive impacts relate to IRMP - see separate risk assessment No other proposals are assessed as impacting this group at this stage.
A disabled person	<input type="checkbox"/>	X	<input type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Negative impacts relate to IRMP - see separate risk assessment Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments No other proposals are assessed as impacting this group at this stage.
A person of a particular sex, male or female	<input type="checkbox"/>	X	<input type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies,

				<p>policies and projects will be subject to specific EIAs.</p> <p>Negative impacts relate to IRMP - see separate risk assessment</p> <p>Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Pregnancy, Maternity, Marriage or Civil Partnership	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
A person of a gay, lesbian or bisexual sexual orientation	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
A person of a particular race	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
A person of a particular religion or belief	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Transgender a person whose gender identity/expression does not make their assigned sex	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>Positive impact relates to IRMP - see separate impact assessment</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Community considerations Application across communities or associated with socio-economic factors considering the 10 dimensions of Equality	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>Positive impact relates to IRMP - see separate impact assessment</p>
Criminal convictions	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>No other proposals are assessed as impacting this group at this stage.</p>
Rural living	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Human rights	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
Part 3 – The results				
	Yes	No		
Are there negative scores in Low? (see guidance)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p><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></p>	

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"/>	See separate IRMP impact assessment
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?

N/A

Describe the overall decision on this Policy, Procedure, Activity, Service or Decision:

N/A

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

Action	Responsible person	Completion due date
1. IRMP Equality Impact Assessment and Actions 2. Cessation of Shuttlebus Service - identification of individual impacts and mitigations / reasonable adjustments rests with individual line managers in the first instance 3. Procurement Category Strategy activities 4. EIA of all strategies, policies and projects	1. IRMP Implementation Board 2. Identification of individual impacts and potential mitigations / reasonable adjustments rests with line managers supported by HR / Estates 3. Procurement Manager / service lead for each procurement 4. Relevant SRO / lead officer	Various / on-going

When, how and by whom will these actions be monitored?

Responsible persons are set out above

Part 5 – Sign Off

Created by (Print Name): Duncan Savage Department: Resources / Treasurer

Signature**Duncan Savage Date: 11-01-2021

To be completed by Equalities Team

Signature** Lucy Birch EIA number: tbc

Assessment date: **01-02-2021** Review date: **tbc**

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

RESPONSES TO BUDGET CONSULTATION WITH PARTNERS, BUSINESSES AND STAFF REPRESENTATIVE BODIES

26 January 2021

Open letter from ESFRS Unison members to the Fire Authority and public question with reference to the Medium-Term Financial Plan and Council Tax.

We recognise that East Sussex Fire Authority has a very difficult role in setting its budget so we can serve the public, particularly during the Covid crisis and with the ongoing uncertainty about Government funding.

As you look to discuss the Medium Term Financial Plan and discuss setting Council Tax, we would strongly urge you to back a rise in Council Tax so we can continue to put public safety first. Surveys have shown that the public would support this move as they value the service and all it does.

We want assurances that the Fire Authority will not disproportionately affect our professional support services teams who deliver so much for the Service as follows:

- Our Community Safety, Business Safety and Communications team members deliver front-line, public facing engagement and activities which are evaluated and shown to be making a positive impact on community safety. This was praised in the recent HMICFRS report into our response to Covid, particularly the innovative way we continued to deliver services online or over the phone.
- Our analysts explain where we need to put our resources and how we are performing so the Service can improve and target activities as well as meet Government reporting requirements.
- Our finance and procurement team makes sure the Service gets the best out of its funding, is transparent and stays within the law.
- Our HR and Training teams ensures the workforce has the right skills when recruited and the right training to continue in their careers.
- Our Health, Safety and Wellbeing team makes sure we look after our people, keeping them safe.
- Our Democratic Services ensures that you, as Fire Authority members, have what you need to carry out your governance role as well ensuring we meet legal requirements surrounding the Freedom of Information Act.
- Our IT, estates, engineering teams makes sure we have fit for purpose buildings, equipment and vehicles, keeping our firefighters safer through improvements in contamination control and new technology.
- Within all these teams are our wonderful administrators – too often overlooked when they are the glue which holds us together.

Our question is this – will the Fire Authority commit to protecting our communities by ensuring we have a stable and sustainable income for the future and approving a rise in Council Tax?

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EAST SUSSEX FIRE AUTHORITY

Meeting	Fire Authority
Date	11 February 2021
Title of Report	Treasury Management Strategy for 2021/22
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Richard Carcas – Principal Finance Officer (Treasury Management) ESCC

Background Papers	Fire Authority 13 February 2020 - Treasury Management Strategy for 2020/21 11 June 2020 - Treasury Management Stewardship Report 2019/20 Policy & Resources Panel - 12 November 2020 - Half year review for 2020/21 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
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Appendices	1: Treasury Management Scheme of Delegation 2: The Prudential & Treasury Indicators 3: Minimum Revenue Provision (MRP) Policy Statement 4: Approved countries for investment 5: Comment from Link Asset Services on the outlook for 2021/22 6: Counterparty list 7: Investment Benchmarking 8: Glossary
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Implications

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

PURPOSE OF REPORT To approve the treasury management strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2021/22

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 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. During 2019/20, an option appraisal for the use of alternative investment options was completed. The option appraisal concluded that, given the Authority's planned steep reduction in reserves (resulting from its planned investment in its Capital Asset Strategy and Project 21), then investment options with a time horizon of up to 3 years would suit the Authority's cash profile and maximise returns at an appropriate level of risk.

Since March 2020 global economic events triggered by the COVID 19 pandemic have caused the Authority to pause consideration of entering into longer duration funds.

The 2021/22 Strategy counterparty list for specified and non-specified investment is set out in the Appendices 4 and 6 with an updated recommendation to note.

- To increase individual counterparty limits from £4m to £6m with a parameter included to ensure where practical to have no more than 25% of the total investment portfolio held with one single counterparty. This will be monitored by the Assistant Director Resources / Treasurer, and reported back to Authority where necessary or appropriate.

The Fire Authority is recommended to approve the 2021/22 investment strategy. The Fire Authority should note that any introduction of longer term instruments will result in an increased (but appropriate) level of risk to the investment portfolio.

The Fire Authority to the 31st December 2020 earned £91k in investment interest at an average rate of 0.45%. Return broadly consistent to recent available Investment benchmarking (Appendix 7).

The background information and the calculation of the Authorised Limit for borrowing for 2021/22 of £15.155m 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 during 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 2021/22 & 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 2020/21 is set out in Section 5.

RECOMMENDATION

The Fire Authority is recommended to:

- (i) approve the treasury management strategy and policy statement for 2021/22 (and adopt for the remainder of 2020/21);
- (ii) determine that for 2021/22 the Authorised Limit for borrowing shall be £15.155m;
- (iii) adopt the prudential indicators as set out in the attached Appendix 2; and
- (iv) approve the Minimum Revenue Provision (MRP) Statement for 2021/22 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 2021-22 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 fixed term borrowing rates.

Table 1

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2021	0.10	0.80	1.50	1.30
Jun 2021	0.10	0.80	1.60	1.40
Sep 2021	0.10	0.80	1.60	1.40
Dec 2021	0.10	0.80	1.60	1.40
Mar 2022	0.10	0.90	1.60	1.40
Jun 2022	0.10	0.90	1.70	1.50
Sep 2022	0.10	0.90	1.70	1.50
Dec 2022	0.10	0.90	1.70	1.50
Mar 2023	0.10	0.90	1.70	1.50
Jun 2023	0.10	0.90	1.80	1.60

2.2 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16 December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged.

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 2021/22 and beyond;
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during

most of the first half of 20/21. On the 25 November, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

- While the Fire Authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-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 2021, 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

	2020/21	2021/22	2022/23	2023/24
	Projected	Estimate	Estimate	Estimate
	£000	£000	£000	£000
External Borrowing				
Borrowing at 1 April	10,773	10,698	10,298	13,385
New Borrowing	-	-	3,568	2,586
Loan Redemption	(75)	(400)	(481)	(400)
Actual borrowing at 31 March	10,698	10,298	13,385	15,571
*CFR – the borrowing need	10,698	10,298	13,385	15,571
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 2021/22 is £10.298m. 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 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 Assistant Director Resources / Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

Policy on Borrowing in Advance of Need

- 4.2 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.
- 4.3 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the reporting mechanism.

Prudential & Treasury Indicators

- 4.4 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.

- 4.5 A full set of Prudential Indicators and borrowing limits is shown in Appendix 2.

Debt Rescheduling

- 4.6 Rescheduling of current borrowing in the current debt portfolio is unlikely to be an option during 2021/22. This is due to a difference between the rate used to calculate the premature redemption, and the rates used to take on new borrowing. This difference would create a premium that the authority would

have to pay that would make it more expensive to repay or restructure than retain the debt

4.7 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).

4.8 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.

4.9 All debt rescheduling will be agreed by the Assistant Director Resources / Treasurer.

Sensitivity of the Forecast and Risk Analysis

4.10 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).

4.11 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.

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.

Changes to Investment Strategy

- 5.2 It is recommended to increase counterparty limits from the Authority's current approved options for Investment from £4m to £6m with the aim where possible not to allow 25% of the investment portfolio with any single counterparty. This will be monitored by the Assistant Director Resources / Treasurer, and reported back to Authority where necessary or appropriate.
- 5.3 In the current climate the additional flexibility of both changes will help broaden options and secure investment returns relative to the current bank of England base rate.
- 5.4 Investment instruments identified for use in the financial year are listed in section 5.19 and 5.20 under the 'Non-Specified and Specified' Investments categories. Counterparty limits will be as set through the Authority's Treasury Management Practices – Schedules.

Sovereign Credit Ratings

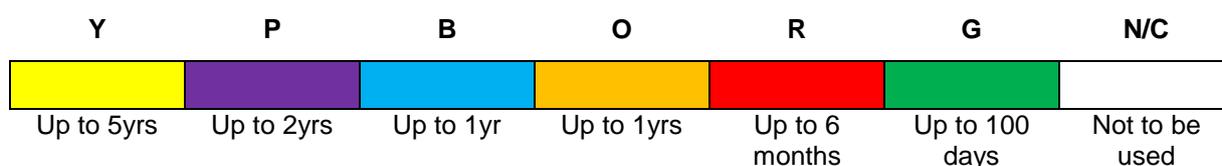
- 5.5 The Authority has determined that it will only use approved counterparties based in the UK. The UK currently holds an AA sovereign rating. However the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Credit Worthiness Policy

- 5.6 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
- 5.7 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.
- 5.8 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



5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

Specified Investments

5.16 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 5.11 of this strategy.

5.17 **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;

5.18 Criteria for Specified Investments:

Table 3

Counterparty	Country/ Domicile	Instrument	Min. Credit Criteria LAS/Colour band	Max. Amount*	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits	UK Sovereign Rating	unlimited	12 months
Government Treasury bills	UK	Term Deposits	UK Sovereign Rating	unlimited	12 months
UK Local Authorities	UK	Term Deposits	UK Sovereign Rating	unlimited	12 months
Banks – part nationalised	UK	<ul style="list-style-type: none"> • TDs • Deposits on Notice • Certificates of Deposit (CDs) 	Blue	£6m	12 Months
			Orange	£6m	12 Months
			Red	£6m	6 Months
			Green	£6m	100 Days
Banks	UK	<ul style="list-style-type: none"> • TDs • Deposits on Notice • CDs 	Blue	£6m	12 Months
			Orange	£6m	12 Months
			Red	£6m	6 Months
			Green	£6m	100 Days
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA Rated Money Market Fund Rating	N/A	£6m	Liquidity/ instant access
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/EU domiciled	AAA Rated Bond Fund Fund Rating	N/A	£6m	Liquidity

**No more than 25% of the investment portfolio held with one single counterparty where practically possible.*

Non Specified Investments

5.19 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)	N/A	2 - 5 years
Short Dated Bond Fund(s)	N/A	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 for 2020/21. 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 Assistant Director Resources / 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

5.20 Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years. Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future. Bank Rate forecasts for financial year ends (March) are:

- Q1 2022 0.10%
- Q1 2023 0.10%
- Q1 2024 0.10%

5.21 The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the pandemic and how quickly successful vaccines may become available and widely administered to the population.

5.22 The Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for each financial year for the next four years are as follows:

- 2021/22 0.10%
- 2022/23 0.10%
- 2023/24 0.10%
- 2024/25 0.25%

5.23 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.).

5.24 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).

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

- **IFRS9 – local authority override – English local authorities**

The MHCLG enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2023, allowing councils to initiate an orderly withdrawal of funds if required.

- **FRS 16 – Leasing**

- The CIPFA Code of Practice will incorporate the requirement to account for all leases onto the council's balance sheet. There have been indications that the implementation date for this is going to be set back to

2022/23 due to pressures on staff from the COVID Pandemic.

- Once implemented, this has the following impact to the Treasury Management Strategy:
- The MRP Policy sets out how MRP will be applied for leases bought onto the balance sheet;
- The Council's Capital Financing Requirement authorised limit and operational boundary for 2022/23 onwards has been increased to reflect the estimated effect of this change. These limits can be amended during 2021/22 if required and brought to full Council to amend with the TMSS Mid-Year report if the limits need to be increased following some more detailed work on the leases to be bought onto the balance sheet.

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	2020/21 Projected	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m
Capital Expenditure	2.295	6.105	7.682	3.673
Capital receipts	(1.939)	(5.991)	(0.233)	-
Capital grants & Contributions	-	-	-	-
Revenue Financing	-	-	(0.452)	(0.452)
Capital Reserves	-	-	(3.209)	(0.500)
Other Reserves	-	(0.086)	(0.289)	-
Borrowing Need	0.356	0.028	3.499	2.721

- 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

	2020/21 Projected	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Financing Requirement				

	£m	£m	£m	£m
Opening CFR	10.773	10.698	10.298	13.385
Borrowing Need (table 5 as above)	0.356	0.028	3.499	2.721
MRP	(0.431)	(0.428)	(0.412)	(0.535)
Closing CFR	10.698	10.298	13.385	15.571

- 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	2020/21 Projected	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m
Borrowing	11.166	10.766	13.853	16.039
PFI/Leases	-	-	-	-
Total	11.166	10.766	13.853	16.039

- 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	2020/21 Projected	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m
Borrowing	13.555	13.155	16.242	18.428
PFI/Leases	-	-	2.000	2.000
Total	13.555	13.115	18.242	20.428

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 2021/22			
All Fire Authority borrowing is at a Fixed Rate			
	Lower	Upper	Actual
Under 12 months	0%	25%	4%
12 months to 2 years	0%	40%	4%
2 years to 5 years	0%	60%	12%
5 years to 10 years	0%	80%	21%
10 years to 20 years	0%	80%	22%
20 years to 30 years	0%	80%	3%
30 years to 40 years	0%	80%	33%
40 years to 50 years	0%	80%	0%

Table 10

Principle sums invested for periods longer than 365 days			
	2021/22	2022/23	2023/24
	£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	2020/21	2021/22	2022/23	2023/24
	Projected	Estimate	Estimate	Estimate
	%	%	%	%
Ratio	2.07	2.16	2.12	2.49

3. Treasury Management Budget

Table 12

Description	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Interest Payable	0.496	0.668	0.645	0.705
Interest Receipts	(0.075)	(0.040)	(0.030)	(0.020)
Minimum Revenue Provision	0.431	0.397	0.462	0.584
TOTAL	0.852	1.025	1.077	1.269

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 2021/22 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 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.

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

AAA

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

AA+

- Canada

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) January 2021

1. The UK

- 1.1 The key quarterly meeting of the Bank of England Monetary Policy Committee kept Bank Rate unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November to 2 December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.
- 1.2 Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
 - The economy would recover to reach its pre-pandemic level in Q1 2022
 - The Bank also expected there to be excess demand in the economy by Q4 2022.
 - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- 1.3 Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- 1.4 However, the minutes did contain several references to downside risks. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. Upside risks included the early roll out of effective vaccines.
- 1.5 COVID-19 vaccines. We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9 November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January,

though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

- 1.6 These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Q2 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.
- 1.7 Public borrowing was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- 1.8 Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5 November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

2. Link Asset Services forward view January 2021

- 2.1 There has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5 January 2021 to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some

months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

2.2 Brexit. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31 December 20, the final agreement on 24 December, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis.

2.3 **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- UK government takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- UK - Bank of England 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.

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

- UK - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESFA Duration	Link Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Lloyds Banking Group:													
Lloyds Bank	UK	A+	F1+	a	5	A1	P-1	A+	A-1	33.85	6	6	6
Bank of Scotland	UK	A+	F1	a	5	A1	P-1	A+	A-1	54.82	6	6	
RBS/NatWest Group:													
NatWest Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	6
Royal Bank of Scotland	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	
HSBC Bank	UK	AA-	F1+	a	1	Aa3	P-1	A+	A-1	33.32	12	12	6
Barclays Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	54.82	6	6	6
Santander (UK)	UK	A+	F1	a	2	A1	P-1	A	A-1	-	6	6	6
Goldman Sachs IB	UK	A+	F1	-	1	A1	P-1	A+	A-1	50.47	6	6	6
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	32.32	6	6	6
Handelsbanken (UK) PLC	UK	AA	F1+	-	1	-	-	AA-	F1+	-	12	12	6

Yellow	Purple	Blue	Orange	Red	Green	No Colour
<i>Up to 5yrs</i>	<i>Up to 2yrs</i>	<i>Up to 1yr (semi nationalised UK banks)</i>	<i>Up to 1yr</i>	<i>Up to 6 months</i>	<i>Up to 100 days</i>	<i>Not to be used</i>

Non Specified Investments:	Minimum credit criteria	Period
Local Authorities	Government Backed	2 years
Mixed Asset Fund(s)	N/A	2 - 5 years
Short Dated Bond Fund(s)	N/A	2 - 5 years
Pooled Property Fund(s)	N/A	5+ years

Investment Benchmarking

1 Investment Benchmarking

- 1.1 The Authority has access to Investment benchmarking results from its Treasury Advisors Link Asset Services (LAS). Officers attend two annual meetings to review performance and compare to peers within the South East Region (group 8).
- 1.2 Local Authority Investment benchmarking returns to September 2020.



- 1.3 The cluster graph above shows that the rate of return grouping for Local Authorities is within a range of 0.20 -0.60% which is broadly consistent with returns achieved by this Authority. As at December 2020 £91k was earned in investment interest at an average rate of 0.45%.
- 1.4 Fire Authority Investment returns 2020/21 to date:

2020/21	Return (%)	Base Rate (%)	+/- (%)
April	0.60	0.10	+0.50
May	0.62	0.10	+0.52
June	0.55	0.10	+0.45
July	0.50	0.10	+0.40
August	0.43	0.10	+0.33
September	0.38	0.10	+0.28
October	0.34	0.10	+0.24
November	0.32	0.10	+0.22
December	0.33	0.10	+0.23

Investment Product Glossary

Bank / Building Society: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Bank / Building Society Secured (Covered Bonds): These investments are secured on the bank's assets, which limit the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Corporate Bonds: Bonds issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Enhanced Cash / Ultra Short Dated Bond Funds: Funds designed to produce an enhanced return over and above a Money Market Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated investments.

Equity Fund: Equity funds are pooled investment vehicles that will focus investments primarily in UK equities.

Government: Loans, bonds and bills issued or guaranteed by UK government, local authorities and supranational banks. These investments are not subject to bail-in, and there is a minimal risk of insolvency.

Money Market Funds: An open ended fund that invests in short term debt securities, offers same-day liquidity and very low volatility.

Mixed Asset Funds: 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.

Pooled Property Funds: Shares in diversified property investment vehicles. Property funds offer enhanced returns over the longer term, but are more volatile in the short term. The funds have no defined maturity date, but are available for withdrawal after a notice period

Short Dated Bond Funds: Funds designed to produce an enhanced return over and above an Ultra Short Dated Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated and a proportion of lower rated investments. The return on the funds are typically much higher, but can be more volatile than Ultra-Short Dated bond funds, so a longer investment time horizon is recommended.

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EAST SUSSEX FIRE AUTHORITY

Meeting Fire Authority

Date 11 February 2021

Title Pay Policy Statement for 2021/22

By Hannah Scott-Youldon, Assistant Director – People Services

Lead Officer John Olliver, Payroll, Pensions & HR Assurance Manager

Background Papers None

Appendices Appendix 1 – Pay Policy Statement

Implications:

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

PURPOSE OF REPORT To approve the Fire Authority’s Pay Policy statement for the period 1 April 2021 to 31 March 2022.

EXECUTIVE SUMMARY The Localism Act 2011 imposes a duty on relevant local authorities to prepare pay policy statements for each financial year, beginning with 2012/13. The statement must be approved by 31 March 2021.

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

1 BACKGROUND

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

- The remuneration of its chief officers

- The remuneration of its lowest paid employees
 - The relationship between the remuneration of its chief officers and that of other employees who are not chief officers.
- 1.2 The statement must include the definition of 'lowest paid employees' adopted by the authority for the purposes of the statement, together with the authority's reasons for adopting that definition.
- 1.3 The statement must include the authority's policies relating to:
- The level and elements of remuneration for each chief officer
 - Remuneration of chief officers on recruitment
 - Increases and additions to remuneration for each chief officer
 - The use of performance-related pay for chief officers
 - The use of bonuses for chief officers
 - The approach to the payment of chief officers on their ceasing to hold office under or being employed by the authority, and
 - The publication of and access to information relating to the remuneration of chief officers.

A new performance related pay system for Principal Officers was implemented in 2019 following a period of consultation and agreed by the Fire Authority.

The authority must comply with its Pay Policy Statement for the financial year when making any determination relating to the terms and conditions of a Chief Officer. The Policy can be amended by the Fire Authority at any time throughout the financial year to which it relates.

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

Thereafter the policy will be published annually, as soon as reasonably practicable after being approved, on the ESFRS website.

- 1.6 The Authority is asked to approve the Statement attached as Appendix 1, which has been drawn up with due regard to all relevant guidance and previous statements. Changes to the presentation reflect our experiences since the pay policy came into force and keeping under review other examples.

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Pay Policy Statement 2021/22 Introduction

The Pay Policy Statement set out below has been compiled in accordance with Sections 38 to 43 of the Localism Act 2011. The Act requires East Sussex Fire Authority to publish a Pay Policy Statement for each financial year. The information contained in this Statement is based on the pay position of employees as at 31 December 2020 unless otherwise stated. The purpose of a Pay Policy Statement is to provide information to the public on the pay arrangements that apply to employees of the Authority, including the Chief Fire Officer and their direct reports. The Statement also includes information on how decisions to set or change pay are made.

Structure of the Workforce

As at 31 December 2020 the Authority employed 787 people (677 full-time equivalents or FTEs). These employees span various pay groups which perform a variety of roles and have different patterns of working to meet service delivery needs. In its simplest form these are employees who either have an operational role (firefighters working on fire stations, control operators and technical staff working in specialist areas) or those who provide administrative and corporate functions such as finance, information technology governance and human resources.

The Authority has a third group of employees, namely the Principal Officers (Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer).

Number of FTE Staff Employed by Category as at 31 December 2020:

Staff Group	Definition	Number of Staff in Group
Wholetime Firefighters	Firefighters who work 42 hours a week to crew stations 24 hours a day either as firefighters located at the station, or as firefighters located at the station during the day and responding from their own homes on an on-call basis at night, or who work in specialist areas such as Technical Fire Safety.	344
East Sussex Fire Control	Staff who receive 999 calls.	28
On-Call Firefighters	A duty system where firefighters respond from their own homes or workplaces located near to the fire station on an on-call basis.	135
Support Staff	Staff who work in administrative and professional support functions.	161.5
Community Support Front Line	Specialist staff who provide fire and road safety prevention advice and offer home safety services and specialist advice for those more at risk.	15
Principal Officers/ Statutory Officers	Principal Officers comprise the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Treasurer.	3.5

Pay Policy

The overarching framework for pay and conditions of service for staff employed by the Authority is governed by three National Joint Councils. These are the NJC for Local Authority Fire and Rescue Services, the NJC for Local Government Services and the NJC for Brigade Managers of Local Authority Fire and Rescue Services. The principal role of each of these national bodies is to reach agreement on a national framework of pay and conditions of service for authorities to apply locally. Each NJC is made up of people who represent the employers and others who represent employees; the latter will typically be trade union representatives. The frameworks of pay and conditions set by each of these national bodies are locally referred to as the Grey Book (applies to uniformed staff); the Green Book (applies to staff who do not wear a uniform); and the Gold Book (applies to the Principal Officers).

Each NJC acknowledges that its national framework of pay and conditions will need to be adjusted locally to reflect local needs. Where appropriate, this will be undertaken through local agreement, with recognised trade unions where they exist or, alternatively, through local decision-making processes.

The Equality Act 2010 gives women (and men) a right to equal pay for equal work. The Authority undertook an equal pay audit in 2011 to ensure that its pay and benefits policy and practice were being applied consistently, ensuring equal pay for work of equal value for men or women. There were no major areas of concern identified as a result of the audit. Those areas which did need review have been addressed in the introduction of the new job evaluation scheme during 2016/2017.

Local Variations to Pay and Conditions of Service

The national pay agreements and the terms and conditions constitute a minimum standard but it is acknowledged that these can be modified through local negotiation to reflect local needs. There is a mechanism in place to agree such changes.

The service has a pay protection policy method that should be used to protect pay for any variations to employment contracts.

Due to some hard to fill vacancies, particularly in the area of our professional services, the service has implemented market supplements, for some of these roles.

The Fire Authority will be informed of any national changes to the pay or terms and conditions of all other employees.

Pay Structure

Each category of staff will be linked to a separate pay structure which is directly linked to a national pay agreement. When the pay agreement has been amended to reflect local needs, Members of the Authority will be updated accordingly.

The pay structure for uniformed staff is based on the national pay agreement which is negotiated and issued by the National Joint Council. The pay structure for uniformed staff is based upon six roles, each having a development or competent pay point. Move from one to the other is based on an individual completing a development programme which is then subject to independent verification. The annual salary within each role is a fixed point salary. This means that, unless the employee is promoted, or a national pay award is agreed, the salary will remain unchanged. Employees may move up the pay structure through promotion into a higher role. For an employee to do this they must be approved by their line manager as having demonstrated the type of behaviours and skills required of an employee operating at the higher level; potentially have attended an assessment centre; and then be successful through interview for a role at the higher level.

The pay structure is different for those support staff the majority of whom do not wear a uniform. Employees are appointed to a post which has a specific job family assigned to it. Within each job family there are pay points. The experience and skills of the employee are evaluated against the requirements of the job which will then determine the pay point to which they are appointed. Progression to higher pay points within the job family is made on an annual basis.

Although the planned pay and grading structure review project could not be undertaken in 2020, our People Services Business Plan will incorporate this in 2022.

Pay Awards

An annual pay increase is awarded based on the outcome of the relevant national pay negotiation process. Based upon the decisions taken at a national level by the NJCs relevant to this Authority, the Authority's Green Book staff received a pay award of 2.75%, applicable from 1 April 2020. Grey Book Staff also received a 2% award, effective from 1 July 2020.

Principal Officers were awarded a 2.0% increase on 2019 basic salary levels with effect from 1st January 2020.

How are Grades and Roles Determined?

When a post is created or has changed significantly it is evaluated in order that it can be matched against the appropriate grade for the role. A job evaluation process is used to determine the grade of a post. The process of job evaluation considers a range of factors relating to the demands of the job, including knowledge necessary

to do the job; complexity; level of discretion in, and potential impact of, decision-making; accountabilities in relation to people, finance and physical resources such as equipment or property. The job evaluation process ensures that the principle of equal pay for work of equal value is met and that the demands required of the post are assessed as objectively as possible. The job evaluation process includes input from trained individuals from across the organisation, including union representatives.

Pension Arrangements

The Authority currently administers four occupational pension schemes. There are three schemes for firefighters: the Firefighters' Pension Scheme 1992 (FPS) (closed to new entrants from April 2006), the New Firefighters' Pension Scheme 2006 (NFPS) (closed to new entrants from April 2015) and the Firefighters' Pension Scheme 2015 for new entrants. The employee contribution rates effective from 1 April 2015, determined by statute, currently range from 11.0% to 17.0% for the FPS, 8.5% to 12.5% for the NFPS and 11% to 14.5% for FPS 2015, depending on salary level. Employer contribution rates are 37.3% (FPS), 27.4% (NFPS) and 28.8% of core pensionable pay from 1 April 2020.

The Firefighters' Pension Scheme 2015 (FPS 2015), Firefighters' Pension Scheme (FPS) and New Firefighters' Pension Scheme (NFPS) are statutory schemes. The rules and regulations governing the schemes are laid down by the Government.

There are some provisions of the Schemes that are discretionary. Discretionary powers allow employers such as East Sussex Fire Authority to choose how, or if, they apply certain provisions.

Generally these discretions lead to enhanced benefits to scheme members, but result in an additional strain on the pension fund.

As at 31 December 2020 no discretions have been awarded under the schemes.

Green Book staff are auto-enrolled onto the Local Government Pension Scheme (LGPS). The employee contribution rates for this scheme currently range from 5.5% to 12.5% depending on salary level. The employer contribution rate is 18.65% for tax year 2020/2021 and a cash payment of £164,000.

The new Local Government Pension Scheme 2014 came into effect on 1 April 2014. The Scheme is a 'Career Average Revalued Earnings' (CARE) Scheme, which is a move away from a final salary scheme.

The Local Government Pension Scheme (LGPS) is a statutory scheme. The rules and regulations governing the schemes are laid down by the Government.

There are some provisions of the Scheme that are discretionary. Discretionary powers allow employers such as East Sussex Fire Authority to choose how, or if, they apply certain provisions.

Generally these discretions lead to enhanced benefits to scheme members, but result in additional costs which fall to the Authority and not to the pension scheme.

As at 31 December 2020, no discretions have been awarded under the new scheme.

Senior Officers

The Authority is required to publish information relating to the pay of its most senior employees, which are defined as those employees whose annual salary is £50,000 or more. Information regarding those employees who influence the decisions of the Fire Authority as a whole (i.e. those officers who are members of the Senior Leadership Team and the number of employees whose annual salary is £50,000 or more is published on an annual basis in the Authority's Statement of Accounts.

Post	FTE Salary	Notes
Chief Fire Officer	£150,150	Car provided
Deputy Chief Fire Officer	£122,372	Car provided
Assistant Chief Fire Officer	£113,835	Left ESFRS 15/11/20. Car provided
Temporary Assistant Chief Fire Officer	£111,740	Appointed 26/10/20. Car provided
Assistant Director – Resources / Treasurer	£80,624	Eligible for lease car provision (not taken)
Assistant Director – Planning & Improvement	£64,133	Eligible for lease car provision (not taken)
Assistant Director – Operational Support & Resilience	£60,756	Seconded to NFCC 1/9/20. Response car provided plus 20% flexible duty system allowance & CPD payment
Assistant Director – Safer Communities	£60,756	Temporarily promoted to ACFO as above. Response car provided plus 20% flexible duty system allowance & CPD payment.
Strategic Engineering Manager	£59,513	Retired from Service 13/5/20. Lease car provision (eligible due to mileage)
Finance Manager	£59,513	Retired from Service 13/4/20. Role being covered by temporary contract.

Temporary Assistant Director – Operational Support & Resilience	£55,389	Appointed 26/10/20. Response car provided plus 20% flexible duty system allowance & CPD payment
Temporary Assistant Director – Safer Communities	£55,389	Appointed 21/9/20. Response car provided plus 20% flexible duty system allowance & CPD payment.
Assistant Director – People Services	£55,389	Response car provided plus 20% flexible duty system allowance
Project 21 Lead	£55,389	Temporary promotion from GM at Area Manager level. Plus 20% flexible duty system allowance
ITG Manager	£52,724	Additional £5,705pa extra responsibility allowance is currently paid on this role
Strategic Community Safety Manager	£52,724	
Strategic Health, Safety & Wellbeing Manager	£52,724	
Procurement Manager	£52,724	
Group Manager (4 of)	£52,301	Plus 20% Flexible Duty System. One of these employees are assigned to the High Rise Building Review (Funded by Central Government). The number of GM's at this Competent level has reduced in this year due to other management movement and development rate being below £50K.
Planning & Intelligence Manager	£51,189	
ESMCP Regional Co-Ordinator	£51,189	Funded from ESMCP Local Transitional Resource (LTR) Grant
Programme Office Manager	£51,189	

Ratio between Highest Earner and Average Earnings of the Organisation and Definition of ‘Lowest Paid’

The Authority is required to publish information which expresses as a ratio the difference between the pay of its highest paid employee and the average pay for all other employees.

The Authority is also required to publish its own definition of ‘lowest paid’ employees as it applies to the Authority’s workforce.

The Authority has a range of staff employed on different conditions of service and this means that it has a range of salary levels. Some staff are employed on contracts which are regarded as secondary employment. This means that they are able to undertake their contract in addition to other full-time employment. Specifically, this relates to firefighters who work the ‘On Call’ duty system, providing on call availability from their home or place of work. These employees have full-time work outside the Authority.

The Authority also has a group of staff employed on annualised contracts. These are part-time contracts worked by staff that may have primary employment elsewhere. However, they could be staff who are already employed by the Authority but whose working pattern allows them to work some additional hours whilst still maintaining appropriate levels of rest. For the purposes of publishing information on the comparison of pay in relation to the Authority’s highest earner when compared to the rest of the workforce and a definition of the ‘lowest paid’ in the context of the Authority, these groups of employees has not been included. This is because these posts constitute secondary employment and will typically be for a lower number of hours, which results in no true full-time equivalent salary. They would, therefore, skew the results of any comparison to full-time salaries.

The table below sets out the difference between the pay of the highest paid employee (the Chief Fire Officer) when compared to other employees. The information illustrates that the Chief Fire Officer’s pay is 4.72 times more than the basic pay of a competent Firefighter role as at 31 December 2020. This differential is £118,248.

	December 2017	December 2018	December 2019	December 2020
Chief Fire Officer	£140,050	£142,864	£147,074	£150,015
Mean Salary	£29,934	£30,533	£31,144	£31,767
Ratio	4.68	4.68	4.72	4.72

This ratio is calculated by dividing the Chief Fire Officer’s pay by the Competent Firefighter annual salary (excluding secondary contracts) at 31 December 2020.

As described under the “Pay Award” section of this appendix, all Principal Officers will follow a twin track approach to their salary progression.

In accordance with the Gold Book, the first part of this is the cost of living increment, as determined nationally.

Part two is the progression along the current five point pay scale as below.

Rank	SCP1	SCP2	SCP3	SCP4	SCP5
Chief Fire Officer	148622	150015	151409	152802	154195
Deputy Chief Fire Officer	120120	121246	122372	123499	124625
Assistant Chief Fire Officer	111740	112788	113835	114883	115930

The Authority's Definition of 'Lowest Paid' Employees

The Authority regards its lowest paid employees to be those employed on its Green Book conditions of employment. These are employees who do not wear a uniform and who tend to work in administrative and corporate function areas.

Re-Engagement of Employees

The Authority does not have a policy on re-engagement. Former employees are entitled to apply for posts in accordance with a competitive process and, if employed, usual rules on pension arrangements (should the individual be in receipt of one) apply.

The regulation for the rehire of any employee who has previously been made redundant by the Authority will be addressed in the new redundancy policy that is to be agreed in 2021.

Occasionally, due to the specialist nature of the Fire Service, specialists or experts may be called in under a contract for consultancy services.

Gender Pay Gap Reporting

The Fire Service is required by Government to submit our return for this.

We will display this data in future years to illustrate our progress and compare against national the average for other Fire Authorities when available.

EAST SUSSEX FIRE AUTHORITY

Meeting Fire Authority

Date February 11 2021

Title of Report CRM Project – Additional Funding Requirement

By Mark Matthews, Assistant Chief Fire Officer

Lead Officer Peter Harris, PMO Project Manager

Background Papers 2018 CRM III 1.0 – CRM Business Case

Appendices Appendix 1 – HMICFRS Inspection Outcomes and impact of CRM Project
 Appendix 2 – Cost Models
 Appendix 3 – Business Benefits by Minimum Viable Product
 Appendix 4 – CRM Strategic Requirements
 Appendix 5 – Supporting Documents

Implications

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

PURPOSE OF REPORT The purpose of this report is to provide an update on the delivery of the CRM project, which aims to deliver business critical enhancements to our prevention, protection and response services, and to seek approval of an additional investment of £1.094m bringing the total project budget to £1.969m to fund its full delivery.

EXECUTIVE SUMMARY This report outlines the additional funding requirements for the CRM project to enable delivery of the business benefits impacting our legal requirements to enforce the Regulatory Reform (Fire Safety) Order and meet legal expectations under the Fire Service’s Act in respect to prevention of fires and ensuring risk information is available to crews, which remains a critical firefighter safety provision. The critical enhancements will also ensure that the protection, prevention and SSRI related elements of the IRMP can be fully realised.

The HMICFRS inspections review has essentially further clarified the expectations of the National Framework for prevention, protection and response and resilience. The original Business Case for CRM was written three years ago in 2018. Additional functionality, unforeseen at the time of the original business case, is required in order to respond effectively to the Grenfell enquiry outcomes, HMICFRS observations and the recommendations for improvement specifically related to firefighter risk information (SSRI related), Safe and Well/Home Safety Visits and Business Safety inspections. The identified enhancements across the three areas, Minimum viable products (MVP's), will now require an enhanced investment if the required benefits are to be fully realised. This will ensure the Service is able to respond appropriately to areas identified as requiring improvement, continue to meet its statutory obligations, supply required intelligence to central government, implement key elements of the current IRMP and share risk critical information across teams and partners to support the effective safeguarding of staff and the public.

The original business case was based on an assumption that we largely understood the work that was needed to upgrade the system (step 1) and deliver the enhanced functionality that was critically required across the three core functional areas (step 2).

The upgrade from MS Dynamics 2011 to MS Dynamics 365 (step 1) the cost for development increased from the original budget of £0.3m to £0.4m.

In hindsight the functional requirements of step 2 were largely unknown and therefore could not have been costed accurately prior to defining the capabilities required. Therefore, as part of the project, the Service took the very important step of ensuring that the many processes for all three areas were mapped comprehensively through a rigorous business analysis exercise involving the development of a series of storyboards and system pathways. This required the engagement of a business analyst who conducted numerous workshops over 14 months where the true scale of what was required was defined for the first time. Both the MVP 1/2 essential enhancements for the three areas were identified along with the non-essential, although very beneficial, MVP 3 enhancements. Appendix 2 clearly shows that the MVP 1/2 enhancements for SSRI, Prevention (primarily HSV) and Protection (primarily risk based inspection programme) without the associated costs of internal resourcing and workshops etc. amount to £0.985m. The additional MVP 3 products (customer service related) would cost an additional £0.148m. Total requirement to

deliver fit for purpose base system for prevention, protection and sharing of risk information risk information is therefore £1.094M.

Prevention: ESFRS has not invested in such a comprehensive CRM solution until now, which is configured and supported by third party IT specialists (such as telent and Tiscki). They have demonstrated an ability to deliver the critical functionality required of our systems in respect to prevention as well as protection and SSRI's through CRM enhancement that we simply cannot deliver in-house. We currently rely on an internal HSV database, that although was an innovative solution at the time, simply cannot provide the intelligence we require, is no longer fit for purpose leading to inaccuracies within data sets and an inability to accurately provide exception reports on how we target prevention resources to those most vulnerable. This makes it difficult to respond to government data requirements and evaluate our performance. Importantly we cannot fully support the delivery of the reviewed HSV policy that reflects the NFCC person centred approach and takes full cognisance of HMICFRS findings without the enhancements. The cost of the prevention MVP 1/2, excluding related costs is £0.338m.

Protection: The current CRM functionality is restrictive and does not support the modifications needed to deliver effectively against the risk based inspection policy that has been recently reviewed following the HMIFRS inspection recommendations and the findings of the two internal audit business safety compliance reviews (February 2019 and July 2020). It is likely that a common approach to risk based inspection methodology will emerge from the national standards board over the next year or so and that the requirements placed on the Service through the introduction of new fire safety legislation will require a more locally adaptive automated system as indicated in the fit for future report. The project delivery of the MVP 1/2 enhancements will provide a greater scope for local adaptations to the fields, automated triggers and access permissions, whilst ensuring that any future fundamental upgrades are more easily achieved by the provider ultimately ensuring a more sustainable cost effective platform over the longer term. The cost of the protection MVP 1/2, excluding related costs is £0.426m.

Sharing of Risk information: risk information is collected by a great many individuals undertaking prevention, protection and response activities. It is important that this information is recorded and also easily accessed at the appropriate time, by any member of staff, that is due to interact with an address or individual, which we have risk

information on, in order to minimise the risk to staff as set out in the Fire and Rescue Services Act 2004. The investment in the mobile data terminals (MDT's) provides a key point of access to this information for many front line staff but without the CRM enhancements we will continue to experience challenges around version control, sharing of information across borders, process failures (human errors) leading to delays in uploading critical risk information, and limitations in displaying information in the most effective way to aid timely dissemination of priority risk information. The cost of the risk information MVP 1/2, excluding related costs is £0.221m.

It would be very easy to overlook how important the exploratory work and business analysis has been in refining the critical functionality required from our CRM system and therefore the gravity of the impact these changes will have on:

- 1) the Service's ability to allocate critical prevention and protection resources to those most vulnerable in our communities through a risk based approach,
- 2) complying fully with our legal requirements and the ability to demonstrate that compliance,
- 3) ensuring risk critical information from any source is made available in the most efficient manner to ensure readiness for operational use,
- 4) ability to implement the IRMP fully.

Following the 14 month mapping exercise the CRM board chaired by the ACFO commissioned a review to establish whether the post workshop MVP requirements that were reviewed against findings of the HMI inspection and internal audits, were in fact required and represented value for money prior to making a decision to support and recommend the additional investment. The CRM board (9th November 2020) recommended SLT approve MVP1 and MVP2 for HSV and Business Safety enhancements subject to funding agreement and recommended a benchmarking exercise be carried out immediately.

A benchmarking exercise as a result of the project board decision has therefore been undertaken to evaluate the total proposed investment of the ESFRS CRM project against the benefits. Many Services in the sector, unsurprisingly, are effectively responding in a very similar way to the wider findings of the recent round of HMICFRS inspections, recommendations from the Hackitt review and the related planned legislative changes. The most comparable service

to ESFRS in terms of delivering a CRM project is Kent FRS and the benchmarking exercise has confirmed that the overall cost for implementation compares very favourably in respect to the investment we are proposing for the functionality that would be achieved.

Completion of the project enhancements will result in directly enabling 41% of the HMICFRS inspection identified improvements being addressed.

Delivery of the enhancements to Home Safety Visits and Business Safety will position the Service favourably to meet key objectives and associated expectations identified in the NFCC Fit for the Future report (February 2020), section 67.

Implementation of key aspects of the IRMP (Planning for a Safer Future IRMP – ESFRS March 2020) will be supported by the completion of the CRM enhancements. Refinements to how we allocate resources for prevention activity and improvements to targeting will be supported by the Community Safety enhancements within CRM (as referenced in page 30 of the document, Prevention – Our main areas of work for the next five years). Improvements to the risk-based inspection programme, allocation of resource for protection activity and enhanced targeting will be further supported through the enhancements to the Business Safety functions in CRM (referenced in page 34 Protection – Our main areas of work for the next five years). All enhancements support the IRMP objective of ‘...streamlining and digitising of key operational processes for Home Safety Visits, Business Safety Inspections and Site Specific Risk Information through the Customer Relationship Management system...’ as referenced on page 62 of the IRMP (March 2020).

The majority of the remaining actions that were identified through the internal audit report of Business Safety (2019/20) will be enabled by the completion of enhancements to the Business Safety element of CRM.

Business benefits have been documented in Appendix 3 by Minimum Viable Product (MVP) and identified as intangible or tangible benefits identifying cashable savings where applicable.

Additional government funding may become available in the future due to new fire service building and fire safety responsibilities, thus further reducing the required investment but this cannot be relied upon at this stage.

Financial Assessment

The agreed budget for this project is £0.750m. It has subsequently been supplemented by allocating a further £0.120m from the Protection Grants provided by Government and £0.005m income from Surrey CC bringing the total project budget to £0.875m.

If only MVP1 & 2 are approved the additional funding requirement amounts to £0.946m and if MVP3 is included for all enhancements, the additional funding requirement would be £1.094m.

£0.162m remains in the project budget however is insufficient to complete the project and realise the expected business benefits.

It should be noted that in relation to ongoing revenue costs there will be a £15,500 per annum ITG revenue pressure in 2021/22 following completion of enhancements.

However due to the cashable business benefits (Appendix 3) a £155,500 revenue per annum will be realised from 2022/23. This will equate to an overall revenue saving of £140,000 per annum from 2022/23, of which £90,000 per annum is new savings, the balance is where the project enables the delivery of an existing saving of £50,000, which was agreed as part of 2020/21 budget setting.

In considering options for funding the additional project costs we have selected those that utilise existing sources without the need either to borrow or to disinvest from other projects where funding has already been committed. On this basis it is recommended that the following sources of funding are approved to cover the additional MVP1 & 2 requirements:

- 2020/21 Revenue Budget Forecast underspend = £0.496m
- Improvement & Efficiency Reserve = £0.300m
- Business Rate Pool Reserve = £0.150m
- Total = £0.946m

There is clearly a risk that the current forecast revenue underspend may reduce but SLT will need to manage that risk. Should the underspend not deliver at its current level SLT could consider reallocating funding held in the Sprinkler Reserve of which £0.293m remains uncommitted, although it is recognised that this would require the Authority to agree this change to funding of a key policy priority.

There is also the potential that the BR Pool will generate additional income in 2020/21 with current forecasts indicating

approximately £0.200m which is not currently budgeted for and would be transferred to the BR Pool Reserve, however there is a risk that the impact of Covid-19 on BR income may reduce this further by year end. It is recommended that this income is used to fund the MVP3 enhancements. This income is not received until after the audit of the 2020/21 accounts (autumn 2021), however this should fit with the expected delivery profile of the project.

RECOMMENDATION

It is recommended that the Fire Authority:

- i. note the progress on the current SSRI development and completion of the upgrade to Dynamics 365 as part of the CRM project;
- ii. agree to the additional funding for the completion in full of the delivery of the MVP2 CRM modules (Prevention, Protection and Sharing Risk Information enhancements) at a cost of £0.946m funded by sources identified in the report;
- iii. agree to the additional funding for the completion of the MVP3 CRM modules (Prevention, Protection and Sharing Risk Information enhancements) at a cost of £0.148m from the source identified in the report; and
- iv. note the risks to the funding sources set out in the report and that should they crystalize then the Authority would need to consider reallocation of resources currently committed to other priorities.

1 INTRODUCTION

- 1.1 Following the successful upgrade from MS Dynamics 2011 in August 2020, ESFRS use Microsoft Dynamics 365 as its CRM platform. CRM is the primary technology platform for Business Safety. CRM is currently being developed to support the management of SSRI and is due to go live in March 2021.
- 1.2 This paper covers the proposal of developing CRM to support Community Safety including safeguarding and further enhancing its Business Safety capability to replace IT systems which are no longer fit for purpose and to improve alignment of IT with current Safer Communities business objectives and processes.
- 1.3 The purpose of this paper is to support a request for additional funding to complete project delivery in order to achieve project benefits through enhancements to Home Safety Visits and Business Safety functionality. Analysis of external and internal audits alongside gap analysis of current

business process has identified a real need for improving the IT platforms to deliver Safer Communities business outcomes.

1.4 **Why is there a need for additional funding?**

1.4.1 To deliver the upgrade from MS Dynamics 2011 to MS Dynamics 365 (step 1) the cost for development increased from the original budget of £0.3m to £0.4m. This was due to several factors:

- 1.4.2
- Additional effort to review CRM 2011 code libraries developed in house
 - Effort to complete remediation of code to Dynamics 365
 - Further effort to improve user interface following Microsoft restricting functionality used by ESFRS in its 2011 build.
 - Extended timeline to go live of the upgrade creating additional funding requirements to extend backfill resource whilst CRM System Administrator supported the upgrade work.

1.4.3 It has been 3 years since the Business Case was originally created. Since then and with the introduction of new project management processes by the PMO, the Service has matured in its approach to the creation of Business Cases including identifying savings and costs. In the intervening period since the Business Case was approved, the Service has also reviewed and identified additional business requirements. Changes to business process, national guidance, outcomes of the Grenfell Inquiry and updating the Risk Based Inspection Programme have all impacted on what is now deemed critical provision. To deliver against these new challenges the project has reviewed the business requirements and has identified that additional funding needed to complete the implementation of the CRM project and the related evolved MVP's for each provision.

1.4.4 The end product would be a crucial platform that would support CRM, enabling ESFRS to adapt CRM in terms of enhancing its ability to respond to the ever evolving requirements placed on the Service with regards to data provision, safeguarding, allocating prevention and protection resources to risk effectively and responding to national best practice, HMICFRS findings and changes in legislation. Our ability to evaluate our community impact is becoming more essential and to do so effectively requires an enhanced technological solution.

1.4.5 Based on the original business case funding, the project has been able to complete delivery of the upgrade to MS Dynamics 365 and progress the SSRI enhancement however there is a significant shortfall in funding to complete delivery of the Home Safety Visits and Business Safety enhancements as part of the project. Following completion of a series of business focused workshops and analysis, revised business processes have been agreed that will drive forward the efficiencies ESFRS is seeking.

1.4.6 Costed proposals have been provided by our CRM and IT suppliers which have been incorporated into the cost models in this paper (Appendix 2). To complete delivery of the enhancements the project is seeking additional funding to cover

the additional investment required of £0.946m. This is based on delivery of MVP1 and MVP2 for both HSV and BS enhancements.

1.4.7 The option also exists to deliver the CRM MVP3 enhancements across the three areas (SSRI, prevention and protection) although not essential in respect to legal compliance or critical delivery, these enhancements would bring significant benefits (detailed in Appendix 3) to the communities we serve. Including MVP3 in the ESFRS redesign and improvement of CRM will assist in meeting improved access to risk data and improved scheduling of supporting visits. It will provide more flexibility for the service to focus time on inspections with reduction in travel and administration tasks. The enhancements to the existing Business Safety functionality in CRM will improve alignment to the new risk based inspection programme automating the scoring of business safety risk onto premises, scheduling of premises visits, reminder notifications and improved reporting on business safety audits due to support management planning. CRM HSV BS and SSRI enhancements will ensure that ESFRS allocates its resources appropriately and prioritises activities that address the risks identified in its integrated risk management plan, station profile and annual assessment of risk, therefore providing a service that is more efficient and effective with resources that better respond to the risks in East Sussex

1.4.8 This additional set of CRM enhancements (inclusion of MVP3's) would require a further £0.148m of investment. A separate cost model is included in Appendix 2 showing the additional funds required to deliver MVP3, for all three enhancements, in addition to the funding required to deliver MVP1 and MVP2 for HSV and BS enhancements only.

1.5 **Benchmarking of CRM project with other FRS**

1.5.1 A benchmarking exercise has been undertaken to provide confidence to SLT that the approach taken for the ESFRS CRM project, its deliverables and associated costs compare favourably with the approach taken by other Fire & Rescue Services when addressing business requirements for SSRI, HSV and BS. The aim of the exercise was to evidence that the revised ESFRS CRM project funding request demonstrates value when comparing ESFRS' business requirements with similar approaches, deliverables and scope.

1.5.2 It is apparent that the HMICFRS inspection regime has resulted in fire services' drive to invest in CRM as a means to addressing areas of improvement identified during inspections e.g. risk information management. The other major drivers are changes in legislation driven by Grenfell and initiatives such as the NFCC Fit for the Future consultation.

1.5.3 The benchmarking exercise involved calls with relevant stakeholders at Kent FRS, Surrey FRS, West Sussex FRS and Merseyside FRS.

1.5.4 In summary it is apparent there are two approaches taken by the FRS's consulted:

1. Microsoft Dynamics CRM & Configuration (COTS)

- ESFRS and Kent FRS have both taken the approach of building on existing investments in the Microsoft Dynamics CRM (Commercially off the Shelf) platform.
- Both services have conducted detailed business process reviews in the areas of SSRI, HSV and Business Safety mapping out existing and the desired new business processes.
- Both services have contracted Dynamics CRM third party technical consultancies to work with business stakeholders to configure and implement the new processes (Kent – Hitachi & ESFRS – telent/Tiski).
- Similarly both services have adopted an agile development approach to ensure that the new functionality is delivered in the timely and staged manner.
- Both services have adopted principles to ensure the digitisation of existing processes, minimising data entry, improving the quality, accuracy and the timeliness of information delivered to front line colleagues.
- The budgets that ESFRS and Kent FRS have allocated are comparable, with Kent FRS investing £1.9M and ESFRS investing up to £1.95M in one-off project cost. Note that ESFRS investment includes backfill costs of £86k.
- Both services will continue to use their respective third party technology partners to support and maintain the systems.

2. Software Package Solutions (COTS)

- Merseyside FRS have during the last five years used an in-house development approach, directly employing IT developers. However due to issues with staff retention in the IT development team and the slow progress of their internal software development, Merseyside FRS have now decided to cease internal development and implement CFRMIS a software package solution for technical fire safety, community fire safety and risk information. The acceleration of Merseyside FRS CRM project is also closely linked to the requirement to address issues raised by the HMI audit.
- Merseyside FRS undertook a high level review of business requirements and accelerated their procurement process, choosing not to undertake a detailed mapping of future business processes.
- West Sussex FRS have implemented FARYNOR a software package solution for risk management, including home and community fire safety processes, plus operational risk assessment. West Sussex FRS' priority was to purchase FARYNOR in order to provide a package solution for risk information management.
- West Sussex FRS are also looking at the possibility of using another FARYNOR software module for Water Management.

1.5.5 Surrey FRS currently use a legacy Dynamics CRM solution supported by IBM and are about to start a project to assess whether to upgrade the IBM Dynamics CRM solution or instead purchase a software package solution such as FARYNOR. Surrey FRS have requested a demonstration of the ESFRS CRM system as part of their evaluation process.

1.5.6 Kent FRS

In the case of Kent FRS their key objective was to manage all risks through one platform whereas previously they had a mix of CRM platforms for different functions. During our discussions it became clear that it was their CRM project that was driving the benefits rather than the business although the end result is bringing in efficiencies to their ways of working.

Kent FRS is the most similar to ESFRS in terms of approach and delivery of CRM through developing MS Dynamics 365 platform with an external partner. As part of their project they undertook market research in regard to the right COTS application and this research confirmed, as it did for ESFRS, that CRM was the right product.

- Overall project cost compares favourably to ESFRS with a value of £1.9m
- Business analysis effort was through contractor resource for a year at £0.1m
- Microsoft licensing cost is higher (£0.25m) than ESFRS due to their use of Windows 10 hardware
- Development costs £1.8m

1.5.7 Surrey FRS

Surrey FRS have been using a legacy Dynamics CRM solution supported by IBM for several years. Business requirements had previously been undertaken during early stages of their transformation programme and it was confirmed during our meeting that key benefits and scope were very similar to East Sussex FRS own requirements. No development work is currently underway although Surrey are about to start a project to assess the approach they want to take, develop further on the Dynamics CRM platform or move to a packaged solution.

No costs have been shared with ESFRS at this stage.

1.5.8 Merseyside FRS

Following five years of development using an in house development team Merseyside FRS decided to move forward with a packaged solution called CFRMIS. This was driven by the need to address issues raised by the HMICFRS inspection. Although high level business requirements were used to inform the choice of software package procured, there was no detailed analysis of business aimed at driving efficiencies for the service.

Due to commercial confidentiality, no costs were shared with ESFRS.

1.5.9 West Sussex FRS

WSFRS are currently in the closing stages of a project to implement FARYNOR. The service has already gone live with Prevention & Protection functions, and are working on delivery of the Operational Risk elements by the end of March 21.

To complete delivery of FARYNOR including licensing and provision of Windows10 touchscreen laptops for appliances WSFRS budgeted £0.2m one off project cost, with an ongoing licensing cost in future years of £0.023m. The ongoing licensing cost has been offset by savings from decommissioning of their legacy solution.

2 DELIVERING ESFRS OUTCOMES

2.1 HMICFRS Inspection Outcomes

2.1.1 The table at Appendix 5 and outlined below shows the actions from the HMICFRS Inspection report 2018/19 mapped against areas of CRM development MVPs critical to delivering the required improvements highlighted in the HMICFRS report. It should be noted that **41%** of the inspection outcomes will be supported by the CRM project once it has fully delivered the business case objectives. Details of how each of the outcomes is addressed by the CRM enhancements can be found in Appendix 1.

2.1.2 The action plan 'HMICFRS action plan record v5' has been reviewed to identify if other areas not mentioned in the HMICFRS outcomes table are relevant to this document. Dashboard and reporting improvements to be delivered as part of the enhancements for SSRI, HSV and BS will support action plan ID 4 and ID 10.

2.1.3 ID 4 refers to the Risk Based Inspection Programme and this will be supported by improvements to the CRM dashboards for Business Safety on completion of this enhancement.

2.1.4 ID 10 refers to improved SSRI dashboard reporting enabling managers to see progress on the numbers and types of visits being undertaken.

2.1.5 Additionally, improvements in the identification of High Risk premises under ID 23 will be supported by the completion of SSRI and Business Safety enhancements.

2.2 NFCC Fit for the Future

2.2.1 The NFCC Fit for the Future report dated February 2020 discussed how through a series of improvement objectives could provide a national 'sense of direction' for Fire and Rescue Services in England. This document looks at central guidance, development of standards, audit and inspection, pay and conditions and service funding and investment.

- 2.2.2 **Improvement objective 4 in Appendix C** of the report, **section 67** states...*'Maximum use of new technology and data management needs to be exploited to address the issue of building safety. To simplify the inspection process, ease the burden on newly qualified inspectors, and to align to other parts of the building regulations system, data about building risks needs to be standardised and inspection processes digitised.'*
- 2.2.3 The development of the CRM platform and SSRI module alongside the related enhancements to Home Safety Visits and Business Safety will provide a central repository of information related to ESFRS activity based on premises and individuals, improving the ability to share and access information across departments. This will also result in better validation and quality of data through the use of mobile devices to collect information electronically.
- 2.2.4 Electronic business workflows embedded in CRM will support the automation of business process and risk calculations which will improve capability to help standardise the process of completing and managing premises visits including supporting calculation of visit outcomes. The digitalisation of business processes will guide inspectors through the completion of audit processes and any follow up activities.
- 2.2.5 **Section 66** states....*The volume of inspection work that is likely to be needed to support the ongoing review of building safety is going to be significant. Fire services are going to need to gather intelligence about the risks in their area and identify the priorities for inspection and, potentially, enforcement action in a new regulatory environment. Then a programme of inspections will need to be put into place aligned with the priorities to gather further data and aid decision making.'*
- 2.2.6 The ESFRS implementation of CRM will also assist in meeting this through improved access to data and improved scheduling of visits. It will also provide more flexibility for the service to focus time on inspections with reduction in travel and administration tasks.
- 2.2.7 Further funding may be available to ESFRS under Fire Safety and Building Safety legislation and as a consequence there may be an opportunity to redistribute any future funding to support this project retrospectively.
- 2.3 **Internal Audit Reports – Business Safety**
- 2.3.1 Internal Audit undertook a review of Business Safety in February 2019 with a follow up report published in July 2020.
- 2.3.2 **Finding 1 – Overdue Inspections**, in the July 2020 report relating to frequency of inspection visits for premises with a risk score of 5 or greater.
- 2.3.3 This will be addressed through the implementation of the Business Safety enhancements within the CRM project.

2.3.4 The enhancements to the existing Business Safety functionality in CRM will improve alignment to the new risk based inspection programme automating the scoring of business safety risk onto premises, scheduling of premises visits, reminder notifications and improved reporting on business safety audits due to support management planning.

2.3.5 **Finding 6 Duplicate Records** and **Finding 7 Data Input Quality** of the Internal Audit report 2020

2.3.6 As part of Business Safety enhancements, duplicate detection and consolidating records will mitigate the current issue of duplicate records held within CRM database. Data quality will be improved through the use of data validation in electronic forms and through reduction of errors transferring information from paper forms to the CRM system.

3 BENEFITS REALISATION

3.1 Safer Communities were tasked with reviewing the principles that should drive the CRM project forward. Although these are identified in more detail in Appendix 4, in summary the principles stated that CRM should be intuitive to use, paperless, enable remote working, be as automated as possible, enable agile working methods (technology and resourcing), link between functions of SSRI, Business Safety and Community Safety and provide improved data quality and reliability.

3.2 Appendix 3 highlights the business benefits that will be delivered through the completion of all SSRI, HSV and BS enhancements. The benefits are identified by MVP and whether they are cashable or non-cashable in form.

3.3 Tangible benefits that will be realised on completion of the project include:

1. Full legal compliance in respect to RRO, addressing the shortfalls identified within internal audit and HMICFRS findings.
2. Support full implementation of the IRMP.
3. Demonstrate an effective response to the Fit for future improvement objectives through effective investment in digital technology.
4. The ability to adapt to new legislation requirements under building and fire safety bills.
5. The ability to deliver the reviewed risk based inspection programme which currently is made more difficult as the current CRM system does not accommodate the updated process.
6. Ability to deliver the reviewed HSV policy which currently we cannot deliver through the existing HSV database. This would be incorporated in the planned CRM HSV enhancement.

7. Points 3 & 4 are essential to our ability to demonstrate we are allocating both prevention and protection resources to risk, in line with the reviewed RBIP and HSV policies. Targeting the most vulnerable and being able to detail how many we have visited in each category together with the outcomes and the evaluations.
8. Increase in audit capacity from 750 to 1,500 targeting those most vulnerable within 18 months of changes taking effect.
9. Maintain the HSV/S&W capacity of 10,000 visits with reduced specialist staffing (12 down to 6.8) providing a significant reduction in being able to lone work and significant increase in length of time for a visit due to targeting most vulnerable (safeguarding referrals, complex needs).
10. All very high and high risks to be visited by crews as per policy with none outstanding on the backdrop of a rise in premises needing a visit due to the Building Risk Review work (greater visibility of risk in built environment).
11. All SSRIs with a tolerable risk level are automatically published to MDTs within 5 minutes of completion. Current manual process of approval takes between 1-7 days before reaching the MDTs. All new low, medium & high risk SSRI's (or an update with a change in risk level) will require Station Manager approval will be automatically referred to a station manager if not progressed within 48hrs.
12. Gives ESFRS the ability to provide full return to central government on required metrics, which currently is not achievable with the existing system.
13. Other benefits would potentially include:
 - All prohibitions revisited in 12 months
 - All complaints addressed within the policy requirements (4 levels)
 - Consultations responded to within stipulated timeframes.
 - Improved delivery of exception reporting from CRM enhancements will comply with HSV policy

3.4 The overall annual cashable saving has been calculated to amount to £155k from the 2022/23 financial year. This consists of a reduction in roles through forecast retirements and other efficiencies identified as part of the analysis around SSRI, Prevention and Protection functions.

3.5 In terms of role reduction it has been identified that a saving of 5 x FTE would be realised in 2022/23 giving an annual cash saving of £120k. An additional

3.6 Additional savings will be realised through a gradual reduction in overtime amounting to £25k from 2022/23 and a reduction in paper and offsite storage costs of £10k from 2022/23

3.7 SSRI

3.7.1 The completion and rollout of the SSRI development will effectively reduce the need for compiling, collating and assuring the data. Further efficiencies will come through a reduction in administration and return of data sets that are incomplete and remove the revisits of staff allowing focus on other prevention activity. The removal of paper based records and the associated requirement of duplicate entry from paper to electronic records with a reduction in printing and stationary costs will further support the savings in this area of the business.

3.8 Home Safety Visits

3.8.1 With the advent of the HSV development and links to Corporate Gazetteer, the creation of an HSV from phone calls and referrals is expected to save 250 hours effort per month. A further saving will be realised through the reduction in effort associated with completing/updating a manual HSV form (CS1) releasing at least 140 hours per month for other tasks. Through the use of the scheduling tool it is expected further efficiencies will be available through a reduction in travel time saving approximately 140 hours per month.

3.9 Business Safety

3.9.1 With the completion of the enhancements on CRM for Business Safety, a range of efficiencies will be realised. Revised business processes and new technology will result in business processes being streamlined.

3.9.2 With the advent of mobile data collection, duplicate data entry is removed resulting in time and cost savings. Currently there are on average 200 new premises records created manually on CRM however electronic data entry will allow data to be entered only once into CRM with an expected reduction in effort of 200 hours per month. The development of an automated prohibition scoring tool, the creation of Fire Investigation reports and notices on CRM together with scheduling of visits into calendars will all bring additional efficiencies. This will all strengthen the opportunity to consolidate practices across the Service.

3.9.3 The completion of the CRM project will bring in scheduling improvements which will considerably reduce the current effort (approximately 5 days per month) to create and schedule Operational Business Safety Visits (OBSV). Electronic data capture will also reduce duplicate entry for OBSV's helping to release administration staff for other protection activities.

4 FINANCIAL ASSESSMENT

4.1 The agreed budget for this project is £0.750m. It has subsequently been supplemented by allocating a further £0.120m from the Protection Grants

provided by Government and £0.005m income from Surrey CC bringing the total project budget to £0.875m.

4.2 The completion in August 2020 of the upgrade of CRM to Dynamics 365 utilised £436k of the original project budget. The cost to develop SSRI was approved at the August 2020 project board and as discussed elsewhere in this document is well progressed. The tables below highlight the committed spend (original budget and Protection Grant) with the total forecast project spend. If only MVP1 & 2 are approved the additional funding requirement amounts to £0.946m and if MVP3 is included for all enhancements, the additional funding requirement would be £1.094m.

4.3 £0.162m remains in the project budget however is insufficient to complete the project and realise the expected business benefits. This will be used alongside any approved additional funding to complete the delivery of the HSV and BS enhancements. If the additional funding is not approved the remaining project budget will be reallocated.

4.4 It should be noted that in relation to ongoing revenue costs there will be a £15.5k per annum ITG revenue pressure in 2021/22 following completion of enhancements.

4.5 **Current Project Budget snapshot (January 21)**

Approved funding to date	project	Committed spend to date	project	Current available funds in budget
£875,423		£713,523		£161,900 Allocated to HSV & BS

Note 1: Approved funding: IT Strategy £870,000 (inc. £120,000 Protection Grant) & Surrey Collaboration CRM review £5,423

Note 2: Current available project budget funds of £161,900 are taken into account as part of the additional funding requirement.

4.6 **TWO OPTIONS FOR ADDITIONAL FUNDING**

4.6.1 **Option 1 - Additional Funding Requirement - One off Project Costs (SSRI, HSV, BS - MVP1&2 only)**

Additional Funding Requirement	Overall Forecast Project Spend including approved to date and required funds
£945,742	£1,821,165

4.6.2 **Option 2 - Additional Funding Requirement - One off Project Costs (SSRI, HSV, BS - MVP1,2 & 3)**

Additional Funding Requirement	Overall Forecast Project Spend including approved to date and required funds
£1,093,395	£1,968,818

Note 1: Costs for MVP 3 are valid at this date, if the decision as whether to progress is significantly delayed a new quote will be required.

4.7 Ongoing Revenue Costs (2020-2025) for Live System

	Year 20/21	Year 21/22	Year 22/23	Year 23/24	Year 24/25
Ongoing IT revenue costs	£154,973	£154,973	£154,973	£154,973	£154,973
Source of funding ITG budget	£139,461	£139,461	£139,461	£139,461	£139,461
IT Revenue Shortfall	£15,512	£15,512	£15,512	£15,512	£15,512

Note 1: Ongoing revenue costs funded by ITG revenue budget, additional £15.5k of ITG funding required for 2020/21 onwards

4.8 Cashable Business Benefits (2020-2025)

	Year 20/21	Year 21/22	Year 22/23	Year 22/24	Year 24/25
Headcount Reduction (5 x FTE)	n/a	n/a	£120,000	£120,000	£120,000
Overtime Reduction	n/a	n/a	£25,000	£25,000	£25,000
Paper & Offsite Storage	n/a	n/a	£10,000	£10,000	£10,000
Total Saving PA	n/a	n/a	£155,000	£155,000	£155,000

Note 3: of the saving resulting from the 5 FTE reduction £50,000 is an existing saving agreed as part of 2020/21 budget setting and the balance is a new saving.

4.9 In summary the cashable business benefits (Appendix 3) a £155,500 revenue per annum will be realised from 2022/23. This will equate to an overall revenue saving of £140,000 per annum from 2022/23, of which £90,000 per annum is new savings, the balance is where the project enables the delivery of an existing saving of £50,000, which was agreed as part of 2020/21 budget setting.

4.10 In considering options for funding the additional project costs officers have selected those that utilise existing sources without the need either to borrow or to disinvest from other projects where funding has already been committed. On this basis it is recommended that the following sources of funding are approved to cover the additional MVP1 & 2 requirements:

- 2020/21 Revenue Budget Forecast underspend = £0.496m
- Improvement & Efficiency Reserve = £0.300m
- Business Rate Pool Reserve = £0.150m
- Total = £0.946m

4.11 There is clearly a risk that the current forecast revenue underspend may reduce but SLT will need to manage that risk. Should the underspend not deliver at its current level SLT could consider reallocating funding held in the Sprinkler Reserve of which £0.293m remains uncommitted, although it is recognised that this would require the Authority to agree this change to funding of a key policy priority.

- 4.12 There is also the potential that the BR Pool will generate additional income in 2020/21 with current forecasts indicating approximately £0.200m which is not currently budgeted for and would be transferred to the BR Pool Reserve, however there is a risk that the impact of Covid-19 on BR income may reduce this further by year end. It is recommended that this income is used to fund the MVP3 enhancements. This income is not received until after the audit of the 2020/21 accounts (autumn 2021), however this should fit with the expected delivery profile of the project.

Appendix 1 – HMICFRS Inspection Outcomes and impact of CRM Project

EFFECTIVENESS	SSRI	HSV	BS
<u>Understanding the risk of fire and other emergencies</u>			
<ul style="list-style-type: none"> The service should ensure its firefighters have good access to relevant and up-to-date risk information. 	MVP1		
<ul style="list-style-type: none"> The service should ensure it shares risk information consistently across the service. 	MVP1		
<u>Preventing fires and other risks</u>			
<ul style="list-style-type: none"> The service should ensure it carries out home safety visits in a timely manner. 		MVP1	
<ul style="list-style-type: none"> The service should evaluate its prevention work, so it understands the benefits better. 		MVP1	
<u>Responding to fires and other emergencies</u>			
<ul style="list-style-type: none"> The service should improve the availability of its on-call fire engines to respond to incidents. 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should ensure firefighters have good access to relevant and up-to-date risk information. 	MVP1		
<u>Protecting the public through fire regulation</u>			
<ul style="list-style-type: none"> The service should ensure that its risk-based inspection programme targets its highest-risk premises. 			MVP1 & MVP2
<ul style="list-style-type: none"> The service should ensure it addresses effectively the burden of fire false alarms (termed 'unwanted signals'). 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should ensure it has effective arrangements for providing specialist protection advice out of hours. 	N/A	N/A	N/A
<u>Responding to national risks</u>			
<ul style="list-style-type: none"> The service should ensure firefighters have good access to relevant and up-to-date risk information including cross-border risks. 	P21	N/A	N/A
<ul style="list-style-type: none"> The service should ensure it is well-prepared to form part of a multi-agency response to a terrorist-related incident and that its procedures for responding are understood by all staff and are well tested. 	N/A	N/A	N/A

EFFICIENCY	SSRI	HSV	BS
<u>Making best use of resources</u>			
<ul style="list-style-type: none"> The service needs to ensure that it allocates its resources appropriately and prioritises activities that address the risks identified in its integrated risk management plan. 		MVP1	

PEOPLE	SSRI	HSV	BS
<u>Promoting the right values and culture</u>			
<ul style="list-style-type: none"> The service should make sure its values and behaviours are understood and demonstrated by all staff. 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should have effective means to monitor the working hours of its staff. 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should develop a workforce plan that takes full account of the necessary skills and capabilities it needs to carry out its integrated risk management plan. 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should ensure it takes timely action in response to feedback or concerns from its staff. 	N/A	N/A	N/A
<ul style="list-style-type: none"> The service should ensure it has mechanisms in place to manage and develop talent within the organisation. 	N/A	N/A	N/A

Appendix 2 – Cost Models

Table 1 - Delivery of MVP1 and MVP 2 only for SSRI, HSV and BS

Cost element	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£	£
One off costs / (saving):						
CRM Upgrade WP1	436,485					
SSRI Enhancement (Costed Proposal)	220,038					
HSV Enhancement (MVP 1 & 2)	338,855					
Resource Backfill for HSV	17,500					
Business Safety Enhancements (MVP 1 & 2)	426,339					
Resource Backfill Extension	35,750					
Enhancement Workshops	24,202					
BlueLight Integration Enhancement	78,000					
Mobile Devices	46,150					
Collaboration	10,846					
Integration to Mobilisation System (Estimate)	80,000					
Business Analysis Resource (6 Months from Apr21)	50,000					
Business Analysis Resource (Dec20-Mar21 PMO transfer)	57,000					
Total one off costs / (saving):	1,821,165	0	0	0	0	0
Surrey Contribution to Collaboration	5,423					
Protection Grant	120,000					
CRM Business Case agreed funding 2018	750,000					
Less source of funding	875,423					
Total net one off costs / (saving):	945,742	0	0	0	0	0
On-going costs / (savings):						
Tablet Support 71 devices @ £20 per device		1,420	1,420	1,420	1,420	1,420
License for additional users		62,246	62,246	62,246	62,246	62,246
Support Cost Uplift all modules (Estimated)		88,137	88,137	88,137	88,137	88,137
telent application support		3,170	3,170	3,170	3,170	3,170
Total on-going costs / (savings):		154,973	154,973	154,973	154,973	154,973
Agreed 2019 Star Chamber Device Support cost		1,650	1,650	1,650	1,650	1,650
Agreed 2019 Star Chamber Microsoft License cost		49,513	49,513	49,513	49,513	49,513
Agreed 2019 Star Chamber Microsoft Field License		25,000	25,000	25,000	25,000	25,000
Agreed 2019 Star Chamber Platform Support cost		55,700	55,700	55,700	55,700	55,700
Agreed 2019 Star Chamber telent Support cost		3,170	3,170	3,170	3,170	3,170
Agreed 2019 Star Chamber Stream Cost		4,428	4,428	4,428	4,428	4,428
Less source of funding		139,461	139,461	139,461	139,461	139,461
Total net on-going costs / (saving):		15,512	15,512	15,512	15,512	15,512
Grand Total	945,742	15,512	15,512	15,512	15,512	15,512

Table 2 - Additional costs for delivery of MVP3 for SSRI, HSV and BS

Cost element	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£	£
One off costs / (saving):						
SSRI Enhancement (MVP 3 only)	85,954					
HSV Enhancement (MVP 3 only)	30,202					
Business Safety Enhancements MVP 3 only)	31,497					
Total one off costs / (saving):	147,653	0	0	0	0	0
Total net one off costs / (saving):	147,653	0	0	0	0	0

Note: Ongoing costs remain as shown in Table 1

Appendix 3 - BUSINESS BENEFITS by Minimum Viable Product

A further review and analysis of benefits has been undertaken with additional cashable (tangible) and non-cashable (non-tangible) benefits identified.

Site Specific Risk Information (SSRI)

The CRM project board approved the development of SSRI MVP1 and MVP2 on 4 August with development commencing on 6 October.

The completion and rollout of the SSRI development will effectively reduce the need for compiling, collating and assuring the data. Further efficiencies will come through a reduction in administration and return of data sets that are incomplete and remove the revisits of staff allowing focus on other prevention activity. The removal of paper based records and the associated requirement of duplicate entry from paper to electronic records with a reduction in printing and stationary costs will further support the savings in this area of the business.

Minimum Viable Product 1

Development of MVP1 focuses on the creation of a new electronic SSRI data capture form using the existing format, including automatic risk level calculation, Station Manager approval process and publication to existing MDTs.

Benefits	Non-Cashable	Cashable
Realisation of resource efficiency and process optimisation.		x
Reducing delays processing SSRI information and publishing/communicating risk in shorter timescale	x	
Assurance of audit and correct collation, processing and retention of data.	x	
Reducing risk to operational personnel by ensuring premises risk information is available to operational personnel within shorter timeframes	x	
Errors in data entry and the potential for missing information, requiring premises visit follow up to capture.		x
Structured data capture	x	
Integrated communication tools and productivity tools.	x	
Improved capability to target resources based on local risk profiles.	x	
Lower risk exposure of IT application failure through Improved ability to provide support for underlying IT application.	x	

Ensuring that disruption in processing SSRI because of IT failure is reduced.	x	
Improve quality of data	x	
Standardised processes throughout the enterprise	x	
Standardised operational training	x	

Minimum Viable Product 2

Development of MVP2 expands on MVP1 delivering the new MDT SSRI format with imagery, recording of visit times and attendees, dashboards, audit history and the introduction of mobile data collection devices.

Benefits	Non-Cashable	Cashable
Resource efficiency from eliminating requirement for double entry of data.		x
Resource efficiency from eliminating requirement for error correction and manual validation.		x
Decrease timeframe for communicating risk information as a result of current manual process.	x	
Improved visibility of the data through better dashboard & reporting capabilities	x	
Reduction of paper & printing including filing and archiving		x
Improve security of data and compliance with GDPR regulation.	x	
Improved readability of risk information on MDT	x	

Minimum Viable Product 3

Development of MVP3 expands further on previous MVPs to include automatic removal after expiry date of arson/fire setter SSRI's, bulk import of SSRI's from 3rd party, transfer of SSRI's between addresses, notification of new, inactive SSRI's to JFC and Station Managers/Safeguarding notification of published SSRI's

Benefits	Non-Cashable	Cashable
Reduction on administration time to manually remove Fire setter/Arson SSRI risks		x
Reduction in administration time for creating SSRI records from 3 rd parties by use of bulk upload functionality		x
Improved stakeholder notification of SSRI publication	x	
Improved notification of new and inactive SSRI status to JFC	x	

Reduction in administration time maintaining transfer of SSRI between addresses (e.g. Community Safety risk)		x
Improvement and ability to predict potential SSRI's and prioritisation	x	

Home Safety Visits (HSV)

As a result of the savings mentioned below overtime costs will gradually be reduced by £25k annually.

With the advent of the HSV development and links to Corporate Gazetteer, the creation of an HSV from phone calls and referrals is expected to save 250 hours effort per month. A further saving will be realised through the reduction in effort associated with completing/updating a manual HSV form (CS1) releasing at least 140 hours per month for other tasks. Through the use of the scheduling tool it is expected further efficiencies will be available through a reduction in travel time saving approximately 140 hours per month.

Minimum Viable Product 1

Development of MVP1 includes the introduction of mobile data capture for all visits and Coming to Notice forms and processing an HSV request with record creation. Additionally this development will introduce automatic risk assessment, automated notifications and setting of post visit tasks and the creation of reports and dashboard views.

Benefits	Non-Cashable	Cashable
Improved capability to undertake additional targeted campaigns.	x	
Frees up operational personnel enabling targets from station annual assessment of risk to be met.	x	
Improved ability to share information across the service, providing enhanced transparency.	x	
Reduction in error correction activity enabling more time to undertake other tasks.		x
Reduction in overtime costs due to elimination of double entry of data and associated error correction activity.		x
Potential reduction in agency staff numbers through introduction of more efficient processes.		x
Improved visibility of historic customer information	x	
Improved audit trail through documentation of calls and actions	x	
Improved accuracy and consistency of risk levels through automatic risk calculation	x	

Increased security through restricted access to sensitive information and information not transported or residing in email accounts	x	
Improved data quality and consistency through electronic capture and validation of HSV data on mobile device	x	
Improved management information through automatic time recording	x	
Reduced time and effort with automatic creation of low risk SSRIs		x
Reduced admin time – 10000+ HSVs a year automatically recorded on the system without manual transfer		x
Reduced cost for archiving of paper HSV forms by 3rd party supplier		x
Improved customer service through address search facility for online forms		x

Minimum Viable Product 2

Development of MVP2 focuses on bringing wider notification to external agencies and improved customer reminders into scope, scheduling of bookings on mobile devices and automated risk assessment for online HSV requests.

Benefits	Non-Cashable	Cashable
Reduced admin time through automatic routing of responses from external agencies		x
Increased efficiency through HSV re-scheduling on mobile device		x
Increased efficiency through 'paused' jobs automatically added back to booking list	x	
Increased efficiency through automatic re-visit scheduling for high and very high risk HSVs	x	
Reduction in effort due to removal of double entry of data.		x
Improved audit trail through automation of reminders and scheduling.	x	
Improved accuracy of data resulting in less data correction	x	

Minimum Viable Product 3

Development of MVP3 brings in online requests processing, enhanced CSE forms and emailing functionality and 'self-service' scheduling for HSV visits.

Benefits	Non-Cashable	Cashable
Improved customer service and reduced admin time with online self-serve HSV's		x
Reduced admin with automated address matching for online HSV requests		x
Increased efficiency and security through online requests from agencies for enhanced HSVs automatically added to restricted booking list		x
Improved customer service through text messaging for notifications	x	
Improved customer service through online cancellations for HSV visits	x	
Reduced admin time through automated return of NHS CSE forms		x
Portal provides additional channel communication with all in the community	x	

Business Safety (BS)

With the completion of the enhancements on CRM for Business Safety, a range of efficiencies will be realised. Revised business processes and new technology will result in business processes being streamlined.

With the advent of mobile data collection, duplicate data entry is removed resulting in time and cost savings. Currently there are on average 200 new premises records created manually on CRM however electronic data entry will allow data to be entered only once into CRM with an expected reduction in effort of 200 hours per month. The development of an automated prohibition scoring tool, the creation of Fire Investigation reports and notices on CRM together with scheduling of visits into calendars will all bring additional efficiencies. This will all strengthen the opportunity to consolidate practices across the Service.

The completion of the CRM project will bring in scheduling improvements which will considerably reduce the current effort (approximately 5 days per month) to create and schedule Operational Business Safety Visits (OBSV). Electronic data capture will also reduce duplicate entry for OBSV's helping to release administration staff for other protection activities.

Minimum Viable Product 1

Development of MVP1 focuses on requests, visits, notices and reports. This MVP will enhance the existing Business Safety functionality within CRM and will bring in mobile data capture for visits, automated prohibition scoring tool, the creation of Fire Investigation reports and notices on CRM together with scheduling of visits into calendars.

Benefits	Non-Cashable	Cashable
Improved efficiency and process optimisation enabling reduction in admin hours		x
Increased efficiency enabling potential reallocation of resources to other tasks		x
Improved customer facing experience setting a more professional standard for ESFRS	x	
A central repository for ESFRS data for: <ul style="list-style-type: none"> • Prevention – HSVs • Protection – Fire Safety Regulation • Response – SSRIs • Fire Investigations • Rising Mains 	x	
Ensuring a joined up approach to the consistent management of data and a holistic oversight of risk across the Service	x	
Reduced delays in processing BS information	x	
Assurance of audit and correct collation, processing and retention of data.	x	
Reduction in errors in data entry reducing need for premises visit follow up		x
Improved reporting capabilities through structured data capture and storage	x	
Reduction in time and effort in improved capability to reuse existing data		x
Improved capability to target resources based on improvements to prioritisation	x	
Greater consistency through automated risk calculation	x	
Harmonisation of processes throughout the enterprise	x	
Elimination or reduction in use of paper based processes through mobile data capture		x
Eliminating costs of archiving paper records by third party		x
Improve security of data and compliance with GDPR regulation	x	

Minimum Viable Product 2

Development of MVP2 expands functionality further with the capability to raise complaints and requests through an online form with associated automated processing, non-compliance report, sanctions calendar and scheduling of visits to mobile devices.

Benefits	Non-Cashable	Cashable
Improved customer experience through online submission of complaints and advice requests	x	
Enhanced decision making through electronic sanctions calculator	x	
Increased efficiency through ability to book future audits on mobile device while at a premises	x	

Minimum Viable Product 3

MVP3 introduces internal and customer facing reminders, and prepopulated emails from within an interaction.

Benefits	Non-Cashable	Cashable
Increased efficiency through automated reminders		x
Increased efficiency through automated population of details into email templates		x

Appendix 4 – CRM Strategic Requirements

As part of the initial analysis phase of the project prior to undertaking the workshops to drive out the new more efficient business processes the business provided a view on the strategic requirements that would be underpinned by the development of the CRM system.

At a high level these included:

- Paperless
- Intuitive
- Automated
- Completely Agile
- Links & availability
- GDPR Compliance
- Performance/exception reporting
- Quality Assurance
- Equality Impact
- Robust and reliable



Appendix 5 – Supporting Documents

Internal Audit Report July 2020



**Business Fire Safety
Follow-Up - Final.p**

NFCC Fit for the Future



**Item 9 - Appendix
C - Fit for the futu**

HMICFRS Inspection Report 2019



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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Fire Authority

Date 11 February 2021

Title of Report People Strategy 2021-2025

By Mark O'Brien, Deputy Chief Fire Officer

Lead Officer Hannah Scott-Youldon, Assistant Director – People Services

Background Papers HMICFRS Inspection Report for ESFRS
 HMICFRS State of Fire Report
 Draft IRMP 2020 – 2025
 Facing the Future Report
 Independent Review of Conditions and Service for Fire and Rescue Staff in England Report

Appendices Appendix A – Draft People Strategy 2021-2025

Implications

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

PURPOSE OF REPORT This report seeks approval from the Fire Authority for the ESFRS People Strategy 2021-2025.

EXECUTIVE SUMMARY The draft People Strategy (Appendix A) has been developed both collaboratively and in support of and aligned to the Integrated Risk Management Plan and the Corporate Plan. The draft strategy has been reviewed by the Senior Leadership Team, other senior officers and Trade Unions.

The deliverables within the draft strategy take into consideration the findings of the HMICFRS 2019 Inspection and the HMICFRS State of the Fire and Rescue Service Report published in January 2020.

RECOMMENDATION

That the Fire Authority:

- i) approve the People Strategy 2021-2025 and the subsequent plan of work;
 - ii) note the funding required in order to deliver the deliverables outlined within the strategy; and
 - iii) note that regular reports on the delivery of the People Strategy will be presented to the SLT.
-

1 INTRODUCTION

- 1.1 ESFRS wants to ensure it provides the highest quality service to the Communities we serve across the spectrum from community based services to highly specialised rescue services and we believe that highly skilled, motivated and engaged people are essential to ensuring this can be achieved.
- 1.2 The recently published HMICFRS State of Fire Report, the Sir Ken Knight 'Facing the Future' and Adrian Thomas 'Independent Review of Conditions and Service for Fire and Rescue Staff in England' reports and others going back to Sir Ronald Holroyd's report on the Fire Service in the 1970's have highlighted the need for a people strategy to support changes in services to better serve our communities.
- 1.3 The draft People Strategy 2021-2025 is shaped by a response to these broad issues, the external change drivers articulated in the Strategy and our own internal change drivers such as the Integrated Risk Management Plan 2020-2025.
- 1.4 It is an ambitious strategy with much to do, however, this strategy will guide the actions of the People Services Directorate over the next 4-5 years.

2 EQUALITY, DIVERSITY & INCLUSION

- 2.1 This strategy sees the combination of both the People and Organisational Development Strategy and the Equality, Diversity & Integrity Strategy moving forward ensuring EDI is truly embedded in all we do.
- 2.2 EDI remains a strategic focus and is one of the seven strategic themes within the People Strategy ensuring that it remains front and centre in all that we do.

3 ENGAGEMENT

- 3.1 Engagement has been undertaken with the Trade Unions. Their feedback has been broadly positive, particularly joining up of both the Equality Diversity & Integrity Strategy with the rest of the People Strategy.

3.2 The strategy has been shared with the Senior Leadership Team and other staff from across the Organisation to enable them to feed into the strategy and to provide feedback during its development. This feedback has been incorporated.

3.3 Additional conversations have taken place with the Assistant Director of Safer Communities (now the temporary ACFO) in relation to ensuring the external facing part of the EDI strategy is now reflected within the Community Safety Strategy moving forward and a recent restructure of the staff further strengthens this delivery.

4 FINANCE

4.1 The total cost of the People Strategy is £458k over five years of which £393k is new funding in the MTFP, £60k from the IT Strategy and £5k from existing PS budgets.

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People Strategy

2021-2025

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East Sussex
Fire & Rescue Service



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Strategy Foreword

Roy Galley Chairman

I am delighted to present the People Strategy 2021 - 2025. This strategy underpins the Integrated Risk Management Plan that was approved by the Fire Authority in September 2020 and seeks to address the improvements required as identified with our Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services inspection outcome report following our inspection in 2019.

There are many challenges facing us as an organisation moving forward and this strategy seeks to support further improvements in our service performance through developing our people, equipping you with the necessary skills, abilities and behaviours to deliver in both current and changing future environments.

We need to further develop our employees and our managers so that you all feel equipped to identify and implement new ideas and better ways of working, in how we do our jobs and to work more collaboratively with each other and our partners



Dawn Whittaker Chief Fire Officer

We employ just over 850 people in both full and part-time roles, some operational, some professional, but each and everyone has a key role to play in delivering our purpose to make our communities safe through prevention, protection and response. Our staff work within multi-disciplinary teams and collaborate with partners and other agencies to deliver our services to the public and we will strive for continuous improvement in the way we do that. This people strategy sets out our ambition for our employees for the next 5 years.



Strategic Context (External)

There have been a number of external reviews of the fire and rescue sector and external factors which impact on the People Strategy and have influenced the development of this strategy. These are listed below:

- The Government Fire Reform Programme
- The Thomas Review
- The National Fire Chief Council's (NFCC) People Strategy
- The NFCC Leadership Framework
- The NFCC Draft Code of Ethics
- Fire and Rescue National Framework for England
- HMICFRS Inspection Report*
- HMICFRS State of Fire & Rescue – Annual Assessment of Fire & Rescue Services in England 2019
- NFCC Professional Standards
- Apprenticeship Levy

In addition there is significant uncertainty about future funding of local government, including the fire service, which makes planning over the short to medium term challenging

*In 2019, the HMICFRS inspection into ESFRS identified some areas for improvement within the People strand of the Inspection process

Strategic Context (External)

East Sussex Fire & Rescue Service, along with all other public sector organisations, faces an unprecedented period of change with a drive to deliver services to the public at a significantly lower cost. The need to deliver efficiencies whilst delivering better services and retaining a high level of staff motivation and performance means we are operating in a challenging environment. This strategy focuses on our intended response to the challenges, risks and opportunities in terms of people and outlines our broad commitments and planned actions in the coming years.

East Sussex Fire Authority is responsible for providing prevention, protection and response services to the communities of Brighton and Hove and East Sussex.

In September 2020 the Fire Authority approved a new Integrated Risk Management Plan (IRMP) for the Service. An IRMP is a key planning document and describes how we will keep our residents, and those that work or travel through our area, safe over the coming years. It describes the main risks to our communities and how we are proposing to use our available resources efficiently to reduce those risks.

Our People Strategy underpins the IRMP and articulates what focus we will have on our people in order to fully implement the IRMP over the next 5 years.

The latest Medium Term Finance Plan (MTFP) indicates a revised funding gap of £1.7 million in 2021/22 rising to £3.0 million in 2024/5 plus there is a risk that current one off pensions grant does not continue into 2021/22 adding a further £1.7 million to the savings required each year.

This will require the Authority to adopt a more strategic approach to delivering efficiencies across all areas of the service, including our people resources. Staffing costs currently make up 75% of our total budget of £39.7m (2020/21) and this means we will need to consider how our People Strategy can contribute to this strategic approach.

Moving forward, the key drivers of this strategy are the efficient and effective use of our people and processes. We will also continue to review opportunities for collaboration.

Our Service operates from 24 Community Fire Stations, a Training Centre, Vehicle Workshops, Fire Control Centre and our Joint Service Headquarters at Lewes. Our staffing comprises:

- East Sussex Fire Control – receive emergency calls, mobilise fire appliances for firefighting, rescue and humanitarian services, and also support the management and collection of operational information. From September 2021 this service will be delivered through a collaboration with Surrey & West Sussex Fire Services.
- Wholetime and Retained Duty System Fire Fighters – based at our community fire stations they provide the key intervention responses to incidents and proactive safety advice to the community.
- Specialist Staff – who provide community fire safety advice and legislative fire safety services to the public and businesses.
- Senior operational managers and specialist advisors located at Joint Service Headquarters in Lewes.
- Support Staff – providing core services including information management, financial and procurement services, engineering services, estates management, health & safety, human resources (which includes inclusion & diversity, payroll and occupational health), training services, performance management, communications and key administration services

East Sussex Fire and Rescue Service (ESFRS) is committed to its purpose of “making our Communities safer” and it has the following commitments to support this intention:

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

Our Service values support our purpose and commitments by making sure the way we operate is guided by strong principles (page 18).

The People Strategy has a number of People Services key documents and plans that sit underneath and support this strategy, which include:

- Strategic Workforce Plan
- People Services Annual Business Plan
- Gender Pay Gap Report and action plan
- Leadership and Behavioural Framework

These documents are aligned to and derived from the Services’ overarching strategic plans (the IRMP and the corporate annual plan) and have given due consideration to the National Fire Chief’s Council (NFCC) national documents.



Purpose of the Strategy

The People Strategy is an integral part of the way we work and ownership for its delivery rests across the Service. Our staff are our most important assets. We have a wide range of professionals working in the Service, not just our firefighters but technical specialists, qualified inspectors, community safety practitioners, control room operators, analysts, IT experts, health and safety and HR advisers, communication specialists, accountants and more.

Our People Strategy (2021-2025) will support and refine the culture for the Organisation to ensure everyone who is working here now, or joins us in the future, understands our ambition, our expectations of each other and how it should 'feel' to work here.

Our People Strategy sets out our ambition and aspirations for our teams, our key workforce priorities and importantly how we aim to support and develop our workforce to deliver the very best service possible to our communities.

The strategy directly underpins the Integrated Risk Management Plan (2020-2025) and the Corporate Annual Plan, focusing on providing our talented people with the support, development and a working environment that efficiently and effectively enables delivery of our Strategic Purpose & Commitments.

This strategy is supported by the National Fire Chiefs Council People Strategy and the NFCC Equality, Diversity & Integrity Strategy and offers a response to the recommendations the HMICFRS report following our inspection in 2019 and the HMICFRS State of the Fire & Rescue Service Report published in 2019 (as well as previous reports by Sir Ken Knight 'Facing the Future', and Adrian Thomas 'Independent Review of Conditions and Service for Fire and Rescue Staff in England' report). It has been developed to support the local delivery of the Fire Authority's purpose and commitments and strategic plans including the Medium Term Financial Plan (MTFP) and Integrated Risk Management Action Plan (IRMP). It also draws out the main drivers for change over the next five years and the impact on our people. The delivery of this strategy will be monitored through the HR Strategic Group and through a detailed action plan, with regular reporting both to Senior Leadership Team and the Fire Authority



APPROACH TO EFFICIENCY

There are a number of ways that the work articulated within this strategy will create efficiencies within our people both within People Services and more broadly across the Service.

Digitising our processes will enable us to consider alternative operating models both within People Services and across the Organisation. Using our systems such as Firewatch and the Business Intelligence System effectively, will ensure that managers are provided with real-time data thus providing them with the intelligence they need to better equip themselves to manage their teams and departments.

Further to that, streamlining and digitising HR processes will enable the HR department to move away from the transactional services that currently take much of their time and energy to focus on delivering strategic and value added services.

The next 5 years is heavily focussed on ensuring our managers and leaders have the necessary skills and knowledge in order for the Service to thrive in ambiguous times. Development of people management capability in all line managers is paramount in achieving efficiencies.

Fundamentally part of that journey of upskilling our managers is to ensure our people policies and processes are simple to follow and are understood by all

We continue to consider approaches to collaboration and different delivery models to ensure efficiencies can continue to be found.

This strategy can deliver financial efficiencies through reduced levels of sickness absence, support for wellbeing and by taking a more holistic approach to mental and physical health to provide resilience in the work force. Streamlining of HR processes will improve operational productivity and reduce our administrative costs.

Improvements in the Occupational Health provision will ensure better case management of absences due to injury or ill health service helping to support our staff to return to work and also mitigating any potential mental health impacts that can be associated with long term absences. Improving and contributing to employee and organisational health and wellbeing is a multi-faceted approach to support employees to remain at work, or return more quickly, whilst building individual resilience, embedding positive messaging and developing healthy lifestyle habits.



ENVIRONMENTAL

It is recognised that the People Strategy and the underpinning work can contribute in making the Service environmentally friendly. We commit to ensuring our underpinning work falling from this strategy follows the Green Human Resources Management (GHRM) approach meaning that our policies, practices, and systems stimulate a green behaviour across the Organisation in order to create an environmentally sensitive, resource efficient and socially responsible workplace and overall organisation.

COLLABORATION

We do have a number of collaborations already in place, such as our joint approach to Occupational Health and Wellbeing with Surrey Fire & Rescue Service and Surrey and Sussex Police forces which started in July 2018.

We will continue to seek out opportunities for collaboration across the People Services strategy with our partners where they offer opportunities to improve efficiency and effectiveness. We will also continue to review the collaborations we already have in place to ensure the best possible delivery solution is being achieved whilst continuing to drive efficiencies.

MEASURING SUCCESS

The success of the Strategy will be measured against the aims and objectives of the Strategy and associated KPIs, as set out in Appendix A of this strategy. We will seek an improvement in our feedback from the HMICFRS across the People Pillar and will use the inspection process to assess our improvement journey.

Further to that we will have managers that are confident in managing their staff and navigating people processes when needed and have a motivated workforce where dialogue is entered into at every level of the Organisation.

Formal management processes such as disciplines and grievances will be dealt with at a line management level and therefore, creating capacity both for our managers and our HR team.

PERFORMANCE MANAGEMENT & REVIEW

This strategy covers the period from 2021 to 2025 and will be reviewed on an annual basis to ensure alignment with the Corporate Plans and other key priorities.

The Organisation has both an established Strategic HR Group and an Equality, Diversity & Integrity Group made up of key stakeholders from across the Service. The progress of the work outlined within this strategy will be scrutinised on a quarterly basis at both of these meetings to provide assurances against progress.

As part of our commitment to Equality, Diversity & Inclusion we also have a Lead EDI Fire Authority Member that further provides scrutiny over the activity we are undertaking as well as ensuring EDI is championed at the Fire Authority.

Further to that, quarterly updates providing strategic oversight will be provided to both our Senior Leadership Team and the Fire Authority's Scrutiny & Audit Panel.

We will also monitor our progress through our Staff Survey and associated pulse checks and stress surveys as that ensures we understand and act on all feedback that influences our staff morale, through our Occupational Health, HR, Training and our health and safety hazard reporting services.

We will develop Key Performance Indicators under the 7 themes of our People Strategy that can be scrutinised at the above Boards which can be found in appendix A.

SCOPE

The People Strategy supports the development of our people to enable the Organisation to deliver our IRMP (2020-2025) and the Corporate Annual Plans for the same period. This strategy will be reviewed annually against the corporate plan to ensure it remains cognisant and agile to the needs of the Organisation. Like all of our strategies, this strategy will be underpinned by annual action plans over a 5 year period.

Within the scope of this strategy, a number of internal and external challenges may influence the delivery:

- The need to make the most effective and efficient use of resources;
- Advances in technology changing how and where we can work;
- Changing workforce demographics with an ageing population;
- Changing expectations of colleagues regarding flexible approaches to work, health and wellbeing;
- Increasing competition for talent in a digital economy;
- Drive to maximize colleague engagement and empowerment;
- Political and financial uncertainty and legislative changes.

The strategy itself has been developed through an iterative process based on engagement with our Trade Union colleagues and staff networks through a series of workshops. We have also taken the opinions of over 300 staff who completed the staff survey in 2018 and the subsequent events which we held in response to the survey – information gathered through Appreciative Inquiry demonstrating a commitment to improving the engagement culture and value of the workforce's opinion.

OUR VALUES

Our values are important to us as in their simplest form they provide a psychological contract we make with everyone working here as to how they can be expected to be treated and likewise our expectations as to how they are expected to treat others.

Our values are integral to the People Strategy as they define the principles that guide ESFRS's internal culture as well as its relationships with external communities, stakeholders and partners.

Our values are further broken down into expected behaviours by all those working for or on behalf of ESFRS (ESFRS Leadership & Behavioural Framework) and the Service works alongside the NFCC to support the development of a national Code of Ethics and a set of standards for leaders moving forward.



OUR PEOPLE DELIVERABLES

Describing an ambition is one thing; delivering it is another. This strategy describes 7 strategic themes which we will focus on during the next 5 years to support and develop our staff and strengthen our capabilities as an organisation to continue to improve our offering to the communities of East Sussex and Brighton & Hove.

Further to that, the IRMP clearly outlines how we will use our resources and through this People Strategy ensure that we can balance our resources across the Service to reinvest in more: prevention work (e.g. home safety) protection work (e.g. business safety) and training (e.g. firefighter safety).

We have considered the findings of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and reviewed our internal HR complaints and cases and have concluded that there is a need to have a clearer focus on behaviours internally to ensure our staff treat each other and others in a way that you would expect to see in any professional workplace.

Critical to this is a need for us to make sure our standards, policies and training support are fit for purpose to support that change. With that in mind, we are launching a Leadership and Behavioural Framework based on the National Fire Chiefs Council's national guidance. This sets out what is expected of staff and we will give our staff the resources, skills and knowledge to enable them to meet these expectations through training, engagement and one-to-one support.

We are anticipating a significant number of operational staff to retire due to changes in pension regulations and due to the fact that the operational workforce average age is 46.

This inevitably puts pressure on recruitment and training as we bring in the next generation of firefighters and upskill our current workforce to take on more senior roles.

Our interim Strategic Workforce Plan will take us through the immediate challenges we face but will be reviewed in order to take into account the impact of the agreed changes from the IRMP.

This will set out our future requirements in terms of numbers, roles and skills and will focus on

identifying and nurturing talent.

We are also developing directorate, station and departmental workforce plans (for identification of required workforce specialist skills to meet community and therefore Service need) and departmental / directorate role profiles and competencies. This will strengthen our approach to workforce planning.

We will also ensure that:

We all model our values and demonstrate the behaviours that actively promote a culture of empowerment, accountability, engagement and delivery.

We cultivate an inspiring leadership and management approach that focuses on providing clarity of priority and purpose, fostering an inclusive environment where all colleagues are valued and can thrive.

We are skilled, capable and innovative, delivering services of the highest standard to the communities of both East Sussex and Brighton & Hove.

We are a flexible organisation capable of responding to our community needs at pace and inspiring the development of new, creative ideas and solutions that provide value to our communities.

We are recognised as a learning organisation that continually improves, confident in our knowledge and skill to respond to external drivers.

Colleagues have a clear understanding of our people priorities and will be confident that they can deliver for our communities.

The People Services Directorate works closely with leaders, managers and colleagues across the Service to deliver the People Strategy, providing consultancy, expertise and practical tools that meet the business needs through a Business Partnering model.

A set of principles (Appendix B) underpins all our people related activities and will shape how we work

to support the delivery of our IRMP and the rolling Corporate annual plan.

There is a lot to do, therefore, we have devised a 5 year rolling plan outlining the work that will be completed over the next 5 years as outlined in the Priorities for Years 1-5 section of this strategy. It is also important to remind ourselves that we already have some real strengths to build on, such as the commitment of our staff to deliver an excellent service to our communities as well as having some well regarded training and development programmes.

As well as changing and developing some of our processes we know that we will also need to challenge and change our own mindsets and how we behave with each other. We all have a contribution to make and our everyday habits will be at least as important as our organisational processes in bringing about the change as outlined in the Measuring Success section.

OUR PEOPLE THEMES FOR 2021 – 2025

The People Strategy 2021–2025 sets out the future direction for the development of our people across the Organisation.

To ensure the Strategy achieves the People Outcomes as outlined above, the Strategy is broken down into 7 strategic themes. Each theme is supported by a number of specific initiatives and measures.

The 7 strategic themes are:

Equality, Diversity & Inclusion	This theme runs across all of the other themes ensuring that ED&I is fully integrated into the work that the People Services Directorate delivers
Leadership	We will develop all leaders to influence and motivate effectively, giving them the behavioural, process and business skills to effectively serve our communities. We will maximise impact through identifying and developing all our talent at every level in the organisation to perform to the best of their ability
Talent	We will ensure we attract, select, recruit, develop, performance manage and retain the right people, in the right place at the right time, doing the right things, with the optimum level of motivation
Training & Education	We will provide high quality learning outcomes for our workforce
Engagement	We will motivate our people to do the best that they can by living our values and creating a culture of trust and real engagement
Health, Safety & Wellbeing	We will ensure that we create an environment where our People are physically and emotionally sustained to enable them to give their best and to be able to be at work more of the time in order to better serve our communities
Quality	We will provide robust infrastructure and quality process, policy, procedures with a clear assurance framework to support and monitor our ability to lead our People.

THEME 1 - Equality, Diversity & Inclusion

Working towards inclusive practice is everyone's responsibility. Evidence from [the CIPD \(2019\)](#)¹ indicates that Equality, Diversity & Inclusion (EDI) initiatives delivered in isolation do not work, they will not make workplaces more diverse or inclusive.

Inclusive behaviour allows individuals to work together effectively and creates a healthy environment for employees - it enables people, regardless of their differences, to work together effectively and avoid stereotyping. Therefore having a separate EDI strategy would not be beneficial as the other strategic themes are intrinsically linked and mutually supportive.

Equality, Diversity & Inclusion (ED&I) is intrinsic in all that we do and should be ingrained as part of our 'DNA' as an organisation. It dovetails into and complements each theme within this People Strategy as well as mirrors the recommended approach as laid out in the NFCC Equality, Diversity & Inclusion Strategy and the NFCC Equality, Diversity & Inclusion Position Statement.

The People Strategy recognises the need for transformational change and as such supports changes needed in our fire and rescue service (FRS) to better serve our communities. One of the fundamental areas of improvement within the strategy is to:

Strengthen our ability to provide an excellent service by diversifying our staff, promoting inclusion, and creating a fair and equal place to work.



Equality, Diversity and Inclusion are three principles that help to create a [fair](#) society where everyone has access to [equal](#) opportunities. Equality is about equal opportunities and protecting people from being discriminated against while diversity is about recognising respecting and valuing differences in people. Meanwhile, inclusion refers to an individual's experience within the workplace and in a wider society, and the extent to which they feel valued and included.

We value diversity and recognise that different people bring different experiences, ideas, knowledge, and culture, and that this difference brings great strength. We want people to bring themselves to work completely. We believe that discrimination or exclusion based on individual characteristics (age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation) or unique difference (e.g. caring responsibilities) represents a waste of talent and a denial of opportunity for a great career in the fire and rescue service.

Ultimately, it is unlawful to discriminate - In order to improve the way we deliver services to our communities, we need to ensure we have a service that is reflective of the community it serves.

We want our workforce to be more reflective of society at all levels in the organisation. Having a range of perspectives, cultures and experiences brings a greater understanding to our organisation, which contributes to decision making. We know our workforce does not reflect the communities that we serve in terms of diversity and gender.

We will take positive action to help encourage recruitment from underrepresented groups. We want to create an inclusive, welcoming environment for our employees, the communities we serve and our partners as we understand these are mutually beneficial relationships.

Why is Equality, Diversity & Inclusion (EDI) a specific theme?

- The needs, expectations and composition of our workforce and communities are changing. To address this fast pace of change we need to tackle recruitment, progression, and retention issues, and increasingly looking to innovate in order to develop more flexible, sustainable service delivery models and innovative methods of engagement.
- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), have identified some cultural aspects of the sector that could be improved by a more inclusive approach at individual, team, organisational and sector levels.
- The private sector has demonstrated that a more inclusive approach can bring wide-ranging benefits, and this offers fire and rescue services an opportunity to build on this learning - inclusive workplaces, increase productivity and employee engagement which in the public sector has been evidenced to correlate with outcomes thus benefitting the workforce, the organisation and the community we serve.

The vision is to ensure we continue to work towards having inclusive workplaces and services by assuring diversity and inclusion is designed into everything we do, whether that is service delivery, people development or future innovation. We know we can enhance the effectiveness and efficiency of our response, protection, and prevention services by:

- Using the benefits of diversity to better understand the communities we serve
- Promoting cultures of dignity and respect with the public and within our workforces so that engagement may flourish, making us more flexible, innovative and create environments where people feels valued.

THEME 2 – LEADERSHIP

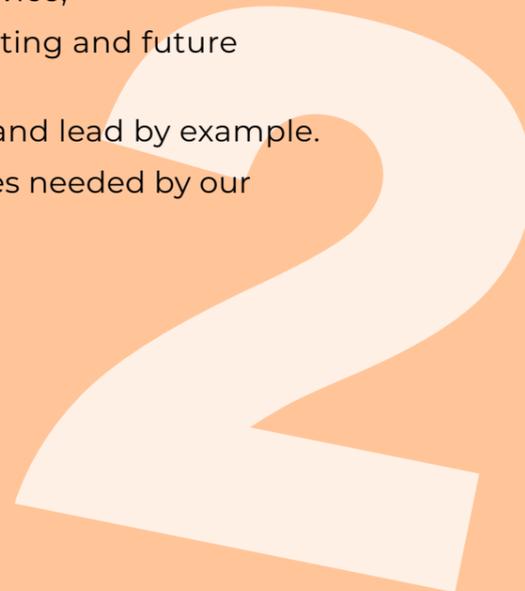
Our leaders have a critical role in achieving outcomes and supporting the effective transformation of our services. The continued development and empowerment of our leaders and managers is a key priority to ensure they promote a positive and inclusive culture; creating an environment that encourages effective engagement, open communication, empowerment and high performance

More than ever before, we need leaders who are both operationally and professionally competent as well as being capable of creating and delivering a compelling vision for the future to inspire and motivate others. We need resilient leaders who will take responsibility for continuous improvement in our performance as a public service and bring other people with them.

We need leaders who are able to collaborate across our different functions internally as well as being able to cross traditional boundaries with other agencies and businesses to deliver community leadership and achieve more efficient, effective and joined up services for the public.

Further to that we need to continue to ensure our Service design remains fit for purpose and continue to integrate services with chosen partners to ensure we can continue to provide both the best possible service and value for money to our communities that we serve.

- We will develop leadership and management skills and capacity across the Service;
- We will ensure coaching and mentoring capabilities are developed in both existing and future leaders;
- We will ensure our leaders and all our staff are visible, accessible, accountable and lead by example.
- We will develop our competency framework to identify the skills or competencies needed by our leaders to achieve the organisational objectives.



THEME 3 – TALENT

People development, talent management and succession planning are essential in addressing workforce challenges, in particular, shaping the current and future workforce to meet service needs. This People Strategy will enable improved performance management and people development through our new simplified appraisal documentation and process. Also monitoring appraisal returns to ensure that training needs are identified and incorporated in to reporting, product design, programme procurement, and actions required

- We will be flexible, creative and offer learning opportunities and solutions. We will design, develop and deliver a talent management framework for the Service. Our talent management processes and development will aim to:
- Create a tangible means of identifying, selecting and deploying outstanding talent.
- Be proactive around talent spotting, and succession planning and consider how we can develop our own internal talent pipelines.
- Become and remain responsive to changing business needs through increased capability.
- Strengthen personal accountability by making development goals clear and measurable and visible across the organisation through appraisal review.
- Strengthen the use of the apprenticeship levy to map to new role development and leadership programmes.



THEME 4 – TRAINING & EDUCATION

We are committed to providing all of our staff with high quality training and education to ensure we are prepared to tackle the challenges we are facing moving forward. The Service's IRMP articulates the reasonably foreseeable risks that we may face. This will mean training our prevention, protection and response staff to meet these risks. Where possible this will be to national best practice and aligned to a qualification framework to ensure quality assurance and audit of our training. For our support staff, this will be providing training in the skills we need now and in the future and aligned, where possible, to the apprenticeship framework and relevant professional training schemes. We will support our professional staff to demonstrate continuous professional development

We know that to facilitate training effectively there cannot be a single method of delivery. We will provide training and education for our staff in multiple formats that allow the best experience and outcome for the individual, team and Organisation. By evaluating, investing and aligning our training facilities to this strategy, we are able to focus on individual skills sets and provide the best possible training to achieve learning outcomes. This will at times require extracting individuals to be supported by enhanced facilities, qualifications and experience of instructors/trainers in order to deliver the most effective training. We are also able to define, develop and deliver training accessible and supported in the workplace ensuring our operational availability modelling through the IRMP is achievable.

Training will be prioritised using a corporate training needs analysis approach to ensure the training most needed is delivered swiftly and effective whilst ensuring it is within the cost envelope identified. We will work closely with our Procurement team to ensure best value is achieved and delivers value for money.

Our operational training will be defined through a clear competence framework providing clarity over acquisition, application and maintenance of competence. The framework defines skillsets required for competence and provides support and facilities to deliver training against clear operational performance criteria. This performance and resulting improvement of firefighter safety is assured through an appropriately supported assessment programme. The competence of our response, prevention and protection staff at all levels is a key focus of our 5 year strategy.

Internal assurance processes and National influence will inform the training content in order to continually define and achieve competence. National and Joint Operational Guidance, Learning is evaluated internally and training support refined to ensure operational training is targeted to improve competence and safety



THEME 5 – ENGAGEMENT

In order for us to meet the challenges that we face, we must ensure that staff are committed and loyal to our organisation, and that they give their very best to their roles and to the communities we serve. We want our people to be engaged in our operational strategy and also, in our culture and in living the values of our organisation. The People Strategy will support improved engagement and motivation of our staff by:

- The development and cascade of the Leadership & Behavioural Framework and training and development tool kit for leading people and leading change
- A review and refresh of our current reward, recognition and benefit schemes
- The creation of an instant pulse check system (a fast and frequent survey system) and focus on pulse check questions and results development and leadership programmes.



THEME 6 – HEALTH, SAFETY & WELLBEING

We want the experience of working for ESFRS to be a positive one, and to have a positive impact on the health, safety and wellbeing of our employees. Responsibility for health and wellbeing at work belongs to both employers and employees. The organisation's Health, Safety & Wellbeing Strategy is a supporting strategy and underpins this People Strategy, it specifically outlines how we will continue to ensure the health, safety & wellbeing of all our staff and in particular Firefighter Safety when undertaking operational (and operational training) activity.

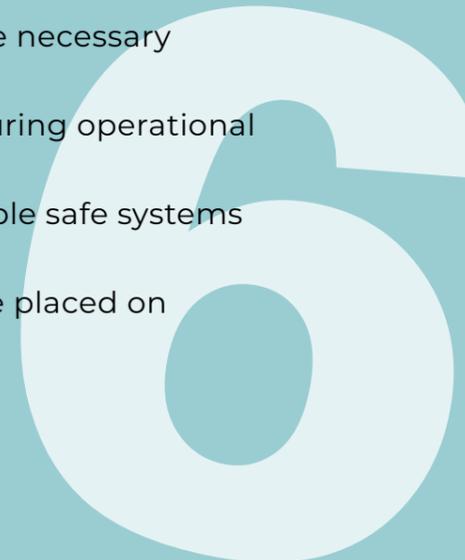
It is recognised in health and safety management that the workplace can be inherently dangerous. This is a reality for us, a number of our staff sometimes have to work in very dangerous and dynamic environments. This can sometimes include exposure to dangerous and unpredictable situations when attempting to save life and mitigate other emergencies.

We adopt the 'safe person concept' to minimise the risk. As an organisation we have a number of organisational responsibilities including:

- recruiting suitable candidates, training them appropriately and maintaining their competence
- ensuring that detailed guidance is available on how to establish a safe system of work for operational incidents
- ensuring that suitable equipment is available including fire appliances and that the necessary personal protective equipment is provided
- providing welfare arrangements for rest, recovery and replacement of personnel during operational incidents
- learning from post event debriefs in order to do things differently next time to enable safe systems of work.

The safe person principles detail the organisational responsibilities together with those placed on individuals themselves. Individuals should:

- work as effective members of a team within safe systems of work
- they should be competent and knowledgeable about hazard and risk



- they should have the personal skills and attributes necessary to remain safe, even in an environment where there may be limited controls over hazards and risks.

There are two specific Well-being strands that we will focus on over the next 5 years.

1. Contributing to the Future Health and Mental Wellbeing of all Employees

Investing in employees' physical health and mental wellbeing in order to support them in delivering frontline services. We will use the Bluelight Wellbeing Framework to identify what wellbeing initiatives we should consider and how we can continue to improve our offering to our staff.

2. Organisational Wellbeing

To develop health and safety management systems in consultation and collaboration with our staff, promoting organisational learning, openness and transparency. To develop Occupational Health systems and processes in collaboration with stakeholders, to promote organisational learning, openness and a culture of health

The key factors that we believe can determine whether workers will have a positive or negative relationship with work are:

- The relationships and communication between line managers and their people
- Whether employees are involved in organisational issues and decisions and feel empowered and involved in our organisation
- Job design and practicality, flexibility and versatility of role
- Appropriateness and volume of workload



- Availability and acceptability of flexible working
- Awareness of occupational health issues and encouragement to invest in themselves and their wellbeing.

We therefore aim to:

- Create a resilient, physically healthy and emotionally balanced Workforce.
- Educate and support our workforce to be proactive in their health and wellbeing encouraging the up-take of Wellbeing Checks to inform healthy lifestyle choices e.g. alcohol, weight reduction and smoking.
- Reduce levels of sickness absence across the Service
- Assess the effects of health on work and work on health
- support our Occupational Health service to become SEQOHS accredited
- Reduce stress and improve mental wellbeing of staff by offering education and training sessions providing knowledge and skills to equip managers and staff to have better awareness to manage and improve their mental health coping strategies e.g. resilience training, sleep management, mindfulness.



THEME 7 – Quality

It is important that managers have access to information and guidance to help them line manage their employees effectively. A number of toolkits will be developed and made easily accessible to line managers on key HR issues including sickness management, capability, flexible working, how to deal with grievances and how to manage organisational change projects successfully. The toolkits will be supported by a “quick reference guide” that will act as an easy reference tool for things like special leave, annual leave and sickness as well as frequently asked questions for each subject matter. An HR Business Partner intranet page will be developed – ensuring that the page can be easily navigated and that the toolkits and guidance documents are easy to find.

Digitisation of People processes across the People Services directorate will be an enabler to quality and ensure the Service has enabling processes for managers to navigate around.

We will use succession planning and workforce planning as a proactive process that works to address talent needs before they exist and which then cultivates internal talent to meet those needs. This incorporates linking workforce planning to business planning to inform future leadership requirements and determining the key roles that will have the greatest impact on the stability, productivity and effectiveness of the organisation.

We will:

Produce accurate, timely, meaningful data and insight to the highest quality to not only meet our statutory reporting obligations but to enable data driven conversations and decisions to take place.

Continuously review and improve our people management policies, processes and experiences and respond to constructive feedback.

Put systems and processes in place to support the succession planning process in order to have a positive organisational impact and to fully enable our managers to make decisions about the numbers, roles, skills and development requirements of the resources required to effectively run their departments.

- Use effective leadership planning to equip the organisation with the essential leadership qualities, knowledge, skills and behaviours required to build effective leadership.
- Provide accurate information around gaps and ensure that future planning decisions are made around robust data.
- Support the recruitment of the right people into the right places with the right skills through provision of gap data, and ensure that succession planning is credible and accurate
- Support departments to be able to develop effective workforce plans to realise their business plans.

PRIORITIES FOR EACH THEME YEARS 1 – 5

Year 1 Activity (2021/22)	Strategic Theme
Develop and implement a continuous approach to positive action for the Service, starting with Firefighter recruitment.	Equality, Diversity & Inclusion
Create a training suite to accommodate all roles and all stages of the work life cycle to maintain up to date EDI knowledge as well as improve awareness of specific areas identified this training will be rolled out over 2 years	Equality, Diversity & Inclusion
Use charters to support us in measuring progression. Start with Disability confident in year 1	Equality, Diversity & Inclusion
Continue work on identifying, understanding and reducing the pay gaps by scrutinising the Gender Pay Gap report and making recommendations.	Equality, Diversity & Inclusion
Fully embed the revised Leadership & Behavioural Framework and the values.	Leadership
Empower and support managers to deliver transformational services which are sustainable and deliver positive outcomes by providing management & leadership development and toolkits	Leadership
To implement a meaningful staff induction programme that helps colleagues to be role-ready	Talent
To refresh our development offering specifically in relation to upskilling our leaders and managers in corporate processes such as business planning, programme and project management, day to day HR skills and procurement and to fine tune the training and development we give to our staff in relation to developing their skills to be outstanding leaders and managers	Talent
Focus on 'growing our own talent' through the development of the apprenticeship scheme, the development of the career pathways scheme and a Direct Entry Scheme, which will offer a non-traditional route into leadership roles within the Fire & Rescue Service. We will continue to support professional qualifications to support 'growing our own talent'	Talent

Create clear succession plans with departments to demonstrate our commitment to increasing clarity in caeer development.	Talent
Fully embed and implement a revised appraisal process	Talent
Deliver an operational training and competence programme for Firefighter to Watch Manager. This will define, support and assess the competence of our station based and specialist staff.	Training & Education
To develop a clear approach to mandatory training (corporate, management & leadership and operational) for both new and existing staff	Training & Education
Evaluate and invest in our training facilities in order to support the training delivery and competence framework. This will include enhancing facilities at our service training centre specifically improving our provision of realistic structural firefighting training and management of contaminants	Training & Education
To develop an annual corporate training needs analysis process that will have oversight and scrutiny at the HR Strategic Group	Training & Education
Review our benefits and reward approach, offering greater flexibility and choice to suit diverse and changing needs and enable the Service to be agile and competitive in a competing external environment	Engagement
To prepare and undertake a staff survey	Engagement
Occupational Health service to become SEQOHS accredited.	Wellbeing
Review the Wellbeing and stress risk assessment approach for the Organisation	Wellbeing
Explore the implementation of Health and Wellbeing checks available to our staff	Wellbeing
Fine tune our Well-being provision and offering against the Bluelight Wellbeing standards and develop a rolling plan of development and improvement	Wellbeing

Develop a joint Wellbeing approach with Surrey Fire & Rescue and Surrey & Sussex Police forces which specifically links to our organisational needs ie ageing workforce, mental wellbeing, musculo skeletal issues etc	Wellbeing
Undertake an annual review of the Occupational Health provision and the value added from a collaborative approach	Wellbeing
Review and refresh the fitness policy for operational staff to ensure it remains aligned to national guidance.	Wellbeing
To implement an E-Recruitment system that provides a positive experience both for managers and the candidate	Quality
Produce HR dashboards and People data that is accurate, timely and meaningful to meet both our statutory obligations and to enable data driven conversations and decisions.	Quality
To review and improve our people management policies, processes and experiences and digitise people processes where possible	Quality
Firewatch project completion and full implementation	Quality
Fully support and drive the 'people strand' of both the corporate P21 project and the IRMP implementation project	Quality

Year 2 Activity (2022/23 – 2023/24)	Strategic Theme
Improve the integrity of the EDI data held and increase the quantity data shared by obtaining trust from our employees in regards to the use of the data. Data will be used to inform decisions i.e. identifying specific areas for training.	Equality, Diversity & Inclusion
Establish an external resource group via community groups to aid EDI Group in decision making and provide more diverse representation for protected characteristics in which we have small quantities.	Equality, Diversity & Inclusion
Continue work on identifying, understanding and reducing the pay gaps by scrutinising the Gender Pay Gap report and making recommendations.	Equality, Diversity & Inclusion
Improve the effectiveness of leaders and managers through strategic engagement activities	Leadership
To refresh our development offering specifically in relation to upskilling our leaders and managers in corporate processes such as business planning, programme and project management, day to day HR skills and procurement and to fine tune the training and development we give to our staff in relation to developing their skills to be outstanding leaders and managers	Talent
Develop Coaching, Mentoring and Buddying Schemes that utilise the expertise within the Service;	Talent
Focus on 'growing our own talent' through the development of the apprenticeship scheme, the development of the career pathways scheme and a Direct Entry Scheme, which will offer a non-traditional route into leadership roles within the Fire & Rescue Service. We will continue to support professional qualifications to support 'growing our own talent'	Talent
Develop and support managers to develop and implement departmental workforce plans (including critical roles) that will subsequently feed into the Strategic Workforce Plan	Talent
Develop a Direct Entry scheme that is aligned and supportive of the NFCC approach.	Talent

Deliver an operational training and competence programme for our Officers. This will define, support and assess the competence of our commanding officers at Level 2, 3 and 4	Training & Education
Evaluate and invest in our training facilities in order to support the training delivery and competence framework. This will include enhancing facilities at our service training centre specifically improving our provision of realistic structural firefighting training and management of contaminants	Training & Education
To prepare pulse surveys concentrating on specific People themes to inform areas on improvement;	Engagement
Undertake pulse Wellbeing surveys in conjunction with the other pulse surveys to inform areas of improvement	Wellbeing
Develop a joint Wellbeing approach with Surrey Fire & Rescue and Surrey & Sussex Police forces which specifically links to our organisational needs ie ageing workforce, mental wellbeing, musculo skeletal issues etc	Wellbeing
Undertake an annual review of the Occupational Health provision and the value added from a collaborative approach;	Wellbeing
Consider alternative HR delivery models to ensure the Service continues to receive the best possible HR solution to meet its needs	Quality
To review and improve our people management policies, processes and experiences and digitise people processes where possible	Quality
Produce HR dashboards and People data that is accurate, timely and meaningful to meet both our statutory obligations and to enable data driven conversations and decisions.	Quality
Fully support and drive the 'people strand' of the corporate IRMP implementation project.	Quality

Year 3 Activity (2023/24)	Strategic Theme
Use charters to support us in measuring progression	Equality, Diversity & Inclusion
Continue work on identifying, understanding and reducing the pay gaps by scrutinising the Gender Pay Gap report and making recommendations.	Equality, Diversity & Inclusion
Review and refresh EDI Training	Equality, Diversity & Inclusion
Increase capability to manage and respond to change effectively including new approaches to engagement practices;	Leadership
Focus on 'growing our own talent' through the development of the apprenticeship scheme, the development of the career pathways scheme and a Direct Entry Scheme, which will offer a non-traditional route into leadership roles within the Fire & Rescue Service. We will continue to support professional qualifications to support 'growing our own talent'.	Talent
To refresh our development offering specifically in relation to upskilling our leaders and managers in corporate processes such as business planning, programme and project management, day to day HR skills and procurement and to fine tune the training and development we give to our staff in relation to developing their skills to be outstanding leaders and managers	Talent
Deliver an operational training and competence programme for our Officers. This will define, support and assess the competence of our commanding officers at Level 2, 3 and 4.	Training & Education
Evaluate and invest in our training facilities in order to support the training delivery and competence framework. This will include enhancing facilities at our service training centre specifically improving our provision of realistic structural firefighting training and management of contaminants	Training & Education

Reward and recognise individual and team contributions which support the Services values and ambition through a review of the existing rewards	Engagement
To prepare pulse surveys concentrating on specific People themes to inform areas on improvement;	Engagement
Undertake pulse Wellbeing surveys in conjunction with the other pulse surveys to inform areas of improvement	Wellbeing
Undertake an annual review of the Occupational Health provision and the value added from a collaborative approach	Wellbeing
To review and improve our people management policies, processes and experiences and digitise people processes where possible	Quality
Fully support and drive the 'people strand' of both the corporate P21 project and the IRMP implementation project	Quality

Year 4 Activity (2024/25)	Strategic Theme
Use charters to support us in measuring progression.	Equality, Diversity & Inclusion
Continue work on identifying, understanding and reducing the pay gaps by scrutinising the Gender Pay Gap report and making recommendations	Equality, Diversity & Inclusion
Focus on 'growing our own talent' through the development of the apprenticeship scheme, the development of the career pathways scheme and a Direct Entry Scheme, which will offer a non-traditional route into leadership roles within the Fire & Rescue Service. We will continue to support professional qualifications to support 'growing our own talent'.	Talent
Undertake a full strategic review of the training provided and how by the Service	Training & Education
To prepare to undertake a staff survey in 2025/6	Engagement
Undertake pulse Wellbeing surveys in conjunction with the other pulse surveys to inform areas of improvement	Wellbeing
Undertake an annual review of the Occupational Health provision and the value added from a collaborative approach	Wellbeing
To review and improve our people management policies, processes and experiences and digitise people processes where possible	Quality
Fully support and drive the 'people strand' of both the corporate P21 project and the IRMP implementation project	Quality
Develop People Strategy for 2025/6 – 2030/31	Quality



Appendix A - KPIs

Talent & Leadership

- Mandatory training compliance
- Appraisal rates completion and quality of appraisal discussions
- Apprenticeship Levy spend

Engagement

- Pulse checks, annual staff survey and staff engagement scores
- Manager seminars, attendance rates and quality of those seminars
- Retention of Whole Time staff
- Retention of RDS crew
- Employee engagement with the service
- A workforce diversity profile that is representative of the community

Health and Well Being

- 1/4ly health and safety statistics
- Sickness absence rates
- Occupational Health service referrals
- SEQOHS accreditation
- Stress Survey Quality of policy and process
- Vacancy levels
- Turnover
- Time to recruit
- Agency usage and spend
- Employee relations measures such as Employment tribunals, suspensions, disciplinaries

Training

- Number of apprenticeships underway
- Eligible operational staff successfully completing fitness test
- Eligible operational staff in qualification
- The Percentage of Fire Safety Inspectors qualified to Level 4 Diploma Level

- Training to meet the operational requirements of FRS competency: % staff maintaining competency in Breathing Apparatus
- Training to meet the operational requirements of FRS competency: % staff maintaining competency in ICS level 1-3
- Training to meet the operational requirements of FRS competency: % staff maintaining competency in Emergency response Driver Training
- Training to meet the operational requirements of FRS competency: % staff maintaining competency in Wade training (DEFRA requirement)
- Training to meet the operational requirements of FRS competency: % staff maintaining competency in IECR
- The average number of formal CPD hours recorded by each warranted fire safety inspector

Appendix B - Underpinning principles

In order to support the delivery of this strategy we have adopted some underpinning principles, some of which have been devised locally over time and some which are laid out in the national People Strategy. These are as follows:

- We trust our people to make decisions and will give them the skills and knowledge to do this.
- We understand the importance investing in the health and wellbeing of all of our staff.
- We will understand what our people do and will provide them with regular feedback to support and develop them, build confidence and challenge underperformance where necessary.
- We understand the importance of engaging staff in decisions and will listen and involve our people in improving our services and take account of their health and wellbeing.
- As leaders we will lead by example, articulating the behaviours and standards expected of the Service.
- We will continue to strive to be a reflective and inclusive organisation where opportunities, promotion and reward are based on merit.
- We want to be an Employer of Choice.
- Firefighter safety and the safety of everyone that works for us is important to us.
- We will provide clarity on the decision making levels, accountability and processes without unnecessary hierarchy, and empower operational staff to use operational discretion.
- We will focus on clear and consistent communication of key messages using a wide range of engagement methods.
- We will build trust between us all to allow constructive disagreement and challenge to be seen as part of a positive culture.