

Fire Authority

9 June 2022



Membership:

Councillors: Azad, Dowling, Evans, Galley, Geary, Hamilton, Lambert, Maples, Marlow-Eastwood, Osborne, Peltzer Dunn, Powell, Redstone, Scott, Taylor, Theobald Ungar and West

You are requested to attend this meeting to be held in the Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes at 10.30 am

Quorum: 6

Contact:	Abigail Blanshard democraticservices@esfrs.org
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Agenda

157. 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.

158. Election of Chairperson

5 - 8

Report of the Monitoring Officer

159. Election of Vice Chairperson

9 - 10

Report of the Monitoring Officer

160. Apologies for Absence

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

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

- 162. To consider any public questions**
- 163. To receive any petitions**
- 164. Non-confidential Minutes of the Previous Meeting** **11 - 18**
To approve the Non-confidential Minutes of the last meeting held on 10 February 2022
- 165. Callover**
The Chairperson 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 Chairperson 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.
- 166. Political Representation on the Panels of the Fire Authority** **19 - 24**
Report of the Monitoring Officer
- 167. Fire Authority and Panel Meetings 2022-2023** **25 - 26**
Report of the Senior Democratic Services Officer
- 168. Banking Arrangements - changes to authorised signatories** **27 - 28**
Report of the Assistant Director Resources/Treasurer
- 169. Treasury Management - Stewardship Report for 2021/22** **29 - 44**
Report of the Assistant Director Resources/Treasurer
- 170. Procurement Strategy Refresh 2022-2025** **45 - 62**
Report of the Assistant Director Resources/Treasurer

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

Date of Publication: 30 May 2022

Information for the public

East Sussex Fire and Rescue Service actively welcomes members of the public and the press to attend public sessions of its Fire Authority and Panel meetings.

If you have any particular requirements, for example if you require wheelchair access or an induction loop, please contact democraticservices@esfrs.org for assistance.

Agendas and minutes of meetings are available on the East Sussex Fire & Service website: www.esfrs.org.

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EAST SUSSEX FIRE AUTHORITY

Date: 9 June 2022

Title: Election of Chairperson

By: Abraham Ghebre-Ghiorghis, Monitoring Officer

Lead Officer: Abigail Blanshard, Senior Democratic Services Officer

Background Papers: Previous Report - 15 June 2021
East Sussex Fire Services (Combination Scheme) Order 1996
East Sussex Fire Authority Constitution

Appendices: None

Implications:

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

PURPOSE OF REPORT: To invite the Fire Authority to elect a Chairperson and to request the Chairperson, once elected, to advise on their preferred title.

EXECUTIVE SUMMARY: The report presented to the Fire Authority on 15 June 2021 set out the background information in relation to the procedures for the election of a Chairperson and, if desired, a Vice-Chairperson.

The Fire Authority duly elected a Chairperson to serve for a period of one year from the date of the meeting. This report seeks approval to appoint a Chairperson to the Fire Authority.

The rules governing the election are contained within the report.

The Fire Authority has previously agreed that it was appropriate to invite the Chairperson, once elected, to advise on their preferred choice of title.

RECOMMENDATION:

The Fire Authority is asked to:

- i. appoint a Chairperson; and
 - ii. invite the Chairperson to advise on their preferred title.
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1 BACKGROUND INFORMATION

- 1.1 The report presented to the Fire Authority on 15 June 2021 set out the background information in relation to the procedures for the election of a Chairperson and, if desired, a Vice-Chairperson. The Fire Authority duly elected a Chairperson on 15 June 2020 to serve for a period of one year, after which a new election would need to be considered. This report seeks approval to appoint a Chairperson to the Fire Authority.
- 1.2 The Combination Order for the creation of the East Sussex Fire Authority sets down the following procedures:
 - 17 (1) *The Authority shall elect a Chairman, and may elect a Vice-Chairman, from amongst its members.*
 - 17 (2) *The Chairman, and if a Vice-Chairman is elected, the Vice-Chairman, shall, subject to paragraphs 13–16, hold office for a period of one year from the date of their election.*
 - 17 (3) *Sub-paragraph (2) shall not prevent a person who holds, or has held, office as Chairman, or Vice-Chairman, as the case may be, from being elected or re-elected to either of those offices.*
 - 17 (4) *On a casual vacancy occurring in the office of Chairman or, if a Vice-Chairman has been elected, the Vice-Chairman, the Authority shall elect from its members a person to replace the Chairman, and may so elect a person to replace the Vice-Chairman, as the case may be.*
 - 17 (5) *The election to replace the Chairman under sub paragraph (4) above shall take place not later than the next following ordinary meeting of the Authority.*
- 1.3 The Standing Orders of the Fire Authority state:
 9. *Election of Chairman and Vice-Chairman.*
 - 9.1 *The Authority shall at the annual meeting elect a Chairman and may elect a Vice-Chairman or Vice-Chairmen from among its members as the first item of business.*
 - 9.2 *On a casual vacancy occurring in the office of Chairman and Vice-Chairman, the Authority shall elect from its members a person to replace the Chairman*

and may so elect a person to replace the Vice-Chairman as the case may be.

9.3 *The Authority, when deciding to elect a Vice-Chairman, should consider an appropriate representative balance between the two constituent authorities such that the Vice-Chairman, unless the Fire Authority specifically determine otherwise, should be a Member from the other constituent authority to that of the newly elected Chairman.*

1.4 Under Standing Order 23.1, if more than one person is nominated, there is a procedure for voting by roll call which applies unless otherwise agreed. Previously, the Authority has agreed to appoint the Chairperson and Vice-Chairperson by a show of hands. A third alternative would be to hold a ballot.

1.5 When the Fire Authority was first constituted, it was agreed that its 'Chairman' would be formally called as such, as opposed to the title 'Chair' or alternatively, 'Chairman or Chairwoman.' The Fire Authority has previously agreed that it was appropriate to invite the Chairperson, once elected, to advise on their preferred choice of title.

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EAST SUSSEX FIRE AUTHORITY

Date: 9 June 2022

Title: Election of Vice-Chairperson

By: Abraham Ghebre-Ghiorghis, Monitoring Officer

Lead Officer: Abigail Blanshard, Senior Democratic Services Officer

Background Papers: Previous Report - 15 June 2021
East Sussex Fire Services (Combination Scheme) Order 1996
East Sussex Fire Authority Constitution

Appendices: None

Implications :

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

PURPOSE OF REPORT: To invite the Fire Authority to elect a Vice-Chairperson and to request the Vice-Chairperson, once elected, to advise on their preferred title.

EXECUTIVE SUMMARY: The previous Agenda Item sets out the adopted procedures for the appointment of a Chairperson and Vice-Chairperson.

Members' attention is drawn specifically to Standing Order 9.3 (see previous agenda item) and, unless the Fire Authority specifically determines otherwise, the Vice-Chairperson should be a Member from the other constituent authority to that of the newly elected Chairperson.

The Fire Authority is asked to consider whether to elect a Vice-Chairperson to assist the Chairperson in their role.

The Fire Authority has agreed previously that it was appropriate to invite the Vice-Chairperson, once elected, to advise on their preferred choice of title.

RECOMMENDATION:

The Fire Authority is asked to:

- i. consider whether it wishes to elect a Vice-Chairperson;
and
 - ii. if appointed, to invite the Vice-Chairperson to advise on
their preferred title.
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FIRE AUTHORITY

Minutes of the meeting of the FIRE AUTHORITY held at Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes at 10.30 am on Thursday, 10 February 2022.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Azad, Dowling, Evans, Geary, Hamilton, Maples, Osborne, Peltzer Dunn, Powell, Redstone, Scott, Taylor, Theobald, Tutt and West

Also present: D Whittaker (Chief Fire Officer & Chief Executive), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), A Ghebre-Ghiorghis (Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), L Ridley (Assistant Director Planning & Improvement), J King (Assistant Director People Services), M Lloyd (Assistant Director Safer Communities) A Avery, E Curtis and A Blanshard

82 Declarations of Interest

There were none.

83 Apologies for Absence

Apologies were received from Cllr Marlow-Eastwood.

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

There were none.

85 To consider any public questions

There were none.

86 To receive any petitions

There were none.

87 Non-confidential Minutes of the Previous Meeting

RESOLVED: That the non-confidential minutes of the meeting on 9 December 2021 be approved.

88 Callover

Members reserved the following items for debate:

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

- 152 Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
- 153 Treasury Management Strategy for 2022/23
- 154 Annual Pay Policy Statement 2022/23

89 Fire Authority Service Planning processes for 2022/23 and beyond - Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27

The Fire Authority considered the report of the Chief Fire Officer (CFO) and Assistant Director Resources/Treasurer (ADR/T) which presented the Fire Authority's Revenue Budget 2022/23, Capital Strategy 2022/23-2026/27 and Medium Term Finance Plan 2022/23-2026/27 for approval. The ADR/T explained that the report set out the final budget proposals and although the Business Rates figures were still being analysed and were included here as estimates the final figures would not change either the precept or the proposed budget provision. Since the report was written, the final Local Government Finance Settlement had been announced and there were no changes to the figures in the report as a result. Confirmation of specific grants from the Home Office was still awaited but the understanding was that the largest of these, the Pension Grant, would be unchanged from the current year and this was reflected in the budget proposals. The Council tax referendum threshold remained at 2% for all fire authorities excepting those in the lowest quartile.

Whilst the Government had conducted a three year spending review the settlement was only for one year. The settlement for 2022/23 was better than anticipated primarily due to the receipt of a one off Service Grant of £0.535m. however there remained significant uncertainty for funding beyond that.

The ADR/T explained that the Authority's increase in core spending power for 2022/23 of 4.1% was the second lowest in English Fire Authorities and well below the average of 4.7%. The proposed budget was a balanced one with a proposed Council Tax increase of 1.99% - equivalent to £1.91 per week for a Band D property.

In order to balance the budget in 2022/23 a total of £0.432m of reserves would be used. Including £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. Whilst the use of reserves was a legitimate approach it was not financially sustainable and therefore could not form an ongoing part of budget setting. The general balances were below the agreed policy minimum level and would be for the next couple of years.

The ADR/T noted that despite the difficult financial circumstances the Authority planned to continue to invest in its IT, Fleet and Estates. The Capital Programme over 5 years was set to increase by £4.8m to £28.2m and this included an additional investment of £3.8m in its operational training facilities to maintain firefighter competence and safety.

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

The Authority's reserves were forecast to reduce from £16.7m to £5.2m over the next 5 years as a result of planned investment and borrowing would increase from £10.3m to £21.8m, with revenue costs of borrowing increasing by £0.9m.

The Medium Term Financial Plan (MTFP) had modelled 3 scenarios they were set out in detail within the report and represented the mid, best and worse case scenarios. These were wide ranging, including some additional measures to manage risk and provide greater financial sustainability, and the advice to the Authority was to plan for the mid case scenario whilst remembering that the forecasts were only indicative due to the risks including further reductions in public spending and proposed changes to how local government was supported centrally. The mid-case scenario forecast the need for further savings of £1.0m in 2023/24 rising to £1.5m by 2026/27.

In summary, the ADR/T said that there remained significant uncertainty for funding for 2022/23 and beyond and the Authority would need to remain flexible in its approach to its financial planning. It was the view of the Treasurer that the estimates used for the purposes of calculating the budget, revenue and capital, had been produced in a robust and transparent way and the proposed financial reserves are consistent with Fire Authority policy and are prudent and necessary. It was essential that the Authority focused on identifying additional savings enabling it to balance its revenue budget from 2023/24 onwards rather than relying on reserves. If these cannot be found from the efficiency areas of focus set out in the report the Authority will need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.

Members thanked the ADR/T for a comprehensive report. There was concern regarding the uncertainty over the funding available over the medium term, an annual government grant was not reliable and Members sought assurance that the Service was, along with neighbouring Local Authorities making representations to government to seek longer term financial confidence. The ADR/T confirmed that representations to government were being made through both the Local Government Association (LGA) and the National Fire Chiefs Council (NFCC) and through briefings for local MPs.

Members queried the figures which demonstrated that East Sussex Fire Authority's cost for a Band D property was the 4th highest of all Combined Fire Authorities. The ADR/T confirmed that it was and had been for many years and reflected decisions made by the Authority regarding its prevention, protection and response resources. The majority of the costs faced by the Authority were relating to staffing, particularly Operational. There was also the influence of the county's geography, poor road network, high levels of elderly and vulnerable residents, high levels of deprivation coastline and number of tourists.

Members asked the ADR/T whether, if the mid case scenario outline was achieved, the Authority could make the savings that it needed to. The ADR/T drew the Authority's attention to the 8 areas of focus outlined in the report. These would continue to be developed over the next 6 months so that it was clear what these could offer but that it was not anticipated that these alone could deliver £1.5m of savings. If this was the case, officers and Members

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

would need to work together to review other options including revisiting its IRMP 2020/25.

Members were pleased to see that abnormal weather had been included as a risk, but there was a request the risk of the climate crisis more broadly be represented. There was an increase in the number of non-response vehicles and Members queried whether we should be trying to reduce the number of vehicles. The ADR/T reminded Members that the Authority had commissioned a review of its current Carbon Footprint and was seeking suggestions for how to reduce it. The carbon footprint was mainly made by buildings and heavy fleet. There was currently no affordable, available low/no carbon Fire Appliance. More detail on this review would be given to Members at a seminar and then the Fire Authority meeting in September.

Members were satisfied with the budget proposals and reflected that ESFRS had undergone significant change over a long period of time. They felt that there were lessons to be learned in response to Covid-19. Members were mindful that whilst the rise in Council Tax precept was not significant it was part of a cumulative increase that residents of East Sussex and Brighton & Hove would feel. Increases were not desirable but there was an appreciation that people were paying for a good service. The Authority were conscious of the need to find savings opportunities but wanted assurance that these would be carefully considered.

The Fire Authority unanimously agreed to the recommendations in their entirety as set out in the report.

RESOLVED: The Fire Authority unanimously agreed to approve:

1. An increase in council tax of 1.99% and thus approved:
 - (i) the budget proposals set out in this Report and the net budget requirement of £41.766m for 2022/23;
 - (ii) the council tax requirement of £29.288m; and
 - (iii) the council tax and precepts as set out in Appendix F
2. The capital programme for the next five years and the capital budget of £7.250m for 2022/23 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure
3. That the general balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2024/25
4. The fees and charges set out in Appendix C;
5. The use of reserves as follows to balance the revenue budget in 2022/23:
 - £0.2m from Sprinkler reserve
 - £0.2m from BR Pool reserve (to fund investment in protection services)
 - £0.032m from Financial Stability reserve; and

6. 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.

90 Treasury Management Strategy for 2022/23

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) seeking approval of the Treasury Management strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2022/23. The report contained recommendations about 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 remained on security and liquidity. As was clear from global events, it was impossible in practical terms to eliminate all credit risk however the Fire Authority sought to be prudent. The Authority was 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 had been regular changes to the list of the approved organisations used for investment of short term surpluses. No further changes to the Investment Strategy were proposed for 2022/23.

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

The Fire Authority is exploring Investment options that meet Environment, Social and Governance (ESG) aims. This parameter will act as a 4th consideration to investment decisions behind Security, Liquidity and Yield. The preservation of capital remained the Authority's principal overriding priority. Members were pleased to see the stated support for ESG investment products and for the investment of £1m that had been made in 2021. It was confirmed that this represented approximately 5% of the Authority's portfolio. The current availability of ESG products was relatively narrow, but it was encouraging this investment offered a better return than other comparable non-ESG products. Members welcomed this investment and hoped that there would be increased ESG investments in the future.

RESOLVED: The Fire Authority agreed to:

- (i) approve the treasury management strategy and policy statement for 2022/23 (and adopt for the remainder of 2021/22);
- (ii) determine that for 2022/23 the Authorised Limit for borrowing shall be £12.767m;

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

- (iii) adopt the prudential indicators as set out in the attached Appendix 2;
- (iv) approve the Minimum Revenue Provision (MRP) Statement for 2022/23 as set out in the attached Appendix 3; and
- (v) approve the Annual Investment strategy for 2022/23 as set out in Section 5 including the additional consideration of Environmental, Social and Governance (ESG) factors.

91 Annual Pay Policy Statement 2022-23

The Fire Authority received the report of the Assistant Director People Services (ADPS) presenting the Fire Authority's Pay Policy Statement for the period 1 April 2022 to 31 March 2023. The Localism Act 2011 imposes a duty on relevant local authorities to prepare pay policy statements for each financial year and must be approved by the statutory deadline of 31 March 2022.

Members raised a query regarding the differential between the highest and lowest paid within the Service. Officers reminded the Authority that the pay grades for Senior Officers were set by Members on the Principal Officer Appointments Panel.

RESOLVED: That the Fire Authority approve the Pay Policy Statement as set out in the Appendix to the report.

92 Exclusion of the Press & Public

RESOLVED: That agenda item 156 be exempt under paragraphs 2 and 3 of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly are not open for public inspection on the following grounds: that they contain information that may reveal the identity of an individual and information relating to the business affairs of the Fire Authority.

93 Confidential Minutes of the Previous Meeting

RESOLVED: That the confidential minutes of the meeting on 9 December 2021 be approved.

The meeting concluded at 11.37 am

Signed

Chairman

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

Dated this

day of

2019

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EAST SUSSEX FIRE AUTHORITY

Date: 9 June 2022

Title: Political Representation on the Panels of the Fire Authority

By: Abraham Ghebre-Ghiorgis, Monitoring Officer

Lead Officer: Abigail Blanshard, Senior Democratic Services Officer

Background Papers: Previous Report - Fire Authority 15 June 2021
The East Sussex Fire Services (Combination Scheme) Order 1996

Appendices: Appendix 1 – Panel membership 2021-22 (Current)
Appendix 2 – Proposed Panel membership 2022-23

Implications :

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

PURPOSE OF REPORT: To secure political balance on Panels in accordance with the Local Government (Committees and Political Groups) Regulations 1990 and agree the resultant membership to the Panels of the Fire Authority.

EXECUTIVE SUMMARY: Under the provisions of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990, the Fire Authority must keep under review the allocation of seats on Committees and other bodies to ensure, so far as practicable, that they reflect the political groups on the Authority.

The rules governing representation on Panels are set out overleaf giving the pattern of membership agreed at the meeting of the Fire Authority on 15 June 2021.

The Fire Authority is invited to agree the membership of its Panels for the forthcoming year.

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- RECOMMENDATION:** The Fire Authority is asked to consider whether it wishes to:
- i) confirm the Panel arrangements and political representation as set out in the Report;
 - ii) agree (with no Member voting against) that the political balance provisions shall not apply to the membership of the Principal Officer Appointments Panel; and
 - iii) appoint the Chairperson and Vice-Chairperson of the Panels in accordance with Standing Order 41.13 or, as has been the practice in the past, leave it to the Panels to do this under Standing Order 41.14.
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1 BACKGROUND – CURRENT POSITION

- 1.1 Under the provisions of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990, authorities must keep under review the allocation of seats to political groups on their Committees/Panels to ensure, so far as practicable, that they reflect the numbers in the political groups on their authority. The guiding principles which can be drawn from the 1989 Act and which need to be borne in mind when conducting any review are that:
- (a) The majority party should have a majority on each committee/panel;
 - (b) The overall number of committee/panel places allocated to each group should be proportionate to the numbers of each group on the authority;
 - (c) Subject to (a) and (b), the number of seats on each committee/panel should be proportionate to the numbers of each group on the authority.
- 1.2 Currently, there are four political groups on the Fire Authority: Conservative, Green, Labour and Liberal Democrat. The political make up is:
- | | |
|--------------------------|----------|
| Conservative: | 9 |
| Green: | 3 |
| Labour: | 3 |
| Liberal Democrat: | 3 |
- 1.3 The Panels are the Authority's committees set up in accordance with Standing Order 41 and their terms of reference are shown in the Constitution. The Panels and their related membership which were approved in June 2021 are shown in Appendix 1, and the proposed political proportionality for 2022/23 is shown in Appendix 2.
- 1.4 The size of each Panel is not constituted and can be agreed by the Fire Authority. To ensure that each Panel is properly representative of the overall membership of the Fire Authority it was agreed in June 2021 that the size of each Panel should be 6 Members enabling each politically proportional Panel to become an exactly proportionate replica of one third of the Fire Authority. The proposed make up of each panel remains:

Conservative:	3
Green:	1
Labour:	1
Liberal Democrat:	1

- 1.5 Political proportionality rules need not apply to Panels of Authorities provided that due notice to adopt alternative arrangements is given to all Members and no Member votes against the proposals when they are considered and approved. Members are therefore asked to agree that the political balance provisions should not apply to the Principal Officer Appointments Panel.
- 1.6 It is proposed that the quorum for the Fire Authority be confirmed as 6 Members and for each Panel as 3 Members.
- 1.7 Group Leaders are requested, if not agreed at this meeting, to let the Senior Democratic Services Officer have the names of their Panel Members by Friday, 17 June 2022.
- 1.8 The Fire Authority assigns Member Leads on matters being managed by the Policy & Resources and the Scrutiny & Audit Panels. There are currently Lead Member roles in the areas of Health & Safety, Assurance & Peer Review, Inclusion & Diversity, IT, Environment & Sustainability and Estates. The current allocation of these roles is also set out in Appendix 1. Expressions of interest for the Lead Member positions should be directed to the Senior Democratic Services Officer.

Panel Membership 2021-22 (Current)

	Conservative	Labour	Liberal Democrats	Green
SCRUTINY & AUDIT (6)	3 Azad Redstone Theobald	1 Scott	1 Lambert	1 Maples (Ch)
POLICY & RESOURCES (6)	3 Peltzer Dunn (Ch) Galley Taylor	1 Evans	1 Lambert	1 Powell
HUMAN RESOURCES (6)	3 Azad Geary (Ch) Marlow-Eastwood	1 Scott	1 Osborne	1 West
URGENCY (6)	3 Dowling Galley Geary	1 Scott	1 Lambert (Ch)	1 Powell
PRINCIPAL OFFICER APPOINTMENT S PANEL (5) (Group Leaders + 1 additional Conservative)	2 Galley (Ch) Theobald	1 Evans	1 Lambert	1 Powell
PENSIONS BOARD (4)	Taylor, Hamilton, Tutt (Ch), West			

Member Leads	
Health & Safety	Maples
Assurance & Peer Review	Redstone
Inclusion & Diversity	Powell and Evans
IT	Tutt
Environment & Sustainability	West
Estates	Peltzer Dunn

Panel Allocations based upon Political Proportions 2022-23

PANEL	TOTAL	
Scrutiny & Audit	6	3 Cons 1 Green 1 Lab 1 Lib Dem
Policy & Resources	6	3 Cons 1 Green 1 Lab 1 Lib Dem
Human Resources	6	3 Cons 1 Green 1 Lab 1 Lib Dem
Urgency	6	3 Cons 1 Green 1 Lab 1 Lib Dem
Total requiring political proportionality	24	
(The total number of seats = 24, divided 12:4:4:4 on the basis of the 2022-23 political balance)		
Principal Officer Appointments Panel	4 (5)	Group Leaders + 1 additional Conservative [+ Chairman of the Fire Authority, if not a Group Leader]
Pensions Board	4	4 (Volunteers required from any Group)
<i>The Pensions Board is not subject to the political balance rules.</i>		

Member Lead Roles - current	
Health & Safety	Vacancy
Assurance & Peer Review	Redstone
Inclusion & Diversity	Powell and Evans
IT	Vacancy
Environment & Sustainability	West
Estates	Peltzer Dunn

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EAST SUSSEX FIRE AUTHORITY

Date: 9 June 2022

Title: Fire Authority & Panel Meetings 2022/23

By: Abigail Blanshard, Senior Democratic Services Officer

Lead Officer: Abigail Blanshard, Senior Democratic Services Officer

Background Papers: None

Appendices: None

Implications:

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

PURPOSE OF REPORT: To inform Members of the dates of meetings of the Fire Authority and Panels for the remainder of 2022 and 2023.

EXECUTIVE SUMMARY: Paragraph 3.1 of Part 1(a) of East Sussex Fire Authority's Standing Orders requires meetings of the Fire Authority to be notified annually in advance. Dates of meetings of the Fire Authority and Panels for the remainder of 2022 and 2023 are, therefore, detailed below.

Constituent authorities are consulted when arranging meetings of the Fire Authority in order to avoid clashes wherever possible. Details of meetings are also published via Modern.Gov on the ESFRS website on a continual rolling basis.

RECOMMENDATION: The Fire Authority is asked to note the dates of meetings of the Fire Authority and Panels for the next 18 months.

Date:	Meeting:
21 July 2022	Scrutiny & Audit and Policy & Resources Panels
8 September 2022	Fire Authority
28 September 2022	Scrutiny & Audit Panel (commencing 14:30) *
10 November 2022	Scrutiny & Audit and Policy & Resources Panels
8 December 2022	Fire Authority

Dates for 2022, above, have been previously agreed by the Fire Authority at its meeting on 15 June 2021.

19 January 2023	Scrutiny & Audit and Policy & Resources Panels
9 February 2023	Fire Authority
27 April 2023**	Scrutiny & Audit and Policy & Resources Panels
15 June 2023	Annual Fire Authority
20 July 2023	Scrutiny & Audit and Policy & Resources Panels
7 September 2023	Fire Authority
28 September 2023	Scrutiny & Audit Panel *
9 November 2023	Scrutiny & Audit and Policy & Resources Panels
7 December 2023	Fire Authority

All Fire Authority meetings to commence at 10:30 hours

All Panel meetings to commence at 10:00 hours (or 11:30 hours if on the same day)

* Additional meeting to consider the audited accounts.

***May 2023 panel Meetings brought forward from May to April due to BHCC elections*

Notable dates in 2022/23:

Summer Bank Holiday – 29 August 2022
Boxing Day – 26 December 2022
Christmas Day (substitute) – 27 December 2022
New Year's Day (substitute) – 2 January 2023
Good Friday - 7 April 2023
Easter Monday - 10 April 2023
Early May Bank Holiday – 1 May 2023
Spring Bank Holiday – 29 May 2023
Summer Bank Holiday – 28 August 2023

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting	Fire Authority
Date	9 June 2022
Title of Report	Banking Arrangements – changes to authorised signatories
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Duncan Savage, Assistant Director Resources / Treasurer

Background Papers	Fire Authority 6 June 2013 – Authorised Banking Arrangements
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Appendices	None
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Implications

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

PURPOSE OF REPORT	To agree changes to the list of authorised signatories to the Authority's bank accounts.
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EXECUTIVE SUMMARY	The Authority's financial regulations prescribe that cheques drawn on the Authority's main banking accounts are to bear the pre-printed signature of the Treasurer, or be signed by them or other authorised officers.
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The other officers currently authorised are: Chief Fire Officer & Chief Executive; Deputy Chief Fire Officer; Treasurer; Head of Accounts and Pensions (ESCC); Head of Financial Planning (ESCC); Finance Manager (Systems and Accounts) (ESCC).

Due to changes in staff and structures at both the Authority and the County Council it is proposed that the list of signatories is updated as follows: Assistant Director Resources / Treasurer (Duncan Savage); Chief Fire Officer & Chief Executive (Dawn Whittaker); Deputy Chief Fire Officer (David Norris); Finance Manager (Alison Avery); Principal Accountant Treasury & Taxation (Haley Woollard) (Orbis);

Principal Accountant Financial Accounting (Jo Membury)
(Orbis).

Cheques over the value of £500,000 must be signed by two signatories at least one of which must be an employee of the Authority.

As cheque signatories these officers are also authorised to sign NatWest bank forms relating to day to day banking activities.

RECOMMENDATION

The Authority is recommended to approve the updated list of officers authorised to sign cheques on behalf of the Fire Authority.

EAST SUSSEX FIRE AUTHORITY

Date	9 June 2022
Title of Report	Treasury Management – Stewardship Report for 2021/22
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Richard Carcas, Principal Finance Officer (Treasury Management)
Background Papers	<p>East Sussex Fire Authority - 11 February 2021 – Agenda Item 97 Treasury Management Strategy for 2021/22</p> <p>East Sussex Fire Authority - 10 February 2022 – Agenda Item 153 Treasury Management Strategy for 2022/23</p> <p>Policy and Resources Panel - 11 November 2021 – Agenda Item 15 Half yearly report for 2021/22</p> <p>CIPFA Treasury Management in the Public Services code of practice and cross sector guidance notes</p> <p>Local Government Act 2003</p> <p>CIPFA Prudential Code</p>

Appendices	None
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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	The Annual Treasury Management Stewardship Report is a requirement of the Fire Authority's reporting procedures and informs Members of Treasury Management performance and compliance with Prudential Indicators for 2021/22.
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EXECUTIVE SUMMARY	The Fire Authority has complied with its approved Treasury Management Strategy and Prudential Indicators for the year.
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The Bank of England (BoE) Base Rate increased on three occasions during 2021/22. From the record low of 0.10% on 16 December 2021 to 0.25% again on 3 February 2022 to 0.50%

and finally to 0.75% on the 17 March 2022. The Bank of England has taken steps to modestly increase interest rates to help mitigate inflationary pressure during the latter part of the year.

The average rate of interest received in 2021/22 through Treasury Management Activity was 0.26%. This reflected the Fire Authority's continuing prioritisation of security and liquidity over yield.

No new borrowing was undertaken and two loans totalling £0.400m were repaid during the year. Total loan debt outstanding was £10.298m at 31 March 2022 and the average interest rate was 4.60%. The next loan repayments are due on the 31st March 2023 (£0.481m) with the PWLB. There were no beneficial opportunities to reschedule debt during the year. The projected outturn of the Fire Authority's Capital Financing Requirement (CFR), a measure of the underlying need to borrow is £10.298m.

The Fire Authority reviewed options to invest a portion of core balances in longer duration funds during the setting of the 2020/21 Strategy. Decisions on investment have been taken in the context of the current economic climate, the current approved capital programme and the requirement to fund it over the medium term. No investment in longer duration funds was made during the year.

The current economic climate is evolving rapidly, as summarised in the commentary from Link Asset Services. At this time opportunities are being explored to secure investment returns within the acceptable risk parameters set out in the Authority's agreed Strategy.

During the year the Authority has invested in Environmental, Social and Governance (ESG) funds that meet its policy criteria for security and liquidity and offer comparable or better returns than similar non ESG funds.

RECOMMENDATIONS

The Fire Authority is asked to note the Treasury Management Performance for 2021/22.

1 Introduction

- 1.1 The Fire Authority's treasury management activities are regulated by a variety of professional codes and statutes and guidance:
- a) The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - b) Statutory Instrument (SI) 3146 2003 develops the controls and powers within the Act;
 - c) The SI requires the Fire Authority to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities;
 - d) Under the Act the Department for Levelling Up, Housing & Communities (DLUHC) has issued Investment Guidance to structure and regulate the Authority's investment activities.
- 1.2 The Fire Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken on a prudent, affordable and sustainable basis and its treasury management practices demonstrate a low-risk approach.
- 1.3 The Code requires the regular reporting of treasury management activities to:
- a) Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report);
 - b) Review actual activity for the preceding year (this report),
 - c) A mid year review and
 - d) A change in the Strategy (if and when required).
- 1.4 This report sets out:
- a) A summary of the strategy agreed for 2021/22 and the economic factors affecting the strategy in the year;
 - b) The Fire Authority's treasury activity during the year on borrowing and short term investments;
 - c) The Prudential Indicators which relate to the Treasury function and compliance with limits

2 2021/22

2.1 Strategy for 2021/22

- 2.1.1 At its meeting on 11 February 2021, the Fire Authority agreed its Treasury Management Strategy for 2021/22, taking into account the economic scene including forecast levels of interest rates. At the same time, the Treasury Management Policy Statement was agreed for 2021/22 as set out below.
- 2.1.2 East Sussex Fire Authority defines its treasury management activities as:

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

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

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

Borrowing

- 2.1.3 The Fire Authority at the beginning of 2021/22 did not expect to undertake any additional external borrowing in the next 12 months. Future borrowing would need to be considered in the short to medium term in order to fund its Capital Strategy.
- 2.1.4 Opportunities to reschedule debt have been monitored but have not arisen as yet. The PWLB increased all of its lending rates in October 2010 by 1% on all rates. However, it did not increase the rate of interest used for repaying debt so that not only had the cost of our future borrowing increased but the opportunity to restructure our debt when market conditions allow has been significantly reduced.

Investment

- 2.1.5 When the strategy was agreed in February 2021, it emphasised the continued importance of taking account of the current and predicted future state of the financial sector. The Treasury Management advisors (Link Asset Services) commented on short term interest rates, the UK economy, inflation, the outlook for long term interest rates and these factors were taken into account when setting the strategy.
- 2.1.6 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.
- 2.1.7 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.
- 2.1.8 It was recommended 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.

2.1.9 The Authority makes 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.

2.1.10 The strategy going forward was to continue with the policy of ensuring minimum risk but was also intended to deliver secure investment income of at least bank rate on the Fire Authority's cash balances.

2.1.11 As was clear from the events globally and nationally since 2008, it is impossible in practical terms to eliminate all credit risk. The Fire Authority seeks to be as prudent as possible.

2.1.12 The Strategy aimed to ensure that in the economic climate that a prudent approach was maintained. This would be achieved through investing with selected banks and funds which met the Authority's rating criteria. The emphasis would continue on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than yield. The strategy continued with this prudent approach.

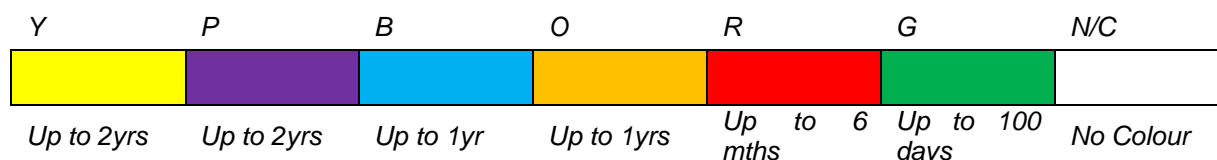
2.1.13 It was also recognised that movements within the money markets happen with no notice and the Treasurer may have to amend this strategy in order to safeguard Fire Authority funds. As in the past any such actions would be reported to the next Fire Authority meeting.

2.1.14 The Fire Authority balances were to be invested in line with the following specific methodology:

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 noted in the table below and within the following durational bands that are domiciled in the UK.

- Yellow 2 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months

- Green 3 months
- No Colour, not to be used



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.

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.

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.

The Link Asset Services methodology 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.

Counterparty List:

Counterparty	Country/ Domicile	Instrument	Maximum investments	Max. maturity period
Counterparties in UK				
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits	unlimited	1 yr
Government Treasury bills	UK	Term Deposits	unlimited	1 yr
Local Authorities	UK	Term Deposits	unlimited	1 yr
RBS/NatWest Group • Royal Bank of Scotland • NatWest	UK	Term Deposits (including callable deposits), Certificate of Deposits	£6m	1 yr
Lloyds Banking Group • Lloyds Bank • Bank of Scotland	UK		£6m	1 yr
Barclays	UK		£6m	1 yr
Santander UK	UK		£6m	1 yr
HSBC	UK		£6m	1 yr
Goldman Sachs IB	UK	Term Deposits	£6m	1 yr
Standard Chartered	UK	Term Deposits	£6m	1 yr
Handelsbanken (UK)	UK	Term Deposits	£6m	1 yr
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/domiciled	AAA rated Money Market Funds	£6m	Liquidity/ instant access
Enhanced Money Market / Cash Funds (EMMFs) VNAV	UK/Ireland/EU domiciled	AAA Bond Fund Rating	£6m	Liquidity

- 2.1.15 All Money Market Funds used will be monitored and chosen by the size of the fund, rating agency recommendation, exposure to other Countries (Sovereign debt), weighted average maturity and weighted average life of fund investment and counterparty quality.
- 2.1.16 All of the investments held with the above counterparties will be classified as Specified Investments. These investments are sterling investments of not more than one-year maturity with institutions we deem to be high credit quality or with the UK Government (Debt Management Account Deposit Facility). These are considered low risk assets where the possibility of loss of principal or investment income is small.
- 2.1.17 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 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 Funds (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. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Authority will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Treasurer.

2.2 The economy in 2021/22 – Commentary from Link Asset Services (Treasury Management Advisors) in April 2022

- 2.2.1 Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022.
- 2.2.2 The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.
- 2.2.3 Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.
- 2.2.4 Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.
- 2.2.5 *Average inflation targeting.* This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare

capacity and achieving the 2% target sustainably". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

2.2.6 *Deglobalisation.* Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

2.2.7 *Central banks' monetary policy.* During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

2.3 Interest on short term balances

2.3.1 The total amount received in short term interest for the 2021/22 was £58,358 at an average rate of 0.26%, the average base rate for the year was 0.19%. A combination of Money Market Funds, Bank Notice Accounts and Local Authority/ Bank Fixed Term Deposits were used over the past 12 months.

2.3.2 Full detail of the interest received has been set out in paragraph 3.7.4

2.4 Long term borrowing

2.4.1 No borrowing was undertaken in 2021/22. The total outstanding loan debt at 31 March 2022 was £10,298,000. There was two PWLB loan maturities in year on the 30th September for £158,000 and £242,000. The average interest rate on external debt for the year was 4.60%. A further two loans will mature on 31st March 2023 totalling £481,000 at fixed rates of 6.50% and 4.75%.

2.4.2 No rescheduling was done during the year as the average 1% differential between

PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

2.5 Short term borrowing

- 2.5.1 No borrowing was undertaken on a short-term basis during 2021/22 to date to cover temporary overdraft situations.

3 Prudential Indicators and limits relating to Treasury Management activities

3.1 The limits set for 2021/22

The Strategy Report for 2021/22 set self-imposed prudential indicators and limits. There are on an annual basis and monitored. They comprise:

- Authorised limit for borrowing (see 3.2 below)
- Interest rate exposure (see 3.3 below)
- Maturity structure of debt (see 3.4 below)
- Maturity structure of investments (see 3.5 below)
- Compliance with the treasury management code of practice (see 3.6 below)
- Interest on our investments (see 3.7 below)
- Capital Financing Requirement and Minimum Revenue Provision Statement (see 3.8 below)

None of the limits were exceeded in 2021/22.

3.2 Authorised limit for borrowing

- 3.2.1 The table below sets out the actual 2020/21, original estimate and actual in 2021/22 for borrowing.

	2020/21 Actual	2021/22 Original Estimate	2021/22 Actual
	£000	£000	£000
Opening CFR	10,773	10,698	10,698
Capital Investment	2,295	3,768	1,894
Sources of Finance	(1,939)	(3,740)	(1,866)
MRP	(431)	(428)	(428)
Movement in year	(75)	(400)	(400)
Closing CFR	10,698	10,298	10,298
less Finance Lease Liability	-	-	-
Underlying Borrowing Requirement	10,698	10,298	10,298
Actual Long Term Borrowing	10,698	10,298	10,298
Over / (Under) Borrowing	-	-	-
Operational Boundary	11,166	10,776	10,776
Authorised Limit	13,555	13,155	13,155

- 3.2.2 The outturn for 2021/22 shows no under or over borrowing.
- 3.2.3 The borrowing limits set in each year include capacity to borrow in advance of need.
- 3.2.4 The Operational boundary for borrowing was based on the same estimates as the Authorised limit. It reflected directly the authorised borrowing limit estimate without the additional amount for short term borrowing included to allow, for example, for unusual cash movements. The Operational boundary represents a key management tool for in year monitoring and long term borrowing control.
- 3.2.5 The Authorised limit was consistent with the Fire Authority's current commitments, existing plans and the proposals for capital expenditure and financing, and with its approved treasury management policy statement and practices. It was based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom (short term borrowing) over and above this to allow for day to day operational management, for example unusual cash movements or late receipt of income. Risk analysis and risk management strategies were taken into account as were plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.
- 3.2.6 The Authorised limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003 and must not be breached. The estimated long term borrowing at 31 March 2022 of £10,298,000 is under the Authorised limit set for 2021/22 of £13,155,000.

3.3 Interest rate exposure

- 3.3.1 The Fire Authority's Prudential Indicator continued the practice of seeking competitive fixed interest rate exposure for borrowing and lending.

	2020/21	2021/22	2022/23
Interest rate exposures	Upper	Upper	Upper
Limits on fixed interest rates based on net debt*	100%	100%	100%
Limits on variable interest rates based on net debt*	0%	0%	0%

*Net debt is borrowings less investments

3.4 Maturity structure of debt

- 3.4.1 The Fire Authority set upper and lower limits for the maturity structure of its borrowings as follows.

	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>At 31 March 2022</u>
Under 12 months	0%	25%	5%
12 months and within 24 months	0%	40%	4%
24 months and within 5 years	0%	60%	14%
5 years and within 10 years	0%	80%	21%
10 years and within 20 years	0%	80%	19%

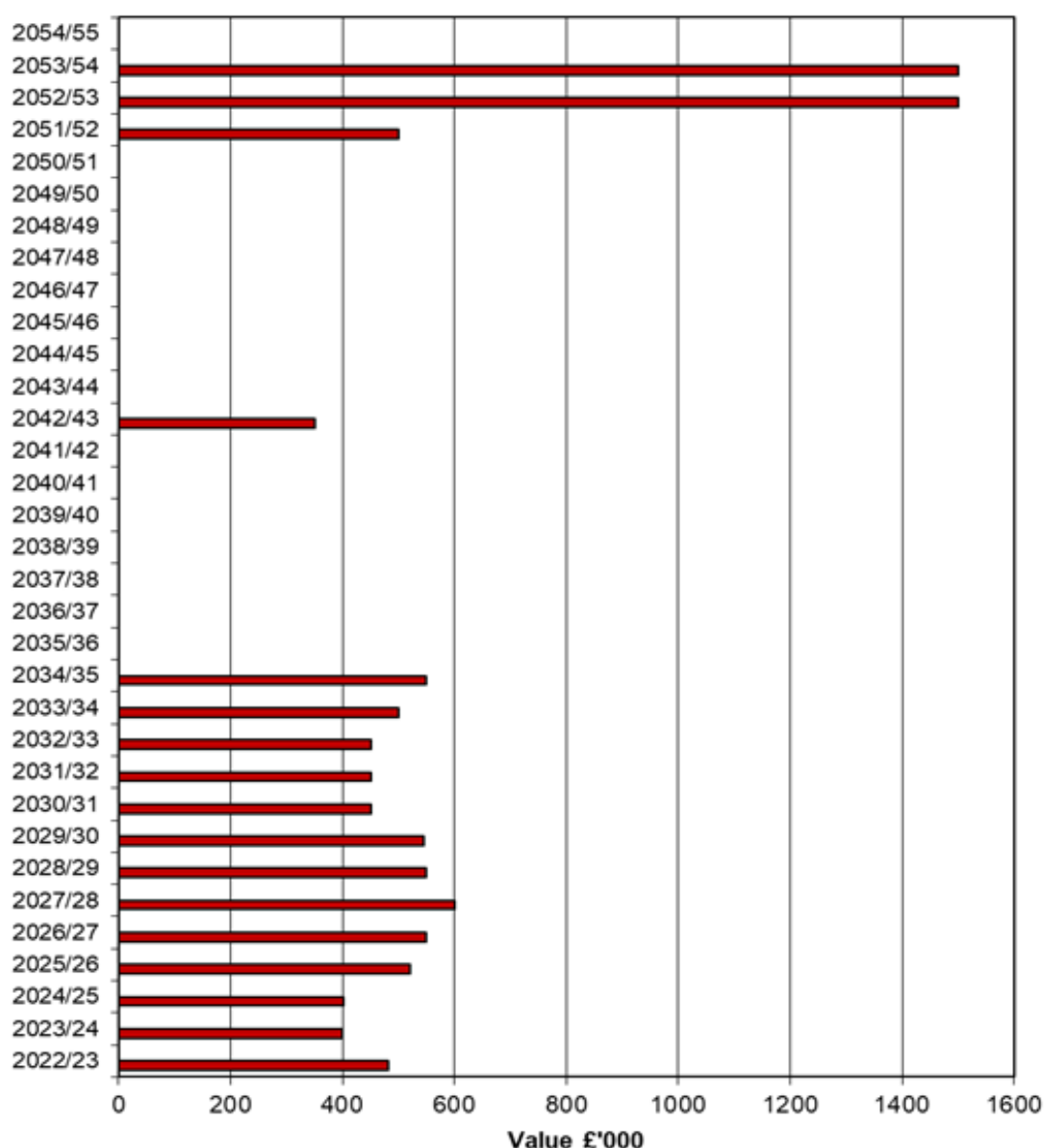
20 years and within 30 years	0%	80%	8%
30 years and within 40 years	0%	80%	29%
Over 40 years	0%	80%	0%

3.4.2 Any new borrowing undertaken would give due consideration to the debt maturity profile, ensuring that an acceptable amount of debt is due to mature in any one financial year. This helps to minimise the authority's exposure to the risk of having to replace a large amount of debt in any future years when interest rates may be unfavourable.

3.4.3 No new borrowing was undertaken in 2021/22. The following graph shows the majority of debt matures in the next 10 to 20 years with some longer dated maturities out to 2053/54. Two loans are to be repaid on the 31 March 2023 totalling £481,000.

3.4.4 PWLB Debt Maturity Profile

Fire Authority PWLB Loans Maturity Profile 31 March 2022



3.5 Maturity Structure of Investments

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

Principle sums invested for periods longer than 365 days			
	2021/22 £m	2022/23 £m	2023/24 £m
Limit	2.50	2.50	2.50

3.6 Compliance with the Treasury Management Code of Practice

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

3.7 Interest on Investments

3.7.1 After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022.

3.7.2 There have been continued uncertainties in the markets during the year due to global supply chain disruption, inflationary pressure and geopolitical turmoil.

3.7.3 The strategy for 2021/22 continued the prudent approach and ensured that all investments were only to the highest quality rated banks and financial institutions up to a period of 3 years based on the estimates of capital expenditure.

3.7.4 The table below sets out the average monthly rate received on our investments and compares it to the Bank of England Base rate to reflect the interest rates available in the market.

Month	Amount £	Monthly rate	Margin against Average Base rate	Average balance in month £m
April	4,780	0.26%	+0.16%	22.1
May	5,096	0.27%	+0.17%	22.6
June	4,922	0.28%	+0.18%	21.3
July	5,094	0.27%	+0.17%	22.1
August	5,290	0.23%	+0.13%	27.6
September	5,058	0.23%	+0.13%	26.8
October	4,657	0.22%	+0.12%	24.6
November	2,812	0.15%	+0.05%	23.1
December	3,373	0.19%	+0.02%	21.1
January	4,102	0.23%	-0.02%	21.0
February	5,212	0.33%	-0.15%	20.6
March	7,962	0.47%	-0.15%	20.0
Total in 2021/22	58,358	0.26%	+0.07%	22.7

- 3.7.5 The total amount received in short term interest for the year was £58,358 at an average rate of 0.26%. This was above the average base rates in the same period (0.19%) and reflects the Fire Authority's risk appetite ensuring, so far as possible in the financial climate, the security of principal and the minimisation of risk.
- 3.7.6 Throughout the year bank notice accounts and fixed term deposits with banks and other Local Authorities were used to invest core balances up to duration of 18 months. Instant access cash money market funds were used to hold liquidity balances to meet day to day creditor requirements. Interest earned by the main liquidity buckets are detailed below.

Investment Type	Liquidity Bucket	Interest Earned 2021/22 (£)
Money Market Funds	Instant Access	5,907
Bank Notice Accounts	95 Day Notice	34,534
Fixed Term Deposits (Banks / Local Authorities)	175 Day Notice / Fixed Term	17,917
Total in 2021/22		58,358

- 3.7.7 The Treasurer and Officers will continually review the current portfolio and the market situation with regard to investments. The approach to balance investment decisions in the medium to long term with the planned reduction in reserves and balances in the current economic climate will be a key consideration.

4 Treasury Management Advisors

- 4.1 The Strategy for 2021/22 explained that the Fire Authority uses Link Asset Services as its treasury management consultant through the contract that exists with East Sussex County Council. A range of services have been provided including:
- a) Technical support on treasury matters, capital finance issues and advice on reporting;
 - b) Economic and interest rate analysis;
 - c) Debt services which includes advice on the timing of borrowing;
 - d) Debt rescheduling advice surrounding the existing portfolio;
 - e) Generic investment advice on interest rates, timing and investment instruments;
 - f) Credit ratings from the three main credit rating agencies and other market information;
 - g) Assistance with training on treasury matters.
- 4.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remained with the Authority. This service remains subject to regular review.
- 4.3 Link Asset Services is the largest provider of Treasury Management advice services to local authorities in the UK and they claim to be the market-leading treasury management service to their clients and better those offered by competitors. The advice will continue to be monitored regularly to ensure an excellent level of service provided to our authority.

5 Conclusion

- 5.1 The prime objective of Treasury Management is the effective management of risk and that its activities are undertaken in a prudent affordable and sustainable basis. This report confirms the Authority has continued to follow an extremely prudent approach with the main criteria of security and liquidity before yield. The current emphasis must be to continue to be able to react quickly if market conditions worsen.

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EAST SUSSEX FIRE AUTHORITY

Date 9 June 2022

Title of Report Procurement Strategy Refresh 2022-25

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer Claire George, Procurement Manager

Background Papers None

Appendices 1. Procurement Strategy 2022-25

Implications

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

PURPOSE OF REPORT To present the refreshed Procurement Strategy for the period 2022-2025.

EXECUTIVE SUMMARY The Procurement Strategy of 2018-20 was intended to further widen the scope of Procurement within the Service, by enabling the transition from a tactical / transactional function to strategic leadership and embed a category management approach.

The core principles focussed our activities on delivering efficient and effective, commercially sound commissioning and the introduction of a corporate, co-ordinated approach to purchasing, to maximise the impact of procurement, both internally and externally.

Predominantly this approach remains valid. The refreshed 2022-25 version of the Procurement Strategy, reflects a change in emphasis, highlighting less the need to change our ways of working and more the need to continue to deliver against the established themes and as such, it has not been subject to wholesale changes.

The continued progression of Procurement as a strategic function and deployment of this strategy, enables us to focus our limited professional resources, on the vital value adding

activities, which drive savings and efficiencies and support the delivery of the Service's purpose and commitments.

With continued pressure on budgets and reduced funding, it is more important than ever that the Authority's Procurement Strategy delivers cost effective services which meet the needs of our community. Equally efficiencies from procurement continue to form a key part of the fire sector's case to Government, alongside improvements in operational productivity, for a fair and sustainable financial settlement.

RECOMMENDATION

The Authority is recommended to:

- i. approve the Procurement Strategy 2022-25; and
 - ii. consider whether any further information is required
-

1. INTRODUCTION

- 1.1 As outlined above, the refreshed strategy does not represent a significant departure from our current approach.
- 1.2 The established strategy themes are: Technology, Category Management, Partnering and Collaboration, Contract Management, People Development, Governance, Risk Management and Social Value.
- 1.3 The eight key themes around which the strategy is centred and the overarching principles of Compliance, Coordination and Commercialism, remain live and relevant and are therefore unchanged, the exception being Social Value. This is now included as Responsible Procurement, to expand the scope to include ethical and sustainable procurement, environmental and social issues.
- 1.4 The 2022- 25 strategy refresh therefore, is intended to reflect:
 - any changes in legislation.
 - how we will further embed the Responsible Procurement policy to support the prescient and increased focus on the issues facing the wider commissioning environment, including Social Value & climate change;
 - the opportunities and implications related to the MBOS (Modernising Back Office Systems) Project – the new Enterprise Resource Planning (ERP) solution to replace the existing SAP platform;
 - the updated/associated actions which support the delivery of the strategy.

2. STRATEGIC CONTEXT

- 2.1 In response to the Home Office's fire reform programme, the National Fire Chiefs Council (NFCC) has created a strategic committee tasked with

harnessing our national buying power, under a category management approach. This has enabled an unprecedented level of data sharing, collaboration and transparency, which will drive significant aggregation of demand and the Procurement Strategy remains designed to directly align with this undertaking.

- 2.2 In December 2020, the Cabinet Office set out proposals for shaping the future of public procurement legislation for a post-Brexit Britain, with the publication of a Green Paper. "The overarching goals of these proposals are to speed up and simplify procurement processes, place value for money at their heart, generate social value and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery". *Source- "Transforming Public Procurement"/Parliamentary Secretary in the Cabinet Office/December 2021.*

In a move away from the need to open up the common market, the Green Paper proposes that the new legislation will be underpinned by six core principles: public good, value for money, transparency, integrity, fair treatment of suppliers and non-discrimination.

- 2.3 As the Medium-Term Finance Plan outlines, there remains uncertainty about the future of local government funding and this has only been increased as a result of the Covid-19 pandemic. The MTFP under the worst-case option shows a need to deliver further savings of £3.8m by 2026/27. In the best-case scenario this reduces to £0.2m. The mid case scenario forecasts the need for £1m additional savings by 2023/24 rising to £1.5m over the next 5 years. Efficiency remains a significant part of the wider Reform programme and HMICFRS inspections will likely have a keen focus on procurement, as part of a wider assessment of efficiency and effectiveness. It is also part of the sector's offer to Government in return for a fair and sustainable financial settlement.

With ever increasing pressure on budgets and reduced funding, it continues to be fundamental that the Authority's Procurement Strategy aligns with and supports our Purpose and Commitments to deliver high performing, responsible services and make effective use of our resources, to meet the needs of our community.

3. SUMMARY OF REFRESHED AREAS

3.1 Legislative changes/Green paper

The Government proposes to repeal the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations 2016 and the Defence and Security Public Contracts Regulations 2011 and produce a single set of regulations covering all contracts.

There are no proposed changes to the definition of "contracting authorities", which will continue to include local government bodies.

In the absence of the new legislation, the Procurement Strategy, in tandem with the Responsible Procurement policy, has been designed to reflect the

aforementioned six core principles: public good, value for money, transparency, integrity, fair treatment of suppliers and non-discrimination.

All associated policies will be further refined, as required, when the legislation is published and adopted.

3.2 Social Value to Responsible Procurement

The Public Services (Social Value) Act 2012 initiated the drive to embed understanding of these impacts with Public Sector commissioning and requires commissioners and procurers at the pre-procurement stage, to consider how the proposed procurement exercise may improve social, environmental, and economic wellbeing of the relevant area and how they can secure wider social benefits.

Responsible Procurement is a process whereby organisations meet their needs for goods, services and works in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to their wider community and the environment.

It seeks to build on and expand the scope of ethical and sustainable procurement, to include environmental and social issues, including purchasing that minimises carbon emissions and mitigates the risks of human rights abuses in the supply chain.

The refreshed strategy now recognises these broader and interconnected considerations.

To supplement the strategy, the newly introduced Responsible Procurement policy aims to support our collective responsibility to limit any negative impact and promote the Authority's commitment to deliver responsible and sustainable outcomes, across three primary areas.

1. Social Value
2. Ethical Sourcing
3. Environmental Sustainability

Procurement will play a dual role in supporting Responsible Procurement – directly by crafting specifications which reflect commodity targeted considerations e.g., specific environmental objectives and indirectly, by supporting colleagues to assess the wider impacts of sourcing decisions. We will focus efforts where we see the greatest opportunity initially, for example within the Estates & Fleet categories.

Given the breadth of scope and potential considerations, the Procurement Strategy outlines three areas of focus within our procurement exercises, whereby we can assess how a provision:

1. **supports the local economy** – exploring opportunities to encourage local or Small Medium Enterprises (SMEs) and voluntary and diverse businesses, number of local and diverse suppliers used within the supply chain and number of apprenticeship placements.

2. **minimises carbon emissions and the carbon footprint** of goods, services, and suppliers contract delivery methodology
3. **allows the supplier to innovate** via the use of non-prescriptive specifications, which allow the market and suppliers to speak on innovative solutions and/or new technology, where it has sustainable benefits.

As the overarching corporate position develops, particularly in relation to our response to climate change, more specific KPIs can be introduced to ensure we align and support.

3.3 **Technology- MBOS**

East Sussex County Council (ESCC) is the service provider for back-office services including SAP Enterprise Resource Planning (ERP) IT system for ESFRS. ESCC has embarked on the implementation of a new back-office Enterprise Resource Planning (ERP) solution to replace the existing SAP system.

The outcomes and objectives of the MBOS programme are as follows:

Efficiency - Eliminate repetitive processes and greatly reduce the need to manually enter information

User experience - Save time on transactional activity and spend more time on developing insights into user, customer, supplier & partner needs, and performance

Workforce competencies - Change the competency requirements of the organisation as it moves from a transaction base to data intelligence led organisation

Integrated access to information - Data accessed through a single Reporting and Business Intelligence solution, integrated across all platforms, keeping data consistent, accurate, and unique.

The MBOS programme presents an ideal opportunity for the Service to transform and improve our Procurement systems and processes, including automated workflows, end user self-service and improvements in quality and timeliness of management information.

Implementation of Oracle Fusion (MBOS solution) will also assist in meeting the enhanced data transparency requirements outlined in the Green Paper.

The refresh sets out our strategic intention to make best use of the enhanced functionality, to modernise working practices.

3.4 **Associated Actions**

Section 8 - Priorities of the refreshed strategy has been updated to reflect any outstanding and continuing actions, plus all new actions associated with the update and in line with Procurement's business plan.

- 3.5 Outstanding actions which have been carried over from the previous strategy iteration, are due in the main to capacity constraints – Procurement's ability to complete all year 3 actions was impeded by the redeployment of resources

during the early stages of the pandemic and failure to attract a credible candidate to a vacant post.

Due to the emerging resource impact of the MBOS implementation, it has been necessary to reprioritise Procurement's Business plan for 22/23 and this is reflected in Section 8.

4. FINANCIAL IMPLICATIONS

- 4.1 The Procurement Business Plan commits to an annual saving target of a minimum of £25k annually, in addition to any category savings opportunities identified and targeted.
- 4.2 A fundamental element of the category plan will be the identification of the scope for future efficiencies and this will enable the setting of targets for each category on an annual basis.
- 4.3 To meet the significant effort required to implement the new MBOS ERP system, we anticipate the need to source additional resource into the Procurement team and that this will be funded from the project budget.
- 4.4 The £20,000 funding for the delivery of corporate procurement training was removed as a separate bid from the Star Chamber process in 2021/22 on the basis that it would be funded from the existing corporate training budget.

5. CORPORATE RISK

- 5.1 Central oversight of all purchasing and contractual arrangements which utilises the professional procurement expertise within the Authority, will ensure we have robust agreements which are legally sound, compliant and offer appropriate recourse, both in terms of remedy and remuneration.
- 5.2 The change in theme from Social Value to Responsible Procurement clearly signals we must give due consideration and visibility to whole life costs, improved outcomes, long-term value for money, safeguarding risks, supply disruption risks, energy usage and many other factors at the pre-planning stage, to create positive impacts where possible.
- 5.3 Identifying and mitigating risk is integral to the formulation of the category strategies and associated contracts. Category Strategies use the Kraljic Matrix approach to segment supplies according to value & risk of supply. The Category Specialists are responsible for ensuring contracts include are subject to financial health/insurance checks and have appropriate business continuity arrangements, based on criticality of supply.

6. LEGAL IMPLICATIONS

- 6.1 There are a range of UK legal requirements that must be complied with when conducting procurement activity, including:

Public Contracts Regulations 2015
Social Value Act 2013
The Modern Slavery Act 2015

- 6.2 Data transparency - one of the major changes proposed in the Green Paper is the requirement for contracting authorities to publish "basic disclosure information" about the procurement with the contract award notice before the contract can be awarded, including the identity of the bidders, the evaluation reports and the basis of the award decision. The Green Paper anticipates that any release of information should be in line with the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and the Data Protection Act 2018.

As a consequence of "embedding" transparency through the procurement process, contracting authorities will no longer be required to provide individual feedback letters to bidders. Instead, bidders will be encouraged to create their own feedback from the information available.

Procurement will maintain a watching brief and all relevant processes will be revised to respond to the legislative changes.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 The Government has committed to achieving net zero greenhouse gas emissions by 2050 and will aim to reduce emissions by 68% by 2030. Fire and rescue services have a key role in responding to the climate change emergency.

The Social Value theme has been broadened to include environmental considerations, supported by the Responsible Procurement policy, and will be aligned with the Authority's plans for sustainability and carbon reduction which are due to be considered in autumn 2022.

8. POLITICAL IMPLICATIONS

- 8.1 The strategy will enable alignment with the indicated priorities of the Green Paper reforms.
- 8.2 The category approach directly aligns with the NFCC Strategic Committee and demonstrates our commitment to support both the national procurement and reform agenda

9. INCLUSION & DIVERSITY

- 9.1 The inclusion of Social Value as a strand of Responsible Procurement theme within the Strategy will have positive impact. Equality Impact Assessments are an integral component of the business requirements suite, within category strategy formation.

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Compliance, Coordination and Commercialism

East Sussex Fire Authority Procurement Strategy 2022 to 2025



East Sussex
Fire & Rescue Service

Alternative formats and translation

Albanian	Me kërkesë, një përmbledhje e këtij dokumenti gjendet edhe në gjuhën shqipe.
Arabic	ملخص لهذه الوثيقة متاحاً أيضاً باللغة العربية عند الطلب.
Bengali	এই ডকুমেন্টের সারাংশও অনুরোধে বাংলায় পাওয়া যায়।
Cantonese	本文件的摘要也可應要求製作成中文(繁體字)版本。
Farsi	خلاصه شده این مدرک هم در صورت درخواست به فارسی موجود است.
Russian	Краткое содержание настоящего документа по отдельному запросу предоставляется также на русском языке.
Gujarati	આ દસ્તાવેજનો ટૂંકસાર વિનંતી કરવાથી ગુજરાતીમાં પણ મળી રહેશે.
Kurdish	کورتیهکی ئەم بەلگەیه ههروهها به پێی داواکاری به زمانی کوردی دەس دهکهریت
Portuguese	Encontra-se também disponível um sumário deste documento em Português, a pedido.
Polish	Dokument ten jest na życzenie udostępniany w języku polskim.

 **0303 999 1000**

The following formats are available on request:

Large print (reformatted and increased to 18 point sans serif font)

CD ROM in plain text format to enable computer 'reader' systems to access and translate the information. Audio tape, audio CD and braille. Pictorial format suitable for people with learning difficulties ('easy read').

For translations of this document, please contact the Publicity and Media Officer.

Tel: 0303 999 1000

Fax: 01323 725574

Minicom: 01323 462003

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10. Our Key Themes
15. Measuring success
16. Priorities for years 1, 2 and 3
17. Contact Us



Foreward

Roy Galley | Chairman of East Sussex Fire Authority

I am pleased to present East Sussex Fire Authority's new Procurement Strategy which builds on the firm foundations established in previous strategies. Over the next three (?) years we will see the benefits of our investment in professionalising the function and moving to a category management approach.

With ever increasing pressure on budgets and uncertainty around our future funding, the role of procurement will be essential in supporting the Authority in delivering high performing services to our community at a price we can afford.

Procurement also has a wider role and will be key in enabling us to achieve the national target of net zero greenhouse gas emissions by 2050., and through our Responsible Procurement Policy, ensuring that we use our purchasing power locally and nationally, to drive change and consider the economic, social and environmental impacts and benefits to our community when procuring goods and services.

Dawn Whittaker | Chief Fire Officer

Today's changing world requires us to continually consider our priorities; balancing a strategic approach with the ability to respond swiftly to opportunities and challenges. In this climate of reform, increased data transparency and legislative changes, coupled with the need to modernise Procurement and satisfy greater demand with limited resources, it's clear that how we develop our strategic Procurement capability has never been more vital.

Efficiency remains a significant part of the wider Reform programme and HMICFRS inspections will likely have a keen focus on procurement, as part of a wider assessment of efficiency and effectiveness.

This strategy explains how we will continue to develop and benefit from the professional expertise of our Procurement Department, enabling us to focus our resources, on the vital value adding activities, which drive savings and efficiencies and support the delivery of the Service's purpose and commitments.

By aligning our categories with the national procurement portfolio, we reaffirm our commitment to support the national procurement and reform agenda. We will continue to proactively engage with the National Fire Chiefs Council Procurement Hub to deliver national, collaborative contracts.

In this climate of reform, increased data transparency and legislative changes, coupled with the need to modernise Procurement and satisfy greater demand with limited resources, it's clear that how we develop our strategic Procurement capability has never been more vital.

Welcome

East Sussex Fire Authority's (the Authority) aim is to make our communities safer by providing prevention, protection, and response services to circa 813,000 people within the area of East Sussex and the City of Brighton & Hove.

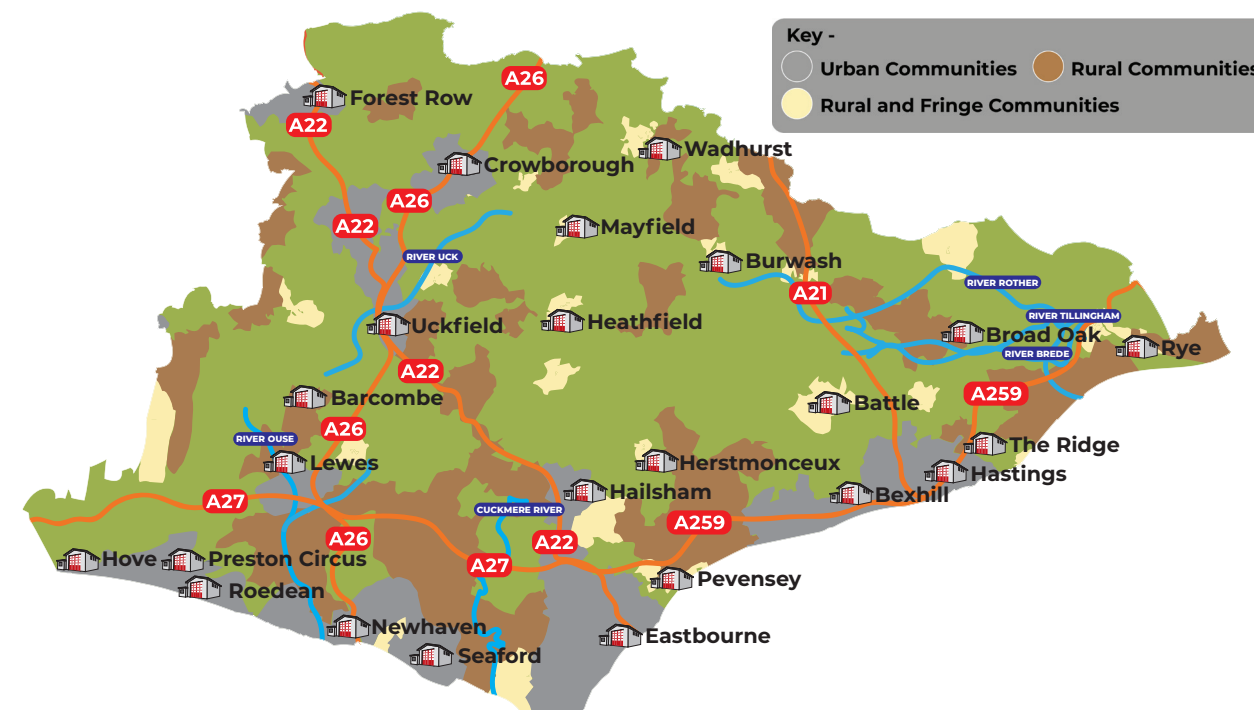
With ever increasing pressure on budgets and reduced funding, it is more important than ever that the Authority's Procurement Strategy aligns with and supports our Purpose and Commitments and delivers efficient and effective services, which meet the needs of our community.

With a net annual spend of circa £11m on goods, services and works, procurement and contract management are key to achieving efficiencies within the organisation. Delivering value for money & optimum management of limited resources, without compromising resilience, are paramount.

This strategy details how the central Procurement Team will support the Authority to respond to the financial challenges we face, whilst maintaining our commitment to keep our community safer and drive out value for the public purse. This refreshed version reflects a change in emphasis, as we continue to embed a category approach, in highlighting less the need to change our ways of working and more the need to continue to deliver against the established themes, respond to changing legislation and embed a responsible approach to procuring.

Centralisation of all complex procurement activity and delivering category strategies which are aligned both internally and with our external partners, will create value, ensure compliance and maximise the impact of Procurement.

The 8 Key Themes of this strategy are central to its delivery and are designed specifically to enable efficient and effective, commercially sound commissioning within ESFA.



Strategic Context

In response to the Home Office's fire reform programme, the National Fire Chiefs Council (NFCC) has created a strategic committee tasked with harnessing our national buying power, under a category management approach. This has enabled an unprecedented level of data sharing, collaboration and transparency, which will drive significant aggregation of demand and the Procurement Strategy remains designed to directly align with this undertaking.

In December 2020, the Cabinet Office set out proposals for shaping the future of public procurement legislation for a post-Brexit Britain, with the publication of a Green Paper. "The overarching goals of these proposals are to speed up and simplify procurement processes, place value for money at their heart, generate social value and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery". Source- "Transforming Public Procurement"/Parliamentary Secretary in the Cabinet Office/December 2021.

All contracting authorities must have regard to this Statement, which is likely to include creating new businesses, jobs and skills in the UK; improving supplier diversity and innovation, tackling climate change and reducing waste.

This strategy, supported by the Authority's Responsible Procurement policy, is intended to align with the change in legislation and build on the transition of Procurement from a tactical function to strategic leadership.

As the Medium-Term Finance Plan outlines, there remains uncertainty about the future of local government funding and this has only been increased as a result of the Covid-19 pandemic. The MTFP under the worst-case option shows a need to deliver further savings of £3.8m by 2026/27. In the best-case scenario this reduces to £0.2m. The mid case scenario forecasts the need for £1m additional savings by 2023/24 rising to £1.5m over the next 5 years. Efficiency remains a significant part of the wider Reform programme and HMICFRS inspections will likely have a keen focus on procurement, as part of a wider assessment of efficiency and effectiveness. It is also part of the sector's offer to Government in return for a fair and sustainable financial settlement.

As we consider how we can meet the demands and drive the change to manage these challenges, it's important to recognise that challenges create opportunities.

The drive for reform creates a sense of urgency which anchors the need for change and modernisation and financial pressures open the door for Procurement to play a key strategic role, in driving value and competitive advantage.

As the Government has a stated intention to streamline the procurement legislation, which could provide an opportunity for simplified and improved procedural rules. The reshoring of British supply chains in advance of Brexit could also provide an excellent opportunity for small and local businesses to win new contracts.

In this climate of reform, increased data transparency and legislative changes, coupled with the need to modernise Procurement and satisfy greater demand with limited resources, it's clear that how we develop our strategic Procurement capability has never been more vital. We are committed to delivering high performing, responsible services, that make effective use of our resources, to meet the needs of our community.

Our Purpose, Commitments and Values

Our Purpose

"We make our communities safer"

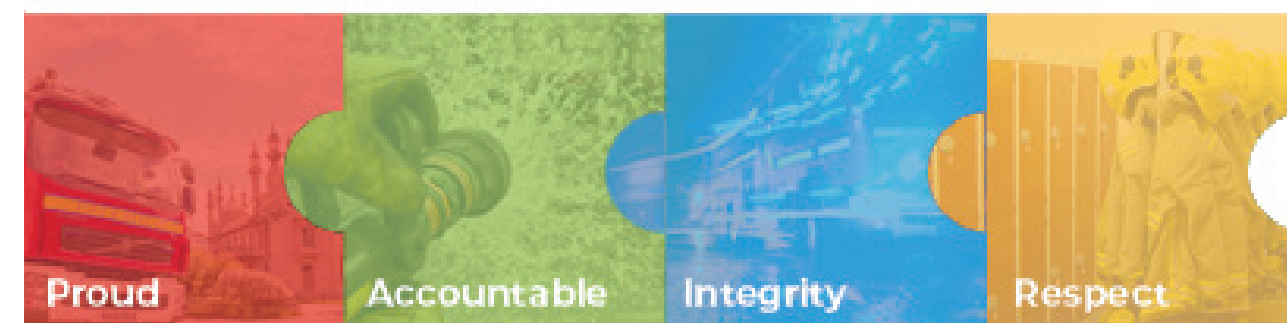
Our commitments

- Delivering high performing services
- Engage with our communities
- Have a safe and valued workforce
- Making effective use of our resource

Our values

- We are **PROUD** of the service we provide
- We are **ACCOUNTABLE** for our actions
- We show **INTEGRITY** in our work
- We **RESPECT** our colleagues and members of the community

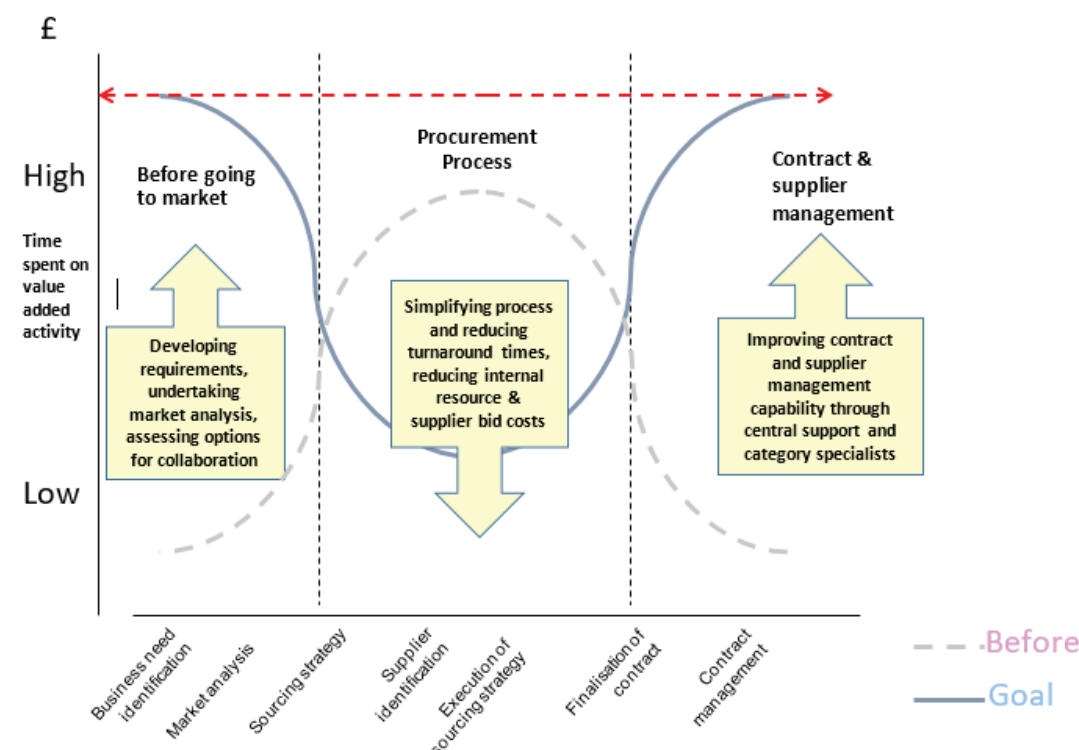
LIVING OUR VALUES



Our Vision for Procurement

A CORPORATE, COMMERCIAL SERVICE, DELIVERED CENTRALLY AND COLLABORATIVELY, ON BEHALF OF THE AUTHORITY

The best value from any contract is at the beginning when it's being shaped and at the end when it's being managed. This diagram illustrates how we aim to reverse the focus of the central Procurement team, to maximise value and harness commercial advantage. (Fig 1 below)

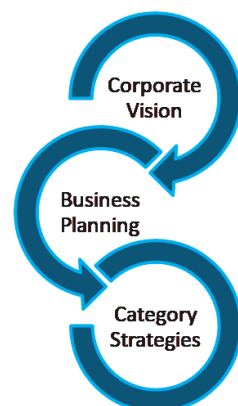


Source: Adapted from "CCS Commercial DNA 2014"

To gain best access to these opportunities, we must focus our efforts and resources into the pre-tender activities (identifying needs, market research and supplier engagement) and into the post-tender activities (contract management, continuous improvement, negotiation).

Centralising all complex pre-procurement & post award activity significantly enhances our capability to identify scope for improvement, whether in the specification or contract management stages.

For the procurement activities undertaken within the Authority to align with our corporate business plans and the National Agenda for reform and standardisation, we will maintain a centralised, coordinated, category approach.



Centralised procurement activity, under the professional expertise of the Procurement Department, gives an opportunity to better organise & coordinate external spend and improve leverage in contracting and negotiation, by forming a better orchestrated approach to the supply base.

The central team will work with the subject matter experts in the key commissioning departments, to craft category strategies which Procurement will manage & deliver.

Centralised Procurement enables:

- ☐ alignment with corporate objectives
- ☐ better pre-procurement market engagement
- ☐ early identification of the optimum route to market
- ☐ a targeted approach to identifying opportunities for collaboration
- ☐ outcome based specifications which drive value and are fit for purpose
- ☐ increased compliance and control
- ☐ a consistent process
- ☐ robust contracts, which balance risk and commercial advantage
- ☐ increased purchasing power & better leverage
- ☐ technical and Service standardisation
- ☐ demand management
- ☐ improved contract management and problem resolution
- ☐ lower training costs
- ☐ improved transparency, spend management/data capture, reporting & audit
- ☐ reductions in process costs

Tactical, low value purchasing will remain within the remit of the individual business areas, accessing corporate contracts via a One Stop Shop, utilising Procurement Cards (P/Cards) & electronic requisitions.

Requests for Quotes and tenders will be made via the central Procurement Team - this hybrid structure supplements local buyers and teams with a corporate team that leverages spend into coordinated categories.

The primary aim of a hybrid approach is to enable limited professional Procurement resources to devolve transactional activity, to focus on value adding activity. Procurement will act strategically to lead and guide the process of procurement within ESFRS, not to actively procure low value, high volume commodities.

The Key Themes to Deliver Our Vision

8 KEY THEMES SUPPORTING COMPLIANCE, COORDINATION AND COMMERCIALISM

These core principles will focus our activities on delivering efficient and effective, commercially sound commissioning. The themes reflect the importance of our pre and post procurement activities and focus effort and resources where they add most value.



Theme 1

Technology, clear and efficient processes, coordinated and supported by the central team, modernising and simplifying the process of procurement to make better use of technology and e-procurement tools, such as P/cards and electronic requisitions.

The Service have embarked on the implementation of a new back-office Enterprise Resource Planning (ERP) solution to replace the existing SAP system.

The objectives of the MBOS programme are as follows:

Efficiency - Eliminate repetitive processes and greatly reduce the need to manually enter information

User experience - Save time on transactional activity and spend more time on developing insights into user, customer, supplier & partner needs, and performance

Workforce competencies - Change the competency requirements of the organisation as it moves from a transaction base to data intelligence led organisation

Integrated access to information - Data accessed through a single Reporting and Business Intelligence solution, integrated across all platforms, keeping data consistent, accurate, and unique

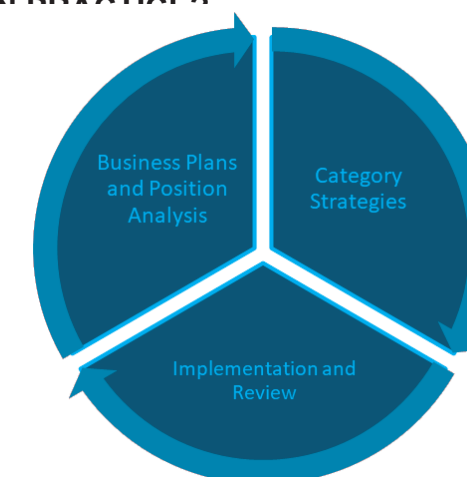
Procurement will develop and deploy E-learning packages to strengthen the governance induction process and maintain competency.

We will make better use of social media to alert and target local enterprises and SMEs in both the private and 3rd sector, to new procurement opportunities.

Theme 2

Category management is a structured, coordinated, strategic approach which links directly to business planning for the procurement of goods and services, and manages the process from identification of need to delivery and ongoing supplier performance. It focuses on the majority of organisational spend and seeks to reduce demand, simplify the way we buy and aggregate spend across the entire organisation or multiple organisations.

HOW WILL THIS WORK IN PRACTICE?



1. Categories directly align with the NPOC and include: clothing, meet, operational equipment, ICT, facilities management and construction and professional services.
2. Analysing key areas of spend to enables identification of savings and or/collaborative opportunities and maximises the value of spend.
3. In partnership with our key commissioning departments, strategies are developed which make sourcing decisions based on objective information and which follow a Position, Choice, Action approach, using market analysis and spend data, to provide a broad understanding of the supply market, the opportunities and the threats. (Fig. 2)

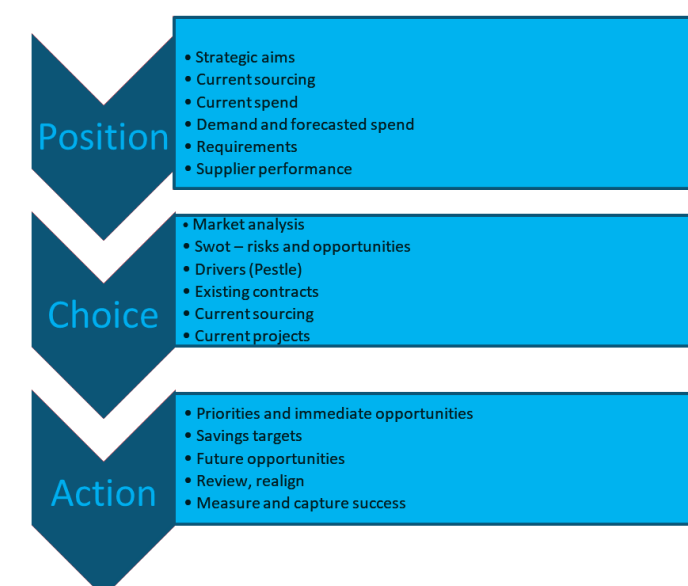


Fig. 2

4. Key commissioning departments will be supported by a Business Partner approach, with the central team working with colleagues to create and implement category strategies, measure performance and review outcomes.

Theme 3

We will support Partnering and Collaboration by aligning our categories with the national agenda, aggregating spend through effective collaboration or by sharing services on common goods and services, without compromising the outcome.

Pre-procurement activity and sourcing strategies underpinning the category approach, will enable us to identify & target any opportunities for collaboration either nationally, locally or both ahead of going to market.

The Procurement Department will proactively engage with and support the national Procurement Hub to deliver national, collaborative contracts.

Theme 4

Successful Contract Management is most effective where pre-award activities are properly carried out and there is robust performance monitoring and transparency. A category led approach to contract management, will oversee contract delivery, optimisation and performance.

Securing best value through proactive supplier relationship management and central monitoring of KPIs and SLAs, with our key internal customers, this central oversight will ensure agreed benefits do not leak away. This enables continuous improvement and in essence, ensures we not only get the negotiated result but continue to realise benefits.

Theme 5

People and continued Development of their skills is fundamental to the success of our strategy.

The recentralisation of complex procurement activity will see a reduction in planned training costs across the service.

To support the central team however, a joint Finance & Procurement training needs analysis exercise will be conducted across the Service for all staff engaged in commissioning activity and Procurement Development Plans will be developed. This will enable us to enhance our skills across the organisation in relation to contract management, specification writing and commercial behaviour.

We will support the organisation with regular updates, standard templates, training guides and e-learning packages to embed best practice across the Authority.

Theme 6

Clear governance, the right structure, processes and people in place will allow us to coordinate and control spend.

Procurement activity will be strongly linked to Corporate objectives and Business Plans via the Category Strategies.

A centre led approach will foster consistent, compliant processes and central monitoring will track spend against contract value.

Procurement will support colleagues to procure transparently, ethically and with integrity.

Theme 7

Risk Management. Identifying and mitigating risk is integral to the formulation of the category strategies and associated contracts.

Category Strategies will use the Kraljic Matrix approach to segment supplies according to value & risk of supply. (Fig 4)

This will enable a risk-based assessment for each category, which will be used to decide on a relevant approach for supplies.

Devolving purchasing of the tactical, low value, low risk supplies to the wider Service via P/Card purchasing, allows Procurement to focus on the strategic, bottleneck and leverage items where we can add real value.

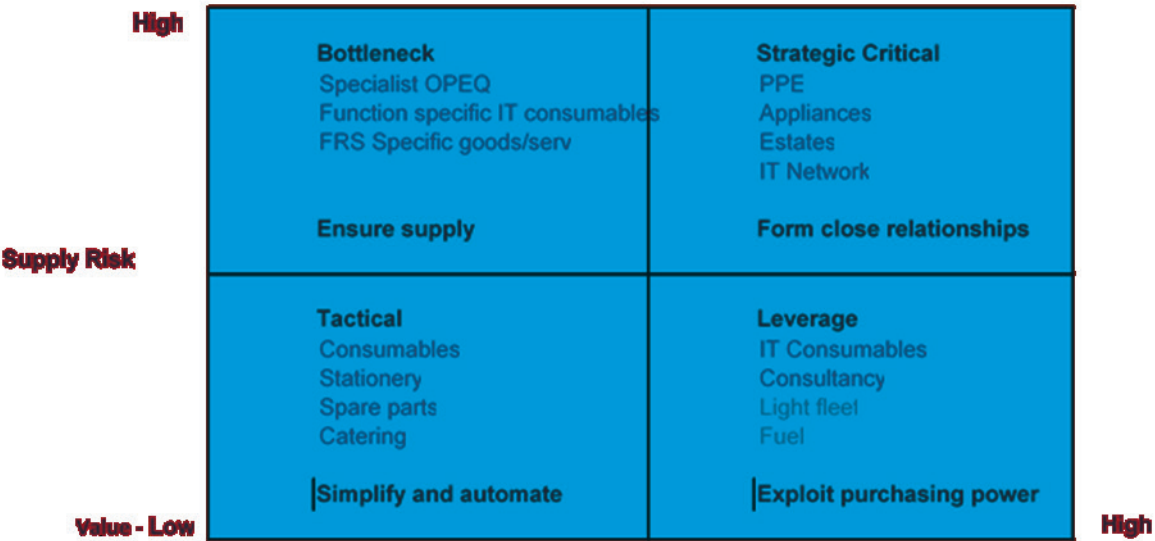


Fig. 4
In relation to contracts, Procurement will ensure that contracts contain sufficient and appropriate recourse and remedies, including financial recompense and non-punitive damages, where appropriate to the impact.

Commodity Risk Assessments will enable early identification of any potential exposures and opportunities, in relation to our supply chain, contractual arrangements and future procurements.

Theme 8

Responsible Procurement represents the additional social, economic and environmental value created by our developments throughout their lifetime for the communities and regions where we operate.

The Social Value Act 2012 has acted as a catalyst for change in the Public Sector, by requiring Public authorities to have regard to economic, social and environmental well-being of communities and allowing them to deliver additional growth, skills, jobs and other community benefits, directly via their tendering activity and resulting contracts.

These benefits can be encouraged, captured and measured by how we approach the market. If our potential suppliers see significant rewards and weightings within tender opportunities for Responsible Procurement outcomes, it will clearly signal that we value their innovation in these areas.

Responsible Procurement considerations will form part of the award weighting for all relevant opportunities, so that we consider the economic, social and environmental benefits to our community.

To supplement this strategy, the Responsible Procurement policy aims to support our collective responsibility to limit any negative impact and promote the Authority's commitment to deliver responsible and sustainable outcomes, across three primary areas.

1. Social Value
2. Ethical Sourcing
3. Environmental Sustainability

Our primary focus will be to ensure that we assess how a provision:

- 1.supports the local economy – exploring opportunities to encourage local or Small Medium Enterprises (SMEs) and voluntary and diverse businesses, number of local and diverse suppliers used within the supply chain and number of apprenticeship placements.
- 2.minimises carbon emissions and the carbon footprint of goods, services, and suppliers contract delivery methodology
- 3.allows the supplier to innovate via the use of non- prescriptive specifications, which allow the market and suppliers to speak on innovative solutions and/or new technology, where it has sustainable benefits.

For Equality and Diversity to be embedded within our supply chain, we will:

- ensure equality factors are considered in procurement activities from the outset, as with all responsible procurement considerations
- consider equality-related contract conditions where they relate to the performance of the contract
- include proportionate equality-related award criteria in the tendering process
- include equalities issues and reviews in performance monitoring during the life of the

contract/framework

Measuring Success

HOW WILL WE MEASURE OURSELVES?

Our 3-year priorities are summarised in Section 8 and covered in more detail within the Procurement Business Plan. These measures are indicative of how Procurement will

Principle	Measure	Target
Control of Spend	% applicable spend managed by robust contracts	95%
	% influence-able spend managed by central procurement team	80%
	% procurements with evidence of appropriate process	95%
Systems	% low value transactions processed via P/card	80%
	% opportunities advertised via e-tendering portal	90%
People	No. of staff trained in Procurement relative to role	90%
Policy	No. of exceptions/waivers per no. of procurements	< 10%
	No. of retrospective POs and FV60 invoices	< 10%
	Evidence of carbon emissions reduction	Qualitative assessment
	No. of SMEs registered on e-tendering portal	10% of supply base
	No. of contracted apprenticeship placements	TBA
Contract Management	% of key contracts performance managed by Procurement	50% growing to 90%
	Staff responsible for SCM trained	90% by 2024
	No. of significant contractual disputes	2 or less
	% of key contracts evidencing regular, effective supplier management	60%
Customer Satisfaction	360' Annual Feedback Survey of internal colleagues	Qualitative Assessment
Savings	Actual savings (individual categories) NFCC Savings Register	Targets set annually
	% annual saving on influence-able spend	Not < 5%
Benchmarking	NFCC National Spend Data	Bi-annual reporting

Priorities

PLAN DO CHECK ACT

Our priorities, which are detailed within the Procurement Business Plan, are summarised below:

Year 1 - 22/23
Deliver local implementation of SAP replacement as part of the ESCC MBOS project
Continue to implement full category approach, to deliver savings targets in MTFP
Recruit Assistant Category Specialist
Set savings targets/identify opportunities - achieve minimum £25K annual savings
Engage in National & Local Collaboration
Commence joint Training Needs Analysis with Finance
Embed Responsible Procurement (RP) – with a focus on local economy, carbon footprint and supplier innovation.
Year 2 - 23/24
Utilise MBOS to develop a Procurement dashboard
Set savings targets/identify opportunities - achieve minimum £25K annual savings
Review and rationalise corporate tail end spend and enable automated catalogue purchasing via embedded P/cards.
Conduct P/Card Review
Continue TNA & implement Procurement Development Plans
Engage in National & Local Collaboration
Ahead of Year 3
Review performance against targets
Set savings targets/identify opportunities - achieve minimum £25K annual savings
Refresh Category Plans
Refresh Procurement Strategy
Review progress against RP targets

Contact us

We listen to our communities and want you to help us improve the services we provide. If you want to get involved, or would like more information about our services, please get in touch and have your say.

Phone: 0303 999 1000

E-mail: enquiries@esfrs.org

Write to: Liz Ridley

Assistant Director Planning and Improvement

East Sussex Fire and Rescue Service

Service Headquarters

Church Lane

Lewes

BN7 2DZ

East Sussex Fire Authority is responsible for the preparation of this performance plan and for the information and assessments set out within it, and the assumptions and estimates on which they are based. The Authority is also responsible for setting in place appropriate performance management and data quality control systems for which the information and assessments in the performance plan have been derived.



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