

Fire Authority

15 June 2023



Membership:

Councillors: Asaduzzaman, Azad, Dowling, Evans, Galley, Geary, Goddard, Lambert, Maples, Marlow-Eastwood, Muten, Osborne, 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

207. 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.

208. Election of Chairperson

5 - 8

Report of the Monitoring Officer

209. Election of Vice-Chairperson

9 - 10

Report of the Monitoring Officer

210. Apologies for Absence

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

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

- 212. To consider any public questions**
- 213. To receive any petitions**
- 214. Non-confidential Minutes of the Previous Meeting** **11 - 22**
To approve the Non-confidential Minutes of the last meeting held on 9 February 2023
- 215. 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.
- 216. Political Representation on the Panels of the Fire Authority** **23 - 28**
Report of the Monitoring Officer
- 217. Fire Authority and Panel Meetings 2023-2024** **29 - 30**
Report of the Democratic Services Manager
- 218. Treasury Management - Stewardship Report for 2022/23** **31 - 44**
Report of the Assistant Director Resources/Treasurer
- 219. Medium Term Financial Plan Tranche 4 Update Report** **45 - 50**
Report of the Assistant Chief Fire Officer

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

Date of Publication: 7 June 2023

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.

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EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023
Title: Election of Chairperson
By: Abraham Ghebre-Ghiorghis, Monitoring Officer
Lead Officer: Abigail Blanshard, Democratic Services Manager

Background Papers: Previous Report - 9 June 2022
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 9 June 2022 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 9 June 2022 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 in June 2022 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: 15 June 2023

Title: Election of Vice-Chairperson

By: Abraham Ghebre-Ghiorghis, Monitoring Officer

Lead Officer: Abigail Blanshard, Democratic Services Manager

Background Papers: Previous Report - 9 June 2022
 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, 9 February 2023.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Azad, Dowling, Evans, Geary, Hamilton, Maples, Marlow-Eastwood, Nemeth, Osborne, Powell, Redstone, Scott, Taylor, Theobald, Ungar and West

Also present: D Whittaker (Chief Fire Officer), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), L Ridley (Assistant Director Planning & Improvement), M Lloyd (Assistant Director Safer Communities), H Scott-Youlton (Assistant Director Operational Support & Resilience), Alison Avery (Finance Manager), E Curtis (Communications & Marketing Manager), R Smith (Democratic Services Officer) and A Blanshard (Democratic Services Manager)

131 Declarations of Interest

Councillor Redstone declared a personal, non-prejudicial interest due to his membership of the East Sussex County Council Pensions Committee.

132 Apologies for Absence

There were none.

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

The Fire Authority recorded their congratulations to the Chief Fire Officer on her being awarded the King's Fire Service Medal in the New Year's Honours list. Members thanked the Chief Fire Officer for her dedicated service to East Sussex Fire & Rescue Service as well as her work nationally on water safety.

The Chairman acknowledged that the Fire Authority would be making difficult decisions at the meeting and urged all Members to try to act in a collegiate manner.

134 To consider any public questions

The following questions were received from Members of the Public. The questioner attended the meeting and asked their question in person, they will also receive a written copy of the response to their question.

The question and response are included in these minutes as a matter of public record.

Public Question from Leo Cacciatore, Fire Brigades Union Rep. of Hastings, Bohemia Road:

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

“It is understood that the service has to legally deliver a balanced budget. Therefore, do the proposed changes and re-distribution of resources satisfy our operational, moral and legal obligation in delivering a functioning service that is in accordance with what a public expect and where does it leave us if not?”

Response:

The requirement to deliver a balanced budget falls on the Fire Authority, as the properly constituted body discharging all responsibilities under the Fire and Rescue Services Act 2004, and other relevant legislation. The current Integrated Risk Management Plan (IRMP) 2020-25 is prepared against the Fire and Rescue Services Act 2004, and the current Fire and Rescue National Framework. It sets out clearly our operational model, developed following a comprehensive modelling of risk and vulnerability in 2019. The IRMP was approved by this Fire Authority in September 2020 following extensive public consultation, which was carried out in accordance with government guidelines, but also with advice from an external consultancy specialising in public consultation.

Our moral obligation is set out clearly in our purpose, commitments, and values. Our purpose, which drives our Service, is that ‘We make our communities safer.’ This purpose is enabled by our commitments, to:

- Deliver high performing services
- Engage with our communities
- Have a safe and valued workforce, and
- Make effective use of our resources.

Fundamental to our purpose and commitments, and underpinned by our adoption of the Fire and Rescue Service Code of Ethics, are our values, against which we are all accountable:

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

We provide assurance to the public through our regular financial and performance reporting. Independent assurance is also provided through our internal audit service and the work of EY our external auditors in their audit of our financial statements and our arrangements for value for money. Following an extensive inspection by HMICFRS, during the summer last year, we were judged as ‘good’ for both effectiveness and efficiency.

In summary, the Fire Authority continues to provide a service which keeps our communities safe and we aim to continue to do so.

In response to a supplementary question regarding whether the Fire Authority was concerned with how quickly the financial situation facing all Fire & Rescue Services, especially ESFRS, was changing and developing. On

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

behalf of the Fire Authority, the Chairman confirmed that it continued to provide a good service, compliance with the Authority's attendance standards was good and it had not failed the public. It would, of course, prefer a more secure budget and it had lobbied Government for more sustainable finances. The Authority has a reputation for sound financial management and sought to provide a balanced budget for 2023/24 and a plan for the same in 2024/25.

135 To receive any petitions

There were none.

136 Non-confidential Minutes of the Previous Meeting

RESOLVED – That the minutes of the meeting held on 8 December 2022 be approved and signed by the Chairman.

137 Callover

Members reserved the following items for debate:

201 Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28

202 Treasury Management Strategy for 2023/24

204 Integrated Transport Function – Fort Road site, Newhaven

RESOLVED – The Fire Authority agreed that all other reports on this Agenda be approved in full.

138 Fire Authority Service Planning processes for 2023/24 and beyond - Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28

The Fire Authority considered the report of the Chief Fire Officer (CFO) and Assistant Director Resources/Treasurer (ADR/T) presenting the draft Revenue Budget 2023/24, Capital Strategy 2023/24 – 2027/28 and Medium Term Finance Plan for 2023/24 – 2027/28 for approval. The ADR/T introduced the report to the meeting, outlining the changes since the initial proposals presented to the Policy & Resources Panel at its meeting in January 2023 and since the publication of the agenda for this meeting. These included minimal changes as a result of the publication of the Final Local Government Finance Settlement and additional one-off funding of £65,000 from the distribution of the Business Rate Levy Account surplus (which was not reflected in the papers). The reported Collection Fund position had been revised to a zero balance from the £0.4m deficit previously forecast. Further updates had been made to the Capital Asset Strategy reflecting the latest forecasts for delivery in 2022/23 and inflation impacts on fleet schemes, these together increased the total value of the programme by £1.089m between 2023/24 and 2027/28.

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

Final information on funding from business rates had not yet been analysed and these remained as estimates. Confirmation was still awaited from the Home Office on specific grants, including those relating to Pensions and Protection Uplift.

The funding settlement was still only for 1 year and there was no certainty on funding for 2024/25 and beyond, but the settlement was better than expected, this increase had been helped by comprehensive lobbying across the sector, locally and nationally, to Central Government. This improved position was largely due to the Government's guarantee of a 3% increase in Comprehensive Spending Power (before decisions on increases in council tax) and an increase in the council tax referendum threshold to 3% and, for 2023/24 only, an additional flexibility for all fire authorities of up to £5. This was welcomed, although the Fire Authority would still need to make challenging decisions to balance the budget. The Authority had continued to make progress in identifying and agreeing efficiencies and savings proposals over the last 12 months, the latest Medium Term Financial Plan showed that savings of £1.295m had been identified already in 2023/24.

The report outlined proposals for setting a balanced revenue budget for 2023/24, in line with the Fire Authority's statutory duty, and included commitments, growth bids and new savings. Additional savings proposals, which would, based on current forecasts, be necessary to balance the budget in 2024/25 were also set out as the Fire Authority had requested in order to determine which tranches should be developed further and implemented, subject to appropriate public consultation.

As recommended by the Policy & Resources Panel, the budget proposals had been modelled on a £5 council tax increase. The budget gap for 2023/24 was £0.636m. It was proposed that this be funded using reserves in 2023/24, the amount required to balance the budget for 2024/25 was £0.721m. The use of one-off measures in 2023/24 would allow time for the additional savings proposals, set out in section 7 of the report, to be developed, consulted upon (where required) and implemented by 1 April 2024. Using reserves to balance the budget was legitimate where it assisted in smoothing the impact/delivery of planned savings, but the approach was not financially sustainable and could not form an ongoing part of budget setting. This would be the second year that the Fire Authority had used its reserves to balance its budget.

The ADR/T referred to paragraph 4.8 of the report which set out a range of risks that had the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members needed to give consideration. Additionally, there would be the future impact of grey book pay negotiations, but as these were ongoing, they could not be dealt with today. It was estimated that if the latest pay offer was accepted it would result in an additional cost pressure of £0.3m in this year, £0.5m in 23/24 and £0.6m in 24/25. The Fire Authority was also directed to paragraph 11.1, the Chief Finance Officer's Statement, this confirmed that the estimates used for the purposes of calculating the budget, revenue and capital had been produced in

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

a robust and transparent way and the proposed financial reserves were consistent with Fire Authority policy and were both prudent and necessary. Furthermore, it is essential that the Authority focuses on delivering the additional savings proposals that will enable it to balance its revenue budget from 2024/25 onwards without recourse to the use of reserves. In addition, the Authority must implement the proposals made in this report to rebuild its reserves and maintain its financial sustainability over the next five years.

A full and lengthy debate followed. Members queried whether the potential pay settlement included the backdating of pay for this year, the ADR/T confirmed it did, to 1 July 2022 as required for grey book staff.

Members, referring to the revised list of Fees and Charges set out at Appendix C, asked whether the increases proposed were sufficient, they did not appear to be as large as they could be. The ADR/T explained that in terms of income derived it was minimal, the Authority were only permitted to recover costs, not to make a profit, therefore the increases had been modelled in line with increases in pay. It was also important to note that some of these were set externally. The CFO added that the most common of these charges were for Fire Investigation Reports, the fee for these would be monitored as the compilation of these reports could be lengthy. It was important to anticipate the impact of these on other work that was required, Fire Investigations were not a Statutory function, but the Service undertook them as it was a good way to learn lessons.

Members asked whether the Service could recover costs from companies if they were found to have caused an incident through proven negligence. The CFO explained that with regards to third party cost recovery it was dependent on who it was. For qualifying major incidents, the Service was supported by the Government's Bellwin Scheme which is payable when costs exceed spending over 0.2% of its budget. The Sector was lobbying Government for a review of this considering wildfires. If the costs arise because of Criminal activity, then the Service could apply for compensation as part of the court process. However, negligence by a 3rd party must be proven and the key consideration in this circumstance would be whether the legal costs would outweigh any compensation. The Service would always consider cost recovery through the appropriate channels if there was a reasonable expectation of success. The Deputy Monitoring Officer (DMO) added that the Service was not allowed to charge for its Statutory functions (Section 18 (b) of the Fire & Rescue Services Act 2004) therefore we would not be permitted to charge for responses, including those relating to severe weather.

A discussion followed with regards to Members' concerns about the success of the lobbying for additional funding from Central Government. The Authority was grateful for the work that was done to draw attention to concerns about the funding of the Fire Sector, both locally and nationally, but some Members felt that this was not as successful as it could have been. They were keen that lobbying should continue but should focus on requiring Government to increase core funding rather than the ability to raise council tax. The ADR/T responded that the lobbying had been broadly successful, but that the future

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

remained extremely difficult, the request to the Fire Minister for the ability to increase Council Tax by the same level next year was because Government had already set its spending limits for 2024/25, so Council Tax was the only avenue available. The Service would continue to lobby for increases to grants, and longer term financial settlements. The CFO added that aside from the funding perspective, there were growing demands for the Service to respond to a wider range of incidents, climate change was increasing and driving our responses. The NFCC was lobbying hard on the issue of flooding, fires in the open and other incidents that should be but are not currently statutory duties of the Fire Sector. There was for example no statutory responsibility for the Service to respond to water rescues, but it is driven by the Civil Contingencies Act, because of this it is entirely unfunded by Government. The Fire & Rescue Services Act is 20 years old and out of date, these issues were all being taken up with the Fire Minister and the Sector was trying to ensure that its argument was clear and supported by good data.

The Fire Authority collectively expressed concern about the difficult decisions that were before them, no Member was taking their responsibilities lightly and felt that the situation the Service and the wider public sector found itself in was concerning. It was agreed that setting a balanced budget was challenging, particularly with the outcome of the pay offer still unknown. There was support for continued lobbying and the need for adequate funding to enable the Authority to do its job properly, rather than being asked to deliver more with less, but Members were adamant that this must be for central funding and not just for increased income from council tax. A lengthy discussion followed with Members expressing their concerns for the future and gratitude to the staff and volunteers for all their work. The general feeling amongst those present was that this budget was necessary and would be supported but not a decision that anyone would be taking lightly.

The Authority asked how tranche 3 would be implemented and for some clarity on the implications of tranche 1 on Newhaven and Uckfield. The Deputy Chief Fire Officer (DCFO) confirmed that for tranche 3 the process of scoping out the structural change had already begun, it would look at all areas and progress would be reported through the Senior Leadership Team and to the Policy & Resources Panel. The Assistant Chief Fire Officer (ACFO) addressed the implementation of tranche 1, the current IRMP would still deliver the 18 appliances. There were no changes to Uckfield and Newhaven relating to the flexible crewing pool and on-call provision.

The Fire Authority agreed to vote on all the recommendations as one. The Chairman read each recommendation in full, and the Authority voted as follows:

For: 15

Abstain: 3

No Member voted against the recommendations

RESOLVED – The Fire Authority agreed to:

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

1. Approve an increase in council tax of £5 and thus approve:
 - (i) The budget proposals set out in the report and the net budget requirements of £45.058m for 2023/24
 - (ii) The council tax requirement of £31.093m; and
 - (iii) The council tax and precepts as set out in Appendix F to the report;
2. Approve the capital programme for the next five years and the capital budget of £8.421m for 2023/24 including the plan to use Community Infrastructure Levy (CIL), capital receipts, revenue contributions and new borrowing to finance capital expenditure;
3. Approve that the general balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2025/26;
4. Approve the fees and charges set out in Appendix C to the report;
5. Approve the use of reserves as follows to balance the revenue budget in 2023/24;
 - £0.116m from Carry Forward reserve
 - £0.440m from Sprinkler reserve
 - £0.080m from Financial Stability reserve;
6. Approve 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;
7. Note that a revised set of proposals had been presented in section 7 of the report from those considered previously by the Fire Authority at its December 2022 meeting and those considered by the Policy & resources Panel in January 2023;
8. Note that as a result of the proposals being considered that two decisions made in the Integrated Risk Management Plan 2020/25 would change:
 - (i) the original decision to:

'introduce a one-watch duty system at Bexhill, Crowborough, Lewes, Newhaven and Uckfield to work over 7 days with an establishment of 9'

was changed to the proposal in tranche 2 within section 7 of the report to:

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

‘to be to remove On-call at Lewes and Crowborough and increase Wholetime crewing from 9 to 10’ noting that this change provides the same level of service provision to the community’

- (ii) that the tranche 4 proposal had been further amended from:

‘Defer the introduction of the additional pump in Hastings and continue to move to a Day crewed duty system at The Ridge fire station from a shift duty system and: Defer moving Bexhill to a 1 pump resilience station, maintaining the second appliance as a dedicated appliance, and in doing so provide additional cover in the Hastings area’

to

‘Reconsider the delivery model in the East of the Service area, ensuring 2 immediately available appliances in Hastings, 24-hour period, 7 days a week.’;

9. Approve pausing the implementation of the IRMP decisions taken in 2020 ***to introduce a second full-time fire appliance at Bohemia Road Fire Station, increasing the staffing levels at that station, and pause the Ridge Fire Station changing to a 7 day a week “day crews” system with a 1 watch staffing level of 9.*** Noting that this pause presents no additional risk to the communities in Hastings. Service provision will remain as it currently is until new options are developed under tranche 4;
10. Approve the implementation of the changes detailed in tranches 1-3 noting that public consultation is not required;
11. Note that Officers would continue to develop options under tranche 4 and that once developed may require public consultation as described in section 8 of the report, to be agreed at the Fire Authority meeting in June 2023 if necessary; and
12. Note that if savings can be achieved, without the need to revisit tranche 4, the decision to pause the implementation plan will be considered again as part of the Fire Authority’s next Community Risk Management Plan (CRMP), to be consulted on during 2024.

139 Treasury Management Strategy for 2023/24

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) presenting for approval the Treasury Management Strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2023/24. The report contained recommendations regarding the borrowing limits, 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.

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

The ADR/T explained that the emphasis continued to be on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed). The Strategy and limits were consistent with the proposed capital programme and revenue budget previously approved at this meeting.

The Fire Authority were 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 had always adopted a prudent approach on its investment strategy and no changes were proposed for 2023/24.

The Fire Authority was recommended to approve the 2023/24 investment strategy, it should be noted that any introduction of longer term investments would result in an increased, but appropriate, level of risk to the investment portfolio. The Authority to the 31 December 2022 had earned £276,000 in investment interest at an average rate of 1.79%. This level of return was broadly consistent with recent available Investment benchmarking.

The Authority were informed that CIPFA had published revised Treasury and Prudential codes in December 2021, full adoption of the new codes was incorporated into this Strategy and were set out in the report.

Members were grateful for the timetabling of Treasury Management Training to be held in Spring 2023. There was a query as to whether the projected borrowing for 2027/28 took into account the potential increase in need for specialist vehicles. The ADR/T confirmed that the Revenue Budget and Capital programme reflected the Fire Authority's decisions regarding the current IRMP and Fleet assets, the Community Risk Management Plan (CRMP) would revisit issues including the impact of climate change. The Chief Fire Officer (CFO) added that the Statute had been changed in Wales and Scotland and now included Water Rescue and therefore attracted additional and specific funding. It was hoped that lobbying by the National Fire Chiefs Council (NFCC) on this matter would be successful and that the statute in England would be changed accordingly.

RESOLVED – The Fire Authority agreed to:

1. approve the Treasury Management Strategy and policy statement for 2023/24 (and adopt for the remainder of (2022/23));
2. determine that for 2023/24 the Authorised Limit for borrowing shall be £15.0m;
3. adopt the prudential indicators as set out in Appendix 2 to the report;
4. approve the Minimum Revenue Provision (MRP) Statement for 2023/24 as set out in Appendix 3 to the report; and

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

5. approve the Annual Investment strategy for 2023/24 as set out in Section 5 of the report.

140 Pay Policy Statement 2023/24

The Fire Authority considered the report of the Assistant Director People Services (ADPS) which presented the Fire Authority's Pay Policy Statement for the period 1 April 2023 to 31 March 2024, in line with the requirements of the Localism Act 2011.

The Localism Act 2011 imposed a duty on relevant local authorities to prepare pay policy statements for each financial year, this years must be approved by 31 March 2023. The report did not propose any changes to the Authority's existing policies on pay or its pay scales. It reflected the previous Pay Policy updated with the outcomes of national pay settlements, decisions of the Principal Officer Appointments Panel in relation to Principal Officer pay and changes to the Firefighters and Local Government Pension Schemes.

RESOLVED – The Fire Authority agreed to approve the Pay Policy Statement for 2023/24.

141 Integrated Transport Function - Fort Road, Newhaven

The Fire Authority considered the report of the Assistant Director Operational Support & Resilience (ADOSR) which provided an updated timeline for a full business case regarding Fort Road, Newhaven to be returned to the Authority and sought delegated authority to cease the sale of the property.

In December 2022, the Fire Authority's Urgency Panel approved a pause in the sale of the East Sussex Fire & Rescue Service (ESFRS) owned site in Fort Road, Newhaven to Lewes District Council (LDC) in order to build a business case to develop the South East Engineering spoke of the broader Integrated Transport Function, involving ESFRS, West and Surrey Fire & Rescue Services, Surrey Police and Sussex Police.

It was anticipated that the full business case would be presented to the Senior Leadership Team's February meeting and progressed to the Policy & Resources Panel at its meeting in April 2023 to seek approval for adjustments to be made to the capital programme. In view of this timeline, it was necessary for the Fire Authority to give its approval to delegate authority to the Chief Fire Officer, in consultation with the Monitoring Officer and Treasurer, to formally stop the sale of the Fort Road, Newhaven site and to formally notify LDC of this. Members queried when this would take place. The ADOSR confirmed that an initial conversation had been held with LDC, they were aware of the proposal, the timeline and that it was being explored. The Chairman confirmed that he would be speaking directly with the Leader of LDC to explain the position and the process that would be taken.

RESOLVED – The Fire Authority agreed to:

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EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023

Title: Political Representation on the Panels of the Fire Authority

By: Abraham Ghebre-Ghiorghis, Monitoring Officer

Lead Officer: Abigail Blanshard, Democratic Services Manager

Background Papers: Previous Report - Fire Authority 9 June 2022
The East Sussex Fire Services (Combination Scheme) Order 1996

Appendices: 1 – Panel membership 2022-23
2 – Panel Allocations based upon Political Proportions 2023-24

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 9 June 2022.

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

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, and authorise the Monitoring Officer to make and publish the consequential amendments to the constitution,
- 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.

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, Labour, Liberal Democrat and Green. The political make up is:

Conservative:	8
Labour:	5
Liberal Democrat:	3
Green:	2

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 on 9 June 2022 are shown in Appendix 1, and the proposed political proportionality for 2023/24 is shown in Appendix 2.

1.4 The size of each Panel is not fixed 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 on 9 June 2022 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. Following changes to the political proportionality of the Fire Authority, as a result of the Brighton & Hove City Council Elections, it is proposed that the Panel size should become 7 Members and the political group allocations per panel to be as follows:

Conservative:	3
Labour:	2
Liberal Democrat:	1
Green:	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 each Panel be confirmed as 3 Members.
- 1.7 Group Leaders are requested, if not agreed at this meeting, to let the Democratic Services Manager have the names of their Panel Members **by Monday, 19 June 2023**.
- 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 Democratic Services Manager.

Panel Membership 2022-23

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

Member Leads	
Health & Safety	Theobald
Assurance & Peer Review	Geary
Inclusion & Diversity	Powell and Evans
IT	Redstone
Environment & Sustainability	West
Estates	Vacant

Panel Allocations based upon Political Proportions 2023-24

PANEL	TOTAL	
Scrutiny & Audit	7	3 Cons 2 Lab 1 Lib Dem 1 Green
Policy & Resources	7	3 Cons 2 Lab 1 Lib Dem 1 Green
Human Resources	7	3 Cons 2 Lab 1 Lib Dem 1 Green
Urgency	7	3 Cons 2 Lab 1 Lib Dem 1 Green
Total requiring political proportionality	28	
(The total number of seats = 28, divided 12:8:4:4 on the basis of the 2023-24 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 (voluntary posts, not subject to political balance rules)	
Health & Safety	???
Assurance & Peer Review	???
Inclusion & Diversity	???
IT	???
Environment & Sustainability	???
Estates	???

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EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023

Title: Fire Authority & Panel Meetings 2023/24

By: Abigail Blanshard, Democratic Services Manager

Lead Officer: Abigail Blanshard, Democratic Services Manager

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 2023 and for 2024.

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 2023 and for 2024 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:
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

Dates for 2023, above, have been previously agreed by the Fire Authority at its meeting on 9 June 2022.

18 January 2024	Scrutiny & Audit and Policy & Resources Panels
1 February 2024	Fire Authority
16 May 2024	Scrutiny & Audit and Policy & Resources Panels
13 June 2024	Annual Fire Authority
18 July 2024	Scrutiny & Audit and Policy & Resources Panels
5 September 2024	Fire Authority
26 September 2024	Scrutiny & Audit Panel *
14 November 2024	Scrutiny & Audit and Policy & Resources Panels
5 December 2024	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.

Notable dates in 2023/24:

Summer Bank Holiday – 28 August 2023
 Christmas Day – 25 December 2023
 Boxing Day – 26 December 2023
 New Year's Day – 1 January 2024
 Good Friday – 29 March 2024
 Easter Monday - 1 April 2024
 Early May Bank Holiday – 6 May 2024
 Spring Bank Holiday – 27 May 2024
 Summer Bank Holiday – 26 August 2024

EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023

Title: Treasury Management – Stewardship Report for 2022/23

By: Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer: Richard Carcas, Principal Finance Officer (Treasury Management)

Background Papers: East Sussex Fire Authority - 10 February 2022 – Agenda Item 90: Treasury Management Strategy for 2022/23

Policy and Resources Panel - 10 November 2022 – Agenda Item 57: Half yearly report for 2022/23

East Sussex Fire Authority - 9 February 2023 – Agenda Item 202: Treasury Management Strategy for 2023/24

CIPFA Treasury Management in the Public Services Code of Practice and cross sector guidance notes

Local Government Act 2003

CIPFA Prudential Code

Appendices:

1. Economic Overview
2. Counterparty List

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 2022/23.

EXECUTIVE SUMMARY: The Fire Authority has complied with its approved Treasury Management Strategy and Prudential Indicators for the year.

The Bank of England (BoE) Base Rate increased on eight

consecutive occasions during 2022/23. From 0.75% in April 2022 to a closing rate of 4.25% by March 2023. The Bank of England has taken this action to help mitigate inflationary pressures during the year.

The average rate of interest received in 2022/23 through Treasury Management activity was 2.19%. This reflected the Fire Authority's continuing prioritisation of security and liquidity over yield.

No new borrowing was undertaken and two loans totalling £0.481m were repaid during the year. Total loan debt outstanding was £9.817m as at 31 March 2023 and the average interest rate was 4.52%.

The projected outturn of the Fire Authority's Capital Financing Requirement (CFR), a measure of the underlying need to borrow is £9.817m.

Decisions on investment have been taken in the context of the prevailing 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 economic climate is evolving rapidly, as summarised in the commentary from Link Asset Services (Appendix 1). 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 2022/23.

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 2022/23 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

1.5 An Economic overview of the prevailing economic climate during 2022/23 is at Appendix 1.

2 2022/23

2.1 Strategy for 2022/23

2.1.1 At its meeting on 10 February 2022 the Fire Authority agreed its Treasury Management Strategy for 2022/23, taking into account the economic scene, including forecast levels of interest rates. At the same time, the Treasury Management Policy Statement was agreed for 2022/23 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 2022/23 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 the Capital Strategy.

2.1.4 Opportunities to reschedule debt have been monitored but have not arisen as yet.

Investment

2.1.5 When the strategy was agreed in February 2022, 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 The Fire Authority continues to explore Investment options that meet Environment, Social and Governance (ESG) aims. The parameter acts as an added 4th consideration to investment decisions behind Security, Liquidity and Yield. The preservation of capital is the Authority’s principal and overriding priority.

2.1.7 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.

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

2.1.8 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.

2.2 Interest on short term investment balances

2.2.1 The total amount received in short term interest for the 2022/23 was £435,470 at an average rate of 2.19%, the average base rate for the year was 2.30%. A combination of Money Market Funds, Bank Notice Accounts and Bank Fixed Term Deposits were used over the past 12 months.

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

2.3 Long term borrowing

2.3.1 No borrowing was undertaken in 2022/23. The total outstanding loan debt at 31 March 2023 was £9,817,000. There were two PWLB loan maturities in year both on the 31 March 2023 for £382,000 and £99,000. The average interest rate on external debt for the year was 4.52%. A further three loans will mature in 2023/24, two on the 30 September 2023 totalling £236,000 at fixed rates of 5.75% and 4.875% and one further loan on the 31 December 2023, £164,000 at a fixed rate of 4.875%.

2.3.2 No rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates has made rescheduling unviable.

2.4 Short term borrowing

2.4.1 No borrowing was undertaken on a short-term basis during 2022/23 to cover temporary overdraft situations.

3 PRUDENTIAL INDICATORS AND LIMITS RELATING TO TREASURY MANAGEMENT ACTIVITIES

3.1 The limits set for 2022/23

The Strategy Report for 2022/23 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 2022/23.

3.2 Authorised limit for borrowing

3.2.1 The table below sets out the actual 2021/22, original estimate and actual in 2022/23 for borrowing.

	2021/22 Actual £000	2022/23 Original Estimate £000	2022/23 Actual £000
Opening CFR	10,698	10,298	10,298
Capital Investment	1,894	5,426	3,633
Sources of Finance	(1,866)	(5,495)	(3,702)
MRP	(428)	(412)	(412)
Movement in year	(400)	(481)	(481)
Closing CFR	10,298	9,817	9,817
less Finance Lease Liability	-	-	-
Underlying Borrowing Requirement	10,298	9,817	9,817
Actual Long Term Borrowing	10,298	9,817	9,817
Over / (Under) Borrowing	-	-	-
Operational Boundary	11,166	10,378	10,378
Authorised Limit	13,555	12,767	12,767

3.2.2 The outturn for 2022/23 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 Authorised limit is the “Affordable Borrowing Limit” required by S3 of the Local Government Act 2003 and must not be breached. The external borrowing at 31 March 2023 of £9,817,000 is under the Authorised limit set for 2022/23 of £12,767,000.

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.

	2022/23	2023/24	2024/25
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.

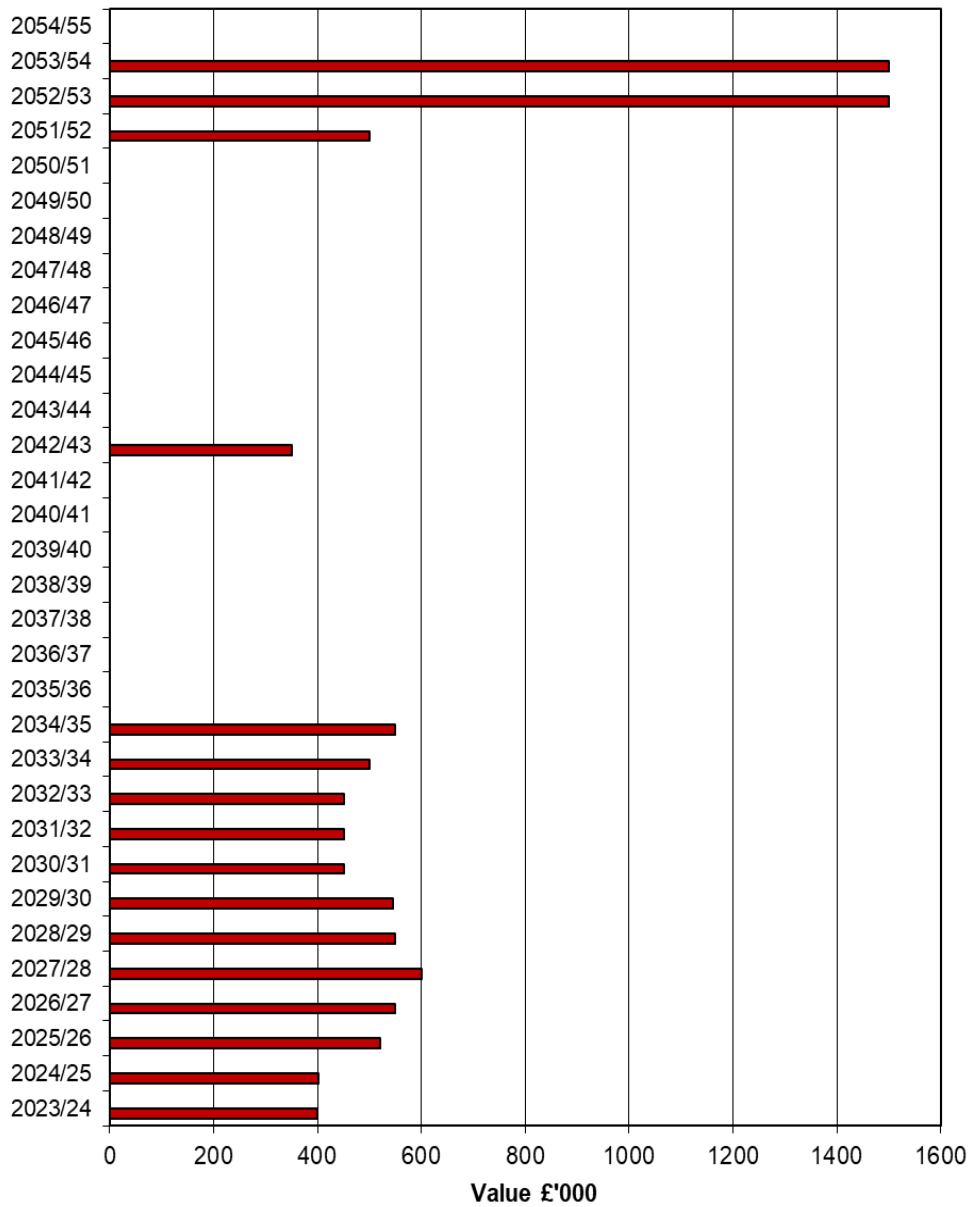
	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>At 31 March 2023</u>
Under 12 months	0%	25%	4%
12 months and within 24 months	0%	40%	4%
24 months and within 5 years	0%	60%	17%
5 years and within 10 years	0%	80%	25%
10 years and within 20 years	0%	80%	14%
20 years and within 30 years	0%	80%	20%
30 years and within 40 years	0%	80%	15%
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 2022/23. 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. Three loans are to be repaid in 2023/24 totalling £400,000.

3.4.4

Fire Authority PWLB Loans Maturity Profile 31 March 2023



3.5 Maturity Structure of Investments

3.5.1 The table below shows the actual sums invested for longer than one year during 2022/23 compared to the limit.

	2022/23 Limit £m	2022/23 Actual £m
Principal Sums invested for longer than 365 days	2.50	0.00

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 During 2022/23 the Bank of England increased bank rate on eight consecutive opportunities, the movements summarised below.

	New Rate	Movement
5 May 2022	1.00%	+0.25%
16 June 2022	1.25%	+0.25%
4 August 2022	1.75%	+0.50%
22 September 2022	2.25%	+0.50%
3 November 2022	3.00%	+0.75%
16 December 2022	3.50%	+0.50%
3 February 2023	4.00%	+0.50%
23 March 2023	4.25%	+0.25%

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 2022/23 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	12,178	0.75%	+0.00%	19.7
May	13,810	0.91%	+0.06%	17.9
June	15,239	1.09%	-0.04%	17.0
July	19,745	1.25%	+0.00%	18.6
August	36,150	1.70%	+0.00%	25.0
September	36,683	1.88%	-0.02%	23.7
October	45,707	2.37%	+0.12%	22.7
November	48,647	2.88%	-0.07%	20.5
December	48,882	3.06%	-0.21%	18.8
January	50,766	3.21%	-0.29%	18.6
February	51,594	3.62%	-0.35%	18.6
March	56,068	3.72%	-0.35%	17.7
Total in 2022/23	435,470	2.19%	-0.11%	19.9

3.7.5 The total amount received in short term interest for the year was £435,470 at an average rate of 2.19%. This was below the average base rates in the same period (2.30%). This is as a result of the investment portfolio taking time to catch up with Base rate as investments matured and the funds were able to be re-invested at higher rates.

3.7.6 Throughout the year bank notice accounts and fixed term deposits with banks were used to invest core balances up to duration of 12 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 from 2021/22 to 2022/23 are detailed below.

Investment Type	Liquidity Bucket	Interest Earned 2021/22 (£)	Interest Earned 2022/23 (£)
Money Market Funds	Instant Access	5,907	129,473
Bank Notice Accounts	95 Day Notice	34,534	120,397
Fixed Term Deposits (Banks)	Fixed Term	17,917	185,600
	Total	58,358	435,471

3.7.7 The Treasurer and Officers continually reviewed the 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 continued to be a key consideration.

4 TREASURY MANAGEMENT ADVISORS

4.1 The Strategy for 2022/23 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 has 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.

2022/23 Economic Backdrop**Provided by Link Asset Services – April 2023**

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extraordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow

recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

Counterparty List 2022/23

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

EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023

Title: Medium Term Financial Plan (MTFP) Tranche 4 (East Review) Update Report

By: Mark Matthews, Assistant Chief Fire Officer

Lead Officers: Matthew Lloyd, Assistant Director Safer Communities
Duncan Savage, Assistant Director Resources/Treasurer

Background Papers: Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28: Fire Authority - 9 February 2023

Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28: Policy & Resources Panel - 19 January 2023

Medium Term Financial Plan Update – Draft Savings Proposals: Fire Authority - 8 December 2022

Strategic Service Planning and Medium Term Financial Plan 2023/24: Fire Authority - 8 September 2022

Appendices: None

Implications:

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

PURPOSE OF REPORT: To provide the Fire Authority with a brief initial overview of the options analysis that has been carried out through the Medium Term Financial Plan (MTFP) Tranche 4 (the East Review) and to inform them that a wider list of potential savings will need to be considered in relation to the forecast potential shortfall in funding for 2024/25.

EXECUTIVE SUMMARY: The financial environment remains both uncertain and challenging. The current funding settlement is for one year only with limited policy guidance available for 2024/25. It is expected

that a further one-year settlement for 2024/25 will be formally announced in December 2023.

At the time that the 2023/24 budget and MTFP was agreed, a potential funding gap of £721k for 2024/25 was forecast. Since then, a two-year Grey Book pay award of 12% has been agreed, 3% over the budgeted figure, and a Green Book pay offer of £1,925 for 2023/24, also over the budgeted figure, has been rejected by representative bodies.

Further work continues to assess the future position and a report on the 2023/24 budget and the 2024/25 funding gap will be considered by the Policy & Resources Panel on 20 July 2023. The current assessment is that the Fire Authority should plan to identify savings options of between £1.0m - £1.5m for delivery by 1 April 2024.

Tranches 1-3 are targeted to deliver savings of £923,000. There is a high degree of confidence that Tranches 1 and 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3 will be fully delivered.

In the meantime this paper provides a brief initial overview of the output of the options analysis that has been carried out for MTFP Tranche 4 (the East Review), and how a wider list of potential additional savings options must now be considered in relation to the evolving MTFP shortfall in funding for 2024/25.

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- RECOMMENDATION:** The Fire Authority is recommended to:
- a) note the increase in estimated savings that maybe required to balance the 2024/25 budget, from £721,000 forecasted last year to up to £1,500,000; and
 - b) note that the progress under the Medium Term Financial Plan Tranche 4 on the wider options analysis will be presented to the Policy & Resources Panel on 20 July 2023 prior to be submitted to the Fire Authority on 7 September 2023 once further work on updating the MTFP for 2024/25 has been carried out.
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1 INTRODUCTION:

- 1.1 At its meeting on 9 February 2023 the Fire Authority set a balanced budget for 2023/24 noting that additional savings proposals were required in order to meet the future funding pressures identified in the MTFP, and in particular, to balance the budget in 2024/25.

- 1.2 As a result of the MTFP refresh and 2023/24 budget round, an eighth work package was added to the current IRMP scope containing three additional workstreams, as follows:
- MTFP Tranche 1 - Removal of On Call Support Officers
 - MTFP Tranche 2 - Removal of On Call from Lewes and Crowborough
 - MTFP Tranche 4 - East Review (option analysis only)
- 1.3 Tranches 1 and 2 have been integrated into the existing Integrated Risk Management Programme (IRMP) and a progress update on delivery of those elements will be presented to the Scrutiny & Audit Panel at its meeting on 20 July 2023.
- 1.4 This paper provides a brief initial overview of the output of the options analysis that has been carried out for MTFP Tranche 4 (the East Review), and how a wider list of potential additional savings options must now be considered in relation to the evolving MTFP shortfall in funding for 2024/25 forecast to be between £1.0m - £1.5m.
- 1.5 A separate project has been set up to support delivery of MTFP Tranche 3 - Structural Review & Related Ways of Working.

2 TRANCHE 4 – EAST REVIEW OPTIONS ANALYSIS

- 2.1 The Fire Authority agreed that “Tranche 4” proposals would be amended from:

‘Defer the introduction of the additional pump in Hastings and continue to move to a day crewed duty system at The Ridge Fire Station from a shift duty system’ and ‘Defer moving Bexhill to a 1 pump resilience station, maintaining the second appliance as a dedicated appliance, and in doing so provide additional cover in the Hastings area’.

to:

‘Reconsider the delivery model in the East of the Service area, ensuring 2 immediately available appliances in Hastings, 24-hour period, 7 days a week’.

- 2.2 In addition, the Fire Authority agreed to:

‘Pause the introduction of a second full-time fire appliance at Bohemia Road Fire Station, which would have increased the staffing levels at that station and pause The Ridge Fire Station changing to a 7 day a week “day crewed” system with a 1 watch staffing level of 9’.

- 2.3 It was noted at the time that this pause presented no additional risk to the communities in Hastings. Service provision would remain as it currently was until new options were developed under Tranche 4, and these options were to be further developed and returned to the Fire Authority in June 2023 in time for public consultation if required and prior to implementation.

- 2.4 On that basis the objectives of MTFP Tranche 4 were defined as:

- We must maintain 2 immediately available appliances in Hastings 24/7 whilst remaining within the parameters previously defined by the Operational Response Review in relation to 18 available pumps
- Provide a sliding scale of options to deliver savings of up to £300,000 p/a by March 2024

2.5 Workshops have taken place and a number of options were considered. Each option was evaluated in respect to the level of savings that could be generated, whether consultation was required and the impact to the public.

2.6 The shortlist of potential ways in which to achieve the objectives of the East Review are:

Option 1	Consider wider options outside the East Group for savings
Option 2	Hastings and The Ridge run as a single watch on 2/2/4 (-4 Watch Managers)
Option 3	Self-rostering at The Ridge only (-4 Firefighters)

3 BROADER MTFP CONTEXT AROUND TRANCHE 4

3.1 The financial environment remains both uncertain and challenging. The current funding settlement is for one year only with only limited narrative policy guidance for 2024/25. It is expected that a further one-year settlement for 2024/25 will be announced in December 2023.

3.2 At the time that the 2023/24 budget and MTFP was agreed, a potential funding gap of £721,000 for 2024/25 was forecast. Since then, a two-year Grey Book pay award of 12% has been agreed, 3% over what had been budgeted for, and a Green Book pay offer of £1,925 for 2023/24, also over the amount budgeted, which has been rejected by representative bodies.

3.3 A more detailed report on the 2023/24 budget and a revision of the 2024/25 funding gap will be brought to Policy & Resources Panel on 20 July 2023. The current view is that the Authority should plan to identify savings options of between £1.0m - £1.5m for delivery by 1 April 2024.

3.4 Tranches 1-3 are targeted to deliver savings of £923,000. There is a high degree of confidence that Tranches 1 and 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3 will be fully delivered.

3.5 Whilst the size of the shortfall remains to be confirmed, on the above basis the residual shortfall to be filled by Tranche 4 could now be up to around £500,000, as opposed to up to £300,000 per annum previously assumed.

3.6 At its meeting on 9 February 2023 the Fire Authority agreed that any residual shortfall in the MTFP would be reconciled through Tranche 4 proposals, focusing on the options for the East of the County. However, given the potential increase in savings now required from Tranche 4, a wider range of options (Option 1) would

now need to be considered by the Policy & Resources Panel on 20 July 2023 and a final list of potential savings, together with the recommendations presented to Fire Authority on 7 September 2023.

3.7 The list of the wider savings options being considered include:

- a revised forecast of the savings realisable from the current IRMP
- a review of the frequency / scale of planned WT FF recruits training
- a review of planned capital investment in fleet and estate
- a review of planned revenue investment in IT and People Strategies
- a review of the planned use of the Business Rate Pool Reserve
- consideration of the East Group shortlisted options

3.8 At this stage, it is anticipated that these options above would not require public consultation and can be largely realised by April 2024. Once the settlement for the 2024/25 budget is known the degree of any savings required would then be met by considering the above list and associated savings in more detail.

3.9 In addition to working up the final recommendation for savings against any shortfall realised once the settlement for 2024/25 is announced, the Service is taking actions to avert spending this year to ensure maximum flexibility within the life of the current MTFP.

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