

POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 10.00 am on Thursday, 16 January 2020.

Present: Councillors Peltzer Dunn (Chairman), Galley, Tutt, Scott, Powell and Barnes (In place of Councillor Pragnell)

Also present:

M Andrews (Assistant Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), L Ridley (Assistant Director Planning & Improvement), D Savage (Assistant Director Resources/Treasurer), W Tricker (Finance Manager) and L Woodley (Deputy Monitoring Officer) and E Simpkin (Democratic Services Officer)

18 Declarations of Interest

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

19 Apologies for Absence/Substitutions

Apologies were received from Councillor Pragnell. Councillor Barnes was attending as his substitute.

20 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.

21 Minutes of the last Policy & Resources Panel meeting held on 31 October 2019

RESOLVED: That the minutes of the meeting of the Policy & Resources Panel held on 31 October 2019 be approved as a correct record and signed by the Chairman.

22 Callover

Members reserved the following items for debate:

- 23. Revenue Budget & Capital Programme Monitoring 2019/20
- 24. Fire Authority Service Planning Processes for 2020/21 & Beyond – Revenue Budget 2020/21 & Capital Strategy 2020/21 - 2024/25

23 Revenue Budget & Capital Programme Monitoring 2019/20

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which outlined the issues arising from the monitoring of the 2019/20 Revenue Budget and Capital Programme as at 30 November 2019. It was noted that the Revenue Budget was currently forecast to be £173,000 underspent. With regards to the Capital Programme, the ADR/T highlighted that it was the most ambitious in Fire Authority history. There had been a significant amount of slippage in both estates and fleet and as result the in-year spend was now forecast to be £4,232,000 underspent. The current risks to both budgets were detailed in the report.

The ADR/T offered reassurance over the slippage to the Capital Programme, explaining that there had been a need to engage additional programme support which had caused delays, however, this was now in place. Engagement with stakeholders regarding station works had taken longer than planned and changes in partner requirements, especially regarding plans for Uckfield and Heathfield Fire Stations, had also impacted. The Estate Strategy delivery plan had been re-profiled from 6 to 8 years in a more pragmatic approach. With regard to the fleet, replacements had been made on a like for like basis, however, the Fleet Strategy was being reviewed and time was being taken to ensure that the specification of frontline appliances and specialist equipment was appropriate for both current and future demand. The Assistant Chief Fire Officer (ACFO) added that the recently completed Operational Response Review needed to inform the fleet strategy. Consideration of contaminants was also fundamental to both fleet and estates design. He was confident that pausing was the right thing to do.

The Panel asked further questions on the differentiation between planned and unplanned slippage. Members welcomed the reassurance given by the ADR/T, however, they stressed the importance of differentiating between being over ambitious, programme management issues and conscious policy changes. Members asked whether there need to be an improvement in the project management so potential issues were identified at an earlier stage. The Chairman requested a further briefing note on the Capital Programme slippage and suggested that the matter be brought to the attention of the Scrutiny & Audit Panel.

The ADR/T acknowledged that the programme was ambitious, however this was the first comprehensive Estates Strategy for the Fire Authority and investment in key assets was vital. Employing additional resources had taken longer than anticipated. Staff engagement had been a challenge but had been the right course of action and had started a dialogue with staff which exceeded expectations. The issues with partner projects could not have been foreseen and revised plans for Heathfield and Uckfield Fire Stations were expected to be presented to SLT over the forthcoming months. The Estates team had grown and a shared service with Sussex Police developed with access to specialist external resources as and when required. The Estates Strategy Board which was chaired by the ACFO and on which Councillor Peltzer Dunn sat was maintaining an oversight. Officers were confident that the mechanism was now in place to deliver the Estates Strategy.

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The Panel also asked about the apprenticeship levy and expressed their disappointment at the loss of funds. The Deputy Chief Fire Officer (DCFO) informed Members that a new Workforce Development plan was being produced and apprenticeships would form a core part of plan, for all staff across all levels. There was a period when the levy was not being utilised enough, however this had now reversed and losses had decreased.

RESOLVED: That the Panel notes:

- (i) the risks to Revenue Budget and the projected underspend,
- (ii) the risks to the Capital Programme and the projected in year and overall underspends,
- (iii) the use of reserves,
- (iv) the monitoring of savings taken in 2019/20, and
- (v) the current year investments.

24 Fire Authority Service Planning Processes for 2020/21 & Beyond - Revenue Budget 2020/21 & Capital Strategy 2020/21 - 2024/25

The Panel received a report from the ADR/T which presented the Fire Authority's draft Revenue Budget 2020/21, Capital Strategy 2020/21 – 2024/25 and Medium Term Finance Plan for 2020/21 – 2024/25 for initial consideration prior to its formal consideration by the Fire Authority at its meeting on 13 February 2020.

The ADR/T introduced the report highlighting that the Local Government Finance Settlement was only provisional at this stage and may be subject to change. The final council tax and business rate bases and the Collection Fund positions were also still awaited and although the Home Office had confirmed that its 2020/21 budget included a continuation of the funding for the one off fire pensions grants, this was yet to receive formal approval.

The report presented a balanced budget for 2020/21 based on a proposed council tax increase of 1.99%. The ADR/T added that the sector had lobbied the Government to allow a principle of 2% or £5 whichever is the greater, however, this had not been successful and the 2% threshold would apply. The Budget reflected pressures and savings in the region of £400k which had been identified through the Star Chamber process. The Business Rates Retention Pilot was due to end in 2020/21, however, the Authority had been part of a successful bid to re-establish the East Sussex Business Rates Pool. A reduction in the minimum reserves, down to 5% in line with national fire framework, was recommended.

The Panel noted the significant financial uncertainty after 2020/21 with the Comprehensive Spending Review expected to resume in spring 2020, the fairer funding review and the future of the business rates system to be

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determined. The report presented a range of scenarios post 2020/21. Members commented on the unsatisfactory position that the Fire Authority was facing with uncertainty over long term funding and expressed caution over becoming dependent on council tax and business rates which carried risk. The ADR/T commented that lobbying was continuing through the National Fire Chiefs Council and at a political level through the Local Government Association Fire Services Management Committee.

The Panel asked for further clarification over the 1.99% proposed council tax increase, given the reference to made to a 1.4% change in table 3 on page 46 of the report. The ADR/T explained that the 1.4% represented the proposed increase in the net revenue expenditure which was funded by core grant, business rates and council tax. A 1.99% increase in council tax was required for a balanced budget as presented in the report, taking into consideration the interaction between the three main funding streams. The improvement and efficiency reserve was currently fully committed and the presented budget allowed for it to be replenished. If the Members wished to propose a lower council tax increase, options to reduce the proposed budget would need to be explored, including the proposed contribution to the Improvement and Efficiency reserve. The Panel supported the 1.99% proposed council tax increase and stressed importance of ensuring that budget proposals were clearly communicated to the public.

RESOLVED: That the Panel:

1. Notes that:

- (a) the one year settlement as set out in the Local Government Finance Settlement is only provisional at this stage and may be subject to change;
- (b) the proposed increase in council tax of 1.99% is based on the threshold proposed in the Provisional LGFS;
- (c) the East Sussex Business Rate Pool, of which the Authority is a member, has been approved as part of the LGFS, and that any income will be transferred into the Business Rates Pool Reserve (formerly the Safer Business Training Reserve);
- (d) the final council tax and business rate bases and the collection fund positions are still awaited and that final budget proposals may change once this information is received; and
- (e) this report will be amended to reflect the financial impact of the Authority's decision on Project 21 before it is taken to the Fire Authority on 13 February 2020.

2. Recommends that the Fire Authority approves:

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

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- (i) the budget proposals set out in this Report and the net budget requirement of £39.587m for 2020/21;
 - (ii) the council tax requirement of £28.033m; and
 - (iii) the council tax and precepts as set out in Appendix F.
- (b) the capital programme for the next five years and the capital budget of £5.932m for 2020/21 and the plans to use capital grant, capital receipts and revenue contributions to finance capital expenditure;
- (c) the reduction in the minimum level of General Reserves to 5% of the net revenue budget;
- (d) the fees and charges set out in Appendix C; and
- (e) that the Chief Fire Officer, in consultation with the Chairman and Treasurer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

The meeting concluded at 11.25 am

Signed

Chairman

Dated this

day of

2020