

## **POLICY & RESOURCES PANEL**

**Minutes of the meeting of the POLICY & RESOURCES PANEL held at Yarrow Room, Lewes Town Hall, High Street, Lewes, BN7 2QS at 11.30 am on Thursday, 22 July 2021.**

Present: Councillors Peltzer Dunn (Chairman), Evans, Galley, Lambert, Powell and Taylor

Also present: M O'Brien (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), H Scott-Youldon (Assistant Director People Services), J Olliver, N Constable, A Blanshard (Senior Democratic Services Officer)

### **1 Declarations of Interest**

There were none

### **2 Apologies for Absence/Substitutions**

There were none.

### **3 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.

### **4 Minutes of the last Policy & Resources meeting held on 29 April 2021**

**RESOLVED:** That the minutes of the meeting of the Policy & Resources Panel held on 29 April 2021 be approved as a correct record and signed by the Chairman.

### **5 Callover**

Members reserved the following items for debate:

6 Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 – Provisional Outturn

7 Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 2 (May)

8 Firefighters' Pension Schemes Age Discrimination, Remedy & immediate Detriment

### **6 Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 - Provisional Outturn**

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

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) updating Members on the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 provisional outturn. This was the sixth report to Members for this financial year and there was the potential for the position to change as closedown continued and until the external audit of accounts was completed.

The ADR/T explained that the provisional outturn was a net Revenue underspend of £386,000, the major contributors to this underspend had been outlined in the report. The underspend was a favourable variation of £96,000 from the position identified in the last report to the Panel and primarily reflected underspends and re-profiling of IT Strategy projects and charges for Finance related services being lower than expected.

Most in-year pressures had been dealt with either through use of contingency or service underspends. Performance against the Savings programme was detailed within the report.

The overall 5 year Capital Programme had been revised at the February 2021 meeting of the Fire Authority and the provisional outturn was a balanced budget. The Capital programme would be updated in light of the actual outturn 2020/21 and any outstanding adjustments relating to the IRMP. The current year Capital Budget had been revised resulting a net variation of £263,000 of which £364,000 was slippage into 2021/22 and a net £101,000 in year overspend relating to RPE Project which had been funded by additional drawdown on capital reserves. Slippage was due to a range of activities including the Service response to the Covid 19 pandemic.

There was a significant variation in revised drawdown from reserves between that reported at Month 11 and the provisional outturn, mainly due to reduced expenditure and re-profiling of projects e.g. ITG Strategy Reserve and transfers of remaining Grants to Earmarked Reserves.

There had been a reduction in the interest receivable on the Authority's cash investments due to the Bank of England lowering its' base rates to invigorate the economy due to the impact of Covid-19.

The Panel thanked the ADR/T for such a comprehensive and informative report and felt that on the whole its contents were positive and of some reassurance. There was a query as to whether underspends could be used to support projects such as climate change initiatives. It was confirmed that as these particular underspends had largely been linked to delays caused by the Covid-19 pandemic, and a bid had been made for these to be carried forward in order to allow them to be spent as originally planned.

**RESOLVED:** The Panel agreed to note:

- (i) the provisional 2020/21 Revenue Budget outturn;
- (ii) the provisional Capital Programme outturn;

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- (iii) the net drawdown from reserves during the year;
- (iv) the savings delivered in 2020/21;
- (v) cash balances invested at year end and borrowing repaid;
- (vi) the overspend in excess of 10% on the RPE project and the explanation for this.

The Panel agreed to approve:

- (vii) the Capital slippage of £364,000 into 2021/22;
- (viii) the funding of the Capital Overspend on RPE project of £135,000; and
- (ix) the use of the provisional Revenue outturn of £386,000 underspend (as set out in section 9).

### **7 Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 2 (May)**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) updating Members on the findings of the Month 2 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26. This was the first report to Members containing the monitoring position for the current financial year. The report indicated some pressures within the budget with a small revenue overspend having been identified. This was mainly due to the identification of savings being offset by a forecast overspend on ill health retirements and over budgeting on S31 business rates retention grant. Most in-year pressures would be dealt with either through the use of contingency, use of reserves or service underspends.

Revenue and Capital programme risks were detailed in the report focusing specifically on areas that were subject to further investigation and where the outcome could result in significant additional pressures in the current and future financial years. These included the impact of Brexit and Covid-19 on both the Business Rate and Council Tax Collection Funds and pressures in Resources relating to Capital projects.

The ADR/T added that there was also the prospect of pay awards being granted, likely at 1.5%, and that no provision had been made for this in the Revenue budget in line with the Government's pay freeze, but it was proposed that if necessary these would be funded from the General Fund Balances.

The ADR/T also explained to the Panel that Lewes District Council (LDC) was currently reviewing and consulting on its local Council Tax Reduction Scheme which would have a direct effect on ESFRS as a precepting authority and therefore it was taking an active interest as a consultee. The potential loss of income, from 2022/23 onwards was forecast to be approximately £64,000 per year. The ADR/T had met with LDC to understand the reasoning, to share concerns and to request information and analysis on any mitigation, this would be reported to the Fire Authority in September.

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**RESOLVED:** The Panel agreed to note:

- (i) the risks to Revenue Budget and the projected overspend;
- (ii) the risks to the Capital Programme;
- (iii) the increased net forecast drawdown from reserves;
- (iv) the grants available and spending plans;
- (v) the monitoring of savings taken in 2021/22; and
- (vi) the current year investments and borrowing.

The Panel agreed to approve:

- (vii) that should pay awards be agreed nationally for staff that the in-year pressure is funded from General Fund Balances; and
- (viii) the IRMP related budget (pool cars and equipment) be built into the Capital Programme.

### **8 Firefighters' Pension Schemes Age Discrimination, Remedy & Immediate Detriment**

The Panel considered the report of the Assistant Director People Services (ADPS) setting out the situation relating to the McCloud/Sargeant judgement on Age Discrimination, Remedy and Immediate Detriment Cases in the Firefighters' Pension Schemes. The report also provided detail on how East Sussex Fire & Rescue Service (ESFRS) were able to proceed with on-going retirements that were immediately affected and included the Service's legal position, identifying the scope, risks and recommendations of the approach.

The Assistant Director Resources/Treasurer (ADR/T) reminded the Panel that this was a complex and long-running issue which would continue to be a focus into the future and that there was no risk-free solution. It was important to approach this in a balanced way, considering the Home Office guidance whilst accepting that the formal regulatory framework for remedy was not yet in place and recognising the outcome of the McCloud/Sargeant case and subsequent appeals. The Service had established that if it chose not to enact Immediate Detriment the Authority would be knowingly in breach of the tribunal finding and at risk of further litigation. It would be appropriate on balance for the Authority to make payment in those cases that the Home Office advice said could be paid.

The Panel thanked Officers for a comprehensive report explaining this complex matter. There was a query regarding the numbers that might be affected and therefore the likely budget. The ADR/T explained that the numbers in the report were the potential individuals that could retire before the legislation was put in place in October 2023. This did not mean that they all would retire, qualify or be paid. The Service understood that the costs of the remedy would potentially lead to increases in employer's contribution rates in 2024/25 after the next revaluation of the Firefighters Pension Scheme and a request had been made for this to be funded by Government through the

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Comprehensive Spending Review. With regards to other financial impacts there would administration costs to the Service and, potentially further legal costs. Members were keen to consider the approach that exposed the Authority to least risk. The ADR/T confirmed that ESFRS were not alone in recommending the approach within the report, and that other Fire & Rescue Services were making the risk judgement at a local level. It was important to acknowledge that each case would be judged on its own merits and that there were good processes in place to enable decisions to be made in a way that mitigated risk. The Pension Advisor added that the Services pension administrators West Yorkshire Pension Fund (WYPF) were very experienced, and calculations would be checked by way of assurance. WYPF understood the legacy schemes and there was a very low risk of error, it was clear from the Home Office revised guidance who was in scope.

**RESOLVED** – The Policy & Resources Panel agreed:

- i. to note the paper and the supporting appendices, in particular the risks identified;
- ii. the Authority should follow the informal Home Office Guidance with regard to Immediate Detriment Cases, where possible:
- iii. to implement Immediate Detriment and allow those Firefighter Pension Scheme members in scope to retire under their legacy scheme regulations; and
- iv. to authorise the Assistant Director People Services to sign the waiver requested by West Yorkshire Pension Fund.

The meeting concluded at 12.16 pm

Signed

Chairman

Dated this

day of

2021