

# Policy & Resources Panel

## 22 July 2021



### Membership:

Councillors: Peltzer Dunn (Chairman), Evans, Galley, Lambert, Powell and Taylor
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**You are requested to attend this meeting to be held in the Yarrow Room, Lewes Town Hall, High Street, Lewes, BN7 2QS at 11.30 am**

### Quorum: 3

<b>Contact:</b>	Ellie Simpkin, Democratic Services Officer 01323 462085 democraticservices@esfrs.org
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## Agenda

### 1. **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.

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

### 3. **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.

### 4. **Minutes of the last Policy & Resources meeting held on 29 April 2021** 5 - 8

### 5. **Callover**

The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt without debate the recommendations and resolutions contained in

the relevant reports for those items which have not been called.

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|-----------|--|----------------|
| <b>6.</b> | <b>Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 - Provisional Outturn</b>       | <b>9 - 32</b>  |
|           | Report of the Assistant Director Resources/Treasurer   |                |
| <b>7.</b> | <b>Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 2 (May)</b> | <b>33 - 50</b> |
|           | Report of the Assistant Director Resources/Treasurer   |                |
| <b>8.</b> | <b>Firefighters' Pension Schemes Age Discrimination, Remedy &amp; Immediate Detriment</b>                      | <b>51 - 80</b> |
|           | Report of the Assistant Director People Services   |                |

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

Date of Publication: 14 July 2021

## **Information for the public**

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## **POLICY & RESOURCES PANEL**

**Minutes of the meeting of the POLICY & RESOURCES PANEL held Via Webex at 11.30 am on Thursday, 29 April 2021.**

Present: Councillors Peltzer Dunn (Chairman), Evans, Galley, Tutt, Pragnell and Powell

Also present: D Whittaker (Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), L Ridley (Assistant Director Planning & Improvement), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), A Blanshard (Senior Democratic Services Officer) and E Simpkin (Democratic Services Officer)

### **22        Declarations of Interest**

There were none.

### **23        Apologies for Absence/Substitutions**

There were none.

### **24        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.

### **25        Minutes of the last Policy & Resources Panel meeting held on 21 January 2021**

It was noted that there was an omission of the word 'to' on page 10 of the minutes which should have read:

'Councillor Pragnell moved an amendment to recommendation 2 to change the wording from 'consider whether' to 'instructs officers.'

**RESOLVED:** That the minutes of the meeting of the Policy & Resources Panel held on 21 January 2021 be approved as a correct record, subject to the amendment as outlined above, and signed by the Chairman.

### **26        Callover**

Members reserved the following items for debate:

27.    Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 11 (end February).

### **27        Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 11**

## **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 provided the findings of the month 11 monitoring undertaken on the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25. It was noted that a net Revenue underspend of £290,000 had been identified; an adverse variation of £206,000 from the position identified in the last report to Policy and Resources Panel of £496,000 underspend. The ADR/T explained that this was primarily due to the impact of the additional investment in the Customer Relationship Management (CRM) project as agreed by the Authority. It was noted that this additional spend had been offset in part by the identification of additional underspends and the successful bid for an additional £129,000 Covid Support grant funding.

The Capital Programme had been monitored against the revised programme which was agreed by the Authority in February. A review of Capital projects had resulted in a forecasted expenditure of £2,032,000 resulting in a net variation of £263,000 of which £338,000 was slippage and a net £76,000 in year overspend mainly on estates design guide schemes. Further details on the current risks associated with both the Revenue and Capital budgets were provided in the report.

The Chief Fire Officer (CFO) provided a brief update on matters discussed at the previous Panel meeting and informed Members that the staff seconded to South East Coast Ambulance Service (SECAMb) to provide additional support during the pandemic had now returned ESFRS. The possible need for funding for Covid testing had been addressed as the Service had been given access to rapid testing directly from the Department of Health.

The Panel queried whether the level of underspend and the increase in the contingency budget indicated that there was too much 'slack' in budget and asked for a further explanation of the movement in reserves. Members also asked whether there was merit in providing the budget monitoring on a quarterly basis. The ADR/T responded that budget monitoring was provided to the Senior Leadership Team on a monthly basis with the latest available report being presented to the Panel. With regard to the revenue underspend, this was due to delays in project activity, staffing vacancies, delays in recruiting and in-year issues due to the impact of the pandemic. The ADR/T reminded Members that recurring underspends were considered for taking as savings as part of the budget setting process. Turning to reserves, the drawn down had been less than anticipated due to a number of factors including: re-phasing of IT and P21 project spend; delays (partly due to the impact of Covid-19) and re-phasing of capital projects (as set out in the February 2021 budget papers); delays in the national ESMCP project; and the receipt of new one-off Government grants, the balance of which had been carried forward to fund spend in 2021/22. The Authority still planned a significant reduction in reserves to below £3m over the next 3 years as they were used to finance planned investments.

Members asked about work being undertaken to ensure equality and diversity in recruitment and the progress with developing a carbon reduction strategy. The ADR/T informed the Panel that there was investment in renewables

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

planned as part of the Estates Strategy and a task and finish group which would report to Members in December 2021 with costed and prioritised actions to reduce the Authority's carbon footprint. There would be some costs initially in engaging a third party to help support the task and finish group. With regard to recruitment, the CFO also informed the Panel that the Service was launching the 'Yes You Can' campaign which included a series of online sessions to provide further information on becoming a firefighter and would feature positive role modelling.

The Panel also asked the budget needed in order to realise full functionality of IT systems and whether there was concerns over the level of investment income, especially given the amount of funds in short term investment. The ADR/T confirmed that the Authority had agreed to fully fund the IT Strategy 2020-25, including its revenue implications, and also had agreed additional investment in the CRM project. Each project was required to submit a business case including its approach to benefits realisation to the Strategic Change Board before funding was released. Each Project Board was responsible for ensuring that projects delivered those benefits and maximised the return on investment. With regard to treasury management, the ADR/T explained that there was a relatively high amount of funds held in overnight access accounts, however this was to enable access to funds for the planned the investment in projects and capital schemes. Interest rates were currently poor and officers continued to work closely with the Authority's Treasury Management advisers to identify short term investment opportunities which fitted the investment profile.

The Panel thanked the ADR/T for the report.

**RESOLVED:** That the Panel noted:

- (i) the risks to Revenue Budget and the projected underspend;
- (ii) the risks to the Capital Programme and the projected in year slippage and overspend;
- (iii) the reduced net forecast drawdown from reserves;
- (iv) the monitoring of savings taken in 2020/21 including those savings at risk,
- (v) the current year investments and borrowing; and
- (vi) that following the Authority's decision to allocate additional funding of £1,094,000 to CRM project, £946,000 (£496,000 underspend, £450,000 reserves) is reflected in this report.

The meeting concluded at 12.07 pm

Signed

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

Chairman

Dated this

day of

2021

**EAST SUSSEX FIRE AND RESCUE SERVICE**

**Meeting** Policy and Resources Panel

**Date** 22 July 2021

**Title of Report** Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 – Provisional Outturn

**By** Duncan Savage – Assistant Director Resources/Treasurer

**Lead Officer** Parmjeet Jassal – Interim Finance Manager

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**Background Papers** High Level Review of Revenue Budget 2020/21 and Capital Programme 2020/21 to 2024/25

Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 11 (end of Feb 2021)

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**Appendices**

- Appendix 1: Revenue Budget 2020/21 Objective
- Appendix 2: Savings Programme 2020/21 to 2024/25
- Appendix 3: Capital Programme 2020/21 to 2024/25
- Appendix 4: Capital Budget 2020/21
- Appendix 5: Engineering Capital Budget 2020/21
- Appendix 6: Reserves 2020/21
- Appendix 7: Carry Forward Bids

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**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>EQUALITY IMPACT</b>		<b>POLITICAL</b>	
<b>FINANCIAL</b>	✓	<b>OTHER (please specify)</b>	
<b>HEALTH &amp; SAFETY</b>		<b>CORE BRIEF</b>	
<b>HUMAN RESOURCES</b>			

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**PURPOSE OF REPORT** To report on the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 provisional outturn.

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## EXECUTIVE SUMMARY

This is the sixth report to Members for the 2020/21 financial year and highlights the Provisional Outturn on the Revenue Budget 2020/21 and 5 year Capital Programme, approved by the Authority in February 2020 and the revised Capital Budget approved February 2021. There is the potential for the position to change as closedown continues and until the external audit of accounts is completed.

The provisional outturn is a net Revenue underspend to the sum of £386,000 (or 0.9% of the revised revenue budget), as summarised in Appendix 1. The three top variations, in absolute terms, are the transfer to reserves of £584,000 offset by underspends on Resources / Treasurer £396,000 and People Services £227,000.

The underspend of £386,000 is a favourable variation of £96,000 from the position identified in the last report to Policy and Resources Panel on 21 January 2021 of £290,000 underspend. This primarily reflects underspends and re-profiling of IT Strategy projects and charges for Finance related services coming in lower than expected, offset by overspends on injury pensions and reduced section 31 grant.

Most in-year pressures have been dealt with either through the use of contingency or service underspends. Ongoing pressure impacts were considered alongside other priorities, and where relevant, built into the budget 2021/22+ and approved by CFA in February 2021.

Actual savings achieved were £361,000 compared to the Savings Programme of £426,000, with the gap funded through contingency. Performance against the Savings Programme is summarised in Appendix 2 and detailed in section 3.

The overall 5 year Capital Programme 2020/21 to 2024/25 was revised to £22,647,000, at the meeting of the Fire Authority held on 11 February 2021. The provisional outturn is a balanced budget as detailed in Appendix 3. The Capital Programme will be updated in light of the actual outturn 2020/21 and outstanding adjustments relating to IRMP agreed in September 2021 in due course.

The current year Capital Budget was also revised to £2,295,000. The provisional outturn is gross expenditure of £2,225,000, £2,032,000 net including partner and grant fund contributions, resulting in a net variation of £263,000 of which £364,000 is slippage into 2021/22 and a net £101,000 in year overspend relating to RPE Project due to an incorrect revised budget which has been funded by additional drawdown from capital reserves. Detailed information is contained within section 6 and summarised in Appendix 4. The Fleet and

Equipment Capital Projects 2020/21 are detailed in Appendix 5.

The position on reserves shows an opening balance of £23,233,000 including an adjustment of £48,000 to fund the outturn 2019/20. Actual net drawdown is £658,000, a reduction of £11,561,000 compared to the planned net drawdown of £12,219,000. This results in a closing balance of £22,575,000, (£22,961,000 including provisional outturn £386,000), as detailed in section 7 and summarised in Appendix 6. There is a significant variation in revised drawdown from reserves (£2,722,000) 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 (£1,163,000) and transfers of remaining Grants to Earmarked Reserves (£715,000) as detailed in section 7.

There is 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. However, Interest received on the Authority's cash investments is confirmed at £107,000, resulting in a surplus of £32,000 when compared to the budget. Interest payments on fixed rate loans of £10,773,000 are unaffected. The loan of £75,000 which matured this year has been repaid, as detailed in section 8.

SLT members were invited to submit carry forward bids against the revenue provisional outturn of £386,000 underspend. The total value of bids received is £522,792, of which £174,960 is prioritised to deliver existing commitments and the remaining 211,040 to new pressures / commitments as summarised in section 9.

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## **RECOMMENDATION**

### **Policy and Resources Panel is recommended to note:**

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

### **Policy and Resources Panel is recommended 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) approve the use of the provisional Revenue outturn of £386,000 underspend (as set out in section 9)

## 1. **INTRODUCTION**

- 1.1 The Original Revenue Budget 2020/21 and Capital Strategy 2020/21 to 2024/25 was approved at the meeting of the Fire Authority on 13 February 2020. Revisions have taken place, as approved at subsequent Fire Authority meetings including at the latest one held on 11 February 2021.
- 1.2 This is the sixth report to Members for the 2020/21 financial year, and highlights the provisional outturn on the Revenue Budget 2020/21 and Revised Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25. It should be noted the provisional outturn is based on currently available information and is subject to External Audit.

	<b>This P&amp;R (Provisional Outturn)</b>	<b>Last P&amp;R (Period 11)</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue (see section 2)	(386)	(290)	(96)
Capital in year (see section 7)	(263)	(263)	0

- 1.3 The Revenue Budget 2020/21, approved by the Fire Authority in February was a net expenditure requirement of £39,737,000. This increased by £1,621,000 to £41,547,000 during the year mainly due to additional S31 grant £1,309,000 and Government grant for 75% losses on council tax and business rates due to Covid.
- 1.4 There is a net provisional underspend to the sum of £386,000, after the transfer of £496,000 to ITG reserve to finance CRM (as agreed at Fire Authority Feb 2021). This is a favourable variation of £96,000 to that previously reported (£290,000 underspend). The provisional outturn, which is subject to External Audit, is reflected in the Revenue Budget 2020/21 objective summary at Appendix 1 and detailed in section 2 below. The savings requirement for 2020/21 was £426,000 and £361,000 savings have been successfully delivered. The £65,000 savings not delivered have been fully funded from contingency in the current year and ongoing impacts are included within the budget setting process 2021/22, as detailed in Appendix 2 and section 4 below.
- 1.5 The five year Capital Strategy 2020/21 to 2024/25 was approved by the Fire Authority in February 2020 at £24,045,000 and revised to £24,492,000 including slippage of £447,000 brought forward from 2019/20 by Policy and Resources Panel at its meeting on 23 July 2020. At its meeting held on 11 February 2021, the 5 year capital programme was revised by the Fire Authority to £22,647,000. The revised 5 year Capital Programme is balanced, as detailed in Section 6 and summarised in Appendix 3. The Capital Programme will be updated in light of the provisional outturn 2020/21 and outstanding adjustments relating to IRMP subject to approval by Members today.
- 1.6 The Capital Budget for 2020/21 was also revised, by the Fire Authority, to £2,295,000 and the provisional outturn is gross expenditure of £2,225,000, net £2,032,000 including partner and grant fund contributions, resulting in a net variation of £263,000

(slippage £364,000, overspend £101,000) on the budget as detailed within Section 7 and summarised in Appendices 4 and 5.

- 1.7 The updated position on Contingency, Reserves, Borrowing and Investments and Carry Forward bids is provided at Sections 5, 7, 8 and 9 respectively.

## **2. REVENUE BUDGET COMMENTARY**

- 2.1 The Revenue provisional outturn is an overall underspend of £386,000 (previously £290,000 underspend). This is a favourable variation of £96,000 from the forecasted underspend reported to Policy and Resources Panel on 29 April 2021. It reflects the Fire Authority's decision to transfer £496,000 into the IT Strategy Reserve from revenue as part of the additional funding required for the CRM Project. The provisional outturn is summarised across divisions in Appendix 1 and detailed explanations are provided below.

- 2.2 **People Services:** The provisional outturn is an overall net underspend of £227,000 (previously £210,000 underspend) as detailed below:

- 2.2.1 **Human Resources** – The provisional outturn is an underspend of £88,000 (previously forecasted at £70,000 underspend). This relates to underspend on staffing (£32,000), specialist G.P. (£20,000) referrals and flu vaccinations funded from contingency (£6,000). An allocation of £50,000 from contingency was made for Lead by Example training (£30,000) which will span two financial years and therefore, a carry forward of £30,000 is requested. Temporary funded roles to support our Covid 19 response, IRMP implementation and P21 are also in place.

- 2.2.2 **Health and Safety** – The provisional outturn is an underspend of £42,000 (previously forecasted at £40,000). The £23,500 for the Health and Safety business partner role funded from contingency as approved by November SLT, has underspent in full due to a delay in the appointment. Planned gym refurbishments were unable to take place due to Covid-19 and therefore has resulted in an underspend of £18,000 for which there is a carry forward bid.

- 2.2.3 **Training** – The provisional outturn is a net underspend of £97,000 (previously £100,000 underspend) which comprises mainly of an overall underspend of £145,000 on direct training including savings of £28,000 on the catering contract primarily as a result of the impact of Covid-19. This has been partially offset by purchase of equipment for training purposes £27,000 and net loss of training income of £21,000 after receipt of £43,000 from the Government's income loss compensation scheme.

- 2.3 **Resources/Treasurer:** The provisional outturn is an underspend of net £396,000 (previously reported as £242,000 underspend) as follows:-

- 2.3.1 **Treasurer:** The provisional outturn is an underspend of £34,000 (previously £15,000). This relates mainly to the Legal Services budget where there was an over accrual for outstanding charges for 2019/20 and an underspend in 2020/21. The savings at risk £15,000 and the budget calculation error of £24,000 were funded from contingency and the ongoing impact included in the budget setting process.

- 2.3.2 **ITG:** The provisional outturn is an underspend of £237,000 (previously £147,000) as detailed in the table below.

	Provisional Outturn	Month 11	Variation
	£'000	£'000	£'000
Delay in Corporate Wifi rollout	(33)	(33)	0
IT strategy (Multitone and bluelight XDM software)	10	10	0
Credit from Trustmarque (enterprise agreement)	(15)	(15)	0
CRM licences delay in going live	(72)	(72)	0
ESFC IT Health Check delayed until next year	(33)	(33)	0
BT ceasing	(7)	(7)	0
Additional Adobe licences	3	3	0
BRR computer equipment recharge	(5)	0	(5)
TAIT (fireground radios)	(17)	0	(17)
Credit Aristi invoice IT health check	(17)	0	(17)
Deleted commitments	(18)	0	(18)
Remsdaq additional activity less than forecast	(6)	0	(6)
3i Studios for Estates less than forecasted	(4)	0	(4)
DCLG Firelink grant higher than budgeted	(11)	0	(11)
Lead Technical Architect 20% funded from ESMCP	(12)	0	(12)
<b>TOTAL</b>	<b>(237)</b>	<b>(147)</b>	<b>(90)</b>

At its' meeting on 3 September, the Fire Authority approved the ITG Strategy which had a funding shortfall of £110,000 in 2020/21 based on estimates provided in June. After careful review of the ITG strategy revenue budget and negotiations with suppliers, ITG can report this is now reduced to £10,000 (Multitone £6k and bluelight XDM software of £4,000). Savings have been secured relating to Trustmarque £15,000 due to Microsoft software licence cost coming in less than originally quoted, a 7 month delay in the rollout of Corporate wifi resulting in savings of around £33,000, CRM licences £72,000 savings due to the delayed roll-out and a planned delay in IT health check £33,000. Additional to the savings reported last time, various small obsolete commitments were able to be deleted £18,000, Credit was received for IT health check £17,000 and Lead Technical Architect was part funded from ESMCP project grant £12,000.

- 2.3.3 **Estates:** The provisional outturn is an underspend of £82,000 (previously £85,000). This is due to delays in the maintenance programme and identification and deletion of obsolete commitments which have led to underspends of around £300,000 offset by overspends on utilities £65,000, cleaning £48,000 and Consultants/Hired and Contracted services of £100,000.
- 2.3.4 **Procurement:** The provisional outturn is an underspend of £41,000 (previously £41,000). This is due to the consultancy budget (£19,000) not required this year and staffing vacancies (£22,000). These underspends will fund a change in structure in 2021/22 agreed by SLT.
- 2.3.5 **Finance:** The provisional outturn is an underspend of £2,000 (previously £46,000 overspend). Pressures arose during the year from the need to provide interim cover for the Finance Manager role which exceeded the budgeted cost for that role pending recruitment to the permanent vacancy. Additional agency resource was also appointed to provide management accounting capacity in the team until year end to

address increased workloads resulting from grant monitoring, an extended external audit, the need to provide additional support for projects and sickness absence cover. These pressures were funded from a vacant post, underspend relating to consultancy and recharge from East Sussex County Council relating to ORBIS costs coming in lower than expected. An underspend of £7,000 has arisen on internal audit charges due to fewer audit days being delivered and charged for than budgeted and part of this is requested for carry-forward to finance delayed audits in 2021/22.

- 2.3.5.1 **Insurance Renewal:** The renewal for insurance cover for 2020-21 provided by Fire & Rescue Indemnity Company (FRIC) is concluded which resulted in insurance costs being increased by 4.66% overall causing budget pressures of £28,000 in 2020/21 and £40,000 in 2021/22. The in-year pressure is funded through contingency whilst 2021/22 pressure has been included within the budget setting process. The increase in costs reflects primarily market conditions and the impact of current global economic uncertainty on liability cover.
- 2.3.5.2 **External Audit Fees:** Our external auditors Ernst & Young (E&Y) have confirmed a fee variation of c£5,000 for additional work during the audit of the 2019/20 accounts (subject to PSAA approval) which is approved to be funded through contingency. They have also advised of a significant proposed fee variation for 2020/21 which again is subject to approval by Public Sector Audit Appointments Ltd (PSAA), the body who must approve any fee variation. The future year's impact has been included in the MTFP. A provision of £27,553 has been made in 2020/21 for this purpose.
- 2.4 **Planning and Improvement:** The provisional outturn is an overall underspend of £84,000 (previously underspend of £86,000).
- 2.4.1 **Communications** – The provisional outturn is an underspend of £40,000 (previously £41,000) comprised of: communications staffing budget (£10,000), Hire of rooms for staff awards (£10,000) and adverts, printing and publicity (£20,000).
- 2.4.2 **Project Management Office** – The provisional outturn is an underspend of £12,000 on employees (previously £10,000). Work has concluded on the PMO budget which identified an error of net £32,000 compared to the structure agreed by SLT November 2019. SLT in November 2020, approved the funding of the £32,000 shortfall from contingency in 2020/21 and future year's shortfall is built into the MTFP. In addition a recharge to the CRM Project budget for the use of Business Analyst resource has also been agreed.
- 2.4.3 **Democracy** - The provisional outturn is an underspend of £25,000 (previously underspend £35,000) and relates to vacancies of £20,000, staff car allowances and subscriptions £5,000. The underspend of £10,000 on Member travel and conferences was transferred to contingency, as approved by December SLT.
- 2.5 **Safer Communities:** The provisional outturn is an underspend of £180,000 (previously £143,000 underspend).
- 2.5.1 Work has been concluded to identify the ongoing impact of posts that were not properly reflected in the budget and the position has been resolved for 2021/22 following the Community Safety restructure, and where relevant, in the ongoing budget.

2.5.2 The work to establish the current financial position taking account of budgeting at competent versus development posts, use of overtime and fixed term contracts to provide front line cover has been concluded. The Service has around £269,000 surplus budget due to all posts being budgeted at competent levels which is being utilised to finance the shortfall on employer's pension contributions of circa. £160,000. £7,000 of dry-riser income loss was compensated by Government grant.

2.5.3 When presenting the provisional outturn over the sub divisions within Community Safety, this shows that there are relatively small overspends in the Central area and Community Safety as summarised in the table below. This is mainly due to fixed term contracts covering whole time staff absences and an increase in retained operational hours. These are being mitigated, partly through reduced overtime in the Areas and with the majority of savings generated in Business Safety due to issues with recruitment in whole-time and support staff. The variation between Month 11 and provisional outturn is an increase in underspend of £37,000, mainly relating to unused budget for IRMP staffing funded from contingency (£6,000), ESMCP grant covering one month of wholetime officer (£1,500) and remaining (£29,500) due to reduced costs in pay. £70,000 swing in both East and West is due to a re-coding of whole-time staff to the correct stations.

	<b>Budget</b>	<b>Projected Outturn</b>	<b>Month 12 Variation</b>	<b>Month 11 Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
AD Safer Communities	161	147	(14)	12
East	5,435	5,382	(53)	17
West	7,818	7,810	(8)	(78)
Central	5,355	5,447	92	106
Business Safety	1,666	1,361	(305)	(312)
Community Safety	839	947	108	112
<b>Total Safer Communities</b>	<b>21,274</b>	<b>21,094</b>	<b>(180)</b>	<b>(143)</b>

2.6 **Operational Support & Resilience:** The provisional outturn is an underspend of £138,000 (previously £126,000) underspend as follows:

2.6.1 **AD OSR:** £4,000 (previously £10,000) savings on salaries including pension.

2.6.2 **Operational Policy & Planning:** The Operational Support provisional outturn is an underspend of £113,000 (previously £79,000). This comprises of an underspend of £93,000 due to delays to specialist training, hydrants £27,000 and Wholetime pay £5,000. This is offset by overspends on Support salaries of £12,000.

2.6.3 **East Sussex Fire Control: Balanced budget.** Funding from reserves of £623,000 was allocated to this service during budget setting 2020/21 in addition to the base budget. Savings of £37,000 were secured due to premises costs being lower than budgeted for the Control Room. In addition, only £19,000 was required of the £77,000

I.T. budget set aside for SCC exit costs. This meant that we could reduce the reliance, and therefore, drawdown on reserves by a total of £95,000 and retain this amount for use on other priorities.

- 2.6.4 **Engineering** – The provisional outturn is an underspend of £20,000 (previously projected balanced budget). This is made up of a shortfall on income of £20,000 (sale of vehicles), £30,000 overspend on vehicle maintenance and equipment and £4,000 net other. However, due to Covid-19 and reduced mileage, an additional underspend of £74,000 on fuel has occurred and helped to offset the £54,000 overspend.

The earlier underspend on Fuel of £20,000 due to the Covid-19 situation resulting in reduced mileage and the BP free fuel offer was transferred to contingency as approved by October SLT.

A review of all commitments against the repairs and maintenance budget was concluded by Service Managers. This identified and cancelled obsolete commitments to the sum of around £60,000. Service Managers have been instrumental in reviewing all parts of the budget including investigating known and new pressures that have come to light and taken appropriate actions so that the overspend in 2019/20 was not repeated.

- 2.7 **CFO:** The provisional outturn is an overspend of £54,000 (previously overspend of £50,000). This is due to an overlap on the interim ACFO appointment, payments relating to unused annual leave £12,000, resolution of a taxation issue as agreed by Principal Officer Appointment Panel £25,000 and £13,000 on the CFOA subscription. The ongoing shortfall on CFOA subscription has been addressed through budget setting for 2021/22.
- 2.8 **Treasury Management:** The provisional outturn is a net surplus of £18,000 (previously £32,000). Interest rates on investments have reduced considerably following the reduction in the Bank of England base rate. Although the interest received will be considerably reduced compared to previous years, it has met the £75,000 interest budget and delivered additional income of £32,000. This is partially offset due to MRP costs being £14,000 over budget.
- 2.9 **Non Delegated Costs:** The provisional outturn is an overspend of £75,000 (previously £24,000). This is mainly due to miscellaneous income that has not been collected (£5k), overspends on ill health/ injury pension (£43k) and LGPS secondary pension (£20k). These are not controllable costs and known ongoing impact was dealt with as part of budget setting 2021/22. SLT agreed to the funding of scheme sanction charges (£11,000) through contingency.
- 2.10 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in-year budget pressures and was set at £454,000 for 2020/21. This increased to £544,000 during the year, following approvals by SLT, and funded identified pressures of £532,000 leaving £22,000, as detailed in section 5.
- 2.11 **Covid-19:** The Authority incurred additional expenditure of £831,000 as a result of responding to the Covid-19 pandemic, primarily on employees £443,000, PPE £210,000, building maintenance, waste disposal and cleaning £120,000, I.T. £58,000 which has been fully funded by Government grant. Covid-19 grants totalling £865,000 were received during the year, of which £129,000 was as a result of a round

2 bid, and the unspent balance of £34,000 has been transferred to an earmarked reserve to be used to offset Covid-19 costs in 2021/22.

2.12 **Transfer to and from Reserves:** there is a net variation of £589,000 which is mainly due to the transfer of £496,000 to ITG earmarked reserve to finance updated requirements on CRM, transfer of Business Rates and Council Tax losses 75% grant of £89,000 for use in the next 3 financial years less a reduction of £5,000 drawdown for Control Centre.

### **3. SAVINGS PROGRAMME 2020/21**

3.1 Appendix 2 summarises the savings requirement 2020/21 of £426,000. Of this figure, £361,000 savings were successfully delivered, whilst £65,000 at risk savings were funded through contingency in 2020/21 and future year's impacts have been built into the 2021/22+ budget setting.

- (iii) Management restructure - £5,000 (ongoing) is at risk due to the outcome of the Principal Officer Appointment Panel review of senior officer terms and conditions. This was funded from contingency;
- (ii) Personal Protective Equipment - £20,000 (ongoing) is at risk due to the continuing use of FTCs and assistant instructors at STC and was funded from contingency.
- (iii) FPS Admin to WYPF - £10,000 is at risk due to an incorrect amount being included in the contract and was funded from contingency.
- (iv) Maritime Savings - £30,000 (one-off) due to the pay protection period for Maritime Allowance at Newhaven is likely to extend to the end of the financial year. This was funded from contingency.

Through the NFCC / HO Covid-19 monitoring we have tracked a number of budgets where Covid-19 has resulting in underspends as follows based on the period April – March 2021:

- Training = £145,000 of which £72,000 was set out in the agreed Training Recovery Plan
- Specialist Training = £93,000 as reported by Ops P&P
- Fuel = £94,000 of which £20,000 for the first 6 months was transferred into contingency
- Travel & Subsistence = £50,000 of which £35,000 was transferred to contingency.
- Member Expenses & Conferences = £10,000 was transferred to contingency.

### **4. GRANTS AND FEES & CHARGES INCOME COMPENSATION SCHEME**

4.1 The Government has awarded the following grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions:

- 4.2 **Covid-19:** This is to alleviate an increase in expenditure and shortfall in income relating to Covid-19. £137,000 was allocated toward the end of 2019/20 and almost all (£136,000) was brought forward in an earmarked reserve for 2020/21. The new allocation for 2020/21 was £865,000 including bids, and net expenditure totalled £831,000 resulting in a carry forward of £34,000 into 2021/22. This means there is £170,000 in total to use towards Covid-19 related costs in 2021/22.
- 4.3 **Surge Protection Grant Funding:** The allocation for this Service of £510,000 (£314,000 Protection Uplift, £196,000 Building Risk and Review) is specifically to deal with inspections for high rise buildings and other high risk buildings. The grant conditions have been received, including the deadline of December 2021 by which the high rise element of the grant must be spent. A project group has been set up and a delivery plan drawn up to ensure full use of the grant. The grant has been received in full, £155,000 spent during the 2020/21 financial year, resulting in £355,000 carried forward into future years.
- 4.4 **Grenfell Infrastructure Fund:** The allocation of £67,944 is to help support FRS to put in place a local Grenfell Inquiry recommendations co-ordination function which will help co-ordinate local activity and support the national work led by the NFCC; drive progress on local improvements and ensure funding for smoke-hoods and other technical investments. The grant has been received in full, £21,000 spent during the year resulting in £47,000 carried forward into 2021/22.
- 4.5 **Accreditation:** The allocation of £22,737 is to support FRSs in embedding the updated Competency Framework for Fire Safety Regulators published in February 2020, enhancing current levels of competence and assisting officers in achieving accreditation through registration with a professional body. All of the funding has been carried forward via reserves.
- 4.6 **Fire Fighter Pension Scheme:** The allocation of £1,734,984 is used towards the shortfall in employer's pension contributions and is fully spent.
- 4.7 **Government Income Compensation Scheme for Fees and Charges:** The Government launched a compensation scheme which provided for net budgeted fees and charges income loss due to the impact of Covid19 in accordance with the scheme principles. There is a 15% deductible on budget and 75% of income loss thereafter is compensated. Three submissions were made during the year covering April to March, securing £50,000.

## 5. CONTINGENCY 2020/21

- 5.1 The Fire Authority maintains a contingency in order to assist it in managing one-off unforeseen pressures and making investments within the financial year. At its' meeting held in February 2020, the Fire Authority agreed a contingency of £454,000 for the 2020/21 financial year.
- 5.2 The contingency increased by £100,000 during the financial year, as approved by SLT and brought the total amount available in 2020/21 to £554,000. This included the transfer of £35,000 underspend on travel and subsistence, £35,000 provided for the inspection delayed until the next financial year, £20,000 underspend on fuel covering April to September and £10,000 underspend on Member expenses and

conferences due to Covid-19. Commitments approved during the year totalled £532,000, resulting in a remaining balance of £22,000 as detailed in the table below.

		£'000
<b>Opening Balance 1 April 2020</b>	<b>AD</b>	<b>454</b>
Travel & Subsistence Underspend approved by SLT on 20 August	All	35
Inspection Budget no longer required approved by SLT on 17 September	LR	35
Fuel savings April to September approved by SLT on 15 October	MM	20
Members Expenses and Conferences Underspend approved by SLT on 17 December	LR	10
<b>Total Available</b>		<b>554</b>
Maritime saving at risk	MM	30
Pension manager extension	HSY	45
Training and Assurance Secondment	HSY	60
GM ORR extension	LR	47
Swift Water Rescue	MM	10
New Workwear	DS	60
IRMP consultation	LR	30
Leadership & Behavioural framework	HSY	50
10 Internal Audit days (Approved SLT / S&A April 2020)	DS	4
NFCC VFM Framework (Approved SLT June 2020)		6
Scheme Sanction Charges	All	11
Senior Management saving at risk	DS	5
PPE saving at risk	DS	20
WYPF saving at risk	DS	10
Budget calculation error	DS	24
IRMP - HR Post x 6 months	JK	25
Flu vaccinations	HSY	6
Health and Safety temporary business partner	HSY	24
Fire & Rescue Indemnity Company (FRIC) Insurance Renewal 2020-21	DS	28
External audit fee increase 2020-21	DS	5
PMO budget calculation error	LR	32
<b>Total Commitments</b>		<b>532</b>
<b>Amount Remaining end March 2021</b>		<b>22</b>

## 6. **CAPITAL PROGRAMME COMMENTARY**

- 6.1 The original 2020/21 Capital Budget and five year Capital Strategy of £24,045,000 was approved by the Fire Authority in February 2020. The Fire Authority on 11 February 2021 approved the original 2021/22 Capital Budget and five year Capital Strategy, and in doing so, revised the 2020/21 Capital Budget and five year Capital Strategy 2020/21 to 2024/25 to the level of £22,647,000.
- 6.2 The revised Capital Programme is funded by: Capital Receipts £8,163,000, Revenue Reserves £4,295,000, Planned Revenue contributions £1,356,000, Internal Borrowing £384,000, CIL £289,000 and New Borrowing £8,160,000 as shown in the table below. Overall, the revised 5 year Capital Programme has come in balanced, as summarised in Appendix 3.

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revised Programme CFA 11 February 2021</b>	<b>2,295</b>	<b>6,105</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>22,647</b>
Funded by:						
Capital Receipts Reserve	1,939	5,991	233	0	0	8,163
Capital Programme Reserve	0	0	3,209	500	500	4,209
Revenue Contributions to Capital	0	0	452	452	452	1,356
BR Pilot Economic Reserve		86	0			86
CIL	0	0	289	0	0	289
MRP / Internal Borrowing	356	28	0	0	0	384
New Borrowing / Need to Borrow	0	0	3,499	2,721	1,940	8,160
<b>Updated Capital Programme</b>	<b>2,295</b>	<b>6,105</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>22,647</b>

- 6.3 A review of the Capital Programme found that all IRMP related capital approvals are incorporated apart from the purchase of 4 pool cars at a total value of £72,000 and purchase of new equipment £70,000. The budget holder has advised that the planned purchases of 2 pool cars and equipment in 2020/21 will not take place until future years. Therefore, it is proposed the outstanding IRMP capital budget be included in the Capital Programme for which Member approval is sought in the Month 2 monitoring report elsewhere on the agenda today, as shown in the table below.

	2020-21	2021-22	2022-23	2023-24	Total
	£'000	£'000	£'000	£'000	£'000
Purchase of pool cars - original	36	36	0	0	72
Purchas of equipment - original	35	0	0	35	70
Purchase of pool cars - revised	0	36	36	0	72
Purchas of equipment - revised	0	35	0	35	70

- 6.4 **Capital Funding:** The sale of the old Fort Rd site in Newhaven to Lewes District Council for £525,000 is proceeding with a 10% deposit received and the balance due subject to planning next year. The disposal of the ARP formerly based at Eastbourne has been concluded in line with the IRMP decision and realised a capital receipt of £120,000 in the financial year. The ARP will be replaced at Eastbourne by an additional pumping appliance and the ALP formerly based at Hastings (which will be replaced by a new vehicle in February 2021). The Service has also been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

The revised Capital Budget for 2020/21 was approved by CFA on 11 February 2021 at £2,295,000 (Estates £624,000, Fleet £1,671,000). Gross expenditure incurred was £2,225,000, net £2,032,000 following partner and grant fund contributions resulting in a provisional outturn variation of £263,000 (Estates £58,000, Fleet & Equipment £205,000) of which a net £364,000 is to slip into 2021/22, subject to Member approval today, and the remainder is a net overspend of £101,000 which has been funded by additional drawdown from capital reserve, as summarised below and detailed in Appendix 4.

	<b>Slippage</b>	<b>Overspend</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Estates</b>	<b>(58)</b>	<b>0</b>	<b>(58)</b>
<b>Fleet</b>	<b>(306)</b>	<b>101</b>	<b>(205)</b>
<b>Total</b>	<b>(364)</b>	<b>101</b>	<b>(263)</b>

6.5 **Estates / Property:** The provisional outturn is a variation of £58,000, all of which is slippage into 2021/22.

6.6 **Fleet and Equipment:** The provisional outturn is net £205,000 variation, of which £306,000 is slippage into 2021/22 and net £101,000 overspend which has been funded through additional drawdown from capital reserve, as summarised below and detailed in Appendices 4 and 5. This is mainly due to the forecast for the RPE Project being incorrect at budget setting and the capital programme being revised (incorrectly) accordingly leading to an overspend of £135,000 (13.7%) against a revised budget of £983,000. As this exceeds 10% then under Financial Regulations it must be formally reported to the Fire Authority. However, it should be noted that the overspend against the original scheme budget was only £10,000 (0.9%).

## 7. **RESERVES 2020/21**

7.1 The Fire Authority maintains Reserves in order to assist it in managing its specific spending plans across the financial year (Earmarked Reserves), making provisions for the financial risks it faces (General Fund Reserves) and making investments (Capital Receipts Reserve).

7.2 The opening balance at 1 April is £23,233,000 including a contribution from general fund reserve of £48,000 to finance the provisional net overspend 2019/20 as approved by Policy and Resources Panel on 23 July 2020.

7.3 Actual net transfers from reserves total £658,000 compared to planned net drawdown of £12,219,000. This is a net reduction in drawdown of £11,561,000 resulting in a closing balance at 31 March 2021 of £22,575,000 (£22,961,000 including provisional outturn of £386,000), as summarised in the table below and detailed over individual reserves in Appendix 6.

	<b>Balance @ 1 April 2020</b>	<b>Planned Net Transfers 2020/21</b>	<b>Actual Net Transfers 2020/21</b>	<b>Net change</b>	<b>Provisional Outturn Balance @ 31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Earmarked Reserves	13,808	(6,720)	779	7,499	14,587
General Fund	1,869	41	91	50	1,960
<b>Total Revenue Reserves</b>	<b>15,677</b>	<b>(6,679)</b>	<b>870</b>	<b>7,549</b>	<b>16,547</b>
Total Capital Reserves	7,556	(5,540)	(1,528)	4,012	6,028
<b>Total Usable Reserves</b>	<b>23,233</b>	<b>(12,219)</b>	<b>(658)</b>	<b>11,561</b>	<b>22,575</b>

7.4 There is a significant variation in revised drawdown from reserves (£2,722,000) between that reported at Month 11 and the provisional outturn, mainly due to the reduced requirement on ITG strategy reserve (£1,163,000), Improvement and Efficiency reserve (£200,000), Capital Receipts Reserve (£276,000), Business rates reserves (£224,000), Earmarked Reserves due to reduced expenditure on Control

Centre and SCC Exit costs (£145,000) and transfers of unused Grants to Earmarked Reserves (£867,000).

7.5 The net changes are explained in section 7.6 below. Work has concluded with budget managers to confirm the actual use of revenue and capital reserves in 2020/21. The joint working between P21, ITG and Finance has identified a reduced requirement on reserves this year in relation to the P21 project at £1.750m.

7.6 The main reasons for the overall net reduction in actual drawdown from reserves of £11,561,000 are as follows:-

7.6.1 Earmarked Reserves Reduction in Net Drawdown of **£7,499,000**

- **£170,000** - No call on Covid-19 tranche 1 grant funding 2019/20, brought forward as a reserve of £136,000 into 2020/21 plus a net underspend of £34,000 Covid grant received during 2020/21 towards eligible expenditure.
- **£1,309,000** - transfer of the recently notified level of business rates deficits from Districts and Boroughs and compensating Section 31 grant to the Business Rate Relief (BRR) reserve to finance shortfalls in 2021/22 arising from Covid-19 (previously £1.415m).
- **£89,000** - transfer of government grant to cover estimated 75% loss of business rates (£4,000) and council tax (£85,000) income arising from Covid-19 to finance budgeted shortfalls 2021/22 to 2023/24.
- **£425,000** - Protection uplift grants (BRR, Grenfell Infrastructure, Accreditation & RPL and Protection Uplift) to complete delivery plans in line with grant criteria.
- **£1,788,000** - no drawdown requirements in 2020/21 on ESMCP ESFRS Readiness £1,425,000 (national project delays), BRR Pilot Economic Development £70,000 (will be released to fund capital spend in 2021/22) and Sprinklers of £293,000 (delays in delivery of the projects we are match funding).
- **£2,270,000** - £1,176,000 - reduced drawdown on the ITG Strategy reserve due to project delays and re-profiling of projects. £1,094,000 - revenue transfer (£496,000) to ITG reserve to finance revised requirements on CRM as approved by CFA on 11 February 2021. Transfers to ITG reserve from Improvement and Efficiency (£300,000) and Business Rates Pool (£298,000) earmarked reserves.
- **£1,579,000** – reduced drawdown on mobilising strategy reserve in 2020/21 following re-profiling of P21 transition costs.
- **£119,000** – reduced drawdown on Business Rates Pool Reserve due to reduced activity and the decision not to appoint a separate Demand Reduction Manager and to fund this activity through the Protection Grant.
- **(£335,000)** – increase in drawdown mainly due to the £300,000 transfer to ITG reserve to finance CRM.

- **£86,000** - combination of new dimensions grant (£26,000), responding to new risks grant (£6,000), pension's administration (£47,000) and net other (£7,000).

#### 7.6.2 General Fund Reserve Reduction in Net Drawdown of **£50,000**

- **(£47,000)** - This is due to the pay award which was allowed for in the 2020/21 budget at 2% increase but the Green Book pay award was confirmed at 2.75%, with the difference fully funded by general fund reserve in 2020/21 and future years are built into the budget requirement.
- **£97,000** reduced drawdown due to reduced expenditure on SCC exit costs and East Sussex Fire Control Room.

#### 7.6.3 Capital Reserves Reduction in Net Drawdown of **£4,012,000**

- **£3,827,000** - the reduction in capital reserves requirement arising from the updates to the capital programme and slippage of capital schemes into future years including use of grants unused £38,000 (refer to capital section 7 above).
- **£52,000** - 10% of the capital receipt from the sale of Fort Road (£525,000) has been received and the balance is expected in 2021/22 once planning is approved and will also be transferred to CR reserve once received.
- **£133,000** – capital receipt from the sale of ARP currently based in Eastbourne and sale of vehicle £13,000.

## 8. **BORROWING AND INVESTMENT**

8.1 As at end March, the Authority held cash balances of £22,600,000 which are invested in accordance with the Treasury Management Strategy, as follows.

Counterparty	Duration	Amount (£m)	Rate (%)
Aberdeen MMF	Overnight	4.00	0.01
Aviva MMF	Overnight	4.00	0.01
Barclays	95 day notice	4.00	0.29
Deutsche	Overnight	0.35	0.01
Goldman Sachs	95 day notice	4.00	0.18
Local Authority – Dudley	Fixed deposit to 25 <sup>th</sup> Oct 2021	2.25	1.25
Santander	95 day notice	4.00	0.4
<b>Total</b>		<b>22.60</b>	

8.2 The 2020/21 Budget and Treasury Management Strategy included a significant reduction in cash balances available for investment as a result of a planned reduction in reserves of £12.3m as the Authority invested in its IT, estates, fleet and mobilising system. As noted elsewhere in this report the actual net reduction in reserves was significantly lower at £0.5m, meaning that cash available for investment was broadly unchanged. However, based on forecasting at the time the decision was taken in August 2020 to serve notice on a £4m 175 day notice account held with Lloyds to

ensure that the forecast liquidity requirement for Q4 was met. At the same time rates for short term deposits have reduced considerably, limiting our options for investing outside of Money Market Funds whilst still maintaining the liquidity forecasted as necessary to meet planned investment (cash outflows) in 2021/22. We are continuing to monitor the situation with our Treasury Management advisers.

- 8.3 The Bank of England reduced the base interest rate from 0.75% to 0.10% to invigorate the economy due to the impact of Covid -19. We have seen the impact of this as Banks and other institutions have reduced the rates on investments, resulting in lower interest receivable. The income of £107,000 has been achieved, £32,000 above the budgeted level of £75,000. If interest rates had stayed at their prevailing rates, we would have seen additional income of approximately £135,000, similar to that realised in the last two financial years, to use towards managing current pressures.
- 8.4 The Authority has debts totalling £10,773,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals. The £75,000 debt which matured at the end of the year has been repaid.

## **9. USE OF THE PROVISIONAL UNDERSPEND**

- 9.1 The provisional revenue outturn 2020-21 (underspend of £386,000) provided an opportunity for members of SLT to submit bids for carry forward of resources and these totalled £522,792, of which, £174,960 were in relation existing commitments which had been delayed from 2020/21 in part due to the impact of Covid-19. The remaining bids related to new activity and the successful bids are summarised in the table below:

<b>Directorate</b>	<b>Description</b>	<b>Amount £</b>
Resources	Additional fixed term capacity in finance	47,460
Resources	Additional fixed term capacity to support Information Security improvements	23,240
Operational Support & Resilience	Repairs to Foam Systems on appliances	13,053
Operational Support & Resilience	Additional Thermal Imaging Cameras for appliances	15,000
Planning & Improvement	Support for Business Analysis capacity in PMO	10,000
Planning & Improvement	Inspection preparation support	35,000
Community Safety	Additional capacity for Safe & Well visits	14,000
Community Safety	ADF / eIRS training for crew	2,800
People Services	Facility to provide ship alongside training	10,000
People Services	Additional incident command training	30,000
People Services	Coaching skills training	10,000

## Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Provisional Outturn 2020/2021

### Revenue Budget 2020/21 – Objective Summary

	Original Budget	Revised Budget	Provsional Outturn	Provisional Outturn Variance	Variance	Variance Month 11 Reported to P&R	Variance From Last Reported
	£'000	£'000	£'000	£'000	%	£'000	
Peoples Services	3,641	3,753	3,526	(227)	(6.0)	(210)	(17)
Resources/Treasurer	7,506	7,617	7,221	(396)	(5.2)	(242)	(154)
Planning and Improvement	1,275	1,432	1,348	(84)	(5.9)	(86)	2
<b>Total Deputy Chief Fire Officer</b>	<b>12,422</b>	<b>12,802</b>	<b>12,095</b>	<b>(707)</b>	<b>(5.5)</b>	<b>(538)</b>	<b>(169)</b>
Safer Communities	21,017	21,274	21,094	(180)	(0.8)	(143)	(37)
Operational Support	4,298	4,241	4,103	(138)	(3.3)	(126)	(12)
<b>Total Assistant Chief Fire Officer</b>	<b>25,315</b>	<b>25,515</b>	<b>25,197</b>	<b>(318)</b>	<b>(1.2)</b>	<b>(269)</b>	<b>(49)</b>
CFO Staff	705	728	782	54	7.4	50	4
Treasury Management	839	839	821	(18)	(2.1)	(32)	14
Non Delegated costs	(1,058)	(1,150)	(1,076)	74	6.4	24	50
Corporate Contingency	454	22	0	(22)	(100.0)	(22)	0
Covid-19	0	0	0	0	0.0	1	(1)
Transfer from Reserves	(627)	(753)	(748)	5	(0.7)	0	5
Transfer to Reserves	1,687	3,355	3,939	584	17.4	496	88
<b>Total Corporate</b>	<b>2,000</b>	<b>3,041</b>	<b>3,718</b>	<b>677</b>	<b>22.3</b>	<b>517</b>	<b>160</b>
<b>Total Net Expenditure</b>	<b>39,737</b>	<b>41,358</b>	<b>41,010</b>	<b>(348)</b>	<b>(0.8)</b>	<b>(290)</b>	<b>(58)</b>
Financed By:							
RSG	(3,208)	(3,208)	(3,208)	0	0.0	0	0
Council Tax	(27,931)	(27,931)	(27,931)	0	0.0	0	0
Business Rates	(7,714)	(8,026)	(8,030)	(4)	(0.0)	0	(4)
S31 Grants	(799)	(2,108)	(2,053)	55	2.6	0	55
Collection Fund Surplus/Deficit	(85)	(85)	(174)	(89)	104.7	0	(89)
<b>Total Financing</b>	<b>(39,737)</b>	<b>(41,358)</b>	<b>(41,396)</b>	<b>(38)</b>	<b>(0.1)</b>	<b>0</b>	<b>(38)</b>
<b>Total Over / (Under) Spend</b>	<b>0</b>	<b>(0)</b>	<b>(386)</b>	<b>(386)</b>	<b>(0.9)</b>	<b>(290)</b>	<b>(96)</b>

**Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25  
Provisional Outturn 2020/2021**

**Savings Programme 2020/21**

		2020/21	2020/21	2020/21
		Savings	Projection	At Risk
Description	Responsible Officer	£,000	£,000	£,000
Management Restructure	Corporate	(5)	0	5
Engineering - cutting equipment purchased early (1 year only)	RF	(60)	(60)	0
PPE & Workwear	DS	(91)	(71)	20
Fire Brigade Union (FBU) post	MM	(20)	(20)	0
Going digital on CFA agendas implementation of Modern.Gov	LR	(3)	(3)	0
Reduction in administration costs in Safer Communities	MM	(25)	(25)	0
Use of BR Pooling to support service delivery	DS/MM	(50)	(50)	0
Estates Strategy revenue maintenance savings.	DS	(20)	(20)	0
Business Rates overstated pressure.	DS	(67)	(67)	0
FPS administration moving to West Yorkshire Pension Fund	DS	(24)	(14)	10
Webex savings from each directorate.	Corporate	(12)	(12)	0
Primary Authority income target	MM	(19)	(19)	0
Maritime	RF	(30)	0	30
		<b>(426)</b>	<b>(361)</b>	<b>65</b>

\*Savings at risk £65,000 fully funded through contingency.

## Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Provisional Outturn 2020/2021

### Revised Capital Programme 2020/21 to 2024/25

	CFA 11 Feb 2021 Revised Budget 2020/21	2021/22	2022/23	2023/24	2024/25	Total Budget 2020/21 to 2024/25	Projected Spend 2020/21 to 2024/25	Variance 2020/21 to 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property</b>								
<b>Shared Investment Schemes</b>								
Integrated Transport Project	20	180	800			1,000	1,000	-
- Partner contribution								
<b>Integrated Transport Project net cost</b>	<b>20</b>	<b>180</b>	<b>800</b>	-	-	<b>1,000</b>	<b>1,000</b>	-
<b>One Public Estate</b>								
- Heathfield	16		34			50	50	-
- Partner contribution						-	-	
<b>- Heathfield net cost</b>	<b>16</b>	-	<b>34</b>	-	-	<b>50</b>	<b>50</b>	-
- Lewes	-			246		246	246	-
- Partner contribution						-	-	
<b>- Lewes net cost</b>	-	-	-	<b>246</b>	-	<b>246</b>	<b>246</b>	-
- Preston Circus	85	750	2,224			3,059	3,059	-
- Partner contribution						-	-	
<b>- Preston Circus net cost</b>	<b>85</b>	<b>750</b>	<b>2,224</b>	-	-	<b>3,059</b>	<b>3,059</b>	-
- Uckfield	6			94		100	100	-
- Partner contribution						-	-	
<b>- Uckfield net cost</b>	<b>6</b>	-	-	<b>94</b>	-	<b>100</b>	<b>100</b>	-
<b>Total Shared Investment Schemes</b>	<b>127</b>	<b>930</b>	<b>3,058</b>	<b>340</b>	-	<b>4,455</b>	<b>4,455</b>	-
<b>Strategic Schemes</b>								
- Replacement Fuel Tanks	220	193				413	413	-
- Partner contribution	(215)					(215)	(215)	
<b>- Replacement fuel tanks net cost</b>	<b>5</b>	<b>193</b>	-	-	-	<b>198</b>	<b>198</b>	-
Design Guide Schemes	120	1,335	1,015	874	1,008	4,352	4,352	-
STC Live Fire Training	25	200	1,115			1,340	1,340	-
Sustainability	31	100	75	50		256	256	-
Security	65	20	50	40	20	195	195	-
<b>Total Strategic Schemes</b>	<b>246</b>	<b>1,848</b>	<b>2,255</b>	<b>964</b>	<b>1,028</b>	<b>6,341</b>	<b>6,341</b>	-
<b>General Schemes</b>	<b>251</b>	<b>227</b>	<b>100</b>	<b>100</b>	<b>75</b>	<b>753</b>	<b>753</b>	-
<b>Total Property</b>	<b>624</b>	<b>3,005</b>	<b>5,413</b>	<b>1,404</b>	<b>1,103</b>	<b>11,549</b>	<b>11,549</b>	-
<b>Information Management</b>								
- Sussex Control Centre	37					37	37	-
- Grant funds	(37)					(37)	(37)	
<b>Sussex Control Centre net cost</b>	-	-	-	-	-	-	-	-
<b>Fleet and Equipment</b>								
- Vehicle cameras	-	118				118	118	-
- Grants funds	-	(118)				(118)	(118)	
<b>- Vehicle cameras net cost</b>	-	-	-	-	-	-	-	-
- RPE Project	32					32	167	135
- grant funds						-	-	-
- Telemetry		70				70	70	
<b>Special Projects</b>	<b>32</b>	<b>70</b>	-	-	-	<b>102</b>	<b>102</b>	<b>135</b>
Aerial Rescue Ladder	190		743	758		1,691	1,691	0
Fire Appliances	830	1,461	891	877	861	4,920	4,908	(12)
Ancillary Vehicles	191	1,149	381	391	368	2,480	2,469	(11)
Cars	175	316	254	64	272	1,081	1,075	(6)
Vans	253	104		179	288	824	819	(5)
<b>Total Fleet and Equipment</b>	<b>1,671</b>	<b>3,100</b>	<b>2,269</b>	<b>2,269</b>	<b>1,789</b>	<b>11,098</b>	<b>11,064</b>	<b>(34)</b>
<b>Total Expenditure</b>	<b>2,295</b>	<b>6,105</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>22,647</b>	<b>22,613</b>	<b>101</b>

\*RPE budget reduced due to technical error. Net £101,000 overspend fully funded in 2020/21

## Revenue and Capital Revised Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Provisional Outturn 2020/2021

### Revised Capital Budget 2020/21

Capital Programme Expenditure	CFA 11 Feb, Revised Budget 2020/21 £'000	Provisional Outturn £'000	Variance £'000	Underspend £'000	Slipping £'000	Variance reported month 11 £'000	Variance %
<b>Property</b>							
<b>Shared Investment Schemes</b>							
Integrated Transport Project	20	0	(20)	0	(20)	(10)	(100.0)
- Partner contribution							
<b>Integrated Transport Project net cost</b>	<b>20</b>	<b>0</b>	<b>(20)</b>	<b>0</b>	<b>(20)</b>	<b>(10)</b>	<b>(100.0)</b>
<b>One Public Estate</b>							
- Heathfield	16	8	(8)	0	(8)	(9)	(50.0)
- Partner contribution							
<b>- Heathfield net cost</b>	<b>16</b>	<b>8</b>	<b>(8)</b>	<b>0</b>	<b>(8)</b>	<b>(9)</b>	<b>(50.0)</b>
- Lewes	0	1	1	0	1	0	100.0
- Partner contribution							
<b>- Lewes net cost</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	
- Preston Circus	85	8	(77)	0	(77)	(85)	(90.6)
- Partner contribution							
<b>- Preston Circus net cost</b>	<b>85</b>	<b>8</b>	<b>(77)</b>	<b>0</b>	<b>(77)</b>	<b>(85)</b>	<b>(90.6)</b>
- Uckfield	6	7	1	0	1	0	16.7
- Partner contribution							
<b>- Uckfield net cost</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>16.7</b>
<b>Total Shared Investment Schemes</b>	<b>127</b>	<b>24</b>	<b>(103)</b>	<b>0</b>	<b>(103)</b>	<b>(104)</b>	<b>(81.1)</b>
<b>Strategic Schemes</b>							
- Replacement Fuel Tanks	220	193	(27)	0	(27)	(122)	(12.3)
- Partner contribution	(215)	(155)	60	0	60	117	(27.9)
<b>- Replacement fuel tanks net cost</b>	<b>5</b>	<b>38</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>(5)</b>	<b>660.0</b>
Design Guide Schemes	120	295	175	0	175	110	145.8
BA Chambers works	0	0	0	0	0	0	0.0
STC Live Fire Training	25	0	(25)	0	(25)	(25)	(100.0)
Sustainability	31	0	(31)	0	(31)	(31)	(100.0)
Security	65	60	(5)	0	(5)	(4)	(7.7)
<b>Total Strategic Schemes</b>	<b>246</b>	<b>393</b>	<b>147</b>	<b>0</b>	<b>147</b>	<b>45</b>	<b>59.8</b>
<b>General Schemes</b>	<b>251</b>	<b>149</b>	<b>(102)</b>	<b>0</b>	<b>(102)</b>	<b>(91)</b>	<b>(40.6)</b>
<b>Total Property</b>	<b>624</b>	<b>566</b>	<b>(58)</b>	<b>0</b>	<b>(58)</b>	<b>(150)</b>	<b>(9.3)</b>
<b>Information Management</b>							
- Sussex Control Centre	37	37	0	0	0	0	0.0
- Grant funds	(37)	(37)	0	0	0	0	0.0
<b>Sussex Control Centre net cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Fleet and Equipment</b>							
- Vehicle cameras	0	0	0	0	0	0	0
- Grants funds	0	0	0	0	0	0	0
<b>- Vehicle cameras net cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
- RPE Project	32	167	135	135	0	(24)	423.2
- grant funds							
<b>- BA &amp; Ancillary Equipment Net cost</b>	<b>32</b>	<b>167</b>	<b>135</b>	<b>135</b>	<b>0</b>	<b>(24)</b>	<b>423.2</b>
Aerial Rescue Ladder	190	185	(5)		(5)	(7)	(2.4)
Fire Appliances	830	539	(291)	(12)	(279)	(23)	(35.0)
Ancillary Vehicles	191	180	(11)	(11)	0	(22)	(5.8)
Cars	175	169	(6)	(6)	0	(4)	(3.7)
Vans	253	226	(27)	(5)	(22)	(33)	(10.7)
<b>Total Fleet and Equipment</b>	<b>1,671</b>	<b>1,466</b>	<b>(205)</b>	<b>101</b>	<b>(306)</b>	<b>(113)</b>	<b>(12.2)</b>
<b>Total Expenditure</b>	<b>2,295</b>	<b>2,032</b>	<b>(263)</b>	<b>101</b>	<b>(364)</b>	<b>(263)</b>	<b>(11.4)</b>

## Appendix 5

### Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Provisional Outturn 2020/2021

#### Engineering Revised Capital Budget 2020/21

	Revised Capital Budget 2020/21 - CFA 11 February 2021	Projected Spend 2020/21	Variance	Variance	Underpend / overspend	Slippage	Comments
	£	£	£	%			
<b>Aerial Appliances</b>							
Aerial Ladder Platform GX04BMY STN 76	190,000	185,362	(4,638)	(2.4)		(4,638)	Slippage as 10% final payment
<b>Fire Appliances</b>							
Appliances 19/20 GX55AAE	280,000	268,543	(11,457)	0.96	(11,457)		saving ( repurpose for adtinal four cars )
Appliances 19/20 GX05ABZ	280,000	270,588	(9,412)	(3.4)		(9,412)	Slippage awaiting PDI inspection
Appliances 20/21 GX56NWP	90,000	0	(90,000)	(100.0)		(90,000)	
Appliances 20/21 GX57EUK	90,000	0	(90,000)	(100.0)		(90,000)	
Appliances 20/21 GX57EUR	90,000	0	(90,000)	(100.0)		(90,000)	
<b>Ancillary Vehicles</b>							
Wildfire Vehicle 2019/20 GX53AZU	2,000	2,032	32	1.6	32		unknown
Wildfire Vehicle GX02AZO	63,500	65,462	1,962	3.1	1,962		
Replacing Y87 GNJ GP Truck STN 84	117,000	94,359	(22,641)	(19.4)	(22,641)		saving ( repurpose for adtinal four cars )
Boat SWR	8,000	1,730	(6,270)	(78.4)	(6,270)		saving
Replace GX51UBM		16,421	16,421		16,421		
<b>Cars</b>							
Cars 19/20- GX66JKY CFO	30,500	28,416	(2,084)	(6.8)	(2,084)		saving
Cars 19/20- GX66JOU ACFO	30,500	28,321	(2,179)	(7.1)	(2,179)		saving
Cars 20/21 - GV63 HUH response car	28,500	27,968	(532)	(1.9)	(532)		this is GX51 Ubm line 7
Cars 20/21 - GV63 HUA response car	28,500	27,968	(532)	(1.9)	(532)		
Cars 20/21 - NEW (Response Car)	28,500	27,968	(532)	(1.9)	(532)		
Cars 20/21 - NEW (Response Car)	28,500	27,968	(532)	(1.9)	(532)		
<b>Vans</b>							
Replacing Movano GX60 PUV	6,500		(6,500)	(100.0)	(6,500)		saving
Replacing Movano GX60 PUY	6,500		(6,500)	(100.0)	(6,500)		saving
Vans 20/21 - GX15 JJK SSO van	37,700	32,819	(4,881)	(12.9)		(4,881)	Guy Bowes van Claire to pay SVP invoice
Vans 20/21 - GX13 FNN	13,900	14,847	947	6.8	947		
Vans 20/21 - GX13 FNM	13,900	14,847	947	6.8	947		
Vans 20/21 - RDS - GX13 FNK	17,500	18,734	1,234	7.1	1,234		
Vans 20/21 - RDS - GX13 FNJ	17,500	18,734	1,234	7.1	1,234		
Vans 20/21 - RDS - GX13 FNE	17,500	18,734	1,234	7.1	1,234		
Vans 20/21 - RDS - GU63 NOF	17,500	18,734	1,234	7.1	1,234		
Vans 20/21 - Station Van (76 Shift)	17,500		(17,500)	(100.0)		(17,500)	this should be in 21/22 budget
Vans 20/21 - Station Van (90 Shift)	17,500	17,688	188	1.1	188		ford Vans Claire to pay FMC
Vans 20/21 - Station Van (91 Shift)	17,500	17,688	188	1.1	188		ford Vans Claire to pay FMC
Vans 20/21 - Station Van (92 Shift)	17,500	17,688	188	1.1	188		ford Vans Claire to pay FMC
Vans 20/21 - Station Van (93 Shift)	17,500	17,688	188	1.1	188		ford Vans Claire to pay FMC
Vans 20/21 - Station Van (? Shift)	17,500	17,694	194	1.1	194		ford Vans Claire to pay FMC
<b>Special Projects</b>							
RPE project	32,000	167,432	135,432	423.2	135,432		
<b>Total Fleet and Equipment</b>	<b>1,671,000</b>	<b>1,466,435</b>	<b>(204,565)</b>	<b>(12.2)</b>	<b>101,866</b>	<b>(306,431)</b>	<b>(204,565)</b>

## Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Provisional Outturn 2020/2021

### Reserves 2020/21

Description	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	Closing Balance
	Opening Balance 01/04/20	Original Planned Transfers In	Original Planned Transfers Out	Original Planned Transfers Net	Actual Transfers In	Actual Transfers Out	Transfers Between Reserves	Actual Transfers Net	Net Change	Provisional Balance at End March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BRR - Protection Uplift - Accreditation & RPL	0	0	0	0	23	0		23	23	23
BRR - Protection Uplift - Building Risk Review	0	0	0	0	77	0		77	77	77
BRR - Protection Uplift - Infrastructure	0	0	0	0	47	0		47	47	47
BRR - Protection Uplift - Protection	0	0	0	0	278	0		278	278	278
Business Rate Tax Income Guarantee Scheme (75%)	0	0	0	0	4	0		4	4	4
Council Tax Income Guarantee Scheme (75%)	0	0	0	0	85	0		85	85	85
Covid-19	136	0	(136)	(136)	34	0		34	170	170
Section 31 Business Rates Retention Reliefs	0	0	0	0	1,309	0		1,309	1,309	1,309
New Dimensions Grant	0	0	0	0	26	0		26	26	26
Responding to New Risks	0	0	0	0	6	0		6	6	6
Business Rates Pool Reserve	355	0	(155)	(155)	312	(50)	(298)	(36)	119	319
Business Rates Retention Pilot, Economic development	86	0	(70)	(70)	0	0		0	70	86
Business Rates Retention Pilot, Financial Stability	587	0	(480)	(480)	0	(475)		(475)	5	112
Capital Programme Reserve	1,709	500	0	500	500	0		500	0	2,209
Carry Forwards	0	0	0	0	0	0		0	0	0
ESMCP ESFRS Readiness	1,425	0	(1,425)	(1,425)	0	0		0	1,425	1,425
ESMCP Regional Programme	566	0	(259)	(259)	0	(257)		(257)	2	309
Improvement & Efficiency	471	500	(90)	410	500	(125)	(300)	75	(335)	546
Insurance	249	0	0	0	0	0		0	0	249
ITG Strategy	3,351	549	(2,032)	(1,483)	1,045	(857)	598	786	2,269	4,137
Mobilising Strategy	4,175	0	(3,329)	(3,329)	0	(1,750)		(1,750)	1,579	2,425
Pensions Administration	0	0	0	0	47	0		47	47	47
People Strategy	40	0	0	0	0	0		0	0	40
Responding to New Risks	18	0	0	0	0	0		0	0	18
Sprinklers	640	0	(293)	(293)	0	0		0	293	640
<b>Total Earmarked Reserves</b>	<b>13,808</b>	<b>1,549</b>	<b>(8,269)</b>	<b>(6,720)</b>	<b>4,293</b>	<b>(3,514)</b>	<b>0</b>	<b>779</b>	<b>7,499</b>	<b>14,587</b>
General Fund	1,869	138	(97)	41	138	(47)		91	50	1,960
<b>Total Revenue Reserves</b>	<b>15,677</b>	<b>1,687</b>	<b>(8,366)</b>	<b>(6,679)</b>	<b>4,431</b>	<b>(3,561)</b>	<b>0</b>	<b>870</b>	<b>7,549</b>	<b>16,547</b>
Capital Receipts Reserve	7,518	0	(5,540)	(5,540)	186	(1,676)		0	(1,490)	6,028
Capital Grants Unapplied	38	0	0	0	0	(38)		(38)	(38)	0
<b>Total Capital Reserves</b>	<b>7,556</b>	<b>0</b>	<b>(5,540)</b>	<b>(5,540)</b>	<b>186</b>	<b>(1,714)</b>	<b>0</b>	<b>(1,528)</b>	<b>4,012</b>	<b>6,028</b>
<b>Total Usable Reserves</b>	<b>23,233</b>	<b>1,687</b>	<b>(13,906)</b>	<b>(12,219)</b>	<b>4,617</b>	<b>(5,275)</b>	<b>0</b>	<b>(658)</b>	<b>11,561</b>	<b>22,575</b>

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## EAST SUSSEX FIRE AND RESCUE SERVICE

**Meeting** Policy and Resources Panel

**Date** 22 July 2021

**Title of Report** Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 2 (end May).

**By** Duncan Savage – Assistant Director Resources/Treasurer

**Lead Officer** Parmjeet Jassal – Interim Finance Manager

**Background Papers** Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26

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

**Appendices**

- Appendix 1: Revenue Budget 2021/22 Objective
- Appendix 2: Savings Programme 2021/22
- Appendix 3: Grants and Spending Plans 2021/22
- Appendix 4: Capital Programme 2021/22 to 2025/26
- Appendix 5: Capital Budget 2021/22
- Appendix 6: Engineering Capital Budget 2021/22
- Appendix 7: Reserves 2021/22

### Implications

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>EQUALITY IMPACT</b>		<b>POLITICAL</b>	
<b>FINANCIAL</b>	✓	<b>OTHER (please specify)</b>	
<b>HEALTH &amp; SAFETY</b>		<b>CORE BRIEF</b>	
<b>HUMAN RESOURCES</b>			

**PURPOSE OF REPORT** To report 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.

**EXECUTIVE SUMMARY** This is the first report to Members for the 2021/22 financial year and highlights the findings from the Month 2 monitoring undertaken on the Revenue Budget 2021/22 and 5 year

Capital Programme 2021/22 to 2025/26, approved by the Authority in February 2021.

A net revenue overspend to the sum of £126,000 has been identified at this early point in the new financial year, as summarised in Appendix 1. This is mainly because of the identification of savings in Resources / Treasurer offset by a forecast overspend on ill health retirements and over budgeting on S31 business rates retention. Most in-year pressures will be dealt with either through the use of contingency, use of reserves or service underspends.

Performance against the Savings Programme is summarised in Appendix 2 and detailed in section 4.

Performance against grants and spending plans is summarised in Appendix 3 and detailed in section 5.

Revenue and Capital programme risks are detailed in section 3, focusing specifically on areas that are subject to further investigation and the outcome could result in significant additional pressures in the current and future financial years. These include 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 original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. This increased to £23,658,000 including slippage brought forward from 2020/21 of £364,000 (subject to formal approval by this Panel of the Provisional Outturn Report for 2020/21). This is forecasted to come in on budget as detailed in Appendix 4. The Capital Programme will be updated in light of outstanding adjustments relating to IRMP once approved by this Panel.

The current year Capital Budget was approved by the Fire Authority at £6,105,000 and revised to £6,469,000 including slippage of £364,000 brought forward from 2020/21. At this early point in the financial year, no variation to the capital budget is identified. Detailed information is contained within section 7 and summarised in Appendix 5. The Fleet and Equipment Capital Projects 2021/22 are detailed in Appendix 6.

The position on reserves shows an opening balance of £22,961,000 including the provisional net revenue underspend 2020/21 brought forward of £386,000. The forecast net drawdown from reserves is £12,584,000, an increase in drawdown of £2,612,000 compared to the planned drawdown of £9,972,000. This results in an estimated closing balance of £10,377,000, as detailed in section 8 and

summarised in Appendix 7. Work is ongoing to review likely drawdown of reserves (including grants brought forward) for the rest of the current year on both Revenue and Capital projects.

There is a reduction in the interest receivable on the Authority's cash investments of £24,393,000 due to the Bank of England lowering its' base rates to invigorate the economy due to the impact of Covid-19. However, interest receivable is projected at £47,000, resulting in a surplus of £7,000 when compared to the budget. Interest payments on fixed rate loans of £10,698,000 are unaffected. Two loans totalling £400,000 are maturing on the 30th September 2021 for which payment arrangements are in hand, as detailed in section 9.

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**RECOMMENDATION****Policy & Resources Panel is recommended 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

**Policy and Resources Panel is recommended 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) is built into the Capital Programme.

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**1. INTRODUCTION**

- 1.1 The Original Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26 was approved at the meeting of the Fire Authority on 11 February 2021.
- 1.2 This is the first report to Members for the 2021/22 financial year, and highlights the findings from Month 2 (end May) monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26. It should be noted the review is based on currently available information and the result may change as new information emerges during the year.

	<b>This P&amp;R (Month 2)</b>	<b>Last P&amp;R (n/a)</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue (see section 2)	126	-	-
Capital in year (see section 7)	-	-	-

- 1.3 The Revenue Budget, approved by the Fire Authority in February 2021 was a net expenditure requirement of £40,704,000.
- 1.4 A net revenue overspend to the sum of £126,000 has been identified at Month 2 (end May) which is reflected in the Revenue Budget 2021/22 objective summary at Appendix 1 and detailed in section 2.
- 1.5 The savings requirement 2021/22 is £504,000 and work is in progress to identify actual delivery compared to budgeted savings, as detailed in Appendix 2 and section 4.
- 1.6 The grants available total £6.3m, including grants brought forward from previous years, of which spending plans total £4.6m for the current year, as summarised in Appendix 3 and detailed in section 5.
- 1.7 The five year Capital Strategy 2021/22 to 2025/26 was approved by the Fire Authority in February 2021 at £23,294,000 and updated to £23,654,000 including slippage of £364,000 brought forward from 2020/21. The revised 5 year Capital Programme is projected to come within budget as detailed in section 7 and summarised in Appendix 3. Formal Member approval is being sought to update the Capital Programme in light of the actual outturn 2020/21 (provisional outturn 2020/21 report elsewhere on your agenda) and outstanding adjustments relating to IRMP.
- 1.8 The Capital Budget for 2021/22 was approved by the Fire Authority at £6,105,000 and updated to £6,469,000 including slippage of £364,000 brought forward from 2020/21. Expenditure is forecasted to come in on budget as detailed within section 7 and summarised in Appendices 4 and 5.
- 1.9 A number of Revenue Budget and Capital Programme risks are set out in section 3 which will be monitored throughout the year. The updated position on Contingency, Reserves, Borrowing and Investments is provided at sections 6, 8 and 9 respectively.

## **2. REVENUE BUDGET COMMENTARY**

- 2.1 The Revenue Budget is projected to overspend by a net £126,000 which is summarised across divisions in Appendix 1 and detailed explanations are provided below.
- 2.2 **Resources/Treasurer:** There is an overall projected underspend of net £46,000 as follows:-
- 2.2.1 **ITG:** The I.T. Manager is projecting an underspend of £46,000 following a comprehensive review of the ITG revenue budget compared to known commitments.

- 2.3 **Treasury Management:** This income budget is projected to overachieve by £7,000. Interest rates on investments have reduced significantly following the reduction in the Bank of England base rate. Although the interest received will be considerably reduced compared to previous years, it is forecast to meet the £40,000 interest budget (reduced from £75,000 in 2020/21) and deliver additional income of £7,000.
- 2.4 **Non Delegated Costs:** An overspend of £43,000 is projected due to previously approved ill health retirements (IHRs) where costs are spread over three financial years. These are not controllable costs and it is likely the pressure will increase during the year once IHRs in the pipeline are confirmed.
- 2.5 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in-year budget pressures and was set at £341,000 for 2021/22. Approved pressures total £86,000 resulting in £255,000 remaining in contingency, as detailed in section 6.
- 2.6 **Transfer to and from Reserves:** There is no forecasted variation to the net transfer to reserves of £964,000.
- 2.7 **Financing:** A pressure is identified of £136,000 due to the Section 31 business rates retention grant being budgeted at a higher rate than confirmed recently by the Home Office. We will be reviewing the way we forecast S31 BR grant income in future and it is proposed to resolve the immediate issue by reducing the planned contribution to the Improvement and Efficiency reserve, however we will await to completion of work on the BR / CT Income Compensation Grants before seeking approval for this approach (see paragraph 3.2 below).

### 3. **REVENUE BUDGET AND CAPITAL PROGRAMME RISKS**

- 3.1 **Covid 19:** The immediate financial impacts of Covid 19 in 2019/20 and 2020/21 have been funded (whole or in-part) by grant from Government. These included increased expenditure on PPE, staffing, shortfalls in fees and charges income and delays to capital projects resulting in significant revision to the Capital Programme. Covid 19 will continue to impact on the Authority's finances during 2021/22 where impact on both the Business Rate and Council Tax Collection Funds will be felt. There is currently £170,000 Covid grant held in reserve which is anticipated to be utilised in the current year.
- 3.2 There is also a risk the amounts payable under the Government's compensation schemes for council tax and business rates income are lower than budgeted figures and will need to be revised as a result, both for current and future years. The compensation scheme guidance came out late and not all information from the Districts and Boroughs was received in time for budget setting. Grant letters received recently from CLG indicate significant reductions in compensation for council tax reduction (£85,000 compared to £147,000 budgeted in total over 3 years) and compensation for business rates (£4,000 compared to £93,000 budgeted in total over 3 years). We are investigating the causes for these reductions with the Districts and Boroughs and will advise Members in due course. The source of funding identified to cover in-year reductions (£49k) is the Business Rates Retention Pilot - financial stability reserve whilst future years will be dealt with as part of the MTFP.

- 3.3 **Pension Costs:** There is continued reliance on one-off grant to fund increased contributions for FPS as well as the uncertainty on the cost and funding of the remedy from the Sargent case (initial estimate of historic liability approx. £5m, ongoing costs £0.9m p.a.). For the latter it is now understood that the cost will impact through the next quadrennial scheme valuation i.e. from 2023/24 onwards. The Authority will be directly liable for the cost of any Injury to Feelings claims and any additional administrative costs of implementing the remedy.
- 3.4 **Pay Award 2021/22:** Negotiations are ongoing between unions and pay awarding bodies and it appears likely that the FBU will accept a pay-award of 1.5% for grey book staff. The outcome of pay-award negotiations for green book staff is awaited but this could also be agreed at around 1.5%. There was no allowance made for an increase in all pay conditions in the budget following the Government's call for a pay freeze which causes an ongoing funding issue of around £440,000 which will need to be resolved as part of the MTFP 2022/23+ process. Options for funding the immediate pressures of £356,000 (adjusted for grey book pay award effective from 1 July) in the current financial year include identifying additional savings to those already included in the budget of £504,000 or use of general fund reserves. Increasing savings targets at short notice may cause adverse impacts on service delivery, and therefore, the use of general fund balances is recommended. However, these will need replenishing in the MTFP process to return to the policy minimum of 5% of the net revenue budget.
- 3.5 **Potential Capital Project Delays:** The impact of Brexit, Covid-19 and the Suez blockage are holding up construction projects across the nation. The dwindling supplies along with increased costs and long delivery times being experienced by the construction industry could impact on the Capital Programme. The Estates team are working to understand the potential financial impact and it is likely that this will become evidence as we move planned projects through procurement to delivery during the year.
- 3.6 **IRMP:** As the IRMP implementation plans are developed, it is possible that additional revenue and capital implications may be identified, and changes to implementation timelines may also affect delivery of savings. Work is in progress to refresh the IRMP financials, approved by CFA in September 2020, taking into account factors such items not previously in scope but now required and differences in timing in implementation.

#### **4. SAVINGS PROGRAMME 2021/22**

- 4.1 Appendix 2 summarises the net savings requirement 2021/22 of £504,000. Work is in progress with Service managers to identify and report actual delivery of savings compared to budgeted savings. This will be captured in a savings tracker including RAG rating and reported to Members at future meetings.

#### **5. GRANTS AND FEES & CHARGES INCOME COMPENSATION SCHEME**

- 5.1 The Government has awarded grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions. These include grants awarded in year, brought forward from previous years where their spending plans fall over more than financial year and others that require development of spending plans, as summarised in Appendix 3. The amount available is £6.3m

compared to agreed spending plans of £4.6m in 2021/22. Regular monitoring of performance on grants will be reported to Members.

The latest grants are detailed below:

- 5.2 **Covid-19:** This is to alleviate an increase in expenditure and shortfall in income relating to Covid-19. £170,000 has been brought forward in a grants reserve.
- 5.3 **Surge Protection Grant Funding:** This is specifically to deal with inspections for high rise buildings and other high risk buildings. The grant conditions have been received, including the deadline of December 2021 by which the high rise element of the grant must be spent. A further allocation of £421,366 has recently been awarded. A project group has been set up, and, delivery plans drawn up to ensure full use of the grant (£653,149 in 2021/22). The Service's plan for increasing capacity within its Protection function will require funding beyond that available through the Grant available. SLT has already approved the use of £0.2m from the Business Rate Pool Reserve. A further £0.1m is forecast to be required and options for funding this are being explored.
- 5.4 **Grenfell Infrastructure Fund:** £46,607 is to help support FRS to put in place a local Grenfell Inquiry recommendations co-ordination function which will help co-ordinate local activity and support the national work led by the NFCC; drive progress on local improvements and ensure funding for smoke-hoods and other technical investments.
- 5.5 **Fire Fighter Pension Scheme:** This is used towards the shortfall in employer's pension contributions and details of allocation 2021/22 (estimated at £1.7m) are awaited.
- 5.6 **Government Income Compensation Scheme for Fees and Charges:** In 2020/21, the Government launched a compensation scheme which provided for net budgeted fees and charges income loss due to the impact of Covid19 in accordance with the scheme principles. Information on whether this will continue in 2021/22 is being awaited.

## 6. **CONTINGENCY 2021/22**

- 6.1 The Fire Authority maintains a contingency in order to assist it in managing one-off unforeseen pressures and making investments within the financial year. At its' meeting held in February 2021, the Fire Authority agreed a contingency of £341,000 for the 2021/22 financial year.
- 6.2 Pressures totalling £86,000 are approved to be funded through contingency, resulting in a remaining balance of £255,000, as detailed in the table below.

		£'000
<b>Opening Balance 1 April 2021</b>	<b>Lead</b>	<b>341</b>
P21 Change control part year impact	MO'B	23
Extension of Pension Adviser to 31/12/2021	HSY	61
Pensions awareness training	HSY	2
<b>Total Commitments</b>		<b>86</b>
<b>Amount Remaining end May 2021</b>		<b>255</b>

## 7. CAPITAL PROGRAMME COMMENTARY

7.1 The original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. This will increase to £23,658,000 including slippage brought forward from 2020/21 of £364,000 (once approved by Members elsewhere on the agenda today).

7.2 The Capital Programme is funded by: Capital Receipts Reserve £6,588,000, Capital Programme Reserves £4,709,000, Revenue Contributions to Capital £1,808,000, BR Pilot Economic Reserve £86,000, Community Infrastructure Levy (CIL) £289,000, Internal Borrowing £28,000 and New Borrowing £10,150,000 as shown in the table below. Overall, the revised 5 year Capital Programme is forecasted to come in on budget, as summarised in Appendix 4.

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	3,100	2,269	2,269	1,789	1,659	11,086
Estates	3,005	5,413	1,404	1,103	1,283	12,208
Original Approved Programme	6,105	7,682	3,673	2,892	2,942	23,294
Slippage from 2020/21	364	0	0	0	0	364
<b>Updated Capital Programme</b>	<b>6,469</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>2,942</b>	<b>23,658</b>
Funded by:						
Capital Receipts Reserve	6,355	233	0	0	0	6,588
Capital Programme Reserve	0	3,209	500	500	500	4,709
Revenue Contributions to Capital	0	452	452	452	452	1,808
BR Pilot Economic Reserve	86	0	0	0	0	86
CIL	0	289		0	0	289
MRP / Internal Borrowing	28	0	0	0	0	28
New Borrowing / Need to Borrow	0	3,499	2,721	1,940	1,990	10,150
<b>Updated Capital Programme</b>	<b>6,469</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>2,942</b>	<b>23,658</b>

A recent review of the Capital Programme has found that all IRMP related capital approvals are incorporated apart from the purchase of 4 cars for the Flexible Crewing Pool at a total value of £72,000 and purchase of new equipment £70,000. The budget holder has advised that the planned purchases of 2 pool cars and equipment

in 2020/21 will not take place until future years. Therefore, it is recommended the outstanding IRMP capital budget (£142,000) be included in the Capital Programme as per the revised plans, as shown in the table below. This will be financed through a combination of the use of capital receipts and increased borrowing requirement.

	2020-21	2021-22	2022-23	2023-24	Total
	£'000	£'000	£'000	£'000	£'000
Purchase of pool cars - original	36	36	0	0	72
Purchase of equipment - original	35	0	0	35	70
Purchase of pool cars - revised	0	36	36	0	72
Purchase of equipment - revised	0	35	0	35	70

- 7.3 **Capital Funding** – the sale of the old Fort Rd site in Newhaven to Lewes District Council for £525,000 is proceeding with a 10% deposit received in 2020/21 and the balance due subject to planning this year. The Service has also been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

The **Capital Budget 2021/22** was approved by the Fire Authority at £6,105,000 and revised to £6,469,000 including slippage of £364,000 brought forward from 2020/21. Expenditure is forecasted to come in on budget as summarised in Appendices 5 and 6.

## 8. **RESERVES 2021/22**

- 8.1 The Fire Authority maintains Reserves in order to assist it in managing its specific spending plans across the financial year (Earmarked Reserves), making provisions for the financial risks it faces (General Fund Reserves) and making investments (Capital Receipts Reserve).
- 8.2 The opening balance at 1 April is £22,961,000 including the provisional net underspend 2020/21 of £386,000 brought forward in an earmarked reserve.
- 8.3 The forecast net drawdown from reserves totals £12,584,000 compared to the original planned net drawdown of £9,972,000. This is a net increase in drawdown of £2,612,000 resulting in an estimated balance at 31 March 2022 of £10,377,000, as summarised in the table below and detailed over individual reserves in Appendix 7.
- 8.4 The net changes are explained in section 8.5 below. Work continues with budget managers to confirm the planned use of revenue and capital reserves in 2021/22.
- 8.5 The main reasons for the overall net increase in forecast drawdown from reserves of (£2,612,000) are as follows:-
- 8.5.1 **Earmarked Reserves - Increase of (£2,248,000)**
- (£675,000) – use of grant funding brought forward on eligible expenditure according to grant spending plans (Covid-19, Protection, Council Tax and Business Rates Guarantee Scheme, New Dimensions etc.)

- (£299,000) - increased commitments on the Improvement and Efficiency Reserve including £136,000 to finance over budgeting S31 business rates retention.
- (£1,601,000) - re-profiling of projects linked to P21 funded from the mobilising strategy reserve
- (£386,000) - use of provisional net underspend 2020/21 brought forward in Carry Forward reserve on in-year priorities
- £713,000 – delayed drawdown to future years on ESMCP readiness reserve

### Capital Reserves – Increase of (£364,000)

- (£364,000) – due to the slippage in capital schemes brought forward from 2020/21 for completion in 2021/22 (refer to capital section 7 above).

## 9. BORROWING AND INVESTMENT

9.1 As at end May, the Authority held cash balances of £24,393,000 which are invested in accordance with the Treasury Management Strategy, as follows.

Counterparty	Duration	Amount	Interest Rate
		£m	%
Aberdeen Cash Money Market Fund	Overnight Access	4.000	0.01
Avia Cash Money Market Fund	Overnight Access	0.143	0.01
Barclays	95 Day Notice	4.000	0.29
Deutsche	Overnight Access	4.000	0.01
Goldman Sachs	95 Day Notice	4.000	0.18
LA Deposit (Dudley MBC)	Fixed to 25/10/21	2.250	1.25
Natwest	35 Day Notice	2.000	0.10
Santander	95 Day Notice	4.000	0.40
<b>Total Investments</b>		<b>24.393</b>	

9.2 Further work is in progress to confirm the forecast level of drawdown from reserves during the year. The current forecast of a reduction in reserves of £12.498m mean that the Service will need to monitor its liquidity and cashflow closely during the year and this may involve giving notice on some of its existing investments. Finance continues to work with the ESCC Treasury Management team to improve cash-flow monitoring.

9.3 The Bank of England reduced the base interest rate from 0.75% to 0.10% to invigorate the economy due to the impact of Covid -19. We are seeing an impact as Banks reduce their rates on investments, resulting in lower interest receivable. Latest modelling indicates the income of around £47,000 can be achieved, £7,000 above the budgeted level of £40,000. The interest income budget was reduced from £75,000 to £40,000 for 2021/22 to reflect the planned reduction in funds available for short term investment and the reduction in interest rates.

9.4 The Authority has debts totalling £10,698,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals. Two loans totalling £400,000 are maturing on the 30th September 2021 for which repayment arrangements are in hand.

## Revenue Budget 2021/22 – Objective Summary

	Original Budget	Revised Budget	Projected Outturn	Month 2 Variance	Variance
	£'000	£'000	£'000	£'000	%
Peoples Services	3,875	3,813	3,813	0	0.0
Resources/Treasurer	7,855	7,853	7,807	(46)	(0.6)
Planning and Improvement	1,222	1,222	1,222	0	0.0
<b>Total Deputy Chief Fire Officer</b>	<b>12,952</b>	<b>12,887</b>	<b>12,841</b>	<b>(46)</b>	<b>(0.4)</b>
Safer Communities	21,462	21,462	21,462	0	0.0
Operational Support	4,677	4,741	4,741	0	0.0
<b>Total Assistant Chief Fire Officer</b>	<b>26,139</b>	<b>26,203</b>	<b>26,203</b>	<b>0</b>	<b>0.0</b>
CFO Staff	781	781	781	0	0.0
Treasury Management	875	875	868	(7)	(0.8)
Non Delegated costs	(1,348)	(1,348)	(1,305)	43	3.2
Corporate Contingency	341	341	341	0	0.0
Transfer from Reserves	(597)	(597)	(597)	0	0.0
Transfer to Reserves	1,561	1,561	1,561	0	0.0
<b>Total Corporate</b>	<b>1,613</b>	<b>1,613</b>	<b>1,649</b>	<b>36</b>	<b>2.4</b>
<b>Total Net Expenditure</b>	<b>40,704</b>	<b>40,704</b>	<b>40,694</b>	<b>(10)</b>	<b>(0.0)</b>
Financed By:					
RSG	(3,226)	(3,226)	(3,226)	0	0.0
Council Tax	(28,303)	(28,303)	(28,303)	0	0.0
Business Rates	(7,801)	(7,801)	(7,801)	0	0.0
Covid-19 Local Tax Support Grant	(474)	(474)	(474)	0	0.0
S31 Grants	(833)	(833)	(697)	136	16.3
Collection Fund Surplus/Deficit	(67)	(67)	(67)	0	0.0
<b>Total Financing</b>	<b>(40,704)</b>	<b>(40,704)</b>	<b>(40,568)</b>	<b>136</b>	<b>16.3</b>
<b>Total Over / (Under) Spend</b>	<b>0</b>	<b>(0)</b>	<b>126</b>	<b>126</b>	<b>0.31</b>

## Savings Programme 2021/22

Responsible Officer	Business Area Lead Name	Description	Savings 21/22 £'000
All	All	Travel & subsistence (one year only)	(16)
All	All	Stationery contract savings	(10)
Duncan Savage	Nicky Boruch	Estates Strategy revenue maintenance savings.	(40)
Duncan Savage	Nicky Boruch	Cessation of HQ shuttlebus service	(18)
Duncan Savage	Duncan Savage	Reduce Corporate Contingency (one year only)	(106)
Duncan Savage	Ken Pearce	IT Strategy - delay some projects from 21/22 to 22/23 (one year only)	(100)
Duncan Savage	Claire George / All	Category Strategy Savings	(25)
Hannah Scott-Youldon	Chris Baker	STC Catering contract savings	(4)
Hannah Scott-Youldon	Chris Baker	Abatement cost savings	(5)
Julie King	George O'Reilly	Abatement cost savings	(5)
Julie King	David Kemp	Community Safety - Adaptations contract income target (net of contract costs)	(15)
Julie King	David Kemp	Community Safety Restructure	(79)
Julie King	David Kemp	Reduction in administration costs in Safer Communities	(25)
Mark Matthews	Fleur Wilks	Savings arising from the Implementation of IRMP 2020-2025 including operational policy and practice	(146)
Nigel Cusack	Matt Elder	Abatement cost savings	(5)
Nigel Cusack		Fuel (one year only)	(15)
		<b>Total Gross Savings</b>	<b>(614)</b>
Duncan Savage		Use of BR Pooling to support service delivery (fall-out of 2020/21 saving -one year only)	50
Nigel Cusack		Engineering - cutting equipment purchased early (fall out of 2020-21 saving - 1 year only)	60
		<b>Total Net Savings</b>	<b>(504)</b>

## Grants and Spending Plans 2021/22

Grants Requiring Claims	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Claim Quarter 1	Claim Quarter 2	Claim Quarter 3	Claim Quarter 4	Balance Remaining
		£	£	£	£	£	£	£	£	£
Accreditation Grant Funding	Julie King	22,737	-	22,737	22,737	-	-	-	-	-
COVID - 19	Duncan Savage	170,032	-	170,032	170,032	-	-	-	-	-
ESMCP - Regional	Nigel Cusack	309,000	-	309,000	260,000	-	-	-	-	49,000
**ESMCP - Infrastructure	Nigel Cusack	1,425,000	-	1,425,000	-	-	-	-	-	1,425,000
Grenfell Infrastructure Fund	Nigel Cusack	46,607	-	46,607	46,607	-	-	-	-	-
Surge Protection Grant Funding - Protection Uplift	Julie King	277,957	421,366	699,323	653,149	-	-	-	-	46,174
Surge Protection Grant Funding -BRR	Julie King	76,773	-	76,773	76,773	-	-	-	-	-
<b>Total</b>		<b>2,328,105</b>	<b>421,366</b>	<b>2,749,472</b>	<b>1,229,298</b>	-	-	-	-	<b>1,520,174</b>
Grants - No Claims Requirement	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Comments				Balance Remaining
		£	£	£	£					£
BR losses 75% grant	Duncan Savage	93,000	-	93,000	31,000	Planned to use over 3 years 2021/22 to 2023/24				62,000
CT losses 75% grant	Duncan Savage	147,000	-	147,000	49,000	Planned to use over 3 years 2021/22 to 2023/24				98,000
Section 31 Business Rates Retention	Duncan Savage	1,309,000	-	1,309,000	1,309,000	Planned to use in 2021/22				-
Firelink	Duncan Savage	-	262,301	262,301	262,301	Planned to use on ITG Strategy Projects in 2021/22				-
New Dimensions	Nigel Cusack	26,000	27,430	53,430	-	Spending plan being developed				53,430
Pensions Grant	Duncan Savage	-	1,700,000	1,700,000	1,700,000	Planned to use in 2021/22				-
Responding to New Risks	Nigel Cusack	24,000	-	24,000	-	Spending plan being developed				24,000
<b>Total</b>		<b>1,599,000</b>	<b>1,989,731</b>	<b>3,588,731</b>	<b>3,351,301</b>					<b>237,430</b>
<b>Overall Total Grants</b>		<b>3,927,105</b>	<b>2,411,097</b>	<b>6,338,203</b>	<b>4,580,599</b>					<b>1,757,604</b>
* the grants brought forward are held in earmarked reserves (Appendix 7)										
** planned to spend 2022/23 and 2023/24										
*** 2021/22 grants will be added as announced by Government										

## Capital Programme 2021/22 to 2025/26

Capital Programme Expenditure 2021-22 to 2025-26									
	Total Budget £'000	Total Previous Year's Spend £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Remaining Spend £'000	Variance £'000
<b>Property</b>									
<b>Shared Investment Schemes</b>									
Integrated Transport Project	1,000	0	200	800	0	0	0	1,000	0
- Partner contribution	0								
<b>Integrated Transport Project net cost</b>	<b>1,000</b>	<b>0</b>	<b>200</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>
<b>One Public Estate</b>									
- Heathfield	50	8	8	34	0	0	0	42	0
- Partner contribution	0								
<b>- Heathfield net cost</b>	<b>50</b>	<b>8</b>	<b>8</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>0</b>
- Lewes	251	5	0	0	246	0	0	246	0
- Partner contribution	0	0						0	0
<b>- Lewes net cost</b>	<b>251</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>246</b>	<b>0</b>	<b>0</b>	<b>246</b>	<b>0</b>
- Preston Circus	3,138	87	827	2,224	0	0	0	3,051	0
- Partner contribution	0	0						0	0
<b>- Preston Circus net cost</b>	<b>3,138</b>	<b>87</b>	<b>827</b>	<b>2,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,051</b>	<b>0</b>
- Uckfield	101	7	0	0	94	0	0	94	0
- Partner contribution	0	0						0	0
<b>- Uckfield net cost</b>	<b>101</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>0</b>
<b>Total Shared Investment Schemes</b>	<b>4,540</b>	<b>107</b>	<b>1,035</b>	<b>3,058</b>	<b>340</b>	<b>0</b>	<b>0</b>	<b>4,433</b>	<b>0</b>
<b>Strategic Schemes</b>									
- Replacement Fuel Tanks	492	332	160	0	0	0	0	160	0
- Partner contribution	(292)	(292)	0	0	0	0	0	0	0
<b>- Replacement fuel tanks net cost</b>	<b>200</b>	<b>40</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>0</b>
Design Guide Schemes	5,605	355	1160	1015	874	1008	1193	5,250	0
BA Chambers works	399	399	0	0	0	0	0	0	0
STC live fire Training	1,340	0	225	1115	0	0	0	1,340	0
Sustainability	277	21	131	75	50	0	0	256	0
Security	215	60	25	50	40	20	20	155	0
<b>Total Strategic Schemes</b>	<b>8,036</b>	<b>875</b>	<b>1,701</b>	<b>2,255</b>	<b>964</b>	<b>1,028</b>	<b>1,213</b>	<b>7,161</b>	<b>0</b>
<b>General Schemes</b>	<b>1,498</b>	<b>826</b>	<b>327</b>	<b>100</b>	<b>100</b>	<b>75</b>	<b>70</b>	<b>672</b>	<b>0</b>
<b>Total Property</b>	<b>14,074</b>	<b>1,808</b>	<b>3,063</b>	<b>5,413</b>	<b>1,404</b>	<b>1,103</b>	<b>1,283</b>	<b>12,266</b>	<b>0</b>
<b>Information Management</b>									
- Sussex Control Centre	1,643	1,643	0	0	0	0	0	0	0
- Grant funds	(1,643)	(1,643)	0	0	0	0	0	0	0
<b>Sussex Control Centre net cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fleet and Equipment</b>									
- Vehicle cameras	118	0	118	0	0	0	0	118	0
- Grants funds	(118)	0	(118)	0	0	0	0	(118)	0
<b>- Vehicle cameras net cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
RPE Project	1,128	1,128	0	0	0	0	0	0	0
- grant funds	(10)	(10)	0	0	0	0	0	0	0
Telemetry	70	0	70					70	0
<b>Special Projects</b>	<b>1,188</b>	<b>1,118</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70</b>	<b>0</b>
Aerials	2,201	695	5	743	758	0	0	1,506	0
Aerial Rescue Pump	22	22	0	0	0	0	0	0	0
Fire Appliances	6,591	1,377	1,740	891	877	861	845	5,214	0
Ancillary Vehicles	2,915	480	1,149	381	391	368	146	2,435	0
Cars	1,693	281	316	254	64	272	506	1,412	0
Vans	1,670	915	126	0	179	288	162	755	0
<b>Total Fleet and Equipment</b>	<b>16,280</b>	<b>4,888</b>	<b>3,406</b>	<b>2,269</b>	<b>2,269</b>	<b>1,789</b>	<b>1,659</b>	<b>11,392</b>	<b>0</b>
<b>Total Property</b>	<b>14,074</b>	<b>1,808</b>	<b>3,063</b>	<b>5,413</b>	<b>1,404</b>	<b>1,103</b>	<b>1,283</b>	<b>12,266</b>	<b>0</b>
<b>Total Expenditure</b>	<b>30,354</b>	<b>6,696</b>	<b>6,469</b>	<b>7,682</b>	<b>3,673</b>	<b>2,892</b>	<b>2,942</b>	<b>23,658</b>	<b>0</b>

## Capital Budget 2021/22

Capital Programme Expenditure	CFA 11 Feb,Budget 2021/22	Agreed slippage from 2020/21	Total Budget 2021/22	Projected spend 2021/22	Variance	Variance
	£'000	£'000	£'000	£'000	£'000	%
<b>Property</b>						
<b>Shared Investment Schemes</b>						
Integrated Transport Project	180	20	200	200	0	0.0
- Partner contribution						
<b>Integrated Transport Project net cost</b>	<b>180</b>	<b>20</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0.0</b>
<b>One Public Estate</b>						
- Heathfield		8	8	8	0	0.0
- Partner contribution						
<b>- Heathfield net cost</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0.0</b>
- Preston Circus	750	77	827	827	0	0.0
- Partner contribution						
<b>- Preston Circus net cost</b>	<b>750</b>	<b>77</b>	<b>827</b>	<b>827</b>	<b>0</b>	<b>0.0</b>
<b>Total Shared Investment Schemes</b>	<b>930</b>	<b>105</b>	<b>1,035</b>	<b>1,035</b>	<b>0</b>	<b>0.0</b>
<b>Strategic Schemes</b>						
- Replacement Fuel Tanks	193	27	160	160	0	0.0
- Partner contribution	0	(60)	0	0	0	0.0
<b>- Replacement fuel tanks net cost</b>	<b>193</b>	<b>(33)</b>	<b>160</b>	<b>160</b>	<b>0</b>	<b>0.0</b>
Design Guide Schemes	1,335	(175)	1,160	1,160	0	0.0
STC Live Fire Training	200	25	225	225	0	0.0
Sustainability	100	31	131	131	0	0.0
Security	20	5	25	25	0	0.0
<b>Total Strategic Schemes</b>	<b>1,848</b>	<b>(147)</b>	<b>1,701</b>	<b>1,701</b>	<b>0</b>	<b>0.0</b>
<b>General Schemes</b>	<b>227</b>	<b>100</b>	<b>327</b>	<b>327</b>	<b>0</b>	<b>0.0</b>
<b>Total Property</b>	<b>3,005</b>	<b>58</b>	<b>3,063</b>	<b>3,063</b>	<b>0</b>	<b>0.0</b>
<b>Telemetry</b>						
- Telemetry	70		70	70	0	0.0
<b>Special Projects</b>	<b>70</b>	<b>0</b>	<b>70</b>	<b>70</b>	<b>0</b>	
Aerial Rescue Ladder		5	5	5	0	0.0
Fire Appliances	1,461	279	1,740	1,740	0	0.0
Ancillary Vehicles	1,149		1,149	1,149	0	0.0
Cars	316		316	316	0	0.0
Vans	104	22	126	126	0	0.0
<b>Total Fleet and Equipment</b>	<b>3,100</b>	<b>306</b>	<b>3,406</b>	<b>3,406</b>	<b>0</b>	<b>0.0</b>
<b>Total Expenditure</b>	<b>6,105</b>	<b>364</b>	<b>6,469</b>	<b>6,469</b>	<b>0</b>	<b>0.0</b>

## Engineering Capital Budget 2021/22

	CFA 11 Feb, Budget 2021/22	Agreed slippage from 2020/21	Total Budget 2021/22	Projected spend 2021/22	Variance	Variance
	£	£	£	£	£	%
<b>Aerial Appliances</b>						
Aerial Ladder Platform GX04BMY STN 76	0	5,000	5,000	5,000	0	0.0
<b>Fire Appliances</b>						
Appliances 19/20 GX05ABZ	0	9,000	9,000	9,000	0	0.0
Replace GX56NWP	195,800	90,000	285,800	285,800	0	0.0
Replace GX57EUK	195,700	90,000	285,700	285,700	0	0.0
Replace GX57EUR	195,600	90,000	285,600	285,600	0	0.0
Replace GX57EUN	291,300		291,300	291,300	0	0.0
Replace GX57EUP	291,300		291,300	291,300	0	0.0
Replace GX57EUT	291,300		291,300	291,300	0	0.0
<b>Ancillary Vehicles</b>						
Animal Rescue GX51 UBM	145,000		145,000	145,000	0	0.0
Replacing Land Rover GX03 AXM	100,000		100,000	100,000	0	0.0
Wildfire Vehicle 2019/20 GX53AZU	98,000		98,000	98,000	0	0.0
Wildfire Vehicle GX53 AZV	100,000		100,000	100,000	0	0.0
Replacing foam special (OSU) OU04 VNW	200,000		200,000	200,000	0	0.0
Replace GX56NWR	253,000		253,000	253,000	0	0.0
Replace GX56NWS	253,000		253,000	253,000	0	0.0
<b>Cars</b>						
GV18ABF	40,500		40,500	40,500	0	0.0
GX15JUY	28,700		28,700	28,700	0	0.0
GX15JVA	28,700		28,700	28,700	0	0.0
GX15JVC	28,700		28,700	28,700	0	0.0
GX15JVD	28,600		28,600	28,600	0	0.0
GX15JVE	28,600		28,600	28,600	0	0.0
GX15JVF	28,600		28,600	28,600	0	0.0
GX15JVG	28,600		28,600	28,600	0	0.0
GX15JVH	28,600		28,600	28,600	0	0.0
GX64DXE	11,600		11,600	11,600	0	0.0
GX64DXF	11,600		11,600	11,600	0	0.0
GX64DXG	11,600		11,600	11,600	0	0.0
GX64DXH	11,600		11,600	11,600	0	0.0
<b>Vans</b>						
Vans 20/21 - GX15 JJK SSO van	0	5,000	5,000	5,000	0	0.0
Vans 20/21 - Station Van (76 Shift)	0	17,000	17,000	17,000	0	0.0
GX64DXZ	14,900		14,900	14,900	0	0.0
GX64DYA	14,900		14,900	14,900	0	0.0
GX64DYB	14,900		14,900	14,900	0	0.0
GU16LVH	41,600		41,600	41,600	0	0.0
New Station Van 6	17,700		17,700	17,700	0	0.0
Telemetry	70,000		70,000	70,000	0	0.0
<b>Total Fleet and Equipment</b>	<b>3,100,000</b>	<b>306,000</b>	<b>3,406,000</b>	<b>3,406,000</b>	<b>0</b>	<b>0.0</b>

## Reserves 2021/22

Description	Opening Balance	2021/22		2021/22		2021/22		2021/22		Projected Closing Balance at Month 2	Lead AD
	01/04/2021	Original Planned Transfers In	Original Planned Transfers Out	Original Planned Transfers Net	Forecast Transfers In	Forecast Transfers Out	Forecast Transfers Net	Net Change			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Earmarked Reserves</b>											
Business Rate Pool Reserve	319	0	(50)	(50)	0	(50)	(50)	0	269	Duncan Savage	
Business Rates Retention Pilot - economic development	86	0	(86)	(86)	0	(86)	(86)	0	0	Duncan Savage	
Business Rates Retention Pilot - financial stability	112	0	0	0	0	0	0	0	112	Duncan Savage	
Capital Programme Reserve	2,209	500	0	500	500	0	500	0	2,709	Duncan Savage	
Covid-19	170	0	0	0	0	(170)	(170)	(170)	0	Duncan Savage	
ESMCP ESFRS readiness	1,425	0	(713)	(713)	0	0	0	713	1,425	Nigel Cusack	
ESMCP Regional Programme	309	0	(307)	(307)	0	(260)	(260)	47	49	Nigel Cusack	
Improvement & Efficiency	546	286	(300)	(14)	286	(599)	(313)	(299)	233	Duncan Savage / All	
Insurance	249	0	0	0	0	0	0	0	249	Duncan Savage	
ITG Strategy	4,137	565	(2,016)	(1,451)	565	(2,016)	(1,451)	0	2,686	Duncan Savage	
Mobilising Strategy	2,425	0	(646)	(646)	0	(2,447)	(2,447)	(1,601)	-22	Nigel Cusack	
People Strategy	40	0	(40)	(40)	0	(40)	(40)	0	0	Hannah Scott-Youlton	
Sprinklers	640	0	(347)	(347)	0	(347)	(347)	0	293	Nigel Cusack	
BRR - Protection Uplift - Accreditation & RPL	23	0	0	0	0	(23)	(23)	(23)	0	Julie King	
BRR - Protection Uplift - Building Risk Review	77	0	0	0	0	(77)	(77)	(77)	0	Julie King	
BRR - Protection Uplift - Genfell / Infrastructure	47	0	0	0	0	(47)	(47)	(47)	0	Nigel Cusack	
BRR - Protection Uplift - Protection	278	0	0	0	0	(278)	(278)	(278)	0	Julie King	
Business Rate Tax Income Guarantee Scheme (75%)	4	0	0	0	0	(1)	(1)	(1)	3	Duncan Savage	
Council Tax Income Guarantee Scheme (75%)	85	0	0	0	0	(28)	(28)	(28)	57	Duncan Savage	
New Dimensions Grant	26	0	0	0	0	(26)	(26)	(26)	0	Nigel Cusack	
Pensions Administration	47	0	0	0	0	(47)	(47)	(47)	0	Hannah Scott-Youlton	
Responding to New Risks	24	0	0	0	0	(24)	(24)	(24)	0	Nigel Cusack	
S31 Business Rate Retention Reliefs	1,309	0	(1,309)	(1,309)	0	(1,309)	(1,309)	0	0	Duncan Savage	
Carry Forwards	386	0	0	0	0	(386)	(386)	(386)	0	Duncan Savage / All	
<b>Total Earmarked Reserves</b>	<b>14,973</b>	<b>1,351</b>	<b>(6,014)</b>	<b>(4,663)</b>	<b>1,351</b>	<b>(8,262)</b>	<b>(6,911)</b>	<b>(2,248)</b>	<b>8,062</b>		
<b>General Fund</b>	<b>1,960</b>	<b>210</b>	<b>0</b>	<b>210</b>	<b>210</b>	<b>0</b>	<b>210</b>	<b>0</b>	<b>2,170</b>	Duncan Savage / All	
<b>Total Revenue Reserves</b>	<b>16,933</b>	<b>1,561</b>	<b>(6,014)</b>	<b>(4,453)</b>	<b>1,561</b>	<b>(8,262)</b>	<b>(6,701)</b>	<b>(2,248)</b>	<b>10,232</b>		
Capital Receipts Reserve	6,028	472	(5,991)	(5,519)	472	(6,355)	(5,883)	(364)	145	Duncan Savage / All	
<b>Total Capital Reserves</b>	<b>6,028</b>	<b>472</b>	<b>(5,991)</b>	<b>(5,519)</b>	<b>472</b>	<b>(6,355)</b>	<b>(5,883)</b>	<b>(364)</b>	<b>145</b>		
<b>Total Usable Reserves</b>	<b>22,961</b>	<b>2,033</b>	<b>(12,005)</b>	<b>(9,972)</b>	<b>2,033</b>	<b>(14,617)</b>	<b>(12,584)</b>	<b>(2,612)</b>	<b>10,377</b>		

# Agenda Item 8

## EAST SUSSEX FIRE AUTHORITY

**Panel** Policy & Resources Panel

**Date** 22 July 2021

**Title of Report** Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment

**By** Assistant Director People Services

**Lead Officer** John Olliver, Payroll, Pensions and HR Assurance Manager

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**Background Papers** None

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**Appendices**

Appendix 1: Email from Legal Team

Appendix 2: Home Office Guidance on Immediate Detriment – 10 June 2021

Appendix 3: Fire Authority Waiver to Pension Administrator

Appendix 4: Member Waiver to ESFRS

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### Implications

<b>CORPORATE RISK</b>		<b>LEGAL</b>	<b>X</b>
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	<b>X</b>
<b>FINANCIAL</b>	<b>X</b>	<b>POLITICAL</b>	<b>X</b>
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

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### PURPOSE OF REPORT

Further to the SLT meeting in May 2021 we have been asked to present this paper to explain the situation relating to McCloud/Sargeant judgement on Age Discrimination. This paper will also detail how ESFRS are able to proceed with on-going retirements that are immediately affected and includes the Service's legal position, identifies the scope and risks and recommends an approach it can take.

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### EXECUTIVE SUMMARY

This report is to inform the P&R Panel on the current position East Sussex Fire & Rescue Authority finds itself

in with regard to Age Discrimination, Remedy & Immediate Detriment Cases in the Firefighters' Pension Schemes.

Over past months SLT have been considering if and how the Authority can safely follow the informal Home Office (HO) Guidance as the basis on which they can make payments to certain Firefighter Pension Scheme members, although not all, who are due to retire, under Immediate Detriment.

As the HO Guidance is an informal document the Authority cannot completely rely upon its detail as it has no statutory basis, however, it may be considered as a defence against complaints about any decisions made pursuant to it or any misinterpretation, errors or omissions made.

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**RECOMMENDATION**

The Policy & Resources Panel is recommended to:

- (i) Review this paper and the supporting appendices, giving particular note to the risks identified.
- (ii) Give consideration to how the Authority can follow the informal Home Office Guidance with regard to Immediate Detriment Cases, where possible.
- (iii) Agree to implement Immediate Detriment and allow those Firefighter Pension Scheme members in scope (as defined in paragraph 4.3) to retire under their legacy scheme regulations.
- (iv) Authorise the Assistant Director People Services to sign the waiver requested by West Yorkshire Pension Fund (Appendix 3).

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**1. GOVERNMENT'S FURTHER GUIDANCE TO REMOVE THE AGE DISCRIMINATION IN PUBLIC SERVICE PENSIONS SCHEMES**

- 1.1 At the March Senior Leadership Team (SLT) meeting officers were advised that the Local Government Association (LGA) had assured all Fire & Rescue Authorities (FRAs) that new guidance from the Home Office (HO) would be available by the end of that month. This was to be accompanied by a legal

waiver appropriate for members that would support any Authorities that choose to enact Immediate Detriment (ID) before the appropriate legislation is in place. This has not been forthcoming. No reason was given by LGA for this delay.

- 1.2 In April a further update from LGA came by the way of a circulated email. Within this circular the LGA were still advising FRAs not to proceed with retirements under ID on the basis that choosing this approach might confuse a Framework that they are building to help with standardising these procedures. They recognised that, in the absence of a clear statutory or regulatory framework, this framework itself is likely to contain elements of risk.
- 1.3 The email also covered some reference to combined legal advice from Bevan Brittan and discussions with the Fire Brigade Union (FBU).
- 1.4 West Yorkshire Pension Fund (WYPF) has confirmed that six FRAs for whom they provide pension administration services have chosen to adopt the guidance, however, one of these has since withdrawn following the aforementioned update from LGA.
- 1.5 The Service's Pension Adviser has been working with WYPF on the standard template from the LGA designed to address all other members affected by the Age Discrimination judgement in preparation for the publication of the final remedy instruments.
- 1.6 The LGA have since issued further information notes to FRAs to support and clarify the HO Guidance notes, the latest one being in June 2021. The updated Immediate Detriment guidance from Home Office was published on 10 June 2021 and can be seen at Appendix 2.

## **2. FIRE AUTHORITIES' POWERS TO IMPLEMENT THE GUIDANCE FOR CASES OF IMMEDIATE DETRIMENT**

- 2.1 March's SLT meeting requested further investigation into how the Service can move to a position where we can opt to act on the ID Guidance and at which level of the Authority we should seek approval for such a move, if the decision was made to follow this path.
- 2.2 The Authority's Deputy Monitoring Officer (DMO) has offered the advice by email and is displayed at Appendix 1.
- 2.3 As you will see, the DMO's advice is that we should seek a determination by the Fire Authority in due course, but Chief Fire Officer (CFO) has the power to authorise payments on any individual case.

At present, the Service has three individuals who have given notice of their retirement before the end of July 2021. Just one of these can be considered an

achievable case where the member's record does not include any situation that will prevent the Service from enacting ID.

2.4 If the Panel agree that the Service should begin to follow the guidance we will need to put two waivers in place.

- Appendix 3 shows the administrative waiver that WYPF will require the Authority to issue.
- Appendix 4 shows a member waiver which has been reviewed and approved by the Service's legal team.

### **3. NUMBERS OF POTENTIAL ID CASES AND THE PRACTICALITIES OF ENACTMENT**

3.1 Those affected, or potentially so, by ID have been banded and quantified as shown below:

- Scheme members whose earliest date of retirement is before 1 April 2022, are over 50 years old and will have 30 years pensionable service. 4 cases, all of which are considered out of scope. One employee is currently on long term sick and two have already elected to retire before the end of July.
- Scheme members whose earliest date of retirement is before 1 April 2022, are over 50 years old and will have more than 25 years pensionable service and will also attain 30 years of service before October 2023. 11 cases, one of which is mentioned above.
- Scheme members who have more than 25 years pensionable service and will reach the age of 55 before October 2023. 3 cases.
- Scheme members whose earliest date of retirement is before October 2023 and are over 55 years old by that date. 13 cases.
- Scheme members whose earliest date of retirement is before October 2023 and are over 50 years old and over 25 years pensionable by that date. 33 cases.

In summary, these total 64 employees could retire without penalty (just a temporary reduction in scheme benefits) before the remedy is expected to be fully delivered in October 2023.

The first three categories should be considered as employees who are highly likely to retire under ID. However, beyond the three cases mentioned above (2 section one and another from section two), we can only identify one other individual who might retire under ID before September 2021.

3.2 We must not underestimate the level of effort required to implement the ID guidance.

These include:

- Assessment of those wishing to retire to test whether they are covered by the ID Guidance
- Issuing member waiver to retirees where appropriate
- Recalculation of employee pension contributions from the member's transition from the legacy scheme to date of retirement.
- Set up a repayment agreement of contribution via payroll or retirement lump sum
- Any rework that might be arising from inconsistency with the aforementioned LGA ID Framework and/or final remedy.

#### **4. RISKS AND BENEFITS OF ID**

4.1 The Service's Pension Adviser has been working on a general Risk Register for the Pensions Board which includes a Red Risk for ID. Areas of risk listed under this area include the following:

- Primary and secondary legislation not yet in place
- WYPF have advised they will calculate and pay benefits under ID if the Authority choose to but they will not accept any liability for any issues that may arise from this and that they will require the Authority to sign a waiver to this effect.
- Some members have technical issues which the HO Guidance doesn't address or resolve, so the Service couldn't pay all members under ID
- Automated Systems have not yet been developed to perform the calculations required, so the processes of providing relevant data (as below) and then calculating legacy pension benefits will be largely manual and therefore has a higher risk of errors or omissions due to human error.
- Lack of available resources at the Authority & WYPF (To cover 3.2 and data below)
- Missing or not easily obtainable data / service information necessary to accurately recreate Final Salary and CARE (Career Averaged Revalued Earnings) Pension Records for the 7 year remedy period including: Pay (FS Pay & CARE Pay), Continuing Professional Development (CPD) (which can give rise to an Additional Pension Benefit (APB) in FS Schemes), Service History Service Breaks, Changes of Hours (e.g. : full time to part time), Temporary Promotions (APB in FS Schemes none pensionable in CARE Scheme), Split Pension Awards in FS Schemes, Transfers In to 2015 scheme, Added Pension bought in 2015 scheme, Pension Debits on Divorce or Scheme Pays, Opters Out, Leavers, Contributions Schedules under both schemes to be calculated/recalculated and differences repaid.

- 4.2 A major consideration for the Authority is that in not enacting ID that we are in the breach of the age discrimination judgement. This is reinforced by the three cases of litigation already in progress against two other Fire Authorities.

Failure to enact ID will leave the Authority vulnerable to action from the Fire Brigade Union and any associated legal and administrative costs of defending our position.

- 4.3 If we choose as a Service to enact ID we need to be clear of the scope and the conditions we will need to apply in our assessment of individual cases.

- **In Scope** – Any pension scheme member who was a member of either of the legacy schemes (FPS 1992 & 2006) as at 31 March 2012 and 31<sup>st</sup> March 2015 and whose pension record does not include any of the criteria listed below.
- **Out of Scope** – The scenarios below cover several issues that will prevent the Service from following the ID Guidance:
  - a) Joined the Pension Scheme after 1<sup>st</sup> April 2015
  - b) Scheme members who have already retired and are in receipt of their pension payments.
  - c) Death in Service
  - d) Where an individual has overpaid contributions and is therefore due a refund
  - e) Members who by virtue of age and service would qualify for a contribution holiday under the legacy 1992 Scheme having reached 30 years' service before age 50

Retirees who are in scope and leaving within the next few months may need to accept that their underpaid contributions will be taken from their retirement lump sum rather than from their monthly pay but the administrative effort required by ourselves and WYPF of enacting ID is achievable.

- 4.4 These risks are extensive and varied and warns us of how challenging ID will be. However, we understand the risks and need to consider what level of risk is acceptable to the Service against any possible litigation for not following the guidance and the decision of the ET.

## 5. **FINANCIAL IMPLICATIONS**

- 5.1 It is not possible at this stage to identify the specific costs associated with the recommendations of this report as these will be identified on a case by case basis. Using the ID guidance note now will not increase any direct amounts payable, it will simply bring some of those costs forward. However, if interest is applied as

part of the final remedy it may actually result in lower overall costs on the basis that using the guidance now would close the period that interest is calculated over, instead of extending it to 2023 for the cases identified.

- 5.2 It is expected that the costs associated with the administration of the remedy will be borne by FRAs whilst monies owed to members will be met by government. In some circumstances individuals may also incur additional costs as a result of a change in pension schemes e.g. annual allowance costs. There is the potential that the financial impact of the remedy will be seen through the next valuation of the Scheme and resultant higher employer's contributions from 2023/24. The Sector continues to lobby Government to fully fund these additional costs. The Service will also be liable for any claim for Injury to Feelings made by the 67 scheme members listed on the original ET claim.
- 5.3 In not implementing ID, further legal action could be taken by the Fire Brigades' Union and result in further litigation costs.
- 5.4 Given the absence of some technical information to support calculations there is potential for error. Whilst the pension administrator will use best efforts in any calculation and payment of benefits, the Authority may be required to meet any financial liabilities arising in these circumstances.

## 6. **OPTIONS**

- 6.1 **Option One:** Do nothing. In other words, insist that all retirees are only permitted to claim the benefits payable under the current regulations. For most of those detailed above this will mean that they will only be able to draw pension benefits relating to their legacy scheme accrued to the point of transfer into the FPS 2015, with their FPS 2015 benefits being deferred until their normal retirement age in that scheme.
- 6.2 **Option Two:** Enact Immediate Detriment. As described above, retirees, who remain in scope, will be able to retire under their legacy scheme regulations.

As we have detailed above neither option is without risk, but these are sufficiently understood and can be communicated to the retirees and mitigated by our process of review on a case by case basis. The Personal Impact Assessment process documentation created will also support each of our decisions.

## 7. **CONCLUSION**

- 7.1 We have established that if we chose not to enact ID the Authority would be knowingly in breach of the Age Discrimination Employment Tribunal findings and therefore be at a significant risk of litigation with the associated expense, possible sanction and reputational damage that may also be caused.

7.2 Our understanding of the Pension Scheme changes and ID offers us the confidence to be able to follow the most recent Home Office guidance. This position is reinforced by the professional support we have from WYPF and the processes and controls that we have designed to mitigate the risk of future complaints and/or litigation.

Under the scheme of delegations to officers, the Chief has a general authority to **exercise all the powers of the Authority under relevant legislation**, and specifically in relation to pensions “in consultation with the Treasurer and to the extent that the functions may lawfully be delegated to an officer, **to discharge the functions of the Authority**, including the exerciser of any discretions, under the Firefighters’ Pension Scheme, the Local Government Pension Scheme and any predecessors to these schemes.

The exercise of those powers is subject to the requirement that any decisions or actions shall comply with relevant resolutions, orders and directions of the Authority and of its appointed Panels.

The Authority has the power under the Pension Schemes and Equality Act to make appropriate pension payments. The power to make pension payments can be delegated to an officer. As yet, there are no relevant resolutions, orders or directions from the Authority about how the powers are to be applied in Immediate Detriment cases. That being the case, Dawn does have the power to authorise the payment to [REDACTED] - if she chooses to exercise that power.

Going forward, I think it will be appropriate to get a Fire Authority or Panel determination about how future cases are to be treated.

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## Firefighters' Pension Schemes

### McCloud/Sargeant ruling – Guidance on treatment of 'Immediate Detriment' cases

#### 1.0 Purpose of guidance

- 1.1 The purpose of this note is to provide informal guidance to Fire and Rescue Authorities (FRAs) in England on processing 'immediate detriment' cases (see definition in section 3 of this guidance) in advance of legislating to remove the age discrimination as found in the McCloud/Sargeant Employment Tribunal litigation. As the guidance is non statutory and informal, it does not in itself place legal obligations on FRAs. However, FRAs have the power to calculate and pay pension entitlements for those members who fall within either of the two categories at paragraph 3.2 under their legacy schemes, through the application of section 61 of the Equality Act 2010. That provision means that these individuals have the right to be treated as though they have been in service in their legacy scheme since 1 April 2015, if that is what they want and they inform the scheme of this<sup>1</sup>.
- 1.2 The informal guidance is provided at the request of the Fire Brigades Union and the Firefighters' Pensions (England) Scheme Advisory Board to assist employers with "immediate detriment" cases. It is specific to members of the Fire Pension Schemes.
- 1.3 The issues raised in this document are the subject of ongoing litigation and the Government's announced proposals to introduce legislation, when Parliamentary time allows, to address the discrimination identified by the Court of Appeal. As such this guidance will be kept under review to ensure that it is consistent with any judgment, or legislative proposals, and it is therefore subject to any further developments in these respects.
- 1.4 In this guidance a reference to the "2015 scheme" is to the applicable reformed 2015 Fire CARE Pension Scheme, and a reference to the "legacy scheme" is to the applicable Fire Pension Schemes that applied to a member before 1 April 2015.
- 1.5 This guidance **should not** be seen as providing a definitive resolution to all of the consequences arising from the discrimination, rather as a way to progress certain immediate detriment cases (as defined in this guidance) now there is some clarity as to how certain issues should be approached. It is important **to note that ALL cases processed using this guidance will need to be revisited** once the full detail of the Government's approach is finalised, and legislation is in place. Legislation is expected to be in place by October 2023.

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<sup>1</sup> To note, Part 3 Chapter 1 Regulation 7(2) of the 2014 Regulations states: "A person who is in service in a scheme employment (P) is an eligible person in relation to that employment unless in relation to service in that employment— (a) P is a protected member of the 1992 Scheme or the NFPS; or (b) P is a member of any other pension scheme and the authority employing P pays contributions to that scheme in respect of P."

## 2.0 Background to McCloud/Sargeant ruling

- 2.1 Most public service pension schemes, including the Firefighters' Pension Schemes and, were reformed in 2015. These reforms included 'transitional protection' for scheme members closest to retirement.
- 2.2 In December 2018, the Court of Appeal ruled that the transitional protection element of the 2015 public service pension reforms constituted unlawful age discrimination in the Firefighters' and Judges' Pension Schemes. The Government respects the Court's decision and has confirmed that it will remove the difference in treatment across all main public service pension schemes, including the Police Pension Scheme.
- 2.3 The Government consulted on proposals to remove this discrimination and responded on 4 February 2021. Details of the proposal and the response are available online from GOV.UK<sup>2</sup>. The changes set out in the consultation response to remove the discrimination will apply across all the main public service pension schemes and provide affected members with a choice of which scheme benefits they would like to receive for the remedy period. The remedy period is defined as between 1 April 2015 and 31 March 2022 in the consultation paper.

## 3.0 What are 'Immediate Detriment' cases?

- 3.1 This guidance aims to deal with cases where the benefits are not yet in payment as these are less complicated to deal with (compared to where benefits are already in payment).
- 3.2 For the purposes of this guidance, the term 'immediate detriment' applies only to individuals who were members or eligible to be members of a legacy scheme immediately prior to 1 April 2012, and have a period of service after 31 March 2015 during which they were members of a legacy or reformed scheme, where those periods of service are continuous including those with a qualifying break in service of less than 5 years (this is irrespective of whether they have submitted a legal claim or not) and who
  - I. become eligible to retire (for any reason, including ill health) and draw their pension and want to have all their benefits paid from their legacy scheme (i.e. do not accept 2015 scheme benefits); **OR**
  - II. do not qualify for lower-tier (and therefore higher-tier) ill-health pension under the single pot Ill-Health Retirement (IHR) arrangement, and are therefore left without a pension in payment **BUT** would be eligible under the IHR arrangements in their legacy scheme.

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<sup>2</sup> <https://www.gov.uk/government/consultations/public-service-pension-schemes-consultation-changes-to-the-transitional-arrangements-to-the-2015-schemes>

- 3.3 Any scheme members that fall within either of the two categories above can have their pensions calculated and put into payment according to the guidance set out in section 5 below. As set out above, FRAs have the power to calculate and pay pension entitlements for these members under their legacy schemes, through the application of section 61 of the Equality Act 2010. That provision means that these individuals have the right to be treated as though they have been in service in their legacy scheme since April 2015, if that is what they want and they inform the scheme of this.
- 3.4 This guidance **should not** be applied to scheme members who have already retired and are in receipt of their pension payments. As set out in more detail in para 4.4 below, these cases are likely to be more complex to resolve, including on tax. At present, it is not clear that cases where an individual has already retired can consistently be processed under current legislation without adverse impacts. Nor should the guidance be applied where the member has died in service as the government's approach to these cases has not yet been finalised.
- 3.5 This guidance applies only to unprotected and taper protected members of the reformed schemes. This guidance should not be applied to protected scheme members, whose benefits will be received from the legacy scheme.

#### **4.0 Guidance on treating immediate detriment cases**

- 4.1 Transition members are members who were members of a legacy scheme and subsequently moved into the 2015 scheme either at 1 April 2015 or later under the tapered protection arrangements in relation to their service from that date and are in scope for remedy, as set out in paragraph 3.2 above.
- 4.2 There are some transition members who have already been dismissed from work on grounds of ill-health, but without a pension as they did not qualify for an ill-health pension under the 2015 Scheme. In addition, there are transition members who are now approaching retirement and want to take their full pension benefits under their legacy pension scheme. This guidance provides employers with advice on how these cases can now be processed in advance of final remedy implementation.

##### *Transition members who are already in receipt of a pension*

- 4.3 There are cases (in respect of both ill-health/ordinary retirements) where transition members have already retired and are currently receiving an ill-health/ordinary pension. It is recognised that many of these members' pensions are lower than they would be if they had instead been members of their legacy pension scheme since April 2015. For example, where a transition member has retired on ordinary grounds below age 55, their benefits accrued under the 2015 Scheme will currently be deferred until their State Pension Age.
- 4.4 These cases are likely to be more complex to resolve, and at this stage it is not clear that cases where an individual has already retired can consistently be processed

under current legislation without adverse impacts. Even for cases that do not need legislative change, schemes and in some cases individuals will require further guidance or information to be provided on how the detail of cases should be processed, and on interpretation of existing rules where these do not provide immediate clarity, given the complexity and novelty of this situation. This material needs to be worked through in some detail, to ensure that – as far as possible – individuals whose cases are processed under section 61 receive the same, or as close as possible, treatment as those being processed once new legislation is in place. Work in this area is ongoing. FRAs may be able to process these cases once outstanding points have been resolved. However, providing a full remedy in these cases may not be possible until legislation has been implemented.

## **5.0 Giving scheme members a choice**

- 5.1 This section provides guidance where FRAs offer members meeting the criteria set out in para 3.2 the opportunity to take all their pension benefits accrued during the remedy period under their legacy pension scheme, rather than under the 2015 Scheme.
- 5.2 In order to provide this choice, FRAs will need to present two sets of pension entitlement quotes to each qualifying scheme member, which includes any legacy scheme entitlement that becomes due such as APBs or Two Pension entitlement, and include updated Pension Input Amounts for all years of the remedy period for all members who have paid an annual allowance (AA) charge or who may be liable for an AA charge – more detail on this is set out below.
- 5.3 Whilst not an exhaustive list, each quote must also set out the pension benefits that the member would receive under each choice, to include: recurring annual pension (before and after commutation), commutation retirement lump sum entitlement, employee contributions owed/refunds due etc.
- 5.4 It should be noted that any decision to take benefits from their legacy scheme may impact earlier tax liabilities (AA charge) on the increase in a member's pension savings – FRAs should consider what support they can provide to members to revisit these assessments.
- 5.5 Given section 61 of the Equality Act allows individuals to be treated as though accruing in their legacy scheme since 2015, the information that schemes should provide to members includes:
  - recalculated Pension Input Amounts (PIAs) for every year of the remedy period to date; and
  - PIAs for 2012-13, 2013-14, and 2014-15 (which would not be changed by an election under section 61).
- 5.6 Members should contact HMRC about any changes to their AA tax liabilities for the remedy period. AA charges can only be corrected within the tax system, with HMRC,

for years within the statutory time limits. Further information about statutory time limits can be found in the Compliance Handbook (CH51300)<sup>3</sup>.

- 5.7 However, individuals will also need revised PIAs for earlier years, beyond the statutory time limits and out of scope for tax correction, including to claim compensation where they have paid higher AA charges on reformed scheme benefits for out of scope remedy period years.
- 5.8 For periods within the usual statutory time limits for correction of tax, where an individual has already used mandatory Scheme Pays, pension debits for previous years can be adjusted to accommodate any revisions to the AA charge owed.
- 5.9 Where an individual has already used voluntary Scheme Pays and there is a reduction in the AA charge owed, pension debits for previous years can be adjusted.
- 5.10 Where individuals have not used Scheme Pays before or used voluntary Scheme Pays and there is an increase in the AA charge owed, pension schemes should offer voluntary Scheme Pays to help individuals affected to pay any additional AA charge. Alternatively, individuals can pay additional AA charge owed in cash, if they prefer. An election/option must be made into Scheme Pays before an individual's pension is put into payment. Interest will be payable on late paid AA charges.
- 5.11 There remain several outstanding issues that will not be resolved until such time that the Government finalises its approach and legislation is in place to remove the discrimination identified by the McCloud/Sargeant ruling (see unresolved pensions issues section below). Each scheme member will need to agree to accept the Government's final approach and any future adjustments that this requires.
- 5.12 Each scheme member should be required to provide written confirmation of their election, stating that it is made by reference to section 61 of the Equality Act. Once written confirmation has been received from each member, the FRA can put the chosen pension into payment, once scheme pays elections have been made.
- 5.13 In the absence of any written confirmation, the default position should be the current regulatory position for a transition member. Therefore, the pension paid will be in accordance with their pension entitlement as provided under both the legacy scheme regarding accrual from years before the remedy period, and 2015 CARE Scheme regarding accrual for remedy period years.

***Unresolved pension issues:***

- 5.14 As outlined above, there remain outstanding issues which limit the provisions of this guidance, where the Government is still finalising the details of its approach. Legislative change will also be required in some areas, to implement a full remedy.

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<sup>3</sup> <https://www.gov.uk/hmrc-internal-manuals/compliance-handbook/ch51300#:~:text=The%20normal%20time%20limit%20of%204%20years%20applies%20to%20all%20taxes>

*Adjustments to employee contributions*

- 5.15 Scheme members who choose to take their full pension benefits under their legacy scheme will either owe employee contributions or be entitled to a refund. Any employee contributions owed will need to be paid before the member's legacy scheme pension can be put into payment, or paid out of a member's retirement lump sum upon retirement. Where contributions owed are paid from a retirement lump sum it is less likely they will attract tax relief – as set out below in paragraph 5.18.
- 5.16 Any contributions owed will need to be based on the pay that is considered to be pensionable under the legacy scheme, which may vary from that pay which is considered pensionable under the 2015 Scheme. It will be for employing FRAs to make an assessment for each member and seek payment.
- 5.17 A member will be permitted to pay any outstanding employee contributions from their retirement lump sum or from any other personal source, though it should be noted that in these cases the individual is unlikely to get tax relief. Members will eventually have an opportunity to apply for compensation for any shortfall in tax relief in relation to those contributions when the legislation is in place. If the contributions are made under net pay before an individual has retired, and go through the payroll, then tax relief should be available. Therefore, where possible, FRAs should ensure that any employee contributions owed are paid by the member before they leave service. This may not be possible in some cases, for example for deferred members or where an individual has retired previously on ill-health grounds and did not qualify for a pension under the 2015 Scheme but would qualify under their legacy scheme. In such cases, the scheme member will have to wait until legislation has been implemented to receive any appropriate compensation.
- 5.18 Where an individual has overpaid contributions, their case should not be processed at this time. This is due to complexities regarding ensuring fair and non-discriminatory treatment of returned contributions, without new legislation, that have not yet been resolved.
- 5.19 A final decision is yet to be made in respect of whether, and at what rate, interest should be applied to contributions owed by employees should they elect to receive benefits from their legacy scheme during the remedy period (2015 to 2022). As the Government's approach to this issue is yet to be confirmed, this guidance proposes that interest is not applied to employee contributions owed at this time.
- 5.20 Notwithstanding this, any immediate detriment cases where the pension is put into payment now may need to be revisited in respect of interest if the Government's final approach includes the application of interest on owed employee contributions. FRAs should ensure that any members making a decision under this guidance are aware of, and accept, this condition. As at para 1.15, all cases processed using this

guidance will need to be revisited once the full detail of the Government's approach is finalised, and legislation is in place.

- 5.21 It is recognised that some members by virtue of age and service would qualify for a contribution holiday under the legacy 1992 Scheme having reached 30 years' service before age 50. These members may also be taper members who have paid contributions to 2015 Scheme after their 30-year anniversary date. The position of applying tax relief and interest on contributions underpayments or refunds for these members is yet to be confirmed. Therefore, these cases should not be processed at this time.

#### *Recovery of outstanding employer contributions*

- 5.22 The Firefighters' Pension Schemes are in a unique position compared to other public sector pension schemes in that they do not have a uniform employer contribution rate across all schemes. As such, any election by a scheme member under this guidance to take their full pension benefits under their legacy scheme will impact on the corresponding employer contributions owed in respect of that member during the period that they were in the 2015 Scheme.
- 5.23 Employing FRAs do not need to recalculate the contributions that they, as the employer, should have paid under the legacy scheme for each transitional member that chooses to take their full benefits under the legacy scheme. This shortfall in employer contributions will be captured in future scheme valuations as an unfunded, past service deficit and reflected in the employer contribution rates going forward.

#### *Treatment of Cash Equivalent Transfer Value (CETV) transfers into the 2015 Scheme*

- 5.24 It is recognised that there will be some transition scheme members who will have transferred benefits from an external pension arrangement into the 2015 Scheme under a Cash Equivalent Transfer Value (CETV), known as a transfer in.
- 5.25 However, the rules of the FPS 1992 legacy scheme do not permit the receipt of a transfer in after 5 April 2006 when the scheme closed.
- 5.26 The transfer-in should remain in the 2015 Scheme until such time that the Government's approach to removing the discrimination has been finalised and legislation is in place. It will be at this time that these cases can be revisited. If this is not done the transfer in will be considered an unauthorised payment for tax purposes, with the member incurring unauthorised payments charges of up to 55%, and scheme sanction charges may apply.

#### *Treatment of purchased added pension in the 2015 Scheme*

- 5.27 Some transitional scheme members will have elected to make voluntary contributions to purchase 'additional pension' in the 2015 Scheme. For those members that elect to take their full benefits under the legacy scheme, any employee contributions paid in respect of the additional pension purchased will

need to be converted to the equivalent value of additional pension that could have been purchased in the member's legacy scheme.

- 5.28 The legacy schemes do not currently have 'additional pension' provisions. Additional pension purchased in the 2015 Scheme is one of the unresolved issues for which the Government's approach has not yet been finalised. Until this issue has been resolved, any added pension accrued by a member should remain in the 2015 Scheme. As with 'transfers-in', these cases will need to be revisited when the Government's approach to removing the discrimination has been finalised and legislation is in place.

*Scheme Pays – treatment of debits applied to 2015 Scheme pension*

- 5.29 There may be instances where transitional members have previously incurred certain tax charges and have elected for these to be paid under Scheme Pays, with the associated pension debit applying to the 2015 Scheme benefits.
- 5.30 Where this is the case and the member elects for all their pension benefits to be paid from their legacy scheme, FRAs will need to recalculate the pension debit. The recalculation of the pension debit will need to be undertaken by FRAs as if it had been taken at the time of the original Scheme Pays elections, using the actuarial factors that were applicable at that time.

*Revisiting AA tax assessments on previous years*

- 5.31 Under current arrangements, there is generally a statutory time limit for reassessing tax for previous years – this is usually the current year and the four full previous tax years. This means that where a scheme member's pension benefits change for past years, altering their tax position in relation to their AA charge, HM Revenue and Customs can collect and refund tax where it is owed for the current tax year, and the four previous tax years. As noted at paragraph 5.8-5.10, this may require FRAs to adjust previous Scheme Pays calculations or make Scheme Pays available where it was not used previously. As set out above, where Scheme Pays has not previously been used, schemes will need to make voluntary Scheme Pays available. Otherwise, members will need to pay additional AA charges in cash.
- 5.32 Where a scheme member's benefits change due to an election under this guidance so that additional AA tax is due for a tax year that sits outside the statutory time limits, HMRC cannot collect that additional tax. As such, the member will not be required to pay this. However, the recalculation of the pension input amount will still be necessary, including to enable members to claim compensation for overpaid AA in out of scope years, where appropriate.
- 5.33 The Government has confirmed that where a scheme member's benefits change, reducing their liability to tax, the scheme member will be able to seek a tax refund from HMRC in respect of any overpaid tax charges within the usual statutory time limits.

For years outside the statutory time limit, scheme members can claim compensation for overpaid tax, once legislation is in place.

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## Firefighters Pension Scheme

### East Sussex Fire & Rescue Authority

**As a result of your decision to ask West Yorkshire Pension Fund to process retirement calculations under Immediate Detriment Guidance please confirm your acceptance of the points below.**

Any quotation requests made by ESFRA and any options provided to you as a result of these requests are based on our current understanding of the position of the Scheme and the age discrimination cases brought in respect of it.

The final legal position may change as cases are heard that relate to the Scheme. The Government has also not yet provided definitive guidance on how to implement the changes that will be needed as a result of the cases already heard.

Therefore, any figures provided may change in the future even though we have provided them based on our best understanding of the current position and having taken legal advice.

Should your scheme members decide to take benefits based on any quotations provided by WYPF, they will need to be aware that we will need to review and possibly re-calculate those benefits once the government has provided final guidance, and the Scheme's own rules change.

Scheme members also need to be aware that we will review benefits that they have elected to receive but have not been put into payment, if at that point our own understanding of the approach has also changed. If this happens, we will send you another quotation for the member to decide whether to draw benefits based on that quotation.

If members need to make any additional contributions in order to qualify for the higher benefits under the old 1992 Firefighters Pension Scheme, then you will need to confirm to WYPF that these have been made before benefits can come into payment.

If a member elects to take benefits and afterwards the law is made clear meaning that the basis on which we calculated these benefits changes then WYPF will need to recalculate and adjust members' benefits at a point after they have been put into payment. This could mean the benefits could go up or down and you will be responsible for any overpayment if this cannot be recovered from the member

If the benefits go up, the Scheme will pay the member an extra sum to cover the extra benefits. If this is the case the member will need to pay additional contributions in respect of those extra benefits. How that will be done will be determined at the

time, but it may be that a decision is made that the extra lump sum paid is reduced to cover any additional contributions required from the member.

If the benefits go down the member will need to repay the extra benefits over a period of time. That will be done by reducing the member's benefits temporarily until the overpayment is recovered. The recovery period will be agreed with the member.

**FRA Declaration**

We confirm that West Yorkshire Pension Fund will not be liable for any issues arising from any calculations, diligently and competently performed, which have been undertaken before the full regulations are in force as a result of the Immediate Detriment guidance request.

We also confirm that the information detailed above will be communicated to each member as part of the Immediate Detriment Guidance process.

We also confirm that all members going through the process understand that benefits could be subject to review by WYPF at any time and at any stage of the retirement process as further guidance or legislation is issued by the Government i.e.

- The initial quote stage
- Once benefits have been elected for but not put into payment
- After benefits have been put into payment.

And this could result in benefits going up or down.

Signed .....

Position.....

Date .....

## Information Regarding Pension Election – Immediate Detriment Cases

### Preliminary Matters :

1. This document has been prepared considering the following documents, :-
  - a) The Home Office Guidance issued on the 21<sup>st</sup> August, 2020 entitled : *“McCloud / Sargeant ruling – Guidance on treatment of ‘Immediate Detriment’ cases”*, (“the Home Office Guidance”); and
  - b) The Government’s publication of February, 2021 headed : *“Public service pension schemes: changes to the transitional arrangements to the 2015 schemes Government response to consultation”*.
  
2. You have chosen to retire from the employment of the East Sussex Fire and Rescue Service, (“the Fire Service”), on the [enter date].
  
3. The 2015 Firefighters Pension Scheme, (“the 2015 Scheme”), has been the subject of litigation in the cases of “McCloud and Sargeant”. In summary, the Court of Appeal held in 2018 that the transitional protection arrangements allowing certain pension members to remain in the 1992 Firefighters Pension Scheme, (“the 1992 Scheme”), when closed to other members gave rise to unlawful age discrimination, with transitional protection limited to older members of the 1992 Scheme, ie. those closer to retirement age would be fully, or partially excluded from the intended pension reforms.
  
4. You are impacted by the outcome of “McCloud and Sargeant” and fall under the category of Immediate Detriment Cases. Immediate Detriment Cases includes pension scheme members who were in service on, or before the 31<sup>st</sup> March, 2012 and on, or after the 1 April 2015, (including those with a qualifying break in service of less than 5 years), and who did not benefit from full protection and were moved into the 2015 Scheme on, or after 1 April 2015, :-
  - a) Who become eligible to retire with an ordinary pension and want to have all their benefits paid from their legacy scheme, i.e. do not accept deferred 2015 scheme benefits); or
  - b) Who do not qualify for lower-tier, (and therefore higher-tier), ill-health pension under the single pot Ill-Health Retirement, (IHR), arrangement, but would do so under the 1992 Scheme.
  
5. As you fall within one of the above two categories you can have your pension calculated and put into payment in accordance with the options set out below at Paragraphs 7 to 14.
  
6. The Government has confirmed that it is to introduce legislation, (when Parliamentary time allows), to ensure that the discriminatory features of the 2015

Scheme relating to the period 1<sup>st</sup> April, 2015 to the 31<sup>st</sup> March, 2022 and the transition arrangements are removed with effect from the 1<sup>st</sup> April, 2022. The 1992 Scheme will close on the 31<sup>st</sup> March, 2022.

**Election of Pension Benefits :**

7. Pursuant to Section 61 and Schedule 22 of the Equality Act 2010 and the Home Office Guidance, you are being offered the choice of whether scheme benefits under the 1992 Scheme, or the 2015 Scheme are to apply to you for the period 1<sup>st</sup> April, 2015 to the 31<sup>st</sup> March, 2022.
8. To enable you to decide you have been provided with estimates of your pension entitlements available to you under the 1992 Scheme and the 2015 Scheme. These estimates are included within the information pack.
9. West Yorkshire Pension Fund, (“the Pension Fund”), administers your pension fund on behalf of the Fire Service. In providing you with pension estimates the Pension Fund has requested that the following important matters be brought to your attention, :-
  - a) The pension estimates for the different options are based on their current understanding of the position of the 2015 Scheme and the age discrimination cases brought in respect of it;
  - b) The final legal position may change as cases are heard that relate to the 2015 Scheme. The Government has not yet provided definitive guidance on how to implement the changes that will be needed as a result of the cases already heard;
  - c) Any figures provided may change in the future, even though the Pension Fund has provided them based on its best understanding of the current position and having taken legal advice;
  - d) If you decide to take benefits based on any quotations provided by the Pension Fund it will need to review and possibly re-calculate those benefits once the Government has provided its final guidance and the changes made to the 2015 Scheme;
  - e) The Pension Fund will need review benefits that members have elected to receive, but which have not yet been put into payment, if at that point its understanding of the approach has changed. If this happens, the Pension Fund will issue another quotation, so that the member can decide whether to draw benefits based on that quotation;
  - f) If members need to make any additional contributions in order to qualify for the higher benefits under the 1992 Scheme, then the Pension Fund will need

confirmation that these have been made before benefits can come into payment;

- g) If a member elects to take benefits and afterwards the law is made clear, (ie. the basis on which the Pension Fund calculated these benefits has changed), then the Pension Fund will need to recalculate and adjust a member's benefits at a point after they have been put into payment. This could mean the benefits could go up, or down. In the first instance the member is responsible for any overpayment that occurs;
- h) If benefits go up, members will receive an extra sum to cover the extra benefits. If this is the case, then the member will need to pay additional contributions in respect of those extra benefits. How this will be done will be determined at the time. However, it may be that a decision is made that the extra lump sum paid is reduced to cover any additional contributions required from the member; and
- i) If the benefits go down, the member will need to repay the extra benefits over a period of time. That will be done by reducing the member's benefits temporarily until the overpayment is recovered. The recovery period will be agreed with the member.

10. If you do not want your pension to be considered as an Immediate Detriment Case you can retire under the provisions of the 2015 Scheme.

11. The three options available to you are, :-

- 1. A pension, payable immediately based on membership of the 1992 Scheme from **(START DATE)** until your date of retirement. Choosing this option will require you to pay the additional employee pension contributions of **(AMOUNT)** before tax relief. This is an Immediate Detriment Case option;
- 2. A pension payable immediately based on membership of the 1992 Scheme from **(START DATE)** to **31 March 2015** and a deferred pension from the 2015 Scheme based on membership of that scheme from the 1<sup>st</sup> April, 2015 until your date of retirement. Choosing this option will result in a refund of employee pension contributions of **(AMOUNT)** before tax. This is an Immediate Detriment Case option; or
- 3. Alternatively, you have the option of retiring under current legislation i.e. FPS1992/2015.

12. Your case will be revisited when final legislation has been implemented by the Government.

13. Before you decide which option to select, the following considerations are highlighted for your benefit, :-

- i. The 2015 Scheme is due to be amended retrospectively from the 1<sup>st</sup> April, 2019 in line with the regular scheme valuation and cost cap exercise. This amendment may result in the value of the stated benefits under the 2015 Scheme altering. This alteration may increase, or decrease the benefits payable to you under the 2015 Scheme;
- ii. Survivor benefits under the 1992 Scheme are payable only to a legal spouse, or civil partner. If you choose to receive your benefits under the 1992 Scheme and are unmarried and not in a civil partnership at the date of your death, a survivor's pension will not be payable. If you choose to receive benefits under the 2015 Scheme a survivor's pension may be payable to anyone with whom you are in an enduring relationship at the date of death based only on the benefits in the 2015 Scheme. Spouse's pensions cease on remarriage under the 1992 Scheme, but are payable for life under the 2015 Scheme;
- iii. Any contributions payable, or refundable under your chosen option have been calculated on the basis of the amounts that would have been due had you been in the chosen that scheme. Under the final legislation interest will be payable on these amounts. The rate of interest is yet to be determined. We will contact you to arrange collection of any additional amounts, or make payment of any further refund due;
- iv. The calculations provided are based on our best understanding of how the final remedy will be implemented. Once final legislation comes into force your case will be reviewed. If our initial interpretation was wrong your pension will automatically be recalculated. In the event of an underpayment, your pension will immediately be uprated and backdated arrears will be paid. In the event of an overpayment, your pension will immediately be adjusted to reflect the correct position. You will have to repay any overpayment. You will have the option to repay any overpayment in its entirety from the outset. Alternatively, your benefits will be temporarily reduced until the overpayment is recovered. Please note that any recovery option will be discussed and agreed at the time;
- v. By choosing to retire using the Home Office Guidance changes to your tax liability under the Annual Allowance Scheme will occur. These are detailed in the document headed "Annual Allowance". Should you have any queries regarding this document you are advised to discuss them with an appropriately qualified person. This may include An Accountant, or a Tax Consultant. Should any tax implications occur once the final legislation is enacted, it is your responsibility to take this up with HMRC; and

vi. If you elect one of the Immediate Detriment Case options your decision is irrevocable. You will not be given the option to reconsider this option once the final legislation is enacted.

14. To accept your chosen option please complete and return the attached form : Pension Declaration Option Form – Immediate Detriment. The form is required to be returned to the following address : [to be set out].

**Concluding Comments :**

15. You should retain copies of all forms and documents that you return to the Fire Service, ie. in case of future queries.

16. To support your decision-making process a copy of the Scheme Guides for both the 1992 Scheme and the 2015 Scheme have been provided to you. You should read both documents before making your pension choice. These documents are contained in the information pack.

17. It is recommended that you take independent financial advice about the options that are available to you regarding your pension. You may also want to take advice from your respective Trade Union, should you be a member of a Trade Union.

18. Should you have any queries concerning the information set out in this document then please contact : [set out name and contact details]

### **Pension Declaration Option Form – Immediate Detriment**

1. I have chosen to retire from the employment of the xxx Fire and Rescue Service, (“the Fire Service”), on the [enter date] and have set out below my signed pension Option that I have selected in line with the information contained in the documented headed : Information Regarding Pension Election – Immediate Detriment Cases; and
2. I agree and understand the following matters, :-
  - a) That I am required to repay any contributions required as outlined in the quotation for the Option chosen prior to receiving my pension benefits;
  - b) Should I choose to retire using the Home Office Guidance my choice will be irrevocable, unless subsequent legislation allows otherwise;
  - c) Once legislation is enacted my case will be reviewed and, if necessary, my pension will be adjusted in line with the revised pension scheme rules. This adjustment may result in an increase, or a decrease in my pension benefits. I understand that the Fire Service will reclaim any overpayments made;
  - d) Should interest be payable on any the additional contributions due from me in line with the Option chose, I agree to pay the relevant sum on demand;
  - e) There are significant differences in the survivor benefits offered by both schemes and I have considered the impact on any future spouse, or partner’s entitlements; and
  - f) I have read and fully understood the documentation provided to me by the Fire Service.

I (NAME) elect the following Option (please tick), :-

**Option 1 :** Under Immediate Detriment, a pension payable immediately based on membership of the 1992 Firefighters Pension Scheme until my date of retirement. Choosing this Option will require me to pay the additional employee pension contributions of (AMOUNT) before tax relief.

**Option 2 :** Under Immediate Detriment, a pension payable immediately based on membership of the 1992 Firefighters Pension Scheme until the 31<sup>st</sup> March, 2015 and a deferred pension from the 2015 Firefighters Pension Scheme based on membership of that scheme from the 1<sup>st</sup> April, 2015 until the date of my retirement.

**Option 3 :** Under current regulations, a pension payable immediately based on membership of the 1992 Firefighters Pension Scheme until Taper Date and a deferred pension from the 2015 Firefighters Pension Scheme based on membership of that scheme from Taper Date until my date of retirement.

I understand that in choosing the above Option that I have selected my case will be revisited when final legislation has been implemented.

**Signed :**..... **Dated :**.....

[Insert Name]

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