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Scrutiny & Audit Panel

11 November 2021

Membership:

Councillors: Maples (Chair), Azad, Lambert, Redstone, Scott and Theobald

You are requested to attend this meeting to be held in the Council Chamber, County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am

Quorum: 3

Contact:	Ellie Simpkin, Democratic Services Officer 01323 462085, democraticservices@esfrs.org

Agenda

22. 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

23. Apologies for Absence

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

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

25. Minutes of the last Scrutiny & Audit Panel meeting held on 28 September 2021 — **5 - 8**

26. Callover

The Chair 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 Chair 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

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

Date of Publication: 3 November 2021

Information for the public

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

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

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

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SCRUTINY & AUDIT PANEL

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at The Yarrow Room, Lewes Town Hall, High Street, Lewes BN7 2QS at 9.30 am on Tuesday, 28 September 2021.

Present: Councillors Maples (Chair), Lambert, Scott, Theobald and Dowling (In place of Redstone)

Also present: M O'Brien (Deputy Chief Fire Officer), L Culbert (Legal Advisor), D Savage (Assistant Director Resources/Treasurer), J Knightly (Principal Accountant, East Sussex County Council), S van der Merwe (EY, External Auditor) and E Simpkin (Democratic Services Officer)

16 Declarations of Interest

There were none.

17 Apologies for Absence

Apologies had been received from Councillor Redstone. Councillor Dowling was attending as his substitute. Apologies were also received from Councillor Azad.

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

There were none.

19 Minutes of the last Scrutiny & Audit Panel meeting held on 22 July 2021

RESOLVED: That the minutes of the Scrutiny & Audit Panel meeting held on 22 July 2021 be approved as a correct record and signed by the Chair.

20 Callover

Members reserved the following items for debate:

21 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2020/21

21 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2020/21

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which presented the External Auditor's Results Report (ISA 260) and the opinion on the Authority's 2020/21 Statement of Accounts. The Panel noted that EY, the Authority's external auditors, had substantially completed its audit of the Authority's financial statements for the year ended 31 March

2021, however, there were outstanding matters, as listed in the report. It was now unlikely that these outstanding matters would be resolved for the audit opinion and certificate to be issued before the statutory deadline of 30 September 2021. In this eventuality the Accounts and Audit Regulations 2015 (as amended) required that the Authority published a notice stating that it had not been able to publish the statement of accounts and its reasons for this. The Authority was then required to publish its statement of accounts together with any audit opinion or certificate as soon as reasonably practicable after the receipt of the auditor's final finding. There was no penalty for failing to meet the statutory deadline for the publication of the audited accounts.

The Panel noted that as of 17 September 2021, EY had made no recommendations for improvement as a result of its audit of the accounts and had raised no specific issues which required a response in the Letter of Representation. The ISA 260 confirmed that the Authority had in place proper arrangements for securing value for money.

The Panel welcomed Stephan van der Merwe from EY to the meeting who confirmed that the audit had been substantially completed, however there was an outstanding matter of the final assurance letter from the auditor of East Sussex Pension Fund which was still awaited. In addition, whereas in previous years the audit accepted the valuation of the Pension Fund by the Authority's actuary, Barnett Waddingham, in the IAS19 report, there was now a requirement for the auditor to assess the valuation calculation which would need to be carried out by a specialist team at EY. It was unlikely that this work would be completed before the 30 September deadline. Mr van der Merwe added that the value for money assessment was set out in the Auditor's Audit Results Report and no significant issues had been identified. A Value for Money commentary would be presented to the Panel at its next meeting in the Auditor's Annual Report.

The ADR/T reassured the Panel that there had been no material misstatements and no recommendations arising from the audit and that despite not meeting deadline, the Authority was in a positive position. Should the conclusion of the audit identify the need for any material adjustment to the accounts then a revised version would be submitted to the Panel for consideration.

A proposed additional recommendation to 'delegate authority to the Assistant Director Resources/Treasurer, following consultation with the Panel Chair, to make any minor amendments required to the 2020/21 Statement of Accounts on receipt of the final Audit Opinion from the Authority's External Auditors.' was tabled. This was moved by Councillor Scott, seconded by Councillor Lambert and accepted by the Panel.

Discussion was had over the scale fee variations and Members expressed their concern over the level of increase. The ADR/T explained that EY had submitted fee scale variations to the Public Sector Audit Appointments (PSAA) in relation to the 2019/20 accounts, the outcome of which was still awaited. Provision for the full amount of £55,585 had been made in the

2020/21 accounts. With regard to the fees for the 2020/21 audit, EY had submitted a fee variation which would take the scale fee from £23,690 to £51,243. The budget had been increased by £30,000 to account for the fee variation and the Authority had also received a Government grant of £12,212 and been allocated £4,670 from the PSAA towards the increased costs. The ADR/T did not envisage any budget pressure but could not confirm the position until the figures had been finalised. The ADR/T added that increased audit fees were sectorwide and a result of the broader issues as identified by the Redmond Review. The Panel would be informed when a response from the PSAA on the scale fee variations was received.

Members asked whether the cost of providing the services of the Authority across the different departments (page 70 the report) had been compared to that of other services. The ADR/T responded that a piece of work on this had commenced and discussions were being had through the National Fire Chiefs Council (NFCC) and the Home Office.

The Panel asked about the use of rating agencies and whether consideration had been given to the use of alternative organisations to help ensure that the Authority's investments were 'future proof'. The ADR/T informed Members that although the Authority currently operated at industry standard approach to ensuring the financial stability of its counterparties, and assessed potential investments against the criteria of security, liquidity and yield, as set out in the Treasury Management Strategy, officers were considering options for taking into account the environmental and social aspects of treasury management. Any proposals would be included in the Treasury Management Strategy 2022/23 for consideration at the full Fire Authority meeting in February 2022.

Members also asked for a further explanation on the grant from the Environment Agency which had been received in 2017 but not yet spent. The ADR/T explained that there were specific conditions attached to grant and that the spend had to relate to flooding response. A new technical rescue unit was currently being scoped which would meet the requirements and the grant would be applied to its purchase in due course.

The Panel thanked EY and officers for their report.

RESOLVED: That the Panel:

(i) noted the External Auditor's Audit Results Report (ISA 260);

(ii) noted the action required should the audit opinion not be issued by the statutory deadline;

(iii) authorised the Assistant Director Resources / Treasurer and the Panel Chair to sign the formal letter of representation to the External Auditor;

(iv) approved the 2020/21 Statement of Accounts for publication and

(v) delegated authority to the Assistant Director Resources/Treasurer, following consultation with the Panel Chair, to make any minor amendments required to the 2020/21 Statement of Accounts on receipt of the final Audit Opinion from the Authority's External Auditors.

The meeting concluded at 10.15 am

Signed

Chair

Dated this day of 2021

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny & Audit Panel
Date	11 November 2021
Title of Report	External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2020/21
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Parmjeet Jassal, Interim Finance Development Manager

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Background Papers	28 September 2021 – Scrutiny & Audit Panel - External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2020/21

Appendices

1. External Auditor's Audit Results Report (ISA260)
2. 2020/21 Statement of Accounts
3. Letter of representation

Implications

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

PURPOSE OF REPORT

To present the results of the External Auditor's Results Report (ISA 260) and to report an unqualified opinion on the Authority's 2020/21 Statement of Accounts.

EXECUTIVE SUMMARY

The Authority's External Auditor, Ernst & Young (EY), is obliged to produce an Audit Results Report (ARR - ISA 260) which reports formally on the outcome of the audit of the Authority's financial statements. The ISA 260 is attached as Appendix 1, as a separate document

EY has completed its audit of the Authority's financial statements for the year ended 31 March 2021 and expects to issue an unqualified audit opinion on the financial statements. In completing its audit work since the previous ARR was presented to this Panel on 28 September 2021 EY has identified the following issues:

- IAS19 report for Fire Fighters Pension Scheme – the service cost was underestimated due to the actuary excluding the allowance for future injury awards which required an adjustment of £767,000.

- IAS19 report for Local Government Pension Scheme – in the previous report, the actuary used the provisional asset value (the assets) despite us choosing the option to use final figures. The updated report now uses the final asset value figure which has resulted in an increase in asset values of £334,000

The Authority's financial statements have been updated to reflect the following technical accounting adjustments which do not impact on the general fund:

- £767,000 (cost in I&E statement)
- £334,000 (increase in pension assets)

It is pleasing to note that EY has made no recommendations for improvement as a result of its audit of the accounts and raised no specific issues which require a response in the Letter of Representation.

The ISA 260 confirms that the Authority has in place proper arrangements for securing value for money.

The audit process this year has been a lengthy and challenging one for both the EY and ESFRS teams, due both to the ongoing impact of Covid-19 and also to the additional activity resulting from regulatory changes.

A revised set of accounts is appended as Appendix 2. The letter of representation is appended as Appendix 3.

Since the last meeting of the Panel, we have received confirmation from Public Sector Audit Appointments (PSAA) of their determination of EYs scale fee variation for 2019/20. EY had submitted scale fee variations totalling £31,895 but PSAA has approved a variation of £8,700. This figure is within the amount charged to the 2020/21 accounts. EY has yet to confirm its scale fee variation for 2021/22.

RECOMMENDATION

The Panel is asked to:

i. note the External Auditor's Audit Results Report (ISA 260);

ii. authorise the Assistant Director Resources / Treasurer and the Panel Chair to sign the formal letter of representation to the External Auditor; and

iii. approve the 2020/21 Statement of Accounts for publication.

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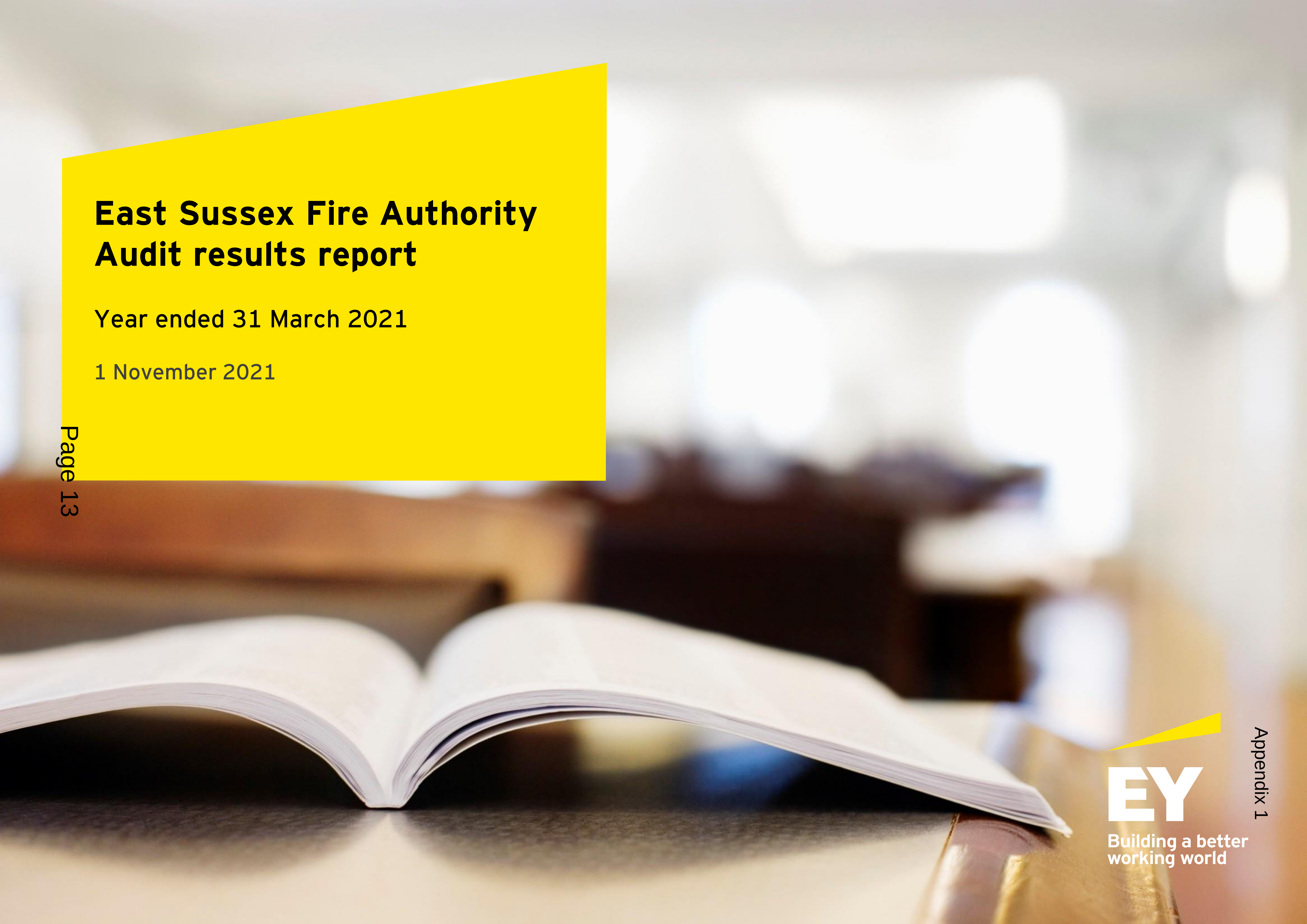

East Sussex Fire Authority
Audit results report

Year ended 31 March 2021

1 November 2021

Building a better working world

1 November 2021

East Sussex Fire Authority
Service Head Quarters
Church Lane
Lewes
East Sussex
BN7 2DZ

Dear Scrutiny & Audit Panel Members

2021 Audit results report

We are pleased to attach our audit results report, summarising the findings and conclusions from our audit. This report updates the previous version of the report presented to the Scrutiny & Audit Panel on 28 September 2021.

The audit is designed to express an opinion on the 2020-21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the East Sussex Fire Authority's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Scrutiny & Audit Panel, other members of the Authority, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Scrutiny & Audit Panel meeting on 11 November 2021.

Yours faithfully

Helen Thompson
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

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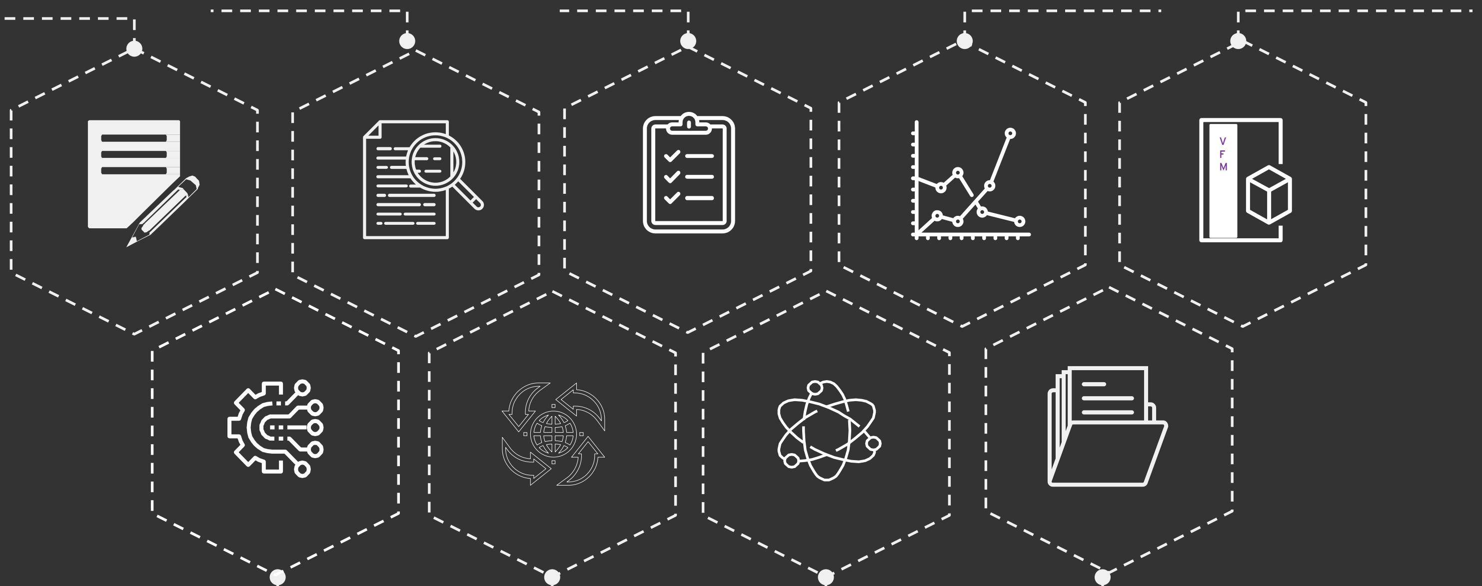

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Scrutiny & Audit Panel and management of East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny & Audit Panel and management of East Sussex Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Scrutiny & Audit Panel and management of East Sussex Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Scope update

In our audit planning report and updated audit planning report presented to the 29 April 2021 and 22 July 2021 Scrutiny & Audit Panel meetings respectively, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- **Changes in materiality**

  We updated our planning materiality assessment using the draft results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £1.05m (Audit Planning Report – £1.14m). This results in updated performance materiality, at 75% of overall materiality, of £790k, and an updated threshold for reporting misstatements of £52k.

- **Changes to reporting timescales**

  As a result of COVID-19, new regulations, the Accounts and Audit (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, audited accounts from 31 July to 30 September 2021 for all relevant authorities.

Auditing accounting estimates

A revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we may see the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area. We have considered the following areas as higher inherent risk estimates in our approach:

- The revaluation of land and buildings classified as Property, Plant and Equipment (PPE); and
- Pension liability and asset valuation.

- **Additional audit procedures as a result of Covid-19**

  Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

  - **Information Produced by the Entity (IPE):** We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:
    - Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
    - Agreed IPE to scanned documents or other system screenshots.

Executive Summary

Status of the audit

Our audit work in respect of the Authority's opinion is substantially complete. The following are the main items relating to the completion of our audit procedures that were outstanding at the date of this report:

- Final consideration of the subsequent events up to the date of the audit opinion;
- Receipt of signed management representation letter;
- Signed Narrative Report and financial statements;
- Documentation of final review on our audit files;
- Whole of Government Accounts: We have yet to receive the NAO instructions on this for 2020/21.

We expect to issue an unqualified opinion in the week ending 12 November 2021.

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
  How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance
  How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
  How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Executive Summary

Status of the audit - Value for Money

In the updated planning report presented to the Scrutiny & Audit Panel, on 22 July 2021, we reported that we had completed our value for money (VFM) risk assessment and not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03).

We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report.

Audit differences

There are no unadjusted differences as at 11 November 2021.

There have been no misstatements greater than £790k which have been corrected by management.

A small number of other amendments were made to disclosures appearing in the financial statements as a result of our work.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet been able to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This is because HM Treasury are continuing to review the online 2020/21 WGA Data Collection Tool (DCT) and update the guidance that is available for preparers. Based on the last available update the DCT and guidance was not expected to be available until Autumn 2021. Therefore the 2020/21 WGA component data will not be available for auditors to review until after that. Group Audit Instructions and the timetable for 2020/21 will necessarily follow any changes HM Treasury make to the DCT and process.

We have no other matters to report.

Executive Summary

Areas of audit focus

In our audit planning report, and subsequent update, we identified a number of key areas of focus for our audit of the financial report of the Authority. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Fraud Risk	Findings & Conclusions
Misstatements due to fraud or error	We have not identified any material weaknesses in controls or evidence of material management override, instances of inappropriate judgements being applied; or any other transactions during our audit which appear unusual or outside the Authority's normal course of business.
Inappropriate capitalisation of revenue expenditure	Our sample testing of additions to PPE: • Found costs had been correctly classified as capital and included at the correct value. • Did not identify any revenue items that were incorrectly classified as capital. Our review of judgements taken by management found them to be reasonable.

Area of audit focus / Inherent risk	Findings & Conclusions
Valuation of Land and Buildings	We are satisfied that the valuation of property, plant and equipment is fairly stated and appropriately disclosed.
Pension Liability and Asset Valuation (Inherent risk)	As a result of our work, the IAS19 report was subsequently revised which led to adjustments close to performance materiality in the Authority's Statement of Accounts. Following this adjustment, we are satisfied that the pension liability and asset valuation is fairly stated and appropriately disclosed. Further details are set out in Section 2 of this report.
Going Concern (Area of audit focus)	We have reviewed management's going concern assessment and confirm their conclusion that the Authority remains a going concern is based on reasonable and supportable assumptions. We have also reviewed management's going concern disclosure and confirmed it is sufficiently detailed, transparent and accurately reflects management's underlying going concern assessment.

Executive Summary

Areas of audit focus (cont.)

Area of audit focus / Inherent risk	Findings & Conclusions
Accounting for Covid-19 related government grants (Inherent risk)	Based on our work we are satisfied that the accounting treatment adopted for Covid-19 related government grants accorded with the Authority's assessment of whether it was acting as agent or principal, the underlying conditions of the grant and whether those conditions had been met.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Scrutiny & Audit Panel or Management.

Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of the key processes and the controls which are in place to detect or prevent error. Through this work, we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Independence

Please refer to Section 8 for our update on Independence.

02 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We have also focused specifically on capitalisation of assets as a potential area of manipulation, which is recorded as a separately identified significant risk - Inappropriate capitalisation of revenue expenditure.

Our work on estimates focussed on PPE valuation and IAS19 pension estimates which are identified as areas of higher inherent risk and are reported further in this report.

What did we do?

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding.

Our approach focused on:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Assessing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions.

What are our conclusions?

We have completed our work and:

- We have found no evidence that management had attempted to override internal controls.
- We have not identified any instances of inappropriate judgements being applied.
- We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

This conclusion is based on detailed testing of accounts entries susceptible to potential manipulation.

Significant Risk

Areas of Audit Focus

Significant risk

Risk of misstatements due to fraud or error – specifically in inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

From our risk assessment, we have assessed that the risk manifests itself solely through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.

What judgements are we focused on?

We focused on whether expenditure was properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.

What did we do?

Our approach focused on:

- selecting a sample of PPE additions to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations; and
- performing journals testing, during this testing we challenged entries that could be indicative of inappropriate capitalisation, such as journals which reclassify transactions originally recorded as revenue expenditure to capital.

What are our conclusions?

We have completed our work:

- Our sample testing of additions to property, plant and equipment found that they had been correctly classified as capital and included at the correct value.
- Our sample testing of additions to property, plant and equipment did not identify any revenue items that were incorrectly classified.
- Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes

Significant Risk

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?	What did we do?	What are our conclusions?
Valuation of Land and Buildings The fair value of Land and Buildings in Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes and impairment reviews. The valuation at 31 March 2021 was £42.0m. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.	We have: ▸ Considered the work performed by the Authority's valuers Flude Commercial, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▸ Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); ▸ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▸ Reviewed assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated; ▸ Tested to confirm that accounting entries have been correctly processed in the financial statements.	We have completed our work and have: ▸ Found nothing has come to our attention regarding the adequacy of the valuers' scope of work, their professional capabilities and the results from their work; ▸ Indicated that, based on our samples selected, that the valuers assumptions are accurate, i.e. correct floor plans and price per square metre used and considered potential impacts on useful economic lives; ▸ Confirmed assets not subject to valuation have not been materially misstated; ▸ Confirmed accounting entries have been processed correctly in the financial statements; Consequently, we are satisfied that the valuation of property, plant and equipment is fairly stated and appropriately disclosed.

Other areas of audit focus (continued)

What is the area of focus?	What did we do?	What are our conclusions?
Net Pension Liability Valuation The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme (LGPS), administered by East Sussex County Council and the Firefighters Pension Scheme where its administration was transferred to West Yorkshire Pension Fund during the year. The Authority's pension fund liabilities are material estimated balances and the Code requires that these liabilities be disclosed on the Authority's balance sheet. At 31 March 2021 this totalled £488.4m. The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries of the two Pension Schemes. Accounting for these schemes involves significant estimation and judgement and therefore management engages actuaries to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. During the year, the Authority changed its actuary from Hymans Robertson to Barnett Waddingham.	We have: ▸ Liaised with the auditors of East Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Sussex Fire Authority. However, this required assurance letter is still outstanding. ▸ Assessed the work of the LGPS Pension Fund actuary (Barnett Waddingham) and the Firefighters pension actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. ▸ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.	Our planned work in this area is now complete. We previously reported that an issue had arisen across all local government audits that needed to be resolved prior to us being able to fully conclude our work. This was in relation to the impact of the revised auditing standard on accounting estimates. We planned to take an audit approach to this estimate based on procedures to evaluate management's process. The new auditing standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local government sector audits, were able to access the detailed models of the actuaries in order to evidence these requirements. We therefore modified our planned approach and undertook alternate procedures to create an auditor's estimate, to provide a different method of gaining assurance. The results of this exercise showed the actuarial estimate to be accurate within a reasonable range. As a result of our work, an IAS19 report was subsequently revised which led to adjustments close to performance materiality in the Authority's Statement of Accounts.

Other areas of audit focus (continued)

What is the area of focus?

Going Concern

Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced some income losses. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

What did we do?

We have met the requirements of the revised auditing standard on going concern (ISA 570) and considered the adequacy of the Authority's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

What are our conclusions?

Management's initial going concern assessment was for the period up to 30 September 2022, but subsequently updated to cover the period up to 30 November 2022. We have reviewed management's initial and updated going concern assessments and confirm that their conclusion that the Authority remains a going concern is based on reasonable and supportable assumptions.

We have also reviewed management's going concern disclosure and confirmed it is sufficiently detailed, transparent and accurately reflects management's underlying going concern assessment.

Other areas of audit focus (continued)

What is the area of focus?	What did we do?	What are our conclusions?
Accounting for Covid-19 related government grants The Authority has received government funding in relation to Covid-19 and investment support in Protection Services following the Grenfell Tower Inquiries. There is a need for the Authority to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions.	We considered the Authority's judgement on material grants received in relation to whether it is acting as: ▸ Agent, where it has determined that it is acting as an intermediary; or ▸ Principal, where the Authority has determined that it is acting on its own behalf. We sought to determine whether conditions were attached to the grant funding received and whether those conditions were met or not. Considering the outcome of the above we considered the appropriateness of the accounting treatment for the grants, in particular whether the grants were correctly classified, and whether associated disclosure were also accurate.	Based on our work we are satisfied that the accounting treatment adopted for Covid-19 related government grants and investment support in Protection Services, and accorded with the Authority's assessment of whether it was acting as agent or principal, the underlying conditions of the grant and whether those conditions had been met.

03 Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST SUSSEX FIRE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of East Sussex Fire Authority for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, Expenditure and Funding Analysis, and the related notes 1 to 37; and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Sussex Fire Authority as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2020/21, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Draft audit report (cont.)

Our opinion on the financial statements

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 11, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Draft audit report (cont.)

Our opinion on the financial statements

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:
  - Local Government Act 1972,
  - Local Government Act 2003,
  - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - The Local Audit and Accountability Act 2014, and
  - The Accounts and Audit Regulations 2015.

  In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.
- We understood how East Sussex Fire Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance, and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified, inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. In addition, we assessed whether the judgements made in making accounting estimates were indicative of a potential bias and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Draft audit report (cont.)

Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether East Sussex Fire Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Sussex Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, East Sussex Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack.

We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of East Sussex Fire Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Thompson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Southampton

04 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted and unadjusted differences

There are no unadjusted differences as at 17 September 2021.

There have been no misstatements greater than £790k which have been corrected by management.

A small number of other amendments were made to disclosures appearing in the financial statements as a result of our work.

05 Value for Money

Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

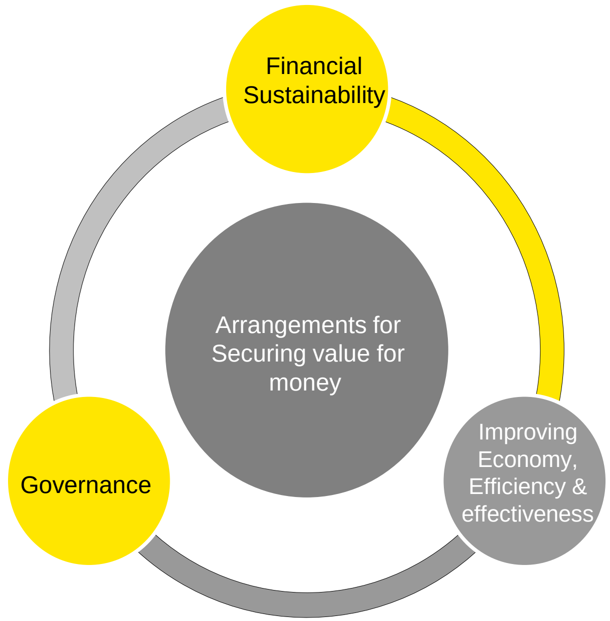
As part of the material published with its financial statements, the Authority is required to bring together commentary on their governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect their own individual circumstances, consistent with the requirements set out in the CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

Risk assessment

We have previously reported to the Scrutiny & Audit Panel the outcome of our assessment of the risk of significant weaknesses in the Authority's VFM arrangements - that we had not identified any risks. We have revisited our risk assessment and have not identified any additional risks.

Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary by the end of December as part of issuing the Auditor's Annual Report.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2020/21 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet been able to perform the procedures required by the National Audit Office on the Whole of Government Accounts submission. This is because HM Treasury are continuing to review the online 2020/21 WGA Data Collection Tool (DCT) and update the guidance that is available for preparers. Based on the last available update the DCT and guidance was not expected to be available until Autumn 2021. Therefore the 2020/21 WGA component data will not be available for auditors to review until after that. Group Audit Instructions and the timetable for 2020/21 will necessarily follow any changes HM Treasury make to the DCT and process.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”).

We did not identify any issues which required us to issue a report in the public interest.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations;

We have nothing to comment in respect of these.

07 Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

08 Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. However, the Treasurer noted one issue in his response to our enquiries. East Sussex County Council / Orbis, who provide a significant element of finance support to the Authority, retain EY as its external tax advisor. The Treasurer confirmed that East Sussex Fire Authority retain PSTax as its external tax advisor in order to avoid any independence conflict. We therefore conclude there is no threat to our independence from this matter.

Services provided by Ernst & Young

The table below sets out a summary of the fees that are due to us for the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

	Final fee 2020/21	Planned fee 2020/21	Final Fee 2019/20
	£	£	£
Scale Fee – Code work	23,690	23,690	23,690
2019/20 fee variation determined by PSAA (Note 1)	-	-	8,700
2020/21 PSAA expected additional minimal core fees (Note 2): • VFM • ISA 540 accounting estimates	TBC	5,000 to 9,000 1,900	-
2020/21 proposed fee variation - other (Note 3)	TBC		-
Total Fees	TBC	30,590 to 34,590	32,390

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £27,553. In addition, we identified an in-year risk based fee variation of £4,342 for 2019/20. PSAA has determined the total fee variation for 2019/20 as £8,700. We expect similar costs in nature in 2020/21 and subsequent years. However, PSAA has stated that this will need to be determined each year.

Note 2 - In August 2021, PSAA published 'Additional information for 2020/21 audit fees'. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. The figures included here are the minimum additional fee ranges set out in this document.

Note 3 - Any further additional fees (over and above VFM and ISA540) for 2020/21 will be communicated to the Treasurer following the completion of the audit.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

EY UK Transparency Report 2020 | EY UK

09 Appendices

Appendix A

Required communications with the Scrutiny & Audit Panel

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the Scrutiny & Audit Panel of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report presented at the Scrutiny & Audit Panel meeting on 29 April 2021.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Planning Report presented at the Scrutiny & Audit Panel meeting on 29 April 2021.
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements	No conditions or events were identified, either individually or together to raise any doubt about East Sussex Fire Authority's ability to continue for the 12 months from the date of our report.
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Subsequent events	▶ Enquiry of the Scrutiny & Audit Panel where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Fraud	▶ Enquiries of the Scrutiny & Audit Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to the Scrutiny & Audit Panel and Management responsibility.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit Planning Report presented at the Scrutiny & Audit Panel meeting on 29 April 2021. Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the Scrutiny & Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Scrutiny & Audit Panel may be aware of.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Written representations we are requesting from management and/or those charged with governance	► Written representations we are requesting from management and/or those charged with governance	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	► Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Auditors report	► Key audit matters that we will include in our auditor's report ► Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.
Fee Reporting	► Breakdown of fee information when the audit planning report is agreed ► Breakdown of fee information at the completion of the audit ► Any non-audit work	Audit Planning Report presented at the Scrutiny & Audit Panel meeting on 29 April 2021. Audit Results Report presented at the Scrutiny & Audit Panel meeting on 28 September 2021 and updated 11 November 2021.

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Helen Thompson
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

This letter of representations is provided in connection with your audit of the financial statements of East Sussex Fire Authority ("the Authority") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of East Sussex Fire Authority as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

Management representation letter (continued)

Management Rep Letter

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
   - involving financial statements;
   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
   - involving management, or employees who have significant roles in internal controls, or others; or
   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
   - Additional information that you have requested from us for the purpose of the audit; and
   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Authority, Scrutiny & Audit Panel and Policy & Resources Panel held through the year to the most recent meeting on the Fire Authority on 2 September 2021, Scrutiny & Audit Panel on 11 November 2021, and Policy & Resources Panel on 11 November 2021.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Management representation letter (continued)

Management Rep Letter

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter at 30 November 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1.ii to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

Management representation letter (continued)

Management Rep Letter

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note 13 to the financial statements, we have no other line of credit arrangements.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment and IAS 19 pension fund liability, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

i.) Revaluation of land and buildings classified as property, plant and equipment; and

ii.) Pension liability and asset valuation

1. We confirm that the significant judgments made in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.
3. We confirm that the significant assumptions used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation, appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
5. We confirm that appropriate specialized skills or expertise has been applied in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Management representation letter (continued)

Management Rep Letter

Yours faithfully,

____

Director: Resources / Treasurer

Date:

I confirm that this letter has been discussed and agreed at the Scrutiny & Audit Panel on 11 November 2021.

____

Chairman: Scrutiny & Audit Panel

Date:

APPENDIX C

Implementation of IFRS 16 Leases

In previous reports to the Scrutiny & Audit Panel, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the Authority until 1 April 2022. However, officers should be acting now to assess the Authority's leasing positions and secure the required information to ensure the Authority will be fully compliant with the 2022/23 Code. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures
Data collection	Management should: ▸ Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. ▸ Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases ▸ Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices	The Authority needs to agree on certain policy choices. In particular: ▸ Whether to adopt a portfolio approach ▸ What low value threshold to set and agree with auditors ▸ Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components ▸ What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).
Transitional accounting arrangements	Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the Authority is lessee; and potentially for sub-leases, where the Authority is a lessor, that were operating leases under the old standard.
Ongoing accounting arrangements	Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.
Remeasurements and modifications	Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.

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East Sussex Fire Authority

Statement of Accounts

2020/21

Contents	Page

In addition to the Statement of Accounts, financial information can be obtained from reports made to the Fire Authority and its Panels. Information on the Fire Authority’s budget and finances can also be found on the website www.esfrs.org.

Further information on particular aspects of the East Sussex Fire Authority’s finances may be obtained from:

East Sussex Fire and Rescue Service Headquarters
Church Lane
Lewes
East Sussex
BN7 2DZ
Or by email to enquiries@esfrs.org.

Narrative Report by the Treasurer

Introduction

The purpose of the Statement of Accounts is to give the reader clear information about the Fire Authority's finances for the year ended 31 March 2021. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is published by the Chartered Institute for Public Finance and Accountancy (CIPFA) and is based upon International Financial Reporting Standards (IFRS).

East Sussex Fire Authority was created on 1 April 1997 as a result of local government reorganisation. It has a statutory duty to provide a Fire and Rescue Service for the whole of East Sussex and the City of Brighton and Hove, covering an area of 179,000 hectares and with a population of approximately 844,000.

The Authority is made up of 18 councillors, 12 of whom are nominated by East Sussex County Council and 6 of whom are nominated by Brighton & Hove City Council. The membership of the Authority during the 2020/21 financial year was as follows:

	East Sussex County Council	**Brighton & Hove City Council**	**Total**
Conservative	7	2	9
Green	-	2	2
Labour	1	2	3
Liberal Democrat	3	-	3
Independent	1	-	1
Total	**12**	**6**	**18**

The purpose and commitment of the Authority are set out below and are what is planned to be delivered through our agreed budget and Medium Term Financial Plan:

Our purpose:

We make our communities safer

Our Commitments, we will do this by:

- Delivering high performing services
- Engaging with our communities
- Having a safe and valued workforce
- Making effective use of our resources

You can find out more about the Fire Authority and the services it provides at www.esfrs.org

Statement of Accounts

The core statements in these accounts comprise:

- The Movement in Reserves Statement (MiRS) – this statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- The Comprehensive Income and Expenditure Statement (CIES) – this is fundamental to the understanding of the Authority's activities. It brings together all of the functions of the Authority and summarises all of the resources that the Authority has generated, consumed or set aside in providing services during the year.
- The Balance Sheet – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.
- The Cash Flow Statement – this summarises the changes in cash and cash equivalents of the Authority during the reporting period.

Other statements include:

- The Expenditure and Funding Analysis – this analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by local authorities in comparison with those economic resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The East Sussex Firefighters' Pension Fund Accounts – this summarises the transactions relating to the Firefighters' Pension Fund Account for 2020/21. This is an unfunded scheme (i.e. it is not backed by investments) into which employee and employer contributions are paid and from which pension payments are made. The account is topped up by a grant from Government if the contributions are insufficient to meet the cost of pension payments in any one year.

Changes to accounting policies

The Code of Practice on Local Authority Accounting (the Code) is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance.

The 2020/21 Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2020. It supersedes the 2019/20 edition of the Code published on 1 April 2019 and applies for accounting periods commencing on or after 1 April 2020.

The 2020/21 Code highlights the following key updates/changes in accounting practice:

- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.
- Amendments to implement and emphasise the application of Amendments to IAS 1 and IAS 8: Definition of Material.
- Amendments relating to financial instruments.

Financial Report

This section of the Statement of Accounts for 2020/21 sets out:

• The construction of the original budget for 2020/21.

• The final outturn for 2020/21 .

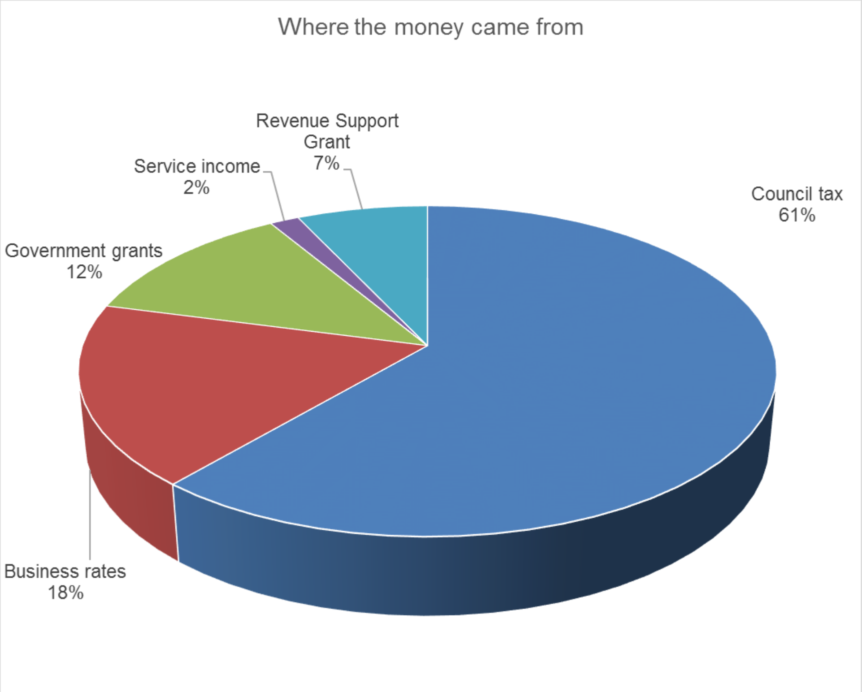
Setting the Revenue Budget for 2020/21

The Authority has developed its service planning processes so that they provide a sound basis both for setting its strategic objectives, plans and policies and for its medium term financial planning and budget setting. The Authority's Medium Term Financial Plan (MTFP) recognised that there was significant uncertainty for fire funding beyond the one year settlement agreed by central government. For 2020/21 and beyond there were potentially significant risks as a result of proposals to change the Business Rates Retention regime, the Fairer Funding Review and a Comprehensive Spending Review. In addition there was a significant risk within the fire sector with one-off grant from Government funding a significant and ongoing increase in pension costs. As a consequence of this uncertainty the MTFP for the period to 2024/25 modelled three scenarios, best case – flat cash (Settlement Funding Assessment (SFA) maintained at 2020/21 cash levels), Mid case 5% annual reductions in (SFA) and Worse Case 7.5% annual reductions in SFA , resulting in need to identify additional savings of between £2.7m - £3.6m over the period The budget and MTFP were developed to facilitate the delivery of the Authority's purpose and commitments and the priorities set out in the Integrated Risk Management Plan (IRMP) 2017-20. You can find out more about the IRMP at https://www.esfrs.org/about-us/publication-of-information/strategies-plans-and-performance-information/community-risk-analysis/integrated-risk-management-planning/.

In February 2020 the Authority set its revenue budget for 2020/21 at £39.737m, a 1.79% increase on the previous year. Savings of £0.396m which were expected to increase to £0.651m in 2024/25 were included. The main savings resulted from reductions in PPE and workwear, Estates Strategy revenue maintenance costs, reduction in administration costs, reductions in budgets that had previously underspent and a range of low impact savings across a range of non pay budgets. The Fire Authority also agreed to a small increase in its Council Tax of 1.99%. The additional funding from a better than expected one year settlement, along with savings and the increase in Council Tax allowed the Authority to budget for additional spending pressures beyond pay and price inflation, other unavoidable commitments and bids for investment including an additional £0.5m to operate the our mobilising centre whilst we worked towards a new partnership with Surrey and West Sussex Fire Services and setting aside £0.5m in invest initiatives that will make us more efficient.

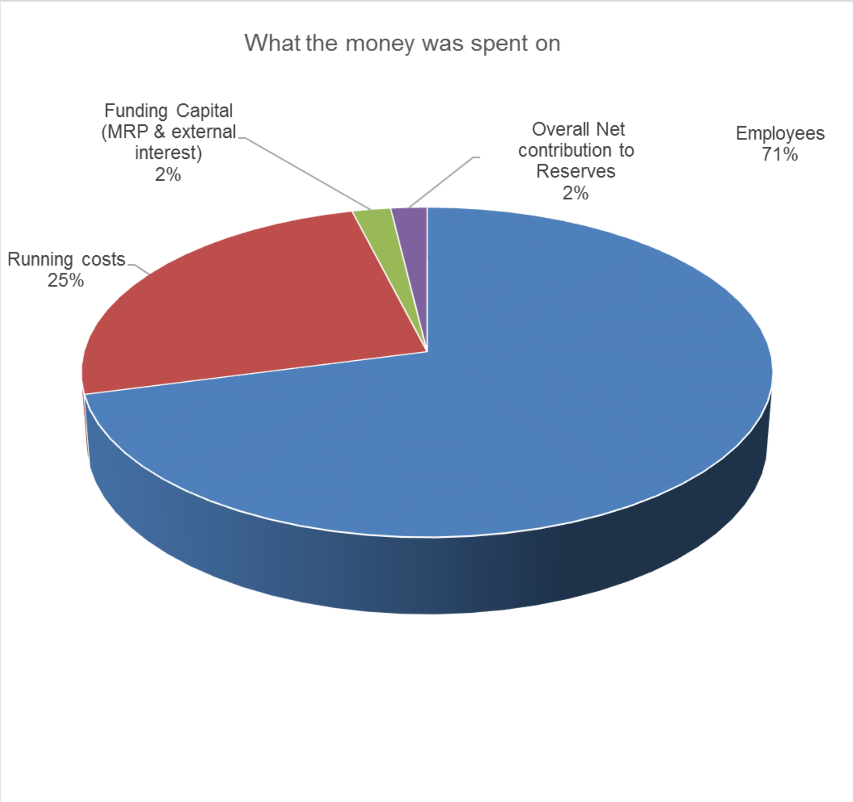
Revenue Expenditure and Income

The revenue, or day to day, spending of the Authority is shown in the table below, "Analysis of the Revenue Budget" and is summarised in the following charts. The first chart shows the source of resources supporting revenue expenditure.



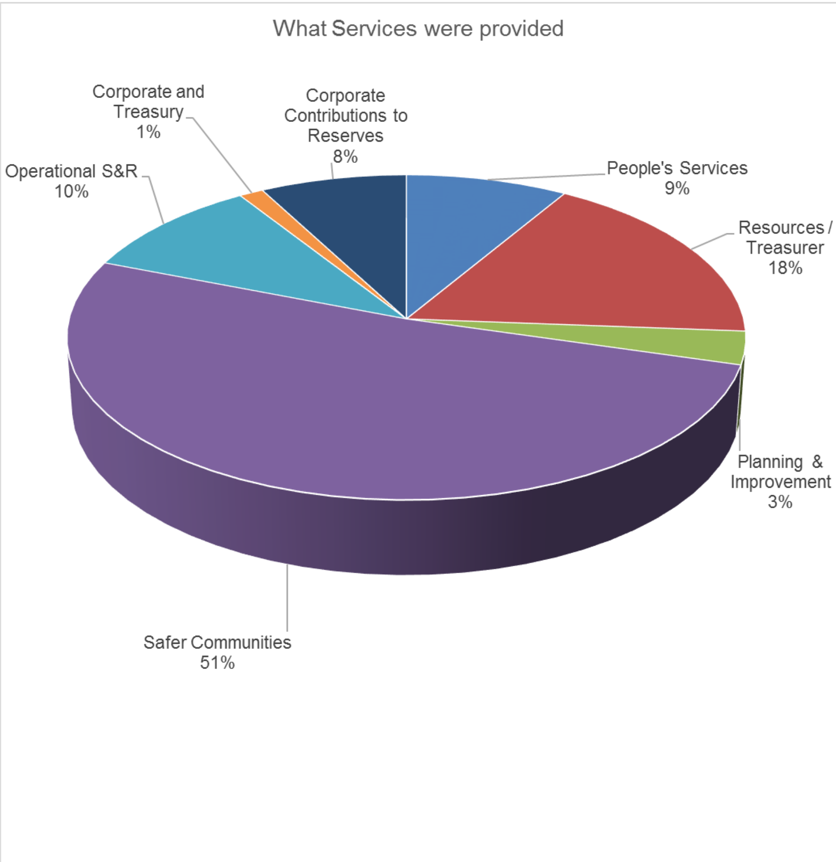
The majority of the funding (61%) comes from the Council Tax payers of East Sussex and the City of Brighton & Hove. The two other main sources are Business Rates and Government Grants (including revenue support grant of 7%) at 18% and 19% respectively. The Service generates fees and charges income representing 2%.

The next chart shows what this money was spent on:



Fire Authority services are heavily reliant upon staff, therefore employee costs including employer's pension contributions accounted for the majority (71%) of expenditure. Running expenses including the cost of premises, transport and supplies and services accounted for 25% of the total expenditure, the net overall transfer to reserves including corporate and within services accounted for 2% which relates primarily to the carry forward of government grants and underspend 2020/21, whilst the cost of funding capital expenditure, including the costs associated with loans taken out to invest in the Fire Authority's services, makes up 2%.

The third and final chart shows the cost of providing the services of the Authority across our different departments:



The Authority's focus is on services to local communities and this is reflected by the fact that 5% of expenditure is on Safer Communities which includes both firefighting and rescue operations and prevention and protection work including preventing fires, reducing arson, working with the local business community, and with other local authorities and stakeholders to make all our local communities safer.

Resources/Treasurer (18%) supports service delivery providing Information Technology (I.T.), Property, Procurement, Finance, Risk and Insurance and Legal Services.

Operational Support and Resilience (10%) delivers support for the fleet including fire appliances, operational planning and policy and East Sussex Fire Control

Peoples Services (9%) delivers all operational training (with a few specialist exceptions) and commercial training based at Service Training Centre and a team of specialist training staff, Health and Safety advice as well as advising managers on legal compliance, policy formulation, training and safety performance monitoring activities and HR and Organisational Development support all employees throughout their employment with ESFRS in a wide range of areas as well as ensuring the organisation is compliant with current employment law. People Services also leads on inclusion and diversity across the Service.

Corporate Contribution to Reserves (8%) – which relates to the transfer of unused grants and revenue resources to finance future capital and revenue expenditure (other net contributions are included in the services).

Planning and Improvement (3%) provides programme and performance management, business planning, community risk management and communications as well as support for the Fire Authority and its' meetings.

Corporate (1%) includes Principal Officers and their direct support, treasury management, various non service costs such as injury benefits as well as the corporate contingency.

Analysis of the Revenue Budget

The table below sets out the main components of the Revenue Budget for 2020/21 and how these compare with the actual outturn. Any differences between the Provisional Outturn and the Net Expenditure Chargeable to the General Fund column on the Expenditure and Funding Analysis on page 26 are due to transfers to/from reserves.

	Original Budget 2020/21	Revised Budget 2020/21	Provisional Outturn 2020/21	Provisional Outturn Variance
	£'000	**£'000**	**£'000**	**£'000**
Peoples Services	3,641	3,753	3,526	(227)
Resources/Treasurer	7,506	7,617	7,221	(396)
Planning and Improvement	1,275	1,432	1,348	(84)
Total Deputy Chief Fire Officer	**12,422**	**12,802**	**12,095**	**(707)**
Safer Communities	21,017	21,274	21,094	(180)
Operational Support	4,298	4,241	4,103	(138)
Total Assistant Chief Fire Officer	**25,315**	**25,515**	**25,197**	**(318)**
CFO Staff	705	728	782	54
Treasury Management	839	839	821	(18)
Non Delegated costs	(1,058)	(1,150)	(1,076)	74
Corporate Contingency	454	22	-	(22)
Covid-19	-	-	-	-
Transfer from Reserves	(627)	(753)	(748)	5
Transfer to Reserves	1,687	3,355	3,939	584
Total Corporate	**2,000**	**3,041**	**3,718**	**677**
Total Net Expenditure	**39,737**	**41,358**	**41,010**	**(348)**
Financed By:				
RSG	(3,208)	(3,208)	(3,208)	-
Council Tax	(27,931)	(27,931)	(27,931)	-
Business Rates	(7,714)	(8,026)	(8,030)	(4)
S31 Grants	(799)	(2,108)	(2,053)	55
Collection Fund Surplus/Deficit	(85)	(85)	(174)	(89)
Total Financing	**(39,737)**	**(41,358)**	**(41,396)**	**(38)**
Total Over / (Under) Spend	**-**	**-**	**(386)**	**(386)**

Throughout the year the Senior Leadership Team (SLT) and the Authority received regular budget monitoring reports which tracked expenditure and income compared to the set budget, progress in delivering agreed savings and identified in year spending pressures, enabling them to be managed within the overall revenue budget. Treasury Management is usually reported to Members as part of the Corporate heading, however, as it is not part of the Net Cost of Service in the Accounting Statement Expenditure and Funding Analysis, it is shown here separately.

The Authority's original estimate of net revenue expenditure for the year was £39.737m. The budget was revised upwards during the year to reflect changes in service delivery to £41.358m. This increase of £1.6m (4%) was mainly due to additional S31 grant of £1.3m which was transferred to reserve to meet budgeted losses in 2021/22. The final outturn is, at £41.010m, an underspend of £0.348m on net expenditure which alongside better than expected income of £41.396m (additional £0.038m) resulted in an underspend of £0.386m (1% of budget) which will be transferred to the Budget Carry Forward reserve. The main reason for the change from the original budget was the receipt of additional Section 31 Grants from Government primarily related to Covid-19 and investment in protection services (Business Safety) following the Grenfell Tower tragedy. Not all of the additional grants received were spent during the year and this meant that there was a significant increase in transfers to reserves to allow the remaining portion of the grants to be carried forward and spent in future years. In addition £0.496m from the budget was transferred into the IT Strategy Reserve to fund additional investment in our CRM project as agreed by the Fire Authority in February 2021.

In service delivery, the net expenditure position of £386,000 underspend is the result of a combination of underspending in some areas and overspending in others.

The main variations in Net Service Expenditure were as a result of:

- A £227,000 underspend in Peoples Services is generated due to significantly reduced delivery of training, gym refurbishment and other activities which were impacted by Covid-19 and also staffing vacancies. This was partially offset by reduced income from commercial training as a result of Covid-19
- A £396,000 underspend in Resources / Treasurer is due mainly to delays in the delivery of some IT projects and negotiations with suppliers leading to lower prices than originally quoted. Savings in Estates due to delays in the planned maintenance programme, partly as a result of Covid-19, offset by overspends on facilities management and hired / contracted services.
- A £180,000 underspend in Safer Communities is mainly due to savings generated in Business Safety due to issues with recruitment in whole-time and support staff offset by fixed term contracts covering whole time staff absences and an increase in retained operational hours.
- A £138,000 underspend in Operational Support and Resilience, comprises mainly of Covid-19 related delays to delivery specialist training and savings in fuel, offset by reduced income and an overspend on vehicle repairs and maintenance.
- An overspend of £674,000 on Corporate budgets which is mainly due to the transfer of funds into ITG earmarked reserve to finance updated requirements on CRM, the transfer of unused grants to grants unapplied reserve for use on specific priorities in future years. These were offset by overspends on subscriptions, tax issue and ill health/ injury pension and LGPS secondary pension (£20,000).

Reserves and Balances

The financial statements also set out details of the Authority's reserves and balances, which are an essential tool to manage risk exposure and smooth the impact of major costs. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement, and regard to LAAP Bulletin 99 - Local Authority Reserves and Balances. In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included.

The Reserves Strategy forms part of the Authority's Medium Term Financial Plan. The level of the Fire Authority General Fund Balance has increased from £1.869m to £1.960m which is slightly below the minimum risk based level of 5% of the Revenue Budget (£40.704m) approved in February 2021. An additional contribution to the General Fund balance was agreed as part of the 2021/22 budget and aimed to take it back above the minimum level. The increase in General Fund Reserve of £0.091m in 2020/21 includes the financing of the 0.75% unfunded part of the green book pay award totalling £47,000 offset by a lower drawdown requirement on SCC Exit Project due to costs being lower than anticipated,

The Authority's revenue balances have increased by £1.257m to £16.933m at 31 March 2021 (including the 2020/21 Revenue Budget underspend of (£0.386m), of which 88% £14.973m is held for specific purposes). With the addition of the Capital Reserves of £6.028m this means that total usable reserves stand at £22.961m as shown in note 20 to the accounts.

Details of the Authority's earmarked reserves can be found within note 8 to the Core Accounting Statements. Current earmarked reserves are £14.973m, the most significant being those to provide resources which may be used for capital spending in order to reduce the need for revenue cost of borrowing, the use of unused grants carried forward to meet eligible revenue costs and funding shortfalls and the delivery of efficiencies. Earmarked reserves cover projects including Mobilising Strategy, I.T. Strategy, Emergency Services Mobile Communication and Sprinkler installation. Certain reserves are held to manage the accounting processes for tangible fixed assets, minimum revenue provision and retirement benefits which do not represent usable resources for the Authority.

The level of reserves held at the end of 2020/21 is £11.947m higher than planned (£22.961m actual against £11.014m planned), including the Budget underspend 2020/21 of (£0.386m) The main reasons for this are the decreased use of earmarked reserves as projects were delayed due to Covid-19 and unused grants awarded during the financial year transferred to grants unapplied reserve. Additionally, reduced capital expenditure meant the expected £5.54m draw down from capital receipts reserve was reduced to £1.714m.

The Capital Programme

In 2020/21, the Authority spent gross £2.225m on its vehicles, buildings and other capital projects, net £2.032m including £0.193m in partner contributions and grant funding.

The Authority can fund its capital expenditure from several sources, each with its own advantages and limitations. The sources of funding for the original Capital Programme budget 2020/21 of £5.992m were contributions from Capital Receipts (£5.54m) with the balance funded from revenue contributions £0.452m. Capital bids for new projects are made in accordance with the 5 year Capital Asset Strategy and individual schemes are subject to the Authority's project management regime to ensure effective delivery.

The Capital Programme budget for the year was revised to £2.295m (funded by Capital Receipts and Internal Borrowing) following an assessment of delivery of projects by the Service. The larger schemes budgeted for during the year were general property schemes (£0.624m) and the purchase of fleet and equipment (£1.671m). The underspend of £0.263m compared to the revised budget was mostly (£0.364m) an aggregation of slippage of spend into 2021/22 over a number of projects including replacement fire appliances and property schemes. The replacement fuel tanks and RPE project overspent by £0.135m mainly due the revised budget being incorrectly reduced.

The Prudential Code allows the Authority to determine its own affordable level of borrowing. This strategy, which includes the Authorised Borrowing Limit and prudential indicators for the Authority is approved through the annual Treasury Strategy report to the Authority.

During 2020/21, one loan totalling £75,000 matured and was repaid. No new borrowing was undertaken, so total borrowing ended the financial year at £10.698m.

At its meeting in February 2021, the Fire authority approved a Capital Programme for 2021/22 of £6.105m financed by Capital Receipts of £5.991m, £0.086m from Earmarked Reserve and £0.028m Internal Borrowing. Slipped schemes, from 2020/21 are likely to increase the 2021/22 Capital Programme by £0.364m to £6.469m, to be funded by Capital Receipts (£0.364m).

Impact of Covid 19 Pandemic

The financial impact of Covid 19 on the Authority in 2020/21 was felt in a number of ways:

- additional expenditure of £0.831m primarily additional staffing costs, provision of personal protective equipment, additional cleaning and waste disposal and IT costs. This was funded by grants provided by Government.
- Loss of income from commercial training and other activities of £0.100m partially compensated by Government grant of £0.050m
- Reductions in cost in some areas such as training, fuel and travel of approximately £0.3m
- Delays in delivery of the capital programme as Covid-19 restrictions affected both estates and fleet projects

Reductions in income from Council Tax and Business Rates collected in 2020/21 which will impact through the distribution of the Collection Fund deficits which the Government has allowed to be accounted for over the three financial years from 2021/22. Since the budget was set, Government has clarified the compensation is likely to be lower than anticipated resulting in the net deficit now being £0.262m (budgeted at £0.111m). This position is likely to change again following receipt of final information from the Districts and Boroughs.

In addition the Government has provided £0.474m of additional grant in 2021/22 to compensate for the impact of increased Local Council Tax Reduction Scheme claimants.

Despite the exceptional circumstances the Service has managed the impact of Covid 19 on its operations through its well-rehearsed business continuity plans. This has included establishing an Emergency Management Team and a Covid Working Group, to coordinate the response arrangements, who work closely with the Sussex Resilience Forum at a local level and the NFCC nationally. The impact on response services has been limited with incident levels and demand at or below normal levels and generally low levels of sickness enabling good availability of appliances and crew. Protection and prevention activity has, however been more restricted as a result of the pandemic, but the Service successfully migrated to on-line and telephone based activity in these areas. Support has been provided to other public services, including for example the provision of additional ambulance drivers to SECAmb, but this has not affected our service delivery and most non-operational staff have been able to work from home using the Service's mobile IT and video-conferencing facilities enabling as much business as usual activity as possible to continue. The focus of activity has now begun to shift to the recovery phase of the incident, again in close collaboration with local and national partners. Recovery will have a key focus on learning lessons, debriefing and understanding the longer term impacts of the pandemic as well as, crucially, the well-being of our staff which has been a priority at all times during the incident.

The Service's response to the Covid-19 pandemic was assessed by HMICFRS and their report can be found at:

https://www.justiceinspectorates.gov.uk/hmicfrs/publications/covid-19-inspection-east-sussex-fire-and-rescue-service/

Non-Financial performance

The Authority monitors its performance on a regular basis against a range of key performance indicators. This is reported to the Authority's Scrutiny and Audit Panel on a quarterly basis and includes attendance at incidents, employee absence and reporting of Health and Safety incidents. Significant performance level changes are reported on an exception basis. There is also a Year End Performance Report that was considered by Scrutiny and Audit Panel on 22 July 2021.

All performance reports can be downloaded at https://www.esfrs.org/about-us/publication-of-information/strategies-plans-and-performance-information/

Trade Union (Facility Time Publication Requirements) Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on the 1st April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The Authority's publications can be found on its website here: https://www.esfrs.org/about-us/publication-of-information/asset-registers-lists/

Impact of Benefit Pension Schemes

In line with the accounting standard IAS19, the Authority's net liability for future pension payments, as shown in the Balance Sheet, has increased from £395.965m at the start of the year to £488.447m at 31 March 2021. Note 35 to the accounting statements provides more detailed information. The resultant impact on the CIES is a charge of £5.764m to reflect the present value of the defined benefit obligation and an Actuarial loss on pension assets and liabilities of £86.718m. The explanation from the Actuary for the Actuarial loss is the impact of the change in derivation of future assumed RPI and CPI inflation and the change in market conditions. The liabilities assessed due over the long-term of the Firefighters' Pension Scheme do not affect the present operational service costs of the Authority, where the actual costs of providing pensions is determined by the government and legislation that sets the employer and employee pension contributions rates for the 1992, 2006 and 2015 Firefighters' Pension Schemes.

Treasury Management, Borrowing and Investment

The Authority's Treasury Management Strategy for 2020/21, agreed in February 2020 was set against a continued background of market uncertainty and a prudent approach was taken with all investments.

The emphasis continued to be on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) with some flexibilities being increased to reflect the evolution of the money markets. The Strategy and limits were consistent with the approved capital programme and revenue budget. It is impossible in practical terms to eliminate all credit risk but the Authority seeks to be as prudent as possible.

The amount of interest received on short term balances was £0.107m at an average rate of 0.41% (compared to the Bank of England base rate which was 0.10%). During the year, and in accordance with its Treasury Strategy, the Authority continued to invest in the highest quality rated banks and using fixed term and notice accounts alongside continued use of overnight access cash money market funds. Funds were also loaned on a fixed term basis to another UK local authority during the year.

The Authority's current strategy is to maintain external borrowing at the level of the Capital Financing Requirement (CFR). This reflects the policy of avoiding new borrowing by running down spare cash balances. Officers continue to review the need to borrow taking into consideration the potential increases in borrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

2021/22 and beyond

The Authority's original budget for 2021/22 was set at £40.704m, an increase of 2.4% over the previous year, and in light of the financial challenge facing the Authority in the future, Members agreed to raise Council Tax by 1.99% taking a Band D property to £97.43. Despite the financial challenges ahead, the Authority continues to provide the communities of East Sussex and the City of Brighton & Hove with a round the clock service for £1.87 per week (for the average household). The Authority did consider the option of a council tax freeze but taking into account the potential impact on services, and the results of recent public consultation, it decided a small increase in council tax was appropriate. The Medium Term Finance Plan (MTFP) for the five years to 2025/26 sets out how the Authority plans to achieve financial sustainability through a balanced budget over the medium term. Both the budget and the MTFP were set in the context of significant uncertainty for fire funding beyond the one year funding settlement from Government for 2021/22. Significant risks resulting from proposals to change the Business Rates Retention Regime, the Fairer Funding Review and a Comprehensive Spending Review all planned for implementation in 2021/22 but delayed due to the impact of Covid-19. Other potential financial risks facing the Authority included:

- the Service's ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy and the Integrated Risk Management Plan (IRMP);
- Continued reliance on one-off Government grant to fund pensions costs and investment in protection activity post Grenfell
- uncertainty over the financial impact of the remedy to the successful legal challenge to pension reforms implemented in 2015
- The potential for national pay awards to exceed the 0% provision in the budget;
- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme
- The ongoing financial impacts of the Covid-19 pandemic;
- The impact of the UK leaving the EU particularly on the cost and availability of goods and services

The MTFP models two scenarios:-Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels) and Worse Case – 5.0% annual decrease in SFA which indicate the need to make further savings of between £0.3m and £2.5m in order to balance the Authority's budget by 2025/26. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carried out a full inspection during 2019/20 and concluded that the Service is good at using its resources efficiently, has realistic and robust financial plans in place and is good at making its services affordable now and in future.

During 2020/21 HMICFRS reviewed how each fire service had managed its response to the Covid-19 pandemic and concluded that the Service adapted its response, prevention and protection activity during the pandemic effectively. It maintained its statutory functions and provided additional support to the community during the first phase of the pandemic. Staff who weren't able to perform their usual roles due to the impact of the pandemic were efficiently reallocated to appropriate roles in support of the community. This meant the people of East Sussex were well supported throughout the pandemic. Resources were well managed and the service's financial position was largely unaffected, especially as reserves didn't have to be used to cover extra costs. The service monitored staff absences and had plans in place if resilience had become an issue.

https://www.justiceinspectorates.gov.uk/hmicfrs/frs-assessment/frs-2018/east-sussex/

https://www.justiceinspectorates.gov.uk/hmicfrs/publications/covid-19-inspection-east-sussex-fire-and-rescue-service/

Officers will continue to explore the potential to deliver further efficiencies, including through income generation, to assist in meeting the identified funding gap by 2025/26. The following areas of focus were identified for exploration during 2021/22 for potential delivery from 2022/23 onwards

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- IT Outsource contract review / option to extend
- CRM / Firewatch / Process Digitisation
- Review of Senior / Middle Management
- Administration Review
- Fleet & Equipment Strategy
- ITF Shared Transport function
- P21 / Tripartite Mobilising Service– operational / joint working efficiencies
- Capital Asset Strategy sustainability

The Authority will also be working to implement its Integrated Risk Management Plan 2020-2025 (IRMP) which aims to ensure that we put our resources in the right place, at the right time to deal with emergencies and help prevent them in the first place through engagement and regulation. To achieve this we have assessed our community risks, using a range of sophisticated analytical tools to identify where incidents such as fires or flooding might happen, when they might occur and how serious they could be. This allows us to target our resources, including firefighters and fire engines, most effectively, bringing about a better balance of prevention, protection and response, as well as delivering efficiencies of 0.775m by 2025/26. You can find out more about the IRMP at

https://www.esfrs.org/about-us/publication-of-information/strategies-plans-and-performance-information/community-risk-analysis/integrated-risk-management-planning/

The Fire Authority's Stewardship, Responsibilities and Financial Management Polices

The Authority deals with considerable sums of public money. The Authority's Financial Regulations provide the framework within which financial control is operated. To conduct its business efficiently, the Authority needs to ensure that it has sound financial management and procedures in place to which they are strictly adhered. Strict compliance with these policies ensures that the Authority's policy objectives are pursued in a prudent and efficient way. These Financial Regulations provide clarity about the accountabilities of individuals: Members; the Chief Fire Officer; the Monitoring Officer; the Treasurer; and other senior officers.

These Financial Regulations link with other internal regulatory documents forming part of the Authority's Constitution, including Standing Orders, the Scheme of Delegation, Codes of Conduct and other corporate strategies. This Statement of Accounts is part of that stewardship process, part of the process for being publicly accountable for public money.

The Annual Governance Statement which is included in this Statement of Accounts covers more than just financial matters and is set out in full on pages 15 to 20.

Our financial framework relies upon the quality of the financial systems of the Fire Authority. There is a commitment continually to improve these systems and to ensure that budget management and other financial processes are efficient and effective and support and enable the Authority's wider transformation programme.

The Audit Opinion

The Audit Opinion and Certificate is available on pages 12 to 14 of these accounts.

Duncan Savage

Assistant Director Resources / Treasurer

11 November 2021

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Fire Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Treasurer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the East Sussex Fire Authority and its income and expenditure for the year ended 31 March 2021.

Duncan Savage

Assistant Director Resources / Treasurer
11 November 2021

Independent Auditor's Report to East Sussex Fire Authority

TO FOLLOW

TO FOLLOW

TO FOLLOW

Annual Governance Statement for the Year ended March 2021

1. Scope of Responsibility

East Sussex Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Accounts and Audit Regulations 2015 require the Authority to prepare an annual governance statement, which must accompany the statement of accounts. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved a code of corporate governance, which is consistent with the seven principles of good governance as identified in the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) 2016 Framework – "Delivering Good Governance in Local Government". This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and the activities through which it accounts to, engages with its communities. It enables the Authority to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

3. The Governance Framework

The Annual Governance Statement (AGS) provides a summary of the extent to which the Authority meets the seven principles of good governance as identified in the "Delivering Good Governance in Local Government" Framework 2016.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Authority's Purpose and Commitments are at the centre of everything that we do and are published on our website. The Authority has a strong culture based on our shared values of pride, accountability, integrity and respect. The Authority achieves this by adopting, monitoring and keeping under review:

- A Code of Conduct for Members, built upon the Nolan Principles of Public Life;
- An Officer Code of Conduct;
- A Register of Members' Interests;
- A register of Officer Declarations of Conflicts of Interest and declarations of Gifts and Hospitality accepted;
- Comprehensive induction programmes for both Officers and Members built on the standards of behaviour expected, supported by appropriate training;
- A Competency Framework and Appraisal Scheme used for improving organisational performance through focusing and reviewing each individual's ability and potential;
- Member Panels with clear responsibilities for governance, audit and standards;
- Effective Anti-Fraud, Bribery and Corruption policies allowing for reporting and actioning any incidents; and
- A whistleblowing policy providing protection to individuals raising concerns.

The Authority ensures that appropriate legal, financial and other professional advice is always considered as part of the decision-making process and observes both specific requirements of legislation and general responsibility by Law.

The roles of the Authority's statutory officers are outlined in the Constitution, there are clear arrangements for the discharge of the statutory functions of the Head of Paid Service, Monitoring Officer and Treasurer. The Authority also ensures compliance with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Finance Officer.

The Authority is transparent about how decisions are taken and recorded. The Authority does this by:

- Ensuring that decisions are made in public and recorded. Those decisions and relevant information are publicly available (except where that information is exempt under the provisions of the Local Government Act or determined as being confidential by Government);

- Having rules and procedures which govern how decisions are made.

The Authority has a published Whistleblowing Policy and provides protection to individuals raising concerns. This policy is periodically reviewed in line with guidance.

The Authority ensures that effective, transparent and accessible arrangements are in place for dealing with complaints. The website contains guidance for submitting complaints against the authority by the public and processes are in place to progress any complaints that are made.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Authority responds to the views of stakeholders and the community in the following ways:

- Publishing a Corporate Plan that sets out our purpose and commitments to the community and the outcomes we intend to achieve;
- An established business planning process, including the development of a published medium term finance plan;
- Regular, published reporting of performance against the Authority's key performance indicators
- The Authority has approved and implemented a comprehensive Communications & Consultation Strategy setting out a range of methods of engaging with the community and stakeholders, include those groups which are harder to reach;
- The Authority recognises that people are different and gives everyone the same or an equal opportunity to information, advice and support in ways that are suited to the needs or circumstances of the individual;
- The Authority has a clear guidance and defined approach which promotes good governance in our partnership working and collaboration;
- Providing the public with the opportunity to ask questions, submit petitions or make representations to the Authority;
- Publishing the Integrated Risk Management Plan (IRMP) providing information in relation to how the Authority delivers its services;
- Providing a modern, effective IT strategy and solution that meets the needs and aspirations of the organisation and the communities that we serve.

The Authority understands the key role that it has to play in supporting collaboration and partnership working within East Sussex and the City of Brighton & Hove and the role that our partners play in assisting the Authority to deliver on its objectives.

The Authority ensures good governance in respect of partnerships and collaboration by:

- Having an approved and published Collaboration Framework containing clear collaboration priorities
- Reviewing and evaluating partnerships on a regular basis;
- Auditing partnership and collaboration frameworks and policies through internal audit; and
- Ensuring that partnerships and collaborations offer value and contribute to the Authority's strategic objectives.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The Authority publishes on our website our Corporate Plan which reports on what has been achieved during the past year and what we intend to achieve to meet our purpose and commitments for the forthcoming year. The document outlines our purpose and values and is used as the basis for all corporate and service planning.

In delivering its purpose and commitments, the Authority reports regularly on activities, performance and the financial position. Timely, objective and understandable information relating to the Authority's activities, achievements, performance and financial position is provided through the publishing of:

- An Integrated Risk Management Plan, covering a period of three or five years;
- A Medium Term Financial Plan;
- A clear framework for financial governance based on Contract Standing Orders and Financial Regulations;

- Established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to Officers and Members;
- Externally audited accounts;
- Detailed performance information.

The Authority considers the governance implications of its actions and has undertaken an external review of its corporate governance. The Authority has established and updated its Local Code of Corporate Governance to be consistent with the principles of the CIPFA/SOLACE Framework – "Delivering Good Governance in Local Government".

The Authority is committed to delivering high quality services to the public in an efficient and effective way. The Authority does this by:

- Delivering services to meet local needs through the Strategic Plan incorporating the Integrated Risk Management Plan, and putting in place policies and procedures to ensure that they operate effectively in practice;
- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Actively pursuing and implementing collaboration opportunities with the Police, Ambulance, other Fire Services and other local authorities;
- Responding positively to the findings and recommendations of external auditors, reviewers and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
- Comparing information about services with those provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different and considering alternative means of service provision, processes and procurement to maximise opportunities and improve value for money where appropriate.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

To achieve this, the Authority has:

- A detailed Medium Term Financial Plan which includes actions to ensure financial sustainability;
- A performance management and assurance framework to ensure plans are met and remedial action taken;
- Processes in place to ensure that data quality is high, so as to enable objective and rigorous decision making;
- Monthly Senior Leadership Team (SLT) meeting together with regular Assistant Director meetings where issues are raised and actions agreed;
- A risk management process to identify where interventions may be required;
- A sound understanding of risk in our community and service demand (current and future) which informs resource allocation decisions.

Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Authority ensures that the necessary roles and responsibilities for effective Governance are identified and allocated through its Constitution so that it is clear who is accountable for decisions that are made. The Authority does this by:

- Electing a Chairperson, establishing Panels and nominating Member Leads with defined responsibilities;
- A clear scheme of delegated responsibilities to Senior officers;
- Undertaking a regular review of the Constitution;
- Having effective and comprehensive arrangements for the scrutiny of services;
- Making the Chief Fire Officer responsible and accountable for all aspects of operational management;
- Ensuring that at all times arrangements are in place for the proper administration of its financial affairs (Section 112 Officer);
- Ensuring that at all times arrangements are in place for ensuring actions are taken in accordance with Statute and Regulation (Monitoring Officer);
- Developing protocols that ensure effective communications between Members and Officers.

The Authority aims to identify the development needs of Members and Senior Officers in relation to their strategic roles and ensure that they are supported by appropriate training. The Authority ensures that those charged with governance have the skills, knowledge and experience they need to perform well. The Authority does this by:

- Operating robust and transparent recruitment and selection processes;
- Cascading regular information to Members and staff;
- Regular Member Seminars providing a forum for sharing information, consultation, training and demonstration of operational procedures;
- Providing resources that support Member and Officer development;
- Promoting schemes supporting ongoing professional development;
- Undertaking the annual appraisal of the Chief Fire Officer and setting objectives that contribute to the Authority's purpose and commitments, strategy and plans and that incorporate key development needs.

The Authority is fully compliant with the principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Treasurer to the Authority is professionally qualified and suitably experienced. The Treasurer plays a central role in providing a strategic insight to the direction and control of Authority business decisions affecting financial resources. They ensure compliance with financial standards and gives due consideration to the economic, efficient and effective use of resources. The Treasurer works closely with the Chief Fire Officer in ensuring the finance function provided is fit for purpose and that the management of the Authority's resources is robust.

Principle F – Managing risks and performance through robust internal control and strong public financial management

The Constitution sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent and accountable to local people. Areas of potential change are identified and the Constitution is amended accordingly.

The Authority has commissioned a full independent review of its constitution to ensure that it is both current and robust. The review is ongoing and once complete will be presented to the Combined Fire Authority for consideration and formal adoption.

The Authority has risk management framework, which takes account of both strategic and operational risks and ensures they are appropriately managed and controlled. This approach aids the achievement of its strategic priorities, supports its decision making processes, protects the Authority's reputations and other assets and is compliant with statutory and regulatory obligations. The Authority ensures that the risk management approach:

- Enables a culture of risk awareness;
- Formally identifies and manages risks;
- Involves elected members in the risk management process;
- Maps risks to financial and other key internal controls;
- Documents and records details of risks and is developing a risk management information system;
- Monitors the progress in mitigating significant risks, and reports this to Members;
- Reviews and, if required, updates its risk management process at least annually;
- Considers risk within all projects.

The Authority utilises the findings and suggestions of Internal Audit, External Audit, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and other review agencies, statutory bodies and inspectorates to assist in the management of risk and performance.

The Scrutiny & Audit Panel provides independent assurance of the risk management framework and the internal control environment. It provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

To achieve this, the Authority:

- Publishes relevant information relating to salaries, business interests and performance data on its website;
- Has a Procurement team who provide advice and issue clear guidelines for procuring goods and services;
- Has a Scrutiny & Audit Panel operating in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA);
- Publishes information to the Authority and its Panels as part of established accountability mechanisms;
- Acts upon the findings or recommendations of Internal and External Audit Reports;
- Prepares an Annual Governance Statement;
- Prepares an Annual Statement of Assurance;
- Prepares a Corporate Plan.

The Authority is committed to the publication of transparent performance information. This includes, but is not limited to, the following:

- Budget reports;
- Operational performance reports;
- A Medium Term Financial Plan;
- A Corporate Plan;
- Statement of Accounts;
- Annual Governance Statement;
- Annual Statement of Assurance;
- Information as required under the Local Government Transparency Code.

4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of Members through the Fire Authority and its Panels, including Policy & Resources and Scrutiny & Audit;
- the work of Senior Officers who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Monitoring Officer and the Treasurer;
- the risk management arrangements including the maintenance and regular review of corporate risks by the Senior Leadership Team and Scrutiny & Audit Panel;
- the work of Internal Audit including individual reports and their overall annual report and opinion;
- the Authority's External Auditors in their Annual Audit Letter and Auditor's Annual Report;
- the judgements of other review agencies, statutory bodies and inspectorates including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.

5. Assurance & Significant Governance Issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Authority's governance arrangements. The Authority is fully committed to the principles of corporate governance. The Assurance, Performance and Governance Group monitors the progress on the governance issues contained within the Annual Governance Statement. Those issues that were ongoing at 31 March 2021 will be included in the 2021/22 action plan.

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Authority has in place governance arrangements and a satisfactory system of internal control, both of which are fit for purpose and operating effectively. As part of this review we have not identified any gaps in assurance over key risks or significant governance issues. The Authority has, however, identified a range of improvements to its corporate governance arrangements. Action Plans are in place to address the necessary improvements and these will be monitored during the year.

Both governance and internal control arrangements are kept under review to ensure that they continue to operate effectively, meet changing legislative needs, and reflect best practice and our vision of achieving safer and more sustainable communities.

We propose over the coming year to take steps to further enhance our governance arrangements as summarised below. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

(i) The Covid 19 Pandemic
Monitor the effectiveness of the recovery from the Covid 19 Pandemic ensuring that the organisation adopts a safe and proportionate return to business as usual. Ensure that lessons are learnt through a comprehensive debriefing process. (Deputy Chief Fire Officer)

(ii) Improved Internal Audit and Health and Safety Action Tracking
Work to improve the tracking of agreed actions in response to Internal Audit Reports and Health & Safety Investigations to ensure that lessons are learnt and improvements in risk management and control are implemented effectively. (Assistant Director Resources and Treasurer & Assistant Director People Services)

(iii) Incident reporting for Insurance purposes
Work to improve the reporting of incidents that may result in insurance claims in line with the requirements of the ESFRS Insurers. (Assistant Director Resources and Treasurer)

(iv) Implement the findings of the HMICFRS Inspection
Implement the findings resulting from the HMICFRS Inspection of both East Sussex Fire & Rescue Service and additionally those recommendations made to all FRS at a national level. A HMICFRS action plan is in place and monitored at the Scrutiny & Audit Panel. (Deputy Chief Fire Officer) (Continuing action)

(v) Monitor issues relating to the Firefighter Pension Schemes
Work on the national fall out of the McCloud/Sargent case ensuring that the necessary resources and support are given to dealing with these. (Assistant Director People Services) (Continuing action)

(vi) Improved Performance Monitoring
Improve the Authority's performance monitoring against the Corporate Plan/IRMP. This will include the introduction of a new Business Intelligence System and a revised approach to monitoring key performance indicators. (Assistant Director Planning and Improvement) (Continuing action)

(vii) Implement the new Member Induction and Development programme
Implement the new Member Induction and Development programme after the election to East Sussex County Council and the appointment of new Fire Authority Members. (Deputy Chief Fire Officer)

(viii) Review of Constitution including the Scheme of Delegation
Review the Constitution and Scheme of Delegation (including financial delegations) to meet the changing needs of the organisation. This work is being undertaken by Legal Officers at Brighton & Hove City Council. A review of financial delegations is being undertaken to include budget limits and Contract Standing Orders. (Deputy Monitoring Officer) (Continuing action)

(ix) Hackitt Review & Grenfell Tower Inquiry
Continued involvement and provision of response to the Hackitt Review and the Grenfell Tower Inquiry and implement any subsequent changes in legislation. A London Fire Brigade secondment will undertake a peer review of plan and progress. Fully engaged with updates regarding Building and Fire Safety Bill. Building Risk Review Project set up and on course to deliver the ambitious programme by December 2021. (Assistant Chief Fire Officer) (Continuing action)

(x) Health & Safety Management System
Implement the revised Health and Safety Management Framework (Assistant Director People Services) (Continuing action)

(xi) Fire Standards
Oversee the consultation and implementation of the National Fire Standards through the Assurance, Performance and Governance Group. (Deputy Chief Fire Officer)

Councillor John Barnes, Chairman, Scrutiny & Audit Panel

Dawn Whittaker, Chief Fire Officer

29 April 2021

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start to the end of the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure and mitigate the risk and impact of unplanned events) and other ‘unusable’ reserves. It shows how the in year movements of the reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund balance movements in the year following those adjustments and before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

2019/20	**General Fund Balance**	**Capital Receipts Reserve**	**Earmarked Reserves**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2019 carried forward	**2,417**	**9,477**	**13,758**	**-**	**25,652**	**(400,966)**	**(375,314)**
Movement in Reserves during 2019/20							
Total Comprehensive Income and Expenditure	(13,203)	-	-	-	(13,203)	55,511	42,308
Adjustments between accounting basis & funding basis under regulations (Note 7)	12,705	(1,959)	-	38	10,784	(10,784)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(498)**	**(1,959)**	**-**	**38**	**(2,419)**	**44,727**	**42,308**
Transfers to/(from) Earmarked Reserves (Note 8)	(50)	-	50	-	-	-	-
Increase/(Decrease) in Year	**(548)**	**(1,959)**	**50**	**38**	**(2,419)**	**44,727**	**42,308**
Balance at 31 March 2020	**1,869**	**7,518**	**13,808**	**38**	**23,233**	**(356,239)**	**(333,006)**

Movement in Reserves Statement

2020/21	General Fund Balance	Capital Receipts Reserve	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2020 carried forward	**1,869**	**7,518**	**13,808**	**38**	**23,233**	**(356,239)**	**(333,006)**
Movement in Reserves during 2020/21							
Total Comprehensive Income and Expenditure	(9,228)	-	-	-	(9,228)	(86,379)	(95,607)
Adjustments between accounting basis & funding basis under regulations (Note 7)	10,484	(1,490)	-	(38)	8,956	(8,956)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**1,256**	**(1,490)**	**-**	**(38)**	**(272)**	**(95,335)**	**(95,607)**
Transfers to/(from) Earmarked Reserves (Note 8)	(1,165)	-	1,165	-	-	-	-
Increase/(Decrease) in Year	**91**	**(1,490)**	**1,165**	**(38)**	**(272)**	**(95,335)**	**(95,607)**
Balance at 31 March 2021	**1,960**	**6,028**	**14,973**	**-**	**22,961**	**(451,574)**	**(428,613)**

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the Fire Authority's actual financial performance for the year in accordance with proper accounting practices. It summarises the resources that have been generated and consumed in providing the functions for which the Authority is responsible, and demonstrates how the cost has been financed from general government grants and income from local taxpayers.

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
2,692	(90)	2,602	Training & Assurance	2,242	(80)	2,162
10,976	(676)	10,300	Resources/Treasurer	12,207	(681)	11,526
1,677	-	1,677	Planning & Improvement	1,432	(2)	1,430
1,290	(20)	1,270	Human Resources & Organisational Development	1,390	(60)	1,330
20,685	(177)	20,508	Safer Communities	17,976	(597)	17,379
7,174	(1,105)	6,069	Operational Support & Resilience	6,173	(427)	5,746
1,594	(12)	1,582	Corporate	2,189	(17)	2,172
46,088	**(2,080)**	**44,008**	**Cost of Services**	**43,609**	**(1,864)**	**41,745**
		(28)	Other operating expenditure (Note 9)			352
		10,846	Financing and investment (income) and expenditure (Note 10)			9,368
		(41,623)	Taxation and non-specific grant income (Note 11)			(42,237)
		13,203	**Deficit on Provision of Services**			**9,228**
		1,603	Surplus on revaluation of Property, Plant and Equipment assets (Note 21)			(339)
		(57,114)	Actuarial (gains) / losses on pension liabilities (Note 35)			86,718
		(55,511)	**Other Comprehensive (Income) and Expenditure**			**86,379**
		(42,308)	**Total Comprehensive (Income) and Expenditure**			**95,607**

Balance Sheet

The Fire Authority Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020 £000		Notes	31 March 2021 £00
49,954	Property, Plant & Equipment	12	48,976
49,954	**Long Term Assets**		**48,976**
24,011	Short Term Investments	13	18,253
375	Assets Held for Sale	17	375
1,081	Payments in Advance	15	1,253
36	Inventories	14	33
3,454	Short Term Debtors	15	4,697
562	Cash and Cash Equivalents	16	3,693
29,519	**Current Assets**		**28,304**
(4,809)	Short Term Creditors	18	(6,307)
(75)	Short Term Borrowing	13	(400)
(757)	Provisions	19	(296)
(5,641)	**Current Liabilities**		**(7,003)**
(395,965)	Liabilities related to defined benefit pension schemes	35	(488,447)
(10,698)	Long Term Borrowing	13	(10,298)
(150)	Provisions	19	(120)
(25)	Capital Grants Receipts in Advance	30	(25)
(406,838)	**Long Term Liabilities**		**(498,890)**
(333,006)	**Net Assets**		**(428,613)**
23,233	Usable Reserves	20	22,961
(356,239)	Unusable Reserves	21	(451,574)
(333,006)	**Total Reserves**		**(428,613)**

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Fire Authority as at 31 March 2021 and its Comprehensive Income and Expenditure Statement for the year then ended.

Duncan Savage
Assistant Director Resources/Treasurer

The Statement of Accounts was approved by the Scrutiny and Audit Panel on 11 November 2021.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Fire Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows the arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2019/20 £000		2020/21 £000
13,203	Net deficit on the provision of services	9,228
(14,352)	Adjustments to net deficit on the provision of services for non-cash movements (Note 22)	(8,890)
201	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities (Note 22)	(5,409)
(948)	Net cash flows from Operating Activities	(5,071)
4,692	Investing Activities (Note 23)	1,865
-	Financing Activities (Note 24)	75
3,744	**Net (increase) or decrease in cash and cash equivalents**	**(3,131)**
4,306	Cash and cash equivalents at the beginning of the reporting period	562
562	**Cash and cash equivalents at the end of the reporting period (Note 16)**	**3,693**

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the financial statements, however, it is positioned here as it provides an analysis of the deficit on the provision of services shown in the CIES between the net expenditure chargeable to the General Fund Balance as shown in the Movement in Reserves Statement (MiRS) and the adjustments made to the General Fund Balance in accordance with generally accepted accounting practices also shown in the MiRS.

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
2,540	62	2,602	Training & Assurance	2,284	(122)	2,162
8,462	1,838	10,300	Resources/Treasurer	9,745	1,781	11,526
1,490	187	1,677	Planning & Improvement	1,348	82	1,430
1,108	162	1,270	Human Resources & Organisational Development	1,242	88	1,330
21,342	(834)	20,508	Safer Communities	20,715	(3,336)	17,379
4,402	1,667	6,069	Operational Support & Resilience	4,312	1,434	5,746
1,595	(13)	1,582	Corporate	2,276	(104)	2,172
40,939	**3,069**	**44,008**	**Net Cost of Services**	**41,922**	**(177)**	**41,745**
(40,441)	9,636	(30,805)	**Other Income and Expenditure from the Expenditure and Funding Analysis**	(43,178)	10,661	(32,517)
498	**12,705**	**13,203**	**(Surplus) or Deficit**	**(1,256)**	**10,484**	**9,228**
		16,175	**Opening General Fund Balance (including Earmarked Reserves)**			15,677
		(498)	(Less)/Plus Surplus or Deficit on General Fund Balance In Year			1,256
		15,677	**Closing General Fund Balance (including Earmarked Reserves)**			**16,933**

Notes to the Accounting Statements

Authorisation of Statement of Accounts

Authorisation of Statement of Accounts – The draft accounts were authorised for issue by Duncan Savage, Assistant Director Resources/Treasurer on 14 July 2021. The Statement of Accounts was approved on 11 November 2021 and published with an audit opinion.

1. Accounting Policies

i. General

The Chartered Institute of Public Finance and Accountancy (CIPFA) provide legally binding guidance on local authority accounting. The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS), statutory guidance issued under section 12 of the 2003 Act, and Accounts and Audit (England) Regulations 2015. The accounting convention adopted for the Authority's Accounting Statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Authority regularly reviews its accounting policies to ensure that they remain the most appropriate, giving due weight to the impact that a change in accounting policy would have on comparability between periods. In accordance with the Code, the Authority has disclosed the expected impact of new accounting standards that have been issued but not yet adopted.

ii. Going Concern

These accounts have been prepared on a going concern basis assuming that that the Authority will continue in operational existence for 12 months from the date the accounts are approved.

The provisions in the CIPFA/LASAAC Code of Practice of Local Authority Accounting 2020/21 and the Financial Reporting Council's Practice Note 10 in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year and indeed, correspondence from MHCLG during Covid-19 is supportive of this approach. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

As part of its budget setting for 2021/22 and the updating of its Medium Term Finance Plan (MTFP) the Authority has carried out a detailed assessment of the likely impact of Covid-19 on its financial position and performance during 2021/22 and beyond. This has included an assessment of the impact on the following:

- Reductions in income
- Increased expenditure
- Cashflow and liquidity
- General fund balances and reserves

The Authority has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Authority is satisfied that it can prepare its accounts on a going concern basis.

The Authority recognises that the financial position has become more challenging since the emergence of the Covid 19 Pandemic in March 2020.

The MTFP was set in February 2021 along with a balanced budget for 2021/22. The Authority is currently forecasting a small revenue overspend of £0.126m or 0.3% of its agreed revenue budget. At this stage, and assuming there is no significant impact from any additional waves of the pandemic we expect in-year costs of Covid 19 to be financed by a combination of the balance of Government Grants already received (£0.170m) and a further bid against the Income loss compensation scheme (for the period April to June 2021). Any costs beyond this will need to be managed within the revenue budget or through use of reserves and balances. There may also be some ongoing savings on areas such as fuel and travel and subsistence.

There remains significant uncertainty about future funding for local government, including the fire sector, and Covid 19 has only made this situation worse. The Local Government Finance Settlement announced in December 2020 was for one year only. A Comprehensive Spending Review (CSR21) which will determine funding for the next three financial years is expected to take place during 2021/22 but the outcomes are not expected until later in the autumn. This makes financial planning extremely difficult. The Authority has revised its MTFP and modelled a number of scenarios which would require it to make additional savings of up to £1.5m in 2022/23 rising to £2.5m by 2025/26. This includes a forecast of the impact of Covid-19 on the Collection Fund for business rates and council tax and the council tax base, net of expected Government compensation grant. The Authority will continue lobbying at both local and national level for a sustainable funding settlement.

At the same time work is ongoing in the Service to review to explore options for delivering efficiency savings and / or generating income, with the aim of setting a balanced budget in 2022/23. Clearly savings of the scale modelled will not be covered by efficiencies and income generation alone and the Authority may have to revisit its recently agreed Integrated Risk Management Plan (IRMP) for 2020-25 and consider reductions in its services.

As at 31 March 2021 the Authority had the following reserves to call on in delivering its services. In the event of a serious financial situation it would have to consider 'un-earmark' certain reserves to meet its commitments.

- General Fund £1.960m
- Earmarked (including grants unapplied) £14.973m
- Capital Receipts £6.028m
- Total Usable Reserves £22.961m

The Authority had investments of £22.3m at the end of June 2021 of which £6.050m is available next day, a further £12m is in notice accounts of 95 days, £2m in a notice account of 35 days and £2.250m is in a fixed term deposit with another local authority maturing in October 2021. In light of the Covid outbreak the Authority has been closely monitoring its cashflow and investments to ensure it has sufficient liquidity to meet its commitments. It has not made any longer term investments especially where there is a potential risk to the principal sum given current market uncertainty. The Authority has prepared a detailed cash flow forecast up to 30 November 2022. The Authority remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Authority is of course also able to borrow short term for cash management if ever needed.

In addition, the Authority has the ability to reduce or postpone planned investments in its IT, estate and fleet should it need to further protect levels of cash and useable reserves.

In common with other fire authorities, the Authority has a significant deficit on its balance sheet primarily as a result of its net liability for the unfunded Firefighter Pension Scheme. There are statutory arrangements in place to fund this deficit and therefore it does not affect the Authority's continued operation on a going concern basis.

Considering all of the above, the Authority considers it appropriate to prepare the financial statements on a going concern basis.

iii. Accruals of Income and Expenditure

The accounts of the Authority are prepared on an accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iv. *Revenue recognition*

The Authority accounts for revenue recognition in accordance with IFRS 15 Revenue Recognition from Contracts with Customers and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). No adjustments have been required to revenue on the transition to the new standard from 1 April 2018.

v. *Debtors and Creditors*

We record all material transactions on the basis of income and expenditure. In order to achieve this we account for actual or estimated debtors and creditors at the end of the year, except in two cases:

- Charges for utilities (gas, electricity and telephones) are not accrued, so long as the Authority has paid for a full twelve months during each financial year;
- Accruals are generally not raised where amounts are immaterial, although managers' discretion may be used. This exception has no material effect on the financial statements.

Lump sum payments relating to redundancy cases are accounted for in the period when the related decision was taken.

vi. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits held by the Authority as part of its normal cash management including all deposit accounts with financial institutions repayable without penalty on notice of not more than 24 hours. Cash Equivalents are generally defined as short-term, highly liquid investments that are readily convertible to cash. They are held for short term cash flow requirements rather than for investment gain and have an insignificant risk of a change in their value.

The Authority defines cash equivalents as any investment that could be recalled the same day without penalty and include call accounts, money market funds and instant deposits. However the Authority uses these products for both short term cash flow requirements and investment gain purposes. For short term cash flow requirements only, the Authority will determine an appropriate account as its cash equivalent. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Short Term Investments - Short Term Investments are those investments that are not classified as a cash equivalent as they are held for investment gain purposes. The Authority's annual Treasury Management Strategy sets out the type of investments that meet its security, liquidity and yield criteria.

vii. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

viii. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

ix. Charges to Revenue and Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation is provided for on all assets used by the relevant service with a determinable finite life (except for investment properties, assets under construction and community assets), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.
- Revaluation and impairment losses on tangible Property, Plant and Equipment assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

x. Employee Benefits

Employee benefits are accounted for in accordance with the Code's interpretation of IAS 19 – Employee Benefits. This standard covers both benefits payable during and after employment.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These costs are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Authority contributes to two different pension schemes that meet the needs of different groups of employees. The schemes are:

- The Firefighters Pension Scheme
- The Local Government Pension Scheme.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

Firefighters' Pensions Scheme

Details of the Firefighters' Pension Scheme can be found on page 75.

Local Government Pensions Scheme

Most other employees can join the Local Government Pension Scheme. East Sussex County Council administers the pension fund for all local authorities and other admitted bodies within the geographical area of East Sussex.

The Local Government Scheme is accounted for as a defined benefits scheme:

As per IAS 19/IAS 26, the liabilities of the pension scheme attributable to the Fire Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

In assessing liabilities for retirement benefits at 31 March 2020, the actuary assumed a discount rate of 2.3% nominal which is based on the rate of return at the accounting date on a high-quality corporate bond of equivalent currency and term to scheme liabilities. In assessing liabilities for retirement benefits at 31 March 2021, the actuary has advised that a rate of 2.0% nominal is appropriate.

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate of fair value;
- unitised securities – current bid price;
- property – market value.

The change in the net pensions liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits – The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

xi. Events After the Balance Sheet Date

The accounts have taken into consideration any material event after the Balance Sheet date, which are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period for which the Authority shall adjust the amounts recognised in its financial statements or recognise items that were not previously recognised (adjusting events);
- Those that are indicative of conditions that arose after the at the end of the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

xii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where loans are replaced through restructuring, there are distinct accounting treatments, as follows:

- *Modification* – Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.
- *Substantially Different* – Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.
- *Early repayment of loans* – The accounting treatment for premiums and discounts arising on the early repayment of loans is largely dictated by the general principle that financial instruments are derecognised when the contracts that establish them come to an end. The amounts payable or receivable are cleared to the Comprehensive Income and Expenditure Statement upon extinguishment. In line with regulations and statutory guidance, the impact of premiums is spread over future financial years. These provisions are effected in the Movement in Reserves Statement on the General Fund Balance, after debits and

credits have been made to the Comprehensive Income and Expenditure Statement. The adjustments made in the Movement in Reserves Statement are managed via the Financial Instruments Adjustment Account.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument), these are classified as fair value through profit or loss. The Authority does not hold any assets at fair value through other comprehensive income.

Financial Assets Measured at Amortised Cost:

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

For pooled investment funds (i.e. money market fund, collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000, investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority schemes)) regulations allow a statutory override (for a period of 5 years from 1/4/18) any unrealised gains or losses can be transferred via the Movement in Reserves Statement to a Financial Instrument Revaluation Reserve in the Balance Sheet.

Any gains and losses that arise on de-recognition of the asset are debited or credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Losses

The Authority recognises expected credit losses (impairments) on all of its financial assets held at amortised cost or FVOCI either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. The expected credit loss model applies to financial assets measured at amortised cost and FVOCI, trade receivables, lease debtors, third party loans and financial guarantees.

Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES. For assets carried at amortised cost, the credit entry is made against the carrying amount in the Balance Sheet. For assets carried at FVOCI, the credit entry is recognised in Other Comprehensive Income against the Financial Instruments Revaluation Reserve.

Impairment losses are not applicable to FVPL assets as the future contractual cash flows are of lesser significance and instead current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value, including those relating to credit risk, impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise.

Impairment losses on loans supporting capital purposes, lease debtors and share capital are not a proper charge to the County Fund balance and any gains or losses can be reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

xiii. Government Grant and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Government grants and third party contributions and donations to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied or there is reasonable assurance that they will be met. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the latest invoice price.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases – Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases – Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases – Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases – Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi. Overheads and Support Services

The costs of overheads and support services are charged in accordance with the Authority's arrangements for accountability and financial performance.

xvii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

We record as capital expenditure all transactions that involve the purchase of new Property, Plant and Equipment or expenditure that adds to their value. The purchase of furniture and equipment is treated as capital if it is associated with capital building works. Otherwise individual items of vehicles and equipment are treated as capital if the value is over £20,000. If the value is less than this sum we charge it to revenue.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- operational land, buildings and plant - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – at fair value in highest and best use, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Componentisation

Componentisation applies to Plant and Equipment assets from 1st April 2010 in relation to enhancement expenditure, acquisition expenditure and revaluations carried out as per the three year rolling programme. Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets and calculated on a straight-line basis over the expected life of the asset, on the difference between the book value and any estimated residual value. Depreciation is charged on all classes of assets, with the exception of land, community land assets, investment land, land awaiting disposal and assets under construction.

The Authority does not have a Housing Revenue Account (HRA) which accounts for the provision for housing accommodation, so all net assets employed by the Authority relate to the General Fund.

The life expectancies of the assets and the deprecation are calculated on the following bases:

Operational land	Not depreciated as an infinite life expectancy
Operational buildings	Individually assessed by valuers
Vehicles	Individually assessed on acquisition (usually up to 15 years)
IT equipment	Individually assessed on acquisition (usually up to 5 years)
Other plant, furniture and equipment	Individually assessed on acquisition (usually up to 20 years)
Assets under construction	Not depreciated
Buildings awaiting disposal	Individually assessed by valuers
Land awaiting disposal	Not depreciated as an infinite life expectancy

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xx. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, the cost of revenue expenditure funded from capital under statute is immediately charged to the revenue account for the appropriate service, and a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax. In some cases, this is because we capitalise expenditure on schemes such as increasing access for the disabled: such expenditure is initially added to the asset value and then revalued to negate its effect. There are other circumstances where we account for capital expenditure as revenue expenditure funded from capital under statute rather than assets. This includes expenditure on assets not owned by the Authority, capital grants and on feasibility studies for schemes that may or may not take place.

In addition, the Government may direct the Authority to treat as capital expenditure items which would normally count as revenue. These would not result in an asset or an increase to the value of existing assets and are therefore treated as revenue expenditure funded from capital under statute.

xxi. Value Added Tax (VAT)

VAT paid by the Authority is only shown in the accounts as an amount recoverable from Her Majesty's Revenue & Customs. VAT charged by the Authority to its customers is payable to Customs and Revenue, and is therefore shown only as a reduction of the net amount payable.

xxii. Interest Charges

We show the accrued interest associated with a loan as part of the carrying value of the loan. Loans are included on the Balance Sheet at amortised cost based on the Effective Interest Rate (EIR) method.

Where no EIR calculation has been undertaken, the accrued interest will be charged to the Income and Expenditure Accounts and added to the value of the loan. This will increase the carrying value of the loan until such time the interest is paid.

xxiii. Redemption of Debt

There is a legal requirement for the Authority to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement of at least 4% of its total debt outstanding at the start of the year or an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. This is not a cost to the Comprehensive Income & Expenditure Statement but is charged to the General Fund through the Movement in Reserve Statement.

xxiv. Council Tax and Business Rates

Business rates and council tax are collected on behalf of the Authority on an agency basis by the six billing authorities in East Sussex: Eastbourne Borough Council, Hastings Borough Council, Lewes District Council, Rother District Council, Wealden District Council and Brighton & Hove City Council. The Authority as a precepting authority is required to show business rates and council tax income in the Comprehensive Income and Expenditure Statement on an accruals basis.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by legislation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Authority is also required to recognise its share of arrears, bad debt allowances, overpayments, prepayments, cash and business rates appeal provision in its Balance Sheet.

xxv. Fair Value Measurement

The Authority measures some of its non-financial assets, surplus assets and assets held for sale at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a. in the principal market for the asset or liability, or
b. in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority uses External Valuers to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority external Valuers takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Valuers uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

Notes to the Accounting Statements

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) will introduce several changes in accounting policies which will be required from 1 April 2021. The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code does not anticipate that the above amendments will have a material impact on the information provided in local authority financial statements i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services. The Code requires implementation from 1 April 2021 and there is therefore no impact on the 2020/21 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimates and assumptions about the future or events that are otherwise uncertain, which affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. This means that the Authority is required to make estimates and assumptions. Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

The items in the Fire Authority's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item and area of uncertainty	Effect if actual results differ from assumptions	Actions undertaken to reduce the area of uncertainty
Useful lives of property, plant and equipment assets The Authority estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. However It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.	It is estimated that the annual depreciation charge would increase by £632,000 for every 1 year that useful lives had to be reduced. This amount is not considered to be material in relation to the recorded expenses and non current assets totals in the Statement of Accounts.	The estimated useful lives of property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. The estimation of the useful lives of property, plant, and equipment are based on external technical evaluation and experience with similar assets. Valuations are undertaken by RICS Registered Valuers and prepared in accordance with RICS Valuation Standards.

Item and area of uncertainty	Effect if actual results differ from assumptions	Actions undertaken to reduce the area of uncertainty
Impairment/revaluation loss of property, plant and equipment assets The Authority has significant investments in property, plant and equipment. The Authority operates a policy of revaluing its Property, Plant, and Equipment on a rolling three year basis, with the aim of revaluing all of its assets within this period. Indexation may be applied to those assets not valued in the year if the carrying value is calculated as materially different to the fair value at the Balance Sheet date. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, thus requiring the book value to be written down to its recoverable amount. Evaluating whether an asset is impaired requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future used.	It is estimated that the revaluation losses would decrease by £59,000 for every 1% increase in the valuations carried out during 2020/21. This amount is not considered to be material in relation to the recorded expenses and non current assets totals in the Statement of Accounts.	Assets are assessed annually for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Valuations are undertaken by RICS Registered Valuers and prepared in accordance with RICS Valuation Standards. Impairments are reversed if the conditions for impairment are no longer present. The Authority engages an external valuer to undertake the valuation of property annually. Valuations were undertaken at the 31 March 2021.
Pension Liability The Authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 ‘Employee Benefits’. When estimating the present value of defined pension benefit obligations that represent a gross long-term liability in the balance sheet, and, indirectly, the period’s net pension expense in the Comprehensive Income and Expenditure Statement, the actuaries make a number of critical assumptions affecting these estimates. Most notably, assumptions include a number of judgements and estimations in respect of the expected rate of return on assets, the real discount rate, the rate of increase in salaries, life expectancy, the annual rate of compensation increase and inflation assumptions have a direct and potentially material impact on the amounts presented. The estimate provided by the Fund’s actuary of the potential impact of the McCloud/Sargeant ruling is difficult to quantify at this stage and the estimate depends on several key assumptions.	It is estimated that: A £10,190,000 increase in the pension liability would result if the real discount rate was to be decreased by 0.1%. A £27,162,000 increase in the pension liability would result if member life expectancy was increased by 1 year. A £1,001,000 increase in the pension liability would result if the salary increase rate was increased by 0.1%. A £9,093,000 increase in the pension liability would result if the pension increase rate was increased by 0.1%.	The retirement benefit obligation is assessed annually by the schemes actuary in accordance with IAS 19 ‘Employee Benefits’ and is updated if events have not coincided with the actuarial assumptions made for the last valuation or if the assumptions have changed. The assumptions are set based on advice from the schemes actuaries and experience. The key assumptions used are set out in Note 36. The actuarial methods and advice provided on assumptions used are carried out in accordance with the Pensions Technical Actuarial Standards.

5. Material items of income and expense

There are no material items of income or expense that are not already disclosed on the face of the Comprehensive Income and Expenditure Statement, which by their nature and amount of material items should be set out in a note.

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue on 11 November 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2020/21	**Usable Reserves**		
	General Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied**
	£000	**£000**	**£000**
Adjustments to the Revenue Resources:			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs transferred to (or from) the Pensions Reserve	(5,764)	-	-
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(1,921)	-	-
Holiday Pay (transferred to the Accumulated Absences Account)	(30)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,386)	-	-
Total Adjustments to Revenue Resources	**(11,101)**	**-**	**-**
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	186	(186)	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	431	-	-
Capital expenditure financed from revenue balances	-	-	-
Total Adjustments between Revenue and Capital Resources	**617**	**(186)**	**-**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,676	-
Application of capital grants to finance capital expenditure	-	-	-
Total Adjustments to Capital Resources	**-**	**1,676**	**-**
Total Adjustments	**(10,484)**	**1,490**	**-**

2019/20	Usable Reserves		
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000
Adjustments to the Revenue Resources:			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements			
Pensions costs transferred to (or from) the Pensions Reserve	(10,801)	-	-
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	117	-	-
Holiday Pay (transferred to the Accumulated Absences Account)	(10)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,672)	-	-
Total Adjustments to Revenue Resources	**(13,366)**	**-**	**-**
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	28	(28)	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	431	-	-
Capital expenditure financed from revenue balances	202	-	-
Total Adjustments between Revenue and Capital Resources	**661**	**(28)**	**-**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,987	-
Application of capital grants to finance capital expenditure	-	-	-
Total Adjustments to Capital Resources	**-**	**1,987**	**-**
Total Adjustments	**(12,705)**	**1,959**	**-**

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 31 March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
Capital Programme	**4,762**	(3,553)	500	**1,709**	-	500	**2,209**
Other Earmarked	**8,996**	(2,441)	5,544	**12,099**	(5,401)	2,289	**8,987**
Grants Unapplied	**-**	-	-	**-**	-	3,777	**3,777**
Total	**13,758**	**(5,994)**	**6,044**	**13,808**	**(5,401)**	**6,566**	**14,973**

Capital Programme	To provide resources which may be used for capital spending in order to reduce the need for and consequent revenue cost of borrowing.
Other Earmarked	Includes Improvement & Efficiency, IT Strategy, Insurance Fund, Sprinklers, Mobilising Strategy, Business Rates Retention Pilot, Business Rate Pool, Pensions Administration and People Strategy.
Grants Unapplied	Grants that have already been recognised within the Comprehensive Income and Expenditure Statement but where the associated expenditure has not yet been incurred.

9. Other Operating Expenditure

	31 March 2020	31 March 2021
	£000	£000
(Gains)/losses on the disposal of non-current assets	(28)	352
Total	(28)	352

The majority of the loss of disposal figure at 31 March 2021 related to the disposal of an ARP vehicle which had a net book value of £0.518m written out of the asset register and sales proceeds of £0.120m.

10. Financing and Investment Income and Expenditure

	31 March 2020	31 March 2021
	£000	£000
Interest payable and similar charges	496	496
Impairment on financial instruments (under IFRS 9)	-	5
Pensions interest cost and expected return on pensions assets	10,587	8,974
Interest receivable and similar income	(237)	(107)
Total	**10,846**	**9,368**

11. Taxation and Non Specific Grant Income

	31 March 2020	31 March 2021
	£000	£000
Council tax income	27,297	27,615
Non domestic rates	10,691	6,510
Revenue support grant	-	3,208
Other revenue grants	3,462	4,749
Capital grants and contributions	173	155
Total	**41,623**	**42,237**

12. Property, Plant, and Equipment

Movements in 2020/21:	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
At 1 April 2020	**42,600**	**17,898**	**-**	**-**	**60,498**
Additions	721	1,504	-	-	2,225
Revaluation increases recognised in the Revaluation Reserve	129	-	-	-	129
Revaluation decreases recognised in the Revaluation Reserve	(364)	-	-	-	(364)
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	-	(1)	-	-	(1)
Revaluation decreases recognised in the deficit on the Provision of Services	(265)	-	-	-	(265)
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Derecognition – disposals	-	(1,253)	-	-	(1,253)
At 31 March 2021	**42,821**	**18,148**	**-**	**-**	**60,969**
Accumulated Depreciation and Impairment					
At 1 April 2020	**-**	**(10,544)**	**-**	**-**	**(10,544)**
Depreciation charge	(1,444)	(1,330)	-	-	(2,774)
Depreciation written out to the Revaluation Reserve	574	-	-	-	574
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	17	-	-	-	17
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	18	2	-	-	20
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Derecognition – disposals	-	714	-	-	714
At 31 March 2021	**(835)**	**(11,158)**	**-**	**-**	**(11,993)**
Net Book Value					
At 31 March 2021	**41,986**	**6,990**	**-**	**-**	**48,976**
At 31 March 2020	**42,600**	**7,354**	**-**	**-**	**49,954**

Comparative Movements in 2019/20:	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
At 1 April 2019	**45,097**	**16,588**	**400**	**-**	**62,085**
Additions	686	2,070	-	-	2,756
Revaluation increases recognised in the Revaluation Reserve	112	-	-	-	112
Revaluation decreases recognised in the Revaluation Reserve	(3,116)	-	-	-	(3,116)
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	7	-	-	-	7
Revaluation decreases recognised in the deficit on the Provision of Services	(186)	-	-	-	(186)
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	(400)	-	(400)
Derecognition – disposals	-	(760)	-	-	(760)
At 31 March 2020	**42,600**	**17,898**	**-**	**-**	**60,498**
Accumulated Depreciation and Impairment					
At 1 April 2019	**-**	**(10,062)**	**-**	**-**	**(10,062)**
Depreciation charge	(1,493)	(1,242)	-	-	(2,735)
Depreciation written out to the Revaluation Reserve	1,400	-	-	-	1,400
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	53	-	-	-	53
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	40	1	-	-	41
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Derecognition – disposals	-	759	-	-	759
At 31 March 2020	**-**	**(10,544)**	**-**	**-**	**(10,544)**
Net Book Value					
At 31 March 2020	**42,600**	**7,354**	**-**	**-**	**49,954**
At 31 March 2019	**45,097**	**6,526**	**400**	**-**	**52,023**

Heritage Assets

During 2020/21 the Authority has become aware of the ownership of two Heritage Assets (an 1885 Bexhill Fire Brigade Merryweather Steam Pump and an early 19th century hand pump) and is currently seeking specialist valuations in order to ascertain whether these assets should be brought onto the Balance Sheet. The current estimate for the value of the Merryweather Steam Pump is in the region of £0.055m.

The Authority had no Intangible, Infrastructure or Community Assets at 31 March 2021.

Depreciation is calculated on a straight-line basis over the expected life of the asset, on the difference between the book value and any estimated residual value. Depreciation is charged on all classes of assets, with the exception of land, community land assets, investment land, land awaiting disposal and assets under construction.

Capital Commitments

Over the five year period, 2021/22 to 2025/26, the Authority is planning gross capital expenditure of £23.658m (based on the agreed Capital Asset Strategy and subsequently agreed variations). This is planned to be funded using capital receipts (£6.588m), reserves (£4.709m), planned revenue contributions (£1.894m), community infrastructure levy (£0.289m), MRP/internal borrowing (£0.028m) and with the need to borrow starting 2022/23 totalling £10.150m.

The approved capital programme shows that in 2021/22 the Authority plans to spend £6.469m (adjusted for actual spend in 2020/21), funded by capital receipts (£6.355m) and planned revenue contributions (£0.086m). Having adjusted for the actual outturn in 2020/21, slippage on projects and for provisions where there is no contractual commitment, the net commitment profiles for schemes in progress at 31 March 2021 are £2.014m in 2021/22 and £1.246m in 2022/23.

The Fire Authority had no assets under construction as at 31 March 2021 (none at 31 March 2020).

Valuation of Property, Plant and Equipment (PPE)

The Authority operates a policy of revaluing its Property, Plant and Equipment on a rolling 3-year basis, with the aim of revaluing all of its assets within this period. Indexation may be applied to those assets not valued in the year if the carrying value is calculated as materially different to the fair value at the Balance Sheet date. The Authority also reviews the asset register each year, and, if necessary adjusts the value of assets if significant impairment has been identified.

Freehold and leasehold properties regarded by the authority as operational, together with investment assets and assets awaiting disposal, are valued on the basis of open market value for the existing use or where this cannot be assessed because there was no market value, the depreciated replacement cost. This is in line with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Buildings are depreciated in line with the estimated life expectancies of the assets.

Furniture, equipment, plant and machinery values were initially calculated either as an assessed proportion of the valuation of the buildings or, in the case of properties valued at open market value, as an assessed rate per square metre. Together with intangible assets, they are updated in line with capital expenditure, and depreciated in line with the estimated lives of the assets.

The following statement shows the progress of the Authority's rolling programme for the revaluation of land and buildings. The valuations are carried out by an external firm of valuers – Flude Commercial (a member of Chartered Surveyors and Town Planners), on behalf of the Authority. The valuation dates are the gross cost as at 31 March in each year. In addition, an annual indexation will be applied to the remaining portfolio (based on those assets that were valued by the valuer in the year) if the values are deemed to be materially different to their carrying value.

	Other Land & Buildings	**Vehicles, Plant, Furniture & Equipment**	**Surplus Assets**	**Total PPE**
	£000	**£000**	**£000**	**£000**
Valued at historical cost	-	18,120	-	**18,120**
Valued at fair value at 31 March 2021	17,309	15	-	**17,324**
Valued at fair value at 31 March 2020	12,821	13	-	**12,834**
Valued at fair value at 31 March 2019	12,691	-	-	**12,691**
Total	**42,821**	**18,148**	**-**	**60,969**

Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value

There were no properties classed as surplus as at 31 March 2021 or in the previous year.

13. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	31 March 2020	31 March 2021
	£000	£000
Fair value through profit or loss		
Short Term Investments and Cash & Cash Equivalents	8,348	6,218
Total	**8,348**	**6,218**
Amortised Cost		
Short Term Investments and Cash & Cash Equivalents	16,225	15,728
Short Term Debtors	824	2,650
Total	**17,049**	**18,378**
Total Financial Assets	**25,397**	**24,596**
Non Financial Assets	**2,630**	**2,047**
Total	**28,027**	**26,643**

Financial Liabilities	31 March 2020	31 March 2021
	£000	£000
Amortised Cost		
Long Term Borrowings	(10,698)	(10,298)
Short Term Borrowings	(75)	(400)
Short Term Creditors	(1,868)	(2,415)
Total	**(12,641)**	**(13,113)**
Total Financial Liabilities	**(12,641)**	**(13,113)**
Non Financial Liabilities	**(1,745)**	**(3,278)**
Total	**(14,386)**	**(16,391)**

Financial Instruments Designated at Fair Value through Profit or Loss

The balance of financial assets at 31 March 2021 was £6.2m, a decrease of £2.1m from the closing balance at 31 March 2020. Financial assets include £6.2m (carrying amount £6.2m) low volatility money market funds (LVNAV).

There were no financial liabilities designated at fair value through profit or loss.

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

No financial assets or liabilities were classed as fair value through other comprehensive income.

Reclassifications

No financial assets or liabilities were re-classified during the year.

Income, Expense, Gains and Losses

	2019/20		2020/21	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss – fair value	-	-	-	-
Total net (gains) / losses	-	-	-	-
Interest revenue:				
Financial assets measured at amortised cost	(237)	-	(107)	-
Interest expense:				
Financial assets measured at amortised cost	496	-	496	-

Fair Value

Basis for recurring fair value measurements:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/20 £000	As at 31/3/21 £000
Fair Value through Profit or Loss				
Other financial instruments	Level 1	Unadjusted quoted prices in active markets for identical shares	8,348	6,218

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

There were no instruments, measured at fair value, that were at level 3 in the hierarchy.

Fair Values of Financial Assets and Financial Liabilities that are not measured at fair value but for which fair value disclosures are required

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing market rates (have been applied to provide the fair value under PWLB debt redemption procedures).
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities	**31 March 2020**		**31 March 2021**	
	Carrying amount £000	**Fair value £000**	**Carrying amount £000**	**Fair value £000**
Financial liabilities held at amortised cost	(10,773)	(13,475)	(10,698)	(13,938)
Short Term Creditors	(1,868)	(1,868)	(2,415)	(2,415)
Total	**(12,641)**	**(15,343)**	**(13,113)**	**(16,353)**

The fair value of borrowings is higher than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss, based on economic conditions at 31 March 2021, arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	**31 March 2020**		**31 March 2021**	
	Carrying amount £000	**Fair value £000**	**Carrying amount £000**	**Fair value £000**
Financial assets held at amortised cost	16,011	16,011	14,253	14,253
Short Term Debtors	824	824	2,650	2,650
Short term investments	214	214	1,475	1,475
Total	**17,049**	**17,049**	**18,378**	**18,378**

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value

31 March 2021	Quoted prices in active markets for identical assets (Level 1)	Other significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£000	£000	£000	£000
Financial liabilities				
Financial liabilities held at amortised cost	-	(13,938)	-	**(13,938)**
Short Term Creditors	-	(2,415)	-	**(2,415)**
Total	**-**	**(16,353)**	**-**	**(16,353)**
Financial assets				
Financial assets held at amortised cost	-	15,728	-	**15,728**
Short Term Debtors	-	2,650	-	**2,650**
Total	**-**	**18,378**	**-**	**18,378**

31 March 2020	Quoted prices in active markets for identical assets (Level 1)	Other significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£000	£000	£000	£000
Financial liabilities				
Financial liabilities held at amortised cost	-	(13,475)	-	**(13,475)**
Short Term Creditors	-	(1,868)	-	**(1,868)**
Total	**-**	**(15,343)**	**-**	**(15,343)**
Financial assets				
Financial assets held at amortised cost	-	16,225	-	**16,225**
Short Term Debtors	-	824	-	**824**
Total	**-**	**17,049**	**-**	**17,049**

The fair values for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Liabilities

- For loans from the PWLB payable, new borrowing (certainty rate) discount rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

Financial Assets

- No early repayment is recognised;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

14. Inventories

	31 March 2020	31 March 2021
	£000	£000
Balance outstanding at start of year	**55**	**36**
Purchases	253	186
Recognised as an expense in the year	(272)	(189)
Balance outstanding at year-end	**36**	**33**

Stocks include diesel fuel and equipment.

15. Debtors

	31 March 2020	31 March 2021
	£000	£000
Current Debtors		
Government HMRC	246	308
Accounts Receivable debtors	64	199
Collection Fund debtors	2,385	1,738
Other debtors	759	2,452
Total	**3,454**	**4,697**

The increase in Other debtors as at 31 March 2021 is primarily due to number of grant accruals for grants that relate to 2020/21 but will not be received until during 2021/22.

There were no long term debtors as at 31 March 2021 or in the previous year.

Allowance for Bad Debts - Management specifically review all debts, and evaluate the adequacy of the allowance of bad debts of receivables. The Authority carries out an assessment of the recoverability of receivables and makes allowance for bad debts accordingly. However, most categories of the Authority’s debtors are not subject to substantial fluctuation and past experience are used within material limits to judge the percentages of each type of debt that will not eventually be recovered.

As at 31 March 2021 the assessment of receivables did not necessitate the creation of a bad debt provision for general debtors.

The Council Tax and NNDR arrears impairment allowance has increased to £1.699m (£1.368m in 2019/20).

Payments in advance increased by £0.172m to £1.253m in 2020/21 (from £1.081m in 2019/20).

16. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2020 £000	31 March 2021 £000	Movement £000
Cash in hand	5	5	-
Bank current accounts	1,347	3,992	2,645
Cash overdrawn	(790)	(304)	486
Total Cash and Cash Equivalents	**562**	**3,693**	**3,131**

The increase of £2.6m in the Bank current account balances as at 31 March 2021 is primarily due to the Money Market Fund that gets designated as part of the Cash and Cash Equivalents balance at the year end (£2.2m closing balance as at 31 March 2021 compared to £0.3m as at 31 March 2020).

17. Assets held for Sale

	2019/20	2020/21
	£000	**£000**
Balance outstanding at start of year	**-**	**375**
Assets newly classified as held for sale:		
Property, Plant and Equipment	400	-
Revaluations	(25)	-
Accumulated Depreciation	-	-
Assets declassified as held of sale:		
Assets sold	-	-
Balance outstanding at year end	**375**	**375**

18. Creditors and Income in Advance

	31 March 2020	31 March 2021
	£000	**£000**
Government HMRC creditors	740	544
Accounts payable	201	487
Collection Fund	891	2,612
Other creditors	1,781	2,050
Income in Advance	1,196	614
Total	**4,809**	**6,307**

The decrease of £0.582m in Income in advance was primarily due to a number of section 31 grants received during 2019/20 that were relating to 2020/21.

19. Provisions

Provisions are amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur and for which a reliable estimate of the amount of the obligation can be made. The provision has been established for material liabilities of uncertain timing.

The Authority had a short term provision of £0.296m as at 31 March 2021, from which £0.268m relates to NNDR appeals (£0.757m at 31 March 2020) and £0.028m relates to an audit variation fee from the 2019/20 audit. There was also a long term provision for £0.120m for outstanding payments as a result of the Norman v Cheshire case in relation to pensionable allowances (£0.150m as at 31 March 2020).

20. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2020	31 March 2021
	£000	**£000**
Usable Capital Receipts Reserve	7,518	6,028
Capital Grants & Contributions Unapplied	38	-
Earmarked Reserves	13,808	11,196
Earmarked Reserves – Revenue Grants unapplied	-	3,777
General Fund balances	1,869	1,960
Total Usable Reserves	**23,233**	**22,961**

Capital Receipts Reserve

The Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets until they are utilised to finance capital expenditure.

	2019/20	2020/21
	£000	£000
Balance at 1 April	**9,477**	**7,518**
Amounts receivable during the year	28	186
Amounts applied to finance new capital investment	(1,987)	(1,676)
Net Transfer to/(from) the Capital Receipts Reserve	(1,959)	(1,490)
Balance at 31 March	**7,518**	**6,028**

21. Unusable Reserves

	31 March 2020	31 March 2021
	£000	£000
Revaluation Reserve	16,826	16,605
Capital Adjustment Account	22,730	22,049
Pensions Reserve	(395,965)	(488,447)
Collection Fund Adjustment Account	236	(1,685)
Accumulated Absences Account	(66)	(96)
Total Unusable Reserves	**(356,239)**	**(451,574)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant, and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

		2019/20		2020/21
	£000	£000	£000	£000
Balance at 1 April		**19,038**		**16,826**
Upward revaluation of assets	528		577	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,083)		(218)	
Reversal of previous years revaluation losses	(48)		(20)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(1,603)		339
Difference between fair value depreciation and historical cost depreciation	(609)		(560)	
Accumulated gains on assets sold or scrapped	-		-	
Amount written off to the Capital Adjustment Account		(609)		(560)
Balance at 31 March		**16,826**		**16,605**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction, and enhancement.

The Account contains gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant, and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2019/20	2020/21	
	£000	£000	£000
Balance at 1 April	**22,211**		**22,730**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(2,735)	(2,774)	
Revaluation losses on Property, Plant and Equipment	(157)	(249)	
Revaluation loss reversals on Property, Plant and Equipment	47	20	
Revenue expenditure funded from capital under statute	-	-	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1)	(538)	
	(2,846)		**(3,541)**
Adjusting amounts written out of the Revaluation Reserve	609	560	
Net written out amount of the cost of non-current assets consumed in the year	**(2,237)**		**(2,981)**
Capital financing applied in the year			
Use of the Capital Receipts Reserve to finance new capital expenditure	1,987	1,676	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	136	155	
Application of grants to capital financing from the Capital Grants Unapplied Account	-	38	
Statutory provision for the financing of capital investment charged against the General Fund	431	431	
Capital expenditure charged against the General Fund	202	-	
	2,756		**2,300**
Donated assets	-	-	
Balance at 31 March	**22,730**		**22,049**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £000	2020/21 £000
Balance at 1 April	**(442,278)**	**(395,965)**
Actuarial gains/losses on pensions assets and liabilities	57,114	(86,718)
Reversal of items relating to retirement benefits credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(21,396)	(17,376)
Employer's pensions contributions and direct payments to pensioners payable in the year	10,595	11,612
Balance at 31 March	**(395,965)**	**(488,447)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. Council tax and business rates income is collected on behalf of the Fire Authority on an agency basis by the five billing authorities in East Sussex: Eastbourne Borough Council, Hastings Borough Council, Lewes District Council, Rother District Council, Wealden District Council and also Brighton & Hove City Council.

From 1 April 2009, the Fire Authority as a precepting authority is required to show Council Tax income in its Income and Expenditure Account on an accruals basis. The difference between the income included in the Income and Expenditure account and the amount required by legislation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

The significant movement during 2020/21 reflects the impact of Covid-19 on the collection of business rates and council tax.

	2019/20 £000	2020/21 £000
Balance at 1 April	**119**	**236**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(89)	(294)
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	206	(1,627)
Balance at 31 March	**236**	**(1,685)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2019/20 £000	2020/21 £000
Balance at 1 April	**(56)**	**(66)**
Settlement or cancellation of accrual made at the end of the preceding year	56	66
Amounts accrued at the end of the current year	(66)	(96)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10)	(30)
Balance at 31 March	**(66)**	**(96)**

There was an expected increase in the accumulated absences balance as at the end of 31 March 2021 due to the impact of COVID-19 resulting in annual leave not being taken.

22. Cash Flow Statement - Operating Activities

Adjustments to net surplus or deficit on the provision of services for non-cash movements:

	2019/20 £000	2020/21 £000
Depreciation	(2,735)	(2,774)
Impairment and downward valuations	(110)	(229)
(Increase) in creditors	(421)	(1,498)
Decrease in interest creditors	244	-
Increase / (decrease) in debtors	(83)	1,434
Decrease in interest debtors	(4)	(9)
Decrease in stock	(19)	(3)
Impairment movements on Investments	-	1
Pension Liability	(10,801)	(5,764)
Contributions to / from provisions	(421)	491
Donated Assets	-	-
Carrying amount of PPE sold	(2)	(539)
Total Adjustment	**(14,352)**	**(8,890)**

Adjustments for items included in the net deficit on the provision of services that are investing and financing activities:

	2019/20 £000	2020/21 £000
Capital Grants and Contributions credited to deficit on provision of services	173	155
Net adjustment from the sale of short and long term investments	-	(5,750)
Proceeds from the Sale of PPE	28	186
Total Adjustment	**201**	**(5,409)**

The cash flows for operating activities include the following items:

	2019/20 £000	2020/21 £000
Interest received	(241)	(116)
Interest paid	740	497

23. Cash Flow Statement – Investing Activities

	2019/20 £000	2020/21 £000
Purchase of property, plant and equipment	2,757	2,225
Purchase of short-term and long-term investments	2,000	-
Proceeds from the sale of property, plant and equipment	-	-
Other receipts from investing activities	(65)	(360)
Net cash flows from investing activities	**4,692**	**1,865**

24. Cash Flow Statement – Financing Activities

The cash flows for financing activities, excluding interest paid and received, include the following items:

	2019/20	2020/21
	£000	£000
Repayment of Short-Term and Long-Term Borrowing	-	75
Net cash flows from financing activities	**-**	**75**

Reconciliation of liabilities arising from Financing Activities

	1 April 2020	Financing cash Flows	Non cash changes	31 March 2021
	£000	£000	£000	£000
Long Term borrowing	10,698	-	(400)	10,298
Short term borrowing	75	(75)	400	400
Total liabilities from financing activities	**10,773**	**(75)**	**-**	**10,698**

	1 April 2019	Financing cash Flows	Non cash changes	31 March 2020
	£000	£000	£000	£000
Long Term borrowing	10,773	-	(75)	10,698
Short term borrowing	-	-	75	75
Total liabilities from financing activities	**10,773**	**-**	**-**	**10,773**

25. Notes to the Expenditure and Funding Analysis

East Sussex Fire Authority departments and responsibilities –

The Fire Authority is made up of 18 councillors, 12 who are nominated by East Sussex County Council and 6 who are nominated by Brighton & Hove City Council. They have legal responsibility to provide a Fire and Rescue Service for the whole of East Sussex and the City of Brighton & Hove. The Chief Fire Officer reports to the Fire Authority which has ultimate responsibility for such things as deciding how many fire stations are needed, how many firefighters, how many fire appliances and how much money needs to be raised from local taxes to pay for the service.

East Sussex Fire and Rescue Service is managed by its board or Senior Leadership Team (SLT) comprising three Principal Officers and five assistant directors. The role of the Chief Fire Officer is to deliver the strategic aims and objectives on behalf of the Fire Authority and is supported by SLT who deliver services to local communities, and the necessary support functions, through the following directorates:

- Service Delivery – comprising:
    - Safer Communities
    - Operational Support and Resilience

- Service Planning and Assurance – comprising:
    - Resources / Treasurer
    - Planning and Improvement
    - People Services

The team meet at least once a month to discuss strategic and policy issues and to monitor and determine service and financial plans into the future.

The Expenditure and Funding Analysis demonstrates how the funding available to the Authority for the year 2020/21 has been used to provide services and this note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis

2020/21				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Training & Assurance	-	(122)	-	(122)
Resources/Treasurer	1,679	96	6	1,781
Planning & Improvement	-	77	5	82
Human Resources & Organisational Development	-	78	10	88
Safer Communities	-	(3,346)	10	(3,336)
Operational Support & Resilience	1,324	113	(3)	1,434
Corporate	-	(106)	2	(104)
Net Cost of Services	**3,003**	**(3,210)**	**30**	**(177)**
Other income and expenditure from the Expenditure and Funding Analysis	**(234)**	**8,974**	**1,921**	**10,661**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**2,769**	**5,764**	**1,951**	**10,484**

2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Training & Assurance	1	59	2	62
Resources/Treasurer	1,609	226	3	1,838
Planning & Improvement	-	184	3	187
Human Resources & Organisational Development	-	162	1	163
Safer Communities	-	(841)	7	(834)
Operational Support & Resilience	1,236	438	(7)	1,667
Corporate	-	(14)	-	(14)
Net Cost of Services	**2,846**	**214**	**9**	**3,069**
Other income and expenditure from the Expenditure and Funding Analysis	**(834)**	**10,587**	**(117)**	**9,636**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**2,012**	**10,801**	**(108)**	**12,705**

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income. For **services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs. For **Financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

A. Service income received on a segmental basis is analysed below:

Income from Services	2019/20	2020/21
	£000	£000
Training & Assurance	(90)	(80)
Resources/Treasurer	(676)	(681)
Planning & Improvement	-	(2)
Human Resources & Organisational Development	(20)	(60)
Safer Communities	(177)	(597)
Operational Support & Resilience	(1,105)	(427)
Corporate	(12)	(17)
Total income analysed on a segmental basis	**(2,080)**	**(1,864)**

B. Expenditure and Income is analysed by nature below:

	2019/20	2020/21
	£000	£000
Expenditure		
Employee benefits expenses	31,976	32,350
Other services expenses	21,036	16,446
Support service recharges	818	785
Depreciation, amortisation, impairment	2,846	3,008
Interest payments	496	496
(Gain)/loss on the disposal of assets	(28)	352
Total expenditure	**57,144**	**53,437**
Income		
Fees, charges and other service income	(2,080)	(1,864)
Interest and investment income	(237)	(107)
Income from council tax and non-domestic rates	(37,988)	(34,125)
Government grants and contributions	(3,636)	(8,113)
Total income	**(43,941)**	**(44,209)**
Deficit on the Provision of Services	**13,203**	**9,228**

26. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

	2019/20 £000	2020/21 £000
Allowances	78	79
Expenses	1	-
Total	**79**	**79**

Further details of allowances can be found on the East Sussex Fire and Rescue Service website www.esfrs.org.

27. Officers' Remuneration

The following table provides information about the remuneration of those senior managers who influence the decisions of the Fire Authority as a whole (i.e. those officers who are members of the Corporate Management Team).

Senior Employees Remuneration

2020/21	Salary, Fees and Allowances £	Bonuses £	Expenses Allowances (incl. Benefit in Kind) £	Compensation of Loss of Employment £	Employers Pension Contribution £	Total £
Mrs Dawn Whittaker (Chief Fire Officer & Chief Executive)	150,768	-	-	-	43,421	**194,189**
Deputy Chief Fire Officer	123,518	-	-	-	35,573	**159,091**
Assistant Chief Fire Officer (Note 1)	82,604	-	-	-	23,790	**106,394**
Assistant Director Resources/Treasurer	80,524	-	-	-	15,018	**95,542**
Acting Assistant Chief Fire Officer (Note 2)	89,678	-	-	-	25,827	**115,505**
Assistant Director Operational Support and Resilience (Note 3)	73,177	-	-	-	27,295	**100,472**
Acting Assistant Director Operational Support and Resilience (Note 4)	66,021	-	-	-	19,014	**85,035**
Acting Assistant Director - Safer Communities (Note 5)	65,237	-	-	-	18,788	**84,025**
Assistant Director People Services	66,141	-	-	-	19,049	**85,190**
Assistant Director Planning and Improvement	64,133	-	-	-	11,961	**76,094**

Notes:

1. Terminated employment on 16/11/2020
2. Acting ACFO from 25/11/2020
3. Seconded out from 01/09/2020
4. Acting AD OSR from 26/10/2020
5. Acting AD SC from 21/09/2020

2019/20	Salary, Fees and Allowances £	Bonuses £	Expenses Allowances (incl. Benefit in Kind) £	Compensation of Loss of Employment £	Employers Pension Contribution £	Total £
Mrs Dawn Whittaker (Chief Fire Officer & Chief Executive) (Note1)	201,299	-	-	-	42,261	**243,560**
Deputy Chief Fire Officer (Note 2)	170,609	-	-	-	42,300	**212,909**
Assistant Chief Fire Officer (Note 3)	162,315	-	-	-	31,774	**194,089**
Assistant Director Resources/Treasurer	78,238	-	-	-	14,151	**92,389**
Assistant Director Operational Support and Resilience	69,543	-	-	-	25,939	**95,482**
Assistant Director Safer Communities	71,685	-	-	-	20,645	**92,330**
Assistant Director People Services (Note 4)	73,132	-	-	-	13,310	**86,442**
Assistant Director Planning and Improvement	62,417	-	-	-	11,079	**73,496**

Notes:

1. Salary, fees and allowances includes one off Compensation of £30,000 net of tax which resulted in a total additional payment of £54,204 (non-pensionable) following a review of Principal Officer terms and conditions
2. Salary, fees and allowances includes one off Compensation of £30,000 net of tax which resulted in a total additional payment of £51,724 (non-pensionable) following a review of Principal Officer terms and conditions
3. Salary, fees and allowances includes one off Compensation of £30,000 net of tax which resulted in a total additional payment of £51,724 (non-pensionable) following a review of Principal Officer terms and conditions
4. Salary, fees and allowances includes one off Compensation of £5,000 net of tax which resulted in a total additional payment of £8,621 (non-pensionable) in respect of additional duties carried out whilst temporarily covering the role of Assistant Director HR & OD

The Authority's employees (excluding those shown above) receiving more than £50,000 remuneration for the year in bands of £5,000, excluding employer's pension contributions were:

Remuneration band	**2019/20 Number of employees**	**2020/21 Number of employees**
£50,000 to £54,999	40	25
£55,000 to £59,999	12	13
£60,000 to £64,999	13	6
£65,000 to £69,999	3	3
£70,000 to £74,999	-	-
£75,000 to £79,999	-	-

28. Exit Packages

Reporting of the Authority and other compensation schemes - Exit Packages

2020/21	Compulsory redundancies		Other departures agreed		Total number of exit packages	
Exit package cost band	**Number of employees**	**£000**	**Number of employees**	**£000**	**Number of employees**	**£000**
less than £20,000	-	-	4	34	4	34
£20,000 to £39,999	-	-	1	27	1	27
£40,000 to £59,999	-	-	-	-	-	-
£60,000 to £79,999	-	-	-	-	-	-
£80,000 to £99,999	-	-	-	-	-	-
£100,000 to £149,999	-	-	-	-	-	-
£150,000 to £199,999	-	-	-	-	-	-
£200,000 to £249,999	-	-	-	-	-	-
Total	-	-	5	61	5	61

2019/20	Compulsory redundancies		Other departures agreed		Total number of exit packages	
Exit package cost band	**Number of employees**	**£000**	**Number of employees**	**£000**	**Number of employees**	**£000**
less than £20,000	1	16	1	5	2	21
£20,000 to £39,999	-	-	-	-	-	-
£40,000 to £59,999	-	-	-	-	-	-
£60,000 to £79,999	-	-	-	-	-	-
£80,000 to £99,999	-	-	-	-	-	-
£100,000 to £149,999	-	-	-	-	-	-
£150,000 to £199,999	-	-	-	-	-	-
£200,000 to £249,999	-	-	-	-	-	-
Total	1	16	1	5	2	21

29. External Audit Costs

The Authority has incurred the following costs during the year in relation to the audit of the Statement of Accounts provided by the Authority’s external auditors, Ernst & Young LLP.

	2019/20	2020/21
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	23	23
National rebate received from Public Sector Audit Appointments (PSAA)	(3)	-
Additional charge relating to prior year audit work	-	32
Total	**20**	**55**

30. Grant Income

The Authority credited the following grants, contributions, and donations to the Comprehensive Income and Expenditure Statement.

	2019/20 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
National Non Domestic Rates	10,691	6,510
Revenue Support Grant	-	3,208
Fire Pension Grant	1,735	1,735
Business Rates Relief section 31 Grants	1,556	2,052
Covid 19 Grant	136	865
Capital Grants & Contributions recognised	173	155
Other Revenue Grants	35	97
Total	**14,326**	**14,622**
Credited to Services		
New Dimensions	27	27
Firelink	247	257
Surge Protection Grant Funding	-	510
Infrastructure Fund	-	68
Sales Fees and Charges Support Grants	-	30
Pensions Admin Grant	-	47
Other grants	10	30
Total	**284**	**969**

The Authority received a Revenue grant in 2016/17 for £0.025m from the Environment Agency that had conditions attached to it and is currently being held as a receipt in advance until the conditions attached to it have been satisfied and the grant can be recognised.

31. Related Parties

The Fire Authority is obliged to disclose material transactions with related parties, a term that includes central government, the Pension Fund, some partnerships, as well as any financial relationships with Members and Senior Officers other than payments of salaries, expenses, etc. We disclose these transactions to indicate the extent to which the Authority might have been constrained in its ability to operate independently, or to have secured the ability to limit another party's ability to bargain freely with the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from government departments are set out in Note 30. Grant receipts in advance at 31 March 2021 are shown in Note 30.

East Sussex County Council

East Sussex County Council provides financial services to the Authority. The arrangement has been in operation since 1997. The services provided include accounts payable, accounts receivable, payroll, pension administration, treasury management, accountancy and internal audit. The cost of these services was £0.232m for 2020/21 (£0.292m for 2019/20).

Brighton & Hove City Council

Brighton & Hove City Council provide legal services and the Monitoring Officer to the Fire Authority, and have done so since 1997. The cost of these services was £0.110m for 2020/21 (£0.166m for 2019/20).

Members and Senior Officers

Members of the Fire Authority have direct control over the Authority's financial and operating policies. None of the Members or Senior Officers had any interests in any related party transactions during the year. The Register of Members' Interests is held at Fire HQ, Lewes, and is open to public inspection. The total of members' allowances paid in 2020/21 is shown in Note 26.

32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR movement is analysed in the second part of this note.

	2019/20 £000	2020/21 £000
Opening Capital Financing Requirement	**10,773**	**10,773**
Capital Investment		
Property, Plant and Equipment	2,756	2,225
Revenue Expenditure Funded from Capital under Statute	-	-
Sources of Finance		
Capital receipts	(1,987)	(1,676)
Government grants & other contributions	(136)	(193)
Sums set aside from revenue		
Direct Revenue contributions	(202)	-
Minimum Revenue Provision	(431)	(431)
Closing Capital Financing Requirement	**10,773**	**10,698**

The Capital Financing Requirement represents the Authority's net need to borrow to finance its capital investment, made up of all loan investment in previous years, less amounts set aside each year for the redemption of debt.

Explanation of movements in year	2019/20 £000	2020/21 £000
Decrease in underlying need to borrowing (unsupported by government financial assistance)	-	75
Decrease in Capital Financing Requirement	**-**	**75**

33. Leases

Authority as Lessee

Finance Leases - The Authority does not have any finance leases where it acts as a lessee.

Operating Leases - The Authority has lease cars for certain staff and also leases the office space at the Sussex Police HQ site in Lewes. The authority paid £0.152m on leases in 2020/21 (£0.152m in 2019/20).

The future minimum lease payments payable in future years are:

	31 March 2020 £000	31 March 2021 £000
Not later than one year	151	150
Later than one year and not later than five years	444	391
Later than five years	684	586
Total	**1,279**	**1,127**

Authority as Lessor

Finance Leases - The Authority does not have any finance leases where it acts as a lessor.

Operating Leases – The Authority leases out Property, Plant and Equipment under operating leases in relation to space on its aerial masts and space at Fire Stations and received £0.040m in 2020/21 (£0.038m in 2019/20).

The future minimum lease payments receivable in future years are:

	31 March 2020	31 March 2021
	£000	**£000**
Not later than one year	31	33
Later than one year and not later than five years	125	132
Later than five years	145	119
Total	**301**	**284**

34. Impairment and Revaluation Losses

During 2020/21, revaluation losses recognised in the Cost of Services totalled £0.249m (£0.157m in 2019/20).

35. Defined Benefits Pension Schemes

Participation in Pension Schemes
As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments, and this needs to be disclosed at the time that employees earn their future entitlement.

The Accounting Policies note explains that the Authority participates in four schemes, the 1992 Firefighter's Pension Scheme, the 2006 Firefighter's Pension Scheme, the 2015 Firefighter's Pension Scheme and the Local Government Pension Scheme.

The Firefighters' Pension Schemes are administered nationally, and the Income and Expenditure Account contains actual contributions made to the schemes. Details of the East Sussex Firefighters Pension Fund can be found on pages 75 to 77. The Local Government Scheme is administered through the East Sussex Pension Fund, and in addition, the Authority has liabilities for discretionary payments for added years, and other benefits both for local government employees and for Firefighters. These are charged as an expense to the accounts of the Authority, rather than those of the Pension Fund.

Transactions Relating to Post-employment Benefits - We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the contributions made in the year, so the real cost of retirement benefits is reversed out through the General Fund via the Movement in Reserves Statement and the contributions made in the year are included. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service Cost Comprising:				
• Current service cost	2,909	2,048	7,900	6,354
Financing and Investment Income and Expenditure				
Net interest expense	387	226	10,200	8,748
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**3,296**	**2,274**	**18,100**	**15,102**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	4,791	(8,620)	-	-
• Actuarial gains and losses arising on changes in demographic assumptions	(1,849)	(862)	(13,200)	(4,210)
• Actuarial gains and losses arising on changes in financial assumptions	(8,045)	17,436	(38,300)	89,114
• Other (if applicable)	(1,711)	(598)	1,200	(5,542)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(3,518)**	**9,630**	**(32,200)**	**94,464**
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	4,913	(8,339)	41,400	(84,143)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**1,395**	**1,291**	**9,200**	**10,321**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Present value of the defined benefit obligations:					
Local Government Pension Scheme	(51,547)	(53,427)	(62,036)	(54,209)	(71,841)
Firefighters Pension Schemes	(384,300)	(412,400)	(426,900)	(385,500)	(469,643)
Fair value of assets in the Local Government Pension Scheme	**41,162**	**42,796**	**46,658**	**43,744**	**53,037**
Deficit in the scheme:					
Local Government Pension Scheme	(10,385)	(10,631)	(15,378)	(10,465)	(18,804)
Firefighters Pension Schemes	(384,300)	(412,400)	(426,900)	(385,500)	(469,643)
Total	**(394,685)**	**(423,031)**	**(442,278)**	**(395,965)**	**(488,447)**

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £541.5m (£439.7m in 2019/20) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £488.4m (£396.0m in 2019/20).

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Opening balance at 1 April:	**62,036**	**54,209**	**426,900**	**385,500**
Current Service Cost	2,909	2,004	7,900	6,354
Interest Cost	1,518	1,229	10,200	8,748
Contributions by scheme participants	425	398	1,900	1,959
Re-measurement (gains) and losses:				
• Actuarial gains/losses arising from changes in demographic assumptions	(1,849)	(862)	(13,200)	(4,210)
• Actuarial gains/losses arising from changes in financial assumptions	(8,045)	17,436	(38,300)	89,114
• Other	(1,711)	(598)	1,200	(5,542)
Benefits paid	(1,074)	(1,975)	(11,200)	(11,966)
Unfunded Benefits paid	-	-	(300)	(314)
Other	-	-	400	-
Closing balance at 31 March:	**54,209**	**71,841**	**385,500**	**469,643**

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Opening fair value of scheme asset at 1 April:	**46,658**	**43,744**	**-**	**-**
Interest Income	1,131	1,003	-	-
Re-measurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	(4,791)	8,620	-	-
• Other	-	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,395	1,291	9,200	10,321
Contributions from employees into the scheme	425	398	1,900	1,959
Benefits paid	(1,074)	(1,975)	(11,200)	(11,966)
Other	-	(44)	100	(314)
Closing fair value of scheme assets at 31 March:	**43,744**	**53,037**	**-**	**-**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The total return on LGPS fund assets for the year to 31 March 2021 was £9.6m (2019/20: a decrease of £3.7m).

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets 2019/20 £000	%	Fair value of scheme assets 2020/21 £000	%
Cash and cash equivalents:	**809**	**2**	**743**	**1**
Indexed Linked Government Securities:	-	-	**1,644**	**3**
Corporate bonds:	**386**	**1**	**5,622**	**11**
Private equity:	**2,884**	**7**	**4,349**	**8**
Property:	**4,015**	**9**	**3,978**	**8**
Net current assets:	**-**	**-**	**212**	**1**
Others:				
• Absolute return portfolio	-	-	12,305	23
• Equities	14,848	33	23,495	44
• Bonds	7,519	17	-	-
• Infrastructure	794	2	159	-
• Other	12,489	29	530	1
Sub-total Others	**35,650**	**81**	**36,489**	**68**
Total assets	**43,744**	**100**	**53,037**	**100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fire Authority Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the calculations in the latest full valuation of the Local Government Pension Scheme as at 31 March 2019, and at 31 March 2020 for the Firefighters Pensions Schemes, and then rolled forward to the Balance Sheet date allowing for the different assumptions required by accounting standards.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		**Firefighters Pension Schemes**	
	2019/20	**2020/21**	**2019/20**	**2020/21**
Mortality assumptions:				
Longevity for current pensioners:				
• Men	21.6	21.1	26.4	25.0
• Women	23.9	23.7	28.5	27.5
Longevity for future pensioners:				
• Men	22.5	21.9	27.5	26.0
• Women	25.3	25.0	29.7	28.7
Rate of increase in salaries	1.8%	2.85%	2.8%	3.85%
Rate of increase in pensions	1.8%	2.85%	1.9%	2.85%
Rate for discounting scheme liabilities	2.3%	2.0%	2.3%	2.0%
Take-up of option to convert annual pension into retirement lump sum	50%/75%	50%/75%	90%	50%

Average future life expectancies for the Local Government Pension Scheme is at age 65
Average future life expectancies for the Firefighters Pension Scheme is at age 60
Take-up option for LGPS is 50% for pre-April 2008 service and 75% for post-April 2008 service
Future pensioners assumes retiring in 20 years

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period;

Change in assumptions at 31 March 2021:	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in present value of total obligation	Increase in projected service cost
	£000	**£000**
Local Government Pension Scheme		
0.1% decrease in Real Discount Rate	1,639	83
1 year increase in member life expectancy	3,161	136
0.1% increase in the Salary Increase Rate	133	-
0.1% increase in the Pension Increase Rate	1,490	83
Firefighters Pension Schemes		
0.1% decrease in Real Discount Rate	8,551	310
1 year increase in member life expectancy	24,001	463
0.1% increase in the Salary Increase Rate	868	52
0.1% increase in the Pension Increase Rate	7,603	259

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. As at the last valuation dated 31 March 2019 the actuary reported a funding level of 107%. Funding levels are monitored on an annual basis. The next triennial valuation of the Local Government Pension Scheme is due to be completed 31 March 2022.

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £488.4m (£18.8m Local Government Pension Scheme and £469.7m Firefighters Pension Schemes) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- the Firefighters Pension schemes are unfunded national schemes with Employers' contributions determined by the Secretary of State on the advice of the Government Actuary who will have regard to the total cost of the Scheme benefits.

In 2021/22 the Authority anticipates paying £1.116m contributions to the Local Government Pension scheme, £4.142m towards the Firefighters Pension schemes.

The weighted average duration of the defined benefit obligation for the Firefighters Pension Scheme is 18.3 years (21.9 years for injury pensions).

McCloud/Sargeant ruling
Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. In December 2018 the Court of Appeal upheld a ruling that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The Government has confirmed the final remedy in response to the case (4 February 2021).

Firefighter's Pension Scheme - The actuary has made an allowance in line with the Government's final remedy. Given the uncertainty in how members' benefits will accrue over the remedy period, the actuary has made assumptions in order to determine which scheme the member will choose to accrue benefits in.

Local Government Pension Scheme – an estimated McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2021 (as per the 2020 accounting approach).

Court of Justice of the European Union ruling in O'Brien Case
On 7 November 2018, the Court of Justice of the European Union (CJEU) ruled in favour of Mr O'Brien in a case concerning discrimination against part-time judges in the calculation of pensions. The ruling concluded that service prior to 7 April 2000 (the deadline for the Part-Time Workers Directive (PTWD) being transposed into UK law) must be taken into account under the PTWD for the purpose of calculating retirement pension.
In response to the judgement the Government has stated that those who have previously claimed under the PTWD would be entitled to a further remedy in respect of service prior to 7 April 2000. No allowance has been made in the IAS19 disclosure at 31 March 2021 as the remedy is yet to be agreed and there is insufficient data to make a reasonable estimate as to the cost of its impact.

Goodwin Case
Following a case involving the Teachers' Pension Scheme, known as the Goodwin case, differences between survivor benefits payable to member with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes and the Government has confirmed that a remedy will be required in all affected public sector pension schemes.. The actuary has not made allowance for the potential impact of this decision as they do not have enough information to make an accurate estimate of the potential impact on the defined benefit liabilities. However, they expect the impact to be minimal on both the fire and local government schemes.

Covid 19
The Authority's actuary has made a specific adjustment to its future improvement mortality assumptions to reflect the impact of Covid-19 on pension scheme liabilities. It has adopted the Continuous Mortality Investigation Bureau (CMI) 2020 model with a 2020 weight parameter of 25% for March 2021 accounting valuation. This will decrease life expectancies compared to those previously assumed and as a result reduce defined benefit liabilities.

36. Contingent Liabilities

A contingent liability is a possible present conditional obligation arising from past events and whose existence will be confirmed only by the occurrence of future uncertain events not wholly within the Fire Authority's control.

McCloud / Sargeant Case

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. In December 2018 the Court of Appeal upheld a ruling that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The Government has now confirmed the final remedy in response to the case. It is likely that the Authority will incur additional costs in the future as a result of this case and the agreed remedy for example through increased employer's contributions to the scheme or through the costs incurred to administer the remedy. At this stage it is not possible to quantify what those costs might be.

37. Nature and extent of risks arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Fire Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing strategies and policies to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy, which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Authority on 13th February 2020 and is available on the Authority's website. The key issues within the strategy were:

  - The Authorised Limit for 2020/21 was set at £14.79 million. This is the maximum limit of external borrowings or other long term liabilities;
  - The Operational Boundary was expected to be £10.40 million. This is the expected level of debt and other long term liabilities during the year;
  - The maximum amounts of fixed and variable rate interest rate exposure were set at 100% based on the Authority's net debt;
  - The maximum and minimum exposures to the maturity structure of debt are shown under the Refinancing and Maturity Risk section of this note.

These policies are implemented by a central treasury team. The Authority maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

1. **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimized through the Treasury Management Strategy, which is available on the authority's website.

Credit Risk Management Practices

The Authority's credit risk management practices are set out in the Treasury Management Strategy, with particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Treasury Management Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Treasury Management Strategy also considers maximum amounts and time limits with a financial institution located in each category.

Whilst the recent credit crisis in international markets has raised the overall possibility of default, the Authority maintains strict credit criteria for investment counterparties. The credit criteria in respect of financial assets held by the authority at 31 March 2021 are detailed below:

Officers regularly review the investment portfolio, counterparty risk and construction, and use market data, information on government support for banks and the credit ratings of that government support. Latest market information is arrived at by reading the financial press and through city contacts as well as access to the key brokers involved in the London money markets. The Authority in addtion to other tools uses the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

The Link Asset Services credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal parameters.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £4.0m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses (ECL)

The changes in loss allowance during the year are as follows:

	12 Month ECL	Lifetime ECL	Lifetime ECL – Simplified Approach	Total
	£000	£000	£000	£000
Opening balance 1 April 2020	**3**	**-**	**1**	**4**
Change in credit loss	(1)	-	6	**5**
Closing balance 31 March 2021	**2**	**-**	**7**	**9**

12 Month ECL includes treasury investments, and Lifetime ECL (simplified approach) includes both system and non trade debtors.

Collateral – During the reporting period the Authority held no collateral as security

2. **Liquidity risk**

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to Authorities (although it will not provide funding to an Authority whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets (excluding sums due from customers) is as follows:

	2019/20	2020/21
	£000	£000
Less than one year (current assets)	25,332	24,397
Between one and two years	-	-
Between two and three years	-	-
More than three years	-	-
	25,332	**24,397**

3. Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities, including the minimum and maximum limits for fixed interest rates maturing in each period, is as follows:

	Approved Minimum Limit	Approved Maximum Limit	2019/20	2020/21
	%	%	£000	£000
Less than one year (current liabilities)	0%	25%	1,943	2,815
Between one and two years	0%	40%	400	481
Between two and five years	0%	60%	1,283	1,322
Between five and ten years	0%	80%	2,765	2,695
More than ten years	0%	80%	6,250	5,800
			12,641	**13,113**

All trade and other payables are due to be paid in less than one year.

4. Market risk

Interest rate risk – The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect in 2020/21 would be:

	£000
Increase in interest payable on variable rate borrowings (none held)	-
Increase in interest receivable on variable rate investments	62
Impact on Surplus or Deficit on the Provision of Services	**62**

The approximate impact of a 1% fall in interest rates would be as above, but with the movements being reversed. This figure of £0.062 million (£0.083 million at 31 March 2020) represents the immediate impact on the Authority's investments that are on variable rate, but ignores the impact of overnight and short-term fixed rate investments.

Price risk - The Authority does not invest in equity shares or marketable bonds.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Firefighters' Pension Fund Accounts

Introduction

The Firefighters' Pension Scheme open to operational firefighters is unfunded, that is there are no investment assets to offset liabilities. From 1 April 2006, employee contributions and employer's contributions are paid into a pension fund account from which pension payments are made. The account is topped up by Government grant if the contributions are insufficient to meet the cost of pension payments. The underlying principle of these arrangements is that employer and employee contributions together will meet the full costs of pension liabilities being accrued in respect of currently serving employees, while central Government will meet the costs of retirement pensions in payment, net of these contributions. The account forms part of the assets and liabilities of the Fire Authority.

The initial amount received from the Government during the year is based on an early estimate of likely outcome based on pensionable pay of members in the scheme and an estimate for members joining and leaving, and an estimate of likely lump sum retirement benefits payable to firefighters due to retire during the year. Any outstanding balance based on the final outturn position will be paid over to the Fire Authority after the year end accounts are finalised.

The Firefighters' Pension Fund Account is not a bank account, and the fund does not require active fund administration and management. The Firefighters' Pension Fund Account is accounted for separately and in such a way to record the applicable transactions as they arise from employee and employer contributions from payroll, the payments of lump sums at retirement, accounting for ill-health charges to accord to a Government formula, and the accounting to eliminate that element within pensions paid relating to retirement on grounds of injury. Since such an injury element of pensions paid cost is not borne by the Firefighters' Pension Fund Account and hence by the Government, this is a cost to the Fire Authority.

The Firefighters' Pension Fund Account has been prepared on an accruals basis. Accruals are not significant since substantially all the transactions are derived either from payroll, or from actual payments into and out of the Firefighters' Pension Fund Account. There are no significant estimation techniques adopted.

The Firefighters' Pension Fund Account does not take account of liabilities to pay pensions and other benefits in the future.

Fund Account

2019/20 £000			2020/21 £000
	Contributions Receivable:		
(4,262)	Contributions in relation to pensionable pay	(4,353)	
(4,168)	Top up grant received	(3,776)	
(97)	Ill Health charges	(148)	
(1,952)	Firefighters contribution	(1,959)	
(10,479)			(10,236)
(441)	Transfers in from other authorities		(202)
	Benefits Payable:		
9,803	Pensions	10,169	
2,021	Commutations and Lump Sum Retirement Benefits	1,903	
95	Lump Sum Death Benefits	96	
-	Other payments	52	
11,919			12,220
	Payments to and on account of leavers:		
7	Transfers out to other authorities	-	
7			-
1,006	Net amount Payable for year		1,782
(1,006)	Top up grant payable by the government		(1,782)
-			-

Net Assets Statement

31 March 2020 £000		31 March 2021 £000
	Current Assets:	
-	Contributions due from fire authority	-
-	Recoverable overpayments of pensions	-
1,006	Top-up grant receivable from the government	1,782
-	Cash and Cash Equivalents	-
	Current Liabilities:	
(1,006)	Cash overdrawn	(1,782)
-	Unpaid pensions benefits	-
-	Amount of grant payable to the government	-
-		-

Firefighters' Pension Fund Accounts

1. Employer Contributions

The Fire Authority bore pension contributions as the employer, totalling £4.353m (£4.262m 2019/20) representing 37.3% of pensionable pay for firefighters under the 1992 scheme, 27.4% for firefighters under the 2006 scheme and 28.8% for firefighters under the 2015 scheme.

In addition to normal employer's contributions, ill-health charges of £0.148m (£0.097m in 2019/20) and injury portions of pensions totalling £0.314m (£0.305m in 2019/20) were paid by the Fire Authority.

2. Top Up Grant

The Firefighters' Pension Scheme is an unfunded scheme with any deficit/surplus on the account funded via a government grant or paid back to government.

The grant is paid once a year and consists of two elements;

- 80% of the estimated pension deficit for the current year (100% of any estimated surplus would be required to be repaid)
- The amount required to fully fund the previous year's pension scheme deficit or payment required to recover any surplus.

The top up grant receivable from the Government is accounted for through the Firefighters pension fund account under the Firefighters Pension Regulations 2006. It does not impact on the Authority's comprehensive income and expenditure statement.

3. IAS 19 Employee Benefits

Details of the Actuarial Valuation are included within Note 35 to the Fire Authority statements.

Glossary of Terms

Accruals

Provision made at the year-end to bring into account outstanding debtors, creditors, etc., in order to show income and expenditure as it is earned or incurred.

Actuarial Gains and Losses

The change in pension liabilities since the previous year, caused either by events differing from the previous forecast, or a change in actuarial assumptions.

Actuarial Valuation

A review of the Pension Fund normally carried out at 3-year intervals, which assesses the contributions required from employing bodies in order to maintain the Fund’s ability to pay benefits in future years to pensioners, contributors and their dependants.

Admitted Bodies

Bodies whose staff can become members of the Pension Fund by virtue of an admission agreement made between the Pension Fund and the relevant body (contrasting with Scheduled Bodies – see below).

Amortisation

A charge to services in the Comprehensive Income & Expenditure Account, assessed as the amounts by which the value of intangible assets are consumed during the year, calculated from the estimated life expectancy and any residual value.

Bad Debt Provision

Amount of money set aside to meet cost of monies owed to the Authority that are not expected to be repaid.

Balances

A working balance maintained as a cushion against unexpected expenditure during the year. It is the amount of money left over at the end of the year after allowing for all expenditure and income that has taken place. These are also known as financial reserves.

Business Rates Retention

Under the new Business Rates Retention scheme, Authorities will retain a share of all and any additional business rates they get above a determined baseline. This potentially provides a direct local incentive to encourage growth within local boundaries.

Capital / Capital Expenditure / Capital Receipts

Capital expenditure pays for the acquisition of assets or the enhancement (rather than maintenance) of existing assets. It is financed mainly from borrowing, and charged to revenue over a number of years. We plan for capital expenditure over several years in the published capital programme. The term ‘capital receipts’ covers income from the sale of assets, together with grants and contributions received specifically for financing the capital programme. Capital receipts can only be used for capital purposes, and not to support the revenue budget.

Cash Equivalents

These are investments, which amount to short term deposits.

Community Assets

These are assets, which the Authority intends to hold in perpetuity and have no determinable finite useful life.

Corporate and Democratic Core (CDC)

Corporate and Democratic Core (CDC) is defined as the two service divisions Democratic Representation and Management (DRM) and Corporate Management (CM).

Contingent Assets and Liabilities

A statement of a possible gain or loss to the Authority, which is contingent upon the outcome of an event, which is not known for certain when the accounts are drawn up.

Corporate Management (CM)

Corporate management concerns those activities and costs that provide the infrastructure that allows services to be provided, whether by the Authority or not, and the information that is required for public accountability. Activities that relate to the provision of services, even indirectly, are overheads on those services. There are no subdivisions recommended for CM.

Creditors

Amounts owed by the Authority but not paid at the date of the Balance Sheet.

Curtailments

This heading covers the additional cost arising from the early payment of pension benefits when an employee is made redundant. The full estimated discounted cost is charged immediately to the Comprehensive Income and Expenditure Statement, under the heading of ‘non-distributed costs’, but this is offset by a transfer from the Pensions Reserve.

Debtors

Amounts owed to the Authority but unpaid at the date of the Balance Sheet.

Defined Benefit and Contribution Pension Schemes

Pension schemes generally fall into one of these two categories. Defined Benefit schemes are those such as the Local Government Pension Scheme, where the benefits to employees are based on their final salaries, and where employers' contributions have to be adjusted to match estimates of future liabilities. Defined Contribution schemes are those where the employer's liability is restricted to the amount that they contribute.

Democratic Representation and Management (DRM)

This includes all aspects of members' activities in that capacity, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests. To give authorities maximum flexibility in reflecting their own constitutional arrangements, there are no recommended subdivisions of service.

Depreciation

A charge to services in the Comprehensive Income & Expenditure Account, assessed as the amounts by which the value of property, plant and equipment are consumed during the year, calculated from the estimated life expectancy and any residual value.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. The concept of fair value is used in many accounting standards including the IFRS covering acquisition, valuation of assets, and financial instruments, but it is not limited to these.

General Fund

The main revenue fund of the Authority into which is paid income from the council tax precept, grants and charges for services and from which is met the cost of providing services.

Going Concern

The key accounting concept of a going concern assumes that an organisation, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

Heritage Assets

Heritage assets are assets that are held by the authorities principally for their contribution to knowledge or culture.

Impairment

Impairment to assets may be physical in nature, such as damage by fire, or caused by a general or specific reduction in prices during the financial year.

Intangible Assets

This term includes such items as development expenditure or goodwill, but for local authorities it actually only covers licences for the use of computer software.

IFRS and IAS

International Financial Reporting Standards and International Accounting Standards

Leasing

A method of obtaining the use of assets: a rental charge is paid for a specified period, but under operating lease conditions the asset remains the property of the lessor and the Authority has no rights to purchase. Finance leases transfer substantially all the risks and rewards of ownership.

Minimum Revenue Provision

An amount, prescribed by Government, to be set aside from revenue for the redemption of debt.

Net Book Value (NBV)

The amount at which fixed assets are included in the Balance Sheet. The NBV is the historical cost or current value less any accumulated depreciation.

Net Worth

The total of all assets less the total of all liabilities. It helps to determine the value of an entity and is also known as Total Net Assets or Total Equity.

Non-Distributed Costs

These are costs which the Authority has to bear, but which do not support any statutory services. This includes three elements of the pension cost (Past Service Cost, Settlements, and Curtailments) which are defined elsewhere, and the costs of properties, which have been declared surplus and are awaiting disposal.

Non-Domestic Rates

A charge on commercial and industrial buildings fixed by the Government and reallocated to local authorities.

Post Balance Sheet Events

A statement of the financial implications of an event taking place after the Balance Sheet date, which has a material effect on the Authority's financial position at the balance sheet date.

Prior Period Adjustments

Material adjustments that are applicable to prior years and which arise from changes in accounting policy or the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Equity

Investments into new and developing companies and enterprises, which are not publicly traded on a recognised stock exchange.

Property, Plant and Equipment (PPE)

Property, plant and equipment covers all assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period. PP&E is a summation of all the Authority's purchases of property, plant, and pieces of equipment to that point in time, less any depreciation.

Provisions

Provisions are made for liabilities and losses which have already been incurred at the date of the balance sheet, and for which the amount or dates on which they will arise can be reliably measured.

Public Works Loan Board (PWLB)

A Government agency, which provides the main source of borrowing for local authorities.

Related Parties

This term covers individuals or bodies with which the Authority has a close economic relationship. It includes Members and Senior Officers, Government departments that provide funding, and other bodies that are involved in partnerships with the Authority.

Reserves

Internal reserves set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue

Recurring expenditure principally on pay, running costs of buildings, equipment, and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute

Expenditure which may properly be charged to capital but which does not result in a tangible asset.

Unusable Reserves

This include unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment (e.g. the Revaluation Reserve) adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure (e.g. the Capital Adjustment Account and the Pensions Reserve).

Usable Reserves

This includes the revenue and capital resources available to meet future expenditure (e.g. General Balances, Earmarked Reserves, and the Capital Receipts Reserve).

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Councillor Roy Galley

Chairman of East Sussex Fire Authority
Headquarters
Church Lane
Lewes
East Sussex
BN7 2DZ

Tel: 0303 9991000
E-mail: enquiries@esfrs.org

In the case of emergency dial 999

Helen Thompson
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

11 November 2021

please ask for	our ref	your ref
Duncan Savage	DS/AB	

Dear Helen

Letter of Representations

This letter of representations is provided in connection with your audit of the financial statements of East Sussex Fire Authority ("the Authority") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of East Sussex Fire Authority as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of

operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - involving financial statements;

   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;

   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;

   - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   - Additional information that you have requested from us for the purpose of the audit; and

   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of the Authority, Scrutiny & Audit Panel and Policy & Resources Panel held through the year to the most recent meeting on the Fire Authority on 2 September 2021, Scrutiny & Audit Panel on 11 November 2021, and Policy & Resources Panel on 11 November 2021.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter at 30 November 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants),to

the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1.ii to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note 13 to the financial statements, we have no other line of credit arrangements.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment and IAS 19 pension fund liability, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

i.) Revaluation of land and buildings classified as property, plant and equipment; and

ii.) Pension liability and asset valuation

1. We confirm that the significant judgments made in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

3. We confirm that the significant assumptions used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation, appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the

COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

5. We confirm that appropriate specialized skills or expertise has been applied in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully

____

Duncan Savage

Assistant Director Resources / Treasurer

Date:

I confirm that this letter has been discussed and agreed at the Scrutiny & Audit Panel on 11 November 2021.

____

Councillor Wendy Maples

Chair: Scrutiny & Audit Panel

Date:

EAST SUSSEX FIRE AUTHORITY

Panel	Scrutiny and Audit
Date	11 November 2021
Title of Report	Contract Standing Orders - Waivers Summary July 2020 to date
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Claire George, Procurement Manager
Background Papers	None
Appendices	None

Implications (please tick ✓ and attach to report)

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

PURPOSE OF REPORT: To apprise the Panel of the waivers granted in the remainder financial year 2020/21 and thus far in 2021/22, as required by Contract Standing Order (CSO) 7.4

EXECUTIVE SUMMARY: The Treasurer, after consultation with the Procurement Manager, Deputy Monitoring Officer and the Chairman has approved a total of five waivers from July 2020 to date.

Each was considered on the basis that the Authority could achieve value for money, where below the threshold of the Public Contract Regulations 2015 and therefore subject to internal governance arrangements only.

No waivers were granted on the basis of expediency alone. In the main, the waivers were granted in order to secure best value, to leverage efficiencies via standardisation and to mitigate limited market options and/or any risk to supply, including those resulting from the impact of the Covid 19 pandemic, particularly where the ability of potential bidders to adequately conduct site visits was impeded.

RECOMMENDATION: To note the contents of this report & consider whether any further information is required.

MAIN ISSUES

1 Summary of waivers granted

1.1
1. Mechanical Works - TSS Facilities Ltd (March 21)
2. Electrical Works - Openview Security Solutions Ltd (March 21)
3. Wildfire Vehicle – Emergency Group One Ltd (July 21)
4. Telematics – Ctrack UK Ltd (Sept 21)
5. Finance Officer – RM Recruit Ltd (Oct 21)

2 Summary of each waiver granted

2.1 **Mechanical Works - TSS Facilities**

Background

TSS Facilities are our Term Contractor for any mechanical works across our Estate.

The original intention to award a new contract at the point of contract expiry of the TSS Facilities' contract was hampered by resource challenges due to Covid 19 and a need to significantly update the technical requirements. The new ITT had already been advertised via the e-tendering Portal and the first batch of questionnaires from suppliers were being assessed. As such there would be no new provider appointed until later this year and there would be a gap in service provision.

A gap would bring a risk and therefore we requested sanction to extend the existing direct award to TSS Facilities a new interim Contract by for a period of 4 months.

The current monthly contract costs for reactive repairs is in the region of £7000.00 per month, with estimated the costs for the proposed extended time therefore of £28,000.00, in addition to any planned works required in the 4 month period, at a value of £20,000.00.

Reasons for Waiver Request

- During the new tendering process TSS Facilities contract extension would ensure we do not risk any loss in service;
- The current supplier had been providing 24-hour service at a very competitive cost;
- The current Supplier is familiar with our Estate, its mechanical systems and has been inducted into the way we work, thus reducing induction cost & resources;
- Benchmarking suggested a short-term contract with an alternative supplier would increase costs;
- A new supplier would be likely to offer slower response times due to unfamiliarity with the Estate.

Contract value: £48,000.00

2.2 **Openview - Electrical Services**

Background

Openview are our Term Contractor for any electrical works across our Estate. Their contract was due to expire and under the terms of the contract there was no provision for further extension. The original intention to award a new contract at the point of contract expiry of the Openview contract was hampered by resource challenges due to Covid 19 and a need to significantly update the technical requirements.

We requested sanction to direct award to Openview a new interim Contract for a period of 6 months to mitigate the risk of a gap in service.

The current monthly contract costs for reactive repairs is in the region of £7000.00 per month, with estimated the costs for the proposed extended time therefore of £28,000.00, in addition to any planned works required in the 4 month period, at a value of £20,000.00, plus the first quarterly Fire Alarm and Emergency lighting testing which forms part of their planned annual maintenance visits of £3000.00

Reasons for Waiver Request

- During the new tendering process Openview contract extension ensured no risk to loss in service;
- The current supplier had been providing a 24 hour service at a very competitive cost;
- The current Supplier is familiar with our Estate, its electrical systems and has been inducted into the way we work, thus reducing induction cost & resources;
- Benchmarking suggested a short term contract with an alternative supplier would increase costs;
- A new supplier would be likely to offer slower response times due to unfamiliarity with the estate.

Contract value: £51,000.00

2.3 **Wildfire Vehicle - Emergency Group One Ltd**

Background

Our Land Rover Defenders, used for off road wildfire fighting, are beyond the end of their expected life but we are unable to replace them directly as Land Rover no longer provide a Defender in the same way. As a result we looked at alternatives which could carry the same weight, to avoid compromising the amount of water that can be carried. Similar vehicles in the same class such as the Ford Ranger, do not carry the same weight, however, it was identified that the Mercedes Sprinter van had similar payload capabilities and could be sourced direct from the manufacturer, in a 4 x 4 chassis variant.

A single example was purchased. We worked with Emergency One on this developmental vehicle with approval from Claire George under 13.3 (d) of the Contract Standing Orders as the expected vehicle cost was due to be under £50,000. During development we discussed some enhancements including lockers and integrating the same eCab/ePump pumping system in use on the appliances. The vehicle is now complete and delivered and we are looking to replace the remaining three vehicles with vehicles of a similar design.

The three additional chassis' have been ordered and we are awaiting delivery for free issue to the bodybuilder selected to build the vehicles. Emergency One have confirmed that they would build additional identical vehicles with all the current options selected for £58,500 per vehicle.

We therefore requested that we direct award the build of all three vehicles to Emergency One (UK) Ltd.

Reasons for Waiver Request

- Direct award of 3 vehicles allowed us to achieve our stated aim of moving steadily to a uniform fleet, which reduces training costs and allows firefighters to be flexibly deployed;
- The ePump option which is identical to using a pump on an appliance is a bespoke E1 enhancement, that cannot be sourced from other suppliers;
- With the replacement Animal Rescue Vehicle in build at E1, in addition to the appliances and Aerial Ladders Platforms, the progress of these vehicles in build can be monitored and approved without the need for additional supplier trips, reducing travel costs and time out of the office;
- Every new vehicle type we introduce, requires to be tested and certificated by the Vehicle Certification Agency. The vehicle built by E1 has already been certified at a cost of £6,750. If a visibly identical vehicle was built by another supplier, the test would need to be repeated, incurring extra cost;
- With only 4 capable suppliers on the framework available, interest may be limited in a niche, developmental product. We assessed that in competing, there was a significant risk that E1 would identify there is unlikely to be any real opposition and would bid a higher price and still be successful. Our market intelligence indicated that in this instance, a competition would not drive down the price secured;
- ESFRS will benefit from enhancements based on the development work E1 have already conducted with Cornwall FRS.

Contract value: £175,500

2.4 **Telematics – Ctrack UK Ltd**

Background

Our telematics contract has been extended with Ctrack UK Ltd a number of times while the decision of how we integrate cameras and telematics jointly across our regional FRS peers and Sussex and Surrey Police, as part of the joint Integrated Transport Function (ITF) project, was progressed. As the selected supplier was not able to support the specific requirements of a Fire Appliance, this joint solution did not materialise for ESFRS or our neighbouring FRS's.

In order for us to proceed, a paper was taken to SLT. The decision was made to separate the telematics and the camera provision into two separate requirements and proceed with each independently. It was also decided that to avoid wholescale change and to reduce fleet downtime, that we would maintain our current telematics provider until a new opportunity surfaces in the future, whereupon we can jointly tender for a replacement supplier.

As a result, we sought advice from the Crown Commercial Service and opted to direct award under their RM6143 Telematics framework, which was permissible under the following conditions:

As a result, we sought advice from the Crown Commercial Service and opted to direct award under their RM6143 Telematics framework, which was permissible under the following conditions:

b) If you feel that your current situation justifies making a direct award without further competing your requirements, and that the achievement of best value is not served through running a further competition. This can be the case when organisations already have telematics equipment installed across their fleet that are still within their usable life cycle and which continue to meet their needs. In these circumstances the financial cost of changing supplier may negate any savings that could be gained from going back to market, and may actually cost the organisation more due to the costs associated with de-installation and reinstallation of kit, plus the purchase of replacement equipment. Another factor to consider is the operational cost to the business due to the associated downtime of the fleet in having these changes implemented and the retraining of staff to be able to use a new software system.

The position of ESFRS directly mirrored the conditions outlined and we therefore assessed the risk of challenge associated with direct award as low. Further, where an EU compliant framework permits direct award (based on the organisation properly evaluating & being able to evidence its position in terms of switching costs/integration and consistency), suppliers are aware from inception that direct awards will occur under certain and prescribed conditions, which also considerably lessens the risk/likelihood of any challenge.

Reasons for Waiver Request

- ESFRS have perfectly satisfactory telematics kit already installed in all vehicles and are satisfied with its capability;
- We would incur significant downtime to change that equipment for a new solution across the fleet;
- We could compliantly direct award via an existing, pre-competed framework;
- We have a successful long term relationship with the current supplier;
- Benchmarking the costs against the ITF alternative were in line. We assessed savings would be minimal and negated by the cost to change.

Contract value: £65,160

2.5 **Finance Officer – RM Recruit Ltd**

Background

Waiver in relation to an agency appointment to the role of Senior Finance Officer via the recruitment agency RM Recruit. The appointment is to 31 March 2022 and is intended to provide additional capacity to support the Finance Team.

10 CVs were received from agencies on the contracted ESFRS framework, however, the majority of candidates did not have the relevant skills or experience required for the role and only 2 were interviewed. The subsequent candidate interviewed via from RM Recruit scored 13% higher than the second placed candidate following the previous interviews.

Reasons for Waiver Request

- RM Recruit are not on our current agency framework, although they are in the process of applying for inclusion. Spend with this supplier is not expected to exceed £50k threshold at which CSOs require a formal tender and is well below the current EU threshold;
- Benchmarking indicates the rate agreed for this individual is consistent with the market rate and that they have the skills required for this work;
- On the basis that there will be no further spend with RM Recruit without prior consultation and on the proviso that the assignment is limited to the end of the financial year, the requirement for a further competition was waived, in order that we may directly appoint RM Recruit for provision of this service.

Contract value: c£31,000

EAST SUSSEX FIRE AUTHORITY

Panel:	Scrutiny & Audit Panel
Date	11 November 2021
Title of Report	Corporate Risk Register Review Quarter 2 2021/22
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Alison Avery, Finance Manager Ellen Williams, Risk & Insurance Officer

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Background Papers	Senior Leadership Team Minutes - 20 October 2021 Scrutiny and Audit Panel 22 July 2021 – First Quarter Corporate Risk Register Review 2021/22

Appendices	Appendix 1 - RAID Log Scoring Matrix Appendix 2 - Corporate Risk Register updated for Quarter 2

Implications (please tick ✓ and attach to report)

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

PURPOSE OF REPORT

To report on the latest quarterly review of Corporate Risk Register

EXECUTIVE SUMMARY

This report discusses the second quarter position. It details the business risks identified, including a newly identified risk, and how they have or are being mitigated.

Two separate risks relating to effective workforce planning (Q1 CR4 and CR11) have been amalgamated within CR4 as both in effect relate to the same risk.

One new corporate risk Grenfell Tower Public Inquiry – non-compliance (CR16) has been recommended for inclusion on the Register and is currently a red rated risk.

Progress updates against CR14 – Health and Safety non-compliance have been provided as this was had been the only red rated risk on the Register at quarter 1 and Members have been keen to see progress in the resolution of outstanding actions.

Risks are scored against a 4x4 scoring matrix as shown in Appendix 1.

The review of corporate risks is an ongoing process and reports are presented on a quarterly basis. The updated position is shown in Appendix 2 with revisions shown in bold italics.

Project Risks are reported through the Programme Management Office and escalated to the Corporate Risk Register when relevant.

RECOMMENDATION Panel is recommended to:

a) Note and approve the Q2 Corporate Risk Register including updates made since Quarter 1; and

b) Identify any further information or assurance required from Officers

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1. INTRODUCTION

1.1 This report brings the second quarter Corporate Risk Register. Corporate business risks are considered by SLT quarterly and reported to Scrutiny and Audit Panel for consideration.

2. CHANGES SINCE QUARTER 1

2.1 All Corporate Risk Owners have been requested to update their risk/s in terms of new mitigations and actions taken since the last formal review at the end of June 2021. All risks have been updated as appropriate, with further/updated actions recorded in bold italics in Appendix 2.

2.2 **Effective Workforce Planning Risk**

2.2.1 Two separate risks relating to effective workforce planning (Q1 CR4 and CR11) have been amalgamated within CR4 as both risks in effect related to the same risk.

2.3 **Additional Risk – Grenfell Tower Public Inquiry Non-compliance**

2.3.1 In line with the report to SLT, one new corporate risk has been included on the Register; CR16 – Grenfell Tower Public Inquiry Non-compliance. This risk was identified following the publication of the Grenfell Tower Inquiry Report, Phase 1 in 2019, which made a number of recommendations in relation to high rise buildings with ACM cladding. This risk recognises the corporate risk of not complying with these recommendations. The recommendations include the requirement to ensure that there is appropriate improvements in call handling and operational response for such buildings and that sufficient resource is available to action the recommendations made.

2.4 **CR14 Health and Safety Non-compliance**

2.4.1 CR14 Health and Safety Non-compliance was the only outstanding red rated risk. All actions have been updated on CAMMS with a responsible manager identified for each action. A total of 52 of 252 actions have been closed, with 60% of all actions expected to be closed by the end of December 2021. Outstanding actions are being RAG rated to ensure they are completed as efficiently as possible. At present the mitigated risk score has not been revised, as the new mitigations/actions are unlikely to have a significant impact before the end of December 2021, at which time the score will be revisited.

3. FUTURE REPORTING

3.1 It is intended that each Corporate Risk Owner be asked to formally review their risk scores in light of completed mitigations/actions before the next review. This will determine if the risk rating is still appropriate and whether as such the risk should still be included in the Corporate Risk Register.

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CORPORATE RISK REGISTER

Scoring for all Corporate Risk and Project RAID Log

Impact / Likelihood		Moderate (1)	Significant (2)	Serious (3)	Critical (4)
Certain/High (4)		Tolerable (4)	Moderate (8)	Substantial (12)	Intolerable (16)
Very Likely (3)		Tolerable (3)	Moderate (6)	Moderate (9)	Substantial (12)
Low (2)		Tolerable (2)	Tolerable (4)	Moderate (6)	Moderate (8)
Unlikely (1)		Tolerable (1)	Tolerable (2)	Tolerable (3)	Tolerable (4)

Corporate Risk and Project Raid Log Scoring Matrix

Impact		Moderate	Significant	Serious	Critical
Score		1	2	3	4
Financial		≤ £10000	≤ £100,000	≤ £500,000	≤ £1 m +
Reputation		Damage limitation	Adverse Publicity	Poor Reputation	Complete loss of public confidence
Service Delivery		would not restrict or service delivery	Could restrict service delivery or restrict delivery of an ESFRS Aim	Could stop service delivery or unable to delivery an ESFRS Aim	Would affect service delivery to our communities

Likelihood		Unlikely	Low	Very Likely	Certain/High
Score		1	2	3	4
Frequency		One case reported in the past 5 years, may re-occur if only limited control measures are not applied and continued monitoring. (0-24% probability)	One or two cases in the past 2 - 5 years or may re occur if not all control measures are not applied within the next 6 months and continue to monitor. (25-49% probability)	One or two cases in past 2 years or expected to happen if controls measures are slow being applied, and failure to monitor progress. (50-74% probability)	One or more cases in past 2 years. Failure to take immediate action could impact on service delivery or safety of personnel/ community. (75-100% probability)

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Corporate Risk Register updated for Quarter 2 - 2021/22

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR1	Health & Safety non- compliance	• Policy and practices not effective • Policies not followed • Inconsistent implementation • H&S approach is not effectively targeting the highest risk areas • Lack of proactive / preventative measures to reduce likelihood • Specific issues regarding Face fit testing and Management of Contractors	• *Training programmes in place* • *Policies in place* • Appropriate systems exist • Changes to the management and staffing structure • Governance for Health, Safety & Wellbeing in place • Revised estates policy for management of contractors • Secondment of individual into Facilities Management (FM) role to deliver improvements in processes for estates / management of contractors for 12 months • H&S peer review and implementations of findings 5-year audit plan • Acceleration of "facefit" programme for respirators using external contractor • 1st year overview of delivery of Regional H&S Audit Action Plan presented to Oct 2020 HSWC • Business Partners recruited with start date in October 2021	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Health and Safety (H&S) policy framework review including the implementation of a new H&S management system planned for implementation in October 2021 • Developing the H&S legal register • Implement the 2nd year of the 3-year action plan drawn together following the Regional H&S audit undertaken in July 2019	***December 2021***	AD People Services
CR2	Future financial viability	• Reducing funding stream (uncertainty) • Failure to identify and deliver savings • Difficult to predict future needs / resources required • Changes in legislation increasing burden • Impact of Covid 19	• 2021/22 budget agreed • Medium Term Finance Plan (MTFP) refreshed ***Sept CFA*** • Efficiency Strategy agreed and areas of focus being progressed • Business Rates Pool extended for 2021/22 • Delivery of savings monitored and reported to SLT and Fire Authority • Resource Planning meeting to monitor operational establishment • Establishment and use of general and earmarked reserves to manage financial risk • Collaboration through East Sussex Finance Officers Association (ESFOA) to protect shared income streams e.g., Council Tax and Business Rates • "Star Chamber" budget scrutiny as part of the budget setting process • Grant spend monitored monthly against allocation • Initial high-level assessment of potential financial cost of McCloud / Sargeant pension remedy • IRMP financial impacts built into MTFP • Lobbying in advance of Comprehensive Spending Review via National Fire Chiefs Council (NFCC) and local MPs	Impact = 2 Likelihood = 3 Score = 6 Moderate	• Exploration of potential new areas for efficiencies as set out in the budget papers • Continued review of opportunities for grant funding e.g., CIL • Review sustainability of capital programme • ***Assess funding gap post Star Chambers and work with SLT to develop options to balance the budget*** • Monitor implications of EU exit on costs including potential tariffs on certain goods and services • ***Explore options for fire sector finance benchmarking and cost driver review with NFCC FCC / FFN***	***December 2021***	AD Resources / Treasurer
CR3	Ability to meet developing legislative requirements evolving from central fire safety regulatory reviews	• Policy or legislative changes that are likely to arise from reviews and investigations • Unknown burdens on service delivery • Likely increased funding required • Knowledge and competence needed • Lack of capacity and capability • inability to adapt service delivery models	• Introduction of firefighter business safety • Competence framework for business safety officers • Business Safety Review to refresh structure to ensure appropriate capacity and contingency" • Continue to monitor developments from the Hackitt and Moore Bick reviews and potential legislative / regulatory changes • Assessment of the Grenfell Tower Phase 1 report and local ESFRS action plan in place • Monitoring of emerging Fire safety and Housing Bill • Fire Safety Government Consultation to strengthen the fire safety order and implement the Grenfell Tower Phase 1 report • LFB secondment for 9 months to gain an additional external assessment of preparation for compliance against both building and fire safety bills. • Delivery Board in place to oversee assimilation of new protection bills and related acts	Impact = 2 Likelihood = 3 Score = 6 Moderate	• Refresh and publish a new Protection Strategy to take account of the emerging issues. • Allocate ESFRS officers to national working groups to steer and understand the implications of the proposed national changes. • Sector is lobbying Govt. for additional funding for investment in protection services • Investment in CRM and related mobile devices/software to enable required flexibility and mobile working to improve efficiency in work processes, ensure delivery of reviewed RBIP, BRR and respond to internal audit findings to ensure full compliance with legislation. • Deliver the Building Risk Review • Respond to fire safety consultation • Utilise the Government Protection Funding to identify improvement and support for existing protection team. • Seeking regional alignment through regional board on key matters initially such as legal/prosecutions, engineering, consultations and RBIP (Risk based inspection programme).	***October 2021***	ACFO

Appendix 2

Corporate Risk Register updated for Quarter 2 - 2021/22

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR4	Effective workforce planning e.g., professional services	• Increasingly difficult to recruit into professional services • HR policy flexibility (grades/salaries) • Recruitment pool processes • Already lean workforce • Cognisant of the HMICFRS findings • ***Immediate Detriment and Firefighter pension transitional arrangements decisions*** • ***Response to the McCloud and Sargeant cases lowering potential retirement ages*** • ***Financial implications of reinstatement to old schemes*** • ***Loss of senior level experienced officers and staff earlier than expected*** • ***Failure to interpret rules or legislation correctly*** • ***Immediate Detriment Cases***	• Market supplement process for professional service jobs agreed by SLT. • Continue to consider the wider recruitment market to assess salary points for specialist posts). • Recruitment and selection framework • Process Improvement Project to deliver efficiencies in roles and policy supporting lean workforce • Redesign current talent pool process at each operational level within the Organisation • Access professional legal advice where necessary • FPS administration successfully transitioned to WYPF wef 1 April 2020 • Initial high-level assessment of potential financial cost of McCloud / Sargeant pension remedy. • Pension Adviser contract extended to end December 2021	Impact = 2 Likelihood = 4 Score = 8 Moderate	• Strategic Workforce Plan to be signed off at ***Dec*** SLT • Embed and reinforce workforce plan. • ***Market Supplement policy has been drafted but needs amending prior to sign off. Completion expected prior to end of 2021*** • To re-engineer the recruitment and selection processes for professional services • To review salary structure with Hay (2022/23) • ***Retirement profile has been built to identify future establishment pressures***. • Monitoring developments through LGA / NFCC / Home Office • Liaising with our actuary to ensure liabilities are reflected in IAS19 reports • Issuing communications to staff to keep them informed • Paper to P&R Panel July 2021 following joint legal advice in relation to Immediate Detriment cases with position and recommendations to approach	***December 2021***	AD People Services
CR5	Failure to mobilise effectively	• ESFC incident / significant system failure • Software providers unable to maintain support for system over longer term. • Loss of staff resulting in insufficient staff to maintain business as usual operational service	• Fall-back and business continuity arrangements designed, tested and operating (this includes fully functional secondary control at Maresfield. • Refreshed approach to attendance management. • Crewing degradation policy in place. • Resilience plan in place and being managed via weekly conference calls • Interim single service model developed for period Dec 2019 to Nov. 2021 and now operating. • Required additional funding identified and agreed for interim period • Authority has approved future transition to partnership with Surrey and West Sussex FRS through Project 21. Project 21 now mobilised and progress on track including effective joint working across partner FRS • Phase One, Two and Three Station end equipment completed • Corporate Wi-Fi roll out complete. • Contract and support arrangements with Remsdaq extended to 31 March 2022 • Further audits and remediation plans for Mobile Data Terminals, Wi-Fi and Station End Equipment • Zero hours contracts being utilised • Staff s with experience of control room seconded from other departments • L2 officers now trained on radio operation	Impact = 4 Likelihood = 2 Score = 8 Moderate	• ***Scenario planning for future options / outcomes underway including recruitment if necessary.***	***December 2021***	DCFO

Corporate Risk Register updated for Quarter 2 - 2021/22

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR6	Failure to manage the effects and impacts of a major loss of staff event	• Lack of engagement with unions / staff • Poor / ineffective consultation practices • Ineffective communications • Lack of business continuity • Pandemic Flu • Major travel disruption • Failure of National pay negotiation leading to action short of a strike	• Review outcomes of Retained Firefighters Union report • Introduction of the On-call action learning set • Establish a resilience group to refresh the resilience contingency plans and loss of staff protocols. • Establish regional loss of staff working group to share best practice and assist in contingency planning". • Introduce a revised Business Continuity Plan for major loss of staff • Deliver an Emergency Management Team (EMT) exercise to test the plans and response by the key staff within the continuity plans. • Close working with NFCC to determine local and regional resilience • New National Security Risk Assessment for industrial action prompting Sussex Resilience Forum support • IRMP proposals for Operational Response Plan (ORP) and flexible on-call contracts to improve resilience approved September 2020 • IRMP Implementation team and governance in place • Internal and partner (SRF) governance arrangements in place to manage Covid-19 impacts	Impact = 3 Likelihood = 3 Score = 9 Moderate	• The established continuity handbook (informed by the NFCC prioritised activities) for staff to assist in managing the early stages of a major loss of staff has been reviewed following the HMIC&FRS audit and EU Transition. • Working with Sussex Resilience Forum (SRF) to assess threat and risk as part of community risk • IRMP implementation team taking forward ORP and new on-call contracts. • ***Resilience group to undertake annual review of response to strike action through resilience group***	***October 2021***	ACFO
CR7	Inability to respond effectively to a cyber incident	• Lack of effective Business Continuity Plan (BCP) in place • Underestimation of risk likelihood • Poor policies and procedures • Human error • Lack of staff awareness (e.g., phishing) • Poor protection of systems leading to increased severity	• Telent to progress IT Risk Treatment Plans • Annual IT Health Checks now scheduled • Information Security Management Forum meeting on a regular basis • Information Security e-learning in place with mandatory annual re-test • Annual review of ISO27001 gap analysis • Information Security Management System in place • New suite of Information Security policies in place • Annual IT Health Checks implemented along with associated Telent mitigation plans • Information Security Project now complete and closed down	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Telent (working with Aristi) progressing risk treatment plans following scheduled IT Health Checks. • Review of NRR and further national guidance being considered by Sussex Resilience Forum. ESFRS involved closely in this work and any relevant actions to be fed back to the service. • IT Health Checks taking place in Jul 2021. • ESFC IT Health Check risks to be remediated as part of Project 21 4i decommissioning phase, which will be completed in Mar 2022 • Progress towards ESFRS achieving Cyber Essentials Plus accreditation in 2022, in line with NFCC IT Managers' agreed FRS cyber accreditation standard	***December 2021***	DCFO
CR8	Failure to deliver key corporate projects	• Lack of adherence to governance processes • Lack of experienced staff managing projects • Inability to recruit to vacant posts in the Programme Management Office (PMO) • Over optimistic delivery plans	• Assignment of programme management office • Set up of the PMO – team, processes, standards, PMO Manual • Set up of Projects Tool Kit Intranet pages including templates, guidance and information to project managers and all staff involved in projects. • Portfolio capture in place and rationalisation of clusters and sub clusters of projects. • Set up of monthly reporting of projects into the PMO and quarterly / yearly PMO reporting to SLT. • Strategic Change Board in place • Key projects managed directly by the PMO (FireWatch, CRM, Business Intelligence, Respiratory Protective Equipment, ESMCP). • Project management now in place for delivery of fleet and engineering projects • Dependencies analysis and risks of extant project now complete • New PMO structure, terms of reference and funding agreed by SLT to meet the business need. • Additional Estates project management capacity in place (Major Capital Projects Manager)	Impact = 3 Likelihood = 2 Score = 6 Moderate	• Reports further developed for Strategic Change Board and exception reporting at SLT. • Compliance against project monitoring improving • Carrying out Project health checks with PMs • Implement agreed actions from Internal Audit Report (reasonable assurance opinion) • Most actions are complete. Reporting project finances is identified for this year • PMO quarterly drop-in sessions in place.	***December 2021***	AD Planning & Improvement

Corporate Risk Register updated for Quarter 2 - 2021/22

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR9	Collaboration	• Collaboration fails to deliver desired outcomes • Resources required to support collaborative activities not justified by improvements in efficiency and / or effectiveness	• Collaboration Framework agreed and in place • Priorities agreed for 2018-21 • Regular tracking of collaboration activities through business performance system • Governance in place e.g., 4F and Integrated Transport Function (ITF) • Legal advice on formal collaboration agreements • Update report on the agreed collaborations (as outlined in the Collaboration Framework) to SLT in May 2020 • Areas of focus for 2021/22 agreed with 4F collaboration leads	Impact = 3 Likelihood = 2 Score = 6 Moderate	• Regular review of collaborative activities through SLT and Scrutiny and Audit Panel • Full update report to SLT and the FA in summer 2021 to concentrate on efficiencies • Occupational Health Collaboration Contract reviewed for renewal. Considering 5yr commitment	***December 2021***	AD People Services
C CR10	Security and safety of staff and visitors on ESFRS sites	• *Damage to buildings and assets* • Injury to Personnel • Service Delivery: Unable to deliver training and requalify personnel if interruption continues • Industrialisation of areas surrounding ESFRS premises perpetually halting operational practice on sites.	• Safety Measures implemented in affected areas of Service Training Centre (STC) when burning i.e., PPE, Cordons. • The use of Community Order prohibiting protagonist from attending Authority premises • Increased safety officers • Temporarily ceased some lay flat testing to Air Quality Testing • Independent Air Quality Testing Report • Meeting with Traveller Rep, ESCC Rep and Sussex Police to discuss concerns. • Review of whole site security in conjunction with Estates. • Traveller Community Engagement, education and information around work and function of STC. • Project long term review of live fire training facilities • Initial phase of security improvements at STC completed • New security gates installed at STC	Impact =3 Likelihood = 3 Score = 9 Moderate	• Feasibility study for enhancements to training facilities including a clean burn strategy approved at Change Board in Oct 2020 and being commissioned, now FBC being developed with full costings and will go to September 2021 Change Board	***December 2021***	AD People Services
CR11	Spread of infectious pandemic diseases	• Risk to workforce and service delivery over the spread of Covid – 19 (coronavirus)	• SRF meet every week to review current issues • PHE are monitoring and assessing the risk to public health in the UK and providing guidance to emergency services • Guidance business service and operations on protocols for dealing with high consequence infectious diseases. • Organisational update of business continuity plans reviewed to ensure fit for purpose • EMT established Covid 19 Working Group and supporting cells in place and local BC plans reviewed. • Regular staff updates in both service brief and by email. • Access to test facilities for key workers • Established PPE supply chain and key organisational working practices to prevent infection/spread of virus within service. • Premises risk assessments for covid safe premises. • Weekly monitoring of Sussex health system and Covid data via Sussex Monitoring Group • National PPE guidance to be released. • ESFRS BC plans reviewed and tested against Reasonable Worst-Case Scenario • SRF Pandemic Flu Plans updated and published • Weekly Common Operating Picture established by SRF • Balance of Covid-19 grant held to cover 2021/22 costs	Impact =3 Likelihood = 2 Score = 6 Moderate	• Public awareness communication plan. • Review of longer-term impacts of mental health and well-being • Return to workplace protocols and expectations being considered by SLT • EMT / CWG to deescalate in line with government roadmap and SRF step-down	***December 2021***	DCFO
CR12	Ageing workforce	• Increasing ageing workforce • Increasing number of age-related injuries • Increase in injury recovery times having a cost to recovery • Increase into alternative specialist equipment causing further costs • Increased number of ill health retirements	• Trained personnel in manual handling training • Membership to Fire and Recuse Risk Group (FARRG) help discus ongoing issues with other services may have already dealt with including issues with National Resilience Equipment • Wellbeing strategy that is looking at supporting an ageing workforce • Service Fitness Advisor embedded into the Complex Case Mgt review meetings • Reviewing manual handling training via station assurance programme • Weekly absence stats scrutinised by ADs to identify trends • Complex Case Mgt Review meetings review cases specifically to assist in addressing this issue • Training video for operational crews in relation to patient handling/carrying	Impact =3 Likelihood = 2 Score = 6 Moderate	• Review of sufficient or appropriate training • 2021/22 we will be scoring compliance manual handling training policy • L2 accident investigation to all manual handling injuries to ascertain underlying causes • Provision of additional manual handling equipment	***December 2021***	AD People Services

Corporate Risk Register updated for Quarter 2 - 2021/22

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR13	Financial & operational impacts of UK's withdrawal from the EU	• Economic shock and impact on funding • Supply chain problems • Additional tariffs and other price increases • Data warehousing located in EU countries	• Existing Business Continuity plans have been reviewed • Linking with work being carried out nationally through NFCC • Risk / impact assessment of supply chain complete	Impact = 2 Likelihood = 3 Score = 6 Moderate (increased from 4 – Tolerable)	• On-going monitoring of supply chain / procurement issues and related financial / operational impacts • ***Internal Audit Review of Post Brexit Supply Chain Management due to start Q3***	***December 2021***	DCFO
CR14	Health & Safety non- compliance	• Management actions not completed in accordance with safety event reports	• • Log of all outstanding actions from H&S Investigations provided to ADs so they can provide updated position on implementation • Assistant Directors receive a quarterly report from the H&S team with outstanding actions • All outcomes to be discussed at DMTs • ***52*** out of 252 outstanding actions identified now completed • Regular weekly reports provided by HMI officer to Assistant Directors of actions taken to clear historical actions backlog (in mitigations) and actions • ***CAMMS has been updated with details of the responsible officers for actions and identify priority. Regular reports obtained from CAMMS to monitor progress*** • ***All outstanding actions are being reviewed for continued appropriateness/duplication and are being cleared/closed as and when required, with target of 60 % to be closed by end of December 2021***	Impact = 4 Likelihood = 3 Score =12 Substantial	• Outstanding actions to be highlighted and discussed at the HSWC • H&S BPs to work with the appropriate departmental managers to agree suitable timescales and priority • Remaining 204 added to CAMMS so monitoring be undertaken on progress on a monthly basis. HMI Seconded officer to have oversight of progress • ***HMI officer producing weekly reports of actions taken to clear historical backlog*** • ***Regular reports from CAMMS to monitor progress*** • ***Continue to review outstanding actions for duplication/appropriateness and to close where appropriate***.	***December 2021***	AD People Services
CR15	Workforce Planning – Operational competence	• Workforce modelling suggests that ½ of the operational workforce can retire over the next 5 years. Therefore, there will be a loss of operational knowledge	• Workforce planning group providing collective understanding of current picture and forecasting through resource management plan. • Firefighter recruitment review and actions. • Maintain a transfer pool approach	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Ensure focus on development of those with potential through equitable and fair pathways • Supervisory and model manager Leadership development supportive programme • Mentoring/Coaching as an assistive tool • Gap analysis of competencies that are at high risk of not being retained. • Alternative options for securing specialist skills (sharing with other services)	***December 2021***	AD Safer Communities
CR16	***Grenfell Tower Public Inquiry – Non-compliance with Phase 1 recommendations***	• ***Non-compliance with recommendations arising from the Grenfell Tower Inquiry Phase 1 (2019).*** • ***Failure to deliver improvements in call handling & operational response for high rise buildings with ACM cladding*** • ***Insufficient resources allocated to GT1 activity***	• ***A detailed gap analysis has been carried out between current positions against the 46 formal recommendations that has resulted in a detailed and defined improvement plan.*** • ***ESFRS has established suitable and sufficient governance and project management processes to oversee progress against the plan including a prioritisation and tracking system.*** • ***All details of delivered actions and planned activities yet to be delivered are monitored from a specific intranet page that also includes a live copy of the improvement plan.***	***Impact = 4 Likelihood = 3 Score =12 Substantial***	• ***Gap analysis required to identify any further weaknesses requiring action*** • ***Identify sufficient resource to deliver very high and high rated priorities by 31.07.2022*** • ***Address remaining 33 medium and low rated priorities through BAU activities by building into normal business plans*** • ***Identify and secure sufficient management support and resources (people, time, money) to be enabled for the delivery of the actions identified and subsequent assurances that improvements are embedded across ESFRS***	***December 2021***	***ACFO***

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny and Audit Panel
Date	11 November 2021
Title of Report	Performance Report for Quarter 1 2021/22
By	Sharon Milner, Planning & Intelligence Manager Marcus Whiting, Performance Analyst
Lead Officer	Liz Ridley, Assistant Director – Planning & Improvement
Lead Member	Cllr Paul Redstone
Background Papers	None
Appendices	Appendix 1 – Quarter 1 report

Implications

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

PURPOSE OF REPORT	To present the results and direction of travel of quarter 1 2021/22 from quarter 1 2020/21 and the projected end of year results for 2021/22.
EXECUTIVE SUMMARY	This report provides Scrutiny and Audit with a summary of service performance for quarter 1 2021/22 compared to quarter 1 2020/21 and the projected end of year results 2021/22. The report contains information against 21 indicators. Due to the national pandemic, the Service has adapted new models of service delivery including telephone home safety visits and business safety audits. The direction of travel indicators in these areas are not comparable therefore have not been included.

RECOMMENDATION

The Scrutiny and Audit Panel is asked to:

1. Consider the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1.

2. Consider the performance results and remedial actions that have been taken to address areas of under performance in the Fire Authority's priority areas.

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1. INTRODUCTION

1.1 This report compares the performance indicator results of quarter 1 2021/22 with quarter 1 2020/21 and the projected end of year results for 2021/22. The direction of travel column is comparing the Service's performance at the quarter end in the current year against the previous quarter.

1.2 Due to the limitations imposed by the COVID-19 restrictions ESFRS has continued to find other ways of undertaking home safety visits, business safety audits and engagements. Hence, as per the previous performance reports in 2020, the standard PIs do not reflect this additional work and the direction of travel has not been reported against these areas. Therefore this report includes all indicator results, but only shows the previous year comparison against 16 of the total 21. These indicators are: number of home safety visits completed; inspections of high risk premises; business safety audits undertaken by fire station crews; number of business safety engagement events; and number of attendees at business safety engagement events. All these indicators were directly affected by the change in service delivery due to the pandemic.

1.3 The additional information about the numbers of telephone home safety visits and other business safety work has been included in Appendix 1 to show the level of extra work that has been undertaken during the pandemic. As previously reported there is again more information in the main body of this report covering a range of other activities that ESFRS community safety and business safety teams have been doing to support the local community during this time.

2. MAIN ISSUES

2.1 Quarter 1 results

2.2 Six of the 16 indicators that are reported against are showing an improvement in performance against the same quarter in the previous year, one the same, and seven are showing a decline. Two have not been updated owing to the EIRS upgrade and the remedial work ongoing to rectify the reports. These are PIs 14 and 15, the Service's attendance standards: 70% of the first arriving appliances at any incident from an 'On station response within 10 minutes; and from an 'On-Call response' within 15 minutes.

2.3 Of those reporting a decline in performance; three indicators are reporting at least a 10% decline in performance against quarter 1 2020/21. These are:

(i) Number of Industrial and Commercial fires (39%: 25 up from 18).
(ii) Number of working days/shifts lost due to sickness (see 3.5.1).
(iii) Percentage reduction of automatic fire alarms (AFAs) from the base year (2009/10) (see 3.6.1).

3. PERFORMANCE PRIORITY AREAS

3.1 The Fire Authority priorities as agreed by the Scrutiny and Audit Panel are listed below:

1. Reducing accidental dwelling fires
2. Confining the fire to the room of origin
3. Reducing attendance at false alarm calls
4. Increasing the number of home safety visits to vulnerable members of our community
5. Reducing sickness
6. Increasing inspections in high risk premises
7. Numbers of home safety visits

3.2 This report provides a summary of work undertaken against the priority areas, where relevant.

3.3 **Reducing accidental dwelling fires**

3.3.1 In quarter 1 2021/22, ESFRS attended 109 accidental dwelling fires (ADFs), this is an increase of 4 against the same period in the previous year. The projected end of year result for ADFs shows a continued improvement in performance in this area with 437 against 443 in the previous year. The ADF working group continues to proactively engage with our communities and where spikes are seen in specific areas or station grounds, detailed analysis is carried out to try and identify trends.

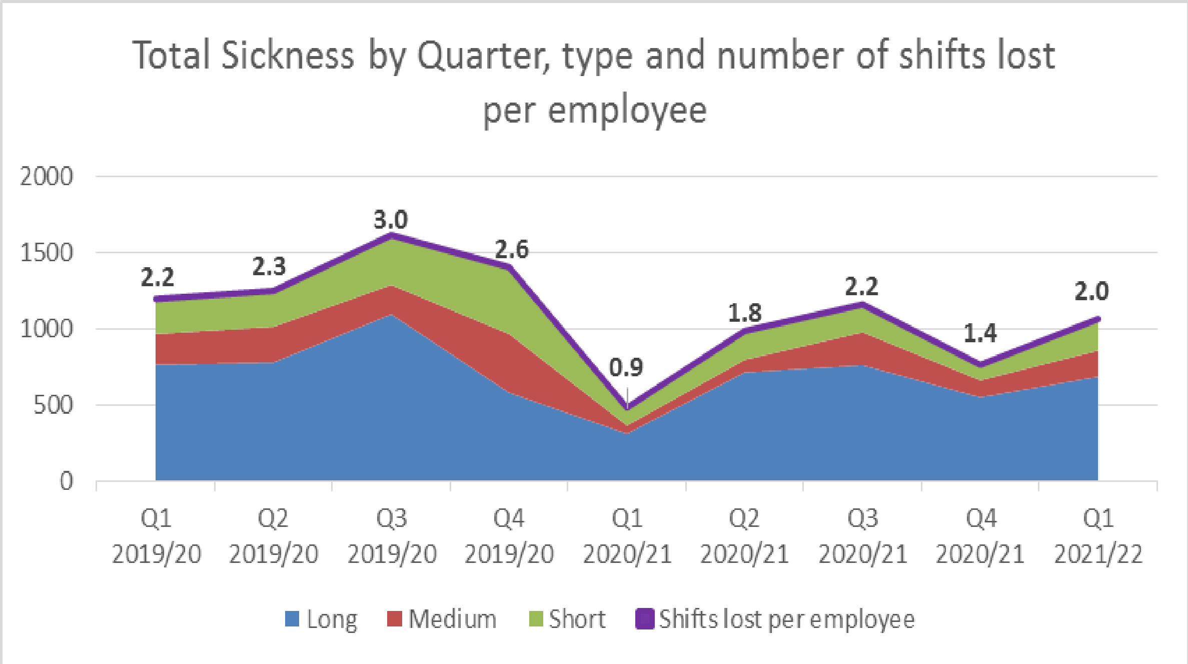
3.4 **Increasing the percentage of home safety visits that we complete with the more vulnerable members of our community**

3.4.1 We delivered 96.6% of our home safety visits to vulnerable people within our community by the end of quarter 1 2021/22; this is an increase against the previous year (95.0%) and a projected improvement to the 2020/21 end of year result (95.7%). The vast majority of this work was undertaken over the telephone due to the COVID-19 pandemic.

3.5 **Reducing the number of absences of our employees due to sickness**

3.5.1 Figure 1 shows that in quarter 1 2021/22, ESFRS lost 2.0 shifts per person to sickness (0.9 in the previous year's quarter 1). The 2021/22 projected end of year result is currently 8.0, which is above the target of 7.5 and also above the 2020/21 end of year result (6.6 shifts lost due to sickness per employee).

Figure 1: Total Sickness



3.5.2 Table 1 shows the shifts lost broken down by absence code due to COVID-19 in Quarter 1. These COVID-19 related absences are not included in the overall sickness figures.

Table 1: COVID related absence for Quarter 1 2021/22

Shifts lost Other absence code	Total
COVID-19 (medically confirmed)	10
SELF-ISOLATION (at risk)	62.7
SELF-ISOLATION (household showing symptoms)	18
SELF-ISOLATION (individual showing symptoms)	20.6
SELF-ISOLATION (instructed by ESFRS)	10
Grand Total	**121.3**

3.5.3 Figures 2, 3 and 4 contain information on whole-time, East Sussex fire control (ESFC) and support staff sickness split into long term, medium term and short term sickness respectively by quarter for the previous rolling 2 year period.

Figure 2: Whole-time sickness

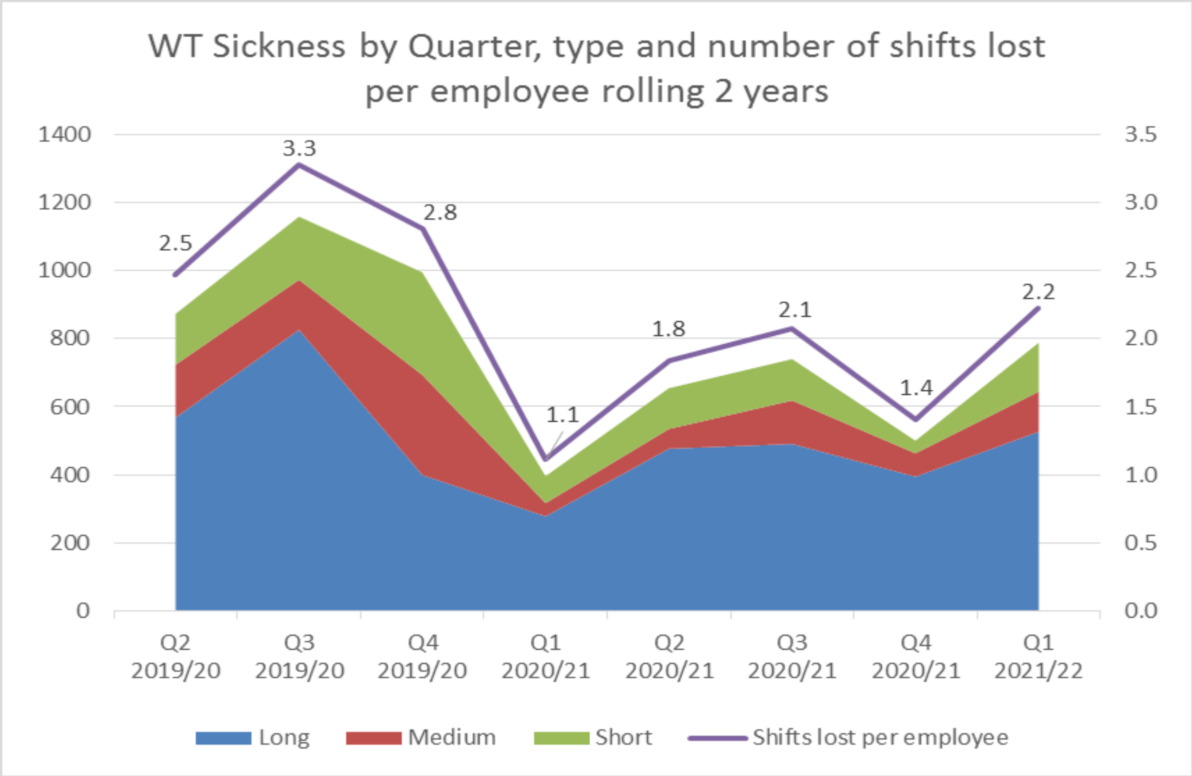


Figure 3: East Sussex Fire Control Sickness

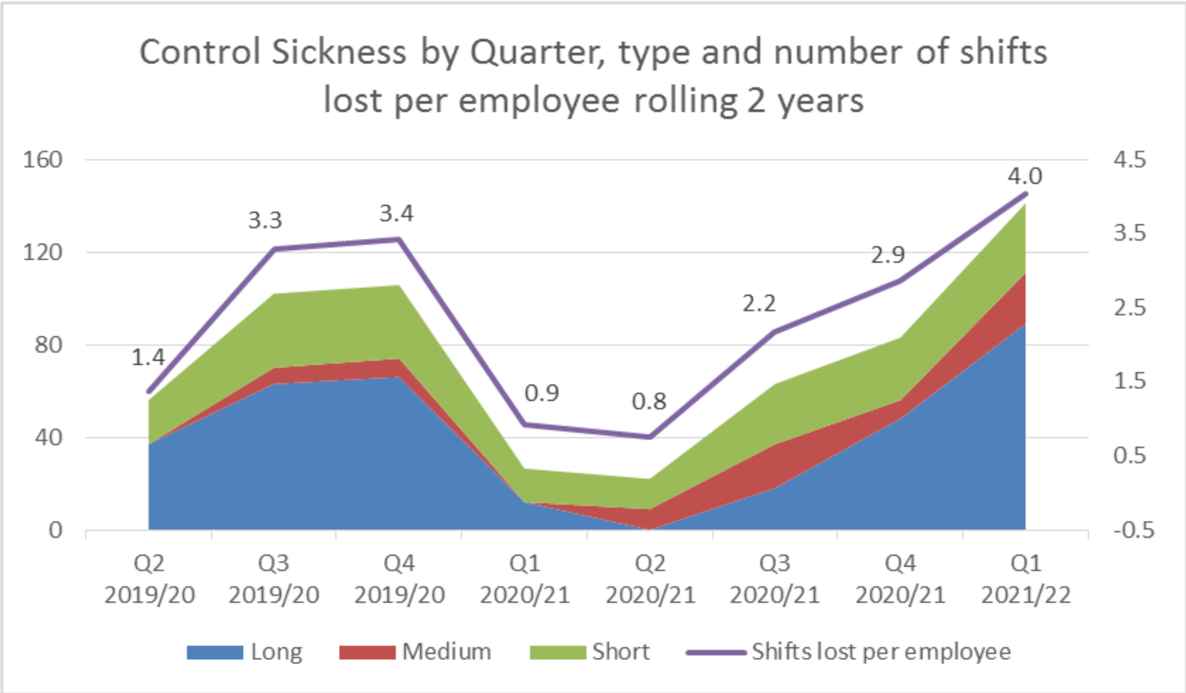
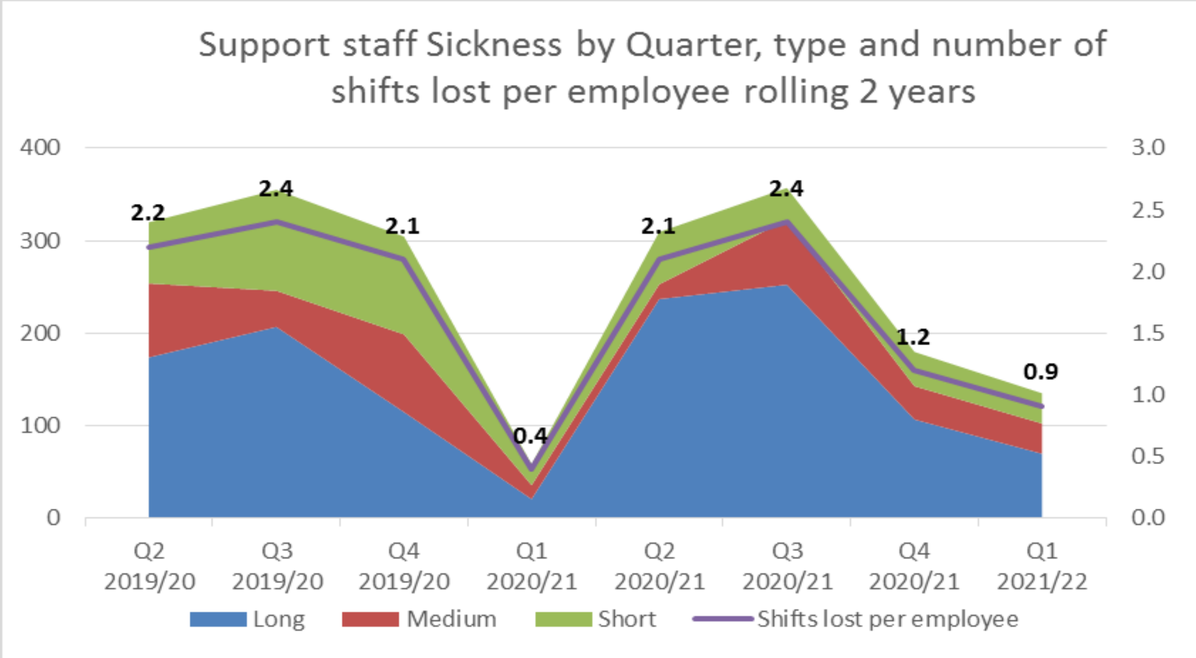


Figure 4: Support Staff Sickness



3.6 Reducing false alarm calls from the base year 2009/10

3.6.1 False alarm calls attended in quarter 1 2021/22 have increased compared to quarter 1 in 2020/21 but are projected to be below the 2020/21 end of year result. In quarter 1 last year there was a 40.4% reduction from the baseline compared to 30.7% in the current quarter 1.

3.7 Percentage of accidental fires confined to the room origin.

3.7.1 91.7% of ADFs were confined to room of origin at the end of quarter 1 2021/22, a slight increase in performance against the previous year quarter when the result was 91.4%. This is also a projected improvement on the 2020/21 year end result of 90.5%.

3.8 Inspections of high risk premises completed

3.8.1 Quarter 1 figures for the number of inspections of high risk premises and business safety audits remain due to the COVID-19 pandemic and national lockdown. These indicators have been temporarily replaced by an 'other business safety telephone activities and interactions' performance indicator. Face to face visits are set to resume in quarter 2.

3.8.2 Table 2 below shows the breakdown of these other interactions that were completed during quarter 1 in 2021/22, in which there were 534. The majority of these were undertaken over the telephone. This compares to 387 in quarter 1 in 2020/21.

Table 2: Breakdown of Business safety interactions for Quarter 1 2021/22

Interaction	Total
Building Regulations	215
Housing	7
Licensing	61
Marriage Act	12
Other FS Activity	215
Planning	24
Grand Total	**534**

3.9 Numbers of Home Safety Visits completed (by telephone due to COVID 19)

3.9.1 Community Safety teams and operational crews are not able to undertake home safety visits in the normal manner due to the ongoing COVID-19 pandemic. Telephone home safety visits are being conducted. In the quarter 1, 2021/22, 2,007 telephone HSVs were completed, which compares 1,512 in quarter 1, 2020/21.

3.9.2 Table 3 details the range of community safety work that has been carried out either on the telephone or face to face during quarter 1 2021/22. An alternative indicator added due to COVID 19 was the number of properties visited for faulty / smoke alarms and fittings etc. (highlighted in purple). In quarter 1 there were 397 such interactions, compared to 292 in quarter 1 in 2020/21.

Table 3: Breakdown of community safety interactions during Quarter 1 2021/22

Over all total (April 21 - June 21) HSV Telephone Assessments/ Faulty Alarm/ Interactions	
Total No of Enhanced HSV Telephone Assessments	57
Total HSV Telephone Assessments (SWA)	835
Total HSV Telephone Assessments (Crews)	1,060
Number of Faulty Alarms - Standard & Specialist (Gone into properties)	**78**
Smoke & CO Fitted (gone into properties)	**263**
Specialist alarms Fitted (gone into properties)	**27**
Blanking Plates (gone into properties)	**6**
Bedding & Lap Blankets (dropped off/gone into properties)	**23**
Smoke Alarm (Posted)	76
CO Alarm (Posted)	28
No of Info Packs sent (email)	12
No of Info Packs sent (posted)	652

3.9.3 The community safety team are also offering a vulnerable call scheme which includes a befriending service, arranging referrals to other agencies for assistance with shopping and GP assistance for example (see table 4). In quarter 1 2021/22, there were 505 of these interactions.

Table 4: Breakdown of the befriending calls made to vulnerable members of the community during Quarter 1 2021/22

Over all total (April 21 – June 21) Vulnerable Call Scheme	**Total**
Number of calls made	477
Requires a befriending call	0
Referred to other agencies for help with shopping	0
Referrals made for HSV including Faulty Alarms	28
Required GP	0

4. ROAD TRAFFIC COLLISON DATA

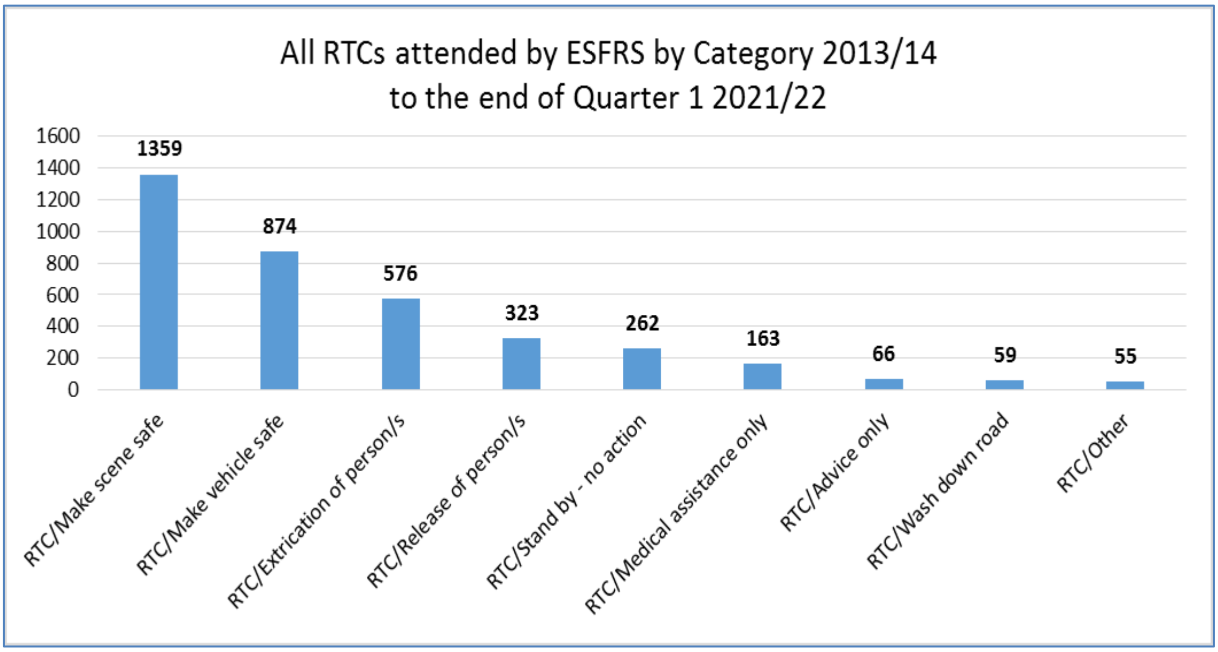
4.1 The following section contains information from the Sussex Safer Roads Partnership (SSRP) and internal data. ESFRS attend on average 18% of RTCs attended by Sussex Police. Sussex Police only report RTCs where a casualty is involved, whereas ESFRS RTCs, for example include ‘Making the scene safe’ and ‘Making the vehicle safe’. Table 5 shows that there has been a considerable drop in the total number of RTCs across East Sussex as attended by Sussex Police in the last financial year. With regard to ESFRS attendance to RTCs, this has declined in the last two financial years following an increase up to 2018/19. The large drop in 2020/21 is most certainly attributable to the COVID-19 pandemic with much of the community sticking to local areas and much reduced travel across the service area during lockdown. Figures are projected to increase in 2021/22 owing to the easing of lockdown since March 2021.

Table 5: Number of ESFRS attended RTCs against the numbers of RTCs with casualties attended by Sussex Police in East Sussex

	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22 - Projected**	
RTC ESFRS total attended	426	462	487	479	506	518	443	319	**97**	**390**
East Sussex All RTCs	2,740	3,027	3,013	2,824	2,534	2,574	2,539	1,788	**322 (Apr & May)**	**1,927**
% of RTCs attended by ESFRS	**16%**	**15%**	**16%**	**17%**	**20%**	**20%**	**17%**	**18%**		**20%**

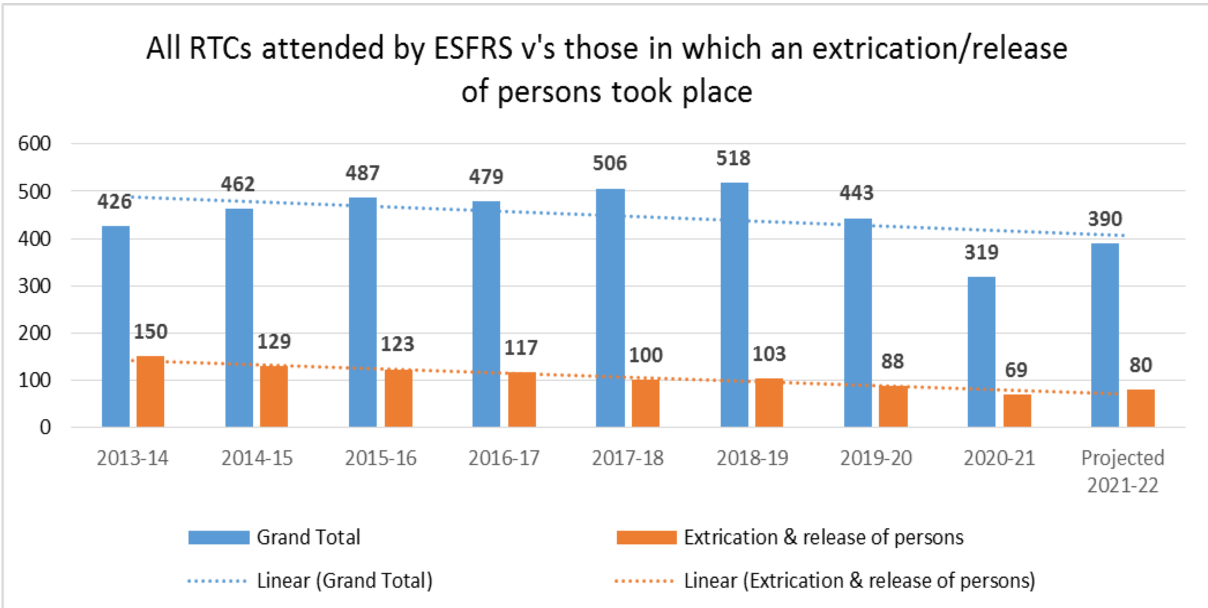
4.2 Chart 1 below shows the number of RTCs attended over an eight year period by type to the end of quarter 1 2021/22. The largest category ESFRS is called to is ‘making the scene safe’ with 1,359.

Chart 1: All RTCs attended by ESFRS by Category 2013/14 to the end of Quarter 1 2021/22



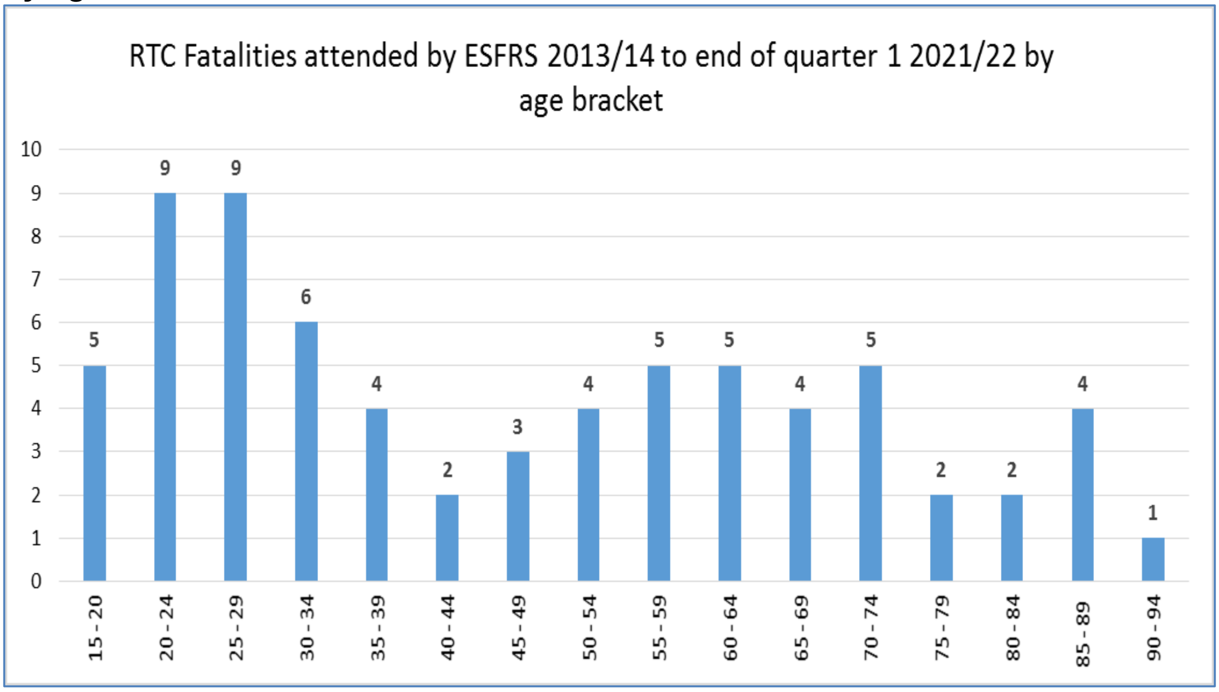
4.3 Chart 2 contains information on the number of RTCs attended against those in which an extrication or a release of persons took place. Both categories are showing a decreasing trend over the entire reported period. This chart includes a projected end of year result for 2021/22 based on current quarter 1 figures. As with all RTC data, it is important to recognise the impact that lockdowns and other restrictions due to COVID 19 have affected recent data.

Chart 2: All RTCs attended by ESFRS v's those in which an extrication/release of persons took place



4.4 Chart 3 shows the age range of the fatalities in RTCs attended by ESFRS over the eight year period to end of quarter 1 2021/22. (NB If the age is not known these incidents have been excluded.)

Chart 3: RTC Fatalities attended by ESFRS 2013/14 to end of Quarter 1 2021/22 by age bracket



5. EQUALITIES IMPLICATIONS

5.1 This report is for information purposes only, so there are no equality implications arising from this report.

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East Sussex
Fire & Rescue Service

East Sussex Fire & Rescue Performance Results Quarter 1 2021/22

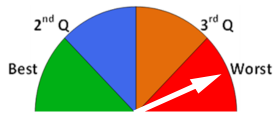
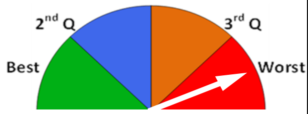
NOVEMBER 2021

Our Purpose

We make our communities safer

We will do this by:

Commitment 1: Delivering high performing services

Indicator No.	How will we measure performance?	2020/21 Q1 result	National Quartile Position 2019/20	2021/22 Q1 result	Projetcted end of year result 2021/22	Direction of travel from Q1 2020/21 result
8	Total number of incidents attended	2,374		2,549	10,224	Declined
9	Number of deaths in primary fires	1		1	4	No change
10	Number of injuries in primary fires	6		3	12	Improved
1 Priority	**No of accidental dwelling fires**	**105**		**109**	**437**	Declined
11	Number of primary fires	256		259	1,039	Declined
12	Number of deliberate fires	234		200	802	Improved
13	No of Industrial and Commercial fires	18	**This is an ESFRS indicator only, no National data is available for comparison**	25	100	Declined
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	76.4%	**This is an ESFRS indicator only, no National data is available for comparison**	No data	No data	No data
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	81.9%	**This is an ESFRS indicator only, no National data is available for comparison**	No data	No data	No data

We make our communities safer

We will do this by:

Commitment 2: Educating our communities

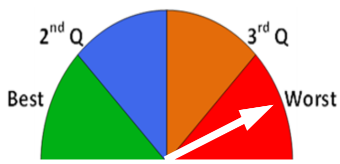
Indicator No.	How will we measure performance?	2020/21 Q1 result	National Quartile Position 2019/20	2021/22 Q1 result	Projected end of year result 2021/22	Direction of travel from Q1 2020/21 result
2 Priority	**% of Home Safety Visits to vulnerable people**	**95.0%**	**This is an ESFRS indicator only, no National data is available for comparison**	**96.6%**	**96.6%**	**Improved** Alternative delivery method
6 Priority	**Undertake 10,000 Home Safety Visits**	**N/a**		**N/a**	**N/a**	N/a due to COVID-19 pandemic
	Number of telephone HSVs completed (due to COVID-19 Pandemic)	**1,512**	**This is an ESFRS indicator only, no National data is available for comparison**	**2,007**	**8,050**	**Improved** Alternative delivery method
	Number of properties visited for faulty / smoke alarm fitting etc	**292**	**This is an ESFRS indicator only, no National data is available for comparison**	**397**	**1,592**	**Improved** Alternative delivery method
7 Priority	**Inspections of high risk premises completed**	**51**		**48**	**193**	N/a due to COVID-19 pandemic
7a Priority	**Busines safety audits completed by Station crews**	**5**	**This is an ESFRS indicator only, no National data is available for comparison**	**82**	**329**	N/a due to COVID-19 pandemic
	Other Business Safety telephone activities and interactions	387	**This is an ESFRS indicator only, no National data is available for comparison**	534	2,142	**Improved** Alternative delivery method
18	Number of business safety engagement events	1	**This is an ESFRS indicator only, no National data is available for comparison**	0	0	N/a due to COVID-19 pandemic
19	Number of attendees at business safety engagement events	381	**This is an ESFRS indicator only, no National data is available for comparison**	0	0	N/a due to COVID-19 pandemic

* May have been fitted as a result of a telephone assessment so cannot be totaled with the figure above

We make our communities safer

We will do this by:

Commitment 3: Developing a multi-skilled, safe and valued workforce

Indicator No.	How will we measure performance?	2020/21 Q1 result	National Quartile Position 2019/20	2021/22 Q1 result	Projected end of year result 2021/22	Direction of travel from Q1 2020/21 result
3 Priority	**The number of working days/shifts lost due to sickness not to exceed 7.5 per employee**	**0.9**	**This is an ESFRS indicator only, no National data is available for comparison**	**2.0**	**8.0**	**Declined**
20	Number of RIDDOR incidents	2		0	0	Improved
21	Number of workplace reported accidents / injuries	48		36	144	Improved

We make our communities safer

We will do this by:

Commitment 4: Making effective use of our resources

Indicator No.	How will we measure performance?	2020/21 Q1 result	National Quartile Position 2019/20	2021/22 Q1 result	Projected end of year result 2021/22	Direction of travel from Q1 2020/21 result
4 Priority	**A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10**	**-40.4%**	**This is an ESFRS indicator only, no National data is available for comparison**	**-30.7%**	**-35.1%**	**Declined**
22	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	1.1%	**This is an ESFRS indicator only, no National data is available for comparison**	1.7%	1.7%	**Declined**
5 Priority	**% of accidental dwelling fires confined to room of origin**	**91.4%**	**This is an ESFRS indicator only, no National data is available for comparison**	**91.7%**	**91.7%**	**Improved**

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EAST SUSSEX FIRE AUTHORITY

Panel	Scrutiny and Audit
Date	11 November 2021
Title of Report	2020/21 Annual report of East Sussex Fire and Rescue Service's (ESFRS) Local Firefighters' Pension Board
By	John Olliver, Payroll, Pensions & HR Assurance Manager
Lead Officer	Interim Assistant Director People Services

Background Papers Local Firefighters' Pension Board meetings held on 23 July 2020, 11 February 2021 and 8 October 2021

Appendices None

Implications

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

PURPOSE OF REPORT To inform the Panel of the matters considered by the Pension Board during 2019/20.

EXECUTIVE SUMMARY The Board has met on three occasions during this year and considered reports on matters such as:

1. Terms of Reference (TOR) for the Pension Board
2. Policies and guides for the board and the Firefighters Pension Scheme (FPS)
3. Current issues and updates relating to the Authority's FPS

RECOMMENDATION The Panel is asked to note the annual report of the Firefighters' Pension Board for 2020/21.

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1. MEETINGS AND ATTENDANCE

1.1 The three Board meetings were held in July 2020, February 2021 and October 2021.

Board Member	Expected Attendance	Actual Attendance	% Attendance
Mr Andrews (Fire Leaders' Association)	1	1	*100%*
Mr Matthews (Fire Leaders Association)	2	2	*100%*
Mr Goodchild (Retained Firefighters' Union)	3	0	*0%*
Mr Herbert (Fire Brigades' Union)	2	1	*50%*
Mr Oakman (Fire Brigades' Union)	3	0	*0%*
Mr Lloyd (Fire Officers' Association)	3	3	*100%*
Cllr Hamilton	3	3	*100%*
Cllr Tutt	3	3	*100%*
Cllr West	3	3	*100%*
Cllr Taylor	1	1	*100%*
Cllr Theobald	1	1	*100%*

2. JULY 2020 PENSION BOARD MEETING

2.1 Change of FPS Pensioner Payroll and Administration Provider

The Board noted that the move of the Authority's FPS Administration and Pensioner Payroll from Orbis to West Yorkshire Pension Fund (WYPF) completed on 01 April 2020.

2.2 Pensioners Tax Coding Issues

The tax code issues which had occurred due to errors in the final payroll run had been resolved, however, the Board queried whether the problems had originated from Orbis. The Assistant Director People Services (ADPS) commented that past difficulties had partly occurred as there had been no clear definition of responsibilities with Orbis as the relationship had evolved from East Sussex County Council involvement with pension administration. There was now a clear user/provider between East Sussex Fire & Rescue Service (ESFRS) and WYPF. The Chair asked that a log of issues with Orbis be retained.

2.3 Scheme Sanction Charge

The Pensions Advisor (PA) confirmed that investigations on Scheme Sanction Charges that Orbis had incorrectly deducted from members' retirement lump sums were ongoing and WYPF would be reviewing the records of the 99 members affected. The Chair asked about the Limitation Act and whether the Authority had not a legal obligation but moral obligation to consider cases further back than six years and check whether they had disadvantaged. The Assistant Director

Resources/Treasurer (ADR/T) explained that it was not a straightforward process and therefore they would be looking at those cases within the 6 year period initially. He that asked the Board allow these investigations to be complete before taking a view as to whether investigation of earlier cases would be appropriate. The Chair also asked about the timeline and whether there was appropriate resources. The ADPS confirmed that discussions on resources would be taken up with WYPF and the PA outside of the meeting. The Chair asked that the Board be kept informed of progress in this matter.

2.4 Norman 'V' Cheshire – Pensionable Pay Ruling

It was noted that it may not be possible to contact the remaining eight members. The Board was satisfied that all efforts had been made to trace those affected.

2.5 Data Issues – GMP Reconciliation and Data Quality Review

This was still being dealt with on a daily basis, however, since transferring to WYPF data quality had improved. The Board asked about the volume of errors and whether they were a cause for concern. The ADR/T reminded the Board that the Guaranteed Minimum Pension reconciliation was a national exercise involving issues with HMRC records. With regard to local data quality, an audit was carried out whilst with Orbis and although some issues were sector wide, there were some issues which should've been identified by previous pension administrators and managers. Current staff were dealing with the issues appropriately.

2.6 Sargeant Employment Tribunal

This matter was still outgoing. Guidance and advice from the Local Government Association was being followed.

RESOLVED: That the Board:

1. noted the Authority's current pension issues, actions taken to resolve them and actions awaiting completion;

2. noted the required actions detailed in the LGA/SAB's FPS monthly bulletins and the Authority's response;

3. requested a further update on the Scheme Sanction Charge investigations, including whether cases which were beyond the Limitation Act should be considered; and

4. requested that officers consider whether additional resources were required to carry out Scheme Sanction Charge investigations.

2.7 Firefighter Pension Schemes Administration Update

The Board received a report from the West Yorkshire Pension Fund (WYPF) which provided an update on the administrative and pensioner payroll status and latest operational data. The Board welcomed Yunus Gajra from WYPF to the meeting who highlighted some elements of the report. It was noted that the WYPF office was open and staff were working from home and extra measures had been put in place in order to safeguard members against potential pension scams. With regard to the Scheme Sanction Charge investigations, it was hoped that the work would be completed in the next week or 2. Quarterly client meetings with ESFRS were being held and a report on the Key Performance Indicators were appended to the report.

The Board asked about progress being made with producing the Annual Benefit Statements and noted that the annual return from Orbis was still awaited. It was expected to be received by the end of the following week. The Pensions Regulator had allowed a 3 month extension to deadline given the pandemic circumstances.

3. FEBRUARY 2021 PENSION BOARD MEETING

3.1 Delays in issuing 2019/2020 annual benefit statements (ABS)

The Board noted that the 2020 ABS had now been completed. As payroll information was now being provided on a monthly basis officers were confident that there would not be the same issues encountered when producing the 2021 ABS. The Board asked whether there had been any additional costs incurred by East Sussex Fire & Rescue Service (ESFRS) as a result of East Sussex County Council (ESCC) failing to provide the information and were informed that the issues had not caused a significant amount of additional effort of ESFRS part. The Chief Fire Officer (CFO) added that have had a number of complaints about late ABS but she was encouraged by improvements.

3.2 Breach Reported to The Pensions Regulator (TPR) in Relation to Delays to ABS

The Board noted that TPR had confirmed that there would not be any action taken against the scheme. The Pensions Advisor (PA) had formally confirmed that to TPR that all ABS had been had now been delivered.

3.3 Sargeant Employment Tribunal – Remedy – Update

The ADR/T highlighted that there were 3 elements to the financial implications of the ruling:

- Additional liabilities with regard to employer contributions as result of the GAD re-evaluation
- Any claims against injury or hurt feelings (non-financial implications of the decision)
- The cost of administration

With regard to the cost of administration, it was noted that the West Yorkshire Pension Fund (WYPF) did have some leeway in the current budget and therefore it was hoped that there would not be a significant financial impact as result of additional administration required to process ‘immediate detriment’ cases.

The Board asked whether the implications of the Sargeant tribunal should be assessed as a significant risk on the risk register. The ADR/T agreed that the impact of the McCloud/Sargeant and the O'Brien judgements should be added to the risk register.

The CFO added that there may be some additional litigation and additional legal costs as a result of the ruling. The Monitoring Officer was liaising via the LGA Lawyers Network in terms of legal implications for the Authority.

3.4 ESFRS Risk Register – Firefighters Pension Scheme(s)

The Board commented that the format of the risk register was different to what they were used to seeing and did not have the scoring mechanism with the two stage mitigating actions. The ADPS agreed that the current format did not align to corporate standard and confirmed that a new version was being developed which would be complete for the next Pension Board meeting.

3.5 The Pensions Regulator (TPR) Public Service Governance & Administration Survey 2020

It was noted that the Chair had provided comments on the survey response. The Board agreed that there would be a need for some training following the May local elections.

RESOLVED: That the Board noted the Authority's current pension issues, actions taken to resolve them and actions awaiting completion.

3.6 Firefighter Pension Schemes' Administration Update

The Pension board received the report of the West Yorkshire Pension Fund (WYPF) which presented them with an update on the matters including Member and administration issues, key performance indicators (KPIs) and work in progress.

The Board received a verbal update on the public service pension age discrimination remedy. It was noted that the Treasury had published its response to the consultation, however changes to legislation were required to action the remedy. WYPF confirmed that every active scheme member had now been transferred onto the 2015 CARE scheme. There was still a need to rectify age discrimination both going forward and retrospectively. The LGA would be issuing communications which would be published on the member website to ensure a consistent message to scheme members. The Board asked about the extent of the concern and were informed that in terms of immediate detriment this affected about 70 scheme members. WYPF added that the initial remedy would apply to claimant and non-claimants but there had been no change in regulations which would allow an immediate detriment calculation.

4. OCTOBER 2021 PENSION BOARD MEETING

4.1 Assistant Director People Services

The Board is asked to note that from July 2021, Doug Marshall replaced Hannah Scott-Youldon as Interim Assistant Director People Services, until the end of 2021.

This was following Hannah's transfer to the role of Assistant Director Operational Support & Resilience. Julie King was appointed as the new Assistant Director People Services, but it is anticipated she will remain in her current role covering Assistant Director of Safer Communities until around January 2021.

4.2 ESFRS Risk Register – Firefighters Pension Scheme(s)

A Risk Register has been developed in order to identify risks and ensure controls are in place to mitigate against those risks in the administration of the ESFRS Firefighter Pension Scheme(s).

4.3 Public Service Governance and Administration survey 2020 published by the Pensions Regulator (TPR)

ESFRS participated in the Public Service Governance and Administration survey 2020 for the Pensions Regulator in consultation with Councillor Tutt as the Chair of ESFA.

As part of the annual Governance and Administration survey published by the Pensions Regulator (TPR), TPR measures six processes as key indicators of public service pension scheme performance.

The Local Government Association (LGA) have refreshed their six key processes factsheet to reflect the most recent results and give guidance to FRAs and their Local Pension Boards (LPBs) to improve understanding and compliance in the next survey.

4.4 Annual Benefit Statements (ABS) 2021

ESFRS Firefighter Pension Scheme Annual Benefit Statements were produced on time by the end of August 2021. They were made available through West Yorkshire Pension Funds (WYPFs) employee portal.

4.5 Age Discrimination Remedy Following the McCloud Sargeant Employment Tribunal

On 4 February 2021 the government published the outcome of its consultation on changes to the reformed 2015 public service pension schemes in order to remove the unlawful age discrimination found by the Courts in relation to the 'transitional protection' arrangements.

The main change proposed to rectify retrospective discrimination gives members a choice of receiving final salary (legacy) benefits or CARE (reformed) benefits for the period 1 April 2015 to 31 March 2022, or their date of leaving if earlier. This period will be known as the remedy period.

The second part of the remedy is to remove future discrimination from the schemes by providing that all members, including formerly protected members, will move to the reformed scheme (FPS 2015) from 1 April 2022.

4.6 Age Discrimination Remedy – Immediate Detriment (ID) Cases

There are a number of urgent and pressing cases (known as “immediate detriment” cases). Immediate Detriment cases are where firefighters who belonged to the legacy pension schemes were obliged to transfer to the FPS 2015 scheme and are now looking to retire and take pension benefits.

Some of those are urgently seeking ill Health Retirement pensions and believe that those pensions would be significantly better if the terms of the pre-2015 legacy final salary FPS applied to them.

4.7 Internal Audit – Pension Administration 2020/21

After carrying out a review of Pensions Administration 2020/21, the internal auditors, provided their report which stated the following *‘Based on the audit work we have undertaken, we are providing an opinion of Reasonable Assurance. Reasonable Assurance is provided in respect of Pensions Admin (2020/21). This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.’*

There were two potential risk items identified relating to Risk Management and controls in place relating to the correct filing and identification of work previously carried out to rectify Issues that had arisen. Actions were agreed to rectify these by 31 May 2021 by the Pensions, Payroll & HR Assurance Manager. These actions have been and are continuing to be implemented and carried out on an ongoing basis.

4.8 Firefighters’ Pension Scheme (FPS) - Modified 2006 Scheme Members Incorrect Taper Dates & Contributions due to ESCC Payroll Error

Earlier in 2021, following a query from a member it was discovered that 15 members who had elected membership of the Modified 2006 Scheme in 2015 had not been treated correctly by ESCC Payroll.

Due to an oversight, they had continued to be treated incorrectly as standard members of the FPS 2006 and therefore the employee and employer contributions that have been deducted since late 2015 have been too low.

These cases need to be investigated and put right. Both the member and ESFRS will owe additional pension contributions.

4.9 Guaranteed Minimum Pension (GMP) Reconciliation & Rectification Project

Before the pensions administration work was transferred to West Yorkshire Pension Fund (WYPF) in April 2020, the previous administrators, Orbis, under the shared service arrangements had commissioned Mercers, a 3rd party supplier to carry out the necessary GMP Reconciliation work for Surrey and East Sussex County Councils in relation to those employees in the Local Government Pension Scheme (LGPS) and in relation to those employees in the ESFRS Firefighter’s Pension Schemes.

The project now needs to move on to the stage of reconciling if the GMPs in the two sets of data match or not. If they don't decisions need to be made about proceeding to rectify the pensioner records and they need to be rectified.

ESFRS are proposing that the balance of the work be completed in its entirety by WYPF and are currently in 1st stage discussions with WYPF on reasonable timescales for completion of this work alongside the work already underway in relation to Age Discrimination Remedy and the expected 2nd Employee Options exercise.

5. CONCLUSION

5.1 Over the past 12 months both ESFRS and WYPF have been working hard bedding in the new pension administration processes, whilst balancing the extensive efforts required to understand and plan for the corrective actions arising from McCloud/Sargeant.

5.2 We are very pleased to report that the Annual Benefit Statements were produced according to the agreed timetable this year.

5.3 All other FPS related work which remain open are still being dealt with and monitored by the Authority's PA.

EAST SUSSEX FIRE AUTHORITY

Panel	Scrutiny & Audit
Date	11 November 2021
Title of Report	Member Attendance 2020/21
By	Ellie Simpkin, Democratic Services Officer
Lead Officer	Abigail Blanshard, Senior Democratic Services Officer
Background Papers	Report to Fire Authority 13 June 2019: Member Attendance 2018/19
Appendices	Appendix 1 – Member Attendance 2020/21: Formal Meetings Appendix 2 – Member Attendance 2020/21: Member Seminars

Implications

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

PURPOSE OF REPORT

To report Member attendance at formal Fire Authority meetings, community events and Member briefing/development events for 2020/21.

EXECUTIVE SUMMARY

Member attendance for all formal Fire Authority meetings was first reported at the Annual Fire Authority on 13 June 2019. At this meeting it was agreed that future reporting on Member attendance would be made to the Scrutiny & Audit Panel on an annual basis for monitoring purposes.

A summary of Member attendance at formal meetings in 2020/21 is included at appendix 1 and attendance at Members Seminars at appendix 2.

RECOMMENDATION	That the Panel notes the Member attendance for 2020/21.

1. **INTRODUCTION**

1.1 Member attendance information is now publicly available on the East Sussex Fire & Rescue website through the ModGov system at: https://esfrs.moderngov.co.uk/mgUserAttendanceSummary.aspx

1.2 This report covers the period from 11 June 2020 to 14 June 2021. During this time the following formal meetings have been held:

Full Fire Authority	3
Policy & Resources Panel	4
Scrutiny & Audit Panel	5
Principal Officer Appointment Panel	3
Pensions Board	3
Human Resources Panel	1

1.3 During 2020/21 5 Member Seminars' have been held as virtual sessions. Since mid-March 2020 open days/community events have been suspended due to Covid-19 and therefore these are not included in this year's report.

2. **Legal Implications**

2.1 The Localism Act 2011 introduced new arrangements to govern the Standards of Conduct for local authority members and co-optees which set out the seven guiding principles of conduct: selflessness; integrity; objectivity; accountability; openness; honesty and leadership. The information in this report supports these guiding principles and, in particular, enhancing openness and accountability.

Member Attendance: Formal Fire Authority Meetings 2020/21

	Meetings due to attend	Number attended	Apologies received	Substitute appointed	Meetings attended as a substitute	Total (%)
Cllr John Barnes	11	11	0	0	0	11 (100%)
Cllr Chris Dowling	4	4	0	0	0	4 (100%)
Cllr Amanda Evans	10	10	0	0	1	11 (110%)
Cllr Roy Galley	10	10	0	0	0	10 (100%)
Cllr Les Hamilton	11	9	2	1	0	9 (82%)
Cllr Carolyn Lambert	11	11	0	0	2	13 (118%)
Cllr Ruth O'Keeffe	3	2	1	0	0	2 (67%)
Cllr Sarah Osborne	9	8	1	1	0	8 (88%)
Cllr Garry Peltzer Dunn	7	7	0	0	0	7 (100%)
Cllr Steph Powell	10	7	3	1	0	7 (70%)
Cllr Peter Pragnell	7	7	0	0	0	7 (100%)
Cllr Phil Scott	8	7	1	1	0	7 (88%)
Cllr Jim Sheppard	7	4	1	0	0	4 (57%)
Cllr Andy Smith	8	8	0	0	0	8 (100%)
Cllr Barry Taylor	9	9	0	0	0	9 (100%)
Cllr Carol Theobald	6	6	0	0	0	6 (100%)
Cllr David Tutt	10	9	1	1	0	9 (90%)
Cllr Pete West*	5	5	0	0	1	6 (120%)

*Joined the Fire Authority 9 July 2020 following the resignation of Cllr Ebel

Member Attendance: Member Seminars 2020/21 (5 held)

	Member Seminars
Cllr John Barnes	4
Cllr Chris Dowling	5
Cllr Amanda Evans	3
Cllr Roy Galley	5
Cllr Les Hamilton	2
Cllr Carolyn Lambert	4
Cllr Ruth O'Keeffe	5
Cllr Sarah Osborne	5
Cllr Garry Peltzer Dunn	4
Cllr Steph Powell	3
Cllr Peter Pragnell	4
Cllr Phil Scott	3
Cllr Jim Sheppard	4
Cllr Andy Smith	2
Cllr Barry Taylor	4
Cllr Carol Theobald	5
Cllr David Tutt	1
Cllr Pete West*	1

*Joined the Fire Authority 9 July 2020 following the resignation of Cllr Ebel

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