

Policy & Resources Panel

12 May 2022



Membership:

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

You are requested to attend this meeting to be held in the County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am

Quorum: 3

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

31. 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.

32. Apologies for Absence/Substitutions

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

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

34. Minutes of the last Policy & Resources meeting held on 20 January 2022

5 - 14

35. Callover

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

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

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|------------|--|----------------|
| 36. | Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 11 | 15 - 42 |
| | Report of the Assistant Director Resources/Treasurer | |
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| | Report of the Assistant Director Resources/Treasurer | |
| 38. | Update on the Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment | 47 - 58 |
| | Report of the Assistant Director People Services | |
| 39. | Exclusion of Press of Public | |
| | To consider whether, in view of the business to be transacted or the nature of the proceeding, the press and public should be excluded from the remainder of the meeting on the grounds that, if the press and public were present, there would be disclosure to them of exempt information. | |
| 40. | Update on the Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment - Confidential Appendices | 59 - 70 |
| | Report of the Assistant Director People Services | |

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

Date of Publication: 4 May 2022

Information for the public

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POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am on Thursday, 20 January 2022.

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

Also present: Whittaker (Chief Fire Officer), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Office), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), J King (Assistant Director Safer Communities), K Pearce (ITG Manager), J Olliver (Payroll, Pensions & HR Assurance Manager) and E Simpkin (Democratic Services Officer)

20 Declarations of Interest

The Assistant Director Resources/Treasurer declared that in relation to item 26, in that he was a Director of the Fire & Rescue Indemnity Company.

21 Apologies for Absence/Substitutions

Apologies were received from Councillor Powell.

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

There were none.

23 Minutes of the last Policy & Resources Panel meeting held on 11 November 2021

RESOLVED: That the minutes of the meeting of the Policy & Resources Panel held on 11 November 2021 be approved as a correct record and signed by the Chairman.

24 Callover

Members reserved the following items for debate:

25. Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 8
26. Fire Authority Service Planning Processes for 2022.23 and Beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
27. Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment

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

28. IT Delivery Contract Extension

25 Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 8

The Panel received a report of the Assistant Director Resources/Treasurer (ADR/T) which presented the findings of the Month 8 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26.

It was noted that a net revenue underspend to the sum of £388,000 had been identified, an increase in underspend of £387,000 from the position identified in the last report to the Panel of £1,000 underspend. This was mainly due to vacancies across the service, the identification of savings within ITG, underspends within Operational Support & Resilience offset by overspends in relation to overtime, Deputy Chief Fire Officer recruitment, additional allowances for Logistics & Control Support staff, ill health retirements and over budgeting on S31 business rates. Most in-year pressures would be dealt with through the use of contingency, use of reserves or service underspends.

With regards to the Capital Budget and Capital Strategy of £23,294,000 which was approved by the Fire Authority on 11 February 2021, this had been updated to £23,885,000 including slippage brought forward from 2020/21 (£364,000), IRMP vehicles and equipment (£142,000) and work at Seaford required for it to house the High Volume Pump (£85,000). The updated Capital Programme was forecasted to be underspent by £18,000. The current risks to the Revenue budget and Capital programme were detailed in section 3 of the report.

RESOLVED: That Panel noted:

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

26 Fire Authority Service Planning processes for 2022/23 and Beyond - Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27

The Panel considered a report of the ADR/T which presented the Fire Authority's draft Revenue Budget 2022/23, Capital Strategy 2022/23 – 2026/27 and Medium Term Finance Plan (MTFP) for 2022/23 – 2026/27 for

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initial consideration prior to its formal consideration by the Fire Authority at its meeting on 10 February 2022.

The ADR/T introduced the report highlighting that final Council Tax and Business Rate collection fund figures were still awaited from billing authorities, as was confirmation of fire specific grant allocations from the Home Office. The ADR/T outlined the key headlines of the proposals:

- Although the Comprehensive Spending Review covered a three year period, the Government had announced a one year provisional settlement for 2022/23 only. This was understood to be due to the Department for Levelling Up, Housing & Communities plans to implement a change to the funding formula as part of the Fairer Funding Review and make changes to Business Rates for 2023/24.
- The settlement included a one-off un-ringfenced Services grant of £0.535m to cover costs such as pay, inflation, increase in National Insurance contributions and other pressures. It was expected that the pension grant would continue at the same cash level as in 2021/22
- The Council Tax referendum threshold remained at 2%, except for eight fire services in the lowest quartile of Council Tax that had been granted flexibility to increase their precept by up to £5. The Revenue Budget and MTFP had been prepared on the basis of a 1.99% increase for 2022/23 and beyond.

The Panel noted that the budget reflected the outcome of the Star Chamber process during which cost pressures, investment bids and savings had been discussed and agreed with Assistant Directors. A balanced budget had been achieved through the use of reserves, however, the ADR/T stressed that the ongoing use of reserves to achieve a balanced budget was not a sustainable approach.

The Capital Asset Strategy proposals included the refurbishment of the five Whole Time Stations and new investment in Live Fire Training facilities and Multipurpose Training Hubs. As reserves were used to invest in capital projects, borrowing was set to increase. The Revenue impact of new borrowing was reflected in the MTFP from 2022/23 onwards. There were three scenarios outlined in the MTFP with the mid-case scenario showing a need to deliver savings of £1.533m in the revenue budget by 2026/27. The ADR/T added that if it was not possible to generate savings through efficiencies in the areas identified in the budget report there may be a need to revisit the Integrated Risk Management Plan proposals as a way of generating savings given the majority of spending was on operational provision.

The Panel asked whether the cost of utilities had been included as a risk factor. The ADR/T agreed that inflation, set at 2%, was a risk and that areas which may be subject to excess inflation (utilities, timber and food costs) had been identified and built into budget.

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Members also asked for further information on the Tax Income Guarantee Scheme (TIG) grant, specifically how secure the provision was and whether it would be needed into 2023/24. The ADR/T explained that Government had made provision for the impact of covid on the Business Rate and Council Tax collection rate through the TIG. This was being paid in 2 tranches, however there was still currently a degree of uncertainty over the exact amount the Service would receive as some billing authorities had revised their business rate returns to Government and revised TIG grants had yet to be confirmed.

The Panel queried whether income from Business Rates Pool had been included in the budget proposals. The ADR/T clarified that it was practice not to build the Business Rate Pool income into the base budget given the uncertainty over the amount to be received. Any actual income received was transferred into an earmarked reserve to be spent in line with the Pool Memorandum of Understanding. Income from the Pool had enabled the Service to make significant investment supporting its Protection services including in the Customer Relationship Management software and the recruitment of 6 protection trainees. It was noted that it was likely that 2022/23 would be last year of the Pool if the Business Rates was subject to a reset in 2023/24.

The Panel thanked officers for a comprehensive report.

RESOLVED: That the Panel:

1. Noted that:
 - (a) the one year settlement as set out in the Local Government Finance Settlement was only provisional at this stage and may be subject to change;
 - (b) the proposed increase in council tax of 1.99% was based on the threshold in the Provisional LGFS;
 - (c) the East Sussex Business Rate Pool, of which the Authority was a member, had been approved as part of the LGFS, and that any income would be transferred into the Business Rates Pool Reserve;
 - (d) that the Home Office was still to announce the quantum and allocation of fire specific grants for 2022/23; and
 - (e) the final council tax and business rate bases and the collection fund positions were still awaited and that final budget proposals may change once this information was received.
2. Recommended that the Fire Authority, subject to any changes as a result of recommendation 1, approves:
 - (a) an increase in council tax of 1.99% and thus approves:

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- (i) the budget proposals set out in this Report and the net budget requirement of £41.718m for 2022/23;
 - (ii) the council tax requirement of £29.240m; and
 - (iii) the council tax and precepts as set out in Appendix F
- (b) the capital programme for the next five years and the capital budget of £7.250m for 2022/23 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure;
- (c) that the General Balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2024/25;
- (d) the fees and charges set out in Appendix C;
- (e) the use of reserves as follows to balance the revenue budget in 2022/23:
- 0.2m from Sprinkler reserve
 - £0.2m from BR Pool reserve (to fund investment in protection services)
 - £0.032m from Financial Stability reserve
- (f) that the Treasurer, in consultation with the Chairman and the Chief Fire Officer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

27 Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment

The Panel considered a report of the Assistant Director People Services (ADPS) which provided an update on the changing position in regard to Age Discrimination, Remedy & Immediate Detriment Cases in the Firefighters' Pension Schemes and the recommended approach for the Service. The update followed the decision made by the Panel in November 2021 to adopt the Local Government Association (LGA) and Fire Brigades Union (FBU) Framework for Managing Immediate Detriment Issues for dealing with those cases retiring before legislation was due to be passed in October 2023 and the subsequent withdrawal of Home Office guidance on processing certain immediate detriment cases. In withdrawing its guidance the Home Office explained that due to the complexity of the situation it did not advise schemes to process any immediate detriment cases before legislation was in place. In December 2021 a decision was made by the Fire Authority to pause the processing of any immediate detriment cases. Officers now had assessed the options available as to how best to proceed and these were set out in the report for the Panel to consider. The ADR/T stressed that the options were based on officers giving the best advice they could, given the uncertainty and changing nature of the matter.

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The Payroll, Pensions and HR Assurance Manager explained that there were four possible options for the Authority:

- Restart the paused position and action Immediate Detriment for both retirees and pensioners in retirement.
- Remain paused whilst further information and guidance was obtained.
- Opt out of Immediate Detriment entirely until the Full Home Office remedy was published. This would effectively mean that any retirees from January 2022 until October 2023 would have to wait for their legacy Pension entitlement.
- Revert to its approach agreed in the Summer 2021 and continue with paying legacy benefits for those due to retire in the coming months (category 1 cases) but not revisiting those already in retirement until there was more certainty of how to action the retrospective changes (category 2 cases).

The Deputy Monitoring Officer informed the Panel that she was satisfied the Service had the ability to make payments on the basis of the power to compromise actual or threatened proceedings. She added that there was more certainty over the position on those individuals that were due to retire and less on those that had already retired.

The ADR/T referred to Home Office communication that made it clear that the Government would not be providing any funding to compensate services for any additional payments which they may make which fell outside of the pension account and explained that lump sums and backed dated revised payments constituted scheme costs. Non scheme costs included tax charges on additional lump sums which were paid over 12 months after retirement, interest on those payments at 3% per annum, contribution holiday compensation payments and scheme pays compensation. The main area of uncertainty was in relation to additional employee contributions which were due when an individual reverted from the 2015 scheme to the 1992 scheme. Officer's view, in the light of the McCloud / Sergeant judgement, was that the contributions to the 2015 scheme should be treated as if they were contributions to the 1992 scheme and the net additional contributions should be subject to tax relief if paid via payroll and not if paid from a pension lump sum. In the latter case there was a risk if HMRC did not make arrangements for tax relief to be claimed at a later date that the Authority may be liable for compensating individuals accordingly. He added that there was significant uncertainty over the tax implications and liability but it was important to remember that these risks were sector wide and that the Chair of the Firefighter Pension Scheme Advisory Board had written to the Treasury seeking further clarification on these and other aspects of their guidance note. The Service had approached its own tax advisors for advice on the matter. It was noted that the exposure for the liability of any additional tax charges

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should the Authority progress with the category 2 cases was thought to be in the region of £30-£50k. The majority of these costs may be mitigated if changes were made by HMRC to tax regulations for the 2022/23 tax year and payments were made after that date. The ADR/T summarised that he would recommend delaying the consideration of the category 2 cases until more was known as to whether the tax liability would be mitigated, reducing the Authorities financial exposure. He suggested that there could be a further update to the Panel in May when Her Majesty's Revenue and Customs (HMRC) position had been established. The Payroll, Pensions and HR Assurance Manager added that it was thought that the cost of any legal challenge to opting out of Immediate Detriment entirely was likely to exceed the cost of continuing until the tax liability had been confirmed.

The Panel dismissed the option to opt out of Immediate Detriment entirely as they did not think it acceptable for all retirees and pensioners to have to wait for the situation to be resolved. Further discussion was had over the option to progress category 1 cases but pause those in category 2 which would apply to approximately 6 cases.

The CFO highlighted the difficult nature of the situation and added that different positions were being taken across fire and rescue services. She was aware that two cases had recently been settled out of court as the risk of potential legal costs and payments outweighed the risk of making payment under the current framework. There was the wider risk to industrial relation issues and staff were feeling frustrated by the long-running nature of the matter. Clarity on the outstanding issues was being sought by all parties. The CFO agreed that option 4 was the best way forward, all things considered.

The Panel agreed that option 4 most was the most satisfactory given the circumstance and noted that the LGA and National Fire Chiefs Council were actively involved in seeking to resolve the outstanding matters.

RESOLVED: That the Panel agreed that the Authority revert to its approach agreed in the Summer 2021 and continue to pay legacy benefits for those due to retire in the coming months but would not revisit those already in retirement until there was more certainty of how to action the retrospective changes.

28 IT Delivery Contract Extension

The Panel received a report of the ADR/T which updated Members on the outcome of Spirit Acuity's review of the current telent contract performance and the assessment as to whether the Authority should take up the option to extend the existing IT delivery contract for a further three years to August 2026. The report provided the outcome of the associated commercial negotiation with telent and the associated savings that had been negotiated, based on the planned expenditure detailed in the Authority's IT Strategy 2020-2025. The report recommended that the Panel approve the three year extension to the contract with the associated savings.

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The ADR/T highlighted the importance of the review and commended officers and telent for their open and honest engagement throughout. The assessment undertaken by Spirit Acuity had been a thorough process and had concluded that the contract with telent was fit for purpose and operating well. There was a recommendation to negotiate with telent with the view to achieve an improvement in price performance and increased strategic engagement in areas such as future technology options. As a result of the negotiations projected savings of £303k would be achieved. Further detail was provided in the confidential appendix to the report.

RESOLVED: That the Panel:

- i) noted the outcome of Spirit Acuity's review of the current Telent contract and recommendation to extend the contract for a further three years to August 2026;
- ii) noted that as part of the Spirit Acuity recommendations a new Strategic Engagement Workshop will take place annually, jointly facilitated by Telent and the Authority, to identify strategic requirement, priorities and align plans beyond the immediate IT Strategy;
- iii) noted the outcome of the commercial negotiation with Telent, related to the three year extension and the projected saving of £303,000 for the extended term, based on the expenditure detailed in the published ESFRS IT Strategy 2020-2025;
- iv) approved the three year extension of the Telent contract to August 2026 and associated £303,000 saving; and
- v) delegated authority to the Assistant Director Resources / Treasurer to put in place all arrangements necessary to exercise the contract extension.

29 Exclusion of Press of Public

RESOLVED: That agenda item 30 be exempt under paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly are not open for public inspection on the following grounds: the information relates to the financial or business affairs of any particular person (including the authority holding that information).

30 IT Delivery Contract Extension - Confidential Appendix

RESOLVED: That the Panel noted the confidential appendix to item 28 of the agenda.

The meeting concluded at 12.41 pm

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Signed

Chairman

Dated this

day of

2022

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EAST SUSSEX FIRE AUTHORITY

Meeting Policy and Resources Panel

Date 12 May 2022

Title of Report Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 11 (end February)

By Duncan Savage – Assistant Director Resources/Treasurer

Lead Officer Alison Avery - Finance Manager

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

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

Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 8 (end November)

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

Implications

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

PURPOSE OF REPORT To report on the findings of the Month 11 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26.

EXECUTIVE SUMMARY

This is the fifth report to Members for the 2021/22 financial year and highlights the findings from the Month 11 monitoring undertaken on the Revenue Budget 2021/22 and 5 year Capital Programme 2021/22 to 2025/26, approved by the Authority in February 2021. The closedown and final accounts process for 2021/22 is underway and we expect to bring a provisional outturn report to this Panel in July.

A net revenue underspend to the sum of £264,000 has been identified which is a reduction in underspend of £124,000 from the position identified in the last report to this Panel of £388,000 underspend, as summarised in Appendix 1. This is mainly due to vacancies across the service, the identification of underspends within ITG and Finance, underspends within OSR, offset by overspends in relation to being over establishment in wholetime staff, overtime, DCFO recruitment, additional allowances for Logistics & Control Support staff (previously RMT team), ill health retirements, firefighter recruitment, occupational health and includes the staff pay award. The reduction in underspend since Month 8 can be attributed in part to the staff pay award at £119,000, although there is also additional spend in People Services for occupational health and training, offset by reductions in Estates, Finance, Engineering and Corporate Contingency. In addition S31 and TIG grants received were higher than anticipated and the transfer of £136,000 from reserves to cover that pressure is no longer required.

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

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

Revenue and Capital programme risks are detailed in section 3, focusing specifically on areas that are subject to further investigation and the outcome could result in significant additional pressures in the current and future financial years.

The original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. The Fire Authority on 10 February 2022 approved the original 2022/23 and five year Capital Strategy, and in doing so, revised the 2021/22 Capital Budget and five year Capital Strategy 2021/22 to 2025/26 to the level of £25,327,000.

The current year Capital Budget was approved by the Fire Authority at £6,105,000 and updated to £2,682,000 (Property £429,000 and Fleet and Equipment £2,253,000) including slippage of £364,000 brought forward from 2020/21, £71,000

IRMP related pool cars and vehicles, £85,000 for alterations to Seaford and £3,910,000 slippage to 2022/23. Officers have reviewed the capital plans for 2021/22 and report slippage on delivery of projects to the value of £511,000 (19.2%). This is primarily due to further delays within Engineering due to the global supply issues. In addition underspend of £40,000 is expected against capital schemes comprising underspend of £55,000 in Engineering and £15,000 overspend in Estates. Detailed information is contained within section 7 and summarised in Appendix 5. The Fleet and Equipment Capital Projects 2021/22 are detailed in Appendix 6.

The position on reserves shows an opening balance of £22,961,000. The forecast net drawdown from reserves is £6,137,000, a reduction in drawdown of £2,329,000 compared to the planned drawdown of £9,972,000. This results in an estimated closing balance of £16,824,000, as detailed in section 8 and summarised in Appendix 7. Work is ongoing to review likely drawdown of reserves (including grants brought forward) for the rest of the current year on both Revenue and Capital projects.

There was a reduction in the interest receivable on the Authority's cash investments of £20,640,000 due to the Bank of England lowering its' base rates to invigorate the economy due to the impact of Covid-19. However, the base rate increased in December and again in February with interest receivable projected at £55,000, resulting in a surplus of £15,000 when compared to the budget. Interest payments on fixed rate loans of £10,298,000 are unaffected.

RECOMMENDATION

Policy and Resources Panel is recommended to note:

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

1. **INTRODUCTION**

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

	This P&R (Month 11) £'000	Last P&R (Month 8) £'000	Movement £'000
Revenue (see section 2)	(264)	(388)	124
Capital in year (see section 7)	(551)	(3,925)	3,374

- 1.3 The Revenue Budget, approved by the Fire Authority in February 2021, was a net expenditure requirement of £40,704,000.
- 1.4 A net revenue underspend to the sum of £264,000 has been identified at Month 11 (end February) which is a reduction in underspend of £124,000 to that previously reported (£388,000 underspend) which is reflected in the Revenue Budget 2021/22 objective summary at Appendix 1 and detailed in section 2.
- 1.5 The savings requirement 2021/22 is £504,000. The current position shows we have delivered or are on course to deliver £361,000 (71%) of savings. IRMP implementation and Community Safety Restructure savings will not be achieved in full, whilst the reduction in admin cost saving of £25,000 (5%) linked to the introduction of the HSV part of the CRM project will not be delivered in the current financial year.
- 1.6 The grants available total £6.2m, including grants brought forward from previous years, of which spending plans total £4.5m for the current year. The quarter 1 and 2 grant claims have been concluded, as summarised in Appendix 3, and detailed in section 5.
- 1.7 The five year Capital Strategy 2021/22 to 2025/26 was approved by the Fire Authority in February 2021 at £23,294,000. The Fire Authority on 10 February 2022 approved the original 2022/23 and five year Capital Strategy, and in doing so, revised the 2021/22 Capital Budget and five year Capital Strategy 2021/22 to 2025/26 to the level of £25,327,000. The revised 5 year Capital Programme is projected to underspend by £40,000 within Engineering as detailed in section 7 and summarised in Appendix 3.
- 1.8 The Capital Budget for 2021/22 was approved by the Fire Authority at £6,105,000 and updated to £2,682,000 including slippage of £364,000 brought forward from 2020/21, IRMP related vehicles, equipment and estates work of £156,000 and 361£3,910,000 slippage to 2022/23. A review of capital projects has identified

slippage of £511,000 (19.2%) (Fleet & Equipment £591,000 offset by overspend within Estates of £80,000) into 2022/23, and additional underspend of £40,000 within Fleet, as detailed within section 7 and summarised in Appendices 4 and 5.

- 1.9 A number of Revenue Budget and Capital Programme risks are set out in section 3 which will be monitored throughout the year. The updated position on Contingency, Reserves, Borrowing and Investments is provided at sections 6, 8 and 9 respectively.

2. REVENUE BUDGET COMMENTARY

- 2.1 The Revenue Budget is projected to underspend by a net £264,000 which is a reduction in underspend from the forecasted underspend of £388,000 reported to Members at November Panel. This is summarised across divisions in Appendix 1 and detailed explanations are provided below.

- 2.2 **People Services:** There is a projected overspend of £214,000 as follows:

- 2.2.1 **HR:** Overspend expected of £96,000. The overspend relates to DCFO recruitment (£25,000), occupational health (£56,000) and staff pay award (£15,000). The charges for Occupational Health are the latest information from our collaboration partners and represent the worst case scenario, although these are being challenged.

- 2.2.2 **Training:** Overspend of £122,000 relates to firefighter recruitment (£95,000), overtime (£114,000) loss of income (£25,000) and other spends including equipment (£46,000) offset by underspend on training (£158,000). The overspend on firefighter recruitment is due to spend being incurred earlier than previously anticipated, with the total spend expected to be in line with the budget provision of £350,000 across 2021-22 and 2022-23.

- 2.3 **Resources/Treasurer:** There is an overall projected underspend of £416,000 as follows:

- 2.3.1 **Estates:** Estates projects an overspend of £29,000 largely due to increased electricity (£70,000), cleaning costs (£20,000), underachieved income (£17,000) and hired and contracted services (£270,000), which are offset by underspends on staff (£51,000), maintenance & improvement works (£240,000), rent & rates (£44,000) and other small underspends across the department of £13,000.

- 2.3.2 **ITG:** The I.T. Manager projects an under-spend of £378,000 (previously reported underspend £343,000) following an updated comprehensive review of the ITG revenue budget compared to known commitments.

- 2.3.3 **Finance:** Finance projects an underspend of £62,000, following a thorough review of outstanding commitments and review of expected costs for the year, including those for external audit and one-off costs related to the Finance Improvement Plan.

- 2.3.4 **Procurement:** Procurement projects an underspend of £7,000 relating to an underspend in relation to 0.5fte Category Assistant vacancy.

- 2.4 **Planning and Improvement:** The forecast is an underspend of £31,000 as follows:

- 2.4.1 **Communications:** Overspend of £17,000 expected due to maternity cover and pensions costs.
- 2.4.2 **Performance:** Underspend of £9,000 in relation to consultancy and subscriptions.
- 2.4.3 **PMO:** Underspend of £25,000 in relation to vacancies within the department offset by agency staff costs.
- 2.4.4 **Cost of Democracy:** Underspend of £14,000 due to vacancies within the department and an underspend on members' conferences and travelling.
- 2.5 **Safer Communities:** The service projects an overall overspend of £197,000 (previously £5,000 underspend), which is shown across Areas in the table below:

Area	Budget	Projected	Month 11	Month 8	Variance	Pay	Other
	£'000	Outturn	Variation	Variance			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AD Safer Communities	114	110	(4)	(5)	1	0	1
Flexible Crewing Pool	250	0	(250)	(250)	0	0	0
IRMP	172	135	(37)	0	(37)	1	(38)
Central	5,378	5,518	140	176	(36)	1	(37)
West	7,598	7,941	343	265	78	2	76
East	5,486	5,511	25	(112)	137	3	134
Protection	1,724	1,603	(121)	(150)	29	11	18
Prevention	920	1,021	101	71	30	14	16
Total Safer Communities	21,642	21,839	197	(5)	202	32	170

- 2.5.1 **AD Safer Communities:** Underspend of £4,000 on pay costs.
- 2.5.2 **Flexible Crewing Pool:** Underspend of £250,000 as IRMP crewing pool positions remain vacant and will not be filled this financial year, this is offset by staffing overspends elsewhere within Safer Communities.
- 2.5.3 **West and Central:** Projected overspend due to posts being over-establishment and additional overtime costs incurred as a result of challenges in crewing due to absences. The forecast has increased in West due to wholetime costs and reduced in Central due to overtime.
- 2.5.5 **East:** Projected overspend of £25,000 which can be attributed to overtime costs due to crewing challenges. This offsets the underspend which had previously been expected due to vacancies.
- 2.5.6 **Protection:** The underspend of £121,000 (previously £150,000) is attributable to vacancies within the department, which are now filled, this is offset in part by an underachievement of £11,000 on Primary Authority income against the agreed target of £19,000.
- 2.5.7 **Community Safety:** Overspend of £101,000 relates to pressure from their unachievable saving of £50,000 (detailed in Appendix 2) and staff costs, including recruitment of additional temporary staff to cover maternity leave and long term sick leave. The forecast has reduced following a review of outstanding commitments relating to smoke alarms and equipment

- 2.6 **Operational Support & Resilience:** The provisional outturn is an underspend of £199,000 as follows:
- 2.6.1 **AD OSR:** Overspend of £1,000 (previously £8,000 underspend). Overspend on overtime for FBU representatives is offset by an underspend on equipment.
- 2.6.2 **Engineering:** Underspend of £189,000 expected (previously £139,000). This relates to additional income for vehicle sales (£81,000), maintenance based on historic trends and adjusted for expected contracted out maintenance (£35,000) and equipment as the budget is based on an obsolete equipment replacement programme (£115,000). These are offset by an overspend of £31,000 on fuel as prices have risen by 21% since April and £11,000 for support staff pay award.
- 2.6.3 **Ops P&P:** Underspend of £23,000 expected (previously £23,000). The underspend relates to staffing, due to delays in recruiting (£12,000), hydrants (£5,000) and specialist training and equipment (£26,000) offset by the Logistics & Control Support Team (previously Resource Management Team) receiving 10% allowances from 1 September (£14,000).
- 2.6.4 **Control Room:** An overspend of £12,000 is expected following a review of spend for the P21 closure report, including expected costs for rates, insurance and utilities at Haywards Heath. Previously reported underspend of £82,000 has been transferred to the Mobilising reserve to offset remaining project risks.
- 2.7 **Treasury Management:** This income budget is projected to overachieve by £15,000. Interest rates on investments reduced significantly following the reduction in the Bank of England base rate due to Covid-19, however the rate increased to 0.25% in December and then to 0.50% in February and this is having a knock on impact for our investments. Although the interest received will be considerably reduced compared to previous years, it is forecast to meet the £40,000 interest budget (reduced from £75,000 in 2020/21) and deliver additional income of £15,000, an increase of £8,000 from the position at November.
- 2.8 **Non-Delegated Costs:** An overspend of £90,000 is projected. Overspend of £79,000 relates to ill health retirements (IHRs). These costs are spread over three financial years. These are not controllable costs and it is possible the pressure will increase as there may be one further IHR this financial year. Overspend of £25,000 relates to Procurement savings, which whilst achievable haven't yet been allocated to budget areas. These are offset by underspends of £14,000 in relation to compensation and unfunded pensions based on year to date information.
- 2.9 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in-year budget pressures and was set at £341,000 for 2021/22. The total amount available has increased to £407,000 following approvals by SLT. Approved pressures total £355,000 resulting in £52,000 remaining in contingency, as detailed in section 6
- 2.10 **Transfer to and from Reserves:** Expected to be on budget, the previous underspend of £136,000 expected as the contribution to the Improvement and Efficiency reserve has been reversed as there is no longer a pressure from the section 31 business rates. £257,000 of general fund reserves have been utilised to

finance the in-year agreed 1.5% pay-award for staff on grey and gold book terms and conditions.

- 2.11 **Financing:** a pressure is identified of £23,000 as a result of the amounts paid for the Government's compensation scheme for council tax and business rates being lower than budgeted, the position has improved since P10 when a pressure of £50,000 was expected. An additional £75,000 is expected in relation to the section 31 grant, with £211,000 more expected relating to 20/21, offsetting the pressure of £136,000 expected on the 21/22 grant.

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

- 3.1 **Covid 19:** The immediate financial impacts of Covid 19 in 2019/20 and 2020/21 have been funded (whole or in-part) by grant from Government. These included increased expenditure on PPE, staffing, shortfalls in fees and charges income and delays to capital projects resulting in significant revision to the Capital Programme. Covid 19 will continue to impact on the Authority's finances during 2021/22 where impact on both the Business Rate and Council Tax Collection Funds will be felt. There is currently £170,000 Covid grant held in reserve and it is anticipated £133,000 will be utilised to fund Covid 19 related spend this year.
- 3.2 **Pension Costs:** There is continued reliance on one-off grant to fund increased contributions for FPS as well as the uncertainty on the cost and funding of the remedy from the Sargent case (initial estimate of historic liability approx. £5m, ongoing costs £0.9m p.a.). For the latter it is now understood that the cost will impact through the next quadrennial scheme valuation i.e. from 2024/25 onwards. The Authority will be directly liable for the cost of any Injury to Feelings claims and any additional administrative costs of implementing the remedy. The Government has also recently announced that it will not fund non scheme costs including unauthorised tax charges and scheme sanction charges in the current tax year. A Pension Admin grant of £47,000 is being held in reserves to fund expected pension administration software upgrade costs resulting from remedy implementation. A further £100,000 was allocated to this reserve from contingency following SLT approval.
- 3.3 **Pay Award 2021/22:** Negotiations have concluded between unions and pay awarding bodies resulting in a 1.5% pay award for staff on gold and grey book terms and conditions, with the cost of £257,000 fully funded from general fund reserve. A pay award of 1.75% has been agreed for green book staff at a cost of £119,000 and is included within the forecast position.
- 3.3.1 Following approval from SLT £117,000 held in an earmarked green book pay award reserve has been transferred back to the General Reserve.
- 3.3.2 There was no allowance made for an increase in all pay conditions in the budget following the Government's call for a pay freeze which causes an estimated ongoing funding issue of around £460,000 (full year) which has been resolved as part of the MTFP 2022/23+ process.
- 3.4 **Potential Capital Project Cost Increases** -The impact of Brexit, Covid-19 and the Suez blockage are holding up construction projects across the nation. The dwindling supplies along with increased costs and long delivery times being experienced by the construction industry could impact on the Capital Programme. The Estates team

are working to understand the potential financial impact and it is likely that this will become evidence as we move planned projects through procurement to delivery during the year.

- 3.5 **Utilities and Fuel Inflationary Increases:** There have been considerable inflationary rises in utilities and fuel costs, which have been exacerbated by the ongoing conflict in Ukraine. These budgets will be monitored closely with Estates and Engineering colleagues to ensure any pressure caused as a result is reported as early as possible.

4. **SAVINGS PROGRAMME 2021/22**

- 4.1 Appendix 2 summarises the net savings requirement 2021/22 of £504,000. Work is in ongoing with Service managers to identify and report actual delivery of savings compared to budgeted savings.
- 4.2 Current projections show we have delivered or are on course to deliver £361,000 (71%) of savings. The IRMP implementation project has been re-profiled and planned savings are likely to underachieve by £93,000 whilst delays to the CRM project mean that administrative savings in Community Safety totalling £50,000 will also not be achieved this year as detailed in Appendix 2.

5. **Grants and Fees & Charges Income Compensation Scheme**

- 5.1 The Government has awarded grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions. These include grants awarded in year, brought forward from previous years where their spending plans fall over more than financial year and others that require development of spending plans. The amount available is £6.2m compared to agreed spending plans of £4.5m in 2021/22. The quarter 1, 2 and 3 grant returns have been submitted, as summarised in Appendix 3.
- 5.2 The latest grants are detailed below:
- 5.3 **Covid-19:** – This is to alleviate an increase in expenditure and shortfall in income relating to Covid-19. £170,000 has been brought forward in a grants reserve, of which it is anticipated £133,000 will be utilised this year.
- 5.4 **Surge Protection Grant Funding:** – this is specifically to deal with inspections for high rise buildings and other high risk buildings. The grant conditions have been received, including the deadline of December 2021 by which the high rise element of the grant must be spent. A further allocation of £421,366 has been awarded. A project group has been set up and delivery plans drawn up to ensure full use of the grant (£653,149 in 2021/22). The Service's plan for increasing capacity within its Protection function will require funding beyond that available through the Grant available. A further £0.3m is forecast to be required (in 2022/23 & 2023/24) and it is proposed this is funded from the BR Pool reserve as part of the budget report.
- 5.5 **Grenfell Infrastructure Fund:** £46,607 is to help support FRS to put in place a local Grenfell Inquiry recommendations co-ordination function which will help co-ordinate local activity and support the national work led by the NFCC; drive progress on local improvements and ensure funding for smoke-hoods and other technical investments.

- 5.6 **Fire Fighter Pension Scheme:** this is used towards the shortfall in employer's pension contributions and £1.7m has been received.
- 5.7 **Government Income Compensation Scheme for Fees and Charges:** In 2020/21, the Government launched a compensation scheme which provided for net budgeted fees and charges income loss due to the impact of Covid19 in accordance with the scheme principles. A claim for April to June 2021 has recently been submitted, with payment made in March 2022.

6. **CONTINGENCY 2021/22**

- 6.1 The Fire Authority maintains a contingency in order to assist it in managing one-off unforeseen pressures and making investments within the financial year. At its' meeting held in February 2021, the Fire Authority agreed a contingency of £341,000 for the 2021/22 financial year.
- 6.2 An additional £66,000 has been transferred to contingency following transfers of underspends in relation to fuel, transport, travel and subsistence due to Covid-19. This brought the total contingency amount available within 2021/22 to £407,000.
- 6.3 Commitments approved to date total £355,000, leaving a contingency balance of £52,000 at the end of February as detailed in the table below:

		£'000
Opening Balance 1 April 2021	Lead	341
Fuel and Transport Underspend agreed by SLT in August		39
Travel & Subsistence Underspend agreed by SLT in November		27
Available		407
Extension of Pension Adviser to 31/12/2021	JK	61
Pensions awareness training	JK	2
Finance Improvement Plan Resource	DS	62
HVP move to Seaford	DS	85
Extention of Pension Advisor to 31/03/2022	JK	30
GMP Data Transfer	DS	15
Transfer to Pension Admin Reserve for unfunded pension costs	DS	100
Total Commitments		355
Amount Remaining end February		52

7. **CAPITAL PROGRAMME COMMENTARY**

- 7.1 The original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. The Fire Authority on 10 February 2022 approved the original 2022/23 and five year Capital Strategy, and in doing so, revised the 2021/22 Capital Budget and five year Capital Strategy 2021/22 to 2025/26 to the level of £25,327,000.
- 7.2 The Capital Programme is funded by: Capital Receipts Reserve £6,425,000, Capital Programme Reserves £4,709,000, Revenue Contributions to Capital £1,893,000,

BR Pilot Economic Reserve £86,000, Community Infrastructure Levy (CIL) £289,000, Internal Borrowing £28,000 and New Borrowing £11,608,000 as shown in the table below. Overall, the revised 5 year Capital Programme is forecasted to come in underspent by £40,000, as summarised in Appendix 4

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	2,253	3,522	2,105	1,763	1,599	11,242
Estates	429	3,729	3,719	2,878	2,779	13,534
Original Approved Programme	2,682	7,251	5,824	4,641	4,378	24,776
Slippage from 2020/21	364	0	0	0	0	364
Addition to Fleet and Equipment	71	36	35	0	0	142
Addition to Estates	85	0	0	0	0	85
Underspend	(40)	0	0	0	0	(40)
*Slippage into 2022/23	(511)	511	0	0	0	0
Updated Capital Programme	2,651	7,798	5,859	4,641	4,378	25,327
Funded by:						
Capital Receipts Reserve	2,452	3,848	125	0	0	6,425
Capital Programme Reserve	0	3,209	500	500	500	4,709
Revenue Contributions to Capital	85	452	452	452	452	1,893
BR Pilot Economic Reserve	86	0	0	0	0	86
CIL	0	0	289	0	0	289
MRP / Internal Borrowing	28	0	0	0	0	28
New Borrowing / Need to Borrow	0	0	4,493	3,689	3,426	11,608
Updated Capital Programme	2,651	7,509	5,859	4,641	4,378	25,038

- 7.3 **Capital Funding** – the sale of the old Fort Rd site in Newhaven to Lewes District Council proceeding with a 10% deposit received in 2020/21. The outstanding balance is not expected to be received until 2022/23 and is likely to be £75,000 lower than the original offer due to issues within planning permission. The Service has also been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.
- 7.4 The **Capital Budget 2021/22** was approved by the Fire Authority at £6,105,000 and updated to £2,682,000 (Property £429,000 and Fleet and Equipment £2,253,000) including slippage of £364,000 brought forward from 2020/21, £71,000 IRMP related pool cars and vehicles, £85,000 for alterations to Seaford and £3,910,000 Slippage to 2022/23.
- 7.5 A review of the 2021/22 capital budget by officers has identified slippage to the value of £511,000 (19.2%). Fleet and Equipment are expecting slippage of £591,000, which is offset by Estates where it is expected £80,000 overspend will be carried forward into 2022/23. There is additional underspend of £40,000, as summarised in Appendices 5 and 6.
- 7.5.1 Estates / Property are expecting overspend of £80,000 to be carried forward, where spend is now expected to be incurred this year and slippage has already been processed following approval of the 2022/23 budget report.

7.5.2 The Fleet underspend is £646,000, of this £591,000 relates to slippage. Underspend of £55,000 is expected, £18,000 relates to duplicate budget for a van purchase and the remaining £37,000 relates to a review of spend. The slippage is due to delays in chassis deliveries due to the global shortages of semi-conductors and the capacity within the Engineering team to deliver the replacement vehicles in 2021-22 as planned.

8. RESERVES 2021/22

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

8.2 The opening balance at 1 April is £22,961,000 including the provisional net underspend 2020/21 of £386,000 brought forward in an earmarked reserve.

8.3 The forecast net drawdown from reserves totals £6,137,000 compared to the original planned net drawdown of £9,972,000. This is a net reduction in drawdown of £3,835,000 resulting in an estimated balance at 31 March 2022 of £16,824,000 as summarised in the table below and detailed over individual reserves in Appendix 7.

		Original Planned Net Transfers	Forecast Net Transfers	Net change	Month 11
	Balance @ 1 April 2021	2021/22	2021/22	2021/22	Balance @ 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves	14,973	(4,663)	(3,638)	1,025	11,335
General Fund	1,960	210	(47)	(257)	1,913
Total Revenue Reserves	16,933	(4,453)	(3,685)	768	13,248
Total Capital Reserves	6,028	(5,519)	(2,452)	3,067	3,576
Total Usable Reserves	22,961	(9,972)	(6,137)	3,835	16,824

8.4 The net changes are explained in section 8.5 below. Work continues with budget managers to confirm the planned use of revenue and capital reserves in 2021/22.

8.5 The main reasons for the overall net reduction in forecast drawdown from reserves of £3,835,000 are as follows:

8.5.1 Earmarked Reserves – Decrease of £1,025,000

- £480,000 – share of Business Rates Pool, based on the latest pool monitoring
- (£494,000) – use of grant funding brought forward on eligible expenditure according to grant spending plans (Covid-19, Protection, Council Tax and Business Rates Guarantee Scheme, New Dimensions etc.)
- £100,000 - reduced commitments on the Improvement and Efficiency Reserve

- (£1,072,000) - re-profiling of projects linked to P21 funded from the Mobilising Strategy Reserve
- (£300,000) - use of provisional net underspend 2020/21 brought forward in Carry Forward reserve on in-year priorities
- £713,000 – delayed drawdown to future years on ESMCP readiness reserve
- (£20,000) – use of ITG Strategy to fund resource support for the Finance Improvement Programme
- £50,000 – decision not to fund Demand Reduction Manager
- £60,000 – return to People Strategy reserve in relation to Appraisals, HR Intelligence and Staff Survey
- £347,000 – delayed drawdown from Sprinklers Reserve
- £100,000 – Contribution from contingency to the Pension Admin reserve towards unfunded future costs
- £836,000 – Transfer into the S31 Business Rates Retention Reserve
- £225,000 – Transfer into the Capital Programme Reserve net rates rebate received following rates revaluation across estate

8.5.2 **General Fund Reserve – Increase of (£257,000)**

- (£257,000) due to the financing of 1.5% for staff on gold and grey book terms and conditions.

8.5.3 **Capital Reserves – Decrease of £3,067,000**

- (£364,000) – due to the slippage in capital schemes brought forward from 2020/21 for completion in 2021/22 (refer to capital section 7 above).
- (£71,000) – inclusion of IRMP related pool cars and equipment (refer to capital section 7 above).
- £3,462,000 – due to slippage of capital projects into 2022/23
- £40,000 – due to expected underspend on Engineering capital projects

9. **BORROWING AND INVESTMENT**

9.1 As at end February, the Authority held cash balances of £20,640,000 which are invested in accordance with the Treasury Management Strategy, as follows:

Counterparty	Duration	Amount	Interest Rate
		£m	%
Aberdeen Cash Money Market Fund	Overnight Access	4.000	0.30
DB Money Market Fund	Overnight Access	4.000	0.31
Aviva Money Market Fund	Overnight Access	1.640	0.28
Barclays	95 Day Notice	4.000	0.55
Natwest	35 Day Notice (called to return 24/03)	2.000	0.20
Santander	95 Day Notice	4.000	0.45
Standard Chartered	Fixed to 25/05/22	1.000	0.29
Total Investments		20.640	

9.2 Further work is in progress to confirm the forecast level of drawdown from reserves during the year. The current forecast of a reduction in reserves of £6.362m means that the Service will need to monitor its liquidity and cashflow closely during the year and this may involve giving notice on some of its existing investments. Finance continues to work with the ESCC Treasury Management team to improve cash-flow monitoring.

9.3 The Bank of England increased the base interest rate to 0.50% from 0.10%, with increases in December and February. The rate had been reduced to previously in order to invigorate the economy due to the impact of Covid-19. We are seeing an impact as Banks increase their rates on investments, resulting in slightly higher levels of interest receivable. Latest modelling indicates the income of around £55,000 can be achieved, £15,000 above the budgeted level of £40,000. The interest income budget was reduced from £75,000 to £40,000 for 2021/22 to reflect the planned reduction in funds available for short term investment and the reduction in interest rates.

9.4 The Authority has borrowing totalling £10,298,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals.

Revenue Budget 2021/22 – Objective Summary

	Original Budget	Revised Budget	Projected Outturn	Month 11 Variance	Variance	Variance Month 8 Reported to P&R	Variance From Last Reported
	£'000	£'000	£'000	£'000	%	£'000	
Peoples Services	3,813	3,905	4,119	214	5.5	70	144
Resources/Treasurer	7,855	7,704	7,288	(416)	(5.4)	(203)	(213)
Planning and Improvement	1,222	1,234	1,203	(31)	(2.5)	(26)	(5)
Total Deputy Chief Fire Officer	12,890	12,843	12,610	(233)	(1.8)	(159)	(74)
Safer Communities	21,462	21,642	21,839	197	0.9	(5)	202
Operational Support	4,739	4,611	4,412	(199)	(4.3)	(266)	67
Total Assistant Chief Fire Officer	26,201	26,253	26,251	(2)	(0.0)	(271)	269
CFO Staff	781	782	782	0	0.0	(23)	23
Treasury Management	875	960	945	(15)	(1.6)	(7)	(8)
Non Delegated costs	(1,348)	(1,212)	(1,122)	90	7.4	66	24
Corporate Contingency	341	52	0	(52)	(100.0)	(44)	(8)
Covid-19	0	0	0	0	0.0	0	0
Transfer from Reserves	(597)	(992)	(992)	0	0.0	0	0
Transfer to Reserves	1,561	2,018	2,018	0	0.0	(136)	136
Total Corporate	1,613	1,608	1,631	23	1.4	(144)	167
Total Net Expenditure	40,704	40,704	40,492	(212)	(0.5)	(574)	362
Financed By:							
RSG	(3,226)	(3,226)	(3,226)	0	0.0	0	0
Council Tax	(28,303)	(28,303)	(28,303)	0	0.0	0	0
Business Rates	(7,801)	(7,801)	(7,801)	0	0.0	0	0
Covid-19 Local Tax Support Grant	(474)	(474)	(474)	0	0.0	0	0
S31 Grants	(833)	(833)	(908)	(75)	(9.0)	136	(211)
Collection Fund Surplus/Deficit	(68)	(68)	(45)	24	(34.6)	50	(27)
Total Financing	(40,704)	(40,704)	(40,756)	(52)	(0.1)	186	(238)
Total Over / (Under) Spend	0	0	(264)	(264)	0.1	(388)	124

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Savings Programme 2021/22

Division	Team	Responsible Officer	Business Area Lead Name	Description	Savings 2021/22 £'000	Projection 2021/22 £'000	AIRisk	RAG Rating	Business Area Lead Comments
All	All	All	All	Travel & subsistence (one year only)	(18)	(18)	0	Delivered	Given continued Covid lockdown until late July and likelihood that home working and virtual meetings / training will continue as part of new working arrangements then ongoing reductions in travel and subsistence costs should be deliverable across the Service.
All	All	All	All	Stationery contract savings	(18)	(18)	0	Delivered	Reduced budgets subject to regular monitoring.
RT	Exiles	Duncan Savage	Nicky Souch	Exiles Strategy revenue maintenance savings	(45)	(45)	0	Part Delivered	Savings targets under review by Exiles Manager. If targeted savings cannot be delivered through efficiencies will aim to manage through under spend in revenue maintenance budget.
RT	Exiles	Duncan Savage	Nicky Souch	Cancellation of HQ shuttlebus service	(18)	(18)	0	Delivered	Shuttlebus service ceased in 2020/21
RT	Corporate	Duncan Savage	Duncan Savage	Reduce Corporate Contingency (one year only)	(106)	(106)	0	Delivered	Reduced contingency reported to SLT and monitored through monthly reporting.
RT	ITG	Duncan Savage	Ken Pearce	IT Strategy - delay some projects from 21/22 to 22/23 (one year only)	(100)	(100)	0	Delivered	Delayed projects agreed through budget setting.
RT	Procurement	Duncan Savage	Clare George / All	Category Strategy Savings	(23)	(23)	0	Part Delivered	Savings will be delivered through year as procurements are concluded. Procurement Managers provide analysis of areas targeted.
PS	Training	Doug Marshall	Chris Baker	STC Catering contract savings	(6)	(6)	0	Part Delivered	Yr 1 saving on contract rebid then Yr 2 reduction in ingredient costs
PS	Training	Doug Marshall	Chris Baker	Abatement cost savings	(3)	(3)	0	Delivered	
SC	Business Safety	Juke King	George O'Malley	Abatement cost savings	(3)	(3)	0	Delivered	
SC	Community Safety	Juke King	David Kemp	Community Safety - Adaptations contract income target (net of contract costs)	(15)	(15)	0	Delivered	
SC	Community Safety	Juke King	David Kemp	Community Safety Restructure	(73)	(54)	(23)	Part Delivered	This overall saving is linked to a number of smaller savings that have been identified, some have been realised.
SC	Community Safety	Juke King	David Kemp	Reduction in administration costs in Safe Communities	(25)	0	(25)	Not Delivered	This saving is linked to the introduction of the HSV part of the CRM project.
SC	Community Safety	Juke King	David Kemp	Savings arising from the implementation of RMP 2020-2025 including operational policy and practice	(146)	(53)	(93)	Part Delivered	Subject to regular governance and scrutiny at RMP Board and Strategic Board. Re-awing of budget in progress taking account of timing differences and policies.
OSR	Emergency Planning	Hannah Scott-Youldon	Mark Ester	Abatement cost savings	(5)	(5)	0	Delivered	
OSR	Engineering	Hannah Scott-Youldon		Fuel (one year only)	(15)	(15)	0	Part Delivered	Reduced budgets subject to regular monitoring
				Total Gross Savings	(654)	(671)	(143)		
	Central Finance	Duncan Savage		Use of GR Pooling to support service delivery (fall-out of 2020/21 saving - one year only)	50	50		Delivered	
	OSR	Engineering	Hannah Scott-Youldon	Engineering - rolling equipment purchased early (fall out of 2020-21 saving - 1 year only)	50	50		Delivered	
				Total Net Savings	(554)	(561)	(143)		

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Grants and Spending Plans 2021/22

Grants Requiring Claims	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Claim Quarter 1	Claim Quarter 2	Claim Quarter 3	Claim Quarter 4	Balance Remaining
		£	£	£	£	£	£	£	£	£
Accreditation Grant Funding	Mtt Lloyd	22,737	0	22,737	22,737	0	-	0	0	0
COVID - 19	Duncan Savage	170,032	0	170,032	170,032	43,769	66,315	42,875	0	0
ESMCP - LTR Regional	Hannah Scott-Youldon	309,000	0	309,000	260,000	53,316	30,547	28,599	0	49,000
**ESMCP - Infrastructure	Hannah Scott-Youldon	1,425,000	0	1,425,000	0	0	-	0	0	1,425,000
Grenfell Infrastructure Fund	Hannah Scott-Youldon	46,607	0	46,607	46,607	24,796	12,939	0	0	0
Surge Protection Grant Funding - Protection Uplift	Mtt Lloyd	277,957	421,366	699,323	653,149	60,536	113,055	179,554	0	46,174
Surge Protection Grant Funding -BRR	Mtt Lloyd	76,773	-	76,773	76,773	49,286	27,507	0	0	0
		2,328,105	421,366	2,749,472	1,229,298	231,683	250,363	0	0	1,520,174
Grants - No Claims Requirement	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Comments				Balance Remaining
		£	£	£	£					£
BR losses 75% grant	Duncan Savage	4,000	0	4,000	1,333	Planned to use over 3 years 2021/22 to 2023/24				2,667
CT losses 75% grant	Duncan Savage	85,000	0	85,000	28,333	Planned to use over 3 years 2021/22 to 2023/24				56,667
Section 31 Business Rates Retention	Duncan Savage	1,309,000	0	1,309,000	1,309,000	Planned to use in 2021/22				0
Firelink	Duncan Savage	0	216,100	216,100	216,100	Planned to use on ITG Strategy Projects in 2021/22				0
New Dimensions	Hannah Scott-Youldon	26,000	27,430	53,430		Spending plan being developed				53,430
Pensions Grant	Duncan Savage	0	1,700,000	1,700,000	1,700,000	Planned to use in 2021/22				0
Responding to New Risks	Hannah Scott-Youldon	24,000	-	24,000		Spending plan being developed				24,000
Total		1,448,000	1,943,530	3,391,530	3,254,767					136,763
Overall Total Grants		3,776,105	2,364,896	6,141,002	4,484,064					1,656,937
Notes:										
* the grants brought forward are held in earmarked reserves (Appendix 7)										
** planned to spend 2022/23 and 2023/24										
*** 2021/22 grants will be added as announced by Government										

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Capital Programme 2021/22 to 2025/26

Capital Programme Expenditure 2021-22 to 2026-27	Total Budget	Total Previous Years	Estimated Spend 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Remaining Spend	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property										
Shared Investment Schemes										
Integrated Transport Project	1,000		5	195				800	1,000	-
Heathfield	280	8	10			19	243		272	-
Lewes	577	5	2				240	330	572	-
Preston circus	3,287	87	40	1,335	1,825				3,200	-
Uckfield	494	7					100	387	487	-
Total Shared Investment Schemes	5,638	107	57	1,530	1,825	19	583	1,517	5,531	-
Strategic Schemes										
- Replacement Fuel Tanks	492	332	38	122					160	-
- Partner contribution	(292)	(292)								-
- Replacement fuel tanks net cost	200	40	38	122	-	-	-	-	160	-
Design Guide	355	355	2						2	2
Hove	490		63	427					490	-
Roedean	493		22	471					493	-
Eastbourne	550		25	325	200				550	-
Bohemia Road	485		21	100	364				485	-
Security	386	60	3	223	100				326	-
Sustainability	171	21	30	10	80	30			150	-
MPTH	399	399								-
Eastbourne MPTH	259		8	251					259	-
Training Centre MPTH	308		8		300				308	-
Hove MPTH	278		8	270					278	-
Bohemia Road MPTH	258		8		250				258	-
FTU	4,000		20		500	2,500	980		4,000	-
Total Strategic Schemes	8,630	875	256	2,199	1,794	2,530	980	-	7,759	2
General Schemes										
General Schemes	826	826	4						4	4
Seabrd CIL	296		10		5	281			296	-
Seabrd CIL partner Contribution	(133)					(133)			133	-
Barcombe CIL	392		5		95	292			392	-
Barcombe CIL Partner Contribution	(156)					(156)			156	-
The Ridge	508					20	488		508	-
Hailsham	184		19			10	164		193	9
Rye	532		5			15	512		532	-
Battle	163		5				52	106	163	-
Herstmonceux	50							50	50	-
Bexhill	200							200	200	-
Seabrd HVP Alterations	85		85						85	-
Total General Schemes	2,947	826	133	-	100	329	1,216	356	2,134	13
Total Property	17,215	1,808	446	3,729	3,719	2,878	2,779	1,873	15,424	15
Vehicle Cameras										
Vehicle Cameras	118		118						118	-
Grant Funds	(118)		(118)						118	-
Telemetry	70			70					70	-
Aerials										
Aerials	2,036	695	(5)	743	593				1,331	(10)
Aerial Rescue Pump	22	22								-
Fire Appliances	7,374	1,377	1,703	891	850	835	819	862	5,960	(37)
Ancillary Vehicles	2,892	480	143	1,396	391	368	112		2,410	(2)
Cars	1,964	281	257	377	57	272	506	206	1,675	(8)
Vans	1,800	915	65	45	179	288	162	148	887	2
Equipment	70		35		35				70	-
Total Fleet and Equipment	16,228	3,770	2,198	3,522	2,105	1,763	1,599	1,216	12,403	(65)
Total Expenditure	33,443	5,578	2,644	7,251	5,824	4,641	4,378	3,089	27,827	(40)

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Capital Budget 2021/22

Capital Programme Expenditure	Total Budget 2021/22	Projected spend 2021/22	Variance	Variance due to slippage	Variance due to Underspend/ Overspend	% Variance
	£'000	£'000	£'000	£'000	£'000	%
Property						
Shared Investment Schemes						
Integrated Transport Project	5	5	0			0.0
Heathfield	10	10	0			0.0
Lewes	2	2	0			0.0
Preston circus	40	40	0			0.0
Total Shared Investment Schemes	57	57	0	0	0	0.3
Strategic Schemes						
- Replacement Fuel Tanks	38	115	77	77		202.6
- Partner contribution						0.0
- Replacement fuel tanks net cost	38	115	77	77	0	202.6
Design Guide						
Hove	61	61	0			0.0
Roedean	22	39	17	17		78.9
Eastbourne	25	31	6	6		24.3
Bohemia Road	21	26	5	5		24.9
Security	3	3	0			0.0
Sustainability	30	-	(30)	(30)		(100.0)
Eastbourne MPTH	8	8	0			0.0
Training Centre MPTH	8	8	0			0.0
Hove MPTH	8	8	0			0.0
Bohemia Road MPTH	8	8	0			0.0
FTU	20	45	25	25		126.8
Design Guide		2	2		2	0.0
Total Strategic Schemes	252	355	103	100	2	40.9
General Schemes						
Seaford CIL	10	0	(10)	(10)		(100.0)
Barcombe CIL	5	5	0			0.0
Hailsham	10	19	9		9	85.4
Rye	5	0	(5)	(5)		(100.0)
Battle	5	0	(5)	(5)		(100.0)
Seaford HVP Alterations	85	85	0			0.0
General Schemes		4	4		4	
General Schemes	120	113	(7)	(20)	13	(6.2)
Total Property	429	525	96	80	15	22.3
Vehicle Cameras	118		(118)			(100.0)
Grant Funds	(118)		118			(100.0)
Aerials	5	(5)	(10)		(10)	(192.2)
Fire Appliances	1,740	1,189	(551)	(514)	(37)	(31.7)
Ancillary Vehicles	145	143	(2)		(2)	(1.4)
Cars	265	257	(8)		(8)	(3.2)
Vans	63	23	(40)	(42)	2	(63.0)
Equipment	35	0	(35)	(35)		(100.0)
Total Fleet and Equipment	2,253	1,607	(646)	(591)	(55)	(28.7)
Total Expenditure	2,682	2,131	(551)	(511)	(40)	(20.5)

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Engineering Capital Budget 2021/22

SAP Code		Total Budget 2021/22	SAP Spend	SAP Committed	SAP Total	Variance	Projected spend	Variance	Variance %	Underspend / Overspend	slippage
		£	£	£	£	£	£	£	%		
	Aerial Appliances										
F.F.20.003.1	Aerial Ladder Platform GX04BMY STN 76	5,000	(4,611)		(4,611)	(9,611)	(4,611)	(9,611)	(1.9)	(9,611)	
	Fire Appliances										
F.F.19.001.1	Appliances 19/20 GX05ABZ	9,000	(908)		(908)	(9,908)	908	(8,092)	(0.9)	(8,092)	
F.F.19.002.1	Appliances 2018/19 GX56AAE		3,208		3,208	3,208	3,208	3,208	0.0	3,208	
F.F.21.001.1	Replace GX56MVP	285,600	275,255	1,897	277,152	(8,448)	275,255	(10,345)	(0.0)	(10,345)	
F.F.21.002.1	Replace GX57EUK	285,600	274,798	1,897	276,695	(8,905)	274,798	(10,802)	(0.0)	(10,802)	
F.F.21.003.1	Replace GX57EUR	285,600	274,798	1,897	276,695	(8,905)	274,798	(10,802)	(0.0)	(10,802)	
F.F.22.001.1	Replace GX57EUN	291,300	119,861	160,139	280,000	(11,300)	119,861	(171,439)	(0.6)	(171,439)	(171,439)
F.F.22.002.1	Replace GX57EUP	291,300	119,861	160,139	280,000	(11,300)	119,861	(171,439)	(0.6)	(171,439)	(171,439)
F.F.22.003.1	Replace GX57EUT	291,300	119,861	160,139	280,000	(11,300)	119,861	(171,439)	(0.6)	(171,439)	(171,439)
	Ancillary Vehicles										
F.F.19.202.1	Replacing Y87GNJ GP Truck Stn 84										
F.F.19.204.2	Animal Rescue GX51 UBM	145,000	(4,490)	115,878	111,388	(33,612)	145,000	0	0.0		
F.F.20.201.1	Wildfire Vehicle 2019/20 GX53AZU		(2,032)	42,453	40,421	40,421	(2,032)	(2,032)	0.0	(2,032)	
	Cars 21-22										
F.F.22.703.1	GX15JUY	28,700	27,571		27,571	(1,129)	27,571	(1,129)	(0.0)	(1,129)	
F.F.22.704.1	GX15JVA	28,700	27,571		27,571	(1,129)	27,571	(1,129)	(0.0)	(1,129)	
F.F.22.705.1	GX15JVC	28,700	27,571		27,571	(1,129)	27,571	(1,129)	(0.0)	(1,129)	
F.F.22.706.1	GX15JVD	28,800	27,571		27,571	(1,029)	27,571	(1,029)	(0.0)	(1,029)	
F.F.22.707.1	GX15JVE	28,800	27,571		27,571	(1,029)	27,571	(1,029)	(0.0)	(1,029)	
F.F.22.708.1	GX15JVF	28,800	27,571		27,571	(1,029)	27,571	(1,029)	(0.0)	(1,029)	
F.F.22.709.1	GX15JVH	28,800	27,571		27,571	(1,029)	27,571	(1,029)	(0.0)	(1,029)	
F.F.22.710.1	GX15JVH	28,800	27,571		27,571	(1,029)	27,571	(1,029)	(0.0)	(1,029)	
F.F.22.715.1	IRMP Pool Cars 1	18,000		17,893	17,893	(107)	18,000	0	0.0		
F.F.22.716.1	IRMP Pool Cars 2	18,000		17,893	17,893	(107)	18,000	0	0.0		
	Vans										
F.F.21.302.1	Vans 20/21 - GX15 JJK SSO van	5,000	5,359		5,359	359	5,359	359	0.1	359	
F.F.21.710.1	Vans 20/21 - Station Van (76 Shift)	17,000		17,928	17,928	928	17,928	928	0.1	928	
F.F.22.304.1	GU16LVH	41,800		32,234	32,234	(9,566)	0	(41,800)	(1.0)		(41,800)
	Equipment (Operational IRMP)	35,000	0	0		(35,000)	0	(35,000)	(1.0)		(35,000)
	Total Fleet and Equipment	2,253,400	1,401,648	1,410,502	2,812,150	558,750	1,607,062	(646,338)	(0.3)	(55,421)	(590,917)

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Reserves 2021/22

Description	Opening Balance	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	Projected Closing Balance	Lead AD
	01/04/2021	Original Planned Transfers In	Original Planned Transfers Out	Original Planned Transfers Net	Forecast Transfers In	Forecast Transfers Out	Forecast Transfers Net	Net Change	at Month 11	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Emarked Reserves										
Business Rate Pool Reserve	319	0	(50)	(50)	480	(58)	422	472	741	Duncan Savage
Business Rates Retention Pilot - economic development	86	0	(86)	(86)	0	(86)	(86)	0	0	Duncan Savage
Business Rates Retention Pilot - financial stability	112	0	0	0	0	0	0	0	112	Duncan Savage
Capital Programme Reserve	2,209	500	0	500	725	0	725	225	2,934	Duncan Savage
Covid-19	170	0	0	0	0	(170)	(170)	(170)	0	Duncan Savage
ESMCP ESFRS readiness	1,425	0	(713)	(713)	0	0	0	713	1,425	Hannah Scott-Youlton
ESMCP Regional Programme	309	0	(307)	(307)	0	(226)	(226)	81	83	Hannah Scott-Youlton
Improvement & Efficiency	546	286	(300)	(14)	286	(200)	86	100	632	Duncan Savage
Insurance	249	0	0	0	0	0	0	0	249	Duncan Savage
ITG Strategy	4,137	565	(2,016)	(1,451)	623	(2,036)	(1,413)	38	2,724	Duncan Savage
Mobilising Strategy	2,425	0	(846)	(846)	82	(2,000)	(1,918)	(1,072)	507	Hannah Scott-Youlton
People Strategy	40	0	(40)	(40)	60	(40)	20	60	60	Julie King
Sprinklers	540	0	(247)	(247)	0	0	0	347	540	Hannah Scott-Youlton
BRR - Protection Uplift - Accreditation & RPL	23	0	0	0	0	(23)	(23)	(23)	0	Matt Lloyd
BRR - Protection Uplift - Building Risk Review	77	0	0	0	0	(77)	(77)	(77)	0	Matt Lloyd
BRR - Protection Uplift - Grenfell / Infrastructure	47	0	0	0	0	(47)	(47)	(47)	0	Hannah Scott-Youlton
BRR - Protection Uplift - Protection	278	0	0	0	46	(278)	(232)	(232)	46	Matt Lloyd
Business Rate Tax Income Guarantee Scheme (75%)	4	0	0	0	41	(15)	26	26	30	Duncan Savage
Council Tax Income Guarantee Scheme (75%)	85	0	0	0	40	(42)	(2)	(2)	83	Duncan Savage
New Dimensions Grant	26	0	0	0	0	(26)	(26)	(26)	0	Hannah Scott-Youlton
Pensions Administration	47	0	0	0	100	0	100	100	147	Julie King
Responding to New Risks	24	0	0	0	0	(24)	(24)	(24)	0	Hannah Scott-Youlton
S31 Business Rate Retention Reliefs	1,309	0	(1,309)	(1,309)	836	(1,309)	(473)	836	836	Duncan Savage
Carry Forwards	386	0	0	0	0	(300)	(300)	(300)	86	Duncan Savage
Play Award - Green book	0	0	0	0	117	(117)	0	0	0	
Total Emarked Reserves	14,873	1,361	(8,014)	(4,883)	3,438	(7,074)	(3,636)	1,026	11,336	
General Fund	1,560	210	0	210	327	(374)	(47)	(257)	1,913	Duncan Savage
Total Revenue Reserves	16,933	1,681	(8,014)	(4,453)	3,783	(7,448)	(3,685)	788	16,248	
Capital Reserve Reserve	6,038	472	(8,991)	(5,519)	0	(2,463)	(2,463)	3,067	3,076	Duncan Savage
Total Capital Reserves	6,038	472	(8,991)	(5,519)	0	(2,463)	(2,463)	3,067	3,076	
Total Usable Reserves	22,881	2,033	(12,005)	(9,972)	3,783	(9,900)	(6,137)	3,856	16,824	

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EAST SUSSEX FIRE AUTHORITY

Meeting Policy & Resources Panel

Date 12 May 2022

Title of Report Capital Programme Revision

By Assistant Director Resources / Treasurer

Lead Officer *Alison Avery, Finance Manager & Nicky Boruch, Estates Development & Strategy Manager*

Background Papers Fire Authority – 10 February 2022 – Item 152 - Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27

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 seek Panel approval of changes to the Capital Programme

EXECUTIVE SUMMARY The Authority’s Capital Programme for 2022/23 to 2026/27 was approved in February 2022. Subsequently an error in the Estates Capital Programme was identified, due to the omission of a line covering general capital schemes. These schemes are essential for the maintenance and operation of our fire stations. The report sets out the additional cost of reinstating these schemes into the Capital Programme (£1.814m). There will be a revenue cost as a result rising to £0.103m pa by 2026/27.

In addition, in order to ensure that the development of new sleeping accommodation at the Authority’s five wholetime stations meets the necessary requirements and is fit for

purpose an increase in the Capital Programme of £0.214m is required to fund temperature control measures. This will be funded by unbudgeted income from refunds on the Business Rates paid on our estate.

RECOMMENDATION

Panel is recommended to:

- (i) Note the reasons set out in the report for the increase in the Capital Programme.
 - (ii) Approve the increase in the Capital Programme of £0.721m in 2022/23 and £2.016m in total over five years.
 - (iii) Note the assessment of the revenue budget impact for 2022/23 and revenue pressure in subsequent years.
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1. INTRODUCTION

- 1.1 During the budget setting process in autumn 2021 the whole of the 2019 Estates Capital budget was reviewed in light of market feedback for the first Design Guide project and industry advice in terms of inflation of costs for both materials and labour.
- 1.2 The original 2019/20 budget was built up on an elemental basis for distinct of areas work. To optimise how the overall budget could be spent this was reviewed and the elemental costs were amalgamated to achieve economies of scale and provide an overall Design Guide budget for each station.
- 1.3 Some elemental works were omitted from the overall budgets as separate programmes of works were in already in flight, for example the replacement of bay doors and floors and providing builders work to support IT infrastructure upgrades.
- 1.4 When the final papers were submitted for Fire Authority approval the line item for these separate in-flight programmes of work was omitted in error.

2. MITIGATION – IMPROVEMENT PLANS

- 2.1 There is now significant momentum in engaging with Surrey and Sussex Police Estates colleagues under the Shared Service Project to ensure adequate resources are allocated across the team including at a management level to ensure sufficient time is allocated to review and validate future budget adjustments.
- 2.2 The Finance Improvement Plan increases the capacity within the Finance team and the introduction of Business Partnering within the department ensures that the Estates team will be supported by a dedicated Finance Business Partner and Assistant Finance Business Partner.

2.3 Together these two improvements will ensure that necessary capital planning can be carried out earlier in the budget setting process and allow time and capacity for robust checks and review before the capital programme proposals are submitted for approval.

3. MITIGATION – BUDGET REVIEW

3.1 We have reviewed the overall estates capital programme again since it was approved in February 2022, noting that these figures were set in December 2021 prior to the conflict in Ukraine. Since then the global geopolitical situation has further impacted the construction industry supply chain and we are seeing even higher costs and inflation rates.

3.2 This means that we have had to further review the scope of works that we can afford to deliver within budget envelopes which has led to some necessary redesign and approvals, so delaying the actual works reaching site and impacting the spend forecast. This means that we are already forecasting slippage for 2022/23, which will be reported to Policy & Resources Panel as part of Month 2 Budget Monitoring in July 2022. It is possible that a formal mid-year review of the Capital Programme may be necessary across both estates and fleet / engineering as a result.

4. TEMPERATURE CONTROL WORKS

4.1 In March 2022 the Senior Leadership Team (SLT) approved a proposal to include temperature control works within the scope of works to provide new sleeping arrangements for staff at the Service’s five wholetime stations to ensure that they can be fit for purpose. The total cost of these works is estimated at £0.203m. This cost will be funded by the unbudgeted income from successful challenges to the business rates levied on our buildings. The income will be transferred to the Capital Programme Reserve and means that there will be no impact on the need to borrow to finance capital investment.

5. FINANCIAL ASSESSMENT

54.1 The additional budget required totals £2.016m over the five year capital programme as detailed below.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Temperature control in sleeping pods - Preston Circus		59				59
Temperature control in sleeping pods - Hove	24					24
Temperature control in sleeping pods - Roedean	20					20
Temperature control in sleeping pods - Eastbourne	44					44
Temperature control in sleeping pods - Bohemia Road		55				55
Estates General Schemes	634	398	369	205	208	1,814
	721	513	369	205	208	2,016

4.2 The additional budget for Estates General Schemes (bay doors, floors and IT infrastructure work), totalling £1.814m, will require additional borrowing and therefore an increase in revenue funding for MRP and interest as detailed in the table below. The overall impact is a pressure on the revenue budget of £8,000 in 2022/23 rising to

£103,000 in 2026/27, or a total additional revenue cost of £315,000 over the five year period.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
MRP	0	26	41	53	60	180
External Interest	8	20	29	35	44	135
	8	46	70	88	103	315

- 4.3 Early analysis of spend plans indicates there will be slippage within the Estates capital programme during 2022-23, as a result of the factors set out in section 3 above, which will mitigate the pressure on the 2022-23 revenue budget. The impact in future years will be built into the Medium Term Finance Plan (MTFP) as part of budget setting for 2023/24 onwards.
- 4.4 The additional budget for temperature control works will be added to the main scheme budget for each wholetime station.

EAST SUSSEX FIRE AUTHORITY

Panel	Policy & Resources Panel
Date	12 May 2022
Title of Report	Update on the Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment
By	Julie King, Assistant Director People Services
Lead Officer	<i>John Olliver, Payroll, Pensions and HR Assurance Manager</i>

Background Papers	Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment – Report to Policy & Resources Panel, 20 January 2022
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Appendices	<p>Appendix 1: Historical Timeline for McCloud-Sargeant</p> <p>Appendix 2: HM Treasury Fire Pension Scheme Advisory Board (SAB) response <u>CONFIDENTIAL</u> by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that the Information relates to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Appendix 3: Local Government Association (LGA)/Fire Brigades Union (FBU) subsequent Response to HM Treasury (HMT)</p> <p>Appendix 4: National Fire Chiefs Council (NFCC) letter to FRS CFOs Immediate Detriment Update <u>CONFIDENTIAL</u> by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that the Information relates to the financial or business affairs of any particular person (including the authority holding that information).</p>
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Implications

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

PURPOSE OF REPORT

To update the Panel on recent advice received from the National Fire Chiefs Council (NFCC) regarding the processing of retirements under the Immediate Detriment Framework and to recommend a change to the Authority's current position.

EXECUTIVE SUMMARY

This report is to inform the Policy & Resources Panel of the changing position in regard to Age Discrimination, Remedy & Immediate Detriment Cases in the Firefighters' Pension Schemes

The NFCC has issued new guidance to all Fire & Rescue Services on Immediate Detriment (ID) following a response from HM Treasury to the Firefighters' Pensions England Scheme Advisory Board (SAB). The Treasury letter clarifies and expands their assessment of the risks facing Services and scheme members who make payments under ID.

This guidance has meant that the Chief Fire Officer after consultation with the other statutory officers has taken the decision to pause the processing of Category 1 cases under ID in advance of consideration of the matter at this meeting of the Panel.

The Panel now needs to consider the NFCC and Treasury advice and consider whether to continue the processing of Category 1 cases.

RECOMMENDATION

Policy & Resources Panel is asked to:

- (i) Consider the matters set out in this report.

- (ii) Agree option 2 that the Service cease the processing of Category 1 cases under the ID Framework.
 - (iii) Agree to delegate authority to the Chief Fire Officer in consultation with the Monitoring Officer and the Treasurer to decide whether to process the Ill Health Retirement cases referred to in paragraph 6.3 under ID.
 - (iv) Note that the position on Category 2 cases is unchanged.
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1. Age Discrimination Remedy and the withdrawal of Home Office Guidance

- 1.1 The Home Office has committed to provide full and detailed instructions to Fire pension scheme managers, commonly referred to as “Remedy”, by October 2023.
- 1.2 The approach followed by the Service since the Tribunal judgement to uphold the Fire Brigades Union’s (FBU) complaint of age discrimination in December 2019 is illustrated in Appendix 1 – Historical Timeline for McCloud-Sargeant.
- 1.3 The timeline reminds the Panel of the steps the Service has followed to the point of the P&R Panel meeting on 20 January 2022.

2. ESFRS Progress and Update Since January Policy & Resources Panel Meeting

- 2.1 The Treasury responded to the open SAB letter on 23 March 2022 which is marked as confidential and attached as Appendix 2.

The letter provides detail of the questions posed by the SAB and the Treasury also reiterates its view that “ ...processing immediate detriment cases before all the necessary legislation is in place could give rise to significant consequences for schemes and members...” (see penultimate paragraph of the letter).

Subsequent to this letter from the Treasury the LGA joined with the FBU to make a further response, a copy of which can be found at Appendix 3.

- 2.2 There was also an expectation that the Treasury would include, in the Spring Finance Bill, legislation to clarify the taxation status pertaining to second retirement lump sums and the “movement” of employee pension contributions between schemes. No such legislation was included in the Chancellor’s budget.
- 2.3 PSTax, our corporate tax advisers, have been commissioned by a group of Services to provide advice and guidance on the tax implications of Remedy and Immediate Detriment (ID). One of the key areas of risk identified is regarding the proper treatment of contributions made into the 2015 Scheme by those reverting to the 1992 scheme under Immediate Detriment and the associated tax liabilities. Despite several meetings of this group no substantial progress has been made on this issue.
- 2.4 The Treasurer has continued to support a consultative group with a number of other Fire Service Finance Directors/Treasurers which has met several more times in the last few months. Views and concerns have been discussed and any adopted approaches shared. It appears that the majority of services in this group have paused paying under Immediate Detriment since the Home Office guidance was withdrawn last November.
- 2.5 West Yorkshire Pension Fund (WYPF) as our professional pension administrators continue to support their customers in their chosen approaches to ID. Their feedback continues to reflect that there is no real consistency of approach across Fire Services.
- 2.6 In recent weeks, the NFCC have written to all Chief Fire Officers (marked confidential at Appendix 4) setting out clear new guidance based on the Treasury’s response to the queries raised by the SAB and legal advice received by the National Police Chief’s Council (NPCC).

This legal advice, although written confirmation is pending, describes the view of legal counsel that “...**that scheme managers should not be implementing immediate detriment at this time as there is no legal mechanism to pay without undue risk to both members and the force**”.

3. Affected Members

- 3.1 **Retirees processed under ID since July 2021:** There have been 6 ESFRS retirees who have been allowed to retire under their legacy Pension terms, due to the complexities of their cases. This included one under the Ill Health process.
- 3.2 **Retirees that could not be processed under ID since December 2019:** There have also been 6 retirees who could not be allowed to retire under their legacy Pension terms. This included one under the Ill Health process.

- 3.3 **Pensions in payment since April 2015 (not included at 3.2):** Our records show that there are 11 other retirees who have retired in the last 7 years whose pension pack will need to be recalculated, offered as an option and backdated as appropriate.
- 3.4 **Employees who have given notice of retirement:** As of 20th April 2022, we have no employees who have given their notice of retirement.
- 3.5 **Employees who are expected to retire for health reasons in next 6 months:** There is one case which has reached an advanced stage and two other cases of Ill Health but we cannot determine the effect of ID.
- 3.6 **Employees expected to retire in the next 6 months:**
- Not affected under ID: We have a number of employees who were protected within their legacy schemes until 31st March 2022 who are not affected by ID. There are approximately 14 current employees who are likely to retire soon.
 - Affected by ID: There still remain 55 pension scheme members who could choose to retire before October 2023. Of these we have some evidence that nine of these may have plans to retire over the Spring/Summer 2022.

4. **Options and Risks**

- 4.1 Following the receipt of the NFCC advice officers briefed the Chair of the Fire Authority and the Chairs of both the Policy & Resources Panel and the Pension Board on 27 April 2022. Subsequently following consultation with the Deputy Monitoring Officer and the Assistant Director Resources / Treasurer the Chief Fire Officer exercised delegated powers to pause the processing of any further ID Category 1 cases until the Policy & Resources Panel meet on 12 May 2022 to make a formal decision.
- 4.2 Given that the Treasury / HMRC has not amended tax regulations to allow the payment of further lump sums to those who have retired over 12 months without incurring further tax charges, the officers' recommendation is that the Panel maintains its current position and continues to pause the processing of Category 2 cases. The options below therefore only refer to Category 1 payments only.
- 4.3 **Option One:** The Service could restart its paused position and action ID for those scheme members wishing to retire before October 2023.

The Treasury is advising against this and doing so risks leaving the Service liable to pay the tax due on employee contribution transfers. There is also the risk that refunds of contributions from the 2015 scheme are deemed to be compensation

payments and therefore must be paid from the Service's revenue account and not the Pension Fund Account

This would, however, protect the Service from exposure to any further legal claims from retirees and their representative bodies.

- 4.4 **Option Two:** The Service continues to pause the processing of Category 1 cases under ID entirely until the Full Home Office remedy is published. This would effectively mean that any retirees from April 2022 until October 2023 would have to wait for their legacy Pension entitlement.

This would leave the Service exposed to the risk of further legal claims from retirees and their representative bodies for at least another 16 months.

5. Financial Assessment

- 5.1 Without the Remedy, and therefore legislation, in place, the most recent information available to us, indicates the risk that the Service may be exposed to significant financial liabilities should it process both Category 1 and Category 2 cases under ID.
- 5.2 Counter risk is that, Employment Litigation may arise from further claims from individuals, potentially supported by representative bodies, against the Authority if we do not adopt ID in full or part.

However, as we are now only 16 months from the latest date that the government have promised to deliver remedy, the scope for further employment tribunals to be heard diminishes.

- 5.3 The Service has commissioned its tax advisers PSTax to provide an estimate of the financial liabilities for which the Authority could be liable relating to the six cases already processed under ID and also in relation to the Ill Health Retirement case (paragraph 3.5 above) in the light of the NFCC and Treasury advice. This will be used to review our current broad estimate of the potential financial liability associated with processing of all ID cases which is currently of the order of £1m.
- 5.4 The Service holds a Pensions Administration Reserve which is intended to fund costs arising from the Remedy process which currently stands at £147,000. The Service will receive a further Pensions Administration Grant of £43,515.13 in 2021/22 bringing the total available to £191,000.

6. Conclusion and Recommendation

- 6.1 In January 2022 the Policy & Resources Panel agreed that the Service should continue to action those about to retire under the ID framework (Category 1) and to remain paused with any recalculations of pensions already in payment, who

would be have qualified to ID (Category 2). This position was based on our best assessment of risk following the withdrawal of the Government's informal guidance on ID.

- 6.2 The clarification of the Treasury's position and the legal advice received by NPCC has led the NFCC to issue clear new guidance in March, that sets out a different balance of risk and it is officers' recommendation that as a result the Service ceases the processing of Category 1 cases until the full Remedy is in place in October 2023 (Option 2 above).
- 6.3 There is one case of Ill Health Retirement (as mentioned in 3.5) under ID, that is close to completion. This is an exceptional case where the employee has not been able to work since 2020 and will only qualify for Ill Health retirement under their legacy scheme. In this case officers' recommendation is that authority to agree the processing of this case under ID is delegated to the Chief Fire Officer in consultation with the Monitoring Officer and the Treasurer.
- 6.4 It is recognised that this is a complex situation, and the FRA are reliant on guidance and advice about both the tax and legal perspectives and most significantly that changes to the process will be of concern to staff that are thinking of retiring. It is important that whatever decision is made, that communication to staff and retired staff is clear.

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Historical Timeline for McCloud/Sargeant

Date	Detail
December 2019	Final Court judgement that the treatment of pension scheme members was age discriminatory
Spring 2020	Home Office publish the scope and timetable for remedying members records by October 2023
August 2020	Home Office publish informal guidance for the treatment of cases who were under immediate detriment of age discrimination
June 2021	On 10th June, the Home Office issues updated guidance Local Government Association following consultation with the Fire Brigades Union issue an Immediate Detriment Framework and Memorandum of Understanding to assist Fire Services to process all cases effected to ID.
July 2021	Paper Presented to Policy & Resource Panel where it was agreed that ESFRS should implement Immediate Detriment for those in scope. At this stage the scope for cases covered some retirees that were considered to be "simple" and excluded those who had already retired and some members who may be affected by temporary promotions and refunds of pension contributions, for example.
October 2021	On 8 October 2021 the Local Government Association (LGA) and the Fire Brigades Union (FBU) issued a joint 'Memorandum of Understanding & Framework for Managing Immediate Detriment Issues'
November 2021	On 29th November 2021, the Home Office withdraws it's informal guidance without notice and with immediate effect.
17th December 2021	Scheme Advisory Board writes a letter to HM Treasury requesting more information on the risks and uncertainties arising from the removal of the HO guidance.
December 2021	Paper presented to Fire Authority which updated the meeting on the withdrawal of the HO guidance and the Services recommendation to pause our plans for ID until the position becomes clearer. A commitment was made that an updated recommendation be presented to the P&R Panel in January.
January 2022	As promised at the FA meeting a paper was Presented to Policy & Resource Panel where it was agreed that ESFRS should return to it's approach agreed in July 2021 pending further guidance from HO and/or LGA. A further commitment was made to return to P&R in May 2022 with a Service update.
March 2022	Information supplied by NFCC and LGA in relation (particularly to Police pensions) to the risk to FA's around tax liability of additional pension lump sums and the treatment of moving employee contributions between pension schemes suggesting that services would be best advised to suspend all cases of ID.

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4 April 2022

BY EMAIL ONLY

Dear Messrs Elks and Spreadbury,

Firefighters Pension Scheme - Age discrimination remedy

This letter is submitted jointly by the Local Government Association (LGA) on behalf of Fire and Rescue Authorities (FRAs), and by the Fire Brigades Union (FBU) on behalf of their members.

We cannot express strongly enough our continued frustration at the government's failure, as expressed by HM Treasury and Home Office, to support FRAs in ensuring affected FPS members are placed in the position required by the Court of Appeal in December 2018 (McCloud/Sargeant), prior to implementation of remedy legislation. Affected members are those who have, or are, taking benefits prior to the implementation of remedy legislation and therefore could face an immediate detriment.

As you are aware from discussions beforehand and correspondence with the LGA, we agreed a framework in October 2021 designed to make payments to FPS members in scope of remedy within existing legal powers on the basis that it would mitigate or avoid an immediate detriment to such members, therefore avoiding the need for continued legal action by those members.

Since that time we have seen the withdrawal of the Home Office Guidance and the position of HM Treasury, as expressed in the accompanying note, of opposing any possible solution for scheme members other than waiting for final regulations in October 2023. This has left FRA's in a position of uncertainty and affected scheme members are actively preparing legal action once again.

Should such action commence, that would again mean a separate set of proceedings running in parallel to the proceedings currently before the Employment

Tribunal, and also wholly avoidable legal costs to FRA's (and ultimately the taxpayer).

We accept that there are, as set out in the HMT note, significant difficulties in making *some* payments, in particular those connected with contributions until the tax position becomes clear and we would be happy to discuss with you how best to make progress in this area. The Claimants in any new proceedings will claim that they are entitled to damages that place them in the same position, net of any tax, that they would have found themselves in if there had been no discriminatory treatment (as did the Claimants in the proceedings that have already been issued and settled). If we assume that the court determines the claim in favour of the Claimants and grants the relief sought, at best, from the FRAs' perspective, that would mean having to pay compensation in respect of any additional tax charges and then spending very considerable administrative time and expense seeking recovery of the tax paid from HRMC. At worst it would mean paying compensation in respect of the tax and not being able to recover it.

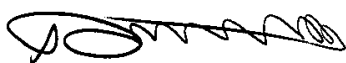
We do not however see any issues with the immediate payment of pension arrears or arrears of lump sum for those within 12 months of leaving and would be grateful for your support in making such payments, in particular, by confirming that such payments will be treated no differently from payments of pension outside of the scope of remedy with regard to funding.

Furthermore, with the Finance No 2 Bill gaining Royal Assent it is entirely within the gift of HM Treasury to bring forward regulations to authorise the payment of lump sum arrears beyond 12 months of leaving and we would ask that this is progressed as soon as possible.

Finally, your stance in respect of the position of members who receive payments prior to the implementation of the remedy legislation not being able to be regularised by remedy legislation is unhelpful. Although we can appreciate your desire to be prudent in not providing 'carte blanche' for unreasonable payments, the provisions of both the Public Service Pensions and Judicial Offices Act and the Finance Act 2022 appear to provide more than adequate flexibility to ensure the regularisation of scheme members benefiting from a considered approach to immediate detriment cases.

None of us wish to see taxpayer money being wasted on legal actions which will no doubt merely confirm a scheme member's right to payments in line with the Court of Appeal's judgment. We stand ready to meet with you at any time to discuss how this regrettable situation can be avoided.

Yours sincerely,



Jo Donnelly
Local Government Association



Matt Wrack
Fire Brigades Union

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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