Public Document Pack

Scrutiny & Audit Panel
10 November 2022

Membership:

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

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

Quorum: 3

Contact:	Rebecca Smith, Democratic Services Officer 07866 100895, democraticservices@esfrs.org

Agenda

14. 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

15. Apologies for Absence

16. 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

17. Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 21 July 2022 **5 - 14**

18. 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

19.	**External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2021-22** Report of Assistant Director Resources/Treasurer	**15 - 150**
20.	**Appointment of External Auditors** Report of Assistant Director of Resources/Treasurer	**151 - 162**
21.	**Internal Audit Report - HR/Payroll** Report of Assistant Director People Services	**163 - 184**
22.	**Corporate Risk Register Review Quarter 2 2022-23** Report of Assistant Director Resources/Treasurer	**185 - 194**
23.	**Performance Report for Quarter 1 2022/23** Report of Assistant Director Planning & Improvement	**195 - 210**
24.	**Performance Indicator Refresh 2022** Report of Assistant Director Planning & Improvement	**211 - 234**

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

Date of Publication: 2 November 2022

Information for the public

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

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

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

This page is intentionally left blank

SCRUTINY & AUDIT PANEL

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at Council Chamber, County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am on Thursday, 21 July 2022.

Present: Councillors Lambert (Chair), Galley (In place of Azad), Maples (In place of Powell), Redstone and Theobald

Also present: D Whittaker (Chief Fire Officer & Chief Executive), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), J Olliver (Payroll, Pensions & HR Assurance Manager), P Fielding (ESCC Internal Audit), H Thompson (EY), E Simpkin (Democratic Services Officer) and A Blanshard (Senior Democratic Services Officer)

1 Declarations of Interest

Cllr Redstone declared a personal, non-prejudicial interest due to his membership of the East Sussex County Council Pensions Committee.

2 Apologies for Absence

Apologies were received from Councillors Azad, Powell and Scott. Councillors Galley and Maples had been appointed to attend as substitutes.

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

There were none.

4 Minutes of the last Scrutiny & Audit Panel meeting held on 12 May 2022

RESOLVED – That the minutes of the meeting held on 12 May 2022 be approved and signed by the Chair.

5 Callover

Members reserved the following Agenda items for debate:

6 Measures to Improve Local Audit
7 External Audit Planning Report and Scale Fee 2021/22
8 Internal Audit Annual Report & Opinion – 1 April 2021 - 31 March 2022
9 Corporate Risk Register Review 1st Quarter 2022/23
10 Service Benchmarking Report 2020/21
11 Performance and Corporate Strategy Monitoring Report for Quarter 4 2021/22
12 Annual Report of the ESFRS Local Firefighters Pension Board 2021/22

RESOLVED – The Fire Authority agreed that all other reports on this Agenda be approved in full.

6 Measures to Improve Local Audit

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided an update on the Department for Levelling Up, Housing & Communities (DLUHC) commitment to improve local audit in response to the Redmond Review. The government commissioned Sir Tony Redmond to undertake an independent review into the effectiveness of local audit and the transparency of local financial reporting which was published in September 2020. In December 2021 DLUHC published a series of commitments setting out how it intended to address the key issues identified in the Redmond Review, these had been reported to the Panel in January 2022.

The DLUHC had published an update to these commitments which were set out in full in Appendix 1. These included systems leadership (establishing a new regulator), the focus of local audit, Procurement/appointing person arrangements Additionally there were commitments to progress the implementation of recommendations relating to auditor training and qualifications, the functioning of local audit and governance, the transparency of local authorities' accounts, the audit of smaller bodies and the appointment of Independent Members to Audit Committees. Funding had been provided by DLUHC to meet the increased cost of audit in 2021/22 and to fund any costs relating to the Redmond Review, however, the allocation made to the Service was insufficient even to cover the external audit fee scale variation.

There were several outstanding actions from the Redmond Review Working Group, including a review of the Panel's Terms of Reference, skills audit of panel members, matters relating to the appointment of an independent member and whether training for Panel members could be made compulsory. There was an overlap with these outstanding actions and with the commitments made by DLUHC. No further action had been taken, due to the delay in publication of the CIPFA audit committee guidance. The Panel queried the constitution of the Working Group, the proposed timetable and whether it would be a task and finish group. It was confirmed that the Redmond Review Working Group would be made up of volunteers from the Panel membership, they are informal meetings but work to a definite deadline and with an aim of completing the tasks that were required. Cllrs Maples and Lambert volunteered to become members of the Working Group; Cllr Scott would be approached to see if he would be happy to resume his previous membership. The Working Group would not meet until the CIPFA guidance had been published and Officers had been able to consider suggestions within, therefore the likelihood was that its first meeting would not be until the Autumn.

There was a query from the Panel regarding the engagement of local audit firms. The ADR/T confirmed that there was a range of local audit companies tendering through the PSAA's procurement process. There had been bids submitted to PSAA with a closing date later in the Summer, they had included a way for smaller companies, i.e., those who audited parish councils.

It was queried whether there should be Key Performance Indicators set for the Scrutiny & Audit Panel. The ADR/T stated that this would be entirely a matter for the Panel to decide whether it would be necessary and what those KPI's might be.

RESOLVED – The Panel agreed that:

i. they had considered the DLUHC update and the CIPFA position statement; and

ii. the Redmond Review Working Group would be re-established, when appropriate to do so, to review the Authority's compliance with the CIPFA audit committee guidance (when published) and the other actions arising from the Redmond Review.

7 External Audit Planning Report and Scale Fee 2021/22

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) and the External Auditors Ernst & Young LLP(EY) presenting the external auditor's updated planning report for the audit of the 2021/22 financial accounts and the external audit scale fee variation for the audit of the 2021/22 accounts. EY had not identified any specific risks relating to the Authority's accounts.

In May 2022 EY notified the Authority of a proposed scale fee variation of £11,423 for the audit of the 2020/21 accounts. However, it had not been clear at the time that it should also have included the scale fee rebasing figure of £27,553 included in the original planning document for 2020/21. EY expects to submit a scale fee variation for the audit of the 2021/22 accounts in the range of £43,762 - £47,762 giving a total scale fee of £67,452 - £71,452. At this stage it does not appear that there are any material new responsibilities on external auditors resulting from the relevant Code and therefore if PSAA remains consistent in its approach in previous years then an approved scale fee variation of the order of £20,000 may be a more reasonable forecast, giving a total scale fee of approximately £43,690. The increase exceeds the additional grant provided by Government however can be contained within the existing finance budget.

In response to the Redmond Review the Government amended the draft and final accounts publication deadlines for relevant bodies including Fire Authorities to 31 July and 30 November for the accounting year 2021/22. The Service expects to publish its draft accounts in the week commencing 11 July 2022, later than planned as a result of delayed receipt of the collection fund information from billing authorities, requiring an additional Scrutiny & Audit Panel to be held on 28 September 2022 for approval. It was likely that EY would not receive the assurances required from the auditor of the East Sussex Pension Fund (ESPF) until October. If this was the case a further update and final audit report may need to be presented to the Panel on 10 November 2022.

The Panel queried whether there was a communication issue between ESPF and EY. The ADR/T explained that there had been two issues, one regarding communications between ESFRS and Barnet Waddingham, this had been raised previously with the Panel and a more structured approach had been introduced. The second was a perennial issue between EY and the auditors o the ESPF, Grant Thornton. EY confirmed that Grant Thornton were aiming to notify them of their opinion in October, with EY aiming to complete as much of their audit as possible before the Panel in September.

Some members of the Panel repeated their unease at the size of the fee scale variation and whether there were any other options for auditors. EY reminded the Panel that the Fire Authority had chosen to opt into the PSAA which meant that there were no other options available to them. Whilst the fee may appear high, but in the past it had been lower because of PSAA cutting it by 40%. In general audit fees were increasing as a reflection of the environment in which auditors were operating. The ADR/T agreed that the situation was professionally frustrating and that some of the problems being faced were due to regulators responding to problems in Private Sector auditing. EY and ESFRS worked effectively to reduce issues.

The Panel were concerned at the regularity in which the Government were making changes to the Audit requirements and queried whether the findings of the Redmond Review were of real importance or whether there was a point at which they should stop implementing these changes. The ADR/T responded that good quality audits of public sector accounts were essential in ensuring accountability and transparency to council taxpayers and it was important that in practice they work well. The Redmond Review had highlighted the fragmentation of leadership in local audit since the abolition of the Audit Commission. The new system leadership role which had been allocated to the Auditing, Reporting and Governance Authority (ARGA) was intended to bring more structure. Some regulations that were required of Auditors did not benefit small, low risk organisations like the Fire Authority.

RESOLVED - The Panel agreed:

i. to approve the updated external audit planning report for 2021/22;
ii. the materiality and reporting levels set out in the planning report;
iii. to approve the 2020/21 scale fee variation as determined by PSAA;
iv. to note the planned fee variation set out by EY in Appendix A of their report; and
v. there were no requests for further information or reassurance from the Authority's external auditors, but the Panel agreed to ask the Chair to write to DLUHC to raise concerns, including those to do with the funding related to the Redmond Review, and to ask that these be included in a letter to local MPs.

8 Internal Audit Annual Report & Opinion - 1 April 2021 - 31 March 2022

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided an Opinion on East Sussex Fire Authority's internal control environment and report on the work of Internal Audit for the period 1 April 2021 to 31 March 2022. Based on audit work completed, the Orbis Chief Internal Auditor, as East Sussex Fire Authority's

Head of Internal Audit, was able to provide reasonable assurance that the Authority had in place an adequate and effective framework of governance, risk management and internal control for the period.

Individual reports on the systems evaluated included agreed actions to enhance controls and management had drawn up action plans to implement these. All key performance indicators for the Internal Audit Service had been met or exceeded during the year with the exception of the target to deliver 90% of the audit plan. The ADR/T confirmed that work was underway to address the issues identified in the audit of Surveillance Cameras and that this would be reported back to the Panel at a future meeting. The Panel queried whether issues relating to Payroll had been resolved and whether the change of software would help. The ADR/T confirmed that these issues were front end rather than relating to software and that the full report and action plan would be brought back to the next meeting of the Panel.

RESOLVED: The Panel agreed:

i. to note the Head of Internal Audit's opinion on the Fire Authority's internal control environment for 2021/22;

ii. to note that the review of HR/Payroll would be reported in full the November meeting of the Scrutiny & Audit Panel; and

iii. that the Fire Authority's system for internal audit had proved effective during 2021/22.

9 Corporate Risk Register Review 1st Quarter 2022/23

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which presented the first quarter position for 2022-23, detailing the corporate risks identified and how they had or were to be mitigated.

There was a query from the Panel regarding Corporate Risk 17 relating to Firefighter Pension Schemes (FPS) and how much information on these matters had been shared. The ADR/T informed the Panel that nothing had changed regarding the FPS since the last decision was taken on this matter by the Policy & Resources Panel. The Service was very aware of the impacts on staff and continued to liaise with the LGA and the NFCC on the latest position. The LGA and FBU were in discussions regarding advice to Fire Authority's. The National advice and local position were in the public domain and had been shared with employees. Members were reminded that it would be inappropriate for them, as the employer, to reply if they were approached directly by any individuals regarding this complex matter,

RESOLVED: The Panel resolved to:

i. agree the Quarter 1 Corporate Risk Register including changes made since Quarter 4; and

ii. that there was no further information or assurance required from Risk Owners.

10 Service Benchmarking Report 2020/21

The Panel considered the report of the Assistant Director Planning & Improvement (ADP&I) which presented the Fire Statistics for 2020/21 and comparative benchmarking of East Sussex Fire & Rescue Service against its family group to provide context to support the Authority's future decision making. Benchmarking performance enabled the Service to make decisions based on results and to provide a spotlight to managers for further investigation. Results of previous benchmarking exercises had enabled the prioritisation of several areas where concentrated effort bore positive results in the 2020/21 year-end figures. The ADP&I added that there were positives and negatives in looking at a suite of performance measures, the Senior Leadership Team, in consultation with the Chair of S&A and the Lead Member for Performance, were reviewing the set of measures and the draft list of these would be brought back to the Panel at a future meeting.

The Panel thanked Officers for a comprehensive report. There was a query regarding the decrease in the number of Ethnic Minority Firefighters. The ADP&I provided some context to the figures regarding Firefighters from ethnic minorities, this was a small number presented as a percentage, therefore if one person leaves it presents as a dramatic drop in numbers. There were currently 8 Firefighters that declared as being from an ethnic minority, this figure was disappointing but unfortunately it was a standard figure across the sector.

The Assistant Chief Fire Officer (ACFO) addressed a query regarding the number of Fire Safety Audits, the Panel were reminded that both Fire Safety checks and Business Safety Audits were conducted but the latter were not recorded in these figures, there were a total of 1200 conducted last year and including both the checks and the audits the Service now counted as higher performing.

In response to a question regarding deliberate Fire Setting and targeting those responsible, the Chief Fire Officer (CFO) explained that there was a national piece of work focusing on this. There was no single demographic responsible for deliberate fires, at certain times of the year it would be young people responsible, but equally there were issues relating to homelessness, mental health conditions and drug use. In the ESFRS area the figures for this were very low and there was evidence that diversionary schemes had been successful.

The Panel sought some reassurance regarding the levels of sickness absence. The Deputy Chief Fire Officer (DCFO) confirmed that sickness figures had been impacted by Covid-19 and that this report demonstrated that there was a return to the pre-pandemic sickness absence figures, these were relating to Musculo-skeletal and mental health issues. These had also been impacted by the NHS waiting list figures and a national delay in access to Occupational Health. As a result, there was a current review of the Occupational health contract underway and Wellbeing arrangements were being refreshed.

The ADP&I addressed a query regarding attendances at Automatic Fire Alarms (AFAs). The Fire Authority's IRMP established that the service would reduce its attendance at AFAs. Fifty percent of the Service's calls were in response to AFAs. There had been a lot of f preparatory work n the run up to this change and large amount of publicity and communication with business is advance of implementation. It was important for the Panel to note that this would not shoe in the figures until the process had time to bed in, but it was reassuring to note that there had not been any complaints from business with regards to this policy change.

RESOLVED: The Panel considered the results of the report in relation to future plans and were satisfied that action was being taken to address those areas of concern that had been raised at this meeting.

11 Performance and Corporate Strategy Monitoring Report for Quarter 4 2021/22

The Panel considered the report of the Assistant Director Planning and Improvement (ADP&I) which presented Members with the 4th quarter and end of year performance results for 2021/22. The report contained information against 21 indicators. Due to the Covid-19 pandemic, the Service had adapted new models of service delivery including telephone home safety visits and business safety audits throughout 2020/21. In person visits had been reintroduced across the Service from July 2021 in line with the relaxation of national government restrictions. This meant that the indicators were incomparable for the current year against the previous one, so no direction of travel was included in these areas.

The Panel were grateful for the comprehensive report and were keen to see the draft set of performance measures that would be presented to them for consideration at a future meeting.

RESOLVED: The Scrutiny & Audit Panel:

i. Considered the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1; and

ii. Noted that work was continuing on refreshing the set f performance measures reported to the Panel and that a draft set of measures would be presented to a future meeting.

12 Annual Report of the ESFRS Local Firefighters Pension Board 2021/22

The Panel received the report of the Assistant Director People Services (ADPS) informing Members of the matters considered by the Pensions Board during 2021/22. The board had met on four occasions during the year ad had considered matters including: Terms of Reference, Policies and guides for the Board and the Firefighter Pension Schemes (FPS) and current issues and updates relating to the Authority's FPS.

The Panel were grateful for the update report. In response to a query regarding software or non-scheme costs the ADR/T confirmed that to apply "remedy" there were 2 software companies who would have to provide updates. The Service pays a per member charge to West Yorkshire Pension Fund working on a cost recovery basis, the one off cost would be paid over 5 years on the per member charge. If costs are non-scheme, they cannot be paid by the pension account. The Pension Dashboard costs would be covered by the fee paid to WYPF; the Local Government Association had made representation requesting a delay to the implementation of approximately 6 months.

RESOLVED: The Panel agreed to note the annual report of the Firefighters' Pension Board for 2021/22.

13 Member Attendance Annual Report 2021/22

The Panel received the report of the Senior Democratic Services Officer (SDSO) which presented Member attendance at formal Fire Authority meetings, community events and Member briefing and development events for the year 2021/22.

Member attendance for all formal Fire Authority meetings had first been reported at the Annual Fire Authority on 13 June 2019. At this meeting it was agreed that future reporting on Member attendance would be made to the Scrutiny & Audit Panel on an annual basis for monitoring purposes. A summary of Member attendance at formal meetings in 2021/22 was included at Appendix 1 and attendance at Members Seminars at Appendix 2. It was noted that the Service's programme of open days and other community events, which was suspended throughout the Covid pandemic, re-commenced in May 2022 and therefore the attendance at events is not included in this report.

Members were reminded to inform Democratic Services if they attended open days or other events so that it could be recorded, this would once again be reported next year.

RESOLVED: The Scrutiny & Audit Panel noted the Member attendance for 2021/22.

The meeting concluded at 11.16 am

Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel

Signed

Chairman

Dated this day of 2022

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny & Audit Panel
Date	10 November 2022
Title of Report	External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2021/22
By	Duncan Savage - Assistant Director Resources / Treasurer
Lead Officer	Jo Membury, Principal Accountant ESCC & Alison Avery, Finance Manager

---

Background Papers	21 July 2022 – Scrutiny & Audit Panel – External Audit Planning Report and Scale Fee 2021/22 12 May 2022 – Scrutiny & Audit Panel – External Audit Planning Report and Scale Fee 2021/22

Appendices

1. External Auditor's Audit Results Report (ISA260)
2. 2021/22 Statement of Accounts
3. Letter of representation

Implications (please tick ✓ and attach to report)
Any implications affecting this report should be noted within the final paragraphs of the report

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

PURPOSE OF REPORT	To present the results of the External Auditor's Results Report (ISA 260) and to report an unqualified opinion on the Authority's 2021/22 Statement of Accounts.

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

EY has substantially completed its audit of the Authority's financial statements for the year ended 31 March 2021 and expects to issue an unqualified audit opinion on the financial statements subject to the completion of the work set out in p5 of Appendix 1.

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

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

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

EY has yet to submit a fee scale variation to reflect their assessment of the actual cost of the audit of the 2021/22 accounts.

RECOMMENDATION

The Panel is asked to:

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

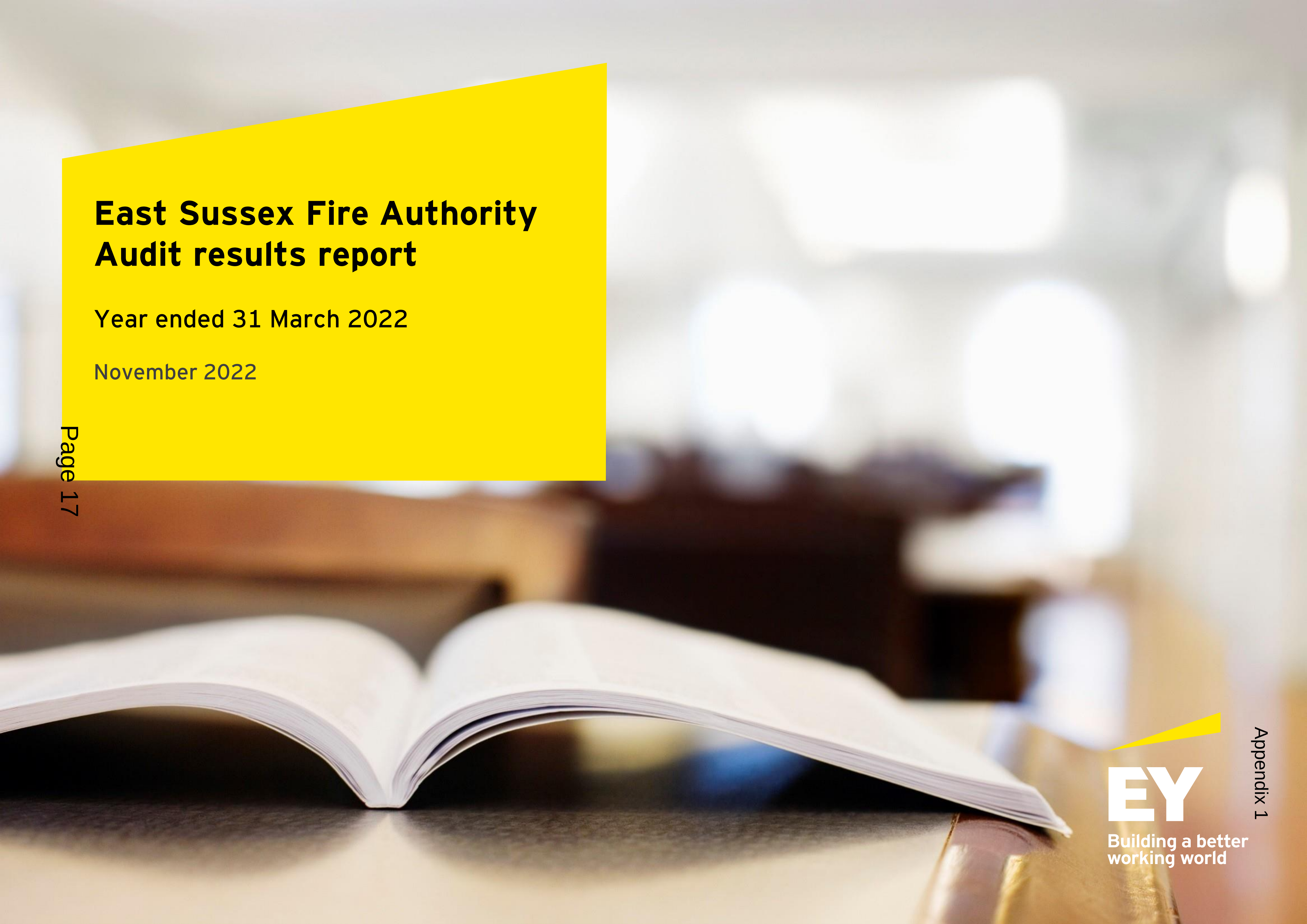
(ii) authorise the Assistant Director Resources / Treasurer and the Panel Chair to sign the formal letter of representation to the External Auditor; and

(iii) approve the 2021/22 Statement of Accounts for publication.

East Sussex Fire Authority
Audit results report

Year ended 31 March 2022

November 2022



28 October 2022

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

Dear Scrutiny & Audit Panel Members

2021-22 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit of the East Sussex Fire Authority for the forthcoming meeting of the Scrutiny & Audit Panel. We will update Scrutiny & Audit Panel at its meeting scheduled for 10 November 2022 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2021-22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the East Sussex Fire Authority's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

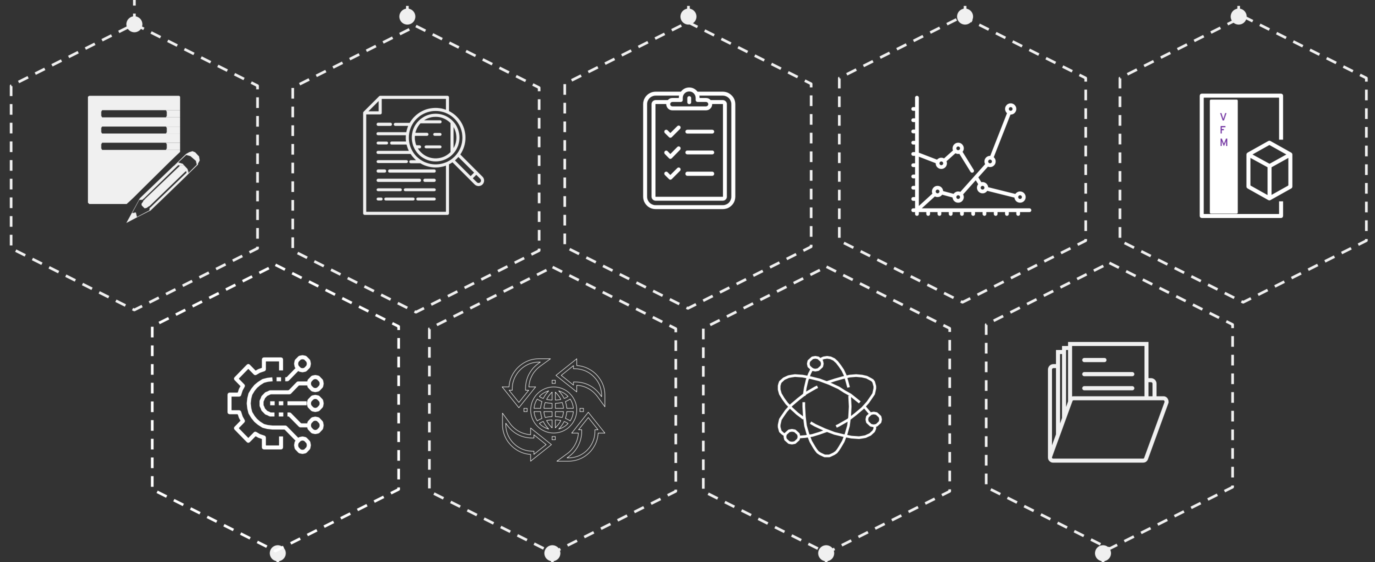
This report is intended solely for the information and use of the Scrutiny & Audit Panel, other members of the Authority, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Scrutiny & Audit Panel meeting on 10 November 2022.

Yours faithfully

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

Contents



Page 19

Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Scrutiny & Audit Panel and management of East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny & Audit Panel and management of East Sussex Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Scrutiny & Audit Panel and management of East Sussex Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Scope update

In our audit planning report and updated audit planning report presented to the 12 May 2022 and 21 July 2022 Scrutiny & Audit Panel meetings respectively, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- **Changes in materiality**

  Based on our materiality measure of gross expenditure on provision of services, our overall materiality assessment of £1.09m reported in the Audit Planning Report, remains the same. There has therefore been no change in performance materiality, at 75% of overall materiality, of £813k, or our threshold for reporting misstatements of £54k.

Status of the audit

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

- IAS 19 assurances: We have not yet received the final assurance letter from the auditor of East Sussex Pension Fund;
- Final review of key working papers;
- Completion of subsequent events review;
- Receipt of signed management representation letter;
- Signed Narrative Report and financial statements;
- Whole of Government Accounts: We have yet to receive the NAO instructions on this for 2021/22.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 03.

Executive Summary

Status of the audit - Value for Money

In the updated planning report presented to the Scrutiny & Audit Panel, on 21 July 2022, we reported that we had completed our value for money (VFM) risk assessment and not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03).

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

Audit differences

There are no unadjusted difference at 28 October 2022.

There was one disclosure amendment greater than £813k to the Financial Instruments disclosure note in the financial statements which has been corrected. A small number of other amendments were also made to disclosures appearing in the financial statements as a result of our work.

Other reporting issues

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

We have not yet been able to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission as guidance from HM Treasury and group audit instructions for 2021-22 from the NAO, on which our work is based, have not yet been released. The delay in completion of our WGA procedures does not impact the audit opinion, but will delay the issue of our audit certificate.

We have no other matters to report.

Executive Summary

Areas of audit focus

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

Fraud Risk	Findings & Conclusions
Misstatements due to fraud or error	Our work in this area is complete and subject to final review. At 28 October 2022, we have not identified any material weaknesses in controls or evidence of material management override, instances of inappropriate judgements being applied; or any other transactions during our audit which appear unusual or outside the Authority's normal course of business.
Inappropriate capitalisation of revenue expenditure	Our sample testing of additions to PPE: • Found costs had been correctly classified as capital and included at the correct value. • Did not identify any revenue items that were incorrectly classified as capital. Our review of judgements taken by management found them to be reasonable.

Page 23

Area of audit focus / Inherent risk	Findings & Conclusions
Valuation of Land and Buildings	Our work in this area is complete and subject to final review. From our work to date, we are satisfied that the valuation of property, plant and equipment is fairly stated and appropriately disclosed.
Pension Liability and Asset Valuation (Inherent risk)	Our work is ongoing. We have agreed the accounting entries associated with the Authority's pension liability valuation and assessed the work of the Authority's actuary, Barnett Waddingham. However, we have not yet received the final assurance letter from the auditor of East Sussex Pension Fund.
Going Concern (Area of audit focus)	We have reviewed management's going concern assessment and confirm their conclusion that the Authority remains a going concern is based on reasonable and supportable assumptions. We have also reviewed management's going concern disclosure and confirmed it is sufficiently detailed, transparent and accurately reflects management's underlying going concern assessment.

Executive Summary

Areas of audit focus (cont.)

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

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

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

Control observations

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

Independence

Please refer to Section 8 for our update on Independence.

02 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

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

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

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

Page 26

What judgements are we focused on?

Our assessment of this risk led us to consider unusual trends and posting activities in the financial records that may be indicative of management manipulation. We have also focused specifically on capitalisation of assets as a potential area of manipulation, which is recorded as a separately identified significant risk - Inappropriate capitalisation of revenue expenditure. Our work on estimates focussed on PPE valuation and IAS19 pension estimates which are identified as areas of higher inherent risk and are reported further in this report.

What did we do?

To gain an overall understanding we:

- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Sought to understand the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed the following mandatory procedures regardless of specifically identified fraud risks:

- This included reviewing the movement of income, expenditure , assets and liability transactions on the general ledger to identify postings that may be indicative of the manipulation of investment income and valuation by management. Unusual or unexpected journal postings.
- We assessed accounting estimates for evidence of management bias.
- We evaluated the business rationale for significant unusual transactions.

What are our conclusions?

Our work in this area is complete and subject to final review. From our work to date, we have not identified any material evidence of material management override. Specifically:

- Our review of trends in general ledger data, and detailed consideration of unusual or unexpected journal postings, did not identify any journal entries that suggested the manipulation of accounting records or override or controls by management.
- Our review of accounting estimates, including estimates with a higher level of inherent risk, identified no evidence of management bias.
- There were no significant unusual transactions.

Significant Risk

Significant risk

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

Page 27

What is the risk?

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

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

What judgements are we focused on?

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

What did we do?

Our approach focused on:

- selecting a sample of PPE additions to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations;
- We assessed whether the capitalised spend clearly enhances or extends the useful like of asset rather than simply repairing or maintaining the asset on which it is incurred.
- We assessed whether its was reasonable to capitalise any development or other related costs i.e. the costs incurred were directly attributable to bringing the asset into operational use.
- Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

We have completed our work:

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

Significant Risk

Other areas of audit focus

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

What is the area of focus?	What did we do?	What are our conclusions?
Valuation of Land and Buildings The fair value of Land and Buildings in Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes and impairment reviews. The valuation at 31 March 2022 was £48.2m. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.	We have: ▸ Considered the work performed by the Authority's valuers, Flude Property Consultants, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▸ Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); ▸ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▸ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; ▸ Tested to confirm that accounting entries have been correctly processed in the financial statements.	Our work in this area is complete and subject to final review. From our work to date: ▸ Nothing has come to our attention regarding the adequacy of the valuers' scope of work, their professional capabilities and the results from their work; ▸ Based on our samples selected, the valuers assumptions are accurate, i.e. correct floor plans and price per square metre used and considered potential impacts on useful economic lives; ▸ Confirmed assets not subject to valuation have not been materially misstated; ▸ Confirmed accounting entries have been processed correctly in the financial statements;

Other areas of audit focus (continued)

What is the area of focus?	What did we do?	What are our conclusions?
Net Pension Liability Valuation The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme (LGPS), administered by East Sussex County Council and the Firefighters Pension Scheme administered by the West Yorkshire Pension Fund. The Authority's pension fund liabilities are material estimated balances and the Code requires that these liabilities be disclosed on the Authority's balance sheet. At 31 March 2022 this totalled £472.9m. The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries of the two Pension Schemes. Accounting for these schemes involves significant estimation and judgement and therefore management engages actuaries to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We have: ▸ Liaised with the auditors of East Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Sussex Fire Authority. However, this required assurance letter is still outstanding. ▸ Assessed the work of the LGPS Pension Fund actuary (Barnett Waddingham) and the Firefighters pension actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. ▸ Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model. ▸ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19. Due to the outstanding required assurance letter from the auditor of East Sussex Pension Fund, this work is not yet complete.	At the date of this report our planned work in this area is still ongoing as the required assurance letter from the auditor of East Sussex Pension Fund is outstanding. From our work to date, we have: ▸ Assessed the work of the pension fund actuary including the assumptions they used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering the outcomes of a review of the work of PWC by the EY actuarial team. ▸ Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model. ▸ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. We will provide an update to the Scrutiny & Audit Panel on 10 November 2022.

Other areas of audit focus (continued)

What is the area of focus?	What did we do?	What are our conclusions?
Going Concern Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced some income losses. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis. However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.	We have met the requirements of the revised auditing standard on going concern (ISA 570) and considered the adequacy of the Authority's going concern assessment and its disclosure in the accounts by: ▸ Challenging management's identification of events or conditions impacting going concern. ▸ Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias). ▸ Reviewing the cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern. ▸ Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern. ▸ Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.	Management's going concern assessment was for the period up to 30 November 2023. We have reviewed management's going concern assessments and confirm that their conclusion that the Authority remains a going concern is based on reasonable and supportable assumptions. We have also reviewed management's going concern disclosure and confirmed it is sufficiently detailed, transparent and accurately reflects management's underlying going concern assessment.

03 Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of East Sussex Fire Authority ('the Authority') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement; and the Expenditure and Funding Analysis, and related notes 1 to 37; and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement, and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Sussex Fire Authority as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information.

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

Draft audit report (cont.)

Our opinion on the financial statements

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Treasurer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 12, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Draft audit report (cont.)

Our opinion on the financial statements

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Government Finance Act 2012
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how East Sussex Fire Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance, and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

We addressed our fraud risks related to management override through implementation of a journal entry testing strategy, assessing accounting estimates for evidence of management bias and evaluating the business rationale for significant unusual transactions. This included testing postings in the general ledger that fell outside of the standard transaction process flow.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at

Draft audit report (cont.)

Our opinion on the financial statements

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the East Sussex Fire Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the East Sussex Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

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

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

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

Use of our report

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

Helen Thompson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton

04 Audit Differences

Audit Differences

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

Summary of adjusted and unadjusted differences

There are no unadjusted differences as at 28 October 2022.

There was an amendment greater than £813k to the Financial Instruments disclosure note in the financial statements. This was due to an oversight as the accounts were not updated after changes to underlying workings. A small number of other amendments were also made to disclosures appearing in the financial statements as a result of our work.

As our audit work in relation to the IAS19 pension liability and internal review processes are ongoing at the time of writing this report, further adjusted and unadjusted misstatements may be identified. We will update the Scrutiny & Audit Panel at the meeting on 10 November 2022 if we identify any issues by the time of the meeting.

05 Value for Money

Value for money

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

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

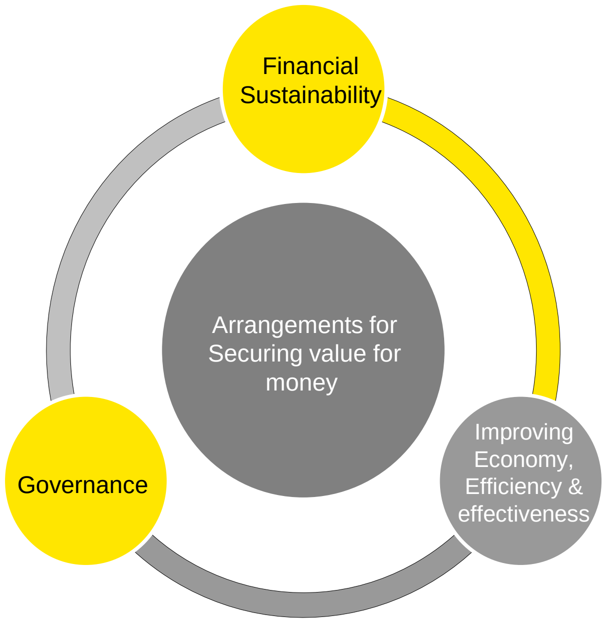
As part of the material published with its financial statements, the Authority is required to bring together commentary on their governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect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

Risk assessment

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

Status of our VFM work

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



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement
We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. Financial information in the Statement of Accounts 2021/22 and published with the financial statements was consistent with the audited financial statements. We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts
Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office. We have not yet been able to perform the procedures required by the National Audit Office on the Whole of Government Accounts submission. This is because guidance from HM Treasury and group audit instructions for 2021-22 on which our work is based have not yet been released. We will report any matters arising to the Scrutiny & Audit Panel.

Other powers and duties
We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

Other reporting issues

Other matters

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

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

We have nothing to comment in respect of these.

07 Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

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

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

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

08 Independence

Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. However, the Treasurer noted one issue in his response to our enquiries. East Sussex County Council / Orbis, who provide a significant element of finance support to the Authority, retain EY as its external tax advisor. The Treasurer confirmed that East Sussex Fire Authority retain PSTax as its external tax advisor in order to avoid any independence conflict. We therefore conclude there is no threat to our independence from this matter.

Services provided by Ernst & Young

The table below sets out a summary of the fees that are due to us for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute.

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

	Notes *	Final fee 2021-22	Planned fee 2021-22	Final Fee 2020-21
		£	£	£
PSAA scale fee		23,690	23,690	23,690
Scale fee rebasing	1	34,477	34,477	18,548 (Draft determination by PSAA – Note 1)
Revised proposed scale fee		**58,167**	**58,167**	
In-year scale fee variation:				
▸ PSAA pre-approved additional fee for VFM and ISA540:				
• ISA 540 accounting estimates	2	TBC	1,900	
• VFM commentary	2	TBC	5,000 to 9,000	
▸ Additional work: Going Concern	3	TBC	1,825	
▸ Additional work: Pension Fund IAS19 valuations (Our internal pensions specialists will be engaged to undertake an auditor's estimate of the gross liability)	3	TBC	560	
▸ Additional work: Other	3	TBC	-	
Total in-year scale fee variation		TBC	9,285 to 13,285	42,238
Total fees		TBC	67,452 to 71,452	

* Details to notes follow on next page

All fees exclude VAT

Notes to fee table

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £34,477. This was based on the amount we shared with the Authority in 2019-20, uplifted for the 25% increase in PSAA hourly rates. We remain in discussion with PSAA about increasing the 2021-22 scale fee to reflect the additional work auditors are required to do to meet regulatory requirements. This was previously communicated in 2019-20, and in our 2020-21 Auditors Annual Report.

We also submitted a further in-year fee variation of £11,423 for the 2020-21 audit. PSAA has provisionally determined the total fee variation across both elements for 2020-21 as £18,548. We expect similar costs in nature in 2021-22 and subsequent years. However, PSAA has stated that this will need to be determined each year.

Note 2 - In August 2022, PSAA published 'Additional information for 2021-22 audit fees'. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. The figures included here are the minimum additional fee ranges set out in this document.

Note 3 - During 2020-21 we undertook additional work to address specific risks identified. For 2021-22 we have included an estimate of this fee where we expect similar additional work to be performed. Any additional fees (over and above VFM and ISA540 set out above) for 2021-22 will be communicated to the Treasurer following the completion of the audit.

Other communications

EY Transparency Report 2021
Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021: EY UK 2021 Transparency Report | EY UK

09 Appendices

Required communications with the Scrutiny & Audit Panel

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the Scrutiny & Audit Panel of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report at the Scrutiny & Audit Panel meeting on 12 May 2022 and updated on 21 July 2022.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Planning Report at the Scrutiny & Audit Panel meeting on 12 May 2022 and updated on 21 July 2022.
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty related to going concern ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The appropriateness of related disclosures in the financial statements	No conditions or events were identified, either individually or together to raise any doubt about East Sussex Fire Authority's ability to continue for the 12 months from the date of our report.
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Material misstatements corrected by management	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Subsequent events	▸ Enquiry of the Scrutiny & Audit Panel where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Fraud	▸ Enquiries of the Scrutiny & Audit Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▸ Any other matters related to fraud, relevant to the Scrutiny & Audit Panel and Management responsibility.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit Planning Report presented at the Scrutiny & Audit Panel meeting on 21 July 2022. Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the Scrutiny & Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Scrutiny & Audit Panel may be aware of.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.
Fee Reporting	▸ Breakdown of fee information when the audit planning report is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Audit Planning Report at the Scrutiny & Audit Panel meeting on 12 May 2022 and updated on 21 July 2022. Audit Results Report presented at the Scrutiny & Audit Panel meeting on 10 November 2022.

Management representation letter

Management Representation Letter

[To be prepared on the entity's letterhead]
[Date]

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

This letter of representations is provided in connection with your audit of the financial statements of East Sussex Fire Authority ("the Authority") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of East Sussex Fire Authority as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

Management representation letter (continued)

Management Representation Letter

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

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

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
    - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
    - Additional information that you have requested from us for the purpose of the audit; and
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Authority, Scrutiny & Audit Panel and Policy & Resources Panel held through the year to the most recent meeting on the Fire Authority on 8 September 2022, Scrutiny & Audit Panel on 10 November 2022, and Policy & Resources Panel on 10 November 2022.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Management representation letter (continued)

Management Rep Letter

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter at 11 November 2021 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

E. Going Concern

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

F. Subsequent Events

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

G. Other information

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

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

Management representation letter (continued)

Management Rep Letter

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

I. Reserves

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

J. Use of the Work of a Specialist

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

K. Estimates

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

ii.) Pension liability and asset valuation

1. We confirm that the significant judgments made in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.
3. We confirm that the significant assumptions used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation, appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

L. Retirement benefits

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

Management representation letter (continued)

Management Rep Letter

Yours faithfully,

____

Assistant Director Resources & Treasurer

Date:

I confirm that this letter has been discussed and agreed at the Scrutiny & Audit Panel on 10 November 2022.

____

Chairman: Scrutiny & Audit Panel

Date:

EY | Assurance | Tax | Transactions | Consultancy

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

ED None

EY-000070901-01 (UK) 07/18. CSG London.

In line with EY's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

ey.com

This page is intentionally left blank

East Sussex Fire Authority

Statement of Accounts

2021/22

Contents	Page

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

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

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

Narrative Report by the Treasurer

Introduction

The purpose of the Statement of Accounts is to give the reader clear information about the Fire Authority's finances for the year ended 31 March 2022. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is published by the Chartered Institute for Public Finance and Accountancy (CIPFA) and is based upon International Financial Reporting Standards (IFRS).

East Sussex Fire Authority was created on 1 April 1997 as a result of local government reorganisation. It has a statutory duty to provide a Fire and Rescue Service for the whole of East Sussex and the City of Brighton and Hove, covering an area of 179,000 hectares and with a population of approximately 812,514.

The Authority is made up of 18 councillors, 12 of whom are nominated by East Sussex County Council and 6 of whom are nominated by Brighton & Hove City Council. The membership of the Authority during the 2021/22 financial year was as follows:

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

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

Our purpose:

We make our communities safer

Our Commitments, we will do this by:

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

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

Statement of Accounts

The core statements in these accounts comprise:

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

Other statements include:

- The Expenditure and Funding Analysis – this analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by local authorities in comparison with those economic resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The East Sussex Firefighters' Pension Fund Accounts – this summarises the transactions relating to the Firefighters' Pension Fund Account for 2021/22. This is an unfunded scheme (i.e. it is not backed by investments) into which employee and employer contributions are paid and from which pension payments are made. The account is topped up by a grant from Government if the contributions are insufficient to meet the cost of pension payments in any one year.

Changes to accounting policies

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

The 2021/22 Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2021. It supersedes the 2020/21 edition of the Code published on 1 April 2020 and applies for accounting periods commencing on or after 1 April 2021.

The 2021/22 Code highlights the following key updates/changes in accounting practice:

- Confirmation of the arrangements for the endorsement of standards arising because of the United Kingdom's withdrawal from the European Union.
- Amendments to Section 3.3 (Accounting Policies, Changes in Accounting Estimates and Errors) to confirm (but not introduce) the adaptation in Section 3.3 and Appendix C of the Code for standards issued but not yet adopted.
- Augmentations to Section 3.4 (Presentation of Financial Statements) for the reporting of estimation uncertainty.
- Amendments to Section 7.1 (Introduction etc) to confirm the replacement of IPSAS 29 Financial Instruments: Recognition and Measurement with IPSAS 41 Financial Instruments.
- Confirmation in Sections 7.2 (Subsequent Measurement of Financial Assets and Financial Liabilities) and 7.3 (Financial Instruments – Disclosure and Presentation Requirements) of the reporting requirements of interest rate benchmark reform.

Financial Report

This section of the Statement of Accounts for 2021/22 sets out:

• The construction of the original budget for 2021/22.

• The final outturn for 2021/22.

Setting the Revenue Budget for 2021/22

The Authority has developed its service planning processes so that they provide a sound basis both for setting its strategic objectives, plans and policies and for its medium term financial planning and budget setting. The Authority's Medium Term Financial Plan (MTFP) recognised that there was significant uncertainty for fire funding beyond the one year settlement agreed by central government. For 2021/22 and beyond there were potentially significant risks as a result of proposals to change the Business Rates Retention regime, the Fairer Funding Review and a Comprehensive Spending Review. In addition there was a significant risk within the fire sector with one-off grant from Government funding a significant and ongoing increase in pension costs. As a consequence of this uncertainty the MTFP for the period to 2025/26 modelled two scenarios: Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels) and Worse Case – 5.0% annual decrease in SFA, resulting in the need to identify additional savings of between £1.5m to £2.5m over the period. In setting its budget the Authority did consider the option of a council tax freeze but taking into account the potential impact on services, and the results of recent public consultation, it decided a small increase in council tax of 1.99% was appropriate

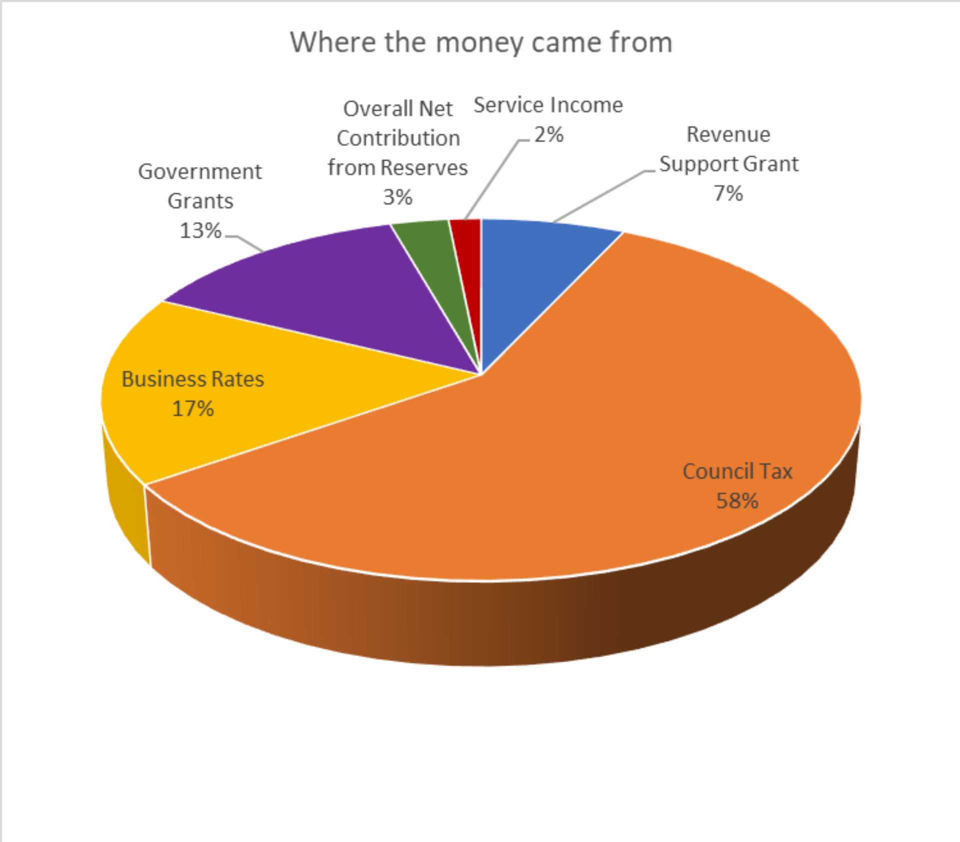
The budget and MTFP were developed to facilitate the delivery of the Authority's purpose and commitments and the priorities set out in the Integrated Risk Management Plan (IRMP)2020-25. You can find out more about the IRMP at https://www.esfrs.org/about-us/publication-of-information/strategies-plans-and-performance-information/community-risk-analysis/integrated-risk-management-planning/.

In February 2021 the Authority set its revenue budget for 2021/22 at £40.704m, a 2.4% increase on the previous year. Savings of £0.504m which were expected to reduce to £0.246m in 2025/26 were included.

The main savings resulted from IRMP 2020-25, Procurement Category Strategy, reductions in fuel useage, Estates Strategy revenue maintenance costs, reduction in administration costs, one-off reduction in corporate contingency, a range of other smaller savings and the decision to delay some IT strategy projects into the following year.

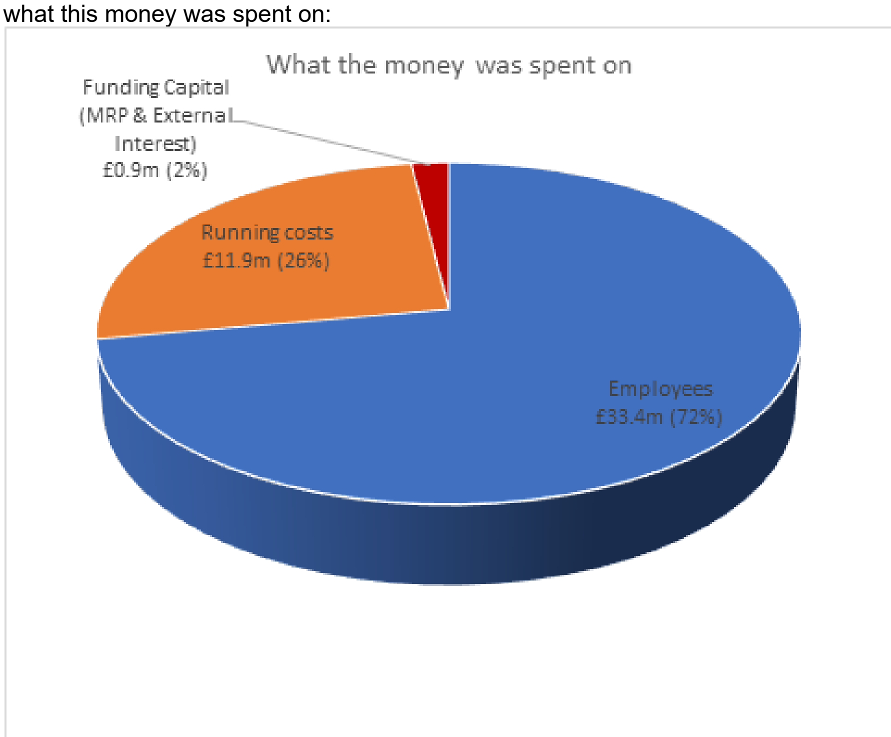
Revenue Expenditure and Income

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



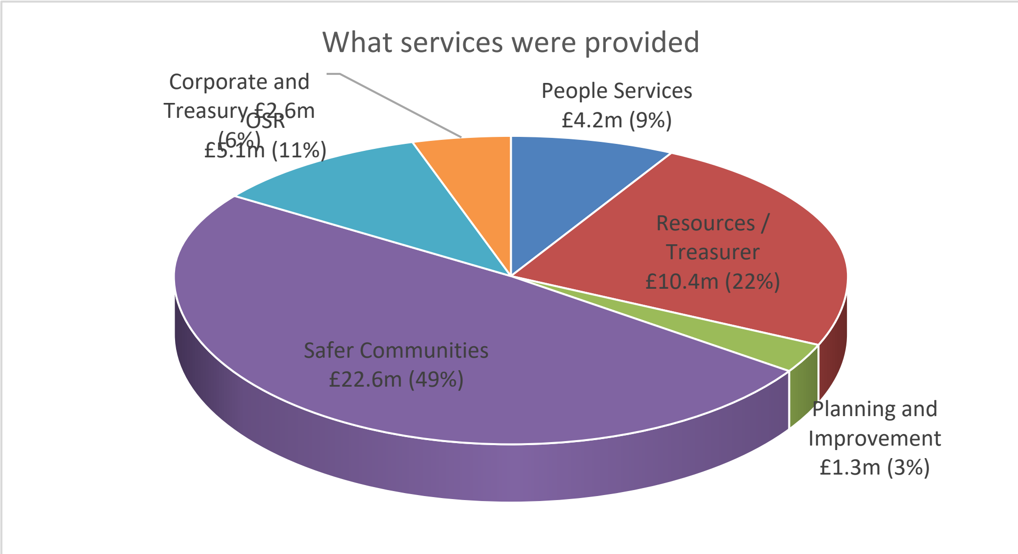
The majority of the funding (58%) comes from the Council Tax payers of East Sussex and the City of Brighton & Hove. The two other main sources are Business Rates and Government Grants (including revenue support grant of 7%) at 17% and 20% respectively. The Service generates fees and charges income representing 2% and overall there was a net contribution from reserves of 3%.

The next chart shows what this money was spent on:



Fire Authority services are heavily reliant upon staff, therefore employee costs including employer's pension contributions accounted for the majority (72%) of expenditure. Running expenses including the cost of premises, transport and supplies and services accounted for 26% of the total expenditure whilst the cost of funding capital expenditure, including the costs associated with loans taken out to invest in the Fire Authority's services, makes up 2%.

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



The Authority's focus is on services to local communities and this is reflected by the fact that 49% of expenditure is on Safer Communities which includes both firefighting and rescue operations and prevention and protection work including preventing fires, reducing arson, working with the local business community, and with other local authorities and stakeholders to make all our local communities safer.

Resources/Treasurer (22%) supports service delivery providing Information Technology (I.T.), Property, Procurement, Finance, Risk and Insurance and Legal Services.

Operational Support and Resilience (11%) delivers support for the fleet including fire appliances, operational planning and policy and mobilising (the Authority moved from its own East Sussex Fire Control to a Joint Fire Control or JFC provided by Surrey County Council from 17 November 2021).

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

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

Corporate (6%) includes Principal Officers and their direct support, treasury management, various non service costs such as injury benefits as well as the corporate contingency.

Analysis of the Revenue Budget

The table below sets out the main components of the Revenue Budget for 2021/22 and how these compare with the actual outturn. Any differences between the Provisional Outturn and the Net Expenditure Chargeable to the General Fund column on the Expenditure and Funding Analysis on page 26 are due to transfers to/from reserves.

	Original Budget 2021/22	Revised Budget 2021/22	Provisional Outturn 2021/22	Provisional Outturn Variation
	£'000	**£'000**	**£'000**	**£'000**
Peoples Services	3,813	3,894	4,117	223
Resources/Treasurer	7,855	7,690	7,105	(585)
Planning and Improvement	1,222	1,241	1,198	(43)
Total Deputy Chief Fire Officer	**12,890**	**12,825**	**12,420**	**(405)**
Safer Communities	21,462	21,601	22,064	463
Operational Support	4,739	4,611	4,488	(123)
Total Assistant Chief Fire Officer	**26,201**	**26,212**	**26,552**	**340**
CFO Staff	781	782	788	6
Treasury Management	875	968	946	(22)
Non Delegated costs	(1,348)	(1,271)	(1,181)	90
Corporate Contingency	341	130	78	(52)
Transfer from Reserves	(597)	(1,038)	(1,037)	1
Transfer to Reserves	1,561	2,096	2,990	894
Total Corporate	**1,613**	**1,667**	**2,584**	**917**
Total Net Expenditure	**40,704**	**40,704**	**41,556**	**852**
Financed By:				
RSG	(3,226)	(3,226)	(3,226)	0
Council Tax	(28,303)	(28,303)	(28,303)	0
Business Rates	(7,801)	(7,801)	(7,823)	(22)
Covid-19 Local Tax Support Grant	(474)	(474)	(474)	0
S31 Grants	(833)	(2,142)	(3,043)	(901)
CT & BR TIG Grant	0	(80)	(56)	24
Collection Fund Surplus/Deficit	(68)	1,322	1,349	27
Total Financing	**(40,704)**	**(40,704)**	**(41,576)**	**(872)**
Total Over / (Under) Spend	**0**	**0**	**(20)**	**(20)**

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

The Authority's original estimate of net revenue expenditure for the year was £40.704m and remained at this value throughout the financial year The final outturn is, at £41.556m, an overspend of £0.852m on net expenditure which alongside better than expected income of £41.576m (additional £0.872m) resulted in an overall underspend of £0.020m (0.05% of budget) which will be transferred to the Improvement & Efficiency Reserve reserve

In service delivery, the net expenditure position of a £20,000 underspend is the result of a combination of underspending in some areas and overspending in others.

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

- A £585,000 underspend in Resources / Treasurer is due mainly to delays in the delivery of some IT projects and negotiations with suppliers leading to lower prices than originally quoted. Savings in Estates due to delays in the planned maintenance programme, business rate refunds offset by overspends on facilities management and hired / contracted services.
- A £463,000 overspend in Safer Communities is mainly due to posts being over establishment, overtime costs to cover crewing absences and savings delayed by the rephasing of the CRM project. These were partially offset by savings generated as the IRMP crewing pool positions were not recruited to in the year and vacancies in the Protection service.
- A £223,000 overspend in People Services due to pressures relating to fire fighter recruitment carried out earlier than expected, DCFO recruitment, overtime payments and pay award. These pressures were offset by savings generated by significantly reduced delivery of training.
- A £123,000 underspend in Operational Support and Resilience, comprises mainly of additional income for vehicle sales, and reduced spend following a review of the equipment replacement programme. These were partially offset by an overspend on fuel as prices have risen by 21% and pay award.
- A £43,000 underspend in Planning and Improvement due mainly to staffing vacancies, consultancy and cost of democracy, offset by pressures on pay award and printing costs.
- In addition there was an overspend of £917,000 on Corporate budgets which is mainly due to the transfer of S31 grant into an earmarked reserve (and is matched by additional S31 grant income shown within Total Financing) and additional pension costs This was offset in part by unused contingency funding and surplus interest income.

Reserves and Balances

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

The Reserves Strategy forms part of the Authority's Medium Term Financial Plan. The level of the Fire Authority General Fund Balance has reduced from £1.960m to £1.913m which is slightly below the minimum risk based level of 5% of the Revenue Budget (£41.766m) approved in February 2022. An additional contribution to the General Fund balance was agreed as part of the 2021/22 budget and aimed to take it back above the minimum level, however, during the year an additional £0.257m was drawn down to fund an unbudgeted increase in operational (Grey Book) pay.

The Authority's revenue balances have decreased by £2.027m to £14.906m at 31 March 2022 (including the 2021/22 Revenue Budget underspend of £0.020m), of which 87% or £12.993m is held for specific purposes. With the addition of the Capital Reserves of £4.255m this means that total usable reserves stand at £19.161m as shown in note 20 to the accounts.

Details of the Authority's earmarked reserves can be found within note 8 to the Core Accounting Statements. Current earmarked reserves are £12.993m, the most significant being those to provide resources which may be used for capital spending in order to reduce the need for revenue cost of borrowing, the use of unused grants carried forward to meet eligible revenue costs and funding shortfalls and the delivery of efficiencies. Earmarked reserves cover projects including Mobilising Strategy, I.T. Strategy, Emergency Services Mobile Communication and Sprinkler installation. Certain reserves are held to manage the accounting processes for tangible fixed assets, minimum revenue provision and retirement benefits which do not represent usable resources for the Authority.

The level of reserves held at the end of 2021/22 is £6.153m higher than planned (£19.141m actual against £12.988m planned), including the Budget underspend 2021/22 of (£0.020m). The main reasons for this are the decreased use of earmarked reserves as projects were delayed due to Covid-19 and unused grants awarded during the financial year transferred to grants unapplied reserve. Additionally, reduced capital expenditure meant the expected £5.520m draw down from capital receipts reserve was reduced to £1.773m.

The Capital Programme

In 2021/22, the Authority spent £1.894m on its vehicles, buildings and other capital projects

The Authority can fund its capital expenditure from several sources, each with its own advantages and limitations. The sources of funding for the original Capital Programme budget 2021/22 of £6.105m were contributions from Capital Receipts (£5.991m), Business Rates Pilot Economic Development Reserve (£0.086m) and the balance funded from new borrowing of £0.028m. Capital bids for new projects are made in accordance with the 5 year Capital Asset Strategy and individual schemes are subject to the Authority's project management regime to ensure effective delivery.

The Capital Programme budget for the year was revised to £2.682m (funded by Capital Receipts and Internal Borrowing) following an assessment of delivery of projects by the Service, reflecting primarily the impact of worldwide supply chain disruption on both estates and fleet projects. The larger schemes budgeted for during the year were general property schemes (£0.493m) and the purchase of fleet and equipment (£1.401m). The underspend of £0.788m compared to the revised budget was mostly (£0.767m) an aggregation of slippage of spend into 2022/23 over a number of projects including replacement fire appliances and property schemes.

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

During 2021/22, two loans totalling £0.400m matured and were repaid. No new borrowing was undertaken, so total borrowing ended the financial year at £10.298m.

At its meeting in February 2022, the Fire authority approved a Capital Programme for 2022/23 of £7.250m financed by Capital Receipts of £4.017m, £3.209m from Earmarked Reserves and £0.024m of External Borrowing. Slipped schemes, from 2021/22 are likely to increase the 2022/23 Capital Programme by £0.767m to £8.017m, with the additional spending to be funded by Capital Receipts (£0.767m).

Impact of Covid 19 Pandemic and Worldwide Supply Chain Disruption

The financial impact of Covid 19 on the Authority in 2021/22 was reduced from the previous year but continued to be felt in a number of ways:

- additional expenditure of £0.134m primarily additional staffing costs and provision of personal protective equipment. This was funded by grants provided by Government.
- Loss of income from commercial training and other activities of £0.070m partially compensated by Government grant of £0.009m
- Compensation from Government for the impact of Covid-19 on income from council tax and business rates of £0.530m

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

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

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

As the direct financial impacts of Covid-19 on the Authority started to abate the wider consequences of worldwide supply chain disruption started to come to the fore with CPI (consumer price index) rising from around 2% at the start of the year to just under 5% in December, with the growing impact of the conflict in the Ukraine pushing it to over 6% at year end. This meant that cost savings from reduced travel as a result of Covid-19 were outweighed by the impact of inflation on the cost of utilities, fuel, catering and raw materials such as timber (for live fire training). In addition the delivery of the capital programme for both fleet and estates was heavily impacted as the availability, as well as the cost, of raw materials, components and labour meant that many projects were delayed with the actual spend on capital projects of £1.894m against an original budget of £6.105m. These impacts on both the revenue and capital budgets will continue into 2022/23 and will need to be managed proactively by the Authority.

Non-Financial performance

The Authority monitors its performance on a regular basis against a range of key performance indicators. This is reported to the Authority’s Scrutiny and Audit Panel on a quarterly basis and includes attendance at incidents, employee absence and reporting of Health and Safety incidents. Significant performance level changes are reported on an exception basis. There is also a Year End Performance Report that is to be considered by the Fire Authority on 8th September 2022.

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

Trade Union (Facility Time Publication Requirements) Regulations

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

Impact of Benefit Pension Schemes

In line with the accounting standard IAS19, the Authority's net liability for future pension payments, as shown in the Balance Sheet, has decreased from £488.447m at the start of the year to £472.912m at 31 March 2022. Note 35 to the accounting statements provides more detailed information. The resultant impact on the CIES is a charge of £6.366m to reflect the present value of the defined benefit obligation and an actuarial gain on pension assets and liabilities of £21.901m. The explanation from the Actuary for the actuarial gain is because the asset return in year is higher than the discount rate previously used. The liabilities assessed due over the long-term of the Firefighters' Pension Scheme do not affect the present operational service costs of the Authority, where the actual costs of providing pensions is determined by the government and legislation that sets the employer and employee pension contributions rates for the 1992, 2006 and 2015 Firefighters' Pension Schemes.

Treasury Management, Borrowing and Investment

The Authority's Treasury Management Strategy for 2021/22, agreed in February 2021 was set against a continued background of market uncertainty and a prudent approach was taken with all investments.

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

The amount of interest received on short term balances was £0.058m at an average rate of 0.26% (compared to the Bank of England base rate which was initially 0.10% and then gradually increased during the year, ending at 0.75% in March. During the year, and in accordance with its Treasury Strategy, the Authority continued to invest in the highest quality rated banks and using fixed term and notice accounts alongside continued use of overnight access cash money market funds. Funds were also loaned on a fixed term basis to another UK local authority during the year. The Authority also invested in environmental, social and governance (ESG) funds for the first time, where they met our criteria for security and liquidity and either matched or exceeded the rates offered by non ESG products.

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

2022/23 and beyond

The Authority's original budget for 2022/23 was set at £41.766m, an increase of 2.6% over the previous year, and in light of the financial challenge facing the Authority in the future, Members agreed to raise Council Tax by 1.99% taking a Band D property to £99.37. Despite the financial challenges ahead, the Authority continues to provide the communities of East Sussex and the City of Brighton & Hove with a round the clock service for £1. £1.91 per week (for the average household). The Medium Term Finance Plan (MTFP) for the five years to 2026/27 sets out how the Authority plans to achieve financial sustainability through a balanced budget over the medium term. Both the budget and the MTFP were set in the context of significant uncertainty for fire funding beyond the one year funding settlement from Government for 2022/23. Significant risks resulting from proposals to change the Business Rates Retention Regime, the Fairer Funding Review and continued reliance on one year settlements and one off grants which make medium term planning extremely difficult. Other potential financial risks facing the Authority included:

- The significant costs likely to arise from the remedy to the successful legal challenge to the transitional arrangements for the FPS 2015 (increased employers contributions, compensation and administrative costs) and a number of other pensions cases, and a lack of clarity on whether the Government will fund those costs;
- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards and the resulting impact on the revenue budget;
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the expected White Paper on the role of Police & Crime Commissioners and any impacts locally to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process;
- The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery. Ongoing financial impacts of the Covid-19 pandemic in excess of the Government grant received.

The MTFP models three scenarios: Best case - assumes that the one-off Service Grant of £0.535m is rolled into the baseline from 2023/24 and there is an increase of 2% per annum on Settlement Funding Assessment thereafter which indicates the need to make further savings of between £0.5m and £0.2m – Mid Case on which the budget is based assumes Settlement Funding Assessment (SFA) maintained at 2022/23 cash levels which indicates the need to make further savings of between £1m and £1.5m and Worse Case assumes 5.0% annual decrease in SFA which indicate the need to make further savings of between £1.6m and £3.8m in order to balance the Authority's budget by 2026/27.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carried out a full inspection during 2019/20 and concluded that the Service is good at using its resources efficiently, has realistic and robust financial plans in place and is good at making its services affordable now and in future.

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

A further full inspection of the Service will be carried out by HMICFRS in the summer of 2022 with a final report expected to be published in December 2022.

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

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

Officers will continue to explore the potential to deliver further efficiencies, including through income generation, to assist in meeting the identified funding gap by 2026/27. The following areas of focus were identified for exploration during 2022/23 for potential delivery from 2023/24 onwards

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- Process Digitisation
- Review of Senior / Middle Management
- Administration Review
- Fleet & Equipment Strategy
- Shared Engineering Service
- Tripartite Mobilising Service– operational / joint working efficiencies
- Post Covid ways of working

The Authority is working to implement its Integrated Risk Management Plan 2020-2025 (IRMP) which aims to ensure that we put our resources in the right place, at the right time to deal with emergencies and help prevent them in the first place through engagement and regulation. To achieve this we have assessed our community risks, using a range of sophisticated analytical tools to identify where incidents such as fires or flooding might happen, when they might occur and how serious they could be. This allows us to target our resources, including firefighters and fire engines, most effectively, bringing about a better balance of prevention, protection and response, as well as delivering efficiencies of £0.556m by 2026/27. You can find out more about the IRMP at

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

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

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

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

The Annual Governance Statement which is included in this Statement of Accounts covers more than just financial matters and is set out in full on pages 16 to 21.

Our financial framework relies upon the quality of the financial systems of the Fire Authority. There is a commitment continually to improve these systems and to ensure that budget management and other financial processes are efficient and effective and support and enable the Authority's wider transformation programme. During 2021/22 the Service launched a Finance Improvement Plan to ensure that it has a finance function that can meet its current and future needs. This includes a project to replace its finance and procurement systems.

The Audit Opinion

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

Duncan Savage

Assistant Director Resources / Treasurer

10th November 2022

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

Treasurer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the East Sussex Fire Authority and its income and expenditure for the year ended 31 March 2022.

Duncan Savage

Assistant Director Resources / Treasurer
10th November 2022

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

To follow

Independent Auditor's Report to East Sussex Fire Authority

To follow

Independent Auditor's Report to East Sussex Fire Authority

To follow

Annual Governance Statement 2021/22

1. Scope of Responsibility

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

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

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

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

2. The Purpose of the Governance Framework

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

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

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

The governance framework has been in place at the Authority for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

3. The Governance Framework

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

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

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

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

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

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

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

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

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

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

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

Principle B – Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

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

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

- An Integrated Risk Management Plan, covering a period of three or five years;
- A Medium-Term Financial Plan;

- A clear framework for financial governance based on Procurement Standing Orders and Financial Regulations;
- Established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to Officers and Members;
- Externally audited accounts;
- Detailed performance information.

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

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

- Delivering services to meet local needs through the Integrated Risk Management Plan, and putting in place policies and procedures to ensure that they operate effectively in practice;
- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Actively pursuing and implementing collaboration opportunities with the Police, Ambulance, other Fire Services and other local authorities;
- Responding positively to the findings and recommendations of external auditors, reviewers and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
- Comparing information about services with those provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different and considering alternative means of service provision, processes and procurement to maximise opportunities and improve value for money where appropriate.
- Following its Responsible Procurement Policy that aims to support our collective responsibility to limit any negative impact and promote the Authority’s commitment to deliver sustainable and responsible outcomes across social value, ethical sourcing and environmental sustainability.

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

To achieve this, the Authority has:

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

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

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

- Electing a Chairperson, establishing Panels and nominating Member Leads with defined responsibilities;
- A clear scheme of delegated responsibilities to Senior officers;
- Undertaking a regular review of the Constitution;
- Having effective and comprehensive arrangements for the scrutiny of services;
- Making the Chief Fire Officer responsible and accountable for all aspects of operational management;
- Ensuring that at all times arrangements are in place for the proper administration of its financial affairs (Section 112 Officer);
- Ensuring that at all times arrangements are in place for ensuring actions are taken in accordance with Statute and Regulation (Monitoring Officer);
- Developing protocols that ensure effective communications between Members and Officers.
- A risk management process to identify where interventions may be required
- A sound understanding of risk in our community and service demand (current & future) which informs resource allocation decisions.
- Leveraging IT investment to improve internal processes and increase internal capacity through more effective use of resources.

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

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

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

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

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

The Authority has undertaken a full independent review of its constitution to ensure that it is both current and robust. The review is almost complete and those changes that have been made have been adopted formally by the Combined Fire Authority. The final stages of the review will be completed this coming year.

The Authority has completed a self-assessment against the CIPFA Financial Management Code (FM Code) 2019. Strong financial management is an essential part of ensuring public sector finances are sustainable and the FM Code provides guidance for good and sustainable financial management in local authorities and provides assurance that authorities are managing resources effectively.

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

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

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

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

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

To achieve this, the Authority:

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

- Prepares an Annual Governance Statement;
- Prepares an Annual Statement of Assurance;
- Prepares a Corporate Plan.

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

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

4. Review of Effectiveness

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

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

5. Assurance & Significant Governance Issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Authority's governance arrangements. The Authority is fully committed to the principles of corporate governance. The Assurance, Performance & Governance Group monitors the progress on the governance issues contained within the Annual Governance Statement. Those issues that were ongoing at 31 March 2022 will be included in the 2022/23 action plan.

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

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

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

(i) ***The Covid 19 Pandemic***
*Monitor the post-pandemic recovery and resilience to further COVID variants. Develop an approach to post-pandemic recovery considering wider partnership working and refreshing assessment of community needs. Ensure that lessons are learnt through a comprehensive debriefing process. (**Deputy Chief Fire Officer**)* (Continuing action)

(ii) ***Review of Corporate Business Risk Policy and Implementation of Directorate Risk Registers***
*Continue to work to improve the identification and mitigation of corporate risks throughout the organisation. (**Assistant Director Resources/Treasurer** (New action)*

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

(iv) ***Incident reporting for Insurance purposes***
Continue to work to improve the reporting of incidents that may result in insurance claims in line with the requirements of the Authority's Insurers. ***(Assistant Director Resources and Treasurer)*** *(Continuing action)*

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

(vi) ***Improved Performance Monitoring***
*Improve the Authority's performance monitoring through the implementation of the Business Intelligence System. (**Assistant Director Planning and Improvement**) (Continuing action)*

(vii) ***Review of Constitution – Financial Regulations***
*Review the financial regulations & scheme of delegations contained within the Authority's Constitution including budget limits. (**Assistant Director Resources/Treasurer**) (Continuing action)*

(viii) ***Hackitt Review & Grenfell Tower Inquiry***
*ESFRS has established suitable and sufficient governance and project management processes to oversee progress against the plan including a prioritisation and tracking system. These processes will be transferred to the Grenfell Tower Phase 2 recommendations when they are released later in 2022. A Building Risk Review (BRR) was completed by the end of March 2022, we anticipate a further BRR may be required depending on the recommendations arising from the Inquiry. (**Assistant Chief Fire Officer**) (Continuing action)*

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

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

(xi) ***Sustainability and Carbon Management***
*Complete the development of a Carbon Reduction Action Plan and a broader review of the Authority's community leadership role in relation to climate change for consideration by the Fire Authority. (**Deputy Chief Fire Officer & Assistant Director Resources/Treasurer**) (New action)*

(xii) ***Implement the findings of the HMICFRS Inspection***
*Assess and implement the findings resulting from the HMICFRS Inspection of both East Sussex Fire & Rescue Service and additionally those recommendations made to all FRS at a national level. (**Deputy Chief Fire Officer**) (New Action*

Councillor Wendy Maples, Chairperson, Scrutiny & Audit Panel

Dawn Whittaker, Chief Fire Officer

12 May 2022

Movement in Reserves Statement

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

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

2021/22	General Fund Balance	Capital Receipts Reserve	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021 carried forward	**1,960**	**6,028**	**14,973**	**-**	**22,961**	**(451,574)**	**(428,613)**
Movement in Reserves during 2021/22							
Total Comprehensive Income and Expenditure	(9,036)	-	-	-	(9,036)	28,502	19,466
Adjustments between accounting basis & funding basis under regulations (Note 7)	7,009	(1,773)	-	-	5,236	(5,236)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(2,027)**	**(1,773)**	**-**	**-**	**(3,800)**	**23,266**	**19,466**
Transfers to/(from) Earmarked Reserves (Note 8)	1,980	-	(1,980)	-	-	-	-
Increase/(Decrease) in Year	**(47)**	**(1,773)**	**(1,980)**	**-**	**(3,800)**	**23,266**	**19,466**
Balance at 31 March 2022	**1,913**	**4,255**	**12,993**	**-**	**19,161**	**(428,308)**	**(409,147)**

Page 84

Comprehensive Income and Expenditure Statement

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

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	**£000**	**£000**		**£000**	**£000**	**£000**
3,632	(140)	3,492	People Services	4,070	(177)	3,893
12,207	(681)	11,526	Resources/Treasurer	11,263	(329)	10,934
1,432	(2)	1,430	Planning & Improvement	1,320	-	1,320
17,976	(597)	17,379	Safer Communities	19,575	(489)	19,086
6,173	(427)	5,746	Operational Support & Resilience	6,335	(442)	5,893
2,189	(17)	2,172	Corporate	1,529	(12)	1,517
43,609	**(1,864)**	**41,745**	**Cost of Services**	**44,092**	**(1,449)**	**42,643**
		352	Other operating expenditure (Note 9)			12
		9,368	Financing and investment (income) and expenditure (Note 10)			10,086
		(42,237)	Taxation and non-specific grant income (Note 11)			(43,705)
		9,228	**Deficit on Provision of Services**			**9,036**
		(339)	Surplus on revaluation of Property, Plant and Equipment assets (Note 21)			(6,601)
		86,718	Actuarial (gains) / losses on pension liabilities (Note 35)			(21,901)
		86,379	**Other Comprehensive (Income) and Expenditure**			**(28,502)**
		95,607	**Total Comprehensive (Income) and Expenditure**			**(19,466)**

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

31 March 2021 £000		Notes	31 March 2022 £000
48,976	Property, Plant & Equipment	12	55,268
48,976	**Long Term Assets**		**55,268**
18,253	Short Term Investments	13	17,005
375	Assets Held for Sale	17	375
1,253	Payments in Advance	15	1,167
33	Inventories	14	66
4,697	Short Term Debtors	15	4,242
3,693	Cash and Cash Equivalents	16	2,738
28,304	**Current Assets**		**25,593**
(6,307)	Short Term Creditors	18	(6,477)
(400)	Short Term Borrowing	13	(481)
(296)	Provisions	19	(199)
(7,003)	**Current Liabilities**		**(7,157)**
(488,447)	Liabilities related to defined benefit pension schemes	35	(472,912)
(10,298)	Long Term Borrowing	13	(9,817)
(120)	Provisions	19	(97)
(25)	Capital Grants Receipts in Advance	30	(25)
(498,890)	**Long Term Liabilities**		**(482,851)**
(428,613)	**Net Assets**		**(409,147)**
22,961	Usable Reserves	20	19,161
(451,574)	Unusable Reserves	21	(428,308)
(428,613)	**Total Reserves**		**(409,147)**

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Fire Authority as at 31 March 2022 and its Comprehensive Income and Expenditure Statement for the year then ended.

Duncan Savage
Assistant Director Resources/Treasurer

The Statement of Accounts was approved by the Scrutiny and Audit Panel on 10th November 2022.

Cash Flow Statement

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

2020/21		**2021/22**
£000		**£000**
9,228	Net deficit on the provision of services	9,036
(8,890)	Adjustments to net deficit on the provision of services for non-cash movements (Note 22)	(8,970)
(5,409)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities (Note 22)	(1,250)
(5,071)	Net cash flows from Operating Activities	(1,184)
1,865	Investing Activities (Note 23)	1,739
75	Financing Activities (Note 24)	400
(3,131)	**Net (increase) or decrease in cash and cash equivalents**	**955**
562	Cash and cash equivalents at the beginning of the reporting period	3,693
3,693	**Cash and cash equivalents at the end of the reporting period (Note 16)**	**2,738**

Expenditure and Funding Analysis

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

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

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
3,526	(34)	3,492	People Services	4,063	(170)	3,893
9,745	1,781	11,526	Resources/Treasurer	10,078	856	10,934
1,348	82	1,430	Planning & Improvement	1,311	9	1,320
20,715	(3,336)	17,379	Safer Communities	22,070	(2,984)	19,086
4,312	1,434	5,746	Operational Support & Resilience	4,652	1,241	5,893
2,276	(104)	2,172	Corporate	1,574	(57)	1,517
41,922	**(177)**	**41,745**	**Net Cost of Services**	**43,748**	**(1,105)**	**42,643**
(43,178)	10,661	(32,517)	**Other Income and Expenditure from the Expenditure and Funding Analysis**	(41,721)	8,114	(33,607)
(1,256)	**10,484**	**9,228**	**(Surplus) or Deficit**	**2,027**	**7,009**	**9,036**
		15,677	**Opening General Fund Balance (including Earmarked Reserves)**			16,933
		1,256	(Less)/Plus Surplus or Deficit on General Fund Balance In Year			(2,027)
		16,933	**Closing General Fund Balance (including Earmarked Reserves)**			**14,906**

Notes to the Accounting Statements

Authorisation of Statement of Accounts

Authorisation of Statement of Accounts – The draft accounts were authorised for issue by Duncan Savage, Assistant Director Resources/Treasurer on 11th July 2022. The Statement of Accounts was approved on 10th November 2022 and published with an audit opinion.

1. Accounting Policies

i. General

The Chartered Institute of Public Finance and Accountancy (CIPFA) provide legally binding guidance on local authority accounting. The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS), statutory guidance issued under section 12 of the 2003 Act, and Accounts and Audit (England) Regulations 2015. The accounting convention adopted for the Authority's Accounting Statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

ii. Going Concern

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

The provisions in the CIPFA/LASAAC Code of Practice of Local Authority Accounting 2021/22 and the Financial Reporting Council's Practice Note 10 in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year and indeed, correspondence from DLUHC during Covid-19 is supportive of this approach. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

As part of its budget setting for 2022/23 and the updating of its Medium Term Finance Plan (MTFP) the Authority has assessed the likely impact of Covid-19 on its financial position and performance during 2022/23 and beyond. This has included an assessment of the impact on the following:

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

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

The Authority recognises that the financial position has become more challenging since the emergence of the Covid 19 Pandemic in March 2020 and more recently the wider impact of worldwide supply disruption, especially since the start of the conflict in Ukraine.

The MTFP was set in February 2022 along with a balanced budget for 2022/23. The Authority has set out an initial assessment of the potential risks to its financial position particularly as a result of price inflation which has exceeded 10% (CPI July 2022) and the potential consequential pressure for national pay awards to exceed the 2% provision in the revenue budget. This initial assessment indicates a net pressure of between £1.3m and £2.4m. Further analysis is underway and the Senior Leadership Team is considering how these emerging pressures can best be managed within the revenue budget or through the use of reserves and balances. The Government has not announced any additional financial support for local authorities to help them address these pressures and currently there is no indication that such support will be forthcoming.

There remains significant uncertainty about future funding for local government, including the fire sector, and the impact of worldwide supply chain disruption on pay and price inflation is compounding the situation. The Local Government Finance Settlement announced in December 2021 was for one year only, despite there having been a three year Comprehensive Spending Review (CSR21). This makes financial planning extremely difficult. The Authority has revised its MTFP and modelled a number of scenarios and is focussed on its mid case scenario which would require it to make further savings of £1.0m in 2023/24 rising to £1.5m by 2026/27. This position is being revisited in the light of the inflationary pressures set out above.

Work is ongoing in the Service to explore options for delivering efficiency savings and / or generating income, with the aim of setting a balanced budget in 2023/24. Clearly savings of the scale modelled will not be covered by efficiencies and income generation alone and the Authority may have to revisit its Integrated Risk Management Plan (IRMP) for 2020-25 and consider reductions in its services.

As at 31 March 2022 the Authority had the following reserves to call on in delivering its services. In the event of a serious financial situation it would have to consider 'un-earmark' certain reserves to meet its commitments.

- General Fund £1.913m
- Earmarked (including grants unapplied) £12.993m
- Capital Receipts £4.255m

Total Usable Reserves £19.161m

The Authority had investments of £23.34m at the end of August 2022 of which £5.34m is available next day, a further £4m is in notice accounts of 95 days, and the remaining £14m is in fixed term deposits maturing in October 2022 (£7m), November 2022 (£1m), February 2023 (£2m), April 2023 (£2m) and August 2023 (£2m). The Authority closely monitors its cashflow and investments to ensure it has sufficient liquidity to meet its commitments. It has not made any longer term investments especially where there is a potential risk to the principal sum given current market uncertainty. The Authority has prepared a detailed cash flow forecast up to 30 November 2023. The Authority remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Authority is of course also able to borrow short term for cash management if ever needed.

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

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

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

iii. Accruals of Income and Expenditure

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

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

iv. *Revenue recognition*

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

v. *Debtors and Creditors*

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

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

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

vi. Cash and Cash Equivalents

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

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

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

vii. Exceptional Items

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

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

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

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

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

ix. Charges to Revenue and Non-Current Assets

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

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

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

x. Employee Benefits

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

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

Firefighters' Pensions Scheme

Details of the Firefighters' Pension Scheme can be found on page 76.

Local Government Pensions Scheme

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

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

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

In assessing liabilities for retirement benefits at 31 March 2022, the actuary assumed a discount rate of 2.6% which is based on the rate of return at the accounting date on a high-quality corporate bond of equivalent currency and term to scheme liabilities (2.0% for retirement benefits at 31 March 2021).

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

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

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

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

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

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

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

xi. Events After the Balance Sheet Date

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

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

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

xii. Financial Instruments

Financial Liabilities

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

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

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost:

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

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

Expected Credit Losses

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

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

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

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

xiii. Government Grant and Contributions

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

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

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

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

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

xiv. Inventories and Long Term Contracts

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

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

xv. Leases

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

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

The Authority as Lessee

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

Lease payments are apportioned between:

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

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

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

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

The Authority as Lessor

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

Lease rentals receivable are apportioned between:

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

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

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

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

xvi. Overheads and Support Services

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

xvii. Property, Plant and Equipment

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

Recognition

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

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

We record as capital expenditure all transactions that involve the purchase of new Property, Plant and Equipment or expenditure that adds to their value. The purchase of furniture and equipment is treated as capital if it is associated with capital building works. Otherwise individual items of vehicles and equipment are treated as capital if the value is over £10,000. If the value is less than this sum we charge it to revenue.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Componentisation

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

Depreciation

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

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

Contingent Assets

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

xix. Reserves

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

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

xx. Revenue Expenditure Funded from Capital under Statute

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

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

xxi. Value Added Tax (VAT)

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

xxii. Interest Charges

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

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

xxiii. Redemption of Debt

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

xxiv. Council Tax and Business Rates

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

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

xxv. Fair Value Measurement

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

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

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

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

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

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) will introduce several changes in accounting policies which will be required from 1 April 2022. The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

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

- IFRS 1 (First-time Adoption) – amendment relating to foreign operations of acquired subsidiaries;
- IFRS 16 (Leases) – removal of a misleading example;
- IAS 37 (Onerous Contracts) – a clarification of the accounting standard's intention;
- IAS 41 (Agriculture) – only expected to apply to local authorities in limited circumstances.

The Code does not anticipate that the above amendments will have a material impact on the information provided in local authority financial statements i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services. The Code requires implementation from 1 April 2022 and there is therefore no impact on the 2021/22 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

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

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

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

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

The items in the Fire Authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item and area of uncertainty	Effect if actual results differ from assumptions	Actions undertaken to reduce the area of uncertainty
Useful lives of property, plant and equipment assets The Authority estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. However it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.	It is estimated that the annual depreciation charge would increase by £381,000 for every 1 year that useful lives had to be reduced. This amount is not considered to be material in relation to the recorded expenses and non current assets totals in the Statement of Accounts.	The estimated useful lives of property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. The estimation of the useful lives of property, plant, and equipment are based on external technical evaluation and experience with similar assets. Valuations are undertaken by RICS Registered Valuers and prepared in accordance with RICS Valuation Standards.

Item and area of uncertainty	Effect if actual results differ from assumptions	Actions undertaken to reduce the area of uncertainty
Impairment/revaluation loss of property, plant and equipment assets The Authority has significant investments in property, plant and equipment. The Authority operates a policy of revaluing its Property, Plant, and Equipment on a rolling three year basis, with the aim of revaluing all of its assets within this period. Indexation may be applied to those assets not valued in the year if the carrying value is calculated as materially different to the fair value at the Balance Sheet date. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, thus requiring the book value to be written down to its recoverable amount. Evaluating whether an asset is impaired requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future used.	It is estimated that the revaluation losses would decrease by £1,000 and revaluation gains would increase by £199,000 for every 1% increase in the valuations that were carried out by the valuer during 2021/22. This amount is not considered to be material in relation to the recorded expenses and non current assets totals in the Statement of Accounts.	Assets are assessed annually for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Valuations are undertaken by RICS Registered Valuers and prepared in accordance with RICS Valuation Standards. Impairments are reversed if the conditions for impairment are no longer present. The Authority engages an external valuer to undertake the valuation of property annually. Valuations were undertaken at the 31 March 2022.
Pension Liability The Authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 ‘Employee Benefits’. When estimating the present value of defined pension benefit obligations that represent a gross long-term liability in the balance sheet, and, indirectly, the period’s net pension expense in the Comprehensive Income and Expenditure Statement, the actuaries make a number of critical assumptions affecting these estimates. Most notably, assumptions include a number of judgements and estimations in respect of the expected rate of return on assets, the real discount rate, the rate of increase in salaries, life expectancy, the annual rate of compensation increase and inflation assumptions have a direct and potentially material impact on the amounts presented. The estimate provided by the Fund’s actuary of the potential impact of the McCloud/Sargeant ruling is difficult to quantify at this stage and the estimate depends on several key assumptions.	It is estimated that: A £9,927,000 increase in the pension liability would result if the real discount rate was to be decreased by 0.1%. A £25,764,000 increase in the pension liability would result if member life expectancy was increased by 1 year. A £1,146,000 increase in the pension liability would result if the salary increase rate was increased by 0.1%. A £8,705,000 increase in the pension liability would result if the pension increase rate was increased by 0.1%.	The retirement benefit obligation is assessed annually by the schemes actuary in accordance with IAS 19 ‘Employee Benefits’ and is updated if events have not coincided with the actuarial assumptions made for the last valuation or if the assumptions have changed. The assumptions are set based on advice from the schemes actuaries and experience. The key assumptions used are set out in Note 36. The actuarial methods and advice provided on assumptions used are carried out in accordance with the Pensions Technical Actuarial Standards.

5. Material items of income and expense

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

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue on 10th November 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments between accounting basis and funding basis under regulations

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

2021/22	**Usable Reserves**		
	General Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied**
	£000	**£000**	**£000**
Adjustments to the Revenue Resources:			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs transferred to (or from) the Pensions Reserve	(6,366)	-	-
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	1,042	-	-
Holiday Pay (transferred to the Accumulated Absences Account)	(3)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,203)	-	-
Total Adjustments to Revenue Resources	**(7,530)**	**-**	**-**
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	428	-	-
Capital expenditure financed from revenue balances	93	-	-
Total Adjustments between Revenue and Capital Resources	**521**	**-**	**-**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,773	-
Application of capital grants to finance capital expenditure	-	-	-
Total Adjustments to Capital Resources	**-**	**1,773**	**-**
Total Adjustments	**(7,009)**	**1,773**	**-**

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

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Capital Programme	**1,709**	-	500	**2,209**	-	871	**3,080**
Other Earmarked	**12,099**	(5,401)	2,289	**8,987**	(3,946)	1,848	**6,889**
Grants Unapplied	**-**	-	3,777	**3,777**	(1,814)	1,061	**3,024**
Total	**13,808**	**(5,401)**	**6,566**	**14,973**	**(5,760)**	**3,780**	**12,993**

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

9. Other Operating Expenditure

	31 March 2021	31 March 2022
	£000	£000
Losses on the disposal of non-current assets	352	12
Total	**352**	**12**

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

10. Financing and Investment Income and Expenditure

	31 March 2021	31 March 2022
	£000	£000
Interest payable and similar charges	496	482
Impairment on financial instruments (under IFRS 9)	5	(3)
Pensions interest cost and expected return on pensions assets	8,974	9,665
Interest receivable and similar income	(107)	(58)
Total	**9,368**	**10,086**

11. Taxation and Non Specific Grant Income

	31 March 2021	31 March 2022
	£000	£000
Council tax income	27,615	28,660
Non domestic rates	6,510	7,684
Revenue support grant	3,208	3,226
Other revenue grants	4,749	4,135
Capital grants and contributions	155	-
Total	**42,237**	**43,705**

12. Property, Plant, and Equipment

Movements in 2021/22:	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2021	**42,821**	**18,148**	**-**	**-**	**60,969**
Additions	493	1,042	-	359	1,894
Revaluation increases recognised in the Revaluation Reserve	4,530	-	-	-	4,530
Revaluation decreases recognised in the Revaluation Reserve	(43)	-	-	-	(43)
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	422	-	-	-	422
Revaluation decreases recognised in the deficit on the Provision of Services	-	-	-	-	-
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Derecognition – disposals	-	(766)	-	-	(766)
At 31 March 2022	**48,223**	**18,424**	**-**	**359**	**67,006**
Accumulated Depreciation and Impairment					
At 1 April 2021	**(835)**	**(11,158)**	**-**	**-**	**(11,993)**
Depreciation charge	(1,402)	(1,335)	-	-	(2,737)
Depreciation written out to the Revaluation Reserve	2,113	-	-	-	2,113
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-
Revaluation increases (reversal of previous losses) recognised in the deficit on the Provision of Services	124	-	-	-	124
Transfers within PPE	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Derecognition – disposals	-	755	-	-	755
At 31 March 2022	**-**	**(11,738)**	**-**	**-**	**(11,738)**
Net Book Value					
At 31 March 2022	**48,223**	**6,686**	**-**	**359**	**55,268**
At 31 March 2021	**41,986**	**6,990**	**-**	**-**	**48,976**

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

Heritage Assets

The Authority has ownership of three heritage assets as follows:

- c1885 Merryweather Steam Pump
- c1925 Merryweather Hatfield fire engine trailer pump
- George IV and later manual fire pump carriage

Specialist valuers have valued these assets at approximately £50,000 in total and the Authority has determined that they should not be brought onto the Balance Sheet.

The Authority had no Intangible, Infrastructure or Community Assets at 31 March 2022.

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

Capital Commitments

Over the five year period, 2022/23 to 2026/27, the Authority is planning gross capital expenditure of £25.181m (based on the agreed Capital Asset Strategy and subsequently agreed variations). This is planned to be funded using capital receipts (£4.017m), reserves (£7.017m) and with the need to borrow starting 2022/23 totalling £14.147m.

The approved capital programme shows that in 2022/23 the Authority plans to spend £7.25m (£8.018m including slippage of £0.767m from 2021/22), funded by capital receipts (£4.809) and reserves (£3.209m). Having adjusted for the actual outturn in 2021/22, slippage on projects and for provisions where there is no contractual commitment, the net commitment profiles for schemes in progress at 31 March 2022 are £3.162m in 2022/23 and £1.440m in 2023/24.

The Fire Authority had three vehicles under construction totalling £0.360m as at 31 March 2022 (none at 31 March 2021).

Valuation of Property, Plant and Equipment (PPE)

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

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

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

The following statement shows the progress of the Authority's rolling programme for the revaluation of land and buildings. The valuations are carried out by an external firm of valuers – Flude Commercial (a member of Chartered Surveyors and Town Planners), on behalf of the Authority. The valuation dates are the gross cost as at 31 March in each year. In addition, an annual indexation will be applied to the remaining portfolio (based on those assets that were valued by the valuer in the year) if the values are deemed to be materially different to their carrying value. For 2021/22 the Authority applied indexation of 17% to structures, 10% to land and 8% to external works components.

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total PPE
	£000	£000	£000	£000	£000
Valued at historical cost	-	18,396	-	**359**	**18,755**
Valued at fair value at 31 March 2022	19,632	0	-	**-**	**19,632**
Valued at fair value at 31 March 2021	14,296	15	-	**-**	**14,311**
Valued at fair value at 31 March 2020	14,295	13	-	**-**	**14,308**
Total	**48,223**	**18,424**	**-**	**359**	**67,006**

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

There were no properties classed as surplus as at 31 March 2022 or in the previous year.

13. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	31 March 2021	31 March 2022
	£000	£000
Fair value through profit or loss		
Short Term Investments and Cash & Cash Equivalents	6,218	9,405
Total	**6,218**	**9,405**
Amortised Cost		
Short Term Investments and Cash & Cash Equivalents	15,728	10,338
Short Term Debtors	2,650	2,246
Total	**18,378**	**12,584**
Total Financial Assets	**24,596**	**21,989**
Non Financial Assets	**2,047**	**1,996**
Total	**26,643**	**23,985**

Financial Liabilities	31 March 2021	31 March 2022
	£000	£000
Amortised Cost		
Long Term Borrowings	(10,298)	(9,817)
Short Term Borrowings	(400)	(481)
Short Term Creditors	(2,415)	(3,446)
Total	**(13,113)**	**(13,744)**
Total Financial Liabilities	**(13,113)**	**(13,744)**
Non Financial Liabilities	**(3,278)**	**(2,394)**
Total	**(16,391)**	**(16,138)**

Financial Instruments Designated at Fair Value through Profit or Loss

The balance of financial assets at 31 March 2022 was £9.4m, an increase of £3.2m from the closing balance at 31 March 2021. Financial assets include £9.4m (carrying amount £9.4m) low volatility money market funds (LVNAV).

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

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

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

Reclassifications

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

Income, Expense, Gains and Losses

	2020/21		2021/22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss – fair value	-	-	-	-
Total net (gains) / losses	-	-	-	-
Interest revenue:				
Financial assets measured at amortised cost	(107)	-	(58)	-
Interest expense:				
Financial assets measured at amortised cost	496	-	482	-

Fair Value

Basis for recurring fair value measurements:

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

Fair Value of Financial Assets

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/21 £000	As at 31/3/22 £000
Fair Value through Profit or Loss				
Other financial instruments	Level 1	Unadjusted quoted prices in active markets for identical shares	6,218	9,405

Transfers between Levels of the Fair Value Hierarchy

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

Changes in the Valuation Technique

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

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

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

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

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

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

The fair values calculated are as follows:

Financial Liabilities	31 March 2021		31 March 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities held at amortised cost	(10,698)	(13,938)	(10,298)	(12,531)
Short Term Creditors	(2,415)	(2,415)	(3,446)	(3,446)
Total	**(13,113)**	**(16,353)**	**(13,744)**	**(15,977)**

The fair value of borrowings is higher than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss, based on economic conditions at 31 March 2022, arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2021		31 March 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial assets held at amortised cost	14,253	14,253	9,005	9,005
Short Term Debtors	2,650	2,650	2,246	2,246
Short term investments	1,475	1,475	1,333	1,333
Total	**18,378**	**18,378**	**12,584**	**12,584**

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

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

	31 March 2022			
	Quoted prices in active markets for identical assets (Level 1)	**Other significant observable Inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	£000	**£000**	**£000**	**£000**
Financial liabilities				
Financial liabilities held at amortised cost	-	(12,531)	-	(12,531)
Short Term Creditors	-	(3,446)	-	(3,446)
Total	**-**	**(15,977)**	**-**	**(15,977)**
Financial assets				
Financial assets held at amortised cost	-	10,338	-	10,338
Short Term Debtors	-	2,246	-	2,246
Total	**-**	**12,584**	**-**	**12,584**

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

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

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

Financial Liabilities

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

Financial Assets

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

14. Inventories

	31 March 2021	31 March 2022
	£000	£000
Balance outstanding at start of year	**36**	**33**
Purchases	186	301
Recognised as an expense in the year	(189)	(268)
Balance outstanding at year-end	**33**	**66**

Stocks include diesel fuel and equipment.

15. Debtors

	31 March 2021	31 March 2022
	£000	£000
Current Debtors		
Government HMRC	308	152
Accounts Receivable debtors	199	224
Collection Fund debtors	1,738	1,844
Other debtors	2,452	2,022
Total	**4,697**	**4,242**

There were no long term debtors as at 31 March 2022 or in the previous year.

The Council Tax and NNDR arrears impairment allowance has increased to £1.784m (£1.699m in 2020/21).

Payments in advance decreased by £0.086m to £1.167m in 2021/22 (from £1.253m in 2020/21).

16. Cash and Cash Equivalents

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

	31 March 2021 £000	31 March 2022 £000	Movement £000
Cash in hand	5	5	-
Bank current accounts	3,992	3,050	(942)
Cash overdrawn	(304)	(317)	(13)
Total Cash and Cash Equivalents	**3,693**	**2,738**	**(955)**

The decrease of £0.942m in the Bank current account balances as at 31 March 2022 is primarily due to the Money Market Fund that gets designated as part of the Cash and Cash Equivalents balance at the year end (£1.4m closing balance as at 31 March 2022 compared to £2.2m as at 31 March 2021).

17. Assets held for Sale

	2020/21	2021/22
	£000	£000
Balance outstanding at start of year	**375**	**375**
Assets newly classified as held for sale:		
Property, Plant and Equipment	-	-
Revaluations	-	-
Accumulated Depreciation	-	-
Assets declassified as held of sale:		
Assets sold	-	-
Balance outstanding at year end	**375**	**375**

18. Creditors and Income in Advance

	31 March 2021	31 March 2022
	£000	£000
Government HMRC creditors	544	597
Accounts payable	487	206
Collection Fund	2,612	1,659
Other creditors	2,050	3,378
Income in Advance	614	637
Total	**6,307**	**6,477**

The increase in Other Creditors is primarily due to a balance of £898k due to West Yorkshire Pension Fund, and joint control room creditor accruals of £1.083m.

19. Provisions

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

The Authority had a short term provision of £0.199m as at 31 March 2022 which relates to NNDR appeals (£0.268m at 31 March 2021). There was also a long term provision for £0.097m for outstanding payments as a result of the Norman v Cheshire case in relation to pensionable allowances (£0.120m as at 31 March 2021).

20. Usable Reserves

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

	31 March 2021	31 March 2022
	£000	£000
Usable Capital Receipts Reserve	6,028	4,255
Earmarked Reserves	11,196	9,969
Earmarked Reserves – Revenue Grants unapplied	3,777	3,024
General Fund balances	1,960	1,913
Total Usable Reserves	**22,961**	**19,161**

Capital Receipts Reserve

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

	2020/21	2021/22
	£000	**£000**
Balance at 1 April	**7,518**	**6,028**
Amounts receivable during the year	186	-
Amounts applied to finance new capital investment	(1,676)	(1,773)
Net Transfer from the Capital Receipts Reserve	(1,490)	(1,773)
Balance at 31 March	**6,028**	**4,255**

21. Unusable Reserves

	31 March 2021	31 March 2022
	£000	**£000**
Revaluation Reserve	16,605	22,659
Capital Adjustment Account	22,049	22,687
Pensions Reserve	(488,447)	(472,912)
Collection Fund Adjustment Account	(1,685)	(643)
Accumulated Absences Account	(96)	(99)
Total Unusable Reserves	**(451,574)**	**(428,308)**

Revaluation Reserve

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

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

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

		2020/21		2021/22
	£000	**£000**	**£000**	**£000**
Balance at 1 April		**16,826**		**16,605**
Upward revaluation of assets	577		7,174	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(218)		(27)	
Reversal of previous years revaluation losses	(20)		(546)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		339		6,601
Difference between fair value depreciation and historical cost depreciation	(560)		(547)	
Accumulated gains on assets sold or scrapped	-		-	
Amount written off to the Capital Adjustment Account		(560)		(547)
Balance at 31 March		**16,605**		**22,659**

Capital Adjustment Account

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

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

	2020/21	2021/22	
	£000	**£000**	**£000**
Balance at 1 April	**22,730**		**22,049**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(2,774)	(2,737)	
Revaluation losses on Property, Plant and Equipment	(249)	-	
Revaluation loss reversals on Property, Plant and Equipment	20	546	
Revenue expenditure funded from capital under statute	-	-	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(538)	(12)	
	(3,541)		**(2,203)**
Adjusting amounts written out of the Revaluation Reserve	560	547	
Net written out amount of the cost of non-current assets consumed in the year	**(2,981)**		**(1,656)**
Capital financing applied in the year			
Use of the Capital Receipts Reserve to finance new capital expenditure	1,676	1,773	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	155	-	
Application of grants to capital financing from the Capital Grants Unapplied Account	38	-	
Statutory provision for the financing of capital investment charged against the General Fund	431	428	
Capital expenditure charged against the General Fund	-	93	
	2,300		**2,294**
Donated assets	-	-	
Balance at 31 March	**22,049**		**22,687**

Pensions Reserve

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

	2020/21 £000	2021/22 £000
Balance at 1 April	**(395,965)**	**(488,447)**
Actuarial gains/losses on pensions assets and liabilities	(86,718)	21,901
Reversal of items relating to retirement benefits credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(17,376)	(20,023)
Employer's pensions contributions and direct payments to pensioners payable in the year	11,612	13,657
Balance at 31 March	**(488,447)**	**(472,912)**

Collection Fund Adjustment Account

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

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

There was a significant movement on the Collection Fund balance in 2020/21 due to the impact of Covid-19 on the collection of business rates and council tax

	2020/21 £000	2021/22 £000
Balance at 1 April	**236**	**(1,685)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(294)	433
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(1,627)	609
Balance at 31 March	**(1,685)**	**(643)**

Accumulated Absences Account

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

	2020/21 £000	2021/22 £000
Balance at 1 April	**(66)**	**(96)**
Settlement or cancellation of accrual made at the end of the preceding year	66	96
Amounts accrued at the end of the current year	(96)	(99)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(30)	(3)
Balance at 31 March	**(96)**	**(99)**

22. Cash Flow Statement - Operating Activities

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

	2020/21	2021/22
	£000	£000
Depreciation	(2,774)	(2,737)
Impairment and downward valuations	(229)	546
(Increase) in creditors	(1,498)	(170)
Increase / (decrease) in debtors	1,434	(386)
Decrease in interest debtors	(9)	2
Increase in stock	(3)	33
Impairment movements on Investments	1	-
Pension Liability	(5,764)	(6,366)
Contributions (to) / from provisions	491	120
Carrying amount of PPE sold	(539)	(12)
Total Adjustment	**(8,890)**	**(8,970)**

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

	2020/21	2021/22
	£000	£000
Capital Grants and Contributions credited to deficit on provision of services	155	-
Net adjustment from the sale of short and long term investments	(5,750)	(1,250)
Proceeds from the Sale of PPE	186	-
Total Adjustment	**(5,409)**	**(1,250)**

The cash flows for operating activities include the following items:

	2020/21	2021/22
	£000	£000
Interest received	(116)	(56)
Interest paid	497	482

23. Cash Flow Statement – Investing Activities

	2020/21	2021/22
	£000	£000
Purchase of property, plant and equipment	2,225	1,894
Purchase of short-term and long-term investments	-	-
Proceeds from the sale of property, plant and equipment	-	-
Other receipts from investing activities	(360)	(155)
Net cash flows from investing activities	**1,865**	**1,739**

24. Cash Flow Statement – Financing Activities

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

	2020/21	2021/22
	£000	£000
Repayment of Short-Term and Long-Term Borrowing	75	400
Net cash flows from financing activities	**75**	**400**

Reconciliation of liabilities arising from Financing Activities

	1 April 2021	Financing cash Flows	Non cash changes	31 March 2022
	£000	£000	£000	£000
Long Term borrowing	10,298	-	(481)	9,817
Short term borrowing	400	(400)	481	481
Total liabilities from financing activities	**10,698**	**(400)**	**-**	**10,298**

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

25. Notes to the Expenditure and Funding Analysis

East Sussex Fire Authority departments and responsibilities –

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

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

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

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

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

The Expenditure and Funding Analysis demonstrates how the funding available to the Authority for the year 2021/22 has been used to provide services and this note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis

2021/22				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
People Services	1	(172)	1	**(170)**
Resources/Treasurer	862	(5)	(1)	**856**
Planning & Improvement	-	8	1	**9**
Safer Communities	-	(2,987)	3	**(2,984)**
Operational Support & Resilience	1,328	(86)	(1)	**1,241**
Corporate	-	(57)	-	**(57)**
Net Cost of Services	**2,191**	**(3,299)**	**3**	**(1,105)**
Other income and expenditure from the Expenditure and Funding Analysis	**(509)**	**9,665**	**(1042)**	**8,114**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**1,682**	**6,366**	**(1,039)**	**7,009**

2020/21				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes**	**Net change for the Pensions Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
People Services	-	(44)	10	**(34)**
Resources/Treasurer	1,679	96	6	**1,781**
Planning & Improvement	-	77	5	**82**
Safer Communities	-	(3,346)	10	**(3,336)**
Operational Support & Resilience	1,324	113	(3)	**1,434**
Corporate	-	(106)	2	**(104)**
Net Cost of Services	**3,003**	**(3,210)**	**30**	**(177)**
Other income and expenditure from the Expenditure and Funding Analysis	**(234)**	**8,974**	**1,921**	**10,661**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**2,769**	**5,764**	**1,951**	**10,484**

Adjustments for Capital Purposes

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

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

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

Net Change for the Pensions Adjustments

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

Other Differences

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

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

Income from Services	2020/21 Restated* £000	2021/22 £000
People Services	(50)	(88)
Resources/Treasurer	(137)	(101)
Planning & Improvement	(3)	-
Safer Communities	(56)	(66)
Operational Support & Resilience	(323)	(405)
Corporate	(17)	(12)
Total income analysed on a segmental basis	**(586)**	**(672)**

B. Expenditure and Income is analysed by nature below:

	2020/21 Restated* £000	2021/22 £000
Expenditure		
Employee benefits expenses	32,350	33,301
Other services expenses	16,446	17,831
Support service recharges	498	434
Depreciation, amortisation, impairment	3,008	2,189
Interest payments	496	482
(Gain)/loss on the disposal of assets	352	11
Total expenditure	**53,150**	**54,248**
Income		
Fees, charges and other service income	(586) *	(672)
Interest and investment income	(107)	(58)
Income from council tax and non-domestic rates	(34,125)	(36,344)
Government grants and contributions	(9,104) *	(8,138)
Total income	**(43,922)**	**(45,212)**
Deficit on the Provision of Services	**9,228**	**9,036**

*2020/21 balances restated to correct the mapping between fees, charges and other service income and Government grants and contributions, and due to a recharge that was coded incorrectly.

26. Members' Allowances

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

	2020/21	2021/22
	£000	£000
Allowances	79	76
Expenses	-	-
Total	**79**	**76**

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

27. Officers' Remuneration

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

Senior Employees Remuneration

2021/22	Note	Salary, Fees and Allowances	Bonuses	Expenses Allowances (incl. Benefit in Kind)	Compensation of Loss of Employment	Employers Pension Contribution	Total
		£	£	£	£	£	£
Mrs Dawn Whittaker (Chief Fire Officer & Chief Executive)		156,643	-	-	-	45,113	**201,756**
Deputy Chief Fire Officer	1	40,641	-	-	-	11,705	**52,346**
Deputy Chief Fire Officer	2	113,269	-	-	-	42,249	**155,518**
Assistant Chief Fire Officer		113,838	-	-	-	32,785	**146,623**
Assistant Director Resources/Treasurer		82,609	-	-	-	15,407	**98,016**
Assistant Director Operational Support and Resilience	3	50,448	-	-	-	14,529	**64,977**
Acting Assistant Director Operational Support and Resilience	4	18,949	-	-	-	5,457	**24,406**
Assistant Director - Safer Communities	5	17,011	-	-	-	4,899	**21,910**
Acting Assistant Director - Safer Communities	6	50,781	-	-	-	14,625	**65,406**
Assistant Director People Services	7	17,011	-	-	-	4,899	**21,910**
Assistant Director People Services	8	31,920	-	-	-	9,193	**41,113**
Assistant Director People Services	9	18,612	-	-	-	5,360	**23,972**
Assistant Director Planning and Improvement		65,256	-	-	-	12,170	**77,426**

Notes:
1. From 01/12/2021.
2. Left 01/12/2021.
3. From 12/07/2021 (see note 9).
4. Until 11/07/2021, total earnings for the year were £49,524 and total employer pension contribution of £14,263.
5. From 01/01/2022, total earnings for the year were £67,792 and total employer pension contribution of £19,524.
6. Until 31/12/2021 when moved into Assistant Director People Services role. Total earnings for the year were £67,792 and total employer pension contributions of £19,524.
7. From 01/01/2022
8. In role on a temporary basis from 12/07/2021 until 31/12/2021. Total earnings for the year were £66,215 and total employer contributions of £19,070.
9. Until 11/07/2021 when moved into Assistant Director Operational Support and Resilience role. Total earning for the year were £69,060 and total employer pension contributions of £19,889.

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

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

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

Remuneration band	**2020/21 Number of employees**	**2021/22 Number of employees**
£50,000 to £54,999	25	42
£55,000 to £59,999	13	36
£60,000 to £64,999	6	6
£65,000 to £69,999	3	3
£70,000 to £74,999	-	3
£75,000 to £79,999	-	1

Please note that the data shown above is the total earnings per employee and in some instances will be an aggregated total of earnings across multiple employment roles.

28. Exit Packages

Reporting of the Authority and other compensation schemes - Exit Packages

2021/22	**Compulsory redundancies**		**Other departures agreed**		**Total number of exit packages**	
Exit package cost band	**Number of employees**	**£000**	**Number of employees**	**£000**	**Number of employees**	**£000**
less than £20,000	-	-	3	27	3	27
£20,000 to £39,999	-	-	1	21	1	21
£40,000 to £59,999	-	-	2	96	2	96
£60,000 to £79,999	-	-	-	-	-	-
£80,000 to £99,999	-	-	-	-	-	-
Total	-	-	6	144	6	144

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

29. External Audit Costs

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

	2020/21	**2021/22**
	£000	**£000**
Fees payable with regard to external audit services carried out by the appointed auditor for the year	23	24
National rebate received from Public Sector Audit Appointments (PSAA)	-	(5)
Local Audit Fees Grant		(12)
Additional charge relating to prior year audit work*	32	(12)
Total	**55**	**(5)**

*In 2020/21 £32k of additional audit charges were anticipated and provided for, but that figure was reduced down to £20k accounting for the £12k credit balance in 2021/22 for the overaccrual.

30. Grant Income

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

	2020/21	**2021/22**
	£000	**£000**
Credited to Taxation and Non Specific Grant Income		
National Non Domestic Rates	6,510	7,684
Revenue Support Grant	3,208	3,226
Fire Pension Grant	1,735	1,735
Business Rates Relief section 31 Grants	2,052	1,734
Covid 19 Grant	865	59
Capital Grants & Contributions recognised	155	-
Other Revenue Grants	97	607
Total	**14,622**	**15,045**

Credited to Services

New Dimensions	27	27
Firelink	257	216
Surge Protection Grant Funding	510	421
Infrastructure Fund	68	-
Sales Fees and Charges Support Grants	30	9
Pensions Admin Grant	47	44
Redmond Review	-	12
Apprenticeship Grant	-	38
Other grants	30	10
Total	**969**	**777**

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

31. Related Parties

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

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from government departments are set out in Note 30. Grant receipts in advance at 31 March 2022 are shown in Note 30.

East Sussex County Council

East Sussex County Council provides financial services to the Authority. The arrangement has been in operation since 1997. The services provided include accounts payable, accounts receivable, payroll, treasury management, accountancy and internal audit. The cost of these services was £0.224m for 2021/22 (£0.232m for 2020/21).

Brighton & Hove City Council

Brighton & Hove City Council provide legal services and the Monitoring Officer to the Fire Authority, and have done so since 1997. The cost of these services was £0.113m for 2021/22 (£0.110m for 2020/21).

Members and Senior Officers

Members of the Fire Authority have direct control over the Authority's financial and operating policies. None of the Members or Senior Officers had any interests in any related party transactions during the year. The Register of Members' Interests is held at Fire HQ, Lewes, and is open to public inspection. The total of members' allowances paid in 2021/22 is shown in Note 26.

32. Capital Expenditure and Capital Financing

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

	2020/21 £000	2021/22 £000
Opening Capital Financing Requirement	**10,773**	**10,698**
Capital Investment		
Property, Plant and Equipment	2,225	1,894
Revenue Expenditure Funded from Capital under Statute	-	-
Sources of Finance		
Capital receipts	(1,676)	(1,773)
Government grants & other contributions	(193)	-
Sums set aside from revenue		
Direct Revenue contributions	-	(93)
Minimum Revenue Provision	(431)	(428)
Closing Capital Financing Requirement	**10,698**	**10,298**

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

Explanation of movements in year	2020/21 £000	2021/22 £000
Decrease in underlying need to borrowing (unsupported by government financial assistance)	75	400
Decrease in Capital Financing Requirement	**75**	**400**

33. Leases

Authority as Lessee

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

Operating Leases - The Authority leases the office space at the Sussex Police HQ site in Lewes and until 2020/21 leased cars for certain staff. The authority paid £0.150m on leases in 2021/22 (£0.152m in 2020/21).

The future minimum lease payments payable in future years are:

	31 March 2021 £000	31 March 2022 £000
Not later than one year	150	166
Later than one year and not later than five years	391	607
Later than five years	586	748
Total	**1,127**	**1,521**

Authority as Lessor

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

Operating Leases – The Authority leases out Property, Plant and Equipment under operating leases in relation to space on its aerial masts and space at Fire Stations and received £0.040m in 2021/22 (£0.040m in 2020/21).

The future minimum lease payments receivable in future years are:

	31 March 2021	31 March 2022
	£000	£000
Not later than one year	33	34
Later than one year and not later than five years	132	168
Later than five years	119	122
Total	**284**	**324**

34. Impairment and Revaluation Losses

During 2021/22 there were no revaluation losses recognised in the Cost of Services (£0.249m loss in 2020/21).

35. Defined Benefits Pension Schemes

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

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

The Firefighters' Pension Schemes are administered nationally, and the Income and Expenditure Account contains actual contributions made to the schemes. Details of the East Sussex Firefighters Pension Fund can be found on pages 76 to 78. The Local Government Scheme is administered through the East Sussex Pension Fund, and in addition, the Authority has liabilities for discretionary payments for added years, and other benefits both for local government employees and for Firefighters. These are charged as an expense to the accounts of the Authority, rather than those of the Pension Fund.

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

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service Cost Comprising:				
• Current service cost	2,048	3,096	6,354	9,074
• (Gain)/loss from settlements	-	(1,812)	-	-
Financing and Investment Income and Expenditure				
Net interest expense	226	396	8,748	9,269
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**2,274**	**1,680**	**15,102**	**18,343**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	(8,620)	(4,556)	-	-
• Actuarial gains and losses arising on changes in demographic assumptions	(862)	-	(4,210)	-
• Actuarial gains and losses arising on changes in financial assumptions	17,436	(3,711)	89,114	(14,485)
• Other (if applicable)	(598)	136	(5,542)	715
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**9,630**	**(6,451)**	**94,464**	**4,573**
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(8,339)	7,672	(84,143)	7,863
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**1,291**	**1,221**	**10,321**	**12,436**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Present value of the defined benefit obligations:					
Local Government Pension Scheme	(53,427)	(62,036)	(54,209)	(71,841)	(66,757)
Firefighters Pension Schemes	(412,400)	(426,900)	(385,500)	(469,643)	(461,780)
Fair value of assets in the Local Government Pension Scheme	**42,796**	**46,658**	**43,744**	**53,037**	**55,625**
Deficit in the scheme:					
Local Government Pension Scheme	(10,631)	(15,378)	(10,465)	(18,804)	(11,132)
Firefighters Pension Schemes	(412,400)	(426,900)	(385,500)	(469,643)	(461,780)
Total	**(423,031)**	**(442,278)**	**(395,965)**	**(488,447)**	**(472,912)**

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £528.5m (£541.5m in 2020/21) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £472.9m (£488.4m in 2020/21).

Assets and Liabilities in Relation to Post-employment Benefits

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

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2020/21 £000	**2021/22 £000**	**2020/21 £000**	**2021/22 £000**
Opening balance at 1 April:	**54,209**	**71,841**	**385,500**	**469,643**
Current Service Cost	2,004	3,012	6,354	9,074
Interest Cost	1,229	1,358	8,748	9,269
Contributions by scheme participants	398	391	1,959	1,974
Re-measurement (gains) and losses:				
• Actuarial gains/losses arising from changes in demographic assumptions	(862)	-	(4,210)	-
• Actuarial gains/losses arising from changes in financial assumptions	17,436	(3,711)	89,114	(14,485)
• Other	(598)	136	(5,542)	715
Past Service Cost	-	50	-	-
Benefits paid	(1,975)	(1,808)	(11,966)	(14,095)
Liabilities extinguished on settlements	-	(4,512)	-	-
Unfunded Benefits paid	-	-	(314)	(315)
Closing balance at 31 March:	**71,841**	**66,757**	**469,643**	**461,780**

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme		Firefighters Pension Schemes	
	2020/21 £000	**2021/22 £000**	**2020/21 £000**	**2021/22 £000**
Opening fair value of scheme asset at 1 April:	**43,744**	**53,037**	**-**	**-**
Interest Income	1,003	962	-	-
Re-measurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	8,620	4,556	-	-
• Other	-	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,291	1,221	10,321	12,436
Contributions from employees into the scheme	398	391	1,959	1,974
Benefits paid	(1,975)	(1,808)	(11,966)	(14,095)
Settlement prices received/(paid)	-	(2,700)		
Other	(44)	(34)	(314)	(315)
Closing fair value of scheme assets at 31 March:	**53,037**	**55,625**	**-**	**-**

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

The total return on LGPS fund assets for the year to 31 March 2022 was £5.5m (2020/21: a return of £9.6m).

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets 2020/21 £000	**%**	**Fair value of scheme assets 2021/22 £000**	**%**
Cash and cash equivalents:	**743**	**1**	**1,113**	**2**
Indexed Linked Government Securities:	**1,644**	**3**	**1,669**	**3**
Corporate bonds:	**5,622**	**11**	**5,006**	**9**
Private equity:	**4,349**	**8**	**4,450**	**8**
Property:	**3,978**	**8**	**4,450**	**8**
Net current assets:	**212**	**1**	**556**	**1**
Others:				
• Absolute return portfolio	12,305	23	12,238	22
• Equities	23,495	44	23,918	43
• Infrastructure	159	-	1,669	3
• Other	530	1	556	1
Sub-total Others	**36,489**	**68**	**38,381**	**69**
Total assets	**53,037**	**100**	**55,625**	**100**

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		**Firefighters Pension Schemes**	
	2020/21	**2021/22**	**2020/21**	**2021/22**
Mortality assumptions:				
Longevity for current pensioners:				
• Men	21.1	21.2	25.0	25.1
• Women	23.7	23.8	27.5	27.6
Longevity for future pensioners:				
• Men	21.9	22	26.0	26.6
• Women	25.0	25.1	28.7	29.1
Rate of increase in salaries	2.85%	3.20%	3.85%	4.30%
Rate of increase in pensions	2.85%	3.20%	2.85%	3.30%
Rate for discounting scheme liabilities	2.0%	2.60%	2.0%	2.60%

Average future life expectancies for the Local Government Pension Scheme is at age 65
Average future life expectancies for the Firefighters Pension Scheme is at age 60
Future pensioners assumes retiring in 20 years

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

Change in assumptions at 31 March 2022:	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in present value of total obligation	Increase in projected service cost
	£000	**£000**
Local Government Pension Scheme		
0.1% decrease in Real Discount Rate	1,514	76
1 year increase in member life expectancy	2,923	120
0.1% increase in the Salary Increase Rate	107	2
0.1% increase in the Pension Increase Rate	1,397	75
Firefighters Pension Schemes		
0.1% decrease in Real Discount Rate	8,413	299
1 year increase in member life expectancy	22,841	302
0.1% increase in the Salary Increase Rate	1,039	4
0.1% increase in the Pension Increase Rate	7,308	296

Impact on the Authority's Cash Flows

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

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £472.9m (£11.1m Local Government Pension Scheme and £461.8m Firefighters Pension Schemes) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

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

In 2022/23 the Authority anticipates paying £1.210m contributions to the Local Government Pension scheme, £4.132m towards the Firefighters Pension schemes.

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

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

Local Government Pension Scheme – an estimated McCloud judgement allowance has been built into the formal valuation results so the impact continues to be included within the balance sheet at 31 March 2022 (as per the 2021 accounting approach).

Court of Justice of the European Union ruling in O'Brien Case
On 7 November 2018, the Court of Justice of the European Union (CJEU) ruled in favour of Mr O'Brien in a case concerning discrimination against part-time judges in the calculation of pensions. The ruling concluded that service prior to 7 April 2000 (the deadline for the Part-Time Workers Directive (PTWD) being transposed into UK law) must be taken into account under the PTWD for the purpose of calculating retirement pension.
In response to the judgement the Government has stated that those who have previously claimed under the PTWD would be entitled to a further remedy in respect of service prior to 7 April 2000. No allowance has been made in the IAS19 disclosure at 31 March 2022 as the remedy is yet to be agreed and there is insufficient data to make a reasonable estimate as to the cost of its impact.

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

Covid 19
The Authority's actuary has made a specific adjustment to its future improvement mortality assumptions to reflect the impact of Covid-19 on pension scheme liabilities. It has adopted the Continuous Mortality Investigation Bureau (CMI) 2020 model with a 2020 weight parameter of 25% for both the March 2022 and the March 2021 valuation.

36. Contingent Liabilities

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

McCloud / Sargeant Case

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. In December 2018 the Court of Appeal upheld a ruling that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The Government has now confirmed the final remedy in response to the case and primary legislation is now in place to allow remedy to be applied from 1 October 2023. It is likely that the Authority will incur additional costs in the future as a result of this case and the agreed remedy for example through increased employer's contributions to the scheme or through the costs incurred to administer the remedy. In addition there is the risk that the Authority may incur tax or other liabilities for payments made to Scheme Members under the Immediate Detriment Framework (which gives them access to legacy scheme benefits prior to remedy being in place). At this stage it is not possible to quantify what these costs might be or whether they will be incurred.

37. Nature and extent of risks arising from Financial Instruments

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by the Authority on 11th February 2021 and is available on the Authority's website. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £15.155 million. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £10.766 million. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable rate interest rate exposure were set at 100% based on the Authority's net debt;
- The maximum and minimum exposures to the maturity structure of debt are shown under the Refinancing and Maturity Risk section of this note.

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

1. **Credit risk**

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

Credit Risk Management Practices

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

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

Whilst the recent credit crisis in international markets has raised the overall possibility of default, the Authority maintains strict credit criteria for investment counterparties. The credit criteria in respect of financial assets held by the authority at 31 March 2022 are detailed below:

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

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

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £6.0m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses (ECL)

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

	12 Month ECL	Lifetime ECL	Lifetime ECL – Simplified Approach	Total
	£000	£000	£000	£000
Opening balance 1 April 2021	**2**	**-**	**7**	**9**
Change in credit loss	-	-	(2)	**(2)**
Closing balance 31 March 2022	**2**	**-**	**5**	**7**

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

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

2. Liquidity risk

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

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

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

	2020/21	2021/22
	£000	£000
Less than one year (current assets)	24,397	21,766
Between one and two years	-	-
	24,397	**21,766**

3. Refinancing and Maturity Risk

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

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

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

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

	Approved Minimum Limit	Approved Maximum Limit	2020/21	2021/22
	%	%	£000	£000
Less than one year (current liabilities)	0%	25%	2,815	3,927
Between one and two years	0%	40%	481	400
Between two and five years	0%	60%	1,322	1,472
Between five and ten years	0%	80%	2,695	2,595
More than ten years	0%	80%	5,800	5,350
			13,113	**13,744**

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

4. Market risk

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

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

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

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect in 2021/22 would be:

	£000
Increase in interest payable on variable rate borrowings (none held)	-
Increase in interest receivable on variable rate investments	94
Impact on Surplus or Deficit on the Provision of Services	**94**

The approximate impact of a 1% fall in interest rates would be as above, but with the movements being reversed. This figure of £0.094 million (£0.062 million at 31 March 2021) represents the immediate impact on the Authority's investments that are on variable rate, but ignores the impact of overnight and short-term fixed rate investments.

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

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

Firefighters’ Pension Fund Accounts

Introduction

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

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

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

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

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

Fund Account

2020/21 £000			2021/22 £000
	Contributions Receivable:		
(4,353)	Contributions in relation to pensionable pay	(4,371)	
(3,776)	Top up grant received	(6,025)	
(148)	Ill Health charges	(184)	
(1,959)	Firefighters contribution	(1,974)	
(10,236)			(12,554)
(202)	Transfers in from other authorities		(55)
	Benefits Payable:		
10,169	Pensions	10,465	
1,903	Commutations and Lump Sum Retirement Benefits	3,640	
96	Lump Sum Death Benefits	-	
52	Other payments	157	
			14,262
12,220			
	Payments to and on account of leavers:		
-	Transfers out to other authorities	-	
-			-
1,782	Net amount Payable for year		1,653
(1,782)	Top up grant payable by the government		(1,653)
-			-

Net Assets Statement

31 March 2021 £000		31 March 2022 £000
	Current Assets:	
-	Contributions due from fire authority	-
-	Recoverable overpayments of pensions	-
1,782	Top-up grant receivable from the government	1,653
-	Cash and Cash Equivalents	-
	Current Liabilities:	
(1,782)	Cash overdrawn	(1,653)
-	Unpaid pensions benefits	-
-	Amount of grant payable to the government	-
-		-

Firefighters' Pension Fund Accounts

1. Employer Contributions

The Fire Authority bore pension contributions as the employer, totalling £4.371m (£4.353m 2020/21) representing 37.3% of pensionable pay for firefighters under the 1992 scheme, 27.4% for firefighters under the 2006 scheme and 28.8% for firefighters under the 2015 scheme.

In addition to normal employer's contributions, ill-health charges of £0.184m (£0.148m in 2020/21) and injury portions of pensions totalling £0.315m (£0.314m in 2020/21) were paid by the Fire Authority.

2. Top Up Grant

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

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

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

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

3. IAS 19 Employee Benefits

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

Accruals

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

Actuarial Gains and Losses

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

Actuarial Valuation

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

Admitted Bodies

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

Amortisation

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

Bad Debt Provision

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

Balances

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

Business Rates Retention

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

Capital / Capital Expenditure / Capital Receipts

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

Cash Equivalents

These are investments, which amount to short term deposits.

Community Assets

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

Corporate and Democratic Core (CDC)

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

Contingent Assets and Liabilities

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

Corporate Management (CM)

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

Creditors

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

Curtailments

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

Debtors

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

Defined Benefit and Contribution Pension Schemes

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

Democratic Representation and Management (DRM)

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

Depreciation

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

Fair value

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

General Fund

The main revenue fund of the Authority into which is paid income from the council tax precept, grants and charges for services and from which is met the cost of providing services.

Going Concern

The key accounting concept of a going concern assumes that an organisation, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

Heritage Assets

Heritage assets are assets that are held by the authorities principally for their contribution to knowledge or culture.

Impairment

Impairment to assets may be physical in nature, such as damage by fire, or caused by a general or specific reduction in prices during the financial year.

Intangible Assets

This term includes such items as development expenditure or goodwill, but for local authorities it actually only covers licences for the use of computer software.

IFRS and IAS

International Financial Reporting Standards and International Accounting Standards

Leasing

A method of obtaining the use of assets: a rental charge is paid for a specified period, but under operating lease conditions the asset remains the property of the lessor and the Authority has no rights to purchase. Finance leases transfer substantially all the risks and rewards of ownership.

Minimum Revenue Provision

An amount, prescribed by Government, to be set aside from revenue for the redemption of debt.

Net Book Value (NBV)

The amount at which fixed assets are included in the Balance Sheet. The NBV is the historical cost or current value less any accumulated depreciation.

Net Worth

The total of all assets less the total of all liabilities. It helps to determine the value of an entity and is also known as Total Net Assets or Total Equity.

Non-Distributed Costs

These are costs which the Authority has to bear, but which do not support any statutory services. This includes three elements of the pension cost (Past Service Cost, Settlements, and Curtailments) which are defined elsewhere, and the costs of properties, which have been declared surplus and are awaiting disposal.

Non-Domestic Rates

A charge on commercial and industrial buildings fixed by the Government and reallocated to local authorities.

Post Balance Sheet Events

A statement of the financial implications of an event taking place after the Balance Sheet date, which has a material effect on the Authority's financial position at the balance sheet date.

Prior Period Adjustments

Material adjustments that are applicable to prior years and which arise from changes in accounting policy or the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Equity

Investments into new and developing companies and enterprises, which are not publicly traded on a recognised stock exchange.

Property, Plant and Equipment (PPE)

Property, plant and equipment covers all assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period. PP&E is a summation of all the Authority's purchases of property, plant, and pieces of equipment to that point in time, less any depreciation.

Provisions

Provisions are made for liabilities and losses which have already been incurred at the date of the balance sheet, and for which the amount or dates on which they will arise can be reliably measured.

Public Works Loan Board (PWLB)

A Government agency, which provides the main source of borrowing for local authorities.

Related Parties

This term covers individuals or bodies with which the Authority has a close economic relationship. It includes Members and Senior Officers, Government departments that provide funding, and other bodies that are involved in partnerships with the Authority.

Reserves

Internal reserves set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue

Recurring expenditure principally on pay, running costs of buildings, equipment, and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute

Expenditure which may properly be charged to capital but which does not result in a tangible asset.

Unusable Reserves

This include unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment (e.g. the Revaluation Reserve) adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure (e.g. the Capital Adjustment Account and the Pensions Reserve).

Usable Reserves

This includes the revenue and capital resources available to meet future expenditure (e.g. General Balances, Earmarked Reserves, and the Capital Receipts Reserve).

This page is intentionally left blank

East Sussex Fire Authority
Headquarters
Church Lane, Lewes, East Sussex
BN7 2DZ

Telephone: 0303 999 1000

E-mail: enquiries@esfrs.org
Web: www.esfrs.org

In the case of emergency please dial 999

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

10 November 2022

please ask for	our ref	your ref
Duncan Savage	DS/AB	

Dear Sir

This letter of representations is provided in connection with your audit of the financial statements of East Sussex Fire Authority ("the Authority") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of EastSussex Fire Authority as of 31 March 2022 and of its income and expenditurefor the year then ended in accordance with CIPFA LASAAC Code of Practiceon Local Authority Accounting in the United Kingdom 2021/22.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice onLocal Authority Accounting in the United Kingdom 2021/22.

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA

LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are freeof material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, thatare free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-Compliance With Law and Regulations, Including Fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation, and maintenance of internal controls to prevent anddetect fraud.

3. We have disclosed to you the results of our assessment of the risk thatthe financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliancewith laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non- compliance matters:
   - involving financial statements;
   - related to laws and regulations that have a direct effect on thedetermination of material amounts and disclosures in the Authority's financial statements;
   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations ofthe Authority's activities, its ability to continue to operate, or toavoid material penalties;
   - involving management, or employees who have significant roles in internal controls, or others; or
   - in relation to any allegations of fraud, suspected fraud or othernon-compliance with laws and regulations communicated by employees, former employees,

analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to thepreparation of the financial statements such as records, documentation and other matters;
   - Additional information that you have requested from us for the purpose of the audit; and
   - Unrestricted access to persons within the entity from whom youdetermined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of the Authority, Scrutiny & Audit Panel and Policy & Resources Panel held through the year tothe most recent meeting on the Fire Authority on 8 September 2022, Scrutiny & Audit Panel on 10 November 2022, and Policy & Resources Panel on 10 November 2022.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactionsof which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure thatis in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect onthe financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter at 11 November 2021

through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likelyto have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. **Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you andare appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities relatedto litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. **Going Concern**

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

F. **Subsequent Events**

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

G. **Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement andAnnual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. **Ownership of Assets**

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on

the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentionsthat will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements withany of our cash and investment accounts. Except as disclosed in Note 13 to the financial statements, we have no other line of credit arrangements.

I. **Reserves**

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

J. **Use of the Work of a Specialist**

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

K. **Estimates**
i.) Revaluation of land and buildings classified as property, plant andequipment; and
ii.) Pension liability and asset valuation

1. We confirm that the significant judgments made in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions anddata used by us have been consistently and appropriately applied or used in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

3. We confirm that the significant assumptions used in performing the revaluation of land and buildings classified as property, plant and equipment,and the pension liability and asset valuation, appropriately reflect our intentand ability to carry out these valuations

on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respectto the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

5. We confirm that appropriate specialized skills or expertise has been applied in performing the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

6. We confirm that no adjustments are required to the accounting estimates anddisclosures in the financial statements, including due to the COVID-19 pandemic.

L. **Retirement Benefits**

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

Yours faithfully

Assistant Director Resources & Treasurer
Date:

I confirm that this letter has been discussed and agreed at the Scrutiny & Audit Panel on 10 November 2022

Chair: Scrutiny & Audit Panel
Date:

EAST SUSSEX FIRE AUTHORITY

Panel	Scrutiny & Audit Panel
Date	10 November 2022
Title of Report	Appointment of External Auditors
By	Duncan Savage - Assistant Director of Resources/Treasurer
Lead Officer	Duncan Savage – Assistant Director of Resources / Treasurer

---

Background Papers

Scrutiny & Audit Panel meeting 26 May 2016 (Item 026) – Changes to the arrangements for the appointment of External Auditors
Scrutiny & Audit Panel meeting 2 February 2017 (Item 069) – Appointment of External Auditors
Fire Authority 14 February 2017 (Item 972) – Appointment of External Auditors
Fire Authority 9 December 2021 (Item 78) – Appointment of External Auditors

---

Appendices

1. PSAA – outcome of external audit procurement – 03/10/2022
2. PSAA – consultation on auditor appointment for 2023/24 – 17 October 2022

Implications

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

PURPOSE OF REPORT

To set out Public Sector Audit Appointment's (PSAA's) proposals for appointing the external auditor to the Authority for the accounts for the five-year period from 2023/24 and also the likely impact on audit fees.

EXECUTIVE SUMMARY

The current contract with PSAA for the appointment of the Authority's external auditors ends on 31 March 2023 (with the audit of the 2022/23 accounts).

At its meeting on 9 December 2021 the Fire Authority agreed to opt in to the PSAA scheme for the next five year period.

PSAA has now completed its procurement process and proposes to appoint Ernst & Young (EY LLP) as the Authority's auditors from 2023/24. EY LLP are the Authority's current auditors.

PSAA has advised that the Authority's audit fee for 2023/24 is likely to rise by 150% to approximately £125,000. This will create a pressure of approximately £60,000 on the Authority's revenue budget, unless the Government increases its existing grant for the additional costs resulting from the Redmond Report accordingly.

RECOMMENDATION The Panel is recommended to:

(i) note the outcome of PSAA's procurement process;

(ii) agree the PSAA proposal to appoint EY LLP as the Authority's external auditors for a further five years;

(iii) note the expected increase in audit fees and the resultant pressure on the Authority's revenue budget should the Government not increase the external audit grant; and

(iv) delegate authority to the Assistant Director Resources/Treasurer to put in place any arrangements necessary to give effect to this decision.

BACKGROUND

1.1 Following the disbandment of the Audit Commission and the introduction of the Local Audit and Accountability Act 2014, relevant local authorities including the Fire Authority are responsible for appointing their own external auditors. Subsequently under the Local Audit (Appointing Persons) Regulations 2015, Public Sector Audit Appointments Limited (PSAA) was established as an appointing body.

1.2 Under the Local Audit and Accountability Act 2014 the Authority has a number of options for appointing its auditors:

- To appoint its own auditor, which requires it to follow the procedure set out in the Act (including the establishment of an independent Auditor Panel).

- To act jointly with other authorities to procure an auditor following the procedures in the Act (including the establishment of an independent Auditor Appointment Panel).
- To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

1.3 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Authority opted into the 'appointing person' national auditor appointment arrangements established by PSAA for the period covering the accounts for 2018/19 to 2022/23. Following a procurement exercise PSAA appointed EY LLP as the Authority's external auditors for that period.

1.4 At its meeting on 9 December 2021 the Fire Authority agreed to opt in to PSAA for the next five year period. In total 470 (99%) of the 475 bodies eligible to do so opted in to the PSAA scheme.

1.5 PSAA subsequently carried out a procurement exercise, the strategy for which was informed by the findings of the Redmond Report and a consultation with opted in bodies. The outcome of the procurement exercise was announced on 3 October 2022 and the full press release is included in Appendix 1. The main outcomes are as follows:

- PSAA has offered contracts to six suppliers. It has retained the services of three existing suppliers, Grant Thornton, Mazars and Ernst & Young (EY LLP), welcomed former supplier KPMG back to the market, and is entering into contracts with two new suppliers, Bishop Fleming and Azets Audit Services;
- The bid prices that PSAA received in this procurement reflected a significant increase compared to its previous procurement in 2017. At this stage PSAA's advice to bodies is to anticipate a major re-set of total fees for 2023/24 involving an increase of the order of 150% on the total fees for 2022/23 (scale fee plus variations). The actual total fees will depend on the amount of work required.

1.6 Subsequently on 17 October 2022 PSAA wrote to the Authority confirming that it proposes to appoint EY LLP as the Authority's external auditors for the five year period from 2023/24 (see Appendix 2) and asking the Authority to make representations if it believes that there is a reason why the appointment should not be made, for example:

- If there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to PSAA; or
- If there are formal and joint working arrangements relevant to the auditor's responsibilities which had not previously been notified to PSAA.

The view of Officers is that there are no relevant grounds on which the Authority should object to EY LLP's appointment.

2. <u>ALTERNATIVE OPTIONS</u>

2.1 As noted in paragraph 1.1 the Authority does have other options under the Local Audit & Accountability Act 2014, however these alternatives are not considered viable for the following reasons:

- The Authority does not have an existing Panel that would fulfil the requirements of an independent Auditor Panel and it would take considerable time and effort to recruit one;
- The market is limited with only 10 firms accredited to carry out local public audit. These are the same firms who had the opportunity to bid for the PSAA contract;
- It would take as a minimum two to three months to conduct a compliant procurement exercise once a specification had been developed and would require officer resource to support it;
- It is unlikely that an approach to the market by one, relatively small, audited body would result in a better outcome in terms of cost or quality;
- The statutory requirement is for each local public body to have appointed its auditors by the 31 December of the financial year preceding the start of the relevant audit period, i.e. by 31 December 2022 in this case, which would give insufficient time both to appoint an independent Auditor Panel and conduct a compliant procurement exercise;
- The Authority has already opted into the PSAA scheme for 2023/24 onwards.

3 FINANCIAL IMPLICATIONS

3.1 Following its press release on 3 October and subsequent correspondence with officers, PSAA has indicated that the cost of our external audit for 2023/24 will be of the order of £125,000. We expect the audit fee for 2022/23 to be around £40,000 based on a scale fee of £23,690 and variations consistent with previous years. The Government has provided an additional grant of £12,212 for 2022/23 and the following two years, based on the New Burdens doctrine to fund all of the financial impacts of the Redmond Report. Clearly that grant is insufficient to fund the additional cost of the current external audit fee, let alone the proposed new fees and the other potential costs of Redmond e.g. the appointment and payment of independent audit committee members. PSAA has said that it will raise the matter with Government. Officers have already raised the matter both with the Home Office and the NFCC and will raise with local MPs when we meet with them in November. As things stand the Authority had already increased its budget for external audit fees by £30,000 which will partially mitigate the increase, but assuming that the grant from Government is not increased then the new fees will result in an additional unfunded pressure of approximately £60,000.

4. LEGAL IMPLICATIONS

4.1 The Local Audit and Accountability Act 2014 (the Act):

- Section 7 - requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

- Section 8 - governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.

- Section 12 - makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

- Section 17 - gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

5. CONCLUSION & RECOMMENDATIONS

5.1 The Authority has already opted in to the PSAA scheme for 2023/24 onwards and there are no viable alternatives despite the expected significant increase in audit fees. PSAA proposes to re-appoint EY LLP as the Authority's external auditors. The Authority has established a good working relationship with the EY LLP team and there are no conflicts of interest or other grounds which would justify a challenge to their appointment. The Panel is therefore recommended to approve the PSAA proposal.

Appendix 1

Press release: PSAA Announcement of Procurement Outcome

3 October 2022

Today Public Sector Audit Appointments Ltd (PSAA) announces the outcome of its procurement of audit services for the 470 local government, police and fire bodies (99% of eligible local bodies) that have opted into its national scheme for the next appointing period spanning the audits from 2023/24 to 2027/28.

The procurement has taken place against the challenging backcloth of a troubled audit profession, a turbulent market and a local audit system that is facing unprecedented difficulties including large volumes of delayed audit opinions. Only ten audit suppliers are currently registered to undertake local audits in England, three of which opted not to take part in this procurement.

We have offered contracts to six suppliers following a competitive process that was protracted reflecting the limited capacity available in the market. The scale of the contracts varies widely depending upon the capacity which each supplier is able to provide.

We are pleased to retain the services of three existing suppliers, Grant Thornton, Mazars and Ernst & Young, to welcome former supplier KPMG back to the market, and to be entering into contracts with two new suppliers, Bishop Fleming and Azets Audit Services. [Please refer to the **pen portraits below** provided by each of the successful firms]

From 2023/24 the respective shares of the audits of opted-in bodies will be as follows:

	Share of PSAA's work
Grant Thornton	36.0%
Mazars	22.5%
Ernst & Young	20.0%
KPMG	14.0%
Bishop Fleming	3.75%
Azets Audit Services	3.25%

We have awarded contracts for a total of 99.5% of the audit work detailed in our tender, which was issued in April 2022. We have now been able to take into account the impact of recent and scheduled local government reorganisations which has resulted in a marginal reduction in the auditor capacity required to meet our needs, so 99.5% of the original capacity sought is sufficient.

The bid prices that we received in this procurement reflect a significant increase compared to our previous procurement in 2017. The audit industry has faced major challenges in the intervening period. In addition local audit faces several distinctive difficulties which have resulted in a less competitive market.

In Autumn 2023 PSAA will consult on the proposed scale of audit fees payable by bodies in respect of the audit of 2023/24 accounts. (Our consultation on the proposed 2022/23 scale recently closed on 30 September). At this stage our advice to bodies is to anticipate a major re-set of total fees for 2023/24 involving an increase of the order of 150% on the total fees for 2022/23. The actual total fees will depend on the amount of work required.

We appreciate that the extent of this likely increase in audit fees will pose a significant funding challenge for local bodies already facing a daunting range of financial pressures. We have raised this concern with DLUHC for consideration.

Awarding new contracts will help to maintain the system for the next five years, recognising that robust local audit is particularly vital in difficult times. It will also buy time for critical local audit system and framework changes to be developed and implemented.

In our view there need to be radical changes in the local audit system. Our hope is that those changes will include reductions in the volume of work which auditors are required to undertake before arriving at their opinion on the financial statements, enabled by a combination of revisions to the accounting and auditing requirements. In our view a more proportionate audit is an absolute pre-requisite to achieve a more sustainable audit system.

Steve Freer, Chair of PSAA, said,
"*The outcomes of our procurement reflect the backcloth of a troubled audit profession, a challenged local audit system and a sellers' market. We are relieved to have succeeded in securing sufficient capacity to meet local bodies' needs for the five years commencing 2023/24. Unfortunately, we simply do not have levers to mitigate the very significant increase in audit fees anticipated in twelve months' time. We have therefore requested Government to give urgent consideration to providing further special support to local bodies to help fund the expected dramatic increase in audit fees.*

Even after a significant reset of fees, the local audit system is likely to continue to face enormous problems. The position has become far more stressed since the Redmond Review undertook its work in 2019 and 2020. Recruitment and retention and regulatory risks are now even more pronounced. In our view we need a radical examination of the measures necessary to restore order and confidence in local audit, followed by urgent decision making and rapid implementation."

Pen pictures of the successful firms

Azets Audit Services
Azets is a UK top 10 audit, accounting and business advisory firm. The firm provides external audit, internal audit and other assurance services across the public sector and has extensive experience of auditing large Scottish councils on behalf of the Accounts Commission. While the firm operates from around 80 local offices spread across the UK, it delivers public sector audit using specialist teams in selected locations in the North, Midlands and London.

Bishop Fleming LLP
Bishop Fleming is a top 30 UK accountancy firm, providing audit, accountancy, tax and business consultancy services to both the public and private sectors. Bishop Fleming has extensive experience working with public sector organisations in the housing, education, charity and healthcare sectors along with a number of local

authority subsidiaries. Their public sector audit team is led by two ICAEW registered key audit partners, both having previous experience of providing external audit services to local authorities.
Bishop Fleming have 37 partners and around 500 staff working from 7 offices across the South West and West Midlands, who are committed to delivering the very best client experience.

EY LLP
Ernst & Young LLP (EY) is a multinational professional services firm with 312,000 employees based in over 150 countries worldwide. They provide consulting, law, strategy, tax and transactions services, and are one of the "Big Four" professional services firms. EY employs around 17,000 people in the UK. There are 240 staff including 14 Key Audit Partners who currently work full-time in the Government and Public Sector assurance services team, who are also able to draw from an extensive pool of specialists.

Grant Thornton UK LLP
Grant Thornton UK is delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector. Our UK Public Sector Assurance team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and Value for Money. The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

KPMG LLP
One of the 'Big Four' audit firms, KPMG operates in over 100 countries with over 230,000 employees providing audit, assurance, tax, consulting and advisory services to the public and private sectors. KPMG employees around 16,000 people in the UK. Within the public sector they have 14 active Key Audit Partners supported by a team of 100 staff and a range of specialists. KPMG undertakes a range of other public sector audit work including Local Audits in the NHS, central and local government audit work on behalf of NAO and Audit Scotland and a range of external audits in the education and social housing sectors. Prior to 2018, KPMG were appointed auditors to a range of local government bodies through previous audit procurement exercises.

Mazars LLP
Mazars is a large global audit and accounting firm with over 28,000 professionals in 90 countries and territories worldwide. In the UK the firm ranks in the top ten with 2,500 employees and 140 partners working out of 15 offices, and UK fee income in 2021 of £234m.The firm's dedicated public audit team has significant experience in providing external audit to public sector bodies. It comprises individuals with experience of auditing councils, combined authorities, police bodies, fire and rescue authorities, local government pension funds and other public bodies. In addition to its audit contract with PSAA, the firm provides services to Audit Scotland and has a substantial portfolio of NHS audits and is one of the National Audit Office's framework suppliers for central government audit.

Appendix 2

Formal communication to the chief finance officer of East Sussex Fire Authority consulting on the body's proposed auditor appointment from 2023/24

Background
PSAA is responsible for appointing an auditor to eligible bodies that have chosen to opt into our national auditor appointment arrangements.

About the proposed appointment
Under regulation 13 of the Appointing Persons Regulations we must appoint an external auditor to each opted-in body having consulted on our proposal.
On 3 October 2022 we wrote to inform you of the outcome of our procurement to let audit contracts from 2023/24. **Ernst & Young** was successful in winning a contract in the procurement, and we propose appointing this firm as the auditor of East Sussex Fire Authority for five years from 2023/24.
Ernst & Young LLP (EY) is a multinational professional services firm with 312,000 employees based in over 150 countries worldwide. They provide consulting, law, strategy, tax and transactions services, and are one of the "Big Four" professional services firms. EY employs around 17,000 people in the UK. There are 240 staff including 14 Key Audit Partners who currently work full-time in the Government and Public Sector assurance services team, who are also able to draw from an extensive pool of specialists.

In developing appointment proposals we have considered information provided to us by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:

- auditor independence, the most critical of all the factors;
- joint/shared working arrangements and information from bodies, where we have prioritised those requests that are most relevant to the auditor's responsibilities;
- our commitments to the firms under the audit contracts;
- bodies' main offices and firms' geographical preferences;
- the status of prior years' audits; and
- continuity of auditor where appropriate.

We have sought to accommodate as many requests as we can but that has not been possible in all cases - another consequence of the current, challenging local audit market.

Further information on the auditor appointment process is available on our website.
Responding to this consultation

The consultation will close at **midnight** on **Monday 14 November 2022**. If you are satisfied with the proposed appointment, please confirm this by email to ap2@psaa.co.uk.

Process for objecting to the proposed auditor appointment
If you wish to make representations to us about the proposed auditor appointment, please send them by email to ap2@psaa.co.uk to arrive by **midnight** on **Monday 14 November 2022**.

Your email should set out the reasons why you think the proposed appointment should not be made, for example:

1. there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to us; or
2. there are formal and joint working arrangements relevant to the auditor's responsibilities which had not previously been notified to us.

We will consider all representations in detail and will respond by Tuesday 22 November 2022. If we accept your representation, we will consult you on an alternative auditor appointment.

Confirmation of Auditor Appointment from 2023/24
Our plan is to write to all bodies to confirm the Board's final decision on the appointment of the auditor on or before 31 December 2022.

Please note: we will assume East Sussex Fire Authority is satisfied with the proposed appointment if we do not receive a response to this email.

Contract changes from 2023/24
Our contracts for audit services from 2023/24 have several differences to those in place for the audits of 2018/19 to 2022/23. Key changes made in response to client feedback include payment terms linked to delivery stages of an audit and additional contract management measures within those permissible with the local audit context. Our webinar of 16 March 2022 provides more information about the new arrangements.

The new contract also includes new limits on supplier liabilities as follows:

· loss of or damage to property £2,000,000 per claim;
· loss in relation to a failure to perform the services in accordance with the Contract or any other loss caused directly by any act or omission of the supplier £10,000,000 per claim; and
· any loss incurred arising from non-compliance with the Data Protection Legislation £5,000,000 per claim.

If you would like more information about the new liability provisions, please contact us.

Scale fees for 2023/24
We will consult formally on scale fees for 2023/24 in Autumn 2023, and will publish confirmed scale fees for 2023/24 for opted-in bodies on our website by 30 November 2023. As indicated in our recent press release which announced the procurement outcome our advice to bodies is to anticipate an increase of the order of 150% on the total fees for 2022/23 (so a £100k 2022/23 total audit fee (scale fee plus fee variations) could become £250k 2023/24 total audit fee - noting that the actual total fees will depend on the amount of work required.
We issue a Statement of Responsibilities (SOR) that sets out the responsibilities of both auditors and audited bodies. This document serves as the formal terms of engagement between auditors appointed by us and audited bodies. It summarises where the different responsibilities of auditors and of the audited body begin and end.

Further information
If you have any questions about our consultation process, please email us at ap2@psaa.co.uk.

Yours sincerely
Tony Crawley, Chief Executive, PSAA

This page is intentionally left blank

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting	Scrutiny & Audit Panel
Date	10 November 2022
Title of Report	Internal Audit Report – HR / Payroll
By	Julie King, Assistant Director People Services
Lead Officer	Lucy Birch, HR&OD Manager John Olliver, Payroll, Pension & HR Assurance Manager

---

Background Papers None

Appendices 1 Internal Audit Report HR / Payroll – 2021/22

Implications (please tick ✓ and attach to report)
Any implications affecting this report should be noted within the final paragraphs of the report

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

PURPOSE OF REPORT To inform the Panel of the outcome of the Internal Audit Review of HR / Payroll

---

EXECUTIVE SUMMARY A review of HR / Payroll was carried out by Orbis Internal Audit as part of the agreed Internal Audit Strategy & Plan for 2021/22. The audit opinion given is Partial Assurance, which means that there are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.

The Authority's protocol is that all internal audit reports with opinions of partial assurance or lower must be reported in full to the Senior Leadership Team (SLT), for approval of the management response, and to Scrutiny & Audit Panel, for information. The management response was approved by SLT on 18 October 2022.

The report identifies 11 areas where action is required (7 assessed as medium risk and 4 as low risk) and the management response sets out how the Service plans to address the audit findings. Of the 11 actions, nine will be completed by 31 March 2023 (including six of the seven medium risk). The remaining two will be completed by 1 June 2023 (R11 – dependent on the go live of Oracle Fusion through the MBOS Project) and 31 March 2024 (R7 dependent on the development of the Data Management programme and the availability of resource post MBOS go live).

Implementation of the 11 actions will be tracked through the CAMMS strategy system, with oversight by Assurance, Performance & Governance Group (APGG). A follow up audit will be carried out by internal audit as part of the 2022/23 Internal Audit Strategy & Plan.

RECOMMENDATION

The Panel is recommended to:

(i) note the management response to the audit report; and

(ii) identify any further information or assurance it requires from officers

---

Internal Audit Report

HR/Payroll (2021/22)

Final

Assignment Lead: Jodie Hadley, Principal Auditor
Assignment Manager: Paul Fielding, Principal Auditor
Prepared for: East Sussex Fire & Rescue Service
Date: October 2022

Report Distribution List

Duncan Savage, Assistant Director of Resources and Treasurer
Julie King, Assistant Director - People Services
Lucy Birch, HR & Organisational Development Manager
John Olliver, Payroll, Pensions & HR Assurance Manager
Alison Avery, Finance Manager

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

East Sussex Fire & Rescue Service - Internal Audit Key Contact Information

Chief Internal Auditor: Russell Banks, ☎ 07824362739, ✉ russell.banks@eastsussex.gov.uk
Audit Manager: Paul Fielding, ☎ 07701 394844, ✉ paul.fielding@eastsussex.gov.uk
Anti-Fraud Hotline: ☎ 01273 481995, ✉ FraudHotline@eastsussex.gov.uk

1. Introduction

1.1. Employees' salary payments account for a large proportion of East Sussex Fire and Rescue Service's expenditure. The payroll department is responsible for paying employees accurately in accordance with established policies.

1.2. The objective of this audit was to provide assurance that key controls are in place and operating as expected to manage key risks to the achievement of system objectives, including those relating to starters, leavers, temporary and permanent payments, and contractual changes.

1.3. This review is part of the agreed Internal Audit Plan for 2021/22.

1.4. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body of the report.

2. Scope

2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Starters are properly approved, and pay is calculated and paid from the correct dates;
- Leavers are removed from the Payroll in a timely manner and paid correctly and accurately to the correct dates;
- Permanent variations to pay (including additional availability allowances / additional responsibility allowances) are properly approved, calculated and paid from the correct dates;
- Pay runs and BACS transmissions are correct and authorised;
- Payroll data is regularly reconciled to the General Ledger;
- Reconciliations of salary payments take place to ensure that employees are paid correctly;
- Temporary payments (including additional hours, expense claims and payment to casual staff) are correctly authorised prior to processing;
- Changes to data, including those processed through personnel change forms, are reviewed, accurately input, coded and authorised; and
- Overpayments are identified and recovered in a timely manner.

3. Audit Opinion

3.1. **<u>Partial Assurance</u> is provided in respect of HR/Payroll (2021/22)**. This opinion means that there are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

4.1. Based on the testing undertaken, we have only been able to provide an opinion of **partial assurance** in relation to the area under review because:

4.2. Evidence of ID for new starters to confirm when copies of identity documents had been seen has not been maintained, with three employees out of nine tested not having evidence of fitness for work checks on file.

4.3. One new starter had been set up for the incorrect year and put onto unpaid leave for a year as a manual workaround to correct their personnel file, resulting in inaccuracies in length of service.

4.4. The process for ensuring that holiday pay is correctly calculated for part time workers is based on a calculation of turn outs for the previous year and is not always input in a timely manner, with the payments for 2021/22 not processed until mid-way through the financial year. This may result in overpayments or financial loss for the Authority, and for employees, should they not receive sufficient pay.

4.5. There is no clearly defined process for making changes with regard to the provision and removal of additional pay and allowances, increasing the risk of allowances being paid to employees who are no longer available to undertake the role, leading to financial loss and operational challenges.

4.6. The process for monitoring and recovering overpayments requires improvement, with two records in place highlighting different amounts, reducing oversight and the ability to ensure full recovery.

4.7. Mileage claims were not always supported by appropriate evidence as to the journey length, or the ordinary commuting mileage of the employee.

4.8. In addition to the above, some of the actions from the previous audit have not been implemented in full and therefore remain outstanding.

4.9. There were, however, several areas where evidence was seen of effective control. These are as follows:

- There is appropriate separation of duties in place during the recruitment and onboarding process, to reduce the risk of fraud or error.
- There is a clearly defined leavers' process in place, with a sample demonstrating that leavers are removed from the payroll in a timely manner following the end of their employment.

- There are appropriate processes in place for making changes to standing payroll data, with a secondary check and separation of duties in place.
- BACS transmissions are run correctly and authorised appropriately by ESCC payroll.

5. Action Summary

5.1. The table below summarises the actions that have been agreed together with the risk:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.		
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	7	1-7
Low	This represents good practice, implementation is not fundamental to internal control.	4	8-11
	Total number of agreed actions	**11**	

5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.

6. Acknowledgement

6.1. We would like to thank all staff that provided assistance during the course of this audit.

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	**New Starter Checks** A sample of nine new starters was tested to ensure that appropriate evidence of identity, fitness to work and eligibility were in place. Testing identified that there was no evidence to confirm when copies of identity documents had been seen, as required within the Guidance set out by the Home Office. Three employee records did not contain evidence of fitness to work checks. Following the 2019/20 review it was agreed that a recruitment checklist would be reviewed, with quarterly spot checks taking place. We confirmed that a recruitment checklist, to ensure that appropriate checks are in place prior to an employee starting, had been reviewed, as agreed; however, a quarterly spot check process to ensure that appropriate checks are being completed has not been implemented, which could have identified some of the above issues.	Where copies of identity documents are not certified as an accurate reflection of the original, employees may be engaged with fraudulent or inaccurate documentation, resulting in reputational or regulatory implications for the service. Where employees do not have evidence of fitness to work checks, there is an increased risk of unfit employees undertaking work, or working without appropriate adjustments leading to injury.	Medium	Existing guidance will be recirculated to the team to reinforce the importance of adhering to ID check guidance. The HR Manager / Payroll, Pensions and HR Assurance Manager will diarise quarterly spot checks for starters and leavers to regularly check compliance against the checklist.
Responsible Officer:		Lucy Birch, HR Manager	**Target Implementation Date:**	31 December 2022

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
2	**Incorrect Start Date** Testing of new starters to ensure that they had been set up correctly and allocated the appropriate pay identified that one employee had been set up with a 2021 start date instead of 2022, in error. As a manual workaround, the employee was put onto unpaid leave within SAP for a year to bring them up to the correct start date.	Where an employee is input with an incorrect start date, there is a risk that continuous service and associated benefits, such as leave, sickness and redundancy payments are incorrect, resulting in financial loss to the service.	Medium	The Payroll, Pensions and HR Assurance Manager will discuss alternative approaches with ESCC technical payroll team and ESFRS payroll team to agree a more effective approach of this situation should occur again.
Responsible Officer:		John Olliver, Payroll, Pensions and HR Assurance Manager	**Target Implementation Date:**	31 December 2022

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
3	**Provision of Additional Allowances** The process for allocating additional allowances to employees such as Swift Water or Rope Rescue is not clearly defined, with some reliance being placed on employees to inform payroll if they feel that they are entitled to such an allowance. There is no formalised process to remove allowances from an employee's record if they are no longer available to undertake the associated role, increasing the risk of financial loss and a lack of available resource should a specialist skill be required.	The provision of additional allowances without a clearly defined process may lead to employees receiving an allowance where they are no longer available to perform the role, resulting in a lack of available resource in an emergency situation, and financial loss to the service through the payment of additional allowances where the duty is not being performed.	Medium	The allowances are subject to review through the IRMP. A Pay Policy is in development and this will define the criteria to attract and retain an allowance. We will therefore include a process to introduce checks and balances.
Responsible Officer:		Lucy Birch, HR Manager	**Target Implementation Date:**	31 March 2023

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
4	**Permanent Changes to Employee Records** Nine changes, marked as 'permanent' were selected and tested to ensure that sufficient authorisation had been provided that the change was accurate and that separation of duties could be evidenced throughout the process. In the majority of cases, these changes were temporary promotions or 'acting up' arrangements, that had been input as a permanent change. Testing identified that: • For three changes, the information contained as to the employee's current role was incorrect, stating that they were competent when currently on a development grade or vice versa. • For one change, no PCF was provided to evidence the request. • Five PCF's did not contain details of the requestor / authorising manager. • In one instance, salary payment was incorrect. • Throughout the change process, there is no evidenced separation of duties, increasing the risk of errors occurring.	Where the permanent change process is not well-controlled through the provision of accurate PCF's authorised by an appropriate individual, there is a risk of incorrect or fraudulent changes being made, resulting in financial loss to the service. Where separation of duties is not clearly evidenced within the change process, there is an increased risk of fraud or error, leading to financial loss for the service. The use of permanent changes for temporary promotions may lead to changes not being made to revert employees back to their substantive post, leading to financial loss.	Medium	Changes are being made through ITG to the PCF form to minimise errors and bring fields up to date. It is expected that the introduction of MBOS early next year will also minimise errors.

Responsible Officer:	Einar Arnarson, Lead Technical Architect	**Target Implementation Date:**	31 December 2022

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
5	**Authorisation of On-Call Claims** On-call claims are input by one member of the team and approved by another to evidence the employees that turned out for the call, and those who rode the appliance, in order to ensure that they receive the appropriate allowances and disturbance fees. A sample of eight claims were tested, with one having been input by one employee and approved by their brother, which constitutes a conflict of interest.	The approval of claims by relatives constitutes a conflict of interest and may result in inaccurate or fraudulent claims, leading to financial loss and reputational damage to the authority.	Medium	The new Conduct Policy will include a section on relationships and prohibit relatives from signing off claims etc.
Responsible Officer:		Lucy Birch, HR Manager	**Target Implementation Date:**	31 December 2022

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
6	**Recording and Recovery of Overpayments** Following the 2019/20 HR/Payroll audit, it was agreed that the Finance Manager would create a balance sheet reconciliation each month to ensure visibility of all outstanding overpayments and to monitor that the agreed recovery schedules are being followed. However, this action has not been implemented. An overpayment log was provided by Payroll, along with an aged debt report from finance; both of these documents show salary overpayments and the recovery process. The full population of recorded overpayments on the log provided by payroll demonstrated that there are 7 employees with overpayments outstanding totalling over £3k. The aged debt report, however, demonstrated that overpayments each month total approximately £25,000, with the majority being recovered before 30 days to leave between £400-£2k outstanding after a month. Overpayments totalling £11,800.22 remain outstanding having been in place for between 2-3	Where overpayments are not being accurately monitored and recovered in a timely manner, there is a risk that they may not be recovered in full, leading to financial loss for the authority.	Medium	A process will be devised and included in the Pay Policy currently under development. The Payroll, Pensions & Assurance Manager will review the status of all existing / historic overpayment cases and make recommendations to the AD Resources / Treasurer, AD People Services and Deputy Monitoring Officer for further action where a satisfactory repayment plan is not in place. This may include writing off of irrecoverable overpayments.

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
	years. The volume and value of outstanding overpayments suggests that the process for recovering overpayments is weak, and that records are not being accurately maintained in order to ensure full and timely recovery.			
Responsible Officer:		John Olliver, Payroll, Pensions and HR Assurance Manager	**Target Implementation Date:**	31 March 2023

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
7	**Electronic Data Files** Following the 2019/20 review, it was agreed by management that the improvement project, relating to GDPR and Electronic filing, would provide a solution to the following findings: • Lack of evidence of manager approval of permanent changes; and • Disclosure and Barring Service (DBS) checks had been retained on some employees files, which contravenes the ESFRS' DBS protocol. Historical employee files have not yet been data cleansed or converted into electronic files as part of the GDPR and Electronic Filing Improvement Project, as a Business Case will need to be agreed by the ESFRS Change Board. Furthermore, this project will require funding, therefore, agreement by Senior Leadership Team is required.	Failure to comply with the General Data Protection Regulations (GDPR) could result in reputational damage and financial loss due to fines by the Information Commissioner's Office.	Medium	Project work to address historic archive issues continues in collaboration with colleagues in ITG.
Responsible Officer:		John Olliver, Payroll, Pensions & HR Assurance Manager	**Target Implementation Date:**	31 March 2024

Ref	Finding	Potential Risk Implication	Risk	Agreed Action

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
8	**Travel and Expense Claims** A random sample of four expense claims and four travel claims was tested to ensure that claim forms were in place, expenses were approved appropriately, and accurate payment was made. One travel claim was not supported by a journey print out as required, with no detail in relation to ordinary commuting mileage to ensure that mileage is charged at the appropriate tax and NI rate. A second mileage claim was not supported by a journey print out.	Where sufficient evidence as to journey details, including the route taken and ordinary commuting mileage, is not provided, there is a risk of fraudulent or inaccurate claims being paid, leading to financial loss for the authority. Where employees do not provide information as to their ordinary commuting mileage, claims may be paid at an incorrect VAT rate, increasing the risk of regulatory penalty should tax be owed.	Low	The Finance team, who process travel and expenses claims, will be reminded of the need to challenge claims that are not fully completed or where necessary evidence is not provided. A reminder will be issued to all staff regarding the requirement to deduct ordinary commuting mileage from relevant claims.
Responsible Officer:		Alison Avery, Finance Manager	**Target Implementation Date:**	31 December 2022

9	**Additional Allowances** The 2019/20 audit highlighted that a documented policy was not in place with regards to the award of additional payments for Speciality Services. It was agreed that an Allowance Policy would be revised when the current rationalisation/evaluation of Swift Water Rescue and Rope Rescue Speciality Services was complete. However, this action has not been completed as expected as the draft policy is still awaiting approval from the FBU, and, therefore, the action has been repeated as part of the current audit.	The lack of policy relating to additional payments may result in inconsistencies in their award, approval, processing and management.	Low	As per actions for 3 & 6, a pay policy is being developed.
Responsible Officer:		HR/OD Manager/ Payroll, pension and HR Assurance Mgr	**Target Implementation Date:**	31 March 2023

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
10	**On-Call Staff Holiday Pay Calculations** At present, the process for calculating holiday pay for on-call employees involves an assessment of work undertaken, based on turn outs in the previous year. This means that the calculations are not input in a timely manner. The use of this process may result in employees being under or overpaid, and increase the associated administrative burden, leading to financial loss for the service.	The process for calculating holiday pay in-year increases the risk of inaccuracies, leading to under or overpayments, which may result in financial loss for the service.	Low	The introduction of FireWatch On Call Pay will result in this process being automated. This is not accessible until 1 Jan 2023 due to needing 1 -years' worth of data in the system.
Responsible Officer:		John Olliver, Payroll, Pensions and HR Assurance Manager	**Target Implementation Date:**	31 January 2023

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
11	**New Starter Process** Following a repeated finding from the 2018/19 review, it was agreed, as part of the 2019/20 audit, that the new starter process would be revisited and reviewed. Although the JobTrain (e-recruitment) system is now on-line, Payroll have struggled to collect all required payroll data and are working with the HR Admin team to improve the data flow. Despite this no significant delays in the payment of new hires have been evident.	Where the Payroll Team are not notified promptly of new starters, or payroll data is incomplete or inaccurate, there is a risk that new employees will not be paid on time or will receive incorrect salaries, resulting in financial loss or reputational damage to the service.	Low	FireWatch integration with MBOS will automate the bulk of this process and will be revisited in full at that point.
Responsible Officer:		John Olliver, Payroll, Pensions and HR Assurance Manager	**Target Implementation Date:**	1 June 2023

Appendix A

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

This page is intentionally left blank

EAST SUSSEX FIRE AND RESCUE SERVICE

Panel:	Scrutiny and Audit Panel
Date	10 November 2022
Title of Report	Corporate Risk Register Review Quarter 2 2022-23
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Alison Avery, Finance Manager
Background Papers	Corporate Risk Register Review Q1 2022-23 – Scrutiny & Audit Panel – 21 July 2022
Appendices	Appendix 1 - RAID Log Scoring Matrix Appendix 2 - Corporate Risk Register - Quarter 2

Implications (please tick ✓ and attach to report)
Any implications affecting this report should be noted within the final paragraphs of the report

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

PURPOSE OF REPORT	To report and review the Corporate Risk Register Quarter 2

EXECUTIVE SUMMARY	This report discusses the second quarter position for 2022-23. It details the corporate risks identified and how they have or are being mitigated. ***CR2 Future Financial Viability*** – the risk score has been revised upwards to 12 (substantial - red) Risks are scored against a 4x4 scoring matrix as shown in Appendix 1. The review of corporate risks is an ongoing process and reports are presented on a quarterly basis. The updated position is shown in Appendix 2 (amendments since the last report are highlighted in bold).

RECOMMENDATION The Panel is recommended to:

a) agree the Q2 Corporate Risk Register including changes made since Q1; and

b) identify any further information or assurance required from Risk Owners.

---

1. INTRODUCTION

1.1 This report brings the second quarter for 2022-23 Corporate Risk Register update for review and consideration by Scrutiny & Audit Panel.

1.2 The Corporate Risk Register is considered on a quarterly basis by Assurance, Performance & Governance Group and SLT and reported thereafter to Scrutiny and Audit Panel.

2. UPDATES

2.1 Risk owners have updated their risks for appropriate changes and these are highlighted in italics in Appendix 2. These include changes in causes; mitigations; actions and review dates.

2.2 **CR2 Future Financial Viability** – the risk score has been revised upwards to 12 (substantial - red) as a result of the financial uncertainty facing the Authority, as a result of both the lack of a sustainable medium term funding settlement and the significant pressures resulting from both pay and price inflation. Month 6 monitoring sets out the continued risk to the 2022/23 revenue budget forecast at £0.9m - £1.2m. A report to the Fire Authority on 8 September set out an illustrative scenario for 2023/24 with a funding gap of £3m. Efficiencies alone will not be sufficient to close this gap and the Authority must now revisit its Integrated Risk Management Plan (IRMP) and consider options for cuts to its services, both public facing and support functions.

CORPORATE RISK REGISTER

Scoring for all Corporate Risk and Project RAID Log

Impact / Likelihood		Moderate (1)	Significant (2)	Serious (3)	Critical (4)
Certain/High (4)		Tolerable (4)	Moderate (8)	Substantial (12)	Intolerable (16)
Very Likely (3)		Tolerable (3)	Moderate (6)	Moderate (9)	Substantial (12)
Low (2)		Tolerable (2)	Tolerable (4)	Moderate (6)	Moderate (8)
Unlikely (1)		Tolerable (1)	Tolerable (2)	Tolerable (3)	Tolerable (4)

Corporate Risk and Project Raid Log Scoring Matrix

Impact		Moderate	Significant	Serious	Critical
Score		1	2	3	4
Financial		≤ £10000	≤ £100,000	≤ £500,000	≤ £1 m +
Reputation		Damage limitation	Adverse Publicity	Poor Reputation	Complete loss of public confidence
Service Delivery		would not restrict or service delivery	Could restrict service delivery or restrict delivery of an ESFRS Aim	Could stop service delivery or unable to delivery an ESFRS Aim	Would affect service delivery to our communities

Likelihood		Unlikely	Low	Very Likely	Certain/High
Score		1	2	3	4
Frequency		One case reported in the past 5 years, may re-occur if only limited control measures are not applied and continued monitoring. (0-24% probability)	One or two cases in the past 2 - 5 years or may re occur if not all control measures are not applied within the next 6 months and continue to monitor. (25-49% probability)	One or two cases in past 2 years or expected to happen if controls measures are slow being applied, and failure to monitor progress. (50-74% probability)	One or more cases in past 2 years. Failure to take immediate action could impact on service delivery or safety of personnel/ community. (75-100% probability)

This page is intentionally left blank

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR1	Health & Safety non-compliance	• Policy and practices not effective • Policies not followed • Inconsistent implementation • H&S approach is not effectively targeting the highest risk areas • Lack of proactive / preventative measures to reduce likelihood • Specific issues regarding Face fit testing and Management of Contractors	• Training programmes in place • Policies in place • Appropriate systems exist • Changes to the management and staffing structure • Governance for Health, Safety & Wellbeing in place • Revised estates policy for management of contractors • Secondment of individual into Facilities Management (FM) role to deliver improvements in processes for estates / management of contractors (improved H&S compliance cross Estates maintained) • H&S peer review and implementations of findings 5-year audit plan • Acceleration of "facefit" programme for respirators using external contractor • 1st year overview of delivery of Regional H&S Audit Action Plan presented to Oct 2020 HSWC • Business Partner structure has been recruited and is operational although temporarily restricted due to staff absence • Developed a H&S legal register and in use	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Health and Safety (H&S) policy framework review including the implementation of a new H&S management system planned for implementation but delayed due to staff absence • Implement the 2nd year of the 3-year action plan drawn together following the Regional H&S audit undertaken in July 2019 • Development and implementation of a suite of Health & Safety standards will support compliance with H & S Management system • Work on Health & Safety standards continues with a dedicated staff member	**December 2022**	AD People Services
CR2	Future financial viability	• **Uncertainty over future funding** • Failure to identify and deliver savings • Difficult to predict future needs / resources required • Changes in legislation increasing burden • **Impact of worldwide supply chain disruption and elevated inflation levels**	• 2022/23 budget agreed • Medium Term Finance Plan (MTFP) refreshed to 2026/27 • Efficiency Strategy agreed and areas of focus being progressed • Business Rates Pool extended for 2022/23 • Delivery of savings monitored and reported to SLT and Fire Authority • Resource Planning meeting to monitor operational establishment • Establishment and use of general and earmarked reserves to manage financial risk • Collaboration through East Sussex Finance Officers Association (ESFOA) to protect shared income streams e.g. Council Tax and Business Rates • "Star Chamber" budget scrutiny as part of the budget setting process – **first round for 2023/24 complete by end of September** • Phase 1 of review of Estates Capital Programme completed • Grant spend monitored monthly against allocation • Initial high-level assessment of potential financial cost of McCloud / Sargeant pension remedy • IRMP financial impacts built into MTFP • Updated forecast for 2022/23 and illustrative forecast for 2023/24 including impact of higher than forecast levels of pay and price inflation reported to Fire Authority 8 September 2022	Impact = 4 Likelihood = 3 Score = **12** **Substantial**	• **Exploration of options to close forecast budget gap 2023/24 of approx. £3m – short list to be presented to Fire Authority 8 December for debate** • Continued review of opportunities for grant funding / **additional income streams** e.g. CIL • Review sustainability of capital programme Phase 2 commenced **due to complete October 2022** • **ESFOA to progress review of financial reporting and revenue protection by billing authorities** • Monitor implications of supply chain disruption, **and resulting pay and price inflation**, on revenue and capital budgets **both in year (2022/23) and future years (2023/24+) and feed into forecasting/budget setting** • Explore options for fire sector finance benchmarking and cost driver review with NFCC FCC / FFN • Continue to monitor financial and legal implications of Immediate Detriment Framework • **Lobby local MPs for sustainable settlement November 2022** • **Support development of NFCC submission to HO / HMT**	**December 2022**	AD Resources/Treasurer
CR3	Ability to meet developing legislative requirements evolving from central fire safety regulatory reviews	• Policy or legislative changes that are likely to arise from reviews and investigations • Unknown burdens on service delivery • Likely increased funding required • Knowledge and competence needed • Lack of capacity and capability • inability to adapt service delivery models	• Introduction of firefighter business safety • Competence framework for business safety officers • Business Safety Review to refresh structure to ensure appropriate capacity and contingency" • Continue to monitor developments from the Hackitt and Moore Bick reviews and potential legislative / regulatory changes • Assessment of the Grenfell Tower Phase 1 report and local ESFRS action plan in place • Monitoring of emerging Fire safety and Housing Bill • Fire Safety Government Consultation to strengthen the fire safety order and implement the Grenfell Tower Phase 1 report • LFB secondment for 9 months to gain an additional external assessment of preparation for compliance against both building and fire safety bills (now complete). • Delivery Board in place to oversee assimilation of new protection bills and related acts • Prevention and Protection Strategy 2021-2026 approved by CFA • CRM SSRI live and being used. This enables required flexibility and mobile working to improve efficiency in work processes, ensure delivery of reviewed RBIP, BRR and respond to internal audit findings to ensure full compliance with legislation. • Grant spending plan in place for Protection grants • Building Risk Review completed within deadline	Impact = 2 Likelihood = 3 Score = 6 Moderate	• Allocate ESFRS officers to national working groups to steer and understand the implications of the proposed national changes. • Sector is lobbying Govt. for additional funding for investment in protection services • Monitor resource impacts of ongoing workload from Building Risk Review • Respond to fire safety consultation • Seeking regional alignment through regional board on key matters initially such as legal/prosecutions, engineering, consultations and RBIP (Risk based inspection programme).	**December 2022**	AD Safer Communities

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR4	Effective workforce planning e.g. professional services	• Increasingly difficult to recruit into professional services • HR policy flexibility (grades/salaries) • Recruitment pool processes • Already lean workforce • Cognisant of the HMICFRS findings	• Market supplement process for professional service jobs agreed by SLT. • Continue to consider the wider recruitment market to assess salary points for specialist posts). • Recruitment and selection framework • Process Improvement Project to deliver efficiencies in roles and policy supporting lean workforce • Redesign current talent pool process at each operational level within the Organisation • Access professional legal advice where necessary • FPS administration successfully transitioned to WYPF wef 1 April 2020 • Strategic Workforce Plan was signed off at Dec SLT • Monthly workforce planning meeting incorporates a vacancy management process to ensure critical roles are filled appropriately	Impact = 2 Likelihood = 4 Score = 8 Moderate	• Embed and reinforce workforce plan. • Market Supplementary Policy has been written and is part of a number of manuals that have been through consultation **and awaiting sign off**. • To re-engineer the recruitment and selection processes for professional services • To **consider a** review **of** salary structure with Hay (2022/23)	**December 2022**	AD People Services
CR6	Failure to manage the effects and impacts of a major loss of staff event, including through industrial action	• Lack of engagement with unions / staff • Poor / ineffective consultation practices • Ineffective communications • Lack of business continuity • Pandemic Flu • Major travel disruption • Failure of National pay negotiation leading to action short of a strike	• Review outcomes of Retained Firefighters Union report • Introduction of the On-call action learning set • Establish a resilience group to refresh the resilience contingency plans and loss of staff protocols. • Establish regional loss of staff working group to share best practice and assist in contingency planning". • Introduce a revised Business Continuity Plan for major loss of staff • Deliver an Emergency Management Team (EMT) exercise to test the plans and response by the key staff within the continuity plans. • Close working with NFCC to determine local and regional resilience • New National Security Risk Assessment for industrial action prompting Sussex Resilience Forum support • IRMP proposals for Operational Response Plan (ORP) and flexible on-call contracts to improve resilience approved September 2020 • IRMP Implementation team and governance in place • Internal and partner (SRF) governance arrangements in place to manage Covid-19 impacts • The established continuity handbook (informed by the NFCC prioritised activities) for staff to assist in managing the early stages of a major loss of staff has been reviewed following the HMIC&FRS audit and EU Transition	Impact = 3 Likelihood = 3 Score = 9 Moderate	• Working with Sussex Resilience Forum (SRF) to assess threat and risk as part of community risk • IRMP implementation team taking forward ORP and new on-call contracts. • Resilience group to undertake annual review of response to strike action through resilience group. Review to be complete by June. Action plan being worked on with two remaining important areas requiring resolution to ensure appropriate contingency**.** • **Full Review of Business Continuity Plan completed.** • **In light of increased risk of IA all elements of plan been considered through Resilience group attended by both ACFO and DCFO.** • **Legal advice secured from legal services.** • **Request Surrey provide BC arrangements for JFC which have now been provided.** • **Full timeline of actions populated prior to ballot through to return to BAU in place with all supporting documentation reviewed** • **Contingency crewing training scheduled** • **ASOS review undertaken and plan in place** • **EMT to stand up at time of Ballot and Agenda linked to timeline established** • **Comms strategy being reviewed and key letters to staff sent** • **See BCP/IA plan/timeline and Resilience File for full planning arrangements.** • **A revised pay offer of 5% has been made to the FBU through the NJC**	**December 2022**	ACFO
CR7	Inability to respond effectively to a cyber incident	• Lack of effective Business Continuity Plan (BCP) in place • Underestimation of risk likelihood • Poor policies and procedures • Human error • Lack of staff awareness (e.g. phishing) • Poor protection of systems leading to increased severity • Increased national and international cyber-security challenges, increasing the volume of attacks. • International geo-political position changing the cyber-attack-vectors.	• Telent to progress IT Risk Treatment Plans • Annual IT Health Checks now scheduled, latest undertaken in August 2021 • Information Security Management Forum meeting on a regular basis • Information Security e-learning in place with mandatory annual re-test • Annual review of ISO27001 gap analysis • Information Security Management System in place • New suite of Information Security policies in place • Annual IT Health Checks implemented along with associated Telent mitigation plans • Information Security Project now complete and closed down • Information Security Management Forum now in place, Chaired by DCFO (SIRO) • **Regular attendance at CPNI Leaders seminars** • **Refresh of ISWG agenda and focus**	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Telent (working with Aristi) progressing risk treatment plans following scheduled IT Health Checks. The annual ITHC **took place in August 2022, report and remediation plan due October 2022** • ESFC IT Health Check risks successfully remediated following completion of ESFC decommissioning **completed successfully** at the end of March 2022 • Progress towards ESFRS achieving Cyber Essentials Plus accreditation, in line with NFCC IT Managers' agreed FRS cyber accreditation standard. Cyber Essentials Plus Pre-assessment completed in **July** 2022, **report due in October 2022** will define remediation plan/deliverables to achieve accreditation • Planning underway for a Ransomware Desktop BCP Exercise during 2023 • **ESFRS ITG now participating in the new NFCC Cyber Security Sub-group** • **Developing a BCP exercise focused on Cyber security Spring 2023**	**December 2022**	DCFO

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR8	Failure to deliver key corporate projects	• Lack of adherence to governance processes • Lack of experienced staff managing projects • Inability to recruit to vacant posts in the Programme Management Office (PMO) • Over optimistic delivery plans	• Assignment of programme management office • Set up of the PMO – team, processes, standards, PMO Manual • Set up of Projects Tool Kit Intranet pages including templates, guidance and information to project managers and all staff involved in projects. • Portfolio capture in place and rationalisation of clusters and sub clusters of projects. • Set up of monthly reporting of projects into the PMO and quarterly / yearly PMO reporting to SLT. • Strategic Change Board in place • Key projects managed directly by the PMO (FireWatch, CRM, Business Intelligence, Respiratory Protective Equipment, ESMCP). • Project management now in place for delivery of fleet and engineering projects • Dependencies analysis and risks of extant project now complete • New PMO structure, terms of reference and funding agreed by SLT to meet the business need. • Additional Estates project management capacity in place (Major Capital Projects Manager • PMO quarterly drop in sessions in place • ESFRS closed projects portfolio 2020/21 - April 2020 to March 2021 reported to SLT. • Since the PMO established and rolled out its processes and its projects framework, that there has been an increase in projects closure. This is a sign of evolving maturity and allows for benefits realisation of projects. Including more transparency and rigor around project management that allows for better monitoring and reporting.	Impact = 3 Likelihood = 2 Score = 6 Moderate	• Implement remaining agreed actions from Internal Audit Report (reasonable assurance opinion) • **A full review of the project portfolio is underway tied into the budget setting star chamber process** • **The review will culminate in options for a revised Project Management Office and resources will be identified in order to deliver the refreshed portfolio – report due to November SLT**	**December 2022**	AD Planning & Improvement
CR9	Collaboration	• Collaboration fails to deliver desired outcomes • Resources required to support collaborative activities not justified by improvements in efficiency and / or effectiveness	• Collaboration Framework agreed and in place • Priorities agreed for 2018-21 • Regular tracking of collaboration activities through business performance system • Governance in place e.g. 4F and Integrated Transport Function (ITF) • Legal advice on formal collaboration agreements • Update report on the agreed collaborations (as outlined in the Collaboration Framework) to SLT in May 2020 • Areas of focus for 2021/22 agreed with 4F collaboration leads • Regular review of collaborative activities through SLT and Scrutiny and Audit Panel • Occupational Health Collaboration has been extended by 5yrs and took effect from August 2022 • Further updates on OH collaboration benefits and focus for the future was presented to P&R Panel in future	Impact = 3 Likelihood = 2 Score = 6 Moderate	• Full update report to SLT and the CFA to concentrate on efficiencies • An improvement plan for the OH collaboration will be presented to SLT in quarter 3 of 2022/23	**December 2022**	AD People Services
CR10	**Risk of loss of live fire training at Service Training Centre**.	• Service Delivery: Unable to deliver training and requalify personnel. • Industrialisation of areas surrounding ESFRS premises perpetually halting operational practice on sites.	• Safety Measures implemented in affected areas of Service Training Centre (STC) when burning i.e. PPE, Cordons. • Independent Air Quality Testing Report • Project long term review of live fire training facilities • Initial phase of security improvements at STC completed • Feasibility study for enhancements to training facilities including a burn strategy approved at Change Board in Oct 2020 • FBC for Live Fire Training approved and additional funding agreed in Capital Asset Strategy in Feb 2022	Impact =3 Likelihood = 3 Score = 9 Moderate	• New Security Strategy will be considered by Estates Strategy Delivery Board in autumn 2022 • Project delivery of Live Fire Training Unit at service training centre with project timeline of delivery of 2024/25 which will incorporate a clean burn.	**December 2022**	AD People Services

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR11	Spread of infectious pandemic diseases	• Risk to workforce and service delivery over the spread of Covid – 19 (corona virus)	• UKHSA are monitoring and assessing the risk to public health in the UK and providing guidance to emergency services • Guidance business service and operations on protocols for dealing with high consequence infectious diseases. • Organisational update of business continuity plans reviewed to ensure fit for purpose • Premises risk assessments for covid safe premises in place • Weekly monitoring of Sussex health system and Covid data via Sussex Monitoring Group via SRF • ESFRS BC plans reviewed and tested against Reasonable Worst-Case Scenario • SRF Pandemic Flu Plans updated and published • Weekly Common Operating Picture established by SRF • Balance of Covid-19 grant held to cover 2021/22 costs • Return to workplace protocols and expectations communicated by SLT • EMT / CWG now stood down in line with government roadmap and SRF step-down	Impact =3 Likelihood = 2 Score = 6 Moderate	• Review of longer term impacts of mental health and well-being • Review of workplace risk assessments to be undertaken once situation stabilises • Initial organisational debrief and evaluation of response to take place • **Developing recommendations for post-pandemic ways of working. Report to SLT winter/spring 2023**	**December 2022**	DCFO
CR12	Ageing workforce	• Increasing ageing workforce • Increasing number of age-related injuries • Increase in injury recovery times having a cost to recovery • Increase into alternative specialist equipment causing further costs • Increased number of ill health retirements	• Trained personnel in manual handling training • Membership to Fire and Recuse Risk Group (FARRG) help discuss ongoing issues with other services may have already dealt with including issues with National Resilience Equipment • Wellbeing strategy that is looking at supporting an ageing workforce • Service Fitness Advisor embedded into the Complex Case Mgt review meetings • Reviewing manual handling training via station assurance programme • Complex Case Mgt Review meetings review cases specifically to assist in addressing this issue • Training video for operational crews in relation to patient handling/carrying • Bid for additional funding for expected pressures from Ill Health Retirements in budget proposals agreed by SLT Dec 2021 • Manual handling instructor capacity has been increased with newly developed manual handling training currently being delivered • Provision of additional manual handling equipment and training has now been rolled out.	Impact =3 Likelihood = 2 Score = 6 Moderate	• L2 accident investigation to all manual handling injuries to ascertain underlying causes • Bespoke work within the HS&W team has resulted in a much better understanding of the causes of manual handling injuries which was presented to HS&WC in May. There has been a reduction in the number of reported incidents and the KPI was green for the first time. This will continue to be monitored.	**December 2022**	AD People Services
CR13	Financial & operational impacts of global supply chain disruption	• Macro-economic impact on funding and costs (inflation) • Supply chain problems • UK withdrawal from EU • Ongoing global impact of Covid-19 pandemic • Impact of conflict in Ukraine	• Existing Business Continuity plans have been reviewed • Linking with work being carried out nationally through NFCC • On-going monitoring of supply chain / procurement issues and related financial / operational impacts in place (internal audit substantial assurance opinion) • Additional provision in 2022/23 budget for inflation in utilities, catering and timber supply • Corporate contingency and General Balances available to mitigate in year financial impacts • Gold Group in place for Ukraine conflict	**Impact = 3** **Likelihood = 3** **Score = 9** **Moderate**	• monitoring of revenue budget and assessment of potential inflation risks • **Assessing impact of energy price cap for businesses (incl. public sector) in place 1 October – 31 March 2023** • Monitoring of capital programme delivery and both cost inflation and potential slippage and resulting impact on service delivery and other key projects e.g. IRMP	**December 2022**	DCFO

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR14	Health & Safety compliance	• Management actions not completed in accordance with safety event reports	• Log of all outstanding actions from H&S Investigations provided to ADs so they can provide updated position on implementation • Assistant Directors receive a quarterly report from the H&S team with outstanding actions • All outcomes to be discussed at DMTs • As at 20/06/2022 61% (137/225) of outstanding actions identified now completed, 76 have an action plan and 12 are in progress. • Regular weekly reports provided by HMI officer to Assistant Directors of actions taken to clear historical actions backlog (in mitigations) and actions • CAMMS has been updated with details of the responsible officers for actions and identify priority. Regular reports obtained from CAMMS to monitor progress • All outstanding actions are being reviewed for continued appropriateness/duplication and are being cleared/closed as and when required, along with clearly documented evidence for closure. • Additional Resource allocated to assist in documenting actions and closures - GM lead allocated • **SLT approval for a SM additional resource for the H&S team with a priority on working with managers to close the outstanding actions**.	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Outstanding actions to be highlighted and discussed at the HSWC • H&S BPs to work with the appropriate departmental managers to agree suitable timescales and priority • Remaining actions added to CAMMS so monitoring be undertaken on progress on a monthly basis. HMI Seconded officer to have oversight of progress • HMI officer producing weekly reports of actions taken to clear historical backlog • Regular reports from CAMMS to monitor progress • Continue to review outstanding actions for duplication/appropriateness and to close where appropriate. • Regular meetings to be held with responsible officers and H & S with on-going support provided by SM Channon to resolve and close outstanding 88 actions of which 12 are in progress • Workshop completed with AD's and H&S team. Local managers are working to complete the actions. Evidence being cross referenced through HS&W team. 137 actions now completed • **Introduction of regular updates from SM on outstanding L2 Ais for Assistant Directors to ensure cross referencing of evidence and report closures.**	**December 2022**	AD People Services
CR15	Workforce Planning – Operational competence	• Workforce modelling suggests that ½ of the operational workforce can retire over the next 5 years. Therefore, there will be a loss of operational knowledge	• Workforce planning group providing collective understanding of current picture and forecasting through resource management plan. • Firefighter recruitment review and actions. • Maintain a transfer pool approach	Impact = 4 Likelihood = 2 Score = 8 Moderate	• Ensure focus on development of those with potential through equitable and fair pathways • Supervisory and model manager Leadership development supportive programme • Mentoring/Coaching as an assistive tool • Gap analysis of competencies that are at high risk of not being retained. • Alternative options for securing specialist skills (sharing with other services)	**December 2022**	AD Safer Communities
CR16	Grenfell Tower Public Inquiry – Non-compliance with Phase 1 recommendations	• Non-compliance with recommendations arising from the Grenfell Tower Inquiry Phase 1 (2019). • Failure to deliver improvements in call handling & operational response for high rise buildings with ACM cladding • Insufficient resources allocated to GT1 activity	• A detailed gap analysis has been carried out between current positions against the 46 formal recommendations that has resulted in a detailed and defined improvement plan. • ESFRS has established suitable and sufficient governance and project management processes to oversee progress against the plan including a prioritisation and tracking system. • All details of delivered actions and planned activities yet to be delivered are monitored from a specific intranet page that also includes a live copy of the improvement plan. • Agreement to utilise existing IRMP funding in 2021/22 to fund a project manager for both IRMP and GT1 – sufficient resources in place to deliver very high and high rated priorities by 31.09.2022 – this includes a Project Manager resource and a training resource • BRR completed by 31.03.2022 • **Fire safety training to all frontline crews rolled out** • **Identified and secured sufficient management support and resources (people, time, money) to enable the delivery of the actions identified and subsequent assurances that improvements are embedded across ESFRS following a paper to SLT in October 2021**	Impact = 4 Likelihood = 2 Score =8 Moderate	• Address remaining 33 medium and low rated priorities through BAU activities by building into normal business plans • **Gap analysis identified 62 very high priority and 86 high priority actions. Of those 62 very high priority actions 53 are complete, with 9 in progress – 5 of which will be complete by the end of the year and the other 4 by March 2023. Of the 86 highs 77 are complete with the other 9 in progress and on track to be completed by the end of December 2022**	**December 2022**	AD Operational Support & Resilience

Corporate Risk Register updated for Quarter 2 – 2022/23

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR17	Firefighter Pension Scheme – financial, legal, reputational and operational impacts resulting from McCloud / Sargeant case	• Outcome of McCloud / Sargeant legal case • Delay to implementation of Remedy until October 2023 • Withdrawal of Home Office informal guidance on Immediate Detriment • Uncertainty regarding tax and other risks for both the Authority and Scheme members • Difficulties in predicting retirement profile and recruitment requirements • Loss of specialist skills / large number of experienced operational staff in short period • Threat of legal action by FBU on behalf of affected members.	• Close engagement between pension, finance and legal teams and Local Government Association, Scheme Advisory Board, National Fire Chiefs Council Pension Lead, West Yorkshire Pension Fund (FPS scheme administrators), Fire Finance Network, Home Office and tax advisers to ensure Authority is aware of latest developments and any changes in the Immediate Detriment Framework (IDF) and its supporting technical guidance • Regular reports to Fire Authority / Panels / Pension Board • Decision by P&R Panel to pause processing both Category 1 and Category 2 cases under the IDF • Additional revenue funding agreed to support additional resources within the Payroll & Pensions team **although due to staff absence this has yet to be recruited to** • Pensions Administration Reserve established to hold funds to offset costs arising • Communications issued to all those affected • Retirement profiles and recruitment decisions reviewed through Workforce Planning Group	**Impact = 4** **Likelihood = 3** **Score = 12** **Substantial**	• Seek advice from tax advisers on potential liabilities resulting from cases already processed under IDF • Monitor new legal claims issued by FBU / scheme members • Recruit additional funded support post in Payroll & Pensions team • Monitor potential changes to IDF and technical guidance • Seek advice from HO Pensions team on forecasting for statutory pension returns • Review retirement profile, assess requirement for third tranche of wholetime Firefighter trainees and budget pressures resulting from existing trainees remaining supernumerary • Monitor financial impact	**December 2022**	AD People Services

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny & Audit Panel
Date	10 November 2022
Title of Report	Performance Report for Quarter 1 2022/23
By	Sharon Milner, Planning & Intelligence Manager Marcus Whiting, Performance Analyst
Lead Officer	Liz Ridley, Assistant Director – Planning & Improvement
Lead Member	Cllr Nuala Geary

Background Papers	None

Appendices	Appendix 1 – Quarter 1 report

Implications (please tick ✓ and attach to report)
Any implications affecting this report should be noted within the final paragraphs of the report

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

PURPOSE OF REPORT

To present the results and direction of travel of Quarter 1 2022/23 from Quarter 1 2021/22 and the projected end of year results for 2022/23.

EXECUTIVE SUMMARY

This report provides the Panel with a summary of Service performance information for Quarter 1 2022/23 compared to Quarter 1 2021/22 and the projected year end results 2022/23.

The report contains information against 21 indicators. Additional information on sickness and East Sussex Fire & Rescue Service (ESFRS) road traffic collision data is also contained in the report as requested by Members at previous meetings.

RECOMMENDATION The Panel is recommended to:

i. consider the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix 1; and

ii. consider the performance results and remedial actions that have been taken to address areas of under performance in the Fire Authority's priority areas.

---

1. INTRODUCTION

1.1 This report compares the performance indicator results of Quarter 1 2022/23 with Quarter 1 2021/22 and the projected end of year results for 2022/23. The direction of travel column is comparing the Service's performance at the quarter end in the current year against the previous quarter.

2. MAIN ISSUES

2.1 **Quarter 1 results**

2.2 Ten of the 21 indicators that are showing an improvement in performance against the same quarter in the previous year, two are the same, and nine are showing a decline.

2.3 Of those reporting a decline in performance, six indicators are reporting at least a 10% decline in performance against Quarter 1 2021/22. These are:

(i) Number of Injuries in primary fires (33%: 4 up from 3)
(ii) Number of Industrial and Commercial fires (36% 34 up from 25)
(iii) Number of working days/shifts lost due to sickness (see 3.5.1)
(iv) Number of RIDDOR incidents (100% 1 up from 0)
(v) Number of workplace reported accidents / injuries (11% 40 up from 36)
(vi) Percentage of Automatic Fire Alarm (AFA) mobilised calls to properties covered by the Regulatory Reform Order (RRO) that were classified as a primary fire (41% 2.4% up from 1.7%)

3. PERFORMANCE PRIORITY AREAS

3.1 The Fire Authority priorities as agreed by the Scrutiny & Audit Panel remain unchanged as below:

1. Reducing accidental dwelling fires
2. Confining the fire to the room of origin
3. Reducing attendance at false alarm calls
4. Increasing the number of home safety visits to vulnerable members of our community
5. Reducing sickness
6. Increasing inspections in high risk premises
7. Numbers of home safety visits

3.2 This report provides a commentary against the priority areas, where relevant.

3.3 **Reducing accidental dwelling fires**

3.3.1 In Quarter 1 2022/23, ESFRS attended 101 accidental dwelling fires (ADFs), this is a decrease of 8 against the same period in the previous year. The projected end of year result for ADFs shows a continued improvement in performance in this area with 405 against 433 in the previous year. The accidental dwelling fire working group continues to proactively engage with our communities and continue to target where spikes are seen in specific areas or station grounds, with relevant communication campaigns.

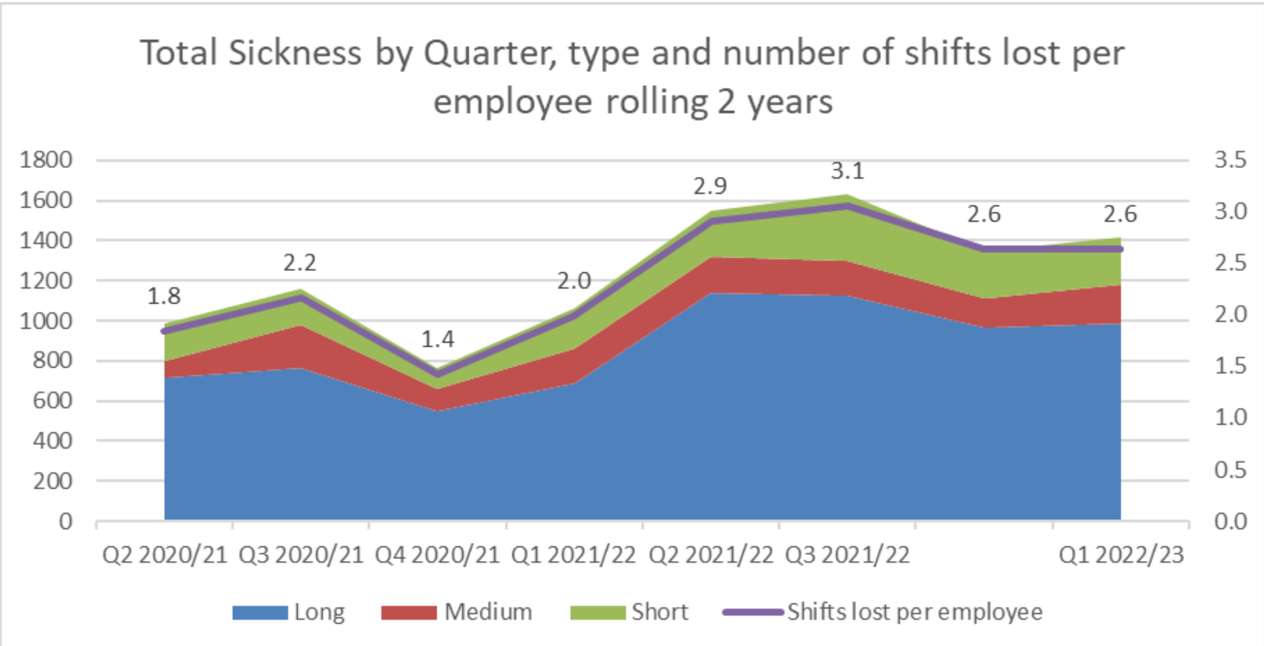
3.4 **Increasing the percentage of home safety visits that we complete with the more vulnerable members of our community**

3.4.1 We delivered 92.4% of our home safety visits (HSVs) to vulnerable people within our community by the end of Quarter 1 2022/23; this is a decrease against the previous year (95.9%). All HSVs in Quarter 1 2021/22 were completed over the phone as COVID-19 restrictions were still in place.

3.5 **Reducing the number of absences of our employees due to sickness**

3.5.1 Figure 1 shows that in Quarter 1 2022/23, ESFRS lost 2.4 shifts per person to sickness (2.0 in the previous year's Quarter 1). The 2022/23 projected end of year result is currently 11.6, which is above the target of 7.5 and above the 2021/22 end of year result (10.5 shifts lost due to sickness per employee). Although it is very early in the year but if these levels of sickness continue throughout the year, then the projected level of 11.6 shifts lost per employee will be the highest since 2003/04 when the Service lost 11.7 shifts per person.

Figure 1: Total Sickness



3.5.2 Table 1 shows the shifts lost broken down by absence code due to COVID-19 in Quarter 1 2022/23.

Table 1: COVID related absence for Quarter 1 2022/23

Shifts lost Other absence code	No of employees	No of Shifts lost
COVID-19 (medically confirmed)	49	211.2
SELF-ISOLATION (household showing symptoms)	3	9
SELF-ISOLATION (individual showing symptoms)	11	27
SELF-ISOLATION (instructed by ESFRS)	1	3
Total	**64**	**250.2**

3.5.3 Figures 2 and 3 contain information on whole-time and logistics control team and support staff sickness split into long term, medium term and short term sickness respectively by Quarter for the previous rolling 2 year period.

Figure 2: Whole-time and logistics control team sickness

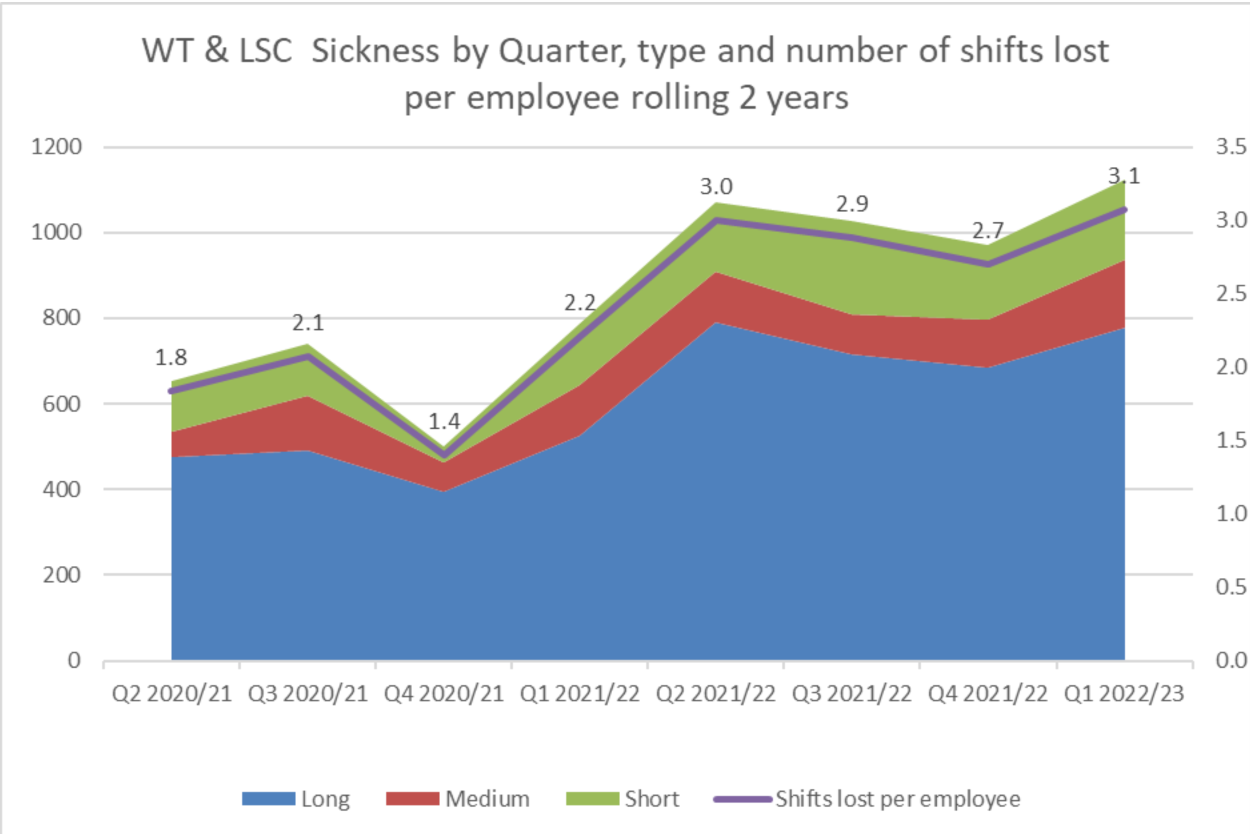
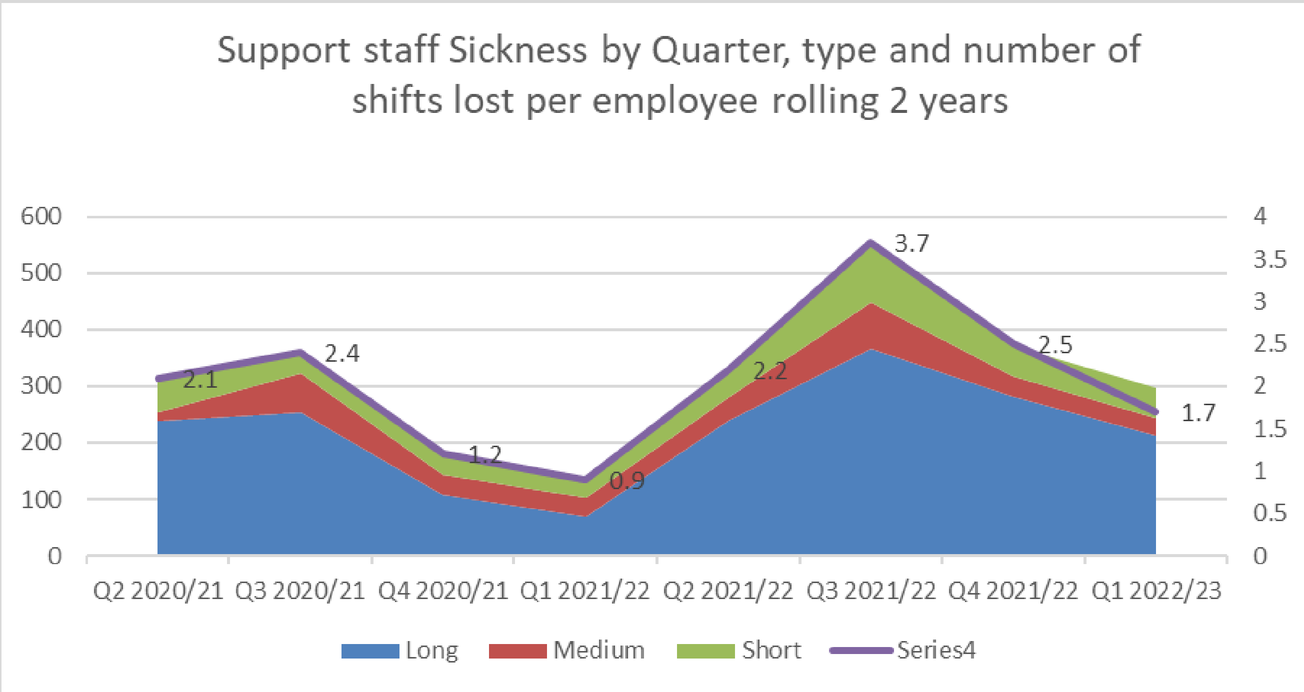


Figure 3: Support Staff Sickness



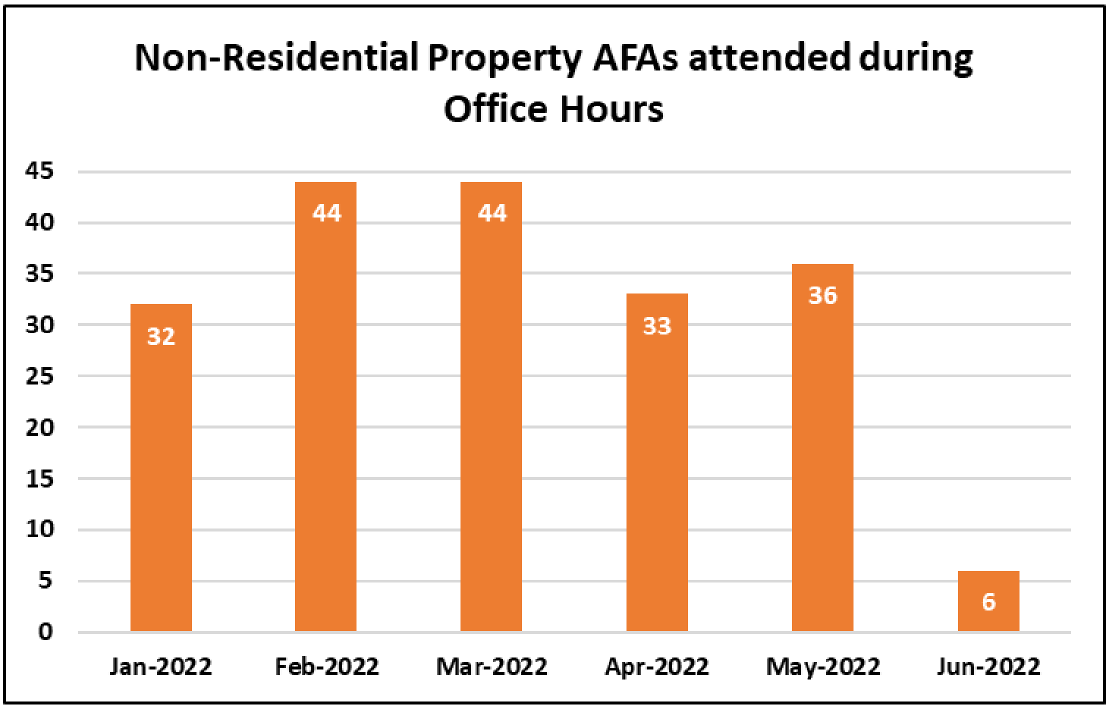
3.6 **Reducing false alarm calls from the base year 2009/10**

3.6.1 Our performance against false alarm calls attended in Quarter 1 2022/23 has improved compared to Quarter 1 in 2021/22. There is a 32.57% reduction against the baseline figure this quarter opposed to a 30.3% reduction the previous year.

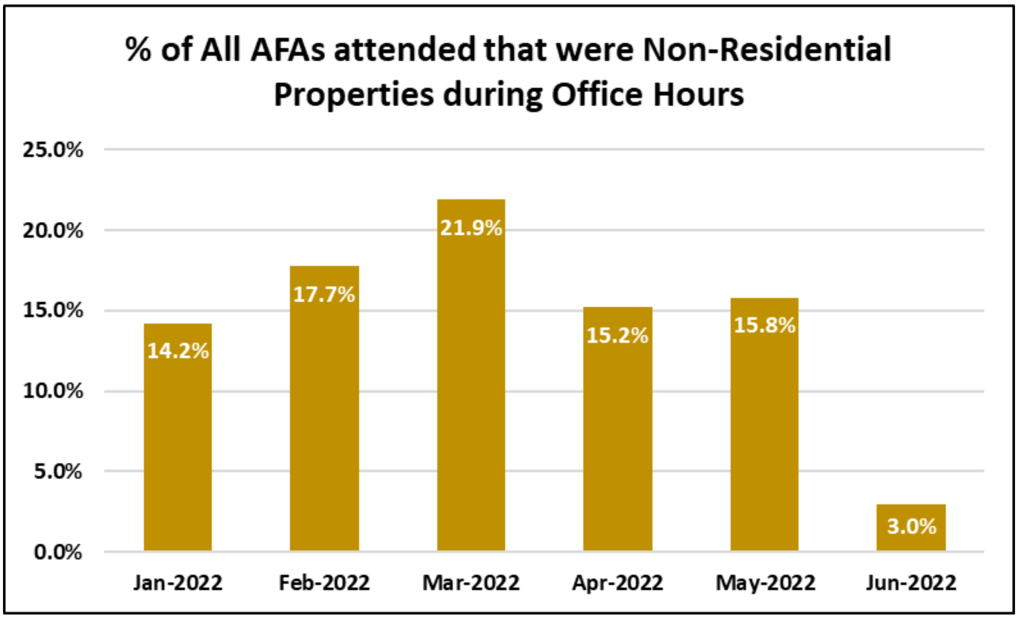
3.6.2 On 1 April 2022 ESFRS introduced the unwanted fire signal policy at joint fire control. Calls to specific non-domestic property types are now challenged if a call comes in from an Automated fire alarm between the hours of 9am and 5pm Monday to Friday.

3.6.3 The way this is monitored is by counting the number of calls in non-residential property AFA calls attended during the time period post go live of the unwanted fire signal policy.

3.6.4 Chart 1 shows the number of non-residential property AFAs attended during office hours. This chart starts from January 2022 to show some context for pre and post the launch of the unwanted fire signal policy



3.6.5 Chart 2 shows the percentage of all AFAs attended that were in non-residential property types during office hours



3.7 **Percentage of accidental dwelling fires confined to the room origin.**

3.7.1 94.1% of accidental dwelling fires were confined to room of origin at the end of Quarter 1 2022/23, an improvement in performance against the previous year quarter when the result was 91.7%.

3.8 **Inspections of high risk premises completed**

3.8.1 In Quarter 1 there has been a considerable increase in the number of inspections of high risk premises compared to previous years due to the COVID-19 pandemic and national lockdown. In Quarter 1 2022/23 115 face to face high risk inspections were completed against 54 over the telephone in 2021/22. The projected year end result is 461.

3.8.2 Table 2 below shows the breakdown of other interactions that were completed during Quarter 1 in 2022/23, in which there were 1,194. The majority of these were undertaken over the telephone. This compares to 543 in Quarter 1 in 2021/22.

Table 2: Breakdown of Business safety interactions for Quarter 1 2022/23

Interaction	Total
Building Regulations	289
Housing	14
Licensing, New Licence	69
Licensing, Other	49
Licensing, Review of licence	3
Licensing, Variation to licence	23
Marriage Act	11
Other FS Activity	702
Planning	34
Grand Total	**1194**

3.8.3 Operational crews also completed 372 face to face business safety visits. This is an increase from the 97 telephone 'visits' completed in Quarter 1 2021/22. The projected year end result is 1,492.

3.9 **Numbers of Home Safety Visits completed**

3.9.1 In the Quarter 1, 2022/23, 2,421 face to face HSVs were completed, which compares 2,116 (telephone HSVs) in Quarter 1, 2021/22. The projected year end result for 2022/23 is 9,711.

4. <u>ROAD TRAFFIC COLLISION DATA</u>

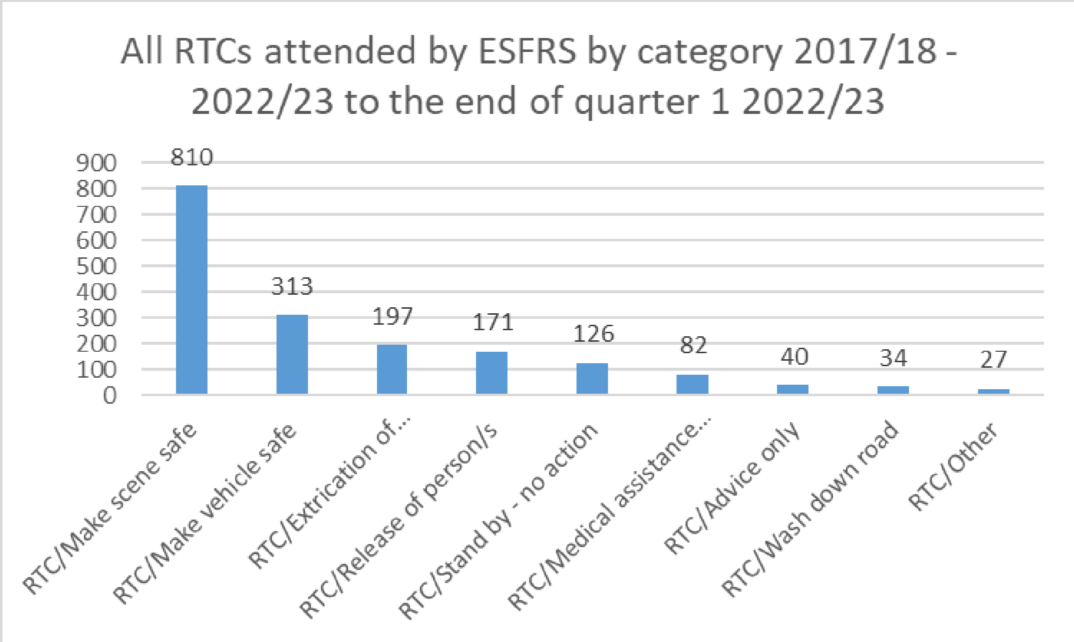
4.1 The following section contains information from the Sussex Safer Roads Partnership (SSRP) and internal data. ESFRS attend on average 18% of road traffic collisions (RTCs) attended by Sussex Police. Sussex Police only report RTCs where a casualty is involved, whereas ESFRS RTCs, for example include 'Making the scene safe' and 'Making the vehicle safe.' Table 5 shows that there has been a considerable drop in the total number of RTCs across East Sussex as attended by Sussex Police in the last financial year. With regard to ESFRS attendance to RTCs, this has declined in the last few years following an increase up to 2018/19. The large drop in 2020/21 is most certainly attributable to the COVID-19 pandemic with much of the community sticking to local areas and much reduced travel across the service area during lockdown.

Table 3: Number of ESFRS attended RTCs in the past 5 years against the numbers of RTCs with casualties attended by Sussex Police in East Sussex

	2017/18	2018/19	2019/20	2020/21	2021/22	Projected 22/23
RTC ESFRS total attended	506	518	443	319	404	450
East Sussex all RTCs	2,534	2,574	2,539	1,788	2,266	N/a
% of RTCs attended by ESFR:	20%	20%	17%	18%	18%	

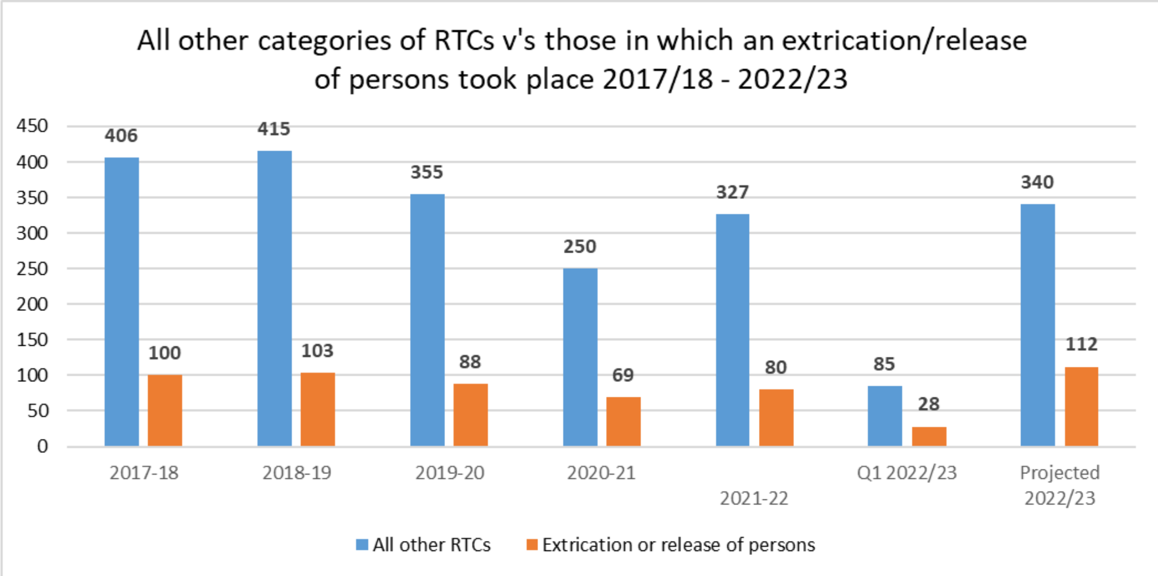
4.2 Chart 3 below shows the number of RTCs attended over a five year period by type to the end of Quarter 1 2022/23. The largest category ESFRS is called to is ‘making the scene safe’ with 810. The total number where we have extricated and or released people is 368 over the period.

Chart 3: All RTCs attended by ESFRS by Category 2017/18 to the end of Quarter 1 2022/23



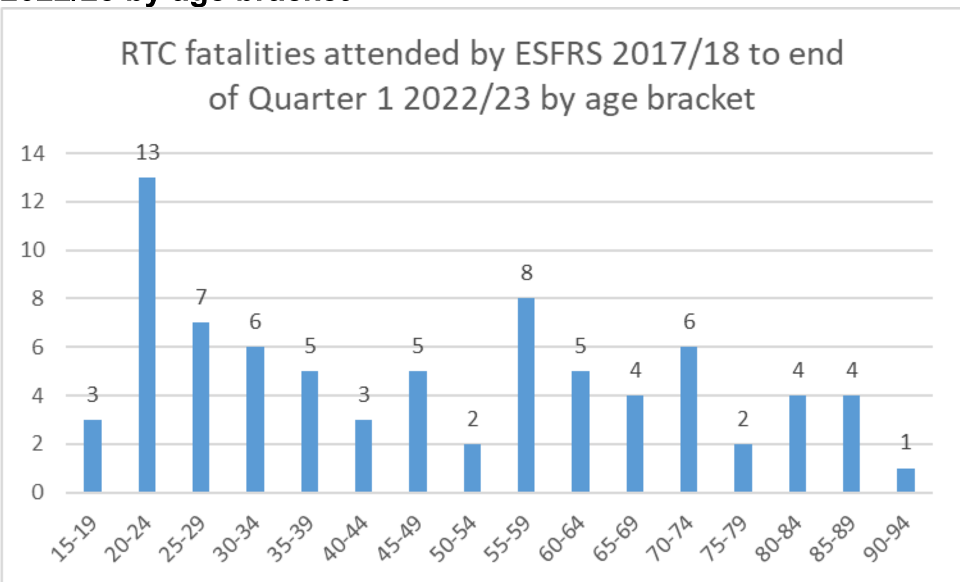
4.3 Chart 4 contains information on the number of RTCs attended against those in which an extrication or a release of persons took place. Both categories are showing a decreasing trend over the entire reported period. This chart includes a projected end of year result for 2021/22 based on current Quarter 1 figures. As with all RTC data, it is important to recognise the impact that lockdowns and other restrictions due to COVID 19 have affected recent data.

Chart 4: All other categories of RTCs attended by ESFRS v's those in which an extrication/release of persons took place 2017/18 to the end of Quarter 1 2022/23



4.4 Chart 5 shows the age range of the fatalities in RTCs attended by ESFRS over the five year period to end of Quarter 1 2022/23. (NB If the age is not known these incidents have been excluded this accounts for a further 22 fatalities)

Chart 5: RTC Fatalities attended by ESFRS 2017/18 (5 years) to end of Quarter 1 2022/23 by age bracket



5 SUMMARY OF PROGRESS AGAINST THE CORPORATE STRATEGIES

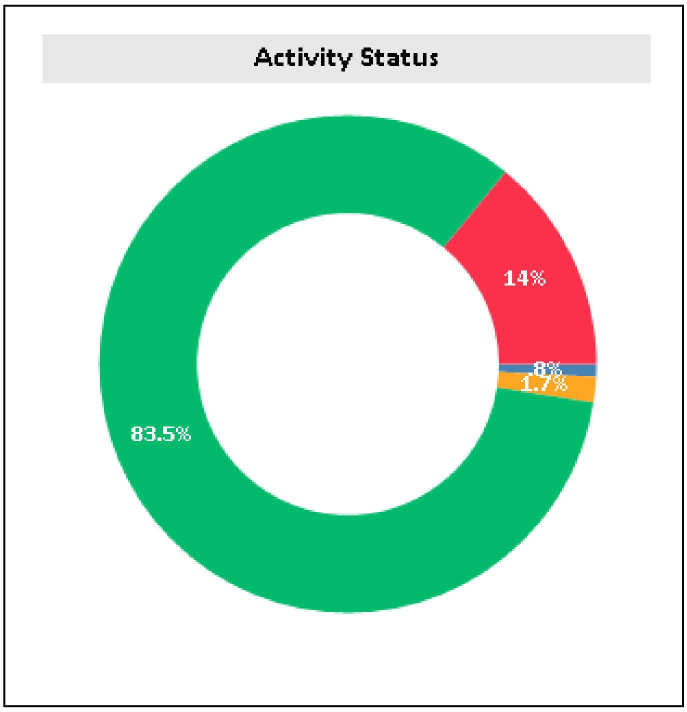
5.1 The Corporate Strategies are monitored at the Assurance Performance and Governance Group. Each strategy has an annual action plan containing activities that are assigned to a responsible owner who must give a Quarterly update on progress. There are currently 121 agreed corporate activities to progress the Services Strategies in 2022/23. A detailed report is presented with commentary against the actions to the APGG. Figure 4 shows the summary of progress against the Corporate Strategies.

5.2 **Figure 4: Summary of Corporate activity progress at the end of Quarter 1 2022/23**

ACTIVITY SUMMARY

By Performance

101	On Track
17	Off Track
3	Monitor
0	Not Applicable



6. EQUALITIES IMPLICATIONS

6.1 This report is for information purposes only, so there are no equality implications arising from this report.

East Sussex
Fire & Rescue Service

East Sussex Fire & Rescue Performance Results Quarter 1 2022/23

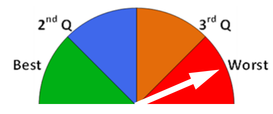
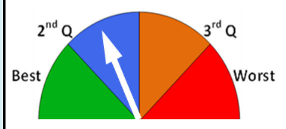
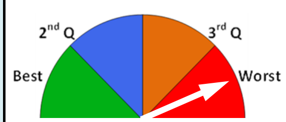
November 2022

Our Purpose

We make our communities safer

We will do this by:

Commitment 1: Delivering high performing services

Indicator No.	How will we measure performance?	Q1 result 2021/22	Year end result 2021/22	National Quartile Position 2020/21	Q1 result 2022/23	Projetcted end of year result 2022/23	Direction of travel from Q1 2021/22 result
8	Total number of incidents attended	2,553	10,548	 6,560 - 7,018 - 8,507 - 11,550	2,522	10,116	Improved
9	Number of deaths in primary fires	1	4	 2 - 3 - 4 - 7	1	4	No change
10	Number of injuries in primary fires	3	13	 27 - 35 - 44 - 63	4	16	Declined
1 Priority	**No of accidental dwelling fires**	**109**	**433**	 296 - 333 - 375 - 490	**101**	**405**	Improved
11	Number of primary fires	260	967	 828 - 923 - 1,045 - 1,292	260	1,043	No change
12	Number of deliberate fires	202	664	 484 - 601 - 1,025 - 4,780	207	830	Declined
13	No of Industrial and Commercial fires	25	114	**This is an ESFRS indicator only, no National data is available for comparison**	34	136	Declined

Indicator No.	How will we measure performance?	Q1 result 2021/22	Year end result 2021/22	National Quartile Position 2020/21	Q1 result 2022/23	Projetcted end of year result 2022/23	Direction of travel from Q1 2021/22 result
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	78.1%	77.5%	**This is an ESFRS indicator only, no National data is available for comparison**	77.3%	77.3%	Declined
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	73.7%	73.2%	**This is an ESFRS indicator only, no National data is available for comparison**	79.6%	79.6%	Improved

We make our communities safer

We will do this by:

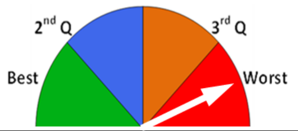
Commitment 2: Educating our communities

Indicator No.	How will we measure performance?	Q1 result 2021/22	Year end result 2021/22	National Quartile Position 2020/21	Q1 result 2022/23	Projetcted end of year result 2022/23	Direction of travel from Q1 2021/22 result
2 Priority	**% of Home Safety Visits to vulnerable people**	**95.9%**	**95.1%**	**This is an ESFRS indicator only, no National data is available for comparison**	**92.4%**	**92.4%**	**Declined** Alternative delivery method
6 Priority	**Undertake 10,000 Home Safety Visits**	**2,116**	**9,384**	 7,180 - 4755 - 2569 - 1905	**2,421**	**9,711**	**Improved** Face to face resumed 19 July 2021
7 Priority	**Inspections of high risk premises completed**	**54**	**470**	 772 - 490 - 356 - 222	**115**	**461**	**Improved** Face to face resumed 19 July 2021
7a Priority	**Busines safety audits completed by Station crews**	**97**	**998**	**This is an ESFRS indicator only, no National data is available for comparison**	**372**	**1,492**	**Improved** Face to face resumed 19 July 2021
18	Number of business safety engagement events	2	27	**This is an ESFRS indicator only, no National data is available for comparison**	22	88	**Improved** Alternative delivery method / face to face resumed 19 July 2021
19	Number of attendees at business safety engagement events	17	247	**This is an ESFRS indicator only, no National data is available for comparison**	164	656	**Improved** Alternative delivery method / face to face resumed 19 July 2021

We make our communities safer

We will do this by:

Commitment 3: Developing a multi-skilled, safe and valued workforce

Indicator No.	How will we measure performance?	Q1 result 2021/22	Year end result 2021/22	National Quartile Position 2020/21	Q1 result 2022/23	Projetcted end of year result 2022/23	Direction of travel from Q1 2021/22 result
3 Priority	**The number of working days/shifts lost due to sickness not to exceed 7.5 per employee**	**2.0**	**10.5**	**This is an ESFRS indicator only, no National data is available for comparison**	**2.4**	**11.6**	**Declined**
20	Number of RIDDOR incidents	0	5	 4 - 5 - 7 - 11	1	4	**Declined**
21	Number of workplace reported accidents / injuries	36	150	 35 - 54 - 62 - 71	40	160	**Declined**

We make our communities safer

We will do this by:

Commitment 4: Making effective use of our resources

Indicator No.	How will we measure performance?	Q1 result 2021/22	Year end result 2021/22	National Quartile Position 2020/21	Q1 result 2022/23	Projetcted end of year result 2022/23	Direction of travel from Q1 2021/22 result
4 Priority	**A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10**	**-30.3%**	**-26.4%**	**This is an ESFRS indicator only, no National data is available for comparison**	**-32.5%**	**-32.5%**	**Improved**
22	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	1.7%	1.3%	**This is an ESFRS indicator only, no National data is available for comparison**	2.4%	2.4%	**Declined**
5 Priority	**% of accidental dwelling fires confined to room of origin**	**91.7%**	**90.1%**	**This is an ESFRS indicator only, no National data is available for comparison**	**94.1%**	**94.1%**	**Improved**

EAST SUSSEX FIRE AUTHORITY

Meeting	Scrutiny & Audit Panel
Date	10 November 2022
Title of Report	Performance Indicator Refresh 2022
By	Liz Ridley, Assistant Director – Planning & Improvement
Lead Officer	Sharon Milner, Planning & Intelligence Manager
Lead Member	Councillor Geary

Background Papers Performance and Corporate Strategy monitoring report for Quarter 3 2021/22 – Scrutiny & Audit 12 May 2022

Appendices

Appendix 1: Proposed Tier 1 Strategic Measures and associated targets
Appendix 2: Tier 2 Service Measures
Appendix 3: Presentation example

Implications (please tick ✓ and attach to report)
Any implications affecting this report should be noted within the final paragraphs of the report

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

PURPOSE OF REPORT

To present the refreshed Strategic Tier 1 performance indicators that will form the future quarterly performance reports at the Scrutiny & Audit Panel for consideration and approval.

EXECUTIVE SUMMARY

This report provides the results of the refresh of the strategic Tier 1 performance indicators recommended by the Senior Leadership Team to be reported quarterly at their meetings and onward to the Scrutiny & Audit Panel.

Appendix 1 contains the full suite of Strategic Tier 1 measures listed under each commitment. The Senior Leadership Team considered a list of 122 indicators and have proposed a set of 35 to be reported quarterly. Managers were asked to set targets and tolerances to show a direction of travel against the measures which will enable clearer performance reporting, and these are included in the Appendix 1. Where indicators are new, tolerances and definitions will be set at a future date based on further discussions with responsible managers.

Appendix 1 contains the measures listed under each commitment. Table 1, paragraph 2.2 contains a summary of the changes.

Appendix 2 contains a list of Tier 2 service measures also considered by the Senior Leadership team. These are included in the report to give the Panel an opportunity to consider any Tier 2 measures it wishes to be reported as Tier 1.

The Fire Authority has seven performance priority areas, as agreed by the Scrutiny & Audit Panel. A current priority area, 'confining fires to the room of origin' is proposed to be deleted and therefore the Panel is asked to review the remaining 6 performance priority areas in paragraph 3.2 and confirm if they remain appropriate or suggest any changes.

Following agreement at this meeting a new performance report will be created. This report will provide a high level summary of all performance measures based on performance ratings. The priority areas will be reported in greater depth along with measures that are performing under the agreed tolerance level. A sample is provided at Appendix 3.

RECOMMENDATION

The Scrutiny & Audit Panel is asked to:

i. consider the set of Strategic Tier 1 measures in Appendix 1 and agree them for future performance reports or offer alternative measures for inclusion:

ii. note that as part of the work to refresh the Strategic Tier 1 measures a priority area, 'confining fires to the room of origin', is proposed to be deleted. The Panel is asked to review the remaining 6 performance priority areas in paragraph 3.2 and confirm if they remain appropriate or suggest any changes; and

iii. note that a new quarterly performance report will be created, however as a number of the indicators are NEW, processes will need to be put in place to enable capture of the data if it is not already recorded. This work will begin in Quarter 3 and as more indicators are developed, they will continue to be added into the report.

---

1. INTRODUCTION

1.1 The Strategic Planning and Performance Assurance Framework adopted by the Senior Leadership Team provides a consistent, streamlined and joined-up approach to all performance activity throughout the organisation.

1.2 The framework describes the relationship between setting the purpose and commitments, developing strategies, business plans and performance indicators which allow progress to be monitored. The strategies, devised by the Senior Leadership Team, contain the high level action plans that span a number of years and the relevant performance indicators are defined to enable the monitoring and achievement of the strategies.

1.3 The strategic planning and performance assurance framework introduced three categories of performance indicators.

- Strategic measures (Tier 1) – high level outcome measures that provide a strong indication of organisational performance directly aligned to the delivery of the Purpose and Commitments. These measures are mainly derived from national indicators that enable the Service to benchmark its performance against other Fire and Rescue Services. These strategic measures are agreed by the Senior Leadership Team and the Scrutiny & Audit Panel and reported in the corporate performance reports, the annual performance outcome report and the Service benchmarking reports.

- Service Measures (Tier 2) - input, output and outcome measures of Service objectives and some day to day activity. Each department shall determine these ‘operational’ measures. These might be informed by government requirements or may focus on service delivery and internal services provided between teams/departments/functions.

- Local measures (Tier 3) input and output measures used in day to day management of staff and functions.

2. MAIN ISSUES

2.1 Meetings were held with Assistant Directors to agree a revised set of measures to be reported at the Senior Leadership Team and the Scrutiny & Audit Panel. The revised set was considered at the Senior Leadership Team in June. Appendix 1 contains the result of this work with the measures listed under each Commitment and whether or not the measures will be amended, whether or not it is a NEW measure to be introduced. Table 1 below contains a summary of the changes.

2.2

Table 1 – Summary of changes	
Commitment - delivering high performing services	
Amended	The total number of incidents attended has been amended to the total number of incidents attended ***excluding assist other agencies***
NEW	Total number of assist other agencies
DELETE	Number of Protection engagement events
DELETE	Number of attendees at Protection engagement events
DELETE	% of accidental dwelling fires confined to room of origin
NEW	People killed or seriously injured (KSI) in road traffic accidents in Fire Authority's area
NEW	No of Road Traffic Collisions (RTCs) attended for the period
NEW	Percentage of calls answered within 10 seconds
NEW	Percentage of mobilisations within 2 minutes
Commitment - Educating our communities	
NEW	The percentage of fire safety inspections in which the inspector found a deficiency in the fire safety arrangements of that premises
NEW	The percentage of successful prosecutions under the Regulatory Reform (Fire Safety) Order 2005 each financial year.
NEW	% Fire Safety Checks that met the target
Commitment - safe and valued workforce	
NEW	% of Very high Site Specific Risk Information that are currently in date
NEW	Number of Unwanted Fire Signals attendances within policy (medium and high risk commercial and domestic)
NEW	Number of challenged Unwanted Fire Signals
Commitment – effective use of resources	
NEW	Percentage of time 18 appliances available as per the Operational Resilience Plan
NEW	Domestic dwelling respondents satisfied with the overall service from ESFRS
NEW	Commercial/Business respondents satisfied with the overall service from ESFRS
NEW	Commercial/Business respondents satisfied with the services with regards to Fire Safety Audits by ESFRS
NEW	Home Safety visit respondents satisfied with the services with regards to HSV by ESFRS
NEW	Cost of Fire Service per Head of Population (Information Only)

2.3 As part of developing performance measures within the Service, considerable effort has been undertaken by managers to set targets and tolerances to be able to show a direction of travel against the measures. The Strategic Planning and Performance Assurance Framework contains overarching guidance as to the tolerances that should be adopted as follows.

To avoid expressing desired results which are unachievable, uncontrollable or impractical, targets will be applied with care and consideration. Achievement of targets will be monitored within the following parameters. This will be the basis of the exception reporting that will be required. The suggested parameters are:

- *Target exceeded by more than 10%*
- *Target met or exceeded by up to 10%*
- *Target missed by up to 10%*
- *Target missed by more than 10%*
- *Not applicable or data accuracy issues affecting confidence in reporting*

2.4 Appendix 1 – proposed Strategic Tier 1 measures contains those tolerances. It should be noted that where there are new or amended indicators and no targets available, they will be set once formal adoption is approved.

3. PERFORMANCE PRIORITY AREAS

3.1 As part of the work to refresh the Strategic Tier 1 measures a priority area, ‘confining fires to the room of origin’, is proposed to be deleted. The Panel are asked to review the remaining 6 performance priority areas and confirm if they remain appropriate or suggest any changes.

3.2 The current Fire Authority priorities, as agreed by the Scrutiny & Audit Panel, are listed below:

1. Reducing accidental dwelling fires
2. ~~Confining the fire to the room of origin~~ *(proposed to be deleted)*
3. Reducing attendances at false alarm calls
4. Increasing the number of home safety visits to vulnerable members of our community
5. Reducing sickness
6. Increasing inspections in high risk premises
7. Numbers of home safety visits

4. SERVICE MEASURES TIER 2

4.1 Appendix 2 contains a list of Tier 2 service measures. They have been included in the report to give the Panel an opportunity to consider any Tier 2 measures it wishes to be reported as Tier 1.

4.2 The next step will be to create a revised performance report that will contain the revised Tier 1 measures. However, as a number of the indicators are NEW, processes will need to be put in place to enable capture of the data if it is not already recorded. This work will begin in quarter 3. Work on a new report format has begun and an example of how it may look is provided at Appendix 3. The intention is that a high level ‘at a glance summary’ will be provided based on where the measures are performing against the tolerances set. The Priority areas will be reported in greater depth, along with measures that are not meeting the agreed tolerance.

This page is intentionally left blank

Proposed Tier 1 Strategic Measures and associated targets

Commitment - delivering high performing services

Ref	Indicators	Definition	Status	GREEN	AMBER +/- 0%	RED >10%	Owner	Related Strategy
	Total number of incidents attended excluding assist other agencies	Number of incidents attended by a minimum of 1 appliance to include False Alarm AND Fire AND Special Service BUT exclude assist other agencies and effecting entry	Amend - removing assistance to other agencies	TBD			Matt Lloyd	Prevention and Protection (Community Safety)
	Total number of assist other agencies	Number of incidents attended by a minimum of 1 appliance, to exclude False Alarm AND Fire AND Special Service and INCLUDE assist other agencies and effecting entry	NEW	TBD			Matt Lloyd	Response and Resilience
9	Number of deaths in primary fires	The number of people whose death was caused by fire in a major fire which involves property, casualties or 5 or more appliances the death may occur weeks or months later.	Existing	0			Matt Lloyd	Prevention and Protection (Community Safety)
10	Number of injuries (excl. Precautionary checks) arising from Primary Fires	The number of people who required medical treatment beyond first aid given at the scene of the fire. Precautionary checks are persons sent to hospital or advised to see a doctor as a precaution, having no obvious injury or distress.	Existing	<13	14	>14	Matt Lloyd	Prevention and Protection (Community Safety)
1	No of accidental dwelling fires	The numbers of fires in houses where the cause was accidental	Existing	<400	440	>440	Matt Lloyd	Prevention and Protection (Community Safety)
11	Number of primary fires	The number of major fires involving property, casualties or involving 5 or more appliances	Existing	<918	1010	>1010	Matt Lloyd	Prevention and Protection (Community Safety)

Commitment - delivering high performing services

Ref	Indicators	Definition	Status	GREEN	AMBER +/- 0%	RED >10%	Owner	Related Strategy
12	Number of Deliberate Fires	The number of fires where the cause of fire is suspected not to be an accident, involving property, casualties or involving 5 or more fire appliances	Existing	TBD			Matt Lloyd	Prevention and Protection (Community Safety)
13	No of fires in non-domestic properties	The number of fires in buildings such as agricultural, Industrial properties, Trade, hotels, catering etc. per	Existing	<108	119	>119	Matt Lloyd	Prevention and Protection (Protection)
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	Existing	>70%	63%	<63%	Matt Lloyd /	Response and Resilience
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	Existing	>70%	63%	<63%	Matt Lloyd	Response and Resilience
	People killed or seriously injured (KSI) in road traffic accidents in Fire Authority's area	Data from Sussex Safer Roads partnership	NEW	TBD			Matt Lloyd	Prevention and Protection (Community Safety)
	No of Road Traffic Collisions (RTCs) attended for the period		NEW	TBD			Matt Lloyd	Prevention and Protection (Community Safety)
	Percentage of calls answered within 10 seconds	This measure looks at the time taken from when the Fire Control Room Operator answers the phone when a 999 call is received by the Fire Control Room	NEW	100%	95%	<95%	Hannah Scott Youldon	Response and Resilience

Commitment - delivering high performing services

Ref	Indicators	Definition	Status	GREEN	AMBER +/- 0%	RED >10%	Owner	Related Strategy
	Percentage of mobilisations within 2 minutes	This measure looks at the time taken from when the Surrey/West Sussex Joint Fire Control Room Operator answers a 999 call to when the nearest fire station/engine is mobilised to the incident	NEW	100%	95%	<95%	Hannah Scott Youldon	Response and Resilience

Commitment - Educating our communities

Ref	Indicators	Definition	Status	GREEN	AMBER +10%	RED >10%	Owner	Related Strategy
2	% of Home Safety Visits to vulnerable people	The number of home safety visits delivered to vulnerable people within our community. Vulnerability is defined as lone pensioners, people over 65, people in rented accommodation, single parent families, hearing /sight impaired and those with a limiting long elderly.	Existing	95%	85%	<85%	Matt Lloyd	Prevention and Protection (Community Safety)
6	Number of Home Safety Visits	The number of home fire safety visits where the householder was given fire safety advice and or had a fire alarm installed.	Existing	>10000	9,000	<9000	Matt Lloyd	Prevention and Protection (Community Safety)

Commitment - Educating our communities

Ref	Indicators	Definition	Status	GREEN	AMBER +10%	RED >10%	Owner	Related Strategy
7	Inspections of high risk premises completed	The number of audits / inspections completed within East Sussex as provided from the reinspection list A completed audit / inspection is when a Fire Safety Officer has physically completed all aspects of an audit on a premise. Set the required date range to include all activity where an audit was Satisfactory, Unsatisfactory or Satisfactory following enforcement. Very high risk / high risk / medium risk premises are defined as per the National Risk based inspections Frequency table. -The legislation code is not that of Petroleum (Regulation) Acts 1928 and 1936. -The inspection due date is between the Quarter date range or the inspection date is less than the outstanding date. For example, the report will list premises that should have had an inspection, but which have been overlooked or not undertaken as yet.	Existing	<500	450	<450	Matt Lloyd	Service delivery (Business Safety)
7	Number of Fire safety checks completed	Total number of Fire safety checks undertaken and completed by operational crew members	Existing	>1000	900	<900	Matt Lloyd	Prevention and Protection (Protection)

Commitment - Educating our communities

Ref	Indicators	Definition	Status	GREEN	AMBER +10%	RED >10%	Owner	Related Strategy
	The percentage of fire safety inspections in which the inspector found a deficiency in the fire safety arrangements of that premises	When Fire Safety Inspecting Officers visit a business, they conduct a thorough premises audit including that the fire risk assessment is suitable and satisfactory. This measure examines the number of fire safety audits carried out in commercial premises, where the result was unsatisfactory, and further action or follow-up was required to ensure the safety of relevant persons. A low percentage of unsatisfactory audits would trigger a review of how risks are currently defined in the Risk Based Inspection Programme - a high level of unsatisfactory audits indicates that RBIP is targeting high risk premises and is not using resources to revisit broadly compliant premises	NEW	>50%	30%	>30%	Matt Lloyd	Prevention and Protection (Protection)
	The percentage of successful prosecutions under the Regulatory Reform (Fire Safety) Order 2005 each financial year.	When a premise is inspected by ESFRS under the Regulatory Reform (Fire Safety) Order 2005, as the Enforcing Authority, ESFRS may prosecute the responsible person if there are significant failings. Prosecution usually occurs when there is a serious breach creating a serious risk to relevant persons. Enforcement can also take place when the owner fails to address the matters within an Enforcement Notice or over a period.	NEW	>75%		<75%	Matt Lloyd	Prevention and Protection (Protection)

Commitment - Educating our communities								
Ref	**Indicators**	**Definition**	**Status**	**GREEN**	**AMBER +10%**	**RED >10%**	**Owner**	**Related Strategy**
	% Fire Safety Check target met Year to date for the service	To be defined	NEW	100%	90%	<90%	Matt Lloyd	Prevention and Protection (Protection)

Commitment - safe and valued workforce								
Ref	**Indicators**	**Definition**		**GREEN**	**AMBER +/- 0%**	**RED >10%**	**Owner**	**Related Strategy**
3	The number of working days/shifts lost due to sickness	The number of days/ shifts lost to sickness divided by the number of staff in post	Existing	<7.5	8.25	>8.25	Julie King	People Strategy
20	Number of RIDDOR incidents	The Health and Safety Executive require certain types of work-related accidents to be reported to them within certain time scales. For most types of incident, including: • accidents resulting in the death of any person • accidents resulting in specified injuries to workers • non-fatal accidents requiring hospital treatment to non-workers and • dangerous occurrences	Existing	Monitor			Julie King	Health Safety and wellbeing
21	Number of workplaces reported accidents / injuries	The number of safety events received	Existing	less than 100	110	>110	Julie King	Health Safety and wellbeing
	% of Very high SSRIs that are currently in date	Very High – A premises that warrants an annual visit to familiarise and refresh the SSRI by EACH individual on ALL watches.	NEW	100%	90%	<90%	Hannah Scott Youldon	Response and resilience

Commitment Effective use of resources

Ref	Indicators	Definition		GREEN	AMBER +/- 0%	RED >10%	Owner	Related Strategy
4	Number of Unwanted Fire Signals (UWFS)	'nil attendance policy' for AFA calls received from non-residential properties (with high risk exceptions) between 0900hrs and 1700hrs Monday to Friday	Amended	40% reduction year on year	30%	<30%	Matt Lloyd	Service delivery (Business Safety)
	Number of UWFS attendances within policy (medium and high risk commercial and domestic).	AFA attendances at high risk exceptions and all non-residential properties 17:01hrs and 08:59hrs	NEW	TBD			Matt Lloyd	Service delivery (Business Safety)
	Number of challenged UWFS	Number of AFA calls challenged at JFC resulting in a non-attendance	NEW	TBD			Matt Lloyd	
22	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	(Total number of Primary fires at incidents that were AFA mobilisations and Covered by the RRO - Total number of AFA mobilised calls that were also covered by the RRO / Total number of AFA mobilised calls that were also covered by the RRO Number of primary fires (incidentCategory = 'Fire') where IsPrimaryFire flag = 'Yes' AFA Mobilised calls also covered by the RRO = Details of call Q2.3 is 'Alarms –AFA' and Additional Info 5.5 is Covered by RRO 2005 is 'YES'	Existing	<1%	2%	>1.5%	Matt Lloyd	Service delivery (Business Safety)
	Percentage of time 18 appliances available as per Operational Resilience Plan	Percentage of time ORP appliances are available over time	NEW	100%	90%	<90%	Hannah Scott Youldon	Response and resilience

Commitment Effective use of resources

Ref	Indicators	Definition		GREEN	AMBER +/- 0%	RED >10%	Owner	Related Strategy
	Domestic dwelling respondents satisfied with the overall service from ESFRS	Domestic dwellings include premises such as houses, bungalows, flat sand caravans. Shortly after a fire occurs, a customer feedback questionnaire is sent to the dwelling owner/tenant who have experienced the fire in asking about their satisfaction and experience with the service they received from ESFRS.	NEW	95%	90%	<90%	Matt Lloyd	Service delivery (Community Safety)
	Commercial/Business respondents satisfied with the overall service from ESFRSF	Commercial/Business premises include bed and breakfasts, hotels, offices, shops, factories or warehouses. Following a fire involving a commercial/business premises, a questionnaire is sent to the owner/tenant. The questionnaire asks about their satisfaction and experience with the service they received from ESFRS.	NEW	75%	50%	<50%	Matt Lloyd	Service delivery (Business Safety)
	Commercial/Business respondents satisfied with the services with regards to Fire Safety Audits by ESFRS	Fire Safety Audits are carried out to enforce the Regulatory Reform Order (RRO) 2005, which applies to virtually all non-domestic premises and covers nearly every type of building, structure and open space. Examples of such premises include bed and breakfasts, hotels, offices, factories and warehouses. Following a Fire Safety Audit by ESFRS, a customer feedback questionnaire is sent to	NEW	75%	50%	<50%	Matt Lloyd	Service delivery (Business Safety)

Commitment Effective use of resources								
Ref	**Indicators**	**Definition**		**GREEN**	**AMBER +/- 0%**	**RED >10%**	**Owner**	**Related Strategy**
		commercial/business owners/manager who asking about their satisfaction and experience with the service they received from ESFRS.						
	Home Safety visit respondents satisfied with the services with regards to HSV by ESFRS	% of residents surveyed that were satisfied or very satisfied with the service provided	NEW	90%	85%	<85%	Matt Lloyd	Service delivery (Community Safety)
	Cost of Fire Service per Head of Population (Information Only)		NEW	Information only	Information only	Information only	Duncan Savage	

This page is intentionally left blank

APPENDIX 2

Tier 2 Service Measurers

	Commitment - delivering high performing services	Add to Tier 1?
	Indicators	
	The total number of fires in over a year period starting from April	
	Number of Fire Deaths in Accidental Dwelling fires in over a year period starting from April	
	Number of fire casualties in accidental dwelling fires in over a year period starting from April	
	Number of Deliberate Primary Fires in Vehicles	
	Number of Deliberate Secondary Fires (excl. in Vehicles)	
	Number of Deliberate Secondary Fires in Vehicles	
	Retained Duty System crew’s turnout within the timeframes as stated in the SOP	
	Wholetime Duty System crew turnout time is within the timeframes as stated in the SOP	
	% of Incident Reporting System Records (IRS) completed by Incident Commander within 8 days of the incident occurring	
	number of exercises run during the year	
	Time taken from call to notify a Level Two Officer to a Level One Incident with a life risk	
	Commitment - Educating our communities	
Ref	**Indicators**	
	Percentage of very high risk household occupiers contacted within 1 working day for an HSV	
	Percentage of high risk household occupiers contacted within 1 working day for an HSV	
	Percentage of medium risk household occupiers contacted within 1 working day for an HSV	
	Percentage of low risk household occupiers contacted within 1 working day for an HSV	
	Percentage of very high risk household occupiers HSFs booked immediately	
	Percentage of high risk household occupiers HSFs booked within 1 week	
	Percentage of medium risk household occupiers HSFs booked within 2 weeks	
	Percentage of low risk household occupiers HSFs booked within 4 weeks	
	Percentage of very high risk household occupiers HSFs carried out within 48 hours of initial contact	
	Percentage of high risk household occupiers HSFs carried out within 2 weeks of initial contact	
	Percentage of medium risk household occupiers HSFs carried out within 4 weeks of initial contact	
	Percentage of low risk household occupiers HSFs carried out within 8 weeks of initial contact	
	Percentage of S&W advisor HSVs Quality Assurance checked	
	Percentage of operational HSVs Quality Assurance checked	
	Percentage of S&W advisor HSVs Quality Assurance passed	
	Percentage of operational HSVs Quality Assurance passed	
	Calls to domestic premises with no smoke detectors fitted	

	Calls to domestic premises with smoke detectors fitted but not working due to being faulty, having a dead battery or the battery being removed prior to the services arrival	
	Number of engagements in Road Safety Activities to reduce KSIs according to risks identified in Local Risk Management. Measured over a year period starting from April	
	Number of Students attending or receiving Safe Drive Stay Alive programme. Measured for a year from April	
	The percentage of accidental dwelling fires that received a quick strike	
	Number of hours in engagement with young people on prevention activities. Total in a year from April	
	Hoax Calls attended over a year	
Commitment - safe and valued workforce		
Ref	**Indicators**	
	Eligible operational staff in qualification	
	The Percentage of Fire Safety Inspectors qualified to Level 4 Diploma Level	
	% of high SSRIs that are currently in date	
	Eligible operational staff successfully completing fitness test	
	Training to meet the operational requirements of FRS competency: % staff maintaining competency in Breathing Apparatus	
	Training to meet the operational requirements of FRS competency: % staff maintaining competency in ICS level 1-3	
	Training to meet the operational requirements of FRS competency: % staff maintaining competency in Emergency response Driver Training	
	Training to meet the operational requirements of FRS competency: % staff maintaining competency in Wade training (DEFRA requirement)	
	Training to meet the operational requirements of FRS competency: % staff maintaining competency in IECR	
	Retention of Whole Time staff	
	Retention of RDS crew	
	Percentage of Staff with a disability	
	Percentage of ethnic minority uniformed staff (Wholetime, Retained & Control employees)	
	Percentage of women firefighters (Wholetime & Retained employees)	
	Percentage of rolling reviews completed (permanent staff only)	
	Number of Workplace Reported Accidents / Injuries	
	Number of Vehicle Accidents	
	Number of Manual Handling Injuries	
	No of Days Lost to Accident / Injury (Wholetime & Day-Crewed Staff)	
	No of Days Lost to Accident / Injury (Retained Staff)	
	No of Days Lost to Accident / Injury (M&CC & Support Staff)	
Commitment Effective use of resources		
Ref	**Indicators**	
	Hydrants Inspected and functional in the last 3 years.	
	High-Risk premises having a review of Site-Specific Risk Information (SSRI) review in the last 12 months	
	Percentage of Medium Risk premises having a review of Site Specific Risk Information (SSRI) in the last 36 months	
	The average number of hours spent on fire safety across all green book	

	inspectors in a year starting from April	
	The average number of audits per green book inspector per year in a year starting from April	
	The average number of hours spent on fire safety across all grey book inspectors in a year starting from April	
	The average number of audits per grey book inspector per year in a year starting from April	
	Number of 'on duty' personnel working within Surrey/West Sussex Joint Fire Control Room	
	Time taken from call or recognition of escalation to a nearest quickest duty officer	
	Time taken from call or recognition of a level three incident and the notification or mobilisation of a level three officer	
	Time taken from call or escalation to a level four incident and the notification or mobilisation of the Chief Operations Officer	
	Time from call or recognition of incident escalation to the notification of Principal Officers, Chief Fire Officer and DCFO, Assistant Chief Fire Officer where required	
	Number of Safety Critical events within mobilising systems:	
	Safety Critical event:	
	· Failure to mobilise	
	· Loss of (mobilising system)	
	· Below minimum crewing in the joint Fire Control	
	Mobilising system or associated system failure	
	Vision system down time including fall back arrangements	
	ICCS down time	
	Percentage of Services Business Continuity Plans reviewed, validated and confirmed as fit for purpose	
	Number of plans across which are tested and exercised per year	
	Compliant spend as a % of overall spend on contracts awards	
	Percentage of Emergency Response Fleet within prescribed times for servicing and safety checks	
	Percentage of Emergency Response Fleet with current Tax and MOT certificate	
	Number of Fire Fighter Local Pension Board Meetings held in each financial year	
	Number of complaints received	
	Carbon emissions (compared to previous years	
	Compliance of Annual Statement of Accounts Processes with Statutory Timescales and Quality Criteria	
	Percentage of Uncontested Invoices Paid Within 30 days	
	Percentage of Outstanding Debt Over 90 Days Old	
	Percentage of Annual Planned Efficiency Savings Achieved by Year End	

This page is intentionally left blank

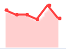
Appendix C – Example revised performance report

Corporate Performance Report Quarter 2 2022/23

Performance Measures

Needs Improvement

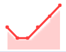
Data 30 Sep 2022



PI_007 Number of inspections of high risk premises completed

C1 - DELIVERING HIGH PERFORMING ...

Data 30 Sep 2022



PI_010 Number of injuries in primary fires

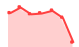
C1 - DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_022 Percentage AFA mobilised calls to properties covered by

C1 - DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022



PI_006 Number of Home Safety Visits

C2 – ENGAGE WITH OUT COMMUNITI ...

Data 30 June 2022

PI_003 Number of working days/shifts lost to sickness not

C3 – HAVE A SAFE AND VALUED WOR ...

Data 30 June 2022

PI_021 Number of workplace reported accidents/injuries

C3 – HAVE A SAFE AND VALUED WOR ...

Near Target

Data 31 Oct 2022

PI_002 Percentage of Home Safety Visits to vulnerable people

C2 -ENGAGE WITH OUR COMMUNITI ...

Achieved

Data 30 Sep 2022

PI_016 Number of operational business safety visits

C1 – DELIVERING HIGH PERFORMING ...

Succeeding

Data 31 Oct 2022

PI_001 Number of accidental dwelling fires

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_004 Number of AFAs

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_005 Percentage of accidental dwelling fires confined to room of

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_008 Number of incidents attended

C1 – DELIVERING HIGH PERFORMING ...

No Data 31 Oct 2022

PI_009 Number of deaths in primary fires

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_011 Number of primary

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_012 Number of deliberate fires

C1 – DELIVERING HIGH PERFORMING ...

Data 31 Oct 2022

PI_013 Number of industrial and commercial fires

C1 – DELIVERING HIGH PERFORMING ...

Data 30 Jun 2022

PI_014 Percentage of On-Station first responses within 10 minutes

C1 – DELIVERING HIGH PERFORMING ...

Data 30 June 2022

PI_015 Percentage of On-Call first responses within 15 minutes

C1 – DELIVERING HIGH PERFORMING ...

Data 30 Jun 2022

PI_020 Number of RIDDOR incidents

C3 – HAVE A SAFE AND VALUED WOR ...

To be developed

Indicator

Total number of incidents attended excluding assist other agencies

C1 – DELIVERING HIGH PERFORMING ...

Indicator

Total number of assist other agencies

C1 – DELIVERING HIGH PERFORMING ...

Indicator

People killed or seriously injured (KSI) in road traffic accidents in Fire Authority's area

C1 – DELIVERING HIGH PERFORMING ...

Indicator

No of Road Traffic Collisions (RTCs) attended for the period

C1 – DELIVERING HIGH PERFORMING ...

Indicator

Percentage of calls answered within 10 seconds

C1 – DELIVERING HIGH PERFORMING ...

Indicator

Percentage of mobilisations within 2 minutes

C1 – DELIVERING HIGH PERFORMING ...

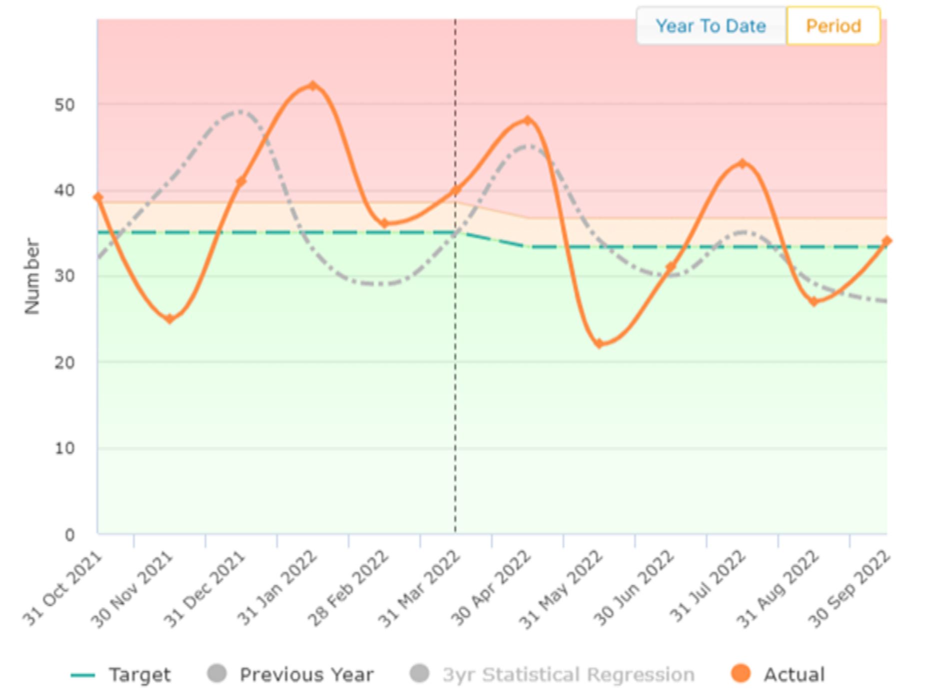
Indicator

% FS Check target met YTD for Service

C1 – DELIVERING HIGH PERFORMING ...

Corporate Performance Report Quarter 2 2022/23
Performance Priority Areas

1 Priority: Number of Accidental Dwelling Fires	205 at end of Q2 2022-23	Current RAG Status Amber
The numbers of fires in dwellings where the cause was accidental or not known	**Reduction Target:** Green <400 (<10%) Amber 401- 440 (+/- 0%) Red >440 (>10%)	Service Owner: **Matt Lloyd** Area: **Prevention and Protetcion (Community Safety)**



Financial Year	Q1	Q2	Q3	Q4	Total
2017-2018	128	117	121	136	502
2018-2019	121	135	129	124	509
2019-2020	107	100	118	130	455
2020-2021	105	125	117	97	444
2021-2022	109	91	105	127	432
2022-2023	101	104			205

Commentary

Actions: