

POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am on Thursday, 11 November 2021.

Present: Councillors Redstone (In place of Peltzer Dunn), Galley (Chairman), Lambert, Powell and Taylor.

Also present: M O'Brien (Deputy Chief Fire Officer), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), J King (Assistant Director Safer Communities), J Olliver (Payroll, Pensions & HR Assurance Manager) and E Simpkin (Democratic Services Officer)

9 Declarations of Interest

Councillor Powell declared a personal, non-prejudicial interest in item 16 as a Member of Brighton and Hove City Council.

10 Apologies for Absence/Substitutions

Apologies for absence were received from Councillor Evans and Councillor Peltzer Dunn. In the absence of the Councillor Peltzer Dunn it was necessary for the Panel to appoint a replacement Chairman for the duration of the meeting.

Councillor Galley was nominated by Councillor Lambert. This was seconded by Councillor Powell and agreed by the Panel.

RESOLVED: That Councillor Galley be appointed as Chairman of the Policy & Resources Panel for the duration of the meeting.

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

As it was the Deputy Chief Fire Officer (DCFO) Mark O'Brien's last Policy & Resources Panel meeting before his retirement the Panel recorded its thanks to the DCFO for his support, diligence and contributions over the years. The Panel wished the DCFO all the best for his retirement.

12 Minutes of the last Policy & Resources Panel meeting held on 22 July 2021

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

13 Callover

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Members reserved the following items for debate:

- 14 Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 6 (end September).
- 15 Treasury Management-Half Year Review For 2021/22
- 16 Local Council Tax Reduction Schemes (LCTRS) – Consultation on Proposed Changes for 2022/23
- 18 Widening of the Joint Funding of Sprinklers to a Community Safety Intervention Fund
- 19 Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy - Immediate Detriment Framework (IDF)

14 Revenue & Capital Budget 20/21& Capital Programme 2021/11 to 2025/26 Monitoring at Month 6

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which updated Members on the findings of the month 6 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26.

With regard to the Revenue Budget, a net revenue underspend to the sum of £1,000 had been identified which was a favourable variation of £81,000 from the position identified in the last report to the Panel. This was mainly due to vacancies across the service and the identification of savings within Information Technology Governance offset by overspends in relation to overtime, additional staff allowances, ill health retirements and over budgeting on business rates. It was noted that most in-year pressures could currently be dealt with by use of contingency, use of reserves or service underspends. The Capital Budget for 2021/22 was approved by the Fire Authority at £6,105,000 and updated to £6,540,000 including slippage of £364,000 brought forward from 2020/21. A review of capital projects had identified slippage totalling £2,773,000 (£1,828,000 from Estates/Property and £945,000 from Fleet and Equipment). Current risks to the Revenue and Capital programme included the impact of Covid-19 on both the Business Rate and Council Tax Collection Funds and pressures in resources relating to Capital projects. Further detail on these risks were set out in section 3 of the report.

The Panel asked for further clarification on the £250,000 underspend on the flexible crewing pool. The ADR/T explained that funding had been identified for the implementation of the flexible crewing pool as per the agreed Integrated Risk Management Plan, however there had been delays and the flexible crewing pool was not yet fully established. The underspend had offset staffing overspend elsewhere in the operational establishment.

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Members also asked about the increase in earmarked reserves of £1,579,000 due to the re-profiling of projects linked to P21 funded from the mobilising strategy reserve. The ADR/T explained that this resulted from spend on the P21 project being re-profiled from 2020/21 to 2021/22 after the 2021/22 budget had been set.

RESOLVED: That the Panel notes:

- (i) the risks to Revenue Budget and the projected overspend,
- (ii) the risks to the Capital Programme,
- (iii) the increased net forecast drawdown from reserves,
- (iv) the grants available and spending plans,
- (v) the monitoring of savings taken in 2021/22; and
- (vi) the current year investments and borrowing;
- (vii) SLT approval of a variation to the capital programme to add an £85,000 scheme for the relocation of the High Volume Pump to Seaford with funding of £85,000 from the corporate contingency.

15 Treasury Management - Half Year Review 2021/22

The Panel received the treasury management half yearly report from the ADR/T, a requirement of the Fire Authority's reporting procedures. The report covered the treasury activity for the first six months of 2021/22 and included an update on the first half year of Prudential Indicators which related to treasury activity.

The Panel asked about the consideration being given to Environmental, Social and Governance (ESG) in future investment decisions. The ADR/T clarified that officers were considering how ESG issues could be considered in future treasury management strategies, as requested by the Fire Authority. Recommendation would be made in the Treasury Management Strategy Report to the Fire Authority in February 2022. The ADR/T cautioned that given it was an emerging market, options meeting our current counter-party criteria may be limited.

The Panel also queried as to why there were large amounts of long-term debt, as shown in the debt maturity profile provided on page 53 of the report. The ADR/T explained that Authority aimed to have a balanced debt profile and that it also reflected a combination of historic borrowing required to meet the Authority's capital investment needs since it became a separate body in 1997 and prevailing interest rates at the time. No new borrowing had been taken out since January 2008 as capital investment since that time and been self-financed.

RESOLVED: That the Panel notes the treasury management performance for the first half year of 2021/22.

16 Local Council Tax Reduction Schemes (LCTRS) - Consultation on Proposed Changes for 2022/23

The Panel considered a report from the ADR/T which sought agreement on the Authority's response to a consultation by Brighton & Hove City Council (BHCC) on proposed changes to its Local Council Tax Reduction Scheme for 2022/23. The ADR/T introduced the report, noting that Members would be familiar with Local Council Tax Reduction Schemes (LCTRS), having recently considered proposals from both Lewes District Council and Rother District Council. Billing authorities were required to review their LCTRS annually and to consult publicly on any proposed changes. Precepting authorities were statutory consultees in the process, however, the decision to set or change a LCTRS rested solely with each billing authority.

The ADR/T added that the BHCC proposals had 2 main elements; to make the scheme more generous and align it with changes in the overall welfare system and to improve the efficiency and cost of the administration. The overall financial impact on the Fire Authority was estimated to be £21,000. The suggested response to the consultation was set out in the report and was consistent with that given to the Lewes District Council proposals.

Members queried whether the proposals had considered the changes to welfare announced in the recent government budget. The ADR/T responded he was not aware of any intention by BHCC to amend their proposals from that which was being consulted upon.

RESOLVED: That Panel:

- i) notes the proposed changes to BHCC's LCTRS; and
- ii) agrees the Authority's response to the consultation as set out in paragraph 1.14 of the report.

17 East Sussex Business Rate Pool 2022/23

The Panel received a report from the ADR/T which sought approval to continue participation in the East Sussex Business Rates Pool. The County Council, the five Districts and Boroughs and the Fire Authority had operated the East Sussex Business Rates Pool during 2015/16 and 2016/17. They then de-pooled in 2017/18 due to the risks associated with the revaluation of business rates properties and knock-on effects of business rates appeals, however, the Pool was re-established in 2018/19 and continued operating through to 2021/22. During 2019/20 it became a Business Rate Pilot. The rationale for the Pool is to encourage economic growth therefore Pool Members are encouraged to use the additional resource to promote further economic growth. Pools allow local areas to retain a greater proportion (50%)

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of the growth in income from business rates that would otherwise have been paid over to HM Treasury. The Pool has succeeded in retaining significant additional funding within East Sussex.

The Panel noted that the Chief Finance Officers of the Pool Members had reviewed the position for 2022/23 and building on previous analysis provided by Local Government Futures and consideration of the performance of and risks associated with the Pool had applied to the Department for Levelling Up, Housing & Communities to continue the Pool in 2022/23. Formal approval of the Pool application was due to be announced as part of the Provisional Local Government Finance Settlement (LGFS) expected in late December and as it was likely that the consultation period would end before the Policy & Resources Panel meeting on 20 January 2022, the report sought delegated authority to the ADR/T after consultation with the Chairman and the Chief Fire Officer, to make the final decision on the Pool membership.

RESOLVED: That the Panel:

- (i) approves the Authority's continued membership of the East Sussex Business Rates Pool;
- (ii) delegates the final decision on whether to participate in the Pool to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer; and
- (iii) authorises the Assistant Director Resources/ Treasurer to take any steps necessary to give effect to the decision in (ii) above.

18 Widening of the Joint Funding of Sprinklers to a Community Safety Intervention Fund

The Panel considered a report from the Assistant Director Safer Communities (ADSC) which recommend a widening of the scope of the Joint Funded Sprinkler Project to a Community Safety Intervention Fund.

The ADSC introduced the report, reminding the Panel that in 2013, the Fire Authority agreed to set aside funding to support a sprinkler project to assist key partners to retrofit sprinklers in their high-risk premises through a joint funding contribution. The original fund amounted to a total of £750,000 over a period of four years of allocation. Although the project had seen some success, due to a number of challenges, £638,000 of the fund was unspent. This included £340,000 which until recently had been allocated to two high rise buildings in the Brighton and Hove area. Given the large amount of unallocated funding, the Panel was being asked to consider approving a proposal to expand the scope of fund to allow spend on other measures with the aim to reduce fire risk for vulnerable residents and those in high risk premises.

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The Panel asked for further details on the measures that funds would be spent on and queried whether it would be more beneficial for any unspent money to be used to help ease any budgetary pressure. The ADSC explained that resident engagement with proposals to fit sprinklers had been very challenging and whilst sprinklers would still form part of the offer, widening the of the fund to include alternative, cheaper solutions would mean that many more residents would be helped than was currently possible. Measures could include evacuation alert systems and premises information boxes. If approved, more detailed spend criteria and the priorities of the Community Safety Intervention Fund would be developed. With regard to the use of the unallocated funds for budget savings, the ADR/T explained that the fund was established to be community facing and the proposal reflected this fact, however, the Fire Authority could consider whether part of the uncommitted funding should be used to address identified budget pressures as part of the budget setting process for 2022/23.

Members asked for further details regarding the projects in Brighton & Hove which were not being progressed. The ADSC explained there had been significant delays due to Covid and she had recently been informed by officers at BHCC that their priorities had now changed in terms of where sprinklers would be installed and therefore the projects at Essex Place and St James House would not be progressed at this time.

The Panel welcomed the expansion of the fund especially given concerns over the role and scale of responsibility of the Responsible Person in relation to the forthcoming Building Safety Bill. Members agreed the recommendations with Councillor Powell choosing to abstain from the vote. The Panel asked that a follow up report be made to a future Panel meeting to give further detail on the specific spend and benefit of the fund.

RESOLVED: That the Panel agrees to widen the scope of the Joint Funded Sprinkler Project to a Community Safety Intervention Fund.

19 Firefighters' Pension Schemes (FPS) Age Discrimination Remedy - Immediate Detriment Framework (IDF)

The Panel received a report from the Assistant Director People Services which informed Members of the further developments in the situation relating to McCloud/Sargeant judgement on Age Discrimination. The report set out how the Service was able to proceed with future and past retirements that were immediately affected and included the Service's legal position as well as identifying the scope and risks.

The Payroll, Pensions & HR Assurance Manager Panel briefly introduced the report reminding Members that at its previous meeting the Panel had agreed that ESFRS should pay under Immediate Detriment, wherever possible, to those in scope at that time under that informal guidance. He added that since then the Fire Brigades Union (FBU) had been successful in bringing about tribunal cases which had led to an agreement by the FBU and the Local Government Association (LGA), through a Memorandum of Understanding on

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a Framework, recommending how services proceed with regard to paying pension benefits and compensation under Immediate Detriment to both retrospective and prospective retirees. The Panel was being asked to consider adopting the Immediate Detriment Framework, as attached at appendix 3 to the report. The Panel could choose not to follow the Framework, however this would lead to a severe risk of litigation.

The ADR/T added that in terms of financial impact, there was significant risk but it could not be quantified at present. The Service and West Yorkshire Pension Fund (the pension fund administrators) were already incurring additional costs in relation to administration and software. There was also the possibility of tax charges and claims relating to injury to feelings, the cost of which would have to be borne by the Authority. Additional guidance from Her Majesty's Revenue and Customs on tax charges was expected. Due to the level of uncertainty, there was currently nothing provided for in reserves for the additional costs. A bid could be made for funds from the corporate contingency or General Balances. It was expected that the costs associated with the administration of the remedy would be borne by the Service whilst monies owed to members would be met by government. The additional impact on employers contribution levels had not been taken into account in the latest Comprehensive Spending Review as it fell outside of the period but the Sector continued to lobby Government to fully fund all of these additional costs.

The Payroll, Pensions & HR Assurance Manager highlighted that resources were a challenge given the 90 calendar day deadline from application by the member/dependent to payment of benefits, as set out in the Immediate Detriment Framework. The Panel asked further about resourcing and whether an automated system was available or being developed, whether there was a short-term solution or if there was opportunity to outsource processes. The ADR/T responded that discussions were taking place at a national level on the upgrading of the software packages used to administer FPS to facilitate the remedy. Officers were exploring options to use Excel spreadsheets to semi-automate aspects of the ID process. Availability of staff with the level of expertise and knowledge required was a challenge. Options, such as employing temporary lower level resource to do volume processing which could then be overseen by specialist staff, were being considered.

RESOLVED: That the Panel agrees to payment under the Immediate Detriment Framework and allowing those Firefighters' Pension Scheme members in scope to be offered payment under their legacy pension scheme regulations.

The meeting concluded at 12.15 pm

Signed

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Chairman

Dated this

day of

2022