

POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am on Thursday, 9 November 2023.

Present: Councillors Evans (Chair), Galley, Maples, Redstone and Ungar

Also present: D Whittaker (Chief Fire Officer/Chief Executive), D Norris (Deputy Chief Fire Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), M Lloyd (Assistant Director Safer Communities), J King (Assistant Director People Services), H Scott-Youlton (Assistant Director Operational Support & Resilience), N Boruch (Interim Head of Estates), J Olliver (Pensions, Payroll and HR Assurance Manager) and A Blanshard (Democratic Services Manager)

80 Declarations of Interest

There were none.

81 Apologies for Absence/Substitutions

None received.

82 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.

83 Minutes of the last Policy & Resources meeting held on 20 July 2023

RESOLVED – That the minutes of the meeting of the Policy & Resources Panel held on 20 July 2023 be approved as a correct record and signed by the Chair.

84 Callover

Members reserved the following items for debate:

- 45 Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 6 (end September)
- 46 Treasury Management
- 47 Preston Circus – Request to proceed to RIBA Stage 5 – Contract Award, with approval for additional funding
- 49 Firefighters' Pension Scheme (FPS) Age Discrimination Remedy & Immediate Detriment Briefing Note

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

RESOLVED - The Policy & Resources Panel agreed that the remaining report on this Agenda be approved in full.

85 Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 6 (end September)

The Policy & Resources Panel received the report of the Assistant Director Resources/Treasurer (ADR/T) reporting the findings of the Month 6 monitoring undertaken on the Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28. The ADR/T explained that there was a net revenue underspend to the sum of £7,000 and was summarised in Appendix 1. The major variance was a forecast overspend of £896,000 within Safer Communities, this had reduced since the last report as SLT had agreed to the use of contingency to cover the impact of the pay award on the on-call and overtime budgets. This was offset by overachievement of Treasury Management income (£573,000) and the Corporate Contingency (£298,000). There was a range of other variances across the Service.

The Panel thanked the ADR/T for a comprehensive report and a lengthy discussion followed. Members asked for some clarity on the overspend within Safer Communities, the Assistant Director Safer Communities (ADSC) explained that the use of fixed term contracts was more preferable than to rely on overtime. Members were reminded that in previous reports there have been over 30 individuals off long-term who were being covered, there had been significant work to reduce this number and it was now down to the mid-20's, and a new board had been created in the department to track progress on this issue. The ADR/T confirmed that a more vigorous vacancy management process was in place across the Service this year, managed through the Workforce Planning Group, with the business impact of not filling a vacant post being a key consideration.

There was a query about whether there was a risk that staff, having perhaps become reliant on additional income, may choose to leave the Service if overtime was reduced. The Chief Fire Officer (CFO) explained that the view of the Representative bodies and the Service was that it was dangerous to rely on overtime. There was an absolute commitment from officers to support the Fire Authority in their fiduciary duty and part of that was to reduce overtime. The greater welfare concern would be those staff on green book conditions who are on average on lower salaries and have no option for undertaking overtime. With regards to those on grey book conditions it was of course hard for the management teams to predict, but the use of fixed term contracts was better than overtime. There were issues regarding sickness, extended periods of high demand and the sector wide issues with recruiting on-call staff and consequential issues with their primary employers.

The Panel asked whether the Pension reserve, as set out in para. 3.1 was sufficient. The ADR/T reminded Members that the situation regarding Pensions and particularly the impact of the Remedy (as set out in detail later in this Agenda) was complex. The Service relied on a number of Pension

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Grants, after significant lobbying the current annual grant was expected to be rolled into the baseline funding. It was expected that the Government would provide a new one off grant to cover the cost of increases in employer's pension contributions in 2024/25 resulting in part from the impact of Remedy. The Pension Administration reserve had been held to fund costs resulting from remedy implementation, it had supported the provision of additional resources in the pension team. The balance was being held against any future resourcing requirements or other costs. The cost of software upgrades for Remedy was being recovered by West Yorkshire Pension Fund as part of their annual charge and was lower than had been originally anticipated.

Members asked for some more information on the position relating to Grant funding more widely, as set out in section 6 of the report, particularly the Surge Protection Grant. The ADR/T reminded Members that this was intended to support investment in protection to enable it to meet new requirements post Grenfell. In the Service's view it was not sufficient to meet the additional resources required and officers had met with the Home Office and the National Fire Chiefs Council to lobby for a change to the criteria for allocation to ensure that it reflected the risk relating to the very high number of high and medium rise buildings within East Sussex.

RESOLVED – The Panel agreed to note:

- i. the risks to the Revenue Budget and the projected underspend;
- ii. the forecast slippage and risks to the Capital Programme;
- iii. the ITG strategy position;
- iv. the reduced net forecast drawdown from reserves;
- v. the grants available and spending plans;
- vi. the monitoring of savings taken in 2023/24; and
- vii. the current year investments and borrowing.

86 Treasury Management - Half Year Review for 2023/24

The Panel received the half yearly report of the Assistant Director Resources/Treasurer (ADR/T) which was a requirement of the Fire Authority's reporting procedures and covered the treasury activity for the first six months of 2023/24 and included an update on the Prudential Indicators which related to treasury activity. The ADR/T confirmed that there had been no new borrowing undertaken in 2023/24 to date. There had been no beneficial opportunities to reschedule existing debt so far during the year, however opportunities would be considered if they were both prudent and affordable. A training session had been delivered at the September Member's Seminar covering Treasury Management issues in the context of the Authority's financial position.

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The Panel were grateful to officers for the report but queried para. 4.4 at which Environmental, Social and Governance (ESG) investment products were referred to as “relatively immature”. There was some concern amongst some members that unless investments were made in them they would never progress to being mature and whether there was any other criteria that could be considered. The ADR/T explained that there were not many ESG investment opportunities currently that met the Authority’s agreed criteria for security and liquidity and offered comparable or better returns than non ESG products. Officers would continue to review ESG opportunities and it was agreed that they would look at whether the term “immature” could be replaced with something that better reflected the Authority’s criteria.

RESOLVED – The Policy & Resources Panel agreed:

- i. to note the treasury management performance for the first half year of 2023/24; and
- ii. that there was no further reassurance required in relation to the delivery of the Treasury Management Strategy beyond those addressed in the body of the minutes.

87 Preston Circus - Request to Proceed to RIBA Stage 5 - Contract Award, with approval for additional funding

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) formally requesting approval to conclude RIBA Stage 4 by formalising the NEC Contract with Morgan Sindall and to proceed to RIBA Stage 5 Construction, which would require a budget uplift. The ADR/T reminded members that the Authority had previously approved a business case for the refurbishment of Preston Circus Fire Station to ensure that it was fit for purpose and reflected the Authority’s design guide. The RIBA Stage 4 design and market costing process had been completed in July 2023 and despite many iterations of alternative plans in order to achieve the key objectives it was not possible to deliver within the original budget. To meet these, primarily the provision of individual temperature-controlled sleeping pods, the management of contaminants and gender appropriate welfare facilities, an additional £1.6m was required. The ADR/T added that the plans for a partner to use the top floor had been removed as, despite many years of discussions, there were no partners wanting the space. The Panel were informed that, whilst the decant strategy had been outlined in the report the final decision on this would be taken by SLT as it was an operational issue, but Members would of course be informed.

The Panel thanked Officers for the report and asked if the financial information included a contingency, the ADR/T confirmed that there were two contingency funds included and were being monitored. In response to a question from Members it was confirmed that there was a suitable solution available for decant that would allow the Service to provide the same level of cover. The Assistant Director Safer Communities added that a Task & Finish

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Group had been established in July to ascertain the most viable way to achieve a full station decant if required, this group included the Station crews and would be reporting their recommendations to SLT. The suggestion of decanting the station had been made by the crews and they had gone out to actively seek and consider available options.

There was some concern about whether the delivery programme was achievable. The ADR/T confirmed that it was an achievable timetable, a contractor had already been appointed and a contract document would be agreed as soon as possible after this meeting if the Panel approved the recommendations. The contract met the industry standard, including programme management, and included clauses relating to slippage of timescales and build quality and would be monitored closely.

Members asked whether the design guide remained achievable or did it aim too high. The ADR/T responded that the design guide had always been aspirational and was subject to the constraints of the existing buildings and available funding. Officers had learnt a lot through the recently completed works at Hove Fire Station and the intention was to update the guide next year alongside a full review of the Estates Strategy and Capital Programme.

RESOLVED – The Policy & Resources Panel agreed to note:

- i. that 'Scope A' issued in the Morgan Sindall Stage 4 pack met the brief as set out on the Design Guide and had been signed off by the Preston Circus Steering Group;
- ii. that the revised scheme removed the provision of a dedicated entrance and lift to the 2nd floor and the fitting out of surplus space but retained the potential to deliver this at a later date;
- iii. that the programme duration for the works can be reduced by approximately 6 months if the station was fully decanted, which would also reduce costs;
- iv. that a formal proposal regarding decant options would be brought back to SLT for decision in due course; the revenue consequences of the proposed increase in the scheme budget and that this be considered in the wider context of review of the Estates Capital Programme including affordability that will be carried out in 2024/25 as part of the review of the Estates Strategy;

and approved:

- v. a variation to the Capital Programme to increase the scheme budget for Preston Circus from £3.346m to £4.946m and that the budget be reprofiled as set out in para. 6.1 of the report.

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The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) seeking approval to continue to participate in the East Sussex Business Rates Pool. The East Sussex Business Rate Pool includes the County Council, five Districts and Boroughs and East Sussex Fire Authority. The Chief Finance Officers had reviewed the position for 2024/25 and building on analysis provided by Local Government Futures and consideration of the performance of and risks associated with the Pool applied to DLUHC to continue. Formal approval would be announced as part of the Provisional Local Government Finance Settlement (LGFS) expected in late December. Any authority may withdraw from the Pool during the consultation period for the LGFS, but this would result in the whole Pool ceasing to operate. It was likely that the consultation period would end before the next meeting of the Panel and therefore it was suggested that responsibility be delegated as detailed in resolution (ii).

RESOLVED – The Panel agreed to:

- i. approve the Authority's continued membership of the East Sussex Business Rates Pool;
- ii. delegate 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. authorise the Assistant Director Resources/Treasurer to take any steps necessary to give effect to the decision in (ii) above.

89 Firefighters' Pension Scheme (FPS) Age Discrimination, Remedy & Immediate Detriment Briefing Note

The Panel received the report of the Assistant Director People Services (ADPS) presenting Members with an update on the situation relating to the McCloud/Sargeant judgement on Age Discrimination and the on-going process of correcting pension scheme members records and payments, known as Remedy, that came in to force on 1 October 2023. The Payroll, Pensions & HR Assurance Manager (PPHRAM) reminded the Panel of the pathway of the Age Discrimination Remedy following the McCloud/Sargeant Employment Tribunal following the court ruling in December 2019 and the work that the Service's pensions team had undertaken to prepare and share data with the administrators West Yorkshire Pension Fund (WYPF). The PPHRAM explained that affected individuals had all been written to and there had been additional internal communications to keep Pension members informed.

Guidance provided by the Local Government Association (LGA) and the Home Office (HO) had set out a priority order for the application of Remedy which allowed pension administrators to resolve cases in a consistent manner. The legislation allowed approximately 18 months for pension scheme managers to complete this process, although the intention would be

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to address each category as soon as was possible. The PPHRAM added that those individuals who had had to wait for their legacy scheme benefits would be entitled to compensation in the form of interest for which the Government Actuaries Department had provided a calculator, it was not possible to provide the actual costs associated with these payments at this stage as they would be reliant on the timing of resolution.

Members queried the priority order that had been applied by the LGA/HO in their guidance, the PPHRAM explained Remedy would have a greater effect on those who had retired more recently as they had been protected for less time, those who had been retired longer would generally be less financially impacted. Members thanked the pensions team and WYPF for their hard work on this matter.

RESOLVED – The Policy & Resources Panel agreed to note the contents of the Report.

The meeting concluded at 12.40 pm

Signed

Chairman

Dated this

day of

2024