

MINUTES
POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX AND
ESSEX COUNTY FIRE & RESCUE SERVICE
EXTRAORDINARY STRATEGIC BOARD

11 July 2022

10.00 – 10.30

Via Microsoft Teams

Present:

Roger Hirst (RH)	Police, Fire and Crime Commissioner (Chair)
Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	CEO and Monitoring Officer, PFCC's office
Janet Perry	Strategic Head of Performance & Resource
Karl Edwards (KE)	Director of Corporate Services, ECFRS
Neil Cross (NC)	Chief Finance Officer, ECFRS
Moira Bruin	Deputy Chief Fire Officer
Jo Thornicroft (JT)	Head of Performance and Scrutiny (Fire), PFCC's office
Christine Butler	Minutes, PFCC's office

RH opened the meeting, and it was agreed that it was Quorate.

Apologies received from:-

- Chris Parker
- Rick Hylton

NC said that the last time the document was seen was on the 17th of June Audit Committee Meeting and NC has been waiting for the Collection Fund Entries from the Districts. The bulk of the document has not changed apart from the Comms Team have changed a couple of the pictures.

NC said that the information was not received from the districts until the middle of last week. Following a review of the Districts returns, we raised questions with three of the Districts as we identified some anomalies on the NNDR Collection Fund Entries (due to the size of the deficits being reported). This led to NC engaging with ECC to seek some clarification on the returns. ECC confirmed that there were errors, and the reports were reissued.

The changes are: -

Page 49 Balance Sheet at Collection Fund Adjustment Accounts – this now reflects all of the entries that have been processed and shows a deficit number of £400k This comprises of two items, a deficit on the NNDR (Non National Domestic Rates) element that has been received from the districts of £1.1m and also comprises of an offset of £400k which relates to the Council Tax Collection Account which has a surplus of approx. £700k which should be received in 22/23 which is the current financial year.

The numbers last year for the NNDR deficit were almost £3m which has dropped quite significantly.

One of the main drivers during the pandemic is the districts had to fund various business rates reliefs and the government reimburses them separately by means of a S31 Grant. ECFRS have recognised a S31 Grant income in the financials and there is a debtor included in the short term debtors which relates to S31 income which will be expected to be paid into the 22/23 income although it relates to last year. That income is recognised in Earmarked Reserves on Page 68, under the NNDR Collection Reserve which was £3.2m last year of which £3m related to income that was expected through from the Home Office. The movement now takes this to £1.695m which represents the final collection account balance. There is approx. £200k in the account which relates to general collection fund reserve but £1.495m represents the S31 Grant which is expected to be received which is outlaid on the district's documentation, this is how it was recognised in the previous year.

A Decision Sheet was submitted at the end of the audit process last year as the Service tried to work this through. NC said that he would like to do two Decision Sheets this year, one to formally sign off the draft accounts for publication and one for the table for the reserve movements and outline the NNDR movements, there has also been a transfer of Reserves from the General Fund to Earmarked Reserves in line with the Reserves Strategy. RH Agreed.

RH noted that the table only related to Earmarked Reserves and does not relate to any transfer from the General Fund. NC said that this could be included in the Decision Sheet. The overall movement in General Fund is quite negligible as the £800k transfer to Earmarked Reserves is offset by the £787k General Fund Surplus.

Regarding the Outturn, previously it had been locked down at £400k (page 10) but the Outturn has now changed due to the work on the Collection Fund Reserves. The Reserve had previously recognised £3m from the S31 Income, however £2.6m was paid back to the districts which left £400k. We had previously posted an entry to reflect that the £400k needs to be repaid to the Home Office but when the entries were posted, we did not release the remaining £400k from Earmarked Reserves. Therefore, it is necessary to make an adjustment to release this which in effect increases the General Fund Surplus by £400k to that previously reported.

There is a creditor on the Balance Sheet reflecting the repayment that is due back to the Government. The final General Fund Surplus being reported is £787k for the year.

Although this is not a material number for the Auditors although they will be advised. ECFRS now have a good solid set of accounts that the Auditors have initially reviewed and are happy with them. NC would now like to seek approval for the next steps of publication.

JP asked for clarification that the surplus was £1.8m and the variance was £0.7m, RH said that the aggregate swing from budget is £1.86m which is quite large, and this figure was going to be brought down to a lower level. NC agreed and said that pay award has been absorbed and there are some quite sizable Capital Finance Underspends which have been pulled out and received some one-off incomes last year i.e. Local Council Tax Supplement received was £800k which was not budgeted for. This was not continuing in 2022/23.

JP asked if the waterfall figure could be redone as although the pay award has been funded and we are in a good position, if the recurrent and not-recurrent items are split so that a feel can be got for the underlying position. NC to take the waterfall through P&R. RH questioned that the big variances were the overspends on the employment costs relative to budget and the Investment Productivity and Improvement to fund that, we have used this to fund the pay increase? NC agreed but confirmed that the Investment Productivity reserve was not drawn down. The pay award has been funded through underspends through non-pay or additional income received in year which was primarily some elements of government grants. The Innovation and Transformation Reserve has not been used and have received £1.2m of government grants during the year, a large proportion of that being the Local Town Council Tax Supplement which shows under Government Grants. RH said that the overall expenditure has gone down before funding, NC agreed and said that all of the Earmarked Reserves had not been spent that had been planned.

RH questioned the total budget variance, and that even though the Net Expenditure before Funding variance from budget was only £309k, there was some sizeable variances. NC confirmed that these are underspends of £2.1m in employments costs, £600k underspend in non-pay, £1.1m underspend in investment in productivity and £600k improvement in operational income.

NC said that £1.8m of Earmarked Reserve funding has been used, and although the overall amount in consistent which budget, the breakdown of how this was used is different.

RH said that in the original budget there was a £1.1m charge for investment in Productivity and improvement, was this transferred to an Earmarked Reserve or was that an expenditure item. NC said that it was budgeted as an expense and would have been funded from a contribution "from" Earmarked Reserves. This was included in the £1.829m Earmarked Reserves.

There appears to be an error on the contribution "To" and "From" brackets, which NC agreed to update.

NC confirmed that 2 decision sheets would be submitted: -

- Publication of the draft accounts
- Reserves position

These have been drafted and will be with the PFCC office by 12.07 to be signed off this week, if possible, in order that the auditors can have the final draft and to publish. PBI agreed the timeline.

NC would like it noted that the finance team have worked particularly hard this year and over the weekend getting information in from the districts that was needed which had an impact on people's time. The Auditors have confirmed that they can start with ECFRS a week earlier and this can be accommodated. RH also thanked NC for his hard work on this.

Meeting ended: 10.31