

# Public Document Pack

## LANCASHIRE COMBINED FIRE AUTHORITY

Monday, 18 February 2019 in Washington Hall, Service Training Centre, Euxton commencing at 10.00 am.

Car parking is available on the Main Drill Ground.

IF YOU HAVE ANY QUERIES REGARDING THE AGENDA PAPERS OR REQUIRE ANY FURTHER INFORMATION PLEASE INITIALLY CONTACT DIANE BROOKS ON TELEPHONE NUMBER PRESTON (01772) 866720 AND SHE WILL BE PLEASED TO ASSIST.

Rooms have been made available for Political Group meetings from 0900am onwards, and tea/coffee will be available in the Canteen from 0845am.

Labour Group – Pendle Room

Conservative Group – Lancaster House 3

## AGENDA

### PART 1 (open to press and public)

#### Chairman's Announcement – Openness of Local Government Bodies Regulations 2014

Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chairman who will then instruct that those persons are not photographed, filmed or recorded.

#### 1. CHAIRMAN'S WELCOME AND INTRODUCTION

Standing item.

#### 2. APOLOGIES FOR ABSENCE

#### 3. DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.

#### 4. MINUTES OF PREVIOUS MEETING (Pages 1 - 8)

#### 5. MINUTES OF MEETING MONDAY, 5 NOVEMBER 2018 OF STRATEGY GROUP (Pages 9 - 12)

#### 6. MINUTES OF MEETING THURSDAY, 29 NOVEMBER 2018 OF PERFORMANCE COMMITTEE (Pages 13 - 28)

#### 7. MINUTES OF MEETING MONDAY, 26 NOVEMBER 2018 OF PLANNING COMMITTEE (Pages 29 - 34)

#### 8. MINUTES OF MEETING TUESDAY, 29 JANUARY 2019 OF AUDIT COMMITTEE (Pages 35 - 38)

9. COLLABORATION

Oral report.

10. PAY POLICY STATEMENT FOR 2019/2020 (Pages 39 - 46)

11. TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20 (Pages 47 - 62)

12. RESERVES AND BALANCES POLICY (Pages 63 - 76)

13. CAPITAL STRATEGY AND BUDGET 2019/20 - 2023/24 (Pages 77 - 90)

14. REVENUE BUDGET 2019/20 - 2023/24 (Pages 91 - 110)

15. A REVIEW OF LOCAL AUTHORITIES' RELATIVE NEEDS AND RESOURCES  
(Pages 111 - 120)

16. MEMBER CHAMPION ACTIVITY - QUARTERLY REPORT (Pages 121 - 122)

17. FIRE PROTECTION REPORTS (Pages 123 - 126)

18. COMMUNITY FIRE SAFETY REPORTS (Pages 127 - 156)

19. MEMBER COMPLAINTS (STANDING ITEM)

Oral report.

20. DATE OF NEXT MEETING

The next meeting of the Authority will be held on Monday 29 April 2019 at 1000 hours at Washington Hall Training Centre, Euxton.

21. URGENT BUSINESS

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

22. EXCLUSION OF PRESS AND PUBLIC

The Authority is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, they consider that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

# Agenda Item 4

## LANCASHIRE COMBINED FIRE AUTHORITY

Monday, 17 December 2018 at 10.00 am in Washington Hall, Service Training Centre, Euxton

### MINUTES

#### PRESENT:

F De Molfetta (Chairman)

#### Councillors

L Beavers	Z Khan
P Britcliffe	T Martin
I Brown	D O'Toole
S Clarke	E Oades
J Eaton	M Parkinson (Vice-Chair)
N Hennessy	M Perks
S Holgate	J Shedwick
D Howarth	D Smith
F Jackson	D Stansfield
A Kay	M Tomlinson
M Khan	G Wilkins

#### 43/18 CHAIRMAN'S WELCOME AND INTRODUCTION

The Chairman welcomed everyone to the meeting and advised that there would be 2 presentations under:

- Item 11 – HMICFRS Outcome. It was noted that there was a revised embargo date of 20 December 2019 meant the item would now be considered under part 2 of the agenda; and
- Item 14 – Fire Protection Reports.

#### 44/18 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Simon Blackburn and Tony Williams.

#### 45/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 46/18 MINUTES OF PREVIOUS MEETING

RESOLVED: - That the Minutes of the CFA held on 17 September 2018 be confirmed and signed by the Chairman.

47/18 PROCEEDINGS OF NORTH WEST FIRE AND RESCUE FORUM HELD 25 JULY 2018

It was noted that County Councillor O'Toole expressed concern regarding the future uncertainty and influence of the North West Fire Forum given the proposed membership changes from Greater Manchester Combined Authority.

RESOLVED: - That the proceedings of the North West Fire and Rescue Forum held on 25 July 2018 be noted.

48/18 MINUTES OF MEETING THURSDAY, 13 SEPTEMBER 2018 OF PERFORMANCE COMMITTEE

In response to a question raised by County Councillor O'Toole regarding the increase in deliberate fires the Assistant Chief Fire Officer confirmed that this had been due to the very hot weather during quarter 1 with high levels recorded in the sub-category of antisocial behaviour. The break in the weather had appeared to have led to a reduction in these incidents which had now returned to normal levels.

RESOLVED: - That the proceedings of the Performance Committee held on 13 September 2018 be noted and endorsed.

49/18 MINUTES OF MEETING WEDNESDAY, 26 SEPTEMBER 2018 OF RESOURCES COMMITTEE

RESOLVED: - That the proceedings of the Resources Committee held on 26 September 2018 be noted and endorsed.

50/18 MINUTES OF MEETING THURSDAY, 27 SEPTEMBER 2018 OF AUDIT COMMITTEE

RESOLVED: - That the proceedings of the Audit Committee held on 27 September 2018 be noted and endorsed.

51/18 MINUTES OF MEETING WEDNESDAY, 7 NOVEMBER 2018 OF MEMBER TRAINING & DEVELOPMENT WORKING GROUP

It was confirmed that the Member training for online expense claims had been arranged for 9:30am on 25 February 2019 and 1 March 2019 at Service Training Centre, Euxton. Members would notify Democratic Services of their preferred session.

RESOLVED: - That the proceedings of the Member Training and Development Working Group held on 7 November 2018 be noted and endorsed.

52/18 MINUTES OF MEETING WEDNESDAY, 28 NOVEMBER 2018 OF RESOURCES COMMITTEE

The Director of Corporate Services confirmed that a claim of £1.225m had now been submitted to Government under the Bellwin Scheme of Emergency Financial Assistance for the costs of Winter Hill.

RESOLVED: - That the proceedings of the Resources Committee held on 28 November 2018 be noted and endorsed.

53/18 HMICFRS OUTCOME

In 2017 Her Majesty's Inspectorate of Constabulary (HMIC) remit for inspecting all Police Forces in England was extended by the Home Secretary to also include independently inspecting all 45 Fire and Rescue Services in England. They would become Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and the 45 English Fire Services would all be inspected over a two year period.

The inspection programme was designed to promote improvement, identify all aspects of the excellent work undertaken by fire and rescue services and to help demonstrate to the public what level of 'value for money' service their Fire and Rescue Service was delivering.

The inspection was focused primarily on three core areas; efficiency, effectiveness and people. Each area would be graded as: Outstanding, Good, Requires Improvement or Inadequate.

Lancashire Fire and Rescue Service (LFRS) was allocated in the first tranche of 15 Fire and Rescue Services to be inspected and was consequently inspected week commencing 9<sup>th</sup> - 13<sup>th</sup> July 2018.

The HMICFRS reports for LFRS and all Services inspected within tranche one were initially expected to be published on 6 December 2018 which had been delayed to 14 December 2018 and had now been further delayed to 20 December 2018. It was agreed therefore that Deputy Chief Fire Officer Johnston would provide an update to Members under the confidential part of this agenda.

RESOLVED: - That the report be noted and endorsed.

54/18 ANNUAL STATEMENT OF ASSURANCE

The Fire and Rescue National Framework for England (2018) set out the Government's high level expectations, priorities and objectives for Fire and Rescue Authorities (FRA's) in England. Included within the framework was the requirement on all FRA's to provide assurance on financial, governance and operational matters.

The Statement of Assurance was considered by Members. It aimed to provide the required accountability and transparency to our communities and the Government that Lancashire Fire and Rescue Service continued to deliver efficient, effective value for money services.

This statement sat alongside the Integrated Risk Management Plan (IRMP), Statement of Accounts, the Annual Governance Statement, the Annual Service Plan and Annual Progress Report. It detailed what measures were in place to assure that the Combined Fire Authority's performance was efficient, economic, and effective and provided further evidence that LFRS continued to deliver under the expectations

detailed within both the National Framework and its own IRMP.

It was noted that the requirement to produce this report was a legacy of the Department for Communities and Local Government and that it may transpire in time that the Home Office would utilise the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services to provide this assurance.

RESOLVED: - That the Authority approved the Annual Statement of Assurance 2017-18 as presented and approved the signing of this by the Chairman of the Authority and the Chief Fire Officer.

## 55/18 MEMBER CHAMPION ACTIVITY - QUARTERLY REPORT

In December 2007 the Authority introduced the 'Champion' role and allocated a notional budget per Member in respect of 4 subject areas. These positions were currently filled by:

- Community Safety – County Councillor Mark Perks;
- Equality, Diversity and Inclusion – Councillor Zamir Khan;
- Health and Wellbeing – County Councillor Tony Martin;
- Road Safety – Councillor Fred Jackson.

Reports relating to the activity of the Member Champions were provided on a quarterly basis to the Authority. This report related to activity for the period up to December 2018. During this period all have undertaken their respective role in accordance with the defined terms of reference.

### Community Safety

County Councillor Perks presented his section of the report. It was noted that the Age Safe Group had a planning meeting scheduled in January to confirm the activities for 2019 and were currently helping to develop the Winter Safety Campaign to run from January to March 2019 with the focus on fuel poverty and reaching out to LFRS for advice and help. The Dementia Task Group had continued to provide joint partnership Dementia Friends Sessions with Lancashire Police and were currently considering venues for the next event. County Councillor Perks was still involved in attending fire safety meetings and had attended home visits with community fire safety staff.

### Equality, Diversity and Inclusion

Councillor Zamir Khan presented his section of the report. The Service celebrated Diwali, the Hindu festival of lights, with a dress the desk competition, which raised awareness and understanding about the festival. As part of our fundraising work for George House Trust, the Trust ran a HIV awareness Training Session, the purpose of which was to provide some basic knowledge around HIV and its effects on staff. Dyslexia Awareness week was 1-7 October 2018 and this was an opportunity to launch a new policy and the opportunities to support staff.

### Health and Wellbeing

County Councillor Tony Martin presented his section of the report. He supported the launch of Trauma Risk Management (TRiM) which was introduced into the Service in May this year. The TRiM Practitioners were trained volunteers who had pledged to

support peers by providing person-centered structured support in a safe environment where staff could feel comfortable discussing the impact a traumatic incident was having on their mental/physical health. TRiM Practitioners were not counsellors or therapists, but understood confidentiality and were able to listen to what staff had to say and they offered practical advice and assistance and signposted staff to services which could support them. The next steps were to fully embed TRiM support across the service and to enhance the wider Peer Supporter roles to support staff who were finding it difficult and not coping as well as they usually did.

County Councillor Martin advised that he would like to talk to officers further to look at the impact of the large fires (such as the Winter Hill incident) on the wildlife and environment.

#### Road Safety

Councillor Fred Jackson presented his section of the report. He advised that he continued to attend the Road Safe Thematic Group. He expressed thanks to all those involved in road safety education which, although difficult to quantify, he believed had made a positive difference in the behaviour of young people on the road.

RESOLVED: - That the Authority noted the report and acknowledged the work of the respective Champions.

### 56/18 FIRE PROTECTION REPORTS

A report detailing prosecutions in respect of fire safety management failures and arson related incidents within the period 1 September 2018 to 30 November 2018 was provided. There were 3 current prosecutions awaiting trial and 3 prosecution cases being prepared.

Fire protection and business support information included that LFRS now had 11 registered Primary Authority Scheme partners and Members noted that there were 4 arson convictions during the period.

AM Norman gave a presentation to Members on the work of the Incident Intelligence Officer and the subsequent impact on operations including pictures taken from the drone, using thermal imagery as necessary to assist the incident commander to decide whether firefighters could be effectively deployed. In addition, AM Norman presented information on the arson conviction contained in the report that involved a serving prisoner.

In response to a question raised by County Councillor Nikki Hennessy, AM Norman confirmed that the benchmark for the Crown Prosecution Service to consider taking a case to trial was that the damage had to be above £5,000 or that other person's lives were put in danger. Given the value of goods in a prison cell was less than £5,000 the CPS determined it was not worth pursuing. However without prosecution had meant a rise in number of these incidents at Lancaster Farms Prison and Garth and Wymott prisons which had a cumulative cost to the Service.

This conviction sent a clear message that cell fires would not be tolerated and could result in an additional prison sentence. Since this conviction, fires at HMP Lancaster Farms had reduced dramatically as had incidents at other prisons across Lancashire

and work continued with other prisons and Police departments to encourage any further cases being progressed to court.

In relation to current prosecutions, County Councillor Holgate queried whether the pre-trial preparation hearing took place at Preston Crown Court on 7 December 2018 and the Deputy Chief Fire Officer agreed to provide an update after the meeting.

RESOLVED: - That the Authority noted the report.

57/18 COMMUNITY FIRE SAFETY REPORTS

This report included information for the 2 Unitary and 12 District Authorities relating to Fire Safety Initiatives and Fires and Incidents of particular interest.

County Councillor Hennessy expressed thanks to those involved in the local community safety activities in South Ribble and particularly valued the Bright Sparx campaign which highlighted the dangers of fireworks and the consequences associated with them.

RESOLVED: - That the Authority noted and endorsed the report.

58/18 MEMBER COMPLAINTS (STANDING ITEM)

The Monitoring Officer confirmed that there had been no complaints since the last meeting.

RESOLVED: - That the current position be noted.

59/18 DATE OF NEXT MEETING

The next meeting of the Authority would be held on Monday 18 February 2019 at 10:00am at the Training Centre, Euxton.

60/18 URGENT BUSINESS - COLLABORATION

The Chief Fire Officer advised that a letter addressed to the Chairman had been received from the Police and Crime Commissioner on 14 December 2018 requesting a meeting. The letter was in response to a letter sent to him on 30 August 2018 (which had been confirmed as received on 31 August 2018 and) which had been resent on 26 November 2018.

The Chief Fire Officer confirmed that the Service continued to work in collaboration with partners including other Blue Light organisations in order to deliver the most effective and efficient services. The workstreams identified by the Blue Light Collaboration Project with Lancashire Constabulary continued, with significant projects reported to the Planning Committee for a decision.

RESOLVED: - That the report be noted and endorsed.



61/18 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

62/18 HMICFRS OUTCOME

(Paragraph 3)

The Deputy Chief Fire Officer advised that the final reports were initially expected on 6 December 2018 this had been delayed to the following week and subsequently delayed further to 20 December 2018 which had meant the discussion was moved into part 2 of today's agenda.

Members were updated on the Inspection results which were under embargo until 20 December 2018. Once published the results would be available on the HMICFRS website:

<https://www.justiceinspectors.gov.uk/hmicfrs/wp-content/uploads/lancashire-fire-and-rescue-service-report-2018-19.pdf>

RESOLVED: - That the report be noted and endorsed.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood

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## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 17 December 2018

### NOTES OF STRATEGY GROUP HELD ON MONDAY, 5 NOVEMBER 2018

Contact for further information:

Diane Brooks, Principal Member Services Officer - Tel No (01772) 866720

#### **Executive Summary**

Report on proceedings of Lancashire Combined Fire Authority Strategy Group held at the Service Training Centre, Euxton on Monday, 5 November 2018.

#### **Recommendation**

That the Authority note the proceedings as set out in this report.

#### PRESENT:

##### Councillors

P Britcliffe  
I Brown  
F De Molfetta (Chairman)  
J Eaton  
S Holgate  
F Jackson  
A Kay  
D O'Toole  
M Parkinson (Vice-Chair)  
M Perks  
J Shedwick  
D Smith  
D Stansfield  
G Wilkins  
T Williams  
In attendance

Hilary Banks – Independent Person

#### **Information**

##### 1/18 FINANCIAL UPDATE

The Chief Fire Officer welcomed Members to the meeting and then introduced the Director of Corporate Services who presented Members with a financial update which included: areas of uncertainty around the future of national and local funding, details of planned expenditure, a number of council tax options and associated funding gaps, details of savings made, reserves held and identified risks.

2/18 HMICFRS FINDINGS

The Deputy Chief Fire Officer presented to Members an update on Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) outcomes which included the Services current position and the next steps. He reminded Members that the inspection was focused primarily on three pillars; Effectiveness, Efficiency and People and each area would be graded as Outstanding, Good, Requires Improvement or Inadequate. It was noted that the report would be released to the public on 6<sup>th</sup> December 2018.

3/18 COLLABORATION

The Deputy Chief Fire Officer updated Members on the blue light collaboration progress, national best practice and business as usual activities. Members would be kept updated and progress was reported to the Authority through the Planning Committee.

4/18 MEMBERS USE OF ITRENT

The Director of Corporate Services discussed the benefits of the system and agreed with Members that training would be provided during February and March 2019 with the aim of going live for April 2019 claims.

5/18 IDRP STAGE 2 - DCP PENSIONABILITY

The Director of People and Development presented a report that outlined the background and current position in respect of the pensionability of the Day Crewing Plus Allowance as reported to the last Resources Committee.

6/18 GENERAL PENSIONS UPDATE

The Director of People and Development presented Members with details of the potential implications for the Authority following a Parliamentary update on 6 September 2018 on the actuarial valuations of the public service pension schemes which included the likely consequences of the valuations for employer contribution rates and member benefits.

7/18 EXECUTIVE BOARD AWAY DAY UPDATE

The Chief Fire Officer advised that following a recent Away Day for the Executive Board the Service was working on the Annual Service Plan which would be reported to the Authority through the Planning Committee.

**Business Risk**

None

**Environmental Impact**

None

**Equality and Diversity Implications**

None

**HR Implications**

None

**Financial Implications**

None

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact
N/A		
Reason for inclusion in Part II, if appropriate:		

M NOLAN  
Clerk to CFA  
LFRS HQ  
Fulwood

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## LANCASHIRE COMBINED FIRE AUTHORITY

### PERFORMANCE COMMITTEE

Thursday, 29 November 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

#### Councillors

S Holgate (Chairman)  
P Britcliffe  
S Clarke  
F De Molfetta (for M Tomlinson)  
M Khan (Vice-Chairman)  
M Parkinson (for Z Khan)  
M Perks  
D Smith  
D Stansfield

In accordance with the resolution of the predecessor Performance Review Committee at its inaugural meeting on the 30<sup>th</sup> July 2004 (Minute No. 1/04 refers), representatives of the LFRS, the Unions and Audit had been invited to attend all Performance Committee meetings to participate in discussion and debate.

#### Officers

J Johnston, Deputy Chief Fire Officer (LFRS)  
D Russel, Assistant Chief Fire Officer (LFRS)  
S Morgan, Head of Service Delivery (Pennine, Eastern and Southern) (LFRS)  
J Keighley, Assistant Member Services Officer (LFRS)

#### In attendance

T Tracey, Senior Operations Manager (NWFC)  
G Basson, Operations Manager (NWFC)

#### 6/18 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors L Beavers and M Tomlinson and Councillor Z Khan.

#### 7/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

8/18 MINUTES OF PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on the 13 September 2018 be confirmed as a correct record and signed by the Chairman.

9/18 PERFORMANCE MANAGEMENT INFORMATION

The Chairman, County Councillor Holgate welcomed Tessa Tracey, Senior Operations Manager and Ged Basson, Operations Manager, North West Fire Control (NWFC) who had been invited to present Members with an overview on how NWFC were improving their performance on call handling and how they managed the Moorland incidents during the summer months.

Mrs Tracey gave an update to Members on the total average breakdown of emergency calls that NWFC handled each year for each Fire and Rescue Service which included small fires, house and building fires, road traffic collisions with people trapped in vehicles, flooding both in buildings, local areas and environmental risks such as chemical and fuel spillages. In addition, NWFC looked after a diverse range of risk premises throughout the North West. To reassure Members with their issues regarding the time of call to time of mobilising, Mrs Tracey advised that NWFC had a target of 90 seconds and over the last two quarters the figures had remained quite static.

In relation to improving performance and working with Control Room Operators (CRO), NWFC was looking at the following:

- Automatic call distribution (ACD) system which distributed the calls between staff and presented the call to the CRO who had been available in the ACD for the longest time and if a CRO did not answer the call within 5 seconds it would ring around the room. In addition, NWFC was monitoring activity levels, ensuring CRO's were fully available and exploring staffing efficiencies.
- Time of call to time of mobilisation where each CRO had to complete 2 call handling self-assessments each month to make sure that they were applying the correct processes to their call handling.
- Specific incidents that take longer, rescues of persons in height and water and Road Traffic Incidents NWFC was going to work with the FRS's to investigate better ways of working.
- Bespoke call handling assessments for specific Fire and Rescue Services which would include Lancashire. This would include identifying the calls which were taking longer to handle and NWFC would work with Lancashire to address the issues.

In addition, NWFC was delivering a training strategy to all their staff in relation to emergency call management. This would make sure that all staff were following the staged (1 to 3) approach to emergency call handling system and the benefits of call challenge which reduced the number attendances to incidents were discussed.



NWFC had also employed an Information Data Manager. The role was to provide quality statistics to enhance the reporting and identify specific target areas for improvement.

Ged Basson, Operations Manager gave Members an overview on the water safety board project partnership working between United Utilities (UU), Fire and Rescue Services and NWFC to assist with call handling times in relation to rescue of persons in water. He explained that UU had paid for water safety boards in 3 lakes across Lancashire to reduce fatalities and injuries which would immediately identify the location of the caller which would improve performance and ensure a quicker call handling and response time. In addition, safety equipment was attached to the safety board to enable the caller to assist in rescuing the person in water. It was noted that UU was very impressed with the water boards and would be placing them around more lakes and would extend this across Cumbria, Cheshire and Merseyside.

Members were given an overview of the NWFC experiences of the Moorland incidents and how they maintained the Service during the Moorland fires. NWFC adopted their Spate Conditions way of working and when it became apparent the Moorland grass fires were increasing NWFC proceeded into this well-rehearsed way of working. In addition, staffing levels were increased and the training/resilience room was opened. It was noted that NWFC did continue to maintain fire cover within the key station areas throughout the period of the Moorland Fires and were extremely proud that throughout the intense period of activity that there were no fatalities in the North West region in relation to the Moorland Fires.

Members noted a comparison of Lancashire statistics during a 2 week period (26 June to 9 July 2018) between activity levels 2018/17 which gave an appreciation of the call volumes that NWFC was managing throughout that time. In relation to improving performance, NWFC had ongoing projects which included an upgrade to their integrated communications control system, this allowed an enhanced mobile phone location of caller to 5m radius which was due to go live on 30 April 2019. Other improvements would be the mobilising rules on the system (CRO's were required to read before mobilising) this would enhance the way they were presented to separate those that were for information only and those that would affect mobilisations.

The Chairman, County Councillor Holgate thanked Mrs Tracey and Mr Basson for their presentation and the Committee asked that Members' appreciation be extended to all those involved at NWFC.

In response to a question raised by Councillor Smith regarding an application for mobile phone location, Mr Basson confirmed that it was the same technology used by NWFC which allowed them to identify the callers' precise location.

In response to a question raised by Councillor Smith, Mrs Tracey advised that as part of the recruitment process for CRO it was not essential for them to speak additional languages. However NWFC had a system called 'Language Line'. This allowed a CRO to have access to an interpreter via a conference call. The CRO would then engage in the normal questioning technique. Quite often callers who could speak limited English did know their postcode.

In response to a question raised by County Councillor Clarke regarding call challenge, Mrs Tracey confirmed that the CRO's would advise the caller to call back if circumstances did change or if there was any doubt NWFC would make the attendance.

The Assistant Chief Fire Officer advised Members that this was the 2nd quarterly report for 2018/19 as detailed in the Risk Management Plan 2017-2022. In addition, the Assistant Chief Fire Officer reported that of the 6 negative Key Performance Indicators' (KPI) with the exception of 4.2.1 staff absence there were a number of inter related points to be considered for the reasons why they were in negative exception. The Assistant Chief Fire Officer emphasised that if the Service were reviewing incredibly high activity levels, particularly around grass fires this would have an impact on the KPI's in relation to deliberate fires and anti-social behaviour fires which in turn would affect the Service's ability to meet our emergency response standards and if the Service did not meet one KPI it would have an impact on the other 4 KPI's.

The report showed there were 6 negative KPI Exception Reports. An exception report was provided which detailed the reasons for the exception, analysis of the issue and actions being taken to improve performance.

Members focussed on the indicators where an exception report was presented and examined each indicator in turn as follows:-

## 1.2 Overall Activity

This indicator measured the number of incidents that the Service attended with one or more pumping appliances.

Quarter 2 activity 4,785, previous year quarter 2 activity 3,962, an increase of 20.77%.

Included within this KPI was the incident type 'Gaining Entry'. This was where LFRS had attended on behalf of the North West Ambulance Service. During quarter 2 we were asked to attend on 314 occasions, of which 163 resulted in the use of tools to gain entry to a property.

This was a negative exception report due to a single monthly point of the XmR chart being beyond the upper control limit.

Activity during July was the main cause of the exception with 2,150 incidents recorded; the highest single monthly activity since November 2008 (2,267) and greater than that recorded in June 2018 (1,928) which was responsible for quarter 1 being in exception. Members noted that July recorded an average of 69 incidents per day against the 10 year July average of 46. The activity levels had now reduced with August and September recording a below average activity count. Activity peaked on the 2 July at 120 pump attended incidents, which just surpassed the 114 recorded on 27 June and on 4 separate days peaked above 100 daily incidents. It was accidental and not secondary fires which accounted for the largest increase, raising to 404 during July; the largest single monthly count since 2005. This was a

38% increase on the 292 recorded in June. As reported in quarter 1 It was probable that the prolonged warm and dry weather which continued throughout July, contributed to the increase in secondary incidents. July recorded the lowest monthly rainfall in the North West region in the last 10 years and the highest July temperatures. These two casual factors would have had an effect on the conditions which increased the likelihood of fire, dry conditions, ignitable materials and the probability of people being in situations that could of led to a fire incident.

In terms of actions being taken to improve performance, it would be very difficult to specifically target an intervention which would result in a reduction of the overall activity. The Assistant Chief Fire Officer reassured Members that the Service Performance beyond quarter 2 had started to realign which should bring this KPI back in within the performance parameters. The Service would certainly expect to see realignment towards quarter 3 and if not within quarter 4 as the reason for this exception report was the high peak within one particular month.

### 1.6 Deliberate Fires

This indicator reported the number of primary and secondary fires where the cause of fire had been recorded as 'Deliberate'. Secondary fires were the majority of outdoor fires including grassland and refuse fires unless they involved casualties or rescues, property loss or 5 or more appliances attended. They included fires in single derelict buildings.

Deliberate Fire Type	2018/19 Quarter 2	2017/18 Quarter 2
1.6.1 Deliberate Fires – Anti-Social Behaviour	686	419
1.6.2 Deliberate Fires – Dwellings	28	35
1.6.3 Deliberate Fires – Non-Dwellings	17	41

This was a negative exception report due to a single monthly point of the XmR chart being beyond the upper control limit. The control limits were calculated based upon a standard deviation calculation of the previous 3 years activity.

High activity levels during July were the main cause of the Anti-Social Behaviour (ASB) KPI being in exception. This was the highest single monthly activity since April 2013 (521). It was noted that quarter 2 had recorded the exact same number of ASB fires as recorded during quarter 1 (687) Overall, the ASB levels in quarter 2 were 64% greater than that recorded in quarter 2 in 2017/18. Although each quarter recorded the same number of incidents there was a shift in activity within districts, Rossendale 45% decrease between quarter 1 and 2, however Chorley increasing by 45%, Wyre 24% decrease and Pendle 23% increase. The largest increases by property type were in: Other outdoors (including land) and Grassland, woodland and crops, which saw increases of 80% (78 incidents in June to 141 in July). KPI 1.6.2 (Deliberate Fires – Dwellings) and KPI 1.6.3 (Deliberate Fires – Non Dwellings) both recorded a decrease over quarter 1 and over quarter 2 of the previous year.

Members noted that even though the Winter Hill incident accounted for just one incident; it lasted for approximately 42 days. The subsequent impact on resources was shown in the critical fire response KPI's.

As these fires were caused by intent it was more difficult to target fire safe messages. However, as the increase appeared to coincide with the warm and dry period, a break in the weather could possibly lead to such incidents reducing to normal levels.

The Assistant Chief Officer reassured Members that the Service was confident that this KPI would realign within the appropriate performance parameter for quarter 3.

#### 2.1.1 Emergency Response Standards - Critical Fires – 1st Fire Engine Attendance

This indicator reported the 'Time of Call' (TOC) and 'Time in Attendance' (TIA) of the first fire engine arriving at the incident in less than the relevant response standard.

The response standards included call handling and fire engine response time for the first fire engine attending a critical fire, these were as follows:-

- Very high risk area = 6 minutes
- High risk area = 8 minutes
- Medium risk area = 10 minutes
- Low risk area = 12 minutes

The response standards were determined by the risk map score and subsequent risk grade for the location of the fire.

Standard: to be in attendance within response standard target on 90% of occasions.

Quarter 2 – 1st pump response 84.00%, previous year quarter 2 was 87.67%

This was a negative exception report due to critical fire 1st pump response being below the standard. Overall, quarter 2 pass rate was 84.76%, which was outside of the 90% standard and 2 percent tolerance.

After a 12 month period of this KPI being within standard the increase in activity due to warm weather, combined with the resource intensive incident of Winter Hill, caused this KPI to temporary dip below standard during quarters 1 and 2. The months of August and September were both within the 2% tolerance at 87.83% and 88.56% respectively, unfortunately the month of July was below the standard, with only 75% of critical fire incidents being within standard which led quarter 2 to return an overall pass rate of 84%. The response achieved to non-residential buildings, particularly private garden sheds, garages and permanent agricultural led to a reduction of the pass rate during quarter 2. Even though the resources engaged during the Winter Hill incident which lasted the whole of July and into the first week of August, did have a negative impact on critical fire response. It was noted during this period there were 149 critical fire incidents of which just 77.85% were attended within standard. The response to critical fire incidents in the week immediately following the Winter Hill incident stop message achieved 85.71%. The Officer in Charge was now required to provide a specific narrative from a set list for the failure to respond to an incident within standard. Analysis of quarter 2 narratives implied that the 'Extended travel distances to incident' which accounted for 48% of returns was the main reason for missed attendance times. This aligned with pumps having

to cover a wider area due to resources engaged at Winter Hill.

The reduction in performance appeared to have been related to the prolonged warm and dry weather period, particularly the Winter Hill incident. Once the incident had been closed and the Service moved into the autumn season, there had been an improvement in response back in line with that achieved during 2017/18. Heads of Service Delivery were implementing and monitoring performance measures to remedy deficiencies and drive improvement. Service Delivery Managers (SDM) were also monitoring crew reaction times and instigating local improvements where required. The importance of recording pump response failures had also been impressed upon SDM's which, in conjunction with mandatory completion and the use of defined failure reasons, would aid recording accuracy and develop understanding of failure reasons. It was hoped that on-going initiatives to address these issues would continue to improve performance.

County Councillor De Molfetta reported as the Service was unable to obtain the performance information from other Fire and Rescue Authorities to compare their activity levels, LFRS should be very satisfied with their performance for this quarter.

The Deputy Chief Officer advised Members that if the Service adapted its way of working to the number of raising incidents / activities this would prove to be very positive and the possibility of looking at the Service target parameters for next year was discussed which would be considered again at a future Planning Committee.

### 2.3 Fire Engine Availability – Wholetime, Day Crewing and Day Crewing Plus

This indicator measured the availability of fire engines that were crewed by Wholetime, day crewing and day crewing plus shifts. It was measured as the percentage of time a fire engine was available to respond compared to the total time in the period.

Fire engines were designated as unavailable for the following reasons:

- Mechanical
- Crew deficient
- Engineer working on station
- Appliance change over
- Debrief
- Lack of equipment
- Miscellaneous
- Unavailable
- Welfare

Annual Standard: Above 99.5%

Quarter 2 availability 99.30%, previous year quarter 2 - 99.47%

This was a negative exception report due to the cumulative RDS availability to the end of quarter 2 being below the 99.5% standard.

It was noted that this KPI had been very near the standard for some time, so the effect of the prolong Winter Hill incident had cause WT availability to drop below the 99.5% standard.

Members noted that the decrease in availability had started in June, being most pronounced in July and then increasing during August; then returning to above standard levels in September. These periods coincided with the Winter Hill incident, which started on the 28 June and the final stop message being sent on 8 August.

The reason of 'Crew welfare' featured most prominently during July as to why a pump was off the run. This was followed by 'Mechanical', 'Repairs' or 'Damage'. This was consistent with the geography of the moorland fire and the physical stress placed upon appliances over a prolonged period. A change in the process of recording the off the run reason by North West Fire Control (NWFC) would mean that instances of switch crewing, where a crew operates a special appliance in place of a pump, could be more easily filtered from the results. This would improve performance as the pump was technically available for use.

As the Winter Hill incident appeared to be related to the decrease in availability it was expected that this KPI would now return to normal levels. This was corroborated by the improvement in availability for the month of September, which was now within standard.

This KPI would continue to be monitored and the newly implemented off the run recording practices by NWFC could be included in the reporting process.

#### 2.4 Fire Engine Availability – Retained Duty System

This indicator measured the availability of fire engines that were crewed by the retained duty system. It was measured as the percentage of time a fire engine was available to respond compared to the total time in the period.

The percentage of time that RDS crewed engines were available for quarter 2 was 84.88%, previous year quarter 2 was 87.49%, a decrease of 2.85%.

The previous quarter (April to June 2018) recorded 88.92%.  
Annual Standard: Above 95%.

This was a negative exception report due to the cumulative RDS availability to the end of quarter 2 being below the standard and outside of the 2% percent tolerance.

Quarter 2 availability decreased by 4.04% over that achieved for quarter 1. With August recording the lowest RDS availability of the year to date 83.14%. The Winter Hill incident had highlighted in the exception report for KPI 2.3 as to the decrease in availability, which could also be used to explain the decrease in RDS availability during July and with a further drop during August could be attributed to the school holiday period to cover child care and the summer holiday season.

Local level monitoring continues with additional analysis at pump level showing that just 6 stations continued to account for the largest proportion of off the run hours, with these stations accounting for 48.8% of the total for the quarter.

KPI 2.4.1 measured RDS availability without Wholetime staff imports, so that a clear picture was available to assist monitoring. Continued analysis from that reported in quarter 1 showed that the number of RDS personnel who were successful in

obtaining a Wholetime position had impacted on available RDS hours. This was due to leaving the RDS service, being able to commit fewer hours due to Wholetime commitment or being unavailable due to development (Wholetime recruit course). With an ageing workforce, the loss of staff due to retirement also had an impact on the ability to fully crew an appliance and a number of retirements had occurred, along with a number of resignations, although some temporary which had also reduced coverage. The Retained Duty System Recruitment and Improvement Group was responsible for progressing areas for improvement, continuing to work on a number of ongoing actions which strived to deliver incremental improvements in order to strengthen and support the Retained Duty System.

It was expected that the new recruits who started in May 2017 would begin to have a positive impact on RDS crew availability when their respective qualifications of BA and BA Team Leader had been completed and they had gained experience to start acting up to cover the Officer In Charge role.

Similarly, some stations that had suffered from a lack of an available driver were expected to start to show improvements as staff members continued to build driving hours in preparation for their Emergency Fire Appliance Driving course. It was noted that there were stations where staff on dual contracts made up half of the RDS crew which impacted on RDS availability. It was noted that the Retained Support Officer (RSO) role would assist in some of these areas, particularly around recruitment and firefighter/officer development, and in conjunction with the various Strengthening and Improving work streams, the Service should see a positive effect on availability over time. The forthcoming Wholetime recruitment campaign was also being used as an opportunity to promote RDS vacancies. RSO's were supporting the 'Have a Go' days and would collate information from potential applicants.

#### 2.4.1 Fire Engine Availability – Retained Duty System (without Wholetime detachments)

Subset of KP1 2.4 and provided for information only

This indicator measured the availability of fire engines that were crewed by the retained duty system (RDS) when Wholetime detachments were not used to support availability. It was measured by calculating the percentage of time a fire engine was available to respond compared to the total time in the period.

Fire engines were designated as unavailable (off-the-run) for the following reasons:

- Manager deficient
- Crew deficient
- Not enough BA wearers
- No driver

The percentage of time that RDS crewed engines were available for quarter 2 was 80.04%. This excluded the WT detachments shown in KPI 2.4.

#### 4.2.1 Staff Absence – Excluding Retained Duty System

This indicator measured the cumulative number of shifts (days) lost due to sickness for all Wholetime, day crewing plus, day crewing and support staff divided by the

total number of staff.

Annual Standard: Not more than 5 shifts lost

Cumulative total number of monthly shifts lost 2.982

Quarter 2 results indicated the number of shifts lost through absence per employee being above the Service target for 3 months during quarter 2.

During quarter 2 (July 2018 to September 2018), absence statistics showed above target for all 3 months. Shifts lost showed a monthly increase from July through to September for uniformed personnel, however they still remained under the target for absence. Non-uniformed personnel were considerably above the target over all 3 months. The main reasons continued to be cases of mental health and muscular-skeletal. At the end of September the cumulative totals that non-uniformed staff absence was above target at 4.6 shifts lost per employee, for whole-time staff absence was below target at 2.4 shifts lost per employee. Overall absence for all staff with the exception of RDS was 2.9 shifts lost which was above the Service target of 2.50 shifts for this quarter.

Members noted that action taken continued to be early intervention by the Occupational Health Unit and where appropriate, issues around capability due to health issues were reviewed and addressed; the Service would continue to run leadership conferences to assist future managers to understand policy which included absence management; in addition, new actions had commenced which included support from the Service Fitness Advisors / Personal Trainers Instructors, promotion of health, fitness and wellbeing via the routine bulletin and employees were encouraged to make use of the Employee Assistance Programme.

The Chairman, County Councillor Holgate confirmed that the quarter 2 exception performance statistics were the consequences of an extreme situation, particularly during the months of June and July and the Service should be in an improved position in quarter 3.

## KPI 1 – Preventing and Protecting

### 1.3 Risk Map Score

This indicator measured the risk level in each neighbourhood (Super Output Area) determined using fire activity over the previous three fiscal years along with a range of demographic data.

The County risk map score was updated annually, before the end of the first quarter. An improvement was shown by a year on year decreasing 'score' value.

Score for 2015-2018 – 32,114, previous year score 32,398.

No exception report required.

### 1.3 Accidental Dwelling Fires

This indicator reported the number of primary fires where a dwelling had been affected and the cause of the fire had been recorded as 'Accidental' or 'Not known'.



Quarter 2 activity 197, previous year quarter 2 activity 208, a decrease of 5%.

Total number of Accidental Dwelling Fires – Year to Date, 411  
No exception report required.

### 1.3.1 Accidental Dwelling Fires – Extent of Damage

This indicator reported the number of primary fires where a dwelling had been affected and the cause of the fire had been recorded as ‘Accidental or Not known’ presented as a percentage extent of fire and heat damage.

Extent of fire and heat damage was limited to: Item ignited first, limited to room of origin, limited to floor of origin and spread beyond floor of origin.

\*The ADF activity count was limited to only those ADF’s which had an extent of damage shown above. An improvement was shown if the total percentage of ‘Item first ignited’ and ‘Room of origin’ was greater than the comparable quarter of the previous year.

Percentage of accidental dwelling fires limited to item 1st ignited in quarter 2, 27%, quarter 2 of previous year 23%. Percentage limited to room of origin in quarter 2, 60%, quarter 2 previous year 61%, limited to floor of origin in quarter 2, 8%, quarter 2 previous year 7% and spread beyond floor 5%, previous year 9%.  
No exception report required.

### 1.3.2 Accidental Dwelling Fires – Number of Incidents where occupants have received a Home Fire Safety Check

This indicator reported the number of primary fires where a dwelling had been affected and the cause of fire had been recorded as ‘Accidental or Not known’ by the extent of the fire and heat damage. The HFSC must be a completed job (i.e. not a refusal) carried out by LFRS personnel or partner agency. The HFSC must have been carried out within 12 months prior of the fire occurring.

	2018/19		2017/18	
	ADF’s with previous HFSC	% of ADF’s with previous HFSC	ADF’s with previous HFSC	% of ADF’s with previous HFSC
Q1	21	10%	15	6%
Q2	15	8%	20	10%
Q3			15	6%
Q4			18	8%

Of the 15 accidental dwelling fire incidents that had received a HFSC within the previous 12 months, 7 had ‘heat and smoke damage only’, 2 resulted in damage ‘limited to item first ignited’ and 6 ‘limited to room or origin’.  
No exception report required

### 1.7 Accidental Dwelling Fire Casualties

This indicator reported the number of fire related fatalities, slight and serious injuries at primary fires where a dwelling had been affected and the cause of fire had been recorded as 'Accidental or Not known'. A slight injury was defined as; a person attending hospital as an outpatient (not precautionary check). A serious injury was defined as; at least an overnight stay in hospital as an in-patient.

Casualty Status	2018/19 Quarter 2	2017/18 Quarter 2
Fatal	1	0
Victim went to hospital visit, injuries appeared Serious	1	1
Victim went to hospital visit, injuries appeared Slight	9	10
TOTAL	11	11

No exception report required.

### 1.8 Accidental Building Fires (Non-Dwellings)

This indicator reported number of primary fires where the property type was 'Building' and the property sub type did not equal 'Dwelling' and the cause of fire had been recorded as 'Accidental' or 'Not known'.

Total number of incidents	2018/19 Quarter 2	2017/18 Quarter 2
	92	88

No exception report required.

#### 1.5.1 Accidental Building Fires (Non-Dwellings) – Extent of Damage

This indicator reported the number of primary fires where the property type was a building and the property sub-type was not a dwelling and the cause of fire had been recorded as 'Accidental or Not known' presented as a percentage extent of fire and heat damage.

This indicator showed the total number of Accidental Building Fires where damage was limited to room of origin, limited to floor of origin and spread beyond floor of origin.

\*The ABF activity count was limited to only those ABF's which had an extent of damage shown above.

An improvement was shown if the total percentage of 'Item first ignited' and 'Room of origin' was greater than the comparable quarter of the previous year.

Quarter 2 Accidental Building Fires activity, 90: -

	2017/18					2017/18			
	ADF activity	Item 1 <sup>st</sup> ignited	Room of origin	Floor of origin	Spread beyond floor of origin	Item 1 <sup>st</sup> ignited	Room of origin	Floor of origin	Spread beyond floor of origin
Q1	90	8%	37%	17%	39%	18%	30%	13%	39%
Q2	75	13%	28%	19%	40%	31%	34%	12%	23%
Q3						21%	42%	15%	22%
Q4						20%	41%	14%	26%

No exception report required.

### 1.7 High / Very High Risk Home Fire Safety Checks

This indicator reported the percentage of completed Home Fire Safety Checks (HFSC), excluding refusals, carried out where the risk score had been determined to be either high or very high.

	2018/19	2017/18
	% of High and Very High HFSC outcomes	% of High and Very High HFSC outcomes
Q1	66%	68%
Q2	67%	72%
Q3		68%
Q4		71%

No exception report required.

### 1.8 Road Safety Education Evaluation

This indicator reported the percentage of participants of the Wasted Lives and RoadSense education packages that showed a positive change to less risky behaviour following the programme; based on comparing the overall responses to an evaluation question before and after the course.

During quarter 2 the 'Safe Drive Stay Alive' programme had been seen by 981 students.

There was a total of 5,983 participants during quarter 2, with a percentage of positive influence on participants' behaviour for the current year to date of 85%.

	2017/18 (cumulative)		2017/18 (cumulative)	
	Total participants	% positive influence on participants' behaviour	Total participants	% positive influence on participants' behaviour
Q1	5002	85%	1441	85%
Q2	5893	85%	2259	85%
Q3			3938	85%
Q4			10228	85%

No exception report required.

#### 1.9.1 Fire Safety Enforcement – Known Risk

This indicator reported on the percentage of premises that have had a Fire Safety Audit as a percentage of the number of all known premises in Lancashire to which The Regulatory Reform (Fire Safety) Order 2005 applied.

Number of premises	Number of premises audited to date	% of all premises audited Year end: 2018/19	% of all premises audited Year end: 2017/18
33759	18286	54%	55%

No exception report required.

#### 1.9.2 Fire Safety Enforcement – Risk Reduction

This indicator reported the percentage of Fire Safety Audits carried out within the period resulting in enforcement action. Enforcement action was defined as one or more of the following: notification of deficiencies, action plan, enforcement notice, alterations notice or prohibition notice.

Period	Satisfactory audits 2018/19	Requiring formal activity – 2018/19	Requiring informal activity – 2018/19
Q1	24%	4%	70%
Q2	30%	10%	56%
Q3			
Q4			

No exception report required.

### KPI 2 – Responding to Emergencies

#### 2.1.2 Critical Fire Response – 2<sup>nd</sup> Fire Engine Attendance

This indicator reported the time taken for the second fire engine to attend a critical fire incident measured from the time between the second fire engine arriving and the time it was sent to the incident. The target is determined by the risk map score and subsequent risk grade for the location of the fire.

Standard: to be in attendance within response standard target on 85% of occasions.

Quarter 2 – 2<sup>nd</sup> pump response 82.48%, previous year quarter 2 was 88.03%

No exception report required.

#### 2.2.1 Critical Special Service – 1<sup>st</sup> Fire Engine Attendance

This indicator measured how long it took the first fire engine to respond to critical non-fire incidents such as road traffic collisions, rescues and hazardous materials

incidents. For those incidents there was a single response standard which measured call handling time and fire engine response time. The response standard for the first fire engine attending a critical special call less 13 minutes.

Standard: To be met on 90% of occasions

Quarter 2 results 90.78% achieved against a target of 90%, previous year quarter 2, 87.27%.

No exception report required.

## 2.5 Staff Accidents

This indicator measured the number of staff accidents.

Total number of staff accidents 2018/19 – Year to Date, 38

Quarter 2 results indicate percentage pass within standard

No exception report required.

## KPI 3 – Delivering Value for Money

### 3.1 Progress Against Savings Programme

Annual budget for 2018/19 - £54.8m

Budget to end of September 2018 as reported to Resources Committee - £27.8m

Spend for the period to date was £28.1m

Overspend for the period £0.3m

Variance 0.55%

No exception report required.

### 3.2 Overall User Satisfaction

Total responses 1955; number satisfied 1936

% satisfied 99.03 against a standard of 97.50

Variance 1.57%

There had been 1955 people surveyed since April 2012.

In quarter 2 of 2018/19 – 95 people were surveyed. 92 responded that they were 'very satisfied' or 'fairly satisfied' with the service they received.

No exception report required.

## KPI 4 – Engaging With Our Staff

### 4.1 Overall Staff Engagement

This indicator measured overall staff engagement. The engagement index score was derived from the answers given by staff that related to how engaged they felt with the Service.

A comprehensive survey was undertaken during April/May 2018 on topics including internal communications, working for LFRS, organisational values, leadership and management, training and development and recognition. The survey also covered

feelings of pride, advocacy, attachment, inspiration and motivation – factors that are understood to be important features shared by staff who are engaged with the organisation. These questions mirror those asked in the Civil Service People Survey.

An improvement is shown if the percentage engagement index is greater than the previous survey.

	Period		Change
	2018/19	2016/17* <small>* Period 3, 2016/17</small>	
Number of Replies	489	141	247%
Engagement Index	70.13%	64%	6.13%

No exception report required

#### 4.2.2 Staff Absence – Retained Duty System

This indicator measured the percentage of contracted hours lost due to sickness for all retained duty staff.

Annual Standard: Not more than 2.5% lost as % of available hours of cover

Quarter 2 results indicate percentage pass within standard

Cumulative retained absence (as % of available hours cover) 0.86%

No exception report required.

RESOLVED:- That the Performance Committee endorsed the quarter 2 measuring progress report and noted the contents including the 6 negative key performance indicator exception reports.

#### 10/18 DATE OF NEXT MEETING

The next meeting of the Committee would be held on 14 March 2019 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 27 June 2019, 19 September 2019 and 28 November 2019.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood

## LANCASHIRE COMBINED FIRE AUTHORITY

### PLANNING COMMITTEE

Monday, 26 November 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

##### Councillors

M Parkinson (Chairman)  
S Blackburn  
I Brown  
F De Molfetta (for T Martin)  
J Eaton  
N Hennessy  
F Jackson (Vice-Chair)  
M Khan  
D O'Toole  
J Shedwick

##### Officers

J Johnston, Deputy Chief Fire Officer (LFRS)  
D Russel, Assistant Chief Fire Officer (LFRS)  
B Norman, Head of Service Development (LFRS)  
T Murrell, Group Manager, Response and Emergency Planning (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)  
J Keighley, Member Services Assistant (LFRS)  
1/18 APOLOGIES FOR ABSENCE

Apologies were received from County Councillor T Martin.

#### 2/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 3/18 MINUTES OF PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on the 19 March 2018 be confirmed as a correct record and signed by the Chairman.

#### 4/18 PREVENTION STRATEGY

AM Norman presented the report. Lancashire Fire and Rescue Service (LFRS) aimed to prevent fires and other emergencies such as road traffic collisions, flooding, wildfire and search and rescue activities from happening in the first place to make Lancashire safer. LFRS focussed efforts on helping people start safe, live safe, age safe and use our roads safely; targeting our resources at those most vulnerable.

LFRS recognised their contribution to the wider community safety agenda and further work towards Making Lancashire Safer through engagement with local communities and partner organisations to raise awareness about fire risk.

The Prevention Strategy, as now considered by Members captured the prevention offer under the four themes of start safe, live safe, age safe and road safety. The Prevention Strategy supported the Integrated Risk Management Plan and demonstrated our commitment to community safety. It set out how goals would be achieved, how prevention activities would be structured including safe and well visits and it detailed how success would be measured.

CC D O'Toole commented that the main aim was to prevent fire and although over the years there had been drastic reductions in fire deaths and greater awareness of fire safety he remained concerned that the change from the general provision of free smoke alarms to the more targeted approach now taken was a retrograde step. In addition, he was concerned that people could have difficulty with replacement alarms if they proved faulty as the process now was to directly phone the supplier who would send a replacement through the post. CC Shedwick commented that the battery life on some of the fire alarms was an ongoing concern. The Assistant Chief Fire Officer confirmed that there was a period where the alarms installed were fitted with defective batteries and this was an issue not just specific to Lancashire. He did think however, that given time this issue would be resolved.

CC Hennessy queried whether LFRS was able to respond to Lancashire County Council consultations regarding road conditions and the building of housing estates. AM Norman confirmed that LFRS was consulted and did respond to those that were relevant including: setting out standards required to enable space and turning circles for fire appliances and commenting on housing developments to reinforce our road safety messages. He confirmed that the LFRS advised putting sprinklers in all properties and ensured housing developers took responsibility for the provision of water (cost and maintenance of hydrants).

In relation to how goals would be achieved through the use of intelligence, CC Hennessy asked for clarification on what processes were involved and how the data was shared. AM Norman advised that information was received from a number of other organisations; the most significant recently was a springboard data return which provided information for adult social care which included data on whether there was a care plan in place, medical issues identified etc. It was noted that the Assistant Chief Fire Officer attended Lancashire Health and Wellbeing Board and internal analysis identified what our campaigns should be.

In response to a comment by CC Shedwick that it was important to collect data to identify hot spot areas to inform changes to speed limits the Assistant Chief Fire Officer advised that LFRS was a member of the Lancashire Road Safety Partnership (LRSP) and when an individual was killed or seriously injured an analyst who worked for the LRSP made a case for infrastructure changes or a reduction in the speed limit.

RESOLVED: - That the Prevention Strategy be approved.



The Deputy Chief Fire Officer presented the report. During spring 2018, three Fire and Rescue Services were chosen by the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) as Pilot Fire Services to help shape the new Fire Service inspection programme (West Yorkshire, Suffolk and Staffordshire Fire and Rescue Service).

The lead HMICFRS Inspector for the Northern Region, Her Majesty's Inspector Matt Parr, had a vast experience in inspecting Police Forces and the Royal Navy. The HMICFRS Service Liaison Lead (SLL) was appointed to lead the inspection team in Lancashire was David Dryburgh, an experienced Fire Officer from North Yorkshire Fire and Rescue Service. His inspection team was made up of between ten and twelve inspectors who had a range of skills and expertise from across the Fire, Police and Civil Service sector.

The inspection programme would span approximately a two year period and be phased into three tranches. Each tranche of inspections would contain 15 Fire and Rescue Services. Lancashire Fire and Rescue Service were placed in the first tranche and were consequently inspected in July 2018.

In order for the HMICFRS to fully understand LFRS, our planning strategy and our journey to get here, the inspection consisted of a number pre-inspection visits by our SLL. He visited a number of stations and key strategic meetings to help gain an insight and understanding into our planning, performance and delivery of our Integrated Risk Management Plan (IRMP).

We were also required to undertake a self-assessment and provide a number of data set returns based on questions around efficiency, effectiveness and people. The pre-inspection work was designed to identify key lines of enquiry that the HMICFRS would investigate further during our inspection week.

The Executive Board led by our Chief Fire Officer and accompanied by the Combined Fire Authority (CFA) Chair were required to present a strategic briefing to HMI Matt Parr and his Inspection team two weeks prior to the inspection week to outline our strategic vision and future planning. This provided the HMICFRS with an opportunity to question the Executive Board on our self-assessment submission and identify further key lines of enquiry to be investigated during our inspection week.

The first tranche of inspections had now been completed and the Fire and Rescue Services involved had received their initial preliminary reports. We had reviewed our report for accuracy and any observations identified had been fed back to the HMICFRS inspection team. The final reports were due to be published publicly in early December 2018. It was noted that the publication initially expected on 6 December 2018 had now been delayed to the following week given the publication of the draft government financial settlement was scheduled for 5 December 2018.

The second tranche of inspections would commence in November 2018 and continue into early New Year where they would then be moderated and their results published prior to tranche three inspections commencing in the spring of 2019.

Lancashire Fire and Rescue Service had built a professional relationship with our SLL throughout the inspection process and was continuing to engage with him on a regular basis post-inspection, to help maintain that relationship and support ongoing

service improvements.

An internal and external communications strategy to support the release of the report in December was being designed and this would continue to help embed the HMICFRS inspection programme into business as usual working for the Lancashire Fire and Rescue Service and further enhance our strong community engagement.

A further briefing of the report was scheduled for the December CFA meeting.

RESOLVED: - That the report be noted and endorsed.

#### 6/18 BLUE LIGHT COLLABORATION

AM Norman presented the report. Following the introduction of the Policing and Crime Act 2017 Lancashire Fire and Rescue Service (LFRS) and Lancashire Constabulary had formalised the ongoing Blue Light Collaboration work in order to deliver the most effective and efficient services.

The report detailed the work delivered to build upon the initial work which focussed upon the drafting of an operational statement of intent and initial blueprint documents. There were 4 projects that had concluded, delivering benefits with minimal resources allocated. Further projects remained ongoing at an informal level whereby resources and timescales were low impact.

To ensure that the strategic intent was fully understood and supported DCFO Johnston visited the Lancashire Constabulary control centre at Hutton to witness the scale and scope of their demand management processes first hand. This also provided an opportunity to witness the work of the duty Force Incident Manager. To understand the impact of the demand, the experiential visit was then extended to Preston Operating Centre whereby the DCFO joined response officers in their duties witnessing a Friday evening and night-time economy shift.

It was noted that there were a small number of significant projects being developed in readiness for scoping reports to be presented to the Collaboration Executive Board early in 2019. Those projects had leads appointed at Head of Department level and this work was being supported by the recent appointment of a shared resource in the format of a Programme Administrator. Significant projects would be reported to the Authority for decision via this committee.

In response to Members concerns that the costs of the joint work were equally shared, AM Norman confirmed that cost savings analyses were undertaken as part of the process and shared funding was one of the key tasks for the new Programme Administrator.

Councillor Blackburn advised that the Lancashire Leaders Group had looked at demand management given the worry that collaboration could enable the inappropriate takeover of another partner's responsibilities. The Deputy Chief Fire Officer advised that time had been spent analysing demand including visits to other blue light services to pull intelligence together.

RESOLVED: - That the report be noted and endorsed.

#### 7/18 CONSULTATION STRATEGY

The Authority had a consultation strategy which provided a framework through which it could seek public opinion on major change issues.

Each year the Planning Committee reviewed the strategy as now considered by Members to assure continued compliance with guidance or legislation and to incorporate learning from any public consultation exercises undertaken.

The review concluded that the strategy continued to be legally compliant and in line with good practice.

RESOLVED: - That the Committee noted and endorsed the consultation strategy.

## 8/18 BUSINESS CONTINUITY PLAN TEST

Lancashire Fire and Rescue Service (LFRS) was required to have effective business continuity arrangements in place in order to comply with the Civil Contingencies Act 2004 and National Framework.

In June-August 2018 LFRS attended a wildfire on Winter Hill that led to the activation of the LFRS Business Continuity Plan (BCP). The scale and severity of operational activity during this period delivered a far more thorough test of business continuity plans than could be simulated through exercise.

Group Manager Tim Murrell advised Members that the business continuity management system consisted of policy and strategic, tactical and operational plans which were reviewed and tested every year and audited every 2 years.

The Winter Hill major incident had provided the greatest test to business continuity in the past 30 years. The learning had been extensive and a separate BCP debrief had been held. Findings from the debrief included: that our current BCP triggers did not take full account of exceptional activity levels; the BCP concentrated on 'loss' rather than 'use'; earlier activation of the BCP was required in the future and once activated, support departments could use their resources to improve operations. A new plan had therefore been created to provide greater monitoring of business continuity; new triggers would activate a Critical Incident Team who would automatically consider the need for a full activation of the BCP and other relevant plans. Critical incident triggers included: spate conditions/severe weather, pump availability, major incident declarations, serious injuries to staff and any other event deemed necessary to protect business continuity.

In response to a question raised by CC O'Toole regarding the response to unexpected incidents such as the Manchester Arena bombing, GM Murrell advised that LFRS was part of the Lancashire Resilience Forum who were a group of organisations that worked together to prepare and share resilience plans to respond to emergencies in Lancashire. In addition the Assistant Chief Fire Officer reassured Members that at a strategic level, Lancashire was in a strong position to enable timely conversations should such a major incident occur. He confirmed that periodic informal discussions were held with the Police at a senior officer level in order to make the right decisions to affect the best possible outcome for the people of Lancashire.

In response to a question raised by CC N Hennessy the Assistant Chief Fire Officer

advised that the Service had well-established and well-embedded operational assurance with an Operational Assurance Group that continually reviewed learning from incidents. He advised that the full debrief report from Winter Hill would be considered by the Senior Management Team at their next meeting and that there were approximately 50 actions under the 3 headings of: Business Continuity, Operational Pre-Planning and Operational Response. Members requested that this be a topic at a future Strategy Group meeting.

RESOLVED: - The Planning Committee endorsed the use of the Winter Hill operational incident as the annual business continuity test.

9/18 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Monday, 18 March 2019 at 1000 hours in the main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 15 July 2019 and agreed for 25 November 2019.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood

## LANCASHIRE COMBINED FIRE AUTHORITY

### AUDIT COMMITTEE

Tuesday, 29 January 2019, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

### PRESENT:

#### Councillors

S Clarke  
S Holgate  
A Kay  
M Khan  
J Shedwick (Vice-Chair)  
D Smith  
M Tomlinson (Chairman)

#### Officers

K Mattinson, Director of Corporate Services (LFRS)  
J Johnston, Deputy Chief Fire Officer (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)  
J Keighley, Member Services Assistant (LFRS)

#### In attendance

R Tembo, External Audit, Grant Thornton  
J Taylor, Internal Audit, Lancashire County Council

#### 23/18 APOLOGIES FOR ABSENCE

None received.

#### 24/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 25/18 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 27 September 2018 be confirmed as a correct record and signed by the Chairman.

#### 26/18 EXTERNAL AUDIT PLAN 2018-19

The external auditors were required to produce an annual audit plan, setting out the areas it intended to review during the year. After submitting apologies on behalf of Mr Robin Baker, Engagement Lead, Mr Richard Tembo, Engagement Manager presented the report.

Mr Tembo advised that the report gave Members of the Audit Committee an overview of the scope of the statutory audit and included: key matters that impacted on the audit, details of significant risks identified, other audit responsibilities, materiality, value for money arrangements, audit logistics, team and fees and plans to meet the audit timeframe.

In response to a question raised by CC Kay, Mr Tembo clarified that the greatest risk of material mis-statement related to miscellaneous and other invoiced income as this was comprised of numerous individual transactions from various sources. The Director of Corporate Services advised that the auditors checked each year that the estimated income was reasonable and accurate.

In response to a question raised by CC Holgate regarding the valuation of the pension fund net liability, Mr Tembo advised this was based on an estimate of the actuaries and for the Authority there were two i) the government department and ii) local government pension scheme. He confirmed that experts were employed to assist the auditors to give a conclusion. The Director of Corporate Services explained that Brexit should not impact on the firefighter fund as it was not asset backed however, it could impact on the local government pension scheme given it was asset backed. Details of the potential impact were unknown and would only be available once a valuation was complete.

In response to a question raised by CC Shedwick the Director of Corporate Services confirmed that with effect from 2018 the statutory date for publication of the accounts had been brought forward to 31 July. He advised that the Audit Findings Report (which summarised the conclusions from the auditors work undertaken as part of the year-end audit of accounts) would be presented to the July meeting of this Committee with the Audit Letter (which provided an overall assessment of the Authority's performance) to be presented in September.

The audit fee was £23.7k which was in line with those previously reported and within the budget.

RESOLVED:- That the Audit Committee agreed the external audit plan for 2018/19.

#### 27/18 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE

The Committee considered a report from the External Auditors presented by Mr Tembo which detailed progress at January 2019 in relation to the financial statements and value for money conclusion for 2018/19. The report also set out what the External Auditors would do and their planned completion date.

In addition the report included sector issues which provided an up to date summary of emerging national issues and developments to support the Authority/Committee.

RESOLVED:- That the Audit Committee noted and endorsed the report.

#### 28/18 INTERNAL AUDIT MONITORING REPORT

The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report covering the period from 1 April 2018 to 11 January 2019 was presented by Judith Taylor. It was noted that work carried out during this period was

in accordance with the agreed audit plan and no significant issues had been identified which needed to be brought to the attention of the Committee.

The report identified that 33 days had been spent this financial year on the completion of the 2018/19 plan which equated to 41% of the total planned audit activity of 80 days. This figure did not however reflect the progress made in completion of planned assignments due to individual savings being made against budgeted audit days.

Progress to date in relation of the plan was provided and discussed by Members.

It was noted that the fieldwork had begun to review the HR and Payroll business processes and that a draft report on the business continuity arrangements was with Mrs Taylor for consideration.

In terms of follow up activity Mrs Taylor confirmed the auditors were part way through the reviews of the rota management and training, learning and development business processes.

Mrs Taylor advised that after liaising with the Director of Corporate Services, assurance regarding the adequacy and effectiveness of the administration of the Fire Pension Schemes would be obtained directly from the internal auditors of the Local Pension Partnership Fund, in addition following release of the HMICFRS inspection report, she had liaised with the Director of Corporate Services regarding the identification of an audit review to utilise the contingency provision with the audit plan which would involve audit providing support into a recently scoped Service Delivery Programme item into Optimising Front Line Availability.

RESOLVED: - That the Committee noted and endorsed the report.

#### 29/18 CONSULTATION ON 2019/20 SCALES OF AUDIT FEES

Public Sector Audit Appointments Limited (PSAA) (the successor to the Audit Commission) had produced a consultation document on the proposed scale of fees for 2019/20 audits in which it was proposed to maintain the fees at the current level of £24k.

The consultation closed on 17 December 2018. Given that no change was proposed and after consultation with the Chairman and Vice-Chairman it was agreed not to submit a formal response to the document.

RESOLVED:- That the Audit Committee noted and endorsed the consultation document as set out in the report.

#### 30/18 RISK MANAGEMENT

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had not identified any new risks which warranted inclusion on the corporate risk register and of the existing risks, nine had been reviewed.

An updated corporate risk register was considered by Members with changes summarised in the report.

The Director of Corporate Services confirmed that Brexit was not on the risk register however, this was under review by the Lancashire Resilience Forum.

In response to a question raised by CC Kay in relation to risk number 12, regarding ineffective health and safety in the workplace, the Director of Corporate Services confirmed that the Service had a dedicated Safety, Health and Environment department and there were representatives on station. Independent verification of standards for Environmental Management and Health and Safety Management systems were undertaken annually with re-certification every 3 years. Both standards were recommended for continued certification following the last re-certification audit in February 2018. It was noted that the Safety, Health and Environment systems assessment audit outcome was presented annually to the Resources Committee, the minutes of which were subsequently reported to the Authority.

In response to a further question from CC Kay in relation to risk number 13, regarding lack of effective information management, the Director of Corporate Services provided reassurance that training modules were available for all staff regarding data protection and GDPR to increase staff knowledge and engagement with the subject.

RESOLVED: - That the Audit Committee noted the actions taken, endorsed the revised corporate risk register.

#### 31/18 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 2 April 2019 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 23 July 2019 and 24 September 2019 and agreed for 28 January 2020.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood



## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on 18th February 2019

### **PAY POLICY STATEMENT FOR 2019/2020**

Contact for further information:

Bob Warren, Director of People & Development – 01772 866804

#### **Executive Summary**

In accordance with the provisions of the Localism Act 2011 a pay policy statement for 2019/20 has been prepared.

The pay policy publishes data on senior salaries and the structure of the workforce and demonstrates the principles of transparency.

The pay policy statement sets out the Authority's policies for the financial year relating to:

- The remuneration of its chief officers;
- The remuneration of its lowest paid employees;
- The relationship between the remuneration of its chief officers and that of other employees who are not chief officers.

The statement includes :-

- The level and elements of remuneration for each chief officer;
- Remuneration range for chief officers on recruitment;
- Methodology for increases and additions to remuneration for each chief officer;
- The use of performance-related pay for chief officers;
- The use of bonuses for chief officers;
- The approach to the payment of chief officers on their ceasing to hold office under, or be employed by, the authority, and
- The publication of and access to information relating to the remuneration of chief officers.

It also includes the Authority's policies for the financial year relating to other terms and conditions applying to its chief officers.

#### **Recommendation**

The Authority is asked to approve the Pay Policy Statement.

#### **Information**

The approval of a pay policy statement cannot be delegated by the Authority to a Panel. The Fire Authority's pay statement must be approved by the 31st March each year. It is recognised when Executive Board pay is raised it will be tightly scrutinised by elected members, staff within the Service and members of the public.

The Authority is asked to approve the Statement hereunder.

## **Lancashire Fire Authority Pay Policy Statement**

### **Introduction**

In accordance with the Localism Act 2011 (Chapter 8 Sections 38 to 43) Lancashire Fire Authority is required to produce a pay policy for each financial year.

Any decision under powers delegated to the Authority's Constitution with regard to remuneration to be taken in 2019/20 will be bound by and must comply with the 2019/20 Statement.

The Director of People & Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.

In general terms the Fire Authority recognises terms and conditions negotiated nationally by the National Employers with the National Employees' bodies for 3 distinct staff groups. These are:

- National Joint Council for Brigade Managers (referred to in Lancashire Fire Authority as Principal Officers) of Local Authority Fire and Rescue Services (commonly referred to as 'Gold Book');
- National Joint Council for Local Government Services (commonly referred to as 'Green Book');
- National Joint Council for Local Authority Fire and Rescue Services (commonly referred to as 'Grey Book').

Under the definitions provided for within the Act, the officers included in this pay statement are the Chief Fire Officer (CFO), Deputy Chief Fire Officer (DCFO), Assistant Chief Fire Officer (ACFO), Director of Corporate Services (DoCS) and Director of People & Development (DoPD).

The Treasurer responsibilities are undertaken by the Director of Corporate Services.

The Monitoring Officer duties are undertaken by the Clerk to the Authority who is engaged on a contract for services basis.

The Fire Authority has delegated responsibility for any local terms and conditions, including remuneration for chief officers, to the Appointments Panel/Succession Planning Sub-Committee.

A chosen natural internal benchmark for Chief Officer pay is the percentage rise in firefighters pay. This is the standard for the majority of staff within the Service and has been deemed affordable and proportionate by the National Joint Council (NJC) for Local Authority Fire and Rescue Services. It has previously been agreed that the Chief Fire Officer's pay with the established linkages for other Executive Board members should rise by the same amount as firefighters when they receive their annual award. The linkage was originally agreed to last for five years and when

reviewed in 2018, it was determined to continue the current arrangement, until it was determined a different mechanism was necessary.

Any pay rise will be subject to a satisfactory performance evaluation. This will be undertaken with the Chair of the Authority with regard to the Chief Fire Officer, who will in turn appraise his staff. These appraisals determine increases in basic salary; no bonus payments are made to Executive Board members.

Information relating to chief officers pay and benefits in kind is found in the Fire Authority's Statement of Accounts and on the Authority's website.

### **Objectives of the Policy**

The Fire Authority creates and sustains a competent, motivated and well led workforce, to meet current and future organisational needs and to be an employer of choice with improved working practices, work life balance, personal development, health and well-being and fair pay. We are committed to striving to achieve fairness in pay and reward structures across all occupational groups taking into account all the employment relationships that exist.

Changes from national negotiations generally take place each year, in January (Gold Book), April (Green Book) and July (Grey Book). The Fire Authority's policy is to implement national agreements, amended as needed to meet local needs.

Pay increase in 2018/2019 were:

- 2% for staff covered by the "grey book" (wef 1 July 2018); as an interim payment
- The second year of a two year settlement (2% wef 1 April 2018) for 'green' book posts
- 2% for Principal Officers (wef 1 July 2018), in accordance with the agreed linkage to "grey book" staff and satisfactory performance. The Principal Officers have advised the Chairman that they would voluntarily forfeit any increase above 2%.

The next anniversary dates for "grey book" and Principal Officers pay is anticipated to be 1 July 2019, whilst the green book pay-award effective date will be April 2019.

In addition to pay the national agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on Authority business. The Authority pays car allowances in accordance with these national scales.

There are 4 Pension schemes in existence; the Firefighters' Pension Scheme (which became closed to new entrants in 2006), the New Firefighters' Pension Scheme (which became closed to new entrants on establishment of the 2015 scheme), the Firefighters' 2015 Pension scheme and the Local Government Pension Scheme.

All employees may join a pension scheme which is relevant to their occupational group. The operative schemes are statutory schemes with contributions from employers and the employees.

The Local Government Pension Scheme provides for flexible retirement for which the Fire Authority has approved a Policy statement.

The Firefighters' Pension Schemes allow for re-engagement after retirement. In the unlikely event this is considered, any utilisation of this option is subject to approval by the Authority based on a business case and demonstrated need and will involve abatement.

There are 3 pay grades for Grey Book staff (trainee, in development and competent), a spinal column system for Green Book staff where the policy is to start any appointee on the lowest point of the pay grade, save for where an applicant brings specific skills or experience to a post. In respect of Gold Book staff, they are appointed within a range and progress by incremental movement subject to performance until the maximum of the range is reached.

The "green book" grading is determined and underpinned by the Local Government Job Evaluation Scheme. The salaries utilised are above the 'living wage'.

A lease car scheme is available to the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer and those Grey Book Managers who are conditioned to the flexible duty system for operational cover alternatively a provided car is available or an essential users scheme is in operation.

Delegated powers for the payment of honoraria lie with the Chief Fire Officer.

### **Individual Chief Officers**

Changes to chief officer salaries are approved by the Fire Authority.

The chief officers are conditioned to the Gold Book terms and conditions of employment.

A facility exists for the chief officers (either singularly or collectively) to present a case to the Authority (via the Chairman) for a salary increase based on evidence, the overall performance of Lancashire Fire & Rescue Service and an annual appraisal.

The relationship between the salaries of the Chief Fire Officer and the other chief officers has been as follows: DCFO 85%, ACFO 80%, DoCS and DoPD 64%. Due to changes in the minima and maxima of the Chief Fire Officer's salary this linkage will be broken in this pay statement year.

Lancashire Fire Authority does not operate a bonus scheme or performance related pay for chief officers.

Chief Officers may claim reimbursement for expenses incurred in the course of carrying out their duties.

### **Chief Fire Officer (CFO) - £160,804**

The post holder is a member of the 1992 Firefighters Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £139,091 and £160,804 pa.

Under the existing provisions agreed by the Fire Authority, the Chief Fire Officer has an annual allowance of £7,525 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed or to support an essential users scheme.

The provisions for redundancy are the statutory payments for redundancy.

The Chief Fire Officer has indicated his intention to retire on 30 April 2019.

### **Deputy Chief Fire Officer (DCFO) – £136,684**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £117,135 - £136,684 pa.

Under the existing provisions agreed by the Fire Authority, the DCFO has an annual allowance of £6,400 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed or to support an essential users scheme.

The provisions for redundancy are the statutory payments for redundancy.

### **Assistant Chief Fire Officer (ACFO) - £128,643**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £110,171 and £128,643.

Under the existing provisions agreed by the Fire Authority, the ACFO has an annual allowance of £6,020 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed or to support an essential users scheme.

The provisions for redundancy are the statutory payments for redundancy.

### **Director of Corporate Services (DoCS) - £102,915**

The post holder is a member of the Local Government Pension Scheme and has reached the maximum of his salary range.

The current remuneration for this post on recruitment is between £86,400 and £102,915.

There is no provision to utilise the car leasing scheme nor is any car allowance paid. Any mileage reimbursement utilises the casual car user arrangements.

The post holder is entitled to discretionary entitlements in relation to redundancy which include average weekly pay with a multiplier of 2.2 applied and in exceptional cases augmentation of pensionable service to the maximum of 3 years. These provisions apply to all staff eligible to join the Local Government Pension Scheme.

### **Director of People & Development (DoPD) - £102,915**

The post holder is a member of the Local Government Pension Scheme and has reached the maximum of his salary range.

The current remuneration for this post on recruitment is between £86,400 and £102,915.

There is no provision to utilise the car leasing scheme nor is any car allowance paid. Any mileage reimbursement utilises the casual users arrangement.

The post holder is entitled to discretionary entitlements in relation to redundancy which include average weekly pay with a multiplier of 2.2 applied and in exceptional cases augmentation of pensionable service to the maximum of 3 years. These provisions apply to all staff eligible to join the Local Government Pension Scheme.

### **The Clerk to the Authority**

The monitoring officer activity is undertaken under a contract for services, the cost being £15,150 pa.

### **Recruitment of New Officers**

The Fire Authority has taken the opportunity to review the salary of the Chief Fire Officer and has determined a new salary range of £140,000 – 145,000 per annum. The remaining terms and conditions are unaltered. The same process will be undertaken in year in respect of any vacancies that arise within the senior officer grouping to determine whether the salary range should be adjusted prior to advert. It is not proposed to increase the maximum of the ranges

### **Pay Floor**

The definition of the 'lowest paid employee' is that postholder receiving the lowest (FTE) annual salary (exclusive of Employer pension contributions).

The pay floor level is our Green Book Grade 1 posts (Cooks, Receptionists and Gardener/handypersons) who are on a scale of £16,495 to £17,007pa. £16,495 equates to £8.55 per hour. The minimum a current employee is receiving is £16,495.

The Chief Fire Officer's earnings ratio is 1: 10 using the minima of pay grade 1.

The government statement is a recommendation that this ratio should not exceed 1:25.

As a further comparison, the ratio between a competent firefighter with CPD and the maximum salary for the Chief Fire Officer is 1: 5.15.

## Financial Implications

Increased costs will be restricted to the affordable limits as set by the National Joint Council for grey book staff.

## Sustainability or Environmental Impact

Nil.

## Equality and Diversity Implications

This supports a common transparent approach by linking Executive pay rises to that of firefighters.

## Human Resource Implications

Future appointments to the Authority's chief officer positions have to be made in compliance with the pay policy statement, which potentially reduces flexibility. Although the document has been produced in line with the requirements of the Act and accompanying guidance, the Authority's employment obligations are not superseded by the Act's requirements and have to be considered. A body of opinion exists that the Act's requirements breach an individual's rights. No case law has been determined in this respect.

## Business Risk Implications

If an appropriate pay statement is not approved for 2019/20 then the Authority will be in breach of the Localism Act and might subject the Authority to negative comment.

Conversely complying with the requirements could also engender negative publicity.

Sustainable linkage provides a clear and equitable framework for the future.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact Bob Warren
Reason for inclusion in Part II, if appropriate:		

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## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on 18 February 2019

### **TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20 (Appendix 1 refers)**

Contact for further information:

Keith Mattinson - Director of Corporate Services - Telephone Number 01772 866804

#### **Executive Summary**

The report sets out the Treasury Management Policy and Strategy for 2019/20, which is in line with CIPFA's revised Code of Practice.

The Strategy is based on the capital programme as presented to the Authority elsewhere on the agenda, and the financial implications of this are reflected in the revenue budget, also presented elsewhere on this agenda.

#### **Recommendation**

The Authority is asked to:-

- Approve the revised Treasury Management Strategy, including the Prudential Indicators, as set out in the report.
- Agree the Minimum Revenue Provision (MRP) calculation as set out in the report.
- Agree the Treasury Management Policy Statement at Appendix 1.

#### **Information**

Treasury Management is defined as "The management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

The Combined Fire Authority adopts the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. The authority also adheres to investment guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG). In 2018 the MHCLG issued new guidance which widens the definition of investments. For treasury management investments the guidance requires authorities to prioritise security, liquidity and yield in that order of importance. This is consistent with previous guidance. In addition, the guidance definition of investments includes financial and non-financial assets which are held primarily or partially to generate a profit.

Where an authority holds non-treasury investments it is required to produce a separate investment strategy. The definition of non-treasury investments is wide-ranging covering for example loans to third parties and the holding of property to make a profit. However, it is not considered that the Combined Fire Authority hold any such assets and it does not propose to engage in any such investments in 2019/20.

## Statutory requirements

The Local Government Act 2003 (the Act) and supporting Regulations requires the Authority to “have regard to” the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Authority’s capital investment plans are affordable, prudent and sustainable.

This report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance.

## Treasury Management Strategy for 2019/20

This Strategy Statement has been prepared in accordance with the CIPFA Treasury Management Code of Practice. Accordingly, the Lancashire Combined Fire Authority's Treasury Management Strategy will be approved by the full Authority, and there will also be a mid-year and a year-end outturn report presented to the Resources Committee. In addition there will be monitoring and review reports to members in the event of any changes to Treasury Management policies or practices. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

This Authority has adopted the following reporting arrangements in accordance with the requirements of the revised Code: -

Area of Responsibility	Committee/ Officer	Frequency
Treasury Management Policy Statement	Resources Committee/Authority	Annually
Scrutiny and approval of <ul style="list-style-type: none"> <li>• Treasury Management Strategy</li> <li>• Annual Investment Strategy</li> <li>• MRP policy</li> </ul>	Resources Committee/Authority	Annually before the start of the year
Treasury Management mid-year report	Resources Committee	Mid-year
Updates or revisions at other times of <ul style="list-style-type: none"> <li>• Treasury Management Strategy</li> <li>• Annual Investment Strategy</li> <li>• MRP policy</li> </ul>	Resources Committee	As required
Annual Treasury Management Outturn Report	Resources Committee/Authority	Annually by 30 September after the end of the year
Treasury Management Monitoring Reports	Director of Corporate Services	Quarterly
Treasury Management Practices	Director of Corporate Services	Annually

The Treasury Management Strategy covers the following aspects of the Treasury Management function:-

- Prudential Indicators which will provide a controlling framework for the capital expenditure and treasury management activities of the Authority;
- Current Long-term debt and investments;
- Prospects for interest rates;
- The Borrowing Strategy;
- The Investment Strategy;
- Policy on borrowing in advance of need.

### **Setting the Treasury Management Strategy for 2019/20**

In setting the treasury management strategy the following factors need to be considered as they may have a strong influence over the strategy adopted:

- economic forecasts;
- Interest rate forecasts;
- the current structure of the investment and debt portfolio;
- future Capital Programme and underlying cash forecasts.

### **Economic Context**

The UK's progress in negotiating its exit from the European Union (EU), together with its future trading arrangements, will continue to be a major influence on the economy in 2019/20. The latest (2018 Quarter 3) GDP growth figures show a year on year growth of 1.5%. It is anticipated that the growth will continue with the Bank of England, in its November Inflation Report, expecting GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

The Bank of England remit includes a 2% inflation (CPI) target. It is slightly above this level at 2.1% in December 2018. The latest inflation report projected inflation to remain above the target for 2019/20, before reaching 2% at Q4 2021.

There are signs that there will be a slowing of world economic growth in 2019. There is a continued risk of a developing trade war between US and China while the German economy grew by 1.5 per cent in 2018, the weakest rate since 2013. The World Bank forecast global economic growth would slow to 2.9 per cent with falls in the US, China and the Eurozone.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National

Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

### Interest Rate Forecast and Prospects for Market Liquidity

Interest rate forecasts are made in the context of the overall economic position outlined above. The Bank of England last changed rates in August 2018 and it has maintained expectations for slow and steady rate rises however with the high level of uncertainty there is the possibility for the next change in interest rates will be a reduction.

The latest forecast provided by Treasury Consultants Arlingclose Ltd is shown in the table below:

	Bank Rate %	3 month LIBID %	12 month LIBID %	5 year gilt yield %	10 year gilt yield %	20 year gilt yield %	50 year gilt yield %
March 19	0.75	0.95	1.25	1.25	1.65	2.10	1.95
June 19	1.00	1.10	1.35	1.35	1.70	2.20	2.00
September 19	1.00	1.30	1.50	1.50	1.80	2.20	2.00
December 19	1.25	1.40	1.70	1.50	1.80	2.20	2.00
March 20	1.25	1.40	1.60	1.40	1.75	2.20	2.00
June 20	1.25	1.40	1.50	1.35	1.75	2.20	2.00
September 20	1.25	1.35	1.40	1.35	1.70	2.20	2.00
December 20	1.25	1.35	1.35	1.30	1.70	2.20	2.00
March 21	1.25	1.35	1.35	1.30	1.70	2.20	2.00
June 21	1.25	1.35	1.35	1.30	1.70	2.20	2.00
September 21	1.25	1.35	1.35	1.30	1.70	2.20	2.00
December 21	1.25	1.35	1.35	1.30	1.70	2.20	2.00

In the above table 'bank rate' refers to the policy rate of the Bank of England. 'LIBID' is the London Interbank bid rate and can be used as a proxy for short term market interest rates. PWLB borrowing rates are based on 'Gilt Yield' and so this is a forecast of long term interest rates. The Authority can borrow at 80 basis points above the gilt yield, so for example a fixed interest rate to borrow PWLB money for 10 years would be 2.45%, 1.65% plus 0.80%.

## Current Treasury Portfolio Position

At the 31 December 2018 the debt outstanding was £2.0m with investments of £38.090m

Debt	Principal £m	%
Fixed rate loans from the Public Works Loan Board	2.000	100%
Variable rate loans		-
	2.000	100%
Investments		
Variable rate investments with Lancashire County Council	18.090	47.5%
Fixed rate investments	20.000	52.5%
	38.090	100%

The level of investments represents the Authority's cumulative surplus on the General Fund, the balances on other cash-backed earmarked reserves and a cash-flow balance generated by a surplus of creditors over debtors and by grant receipts in advance of payments. There is a net investment figure of £36.1m.

## Borrowing and Investment Requirement

In the medium term the Authority borrows for capital purposes only. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The table below compares the estimated CFR to the debt which currently exists, this gives an indication of the borrowing required. It also shows the estimated resources available for investment. An option is to use these balances to finance the expenditure rather than investing, often referred to as internal borrowing. The table gives an indication of the minimum borrowing or investment requirement through the period.

The CFR forecast includes the impact of the latest forecast of the funding of the Capital Programme which currently assumes that there will be no borrowing.

	31/3/2018	31/3/2019	31/3/2020	31/3/2021	31/3/2022
	£m	£m	£m	£m	£m
Capital Financing Requirement	14.518	14.513	14.106	13.669	13.195
Less long term liabilities (PFI & Leases)	(14.316)	(14.321)	(13.925)	(13.497)	(13.033)
Less external borrowing	(2.000)	(2.000)	(2.000)	(2.000)	(2.000)
Borrowing requirement	(1.798)	(1.808)	(1.818)	(1.828)	(1.838)
Reserves and working capital	(35.400)	(22.400)	(17.400)	(13.800)	(11.400)
Borrowing/(investment) need	(37.198)	(24.208)	(19.218)	(15.628)	(13.238)

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. However, the table above shows that the level of loans was above the CFR at 31/3/18. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) in order to generate the cash to repay loans either on maturity or as an early repayment.

The table above indicates that rather than having a need for borrowing it is estimated that the authority has an underlying need to invest although the available balances are forecast to reduce.

Although the Authority does not have plans for new borrowing it does currently hold £2.000m of loans as part of its strategy for funding previous years' capital programmes.

### **Borrowing Strategy**

Although it is unlikely that borrowing will be required in 2019/20 it is still best practice to approve a borrowing strategy and a policy on borrowing in advance of need. In considering a borrowing strategy the Authority needs to make provision to borrow short term to cover unexpected cash flow shortages or to cover any change in the financing of its Capital Programme.

Therefore the approved sources of long-term and short-term borrowing are:

- Public Works Loan Board;
- UK local authorities;
- any institution approved for investments;
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK;
- UK public and private sector pension funds.

In the past the Authority has raised all of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans, and bank loans, that may be available at more favourable rates.

### **Policy on Borrowing in Advance of Need**

In line with the existing policy the Authority will not borrow more than or in advance of need purely in order to profit from the investment of the extra sums borrowed. However advance borrowing may be taken if it is considered that current rates are more favourable than future rates and that this advantage outweighs the cost of carrying advance borrowing. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds and relationships.

In determining whether borrowing will be undertaken in advance of need the authority will:-

- Ensure that there is a clear link between the capital programme and the maturity profile of the existing debt portfolio which supports the need to take funding in advance of need.

- Ensure the on-going revenue liabilities created, and the implications for the future plans and budgets have been considered.
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.
- Consider the merits and demerits of alternative forms of funding.
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

## Debt Restructuring

The Authority's debt has arisen as a result of prior years' capital investment decisions. It has not taken any new borrowing out since 2007 as it has been utilising cash balances to pay off debt as it matures, or when deemed appropriate with the Authority making early payment of debt. The anticipated holding of debt at 31 March 2019 is £2.0m. All the debt is from the Public Works Loans Board (PWLB) and is all at fixed rates of interest and is repayable on maturity. The table below shows the maturity profile and interest rate applicable on these:-

Loan Amount	Maturity Date	Interest rate
£650k	December 2035	4.49%
£650k	June 2036	4.49%
£700k	June 2037	4.48%

This debt was taken out in 2007 when base rate was 5.75% and when the Authority was earning 5.84% return on its investments.

Given the high interest rates payable on these loans, relative to current interest rates, we have again reviewed opportunities for debt repayment/restructuring.

The level of penalty applicable on early repayment of loans now stands at £0.890m. (As previously reported the level of penalty is dependent upon two factors, the difference between the interest chargeable on the loan and current interest rates, the greater this difference the greater the penalty, and the length to maturity, the greater the remaining time of the loan the greater the penalty. Hence as interest rates increase or as loans get closer to maturity the level of penalty will reduce.)

Outstanding interest payable between now and maturity is £1.587m. Giving a gross saving of £0.697m

Penalty incurred	£0.890m
Savings on interest payable	(£1.587m)
Gross Saving	(£0.697m)

However as highlighted as part of the Treasury Management Strategy and the previous reports, any early repayment means that cash balances available for investment will be reduced and hence interest receivable will also be reduced. The extent of which is dependent upon future interest rates. It is estimated that if interest rate on investments are at 1.25% over the remaining period of the loan then repaying the loans now will be broadly neutral.

In essence this means that if returns on investments over the next 20 years exceed 1.25% then it is financially disadvantageous to pay off the loans, if interest rate averages less than 1.25% then it is financially advantageous. It is worth noting that other than during the current financial crisis interest rates have never been at such a low rate. If, as seems likely, interest rates prove to be higher than this then the early repayment of debt results in a worse overall financial position.

It is also worth noting that whilst the capital budget does not show any additional borrowing being required in the next 5 years, it does not include any allowance for relocating SHQ. This project is currently on hold and should the Authority decide to proceed with the relocation it will need to take out additional borrowing to meet the costs.

## Investment Strategy

At 31st December 2018 the Authority held £38.1m invested funds, representing income received in advance of expenditure plus existing balances and reserves. In the past 12 months, the Authority's investment balance has ranged between £28.5m and £48.3m. The variation arises principally due to the timing of the receipt of government grants. It is anticipated that similar levels will be maintained in the forthcoming year.

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Therefore in line with the guidance the Treasury Management Strategy is developed to ensure the Fire Authority will only use very high quality counterparties for investments.

The Authority may invest its surplus funds with any of the counterparties in the table below, subject to the cash and time limits shown.

Counterparty		Cash limit	Time limit †
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£5m each	5 years
	AA+		3 years
	AA		2 years
	AA-		2 years
Call Accounts with banks and other organisations with minimum AA- credit rating		£10m	next day
Call Account with Lancashire County Council		unlimited	next day
UK Central Government (irrespective of credit rating)		unlimited	50 years
UK Local Authorities (irrespective of credit rating)		£5m each	10 years
Secured Bond Funds AA rating and WAL not more than 3 yrs		£5m each	n/a
Secured Bond Funds AAA rated and WAL not more than 5 yrs		£5m each	n/a



Allowable bond funds are defined by credit rating and weighted average life (WAL). Investing in senior secured bonds backed by collateral provides a protection against bail-in. Although the average life of the securities within the fund will be either 3 or 5 years, funds can be redeemed within 2 days of request but in general these should be seen as longer term investments. The fund targets returns of 3 month Libor + 40 basis points which is currently around 1.1% in total.

Regarding the risk of investing with another local authority, only a very few authorities have their own credit rating, but those that do are the same or one notch below the UK Government reflecting the fact that they are quasi-Government institutions. On the whole credit ratings are seen as unnecessary by the sector because the statutory and prudential framework within which the authorities operate is amongst the strongest in the world. In addition any lender to a local authority has protection, under statute, by way of a first charge on the revenues of that authority. No local authority has ever defaulted to date and this also may be an indication of security. However, following the downgrade of the UK credit rating by the rating agencies those local authorities with a rating saw a reduction in their ratings. Therefore, consideration has been given to reducing the risk associated with the investment with other local authorities. Arlingclose, the County Council's Treasury Management advisor, state they are "comfortable with clients making loans to UK local authorities for periods up to two years, subject to this meeting their approved strategy. For periods longer than two years we recommend that additional due diligence is undertaken prior to a loan being made." On this basis it is proposed that the investments to local authorities are limited as follows:

	Maximum individual investment (£m)	Maximum total investment (£m)	Maximum period
Up to 2 years	5	25	2 years
Over 2 years	5	25	10 years

The investment in LCC as part of the call account arrangement is excluded from the above limits. The balance on this account is dependent upon short term cash flows and therefore does not have a limit.

Whilst the investment strategy has been amended to allow greater flexibility with investments any decision as to whether to utilise this facility will be made based on an assessment of risk and reward undertaken jointly between the Director of Corporate Services and LCC Treasury Management Team, and consideration of this forms part of the on-going meetings that take place throughout the year.

The legislative context referred to earlier in the report effectively means that, because taxpayers will no longer bail-out failed banks, the required funds will be paid by equity investors and depositors. Local authorities' deposits will be at risk and consequently although currently available within the policy it is unlikely that long term unsecured term deposits will be used at the present time.

Currently all of the Authority's investments are with other local authorities.

The Authority currently has access to a call (instant access) account with a local authority, which pays bank rate, this is currently 0.75%. Each working day the balance on the Authority's current account is invested to ensure that the interest received on surplus balances is maximised.

In addition longer term loans have been placed with an UK local authorities as outlined below.

Start Date	End Date	Principal	Rate	Annual Interest	Interest 2018/19
30/6/14	28/6/19	£5,000,000	2.4%	£120,000	£120,000
18/10/18	19/10/20	£5,000,000	1.15%	£57,500	£25,993
19/11/18	18/11/19	£5,000,000	1.00%	£50,000	£18,219
19/12/18	19/6/19	£5,000,000	0.92%	£46,000	£12,980

Consideration is given fixing further investments if the maturity fits with estimated cash flows and the rate is considered to be attractive. This will continue to be reviewed. Current rates payable by other local authorities are:

3 month investment	0.75%
6 month investment	0.95%
12 month investment	1.09%

The overall combined amount of interest earned on Fixed/Call balances as at 31st December 2018 is £0.260m on an average balance of £38.333m at an annualised rate of 0.90%. This compares favourably with the benchmark 7 day LIBID which averages 0.48% over the same period, and is 0.15% above the current bank rate.

### **Specified and Non-specified investments**

The legislative and regulatory background to treasury management activities requires the Authority to set out its use of “specified” and “non-specified” investments.

Specified Investments: The CLG Guidance defines specified investments as those:-

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A+ or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

Non-Specified Investments: are any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

The Authority may lend or invest money using any of the following instruments:-

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits where the Authority may demand repayment at any time (with or without notice),
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

The Authority prepares daily cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

### **Minimum Revenue Provision (MRP)**

Under Local Authority Accounting arrangements the Authority is required to set aside a sum of money each year to reduce the overall level of debt. This sum is known as the Minimum Revenue Provision (MRP).

The Authority will assess their MRP for 2018/19 in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

It is proposed to continue to utilise the Capital Financing Requirement (CFR) Method. This provides for a charge of 4% of the value of fixed assets, as measured on the balance sheet, for which financing provision has not already been made. .

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Statutory charge to revenue 4% MRP	0.008	0.007	0.007	0.006
Additional voluntary lump sum MRP	0.002	0.003	0.003	0.004
Total MRP	0.010	0.010	0.010	0.010

The Authority may make a voluntary MRP depending upon the overall financial position. The Director of Corporate Services will have the authority to authorise a voluntary MRP.

Whilst the Authority has no unsupported borrowing, nor has any plans to take out any unsupported borrowing it needs to approve a policy relating to the MRP that would apply if this were not the case. As such in accordance with the Local Government Act 2003, the MRP on any future unsupported borrowing will be calculated using the Asset Life Method. This will be based on a straightforward straight – line calculation to set an equal charge to revenue over the estimated life of the asset. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority. However, the

Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Assets held under a PFI contracts and finance leases form part of the Balance Sheet. This has increased the overall capital financing requirement and on a 4% basis the potential charge to revenue. To prevent the increase the guidance permits a prudent MRP to equate to the amount charged to revenue under the contract to repay the liability. In terms of the PFI schemes this charge forms part of the payment due to the PFI contractor.

### **Revenue Budget Implications**

The capital financing budget currently shows that income received exceeds expenditure. This excludes the PFI and Finance lease payments, which are included in other budgets. Based on the Strategy outlined above then the proposed budget for capital financing are:

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Interest payable	0.090	0.090	0.090	0.090
MRP	0.010	0.010	0.010	0.010
Interest receivable	(0.352)	(0.322)	(0.297)	(0.322)
Net budget	(0.252)	(0.222)	(0.197)	(0.222)

### **Prudential Indicators for 2018/19(revised) to 2021/22 in respect of the Combined Fire Authority's Treasury Management Activities.**

In accordance with its statutory duty and with the requirements of the Prudential Code for Capital Finance and the CIPFA Code for Treasury Management, the Combined Fire Authority produces each year a set of prudential indicators which regulate and control its treasury management activities.

The following table sets out the debt and investment-related indicators which provide the framework for the Authority's proposed borrowing and lending activities over the coming three years. These indicators will also be approved by members as part of the Capital Programme approval process along with other capital expenditure-related indicators, but need to be reaffirmed and approved as part of this Treasury Management Strategy.

It should be noted that contained within the external debt limits, there are allowances for outstanding liabilities in respect of the PFI schemes and finance leases for operational vehicles and photocopiers.

	2018/19 (Revised) £m	2019/20 £m	2020/21 £m	2021/22 £m
1 Adoption of the Revised CIPFA Code of Practice on Treasury Management (2011)		Adopted for all years		
2 Authorised limit for external debt - A prudent estimate of external debt, which includes sufficient headroom for unusual cash movements.				
Borrowing	5.000	5.000	5.000	5.000
Other long-term liabilities	15.000	14.600	14.200	13.700
TOTAL	20.000	19.600	19.200	18.700
3 Operational boundary for external debt - A prudent estimate of debt, but no provision for unusual cash movements. It represents the estimated maximum external debt arising as a consequence of the Authority's current plans.				
Borrowing	3.000	3.000	3.000	3.000
Other long-term liabilities	14.400	14.000	13.600	13.100
TOTAL	17.100	17.000	16.600	16.100
4 Upper limit for fixed interest rate exposure				
Upper limit of borrowing at fixed rates	100%	100%	100%	100%
Upper limit of investments at fixed rates	100%	100%	100%	100%
5 Upper limit for variable rate exposure				
Upper limit of borrowing at variable rates	25%	50%	50%	50%
Upper limit of investments at variable rates	100%	100%	100%	100%
6 Upper limit for total principal sums invested for over 364 days (per maturity date)	25.000	25.000	25.000	25.000
7 Maturity structure of Debt		Upper Limit %		Lower Limit %
Under 12 months		100		-
12 months and within 24 months		50		-
24 months and within 5 years		50		-
5 years and within 10 years		50		-
10 years and above		100		-

## Financial Implications

It is worth noting that the Authority currently utilises Lancashire County Council to undertake its Treasury Management Activities, at an annual cost of £7,300, which is built into the current and future budgets.

## Human Resource Implications

None

## Equality and Diversity Implications

None

## Environmental Impact

None

## Business Risk Implications

The Treasury Management strategy is designed to minimise the Authority's financial risk associated with investment decisions, whilst maximising the return on any investments made. As such the adoption of the CIPFA's Code of Practice on Treasury Management and the monitoring arrangements in place ensure that any risks faced by the Authority are managed.

However, it must be acknowledged that there will always be a balance between risk and return and hence the strategy does not completely eliminate the risk of any further default on investments in the future.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact
CIPFA Treasury Management Code of Practice and Guidance	2018	Keith Mattinson
The Ministry of Housing, Communities and Local Government (MHCLG) guidance on local authority investments	2018	Keith Mattinson
Treasury Management in the Public Services: Code of Practice	2018	Keith Mattinson
Revenue and Capital Budget Reports	February 2019	Keith Mattinson
Reason for inclusion in Part II, if appropriate:		

## **APPENDIX 1**

### **Treasury Management Policy Statement**

The Authority's financial regulations require it to create and maintain a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

#### Definition

The Authority defines its treasury management activities as: the management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

#### Risk management

The Fire Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

#### Value for money

The Fire Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

#### Borrowing policy

The Fire Authority greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. However, short term and variable rate loans may be borrowed to either offset short-term and variable rate investments or to produce revenue savings. The Authority will also constantly evaluate debt restructuring opportunities of the existing portfolio.

The Fire Authority will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

#### Investment policy

The Fire Authority's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

The Fire Authority will have regard to the Ministry of Housing, Communities and Local Government Guidance on Local Government Investments. It will approve an Investment Strategy each year as part of the Treasury Management Strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

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## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 18th February 2019

### RESERVES AND BALANCES POLICY

(Appendix 1 refers)

Contact for further information:

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

#### Executive Summary

The Fire Authority needs to hold reserves to meet potential future expenditure requirements.

The reserves policy is based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The policy explains the difference between general reserves (those held to meet unforeseen circumstances) earmarked reserves (those held for a specific purpose) and provisions (where a liability exists but the extent and/or timing of this is uncertain). In addition, the policy identifies how the Authority determined the appropriate level of reserves and what these are.

The policy confirms that the level of and the appropriateness of reserves will be reported on as part of the annual budget setting process and as part of the year end accounting process.

The most significant issues are:-

- General reserves are sufficient for next 3-4 years, but will run out unless additional funding is provided or the budget requirement reduces due to changing assumptions/reduction in recruitment or other savings identified;
- No allowance for potential SHQ relocation, resulting in the Authority holding £2.0m of capital reserves/receipts at 31 March 2024.

#### Recommendation

The Authority is requested to approve the policy and note the Treasurer's advice on the level of reserves included within it.

#### Reserves and Balances Policy

The National Framework published in December includes a section on reserves. The main components of which are:-

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.

- Each fire and rescue authority should publish their reserves strategy on their website. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.
- Information should be set out in a way that is clear and understandable for members of the public, and should include:
  - how the level of the general reserve has been set;
  - justification for holding a general reserve larger than five percent of budget;
  - whether the funds in each earmarked reserve are legally or contractually committed, and if so what amount is so committed; and
  - a summary of what activities or items will be funded by each earmarked reserve, and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

The reserves policy complies with these requirements.

### **General Reserves**

These are non-specific reserves which are kept to meet short/medium term unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed in the medium term.

The Authority needs to hold an adequate level of general reserves in order to provide:-

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events;
- A means of smoothing out large fluctuations in spending requirements and/or funding available.

The following table sets out the purpose of this reserve, how it is utilised, controlled and reviewed.

<b>Name</b>	<b>General Fund</b>
Purpose	This covers uncertainties in future years budgets, such as: <ul style="list-style-type: none"> <li>• future grant settlements being lower than forecast;</li> <li>• higher levels of inflation than budgeted;</li> <li>• increasing cost of and changes to pensions;</li> <li>• service demands increasing, putting additional pressure on demand led budgets;</li> <li>• changes in legislation impacting on future service provision;</li> <li>• potential cost of industrial action.</li> </ul>

Utilisation	This is utilised to offset any in-year overspend that would occur when comparing budget requirement to the level of funding generated.
Controls	The utilisation of this is agreed as part of the annual budget setting process. Any further utilisation requires the approval of the Resources Committee.
Review	The adequacy of this is reviewed annually, as part of the budget setting process.

### Review of Level of Reserves

In determining the appropriate level of general reserves required by the Authority, the Treasurer is required to form a professional judgement on this, taking account of the strategic, operational and financial risk facing the Authority. This is completed based on guidance issued by CIPFA, and includes an assessment of the financial assumptions underpinning the budget, the adequacy of insurance arrangements and consideration of the Authority's financial management arrangements. In addition the assessment should focus on both medium and long-term requirements, taking account of the Medium Term Financial Strategy (as set out in the draft budget report elsewhere on this agenda).

For Lancashire Combined Fire Authority this covers issues such as: uncertainty surrounding future funding settlements and the potential impact of this on the revenue and capital budget; uncertainty surrounding future pay awards and inflation rates; the impact of changes to pension schemes; demand led pressures; risk of default associated with our investments as set out in the Treasury Management Strategy, cost associated with maintaining operational cover in the event of Industrial Action etc.

2019/20 is the final year of the current four year settlement. This means that funding beyond 2019/20 is subject to the outcome of next year's Spending Review, as well as the outcome of the fair funding review of relative needs and resources and the Government intention to move to greater retention of Business Rates, as opposed to maintaining Revenue Support Grant. Furthermore the impact of Brexit on the national economy is still unknown. Therefore there is greater degree of uncertainty over long term funding than in recent years.

As such the Treasurer considers it prudent to increase the minimum target reserves level to £3.2m, 5.7% of the 2019/20 net revenue budget, reflecting the increasing level of uncertainty. This is broadly in line with the 5% threshold identified by the Home Office above which the Authority is required to justify why it holds the level of reserves.

Should reserves fall below this minimum level the following financial year's budget will contain options for increasing reserves back up to this level. (Note, this may take several years to achieve.)

Whilst this exercise sets a minimum level of reserves it does not consider what, if any, maximum level of reserves is appropriate. In order to do this the level of reserves held should be compared with the opportunity cost of holding these, which

in simple terms means that if you hold reserves that are too high you are foregoing the opportunity to lower council tax or invest in further service improvements.

However, given the limited scope to increase council tax without holding a local referendum the ability to restore depleted reserves in future years is severely limited. Hence any maximum reserve limit must take account of future anticipated financial pressures and must look at the long term impact of these on the budget and hence the reserve requirement. Based on professional judgement, the Treasurer feels that this should be maintained at £10.0m.

Should this be exceeded the following financial year's budget will contain options for applying the excess balance in the medium term, i.e. over 3-5 years.

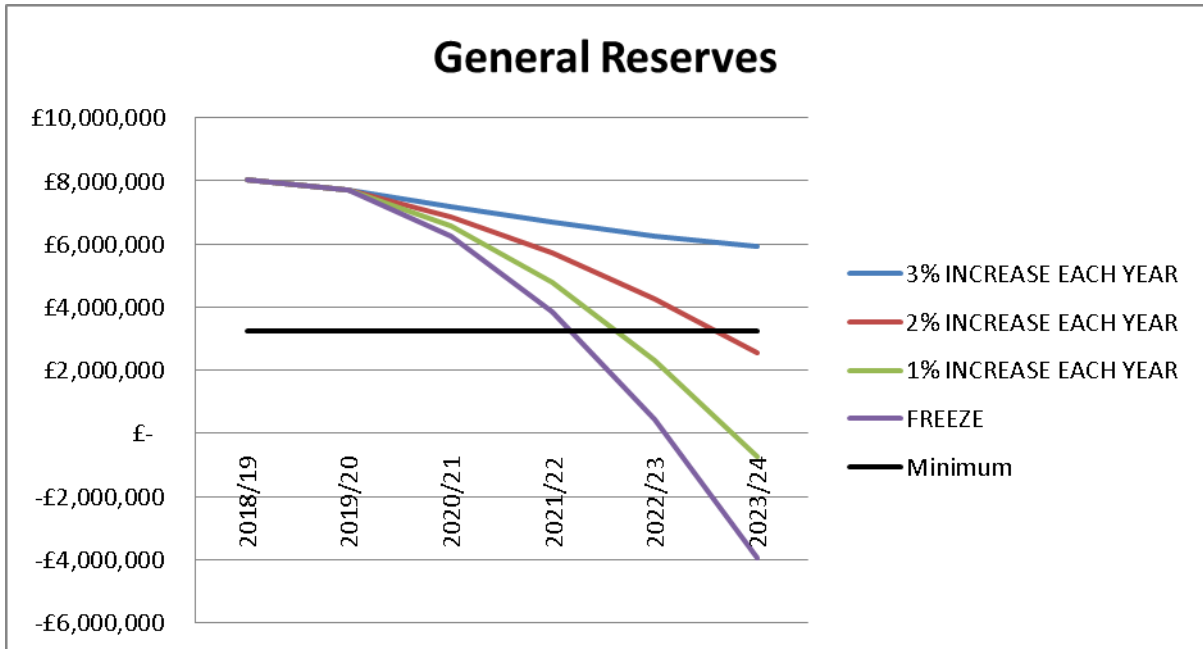
#### Level of General Reserves

The overall level of the general fund balance, i.e. uncommitted reserves, anticipated at the 31 March 2019 is £8.0m, providing scope to utilise approx. £4.8m of reserves.

The proposed drawdown of £0.3m in 19/20 would reduce the general balance to £7.7m and the Treasurer considers these are at an appropriate level to meet future expenditure requirements in 2019/20.

It should be noted that reserves are being used to fund recurring expenditure and hence this can only be a short term solution, with recurring savings being required in the longer term to offset the shortfall.

Future requirements are less clear as multi-year settlements will have ended and the budget forecasts become less accurate as there are a whole host of assumptions underpinning these projections, particularly around funding, vacancy profiles, pension costs, future inflation and pay awards and council tax increases. The following graph showing the point at which general reserves dip below minimum requirements, and the point at which they are exhausted, based on various council tax options.



As can be seen general reserves are sufficient to balance the budget next year. However they are only a short term solution, and based on the current assumptions included in the budget, even allowing for a 2% council tax increase each year, they will fall below our minimum level during 2023/24. Hence over the medium term the general reserve will potentially fall below the 5% threshold identified by the Home Office. Furthermore the utilisation of reserves will still leave a recurring funding gap that will need to be offset by savings at a future point in time, and as highlighted earlier the scope to do so is limited.

### Earmarked Reserves

These are reserves created for specific purposes to meet known or anticipated future liabilities and as such are not available to meet other budget pressures. They can only be used for that specific purpose, for which they were established, and as such it is not appropriate to set any specific limits on their level, but as part of the annual accounts process their adequacy will be reviewed and reported on.

The following table sets out the purpose of this reserve, how it is utilised, controlled and reviewed.

Name	Earmarked
Purpose	This covers monies set aside for specific purposes.
Utilisation	Once set up these reserves can only be used for the specific purpose for which they were established.
Controls	The utilisation of these are discussed at quarterly DFM meetings between the budget holder, relevant Executive Board member, and the Director of Corporate Services.
Review	The level of earmarked reserves is reviewed each year as part of the revenue outturn/annual accounts process to ensure these are reasonable and remain relevant.

The Director of Corporate Services has delegated authority to create new earmarked reserves valued at up to £100,000; any request which exceeds this must be reported to the Resources Committee for approval.

Specific earmarked reserves will be closed when there is no longer a requirement to hold them, at which point they will either hold a nil balance or when any outstanding balance will be transferred into the general reserve.

Level of Earmarked Reserves

The following table provides a breakdown of the £7.6m of earmarked reserves forecast to be held at 31st March 2019, and a forecast of the anticipated position as at 31 March 2024:-

	Forecast at 31 March 2019	Forecast at 31 March 2024	
	£m	£m	
DFM Reserve	0.3	0.2	<p>Devolved Financial Management Reserve enables budget holders to carry forward any surplus or deficit from one financial year to the next, within prescribed limits.</p> <p>The Service has strong financial management ethos and hence has a track record of managing within individual budget allocations, hence has not previously utilise these reserves to a large degree. However as the Service comes under increasing pressure and departmental budgets are squeezed this provides greater flexibility to individual budget holder and optimises the use of resources.</p> <p>Examples of areas where these balances have been used previously would be one off replacements of equipment, or enhancement to station facilities etc.</p> <p>The levels of individual DFM reserves are reviewed each year as part of the revenue outturn/annual accounts process, to ensure that they are reasonable and that budget holders are not building up excessive reserves.</p> <p>At present there are no contractual or legal obligations against this reserve, as any such commitments would be included in the base revenue budget.</p>

PFI Reserves	4.3	3.9	<p>Private Finance Initiative Reserve, which is used to smooth out the annual net cost to the Authority of the existing PFI scheme, and will be required to meet future contract payments. The utilisation of this is set out in the budget agreed at the start of the year, any variance in requirements from this are agreed by the Treasurer as part of the revenue outturn/annual accounts process.</p> <p>Assuming CPI continues at 3% the whole of this reserve is contractually committed over the next 20 years.</p>
Insurance Aggregate Stop Loss (ASL)	1.0	1.0	<p>The Authority has aggregate stop losses (ASLs) on both its combined liability insurance policy (£0.4m) and its motor policy (£0.3m). This means that in any one year the Authority's maximum liability for insurance claims is capped at the ASL. As such the Authority can either meet these costs direct from its revenue budget or can set up an earmarked reserve to meet these. Within Lancashire we have chosen to meet the potential costs through a combination of the two. Hence the amount included in the revenue budget reflects charges in a typical year, with the reserve being set up to cover any excess over and above this. As such the reserve, combined with amounts within the revenue budget, provides sufficient cover to meet 2 years' worth of the maximum possible claims, i.e. the ASL. (It is worth noting that the revenue budget allocation has also been reduced in recent years reflecting the claims history. Without holding this reserve to cushion any major claims that may arise this would not have been possible. )</p> <p>None of this reserve is legally committed at the present time, although as soon as a claim arose this position would change.</p>
PWLB Loan repayment penalty	0.9	0.9	<p>This reserve was created to meet the potential penalty costs associated with repayment of the remaining PWLB loans.</p> <p>The Authority still has £2.0m of long term loans, maturing between 2035 and 2037, as set out in the Treasury Management Strategy reported elsewhere on this agenda, and currently incurs £0.1m of interest charges on these loans. We continue to review opportunities to repay these, hence saving any interest payments, however based on the</p>

			<p>current penalty associated with this, £0.9m, it is not considered prudent to do so at the present time.</p> <p>There is no legal or contractual commitment against this reserve.</p> <p>It is worth noting that this is a notional amount as any penalties incurred will depend on both forecast interest rates and the remaining time to maturity, hence the actual penalty will be considered as part of the decision to repay the loans in due course, with any such decision being considered as part of future Treasury Management Strategy.</p> <p>Should Members decide to relocate SHQ, and hence agree to maintain the existing loans until maturity, the reserve could be used to offset some of the capital costs associated with the relocation.</p>
Prince's Trust	0.2	0.2	<p>This reserve has been established to balance short term funding timing differences and also to mitigate the risk of loss of funding and enable short term continuation of team activities, whilst alternative funding is found.</p> <p>The reserve is equivalent to 25% of the Teams current external funding target.</p> <p>Without this reserve any significant loss of funding would have an immediate impact on our ability to deliver the PT programme, and hence improve the lives of younger people.</p> <p>There are no legal or contractual commitments against this.</p>
ESMCP Ring-fenced Funding	0.1	-	<p>As part of the Emergency Services Mobile Communication Programme (ESMCP), transitional funding was made available to fund costs associated with the transition to the new national arrangements, with any funds not spent being carried forwards for use in future years.</p> <p>Whilst there are no contractual or legal commitments against this at the present time, the on-going programme will require this funding to be utilised in the new financial year</p>
Apprentices	0.1	-	<p>This reserve was created from previous the in-year underspends relating to the appointment of apprentices, which was delayed awaiting national developments.</p> <p>As such the reserve was set up to offset some of the pay costs that will be incurred in future years, with the balance being met direct from the revenue budget.</p>



			There are no contractual commitments against this. This clearly contributes to addressing apprenticeship targets, set by the Government, as well as addressing capacity issues within departments.
Fleet & Equipment	0.2	-	This reserve was created to meet the cost of replacement projects which were not completed by year end, hence whilst we anticipate carrying some over into 19/20 this will be fully utilised in that year At the present time £50k of the reserve is contractually committed.
Innovation Fund	0.5	-	The Authority created an Innovations Fund to meet costs arising from new initiatives/developments which improve service delivery or fire fighter safety but which are not included in the capital programme. Any requests to utilise the fund require the approval of the Executive Board. None of this reserve is contractually or legally committed at the present time.
	<b>7.6</b>	<b>6.2</b>	

It is worth noting that of the anticipated balance of £6.2m at 31 March 2024 over half of this relates to the PFI reserve.

Based on this the Treasurer believes these are adequate to meet future requirements in the medium term.

### **Capital Reserves and Receipts**

Capital Reserves have been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years; as such they cannot be used to offset any deficit on the revenue budget, without having a significant impact on the capital programme that the Authority can support.

Capital Receipts are generated from the sale of surplus assets, which have not yet been utilised to fund the capital programme. Under revised regulations receipts generated between April 2016 and March 2019 can be used to meet qualifying revenue costs, i.e. set up and implementation costs of projects/schemes which are forecast to generate on-going savings. The on-going costs of such projects/schemes do not qualify. Whilst the Authority currently holds £1.6m of capital receipts only £140k of this arose in the relevant time period. Given the small amount eligible we do not currently have any plans to use this in line with new regulations and hence for the purpose of planning all capital receipts will be used to meet future capital costs, not qualifying revenue expenditure.

The following table sets out the purpose of this reserve, how it is utilised, controlled and reviewed.

<b>Name</b>	<b>Capital reserves and receipts</b>
Purpose	This covers monies set aside to fund the future capital programme.
Utilisation	Once set up these reserves can only be used to fund capital expenditure
Controls	The proposed utilisation of these is reported to the Authority as part of the capital programme setting and monitoring arrangements.
Review	These are reviewed on an annual basis as part of the year end outturn, reported to Resources Committee and as part of the capital budget setting report to the Authority.

At 31 March 2019 the Authority anticipates holding £18.2m of capital reserves and receipts. Based on the capital programme presented elsewhere on this agenda we anticipate utilising £16.2m by 31 March 2024. This leaves a balance of £2.0m to fund future capital programmes. Of the total reserve £1.8m is contractually committed.

Based on this the Treasurer believes these are adequate to meet future requirements in the medium term.

It should be noted that no allowance has been built in the capital programme for the potential relocation of SHQ. If this was included in the 5 year capital programme then all capital reserves and receipts would be utilised to fund this, as well as requiring additional borrowing.

## **Provisions**

The Authority has two provisions to meet future estimated liabilities:-

### Insurance Provision

This covers potential liabilities associated with outstanding insurance claims. Any claims for which we have been notified and where we are at fault will result in a legal commitment, however as the extent of these cannot be accurately assessed at the present time this provision is created to meet any element of cost for which we are liable, i.e. which are not reimbursable from insurers as they fall below individual excess clauses and the annual self-insured limits. This provision fully covers all estimated costs associated with outstanding claims.

The following table sets out the purpose of this provision, how it is utilised, controlled and reviewed.

<b>Name</b>	<b>Insurance Provision</b>
Purpose	This covers monies set aside to meet future insurance claims.
Utilisation	Once set up the provision can only be utilised to meet insurance claims.
Controls	The utilisation of these are reported on an annual basis as part of the year end outturn report presented to Resources Committee.
Review	The level of the provision is reviewed annually based on existing and anticipated outstanding insurance claims to ensure these are reasonable and remain relevant.

This provision stood at £0.5m at 31 March 2018. Given the uncertainty in terms of future insurance claims we have assumed that the provision will be maintained at this level throughout the 5 year period. There are no existing legal obligations associated with this provision, as the legal obligation only arises when settlement of outstanding claims is agreed.

#### Business Rates Collection Fund Appeals Provision

This covers the Authority's share of outstanding appeals against business rates collection funds, which is calculated each year end by each billing authority within Lancashire based on their assumptions of outstanding appeal success rates, as part of their year-end accounting for the business rates collection fund.

The following table sets out the purpose of this provision, how it is utilised, controlled and reviewed.

<b>Name</b>	<b>Business Rates Collection Fund Appeals Provision</b>
Purpose	This covers monies set aside to meet the Authority's share of the cost of successful business rates appeals.
Utilisation	Once set up the provision can only be utilised to meet costs associated with settlement of such appeals.
Controls	The utilisation of these are reported on an annual basis as part of the year end outturn report presented to Resources Committee.
Review	The level of the provision is reviewed annually based on each billing authority's assumptions regarding success rates to ensure these are reasonable and remain relevant.

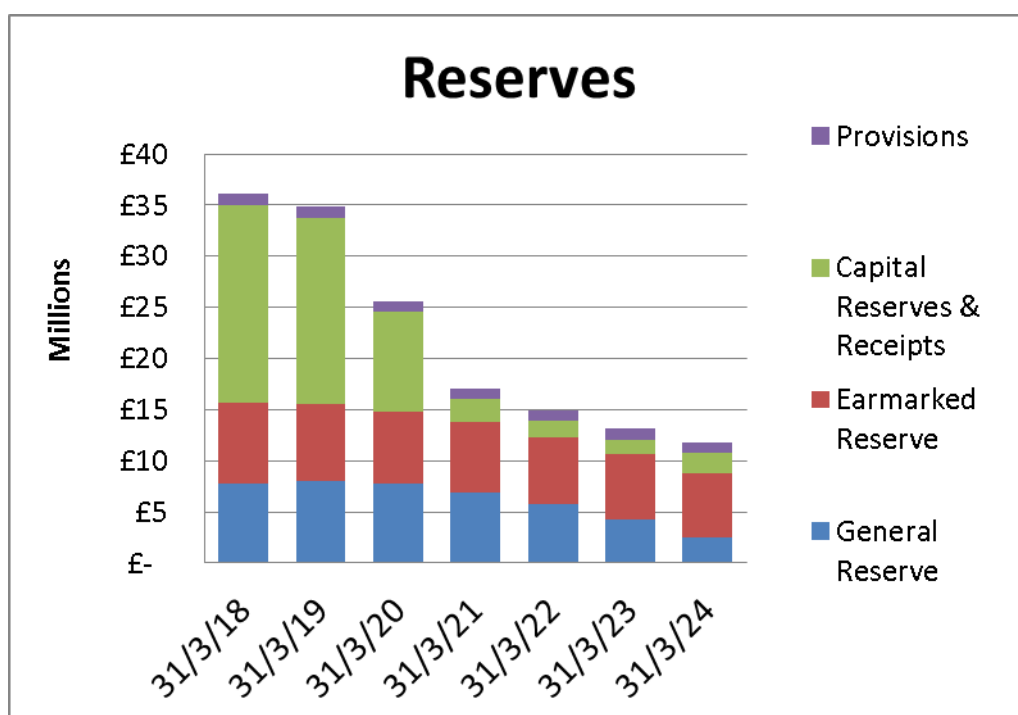
At 31 March 2018 this provision stood at £0.6m to cover anticipated costs of outstanding business rates appeals. Whilst a significant element of this will be utilised in the current financial year, reflecting the settlement of outstanding appeals, it is impossible to accurately predict the extent of this usage or the need for any additional provision to meet appeals that arise in year, until such time as a full review is undertaken as part of the financial year end process. Therefore for the purpose of this report we have assumed that the level of business rates appeals provision remains unchanged. Until the outcome of any appeal is known there is no legal obligation arising from the appeal.

The Treasurer feels that the levels of provisions are sufficient to meet future requirements in the medium term.

#### **Summary Reserve Position**

The following table sets out the summary anticipated position in terms of reserves and balances showing the overall level reducing to approx. £12m by 31 March 2024 (further details are provided in Appendix 1):-

	General Reserve	Earmarked Reserve	Capital Reserves & Receipts	Provisions	Total Reserves & Balances
	£m	£m	£m	£m	£m
Balance 31/3/18	7.8	7.9	19.3	1.1	36.1
Change in year	0.2	(0.3)	(1.2)	(0.0)	(1.3)
Balance 31/3/19	8.0	7.6	18.2	1.1	34.8
Change in year	(0.3)	(0.4)	(8.4)	0.0	(9.2)
Balance 31/3/20	7.7	7.1	9.7	1.1	25.6
Change in year	(0.9)	(0.2)	(7.5)	0.0	(8.6)
Balance 31/3/21	6.9	6.9	2.3	1.1	17.1
Change in year	(1.2)	(0.3)	(0.7)	0.0	(2.1)
Balance 31/3/22	5.7	6.6	1.6	1.1	15.0
Change in year	(1.5)	(0.2)	(0.1)	0.0	(1.8)
Balance 31/3/23	4.3	6.4	1.4	1.1	13.2
Change in year	(1.7)	(0.2)	0.6	0.0	(1.3)
Balance 31/3/24	2.5	6.2	2.0	1.1	11.8



As this shows up to 31/3/2020, the end of the current multi-year settlement period, we remain in a healthy position. The reduction in the level of reserves becomes more of a concern thereafter with general reserves potentially falling below the minimum target level, but this position will be subject to significant change as funding, inflation, pay awards and other pressures all become clearer in future years. The annual refresh of this policy will identify the impact of any changes as they develop.

For comparative purposes the average level of reserves relative to total revenue expenditure across all Fire Authorities as at 31 March 2018 was 42%. Our anticipated position at the end of the current financial year shows reserves equal to 60% our revenue expenditure. However within this are £13m of capital slippage and a further £4m of PFI reserve, if we exclude these total reserves equate to £17m, 30% of our total revenue expenditure which is below the sector average.

It is also worth noting the comparator with other types of Authorities as set out in the Revenue Outturn Summary for 2017/18 comparing Net Revenue Expenditure with Non School Reserves:-

• London Boroughs	51%
• Metropolitan Districts	40%
• Unitary Authorities	39%
• Shire Counties	28%
• Shire Districts	144%
• Other (which includes Fire)	31%
• Overall	<u>40%</u>

### Financial Risk

There is a risk that the level of reserves will not be sufficient to meet future requirements, this policy and the subsequent reporting mechanism is designed to mitigate this.

### HR Risk

None.

### Equality and Diversity Implications

None.

### Environmental Impact

None.

### Business Risk Implications

The management of reserves forms a key element of our budget strategy. Having an agreed policy, within which we are able to manage our reserves, provides clearer accountability, and reduces the risk of the Authority maintaining an inappropriate level of reserves, either too high or too low.

### Local Government (Access to Information) Act 1985

#### List of Background Papers

Paper	Date	Contact
CIPFA Guidance	Various	Keith Mattinson
Local Government Finance settlement	December 2018 & February 2019	Keith Mattinson
Revenue, Capital Budget and Treasury Management Strategy Reports to CFA	February 2019	Keith Mattinson
Reason for inclusion in Part II, if appropriate:		

## Appendix 1

	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	£m	£m	£m	£m	£m	£m
<b>General</b>	<b>8.0</b>	<b>7.7</b>	<b>6.9</b>	<b>5.7</b>	<b>4.3</b>	<b>2.5</b>
<b>Earmarked</b>						
DFM	0.3	0.2	0.2	0.2	0.2	0.1
PFI	4.3	4.2	4.2	4.1	4.0	3.9
Insurance ASL	1.1	1.1	1.1	1.1	1.1	1.1
PWLB Loan Penalty	0.9	0.9	0.9	0.9	0.9	0.9
Equip	0.2	-	-	-	-	-
Princes Trust	0.2	0.2	0.2	0.2	0.2	0.2
ESMCP	0.1	0.0	0.0	0.0	0.0	0.0
Apprentices	0.2	0.1	0.1	-	-	-
Innovation Fund	0.5	0.4	0.3	0.2	0.1	-
	<b>7.6</b>	<b>7.1</b>	<b>6.9</b>	<b>6.6</b>	<b>6.4</b>	<b>6.2</b>
<b>Capital Reserves &amp; Receipts</b>	<b>18.2</b>	<b>9.7</b>	<b>2.3</b>	<b>1.6</b>	<b>1.4</b>	<b>2.0</b>
<b>Provisions</b>						
Insurance	0.5	0.5	0.5	0.5	0.5	0.5
Business Rate Collection Fund Appeals	0.6	0.6	0.6	0.6	0.6	0.6
	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
	<b>34.9</b>	<b>25.7</b>	<b>17.2</b>	<b>15.1</b>	<b>13.3</b>	<b>11.9</b>

## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 18 February 2019

### **CAPITAL STRATEGY & BUDGET 2019/20-2023/24 (Appendix 1 refers)**

Contact for further information:

Keith Mattinson - Director of Corporate Services - Telephone Number 01772 866804

#### **Executive Summary**

The report sets out the capital programme for 2019/20-2023/24, together with the funding of this.

The programme allows for items included within various asset management plans. Slippage of £13.3m has been moved from the 2018/19 capital programme into the 2019/20 & 2020/21 capital programmes, in line with anticipated spending forecasts.

The programme as set out is affordable as it does not require any additional borrowing, but does use a large proportion of our existing capital reserves, which ties in to a planned use of reserves over the medium term.

#### **Recommendation**

The Combined Fire Authority is asked to approve:-

- The Capital Strategy;
- The proposed Capital Budget;
- Ordering 4 pumping appliances and 1 ALP, scheduled for replacement in 2020/21, in the new financial year in order to meet delivery timeframes;
- The Prudential Indicators as set out at Appendix 1.

#### **Capital Strategy**

The Authority's capital strategy is designed to ensure that the Authority's capital investment:

- assists in delivering the corporate objectives;
- provides the framework for capital funding and expenditure decisions, ensuring that capital investment is in line with priorities identified in asset management plans;
- ensures statutory requirements are met, i.e. Health and Safety issues;
- supports the Medium Term Financial Strategy by ensuring all capital investment decisions consider the future impact on revenue budgets;
- demonstrates value for money in ensuring the Authority's assets are enhanced/preserved;
- describes the sources of capital funding available for the medium term and how these might be used to achieve a prudent and sustainable capital programme.

## Managing capital expenditure

The Capital Programme is prepared annually through the budget setting process, and is reported to the Authority for approval each February. The programme sets out the capital projects taking place in the financial years 2019/20 to 2023/24, and is updated in June to reflect the effects of any slippage from the current financial year (2018/19).

The majority of projects originate from approved asset management plans, subject to assessments of ongoing requirements. Bids for new capital projects are evaluated and prioritised by Executive Board prior to seeking Authority approval.

A budget manager is responsible for the effective financial control and monitoring of their elements of the capital programme. Quarterly returns are submitted to the Director of Corporate Services on progress to date and estimated final costs. Any variations are dealt with in accordance with the Financial Regulations (Section 4.71). Where expenditure is required or anticipated which has not been included in the capital programme, a revision to the Capital Programme must be approved by Resources Committee before that spending can proceed.

## Proposed Capital Budget

Capital expenditure is expenditure on major assets such as new buildings, significant building modifications and major pieces of equipment/vehicles.

The Service has developed asset management plans which assist in identifying the long-term capital requirements. These plans, together with the operational equipment register have been used to assist in identifying total requirements and the relevant priorities.

The 2019/20 & 2020/21 programmes include various items of slippage that have been removed from the 2018/19 programme as they are not expected to be incurred within the year – £12.6m of these have already been approved by Resources Committee, and following a further review anticipated slippage has increased to £13.3m, these are as follows:-

Preston Fire Station	£7.000m
Fleet Garage	£2.400m
Pumping appliances	£1.076m
Command Units (Mobile Fire Stations)	£0.580m
CCTV on pumping appliances	£0.100m
Future fire-fighting innovations	£0.050m
IRS/MIS	£0.050m
GIS Risk Info	£0.050m
Performance Management	£0.100m
Wide Area Network	£0.200m
Dynamic Mobilising Tool	£0.150m
Storage area network	£0.120m
Station end mobilising system	£0.400m
ESMCP (Airwave replacement)	£1.000m
Total	£13.276m



A summary of all capital requirements is set out in the table below:

	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
Vehicles	2.672	1.861	1.066	1.037	1.147	7.783
Operational Equipment	0.150	1.000	0.195	0.800	0.250	2.395
Buildings (timing)	6.145	6.190	0.930	0.200	-	13.465
IT Equipment	2.470	0.425	0.500	0.100	-	3.495
<b>Total</b>	<b>11.437</b>	<b>9.476</b>	<b>2.691</b>	<b>2.137</b>	<b>1.397</b>	<b>27.138</b>

## Vehicles

The Fleet Asset Management plan has been used as a basis to identify the following vehicle replacement programme, which is based on current approved lives:-

Type of Vehicle	No of Vehicles				
	2019/20	2020/21	2021/22	2022/23	2023/24
Pumping Appliance	10	4	3	3	3
Command Unit	2	-	-	-	-
Water Tower	-	-	-	-	-
Aerial Ladder Platform (ALP)	-	1	-	-	-
All-Terrain Vehicle	-	1	-	1	-
Prime mover	-	-	2	-	-
Pod	1	1	-	-	-
Operational Support Vehicles	18	12	10	17	18
	22	19	15	21	21

Type of Vehicle	Budget £m				
	2019/20	2020/21	2021/22	2022/23	2023/24
Pumping Appliance*	1.706	0.861	0.662	0.678	0.695
Command Unit	0.580	-	-	-	-
Water Tower	-	-	-	-	-
Aerial Ladder Platform (ALP)	-	0.605	-	-	-
All-Terrain Vehicle	-	0.085	-	0.015	-
Prime mover	-	-	0.210	-	-
Pod	0.028	0.028	-	-	-
Operational Support Vehicles	0.358	0.282	0.194	0.344	0.452
	<b>2.672</b>	<b>1.861</b>	<b>1.066</b>	<b>1.037</b>	<b>1.147</b>

\* The pumping appliance budget includes the majority of the stage payments for the 7 appliances slipped forwards from the 2018/19 programme, in addition to the full cost of the 3 to be purchased in 2019/20.

LFRS currently has several vehicles provided and maintained by CLG under New Dimensions (5 Prime Movers and 1 Incident Response Unit), which under LFRS replacement schedules would be due for replacement during the period of the programme. However our understanding is that CLG will issue replacement vehicles if they are beyond economic repair, or if the national provision requirement changes. Should LFRS be required to purchase replacement vehicles, grant from CLG may be available to fund them. Based on the current position, we have not included these vehicles (or any potential grant) in our replacement plan.

In addition, Fleet Services continue to review future requirements for the replacement of all vehicles in the portfolio, hence there may be some scope to modify requirements as these reviews are completed, and future replacement programmes will be adjusted accordingly.

A number of vehicles have protracted lead times in excess of 12 months. Therefore in order to deliver vehicles in line with their replacement timeframes it is necessary to order pumping appliances, water towers and ALP's at least 12 months prior to their planned replacement. As such orders in respect of 4 pumping appliances and 1 ALP scheduled for replacement in 2020/21 will need to be ordered in the new financial year.

## Operational Equipment

The following plan allows for the replacement of items at the end of their current asset lives, based on current replacement cost:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Breathing Apparatus (BA) and Telemetry equipment	-	-	-	0.800	-
Cutting and extrication equipment	-	1.000	-	-	-
Light Portable Pumps	-	-	0.130	-	-
Defibrillators	-	-	0.065	-	-
Thermal Imaging Cameras	-	-	-	-	0.250
CCTV on Pumping appliances	0.100	-	-	-	-
Future Fire-fighting – innovations	0.050	-	-	-	-
	<b>0.150</b>	<b>1.000</b>	<b>0.195</b>	<b>0.800</b>	<b>0.250</b>

Each of these groups of assets is subject to review prior to replacement, which may result in a change of requirements or the asset life.

## Buildings

In terms of all the building proposals it must be noted that we are still developing requirements/designs hence costings are to provide some context for decision making.

The two most significant building projects are both carried forward from last year:-

- Preston Fire Station where plans are being refined, following NWAS' decision not to pursue a joint facility.
- Fleet workshop facility, where plans have been refined and a revised total budget cost of £3.9m was presented and agreed at November's Resources Committee.

The plan also incorporates amendments to the PFI facility at Morecambe to provide an enhanced training facility for use by stations within the Northern Area and station modifications to enable site sharing with NWAS. Designs for this are still being refined, whilst discussions are on-going with the PFI provider to agree on how best to facilitate these changes. NWAS have proposed that the Authority funds the capital investment but that they would enter into a long term lease covering both running and the recovery of capital costs over the life of the lease, with suitable break causes included to allow for a recovery of outstanding capital in the event of early termination of the lease.

Details relating to other STC works were considered at November's Resources Committee.

Based on the latest stock condition survey, several stations have had identified upgrades to dormitory, drill tower, community room and shower facilities, as listed below – the actual timing of which may be varied to match the capacity to deliver the works.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Fleet workshop/trainer facilities/etc	3.900	-	-	-	-
Preston fire station rebuild	1.100	5.900	-	-	-
NWAS co-location – Morecambe*	0.120	-	-	-	-
Area training hub – Morecambe	0.400	-	-	-	-
STC works:					
Fire House	0.350	-	-	-	-
Lancaster House/conference facilities	-	-	0.360	-	-
Astley House	-	-	0.370	-	-
Enhanced station facilities:					
Blackpool	0.135	-	-	-	-
South Shore	0.090	-	-	-	-
Hyndburn	0.050	-	-	-	-
Bacup	-	0.090	-	-	-
Drill tower replacements, assumed 2 per year	-	0.200	0.200	0.200	-
	<b>6.145</b>	<b>6.190</b>	<b>0.930</b>	<b>0.200</b>	-

## ICT

The sums identified for the replacement of various ICT systems are in line with the software replacement lifecycle schedule incorporated into the ICT Asset Management Plan. All replacements identified in the programme will be subject to review, with both the requirement for the potential upgrade/replacement and the cost of such being revisited prior to any expenditure being incurred.

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Replace Existing Systems</b>	£m	£m	£m	£m	£m
IRS/MIS	0.050	-	-	-	-
GIS	0.050	-	-	-	-
Performance management	0.100	-	-	-	-
Wide Area Network	0.200	-	-	-	-
Dynamic mobilising tool	0.150	-	-	-	-
Storage area network	0.120				
Hydrant Management system	-	0.020	-	-	-
Vehicle specification crash recovery software	-	0.020	-	-	-
Pooled PPE system	-	0.080	-	-	-
Finance system	-	-	0.250	-	-
Incident Command system	-	0.060	-	-	-
Asset Management system	-	-	0.100	-	-
HR & Payroll system	-	-	0.150	-	-
Community Fire Risk Management Information System (CFRMIS)	-	-	-	0.100	-
	<b>0.670</b>	<b>0.180</b>	<b>0.500</b>	<b>0.100</b>	-

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Operational Communications</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ESMCP (Airwave replacement – assumed fully funded by government grant)	1.000	-	-	-	-
Station end mobilising system	0.400				
Vehicle Mounted Data Systems (VMDS) hardware replacement	0.400	-	-	-	-
Alerters for RDS/DCP staff	-	0.065	-	-	-
Incident Ground Radios	-	0.180	-	-	-
	<b>1.800</b>	<b>0.245</b>	-	-	-
<b>Total ICT Programme</b>	<b>2.470</b>	<b>0.425</b>	<b>0.500</b>	<b>0.100</b>	-

## Capital Funding

Capital expenditure can be funded from the following sources:

### Prudential Borrowing

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However any future borrowing will incur a financing charge against the revenue budget for the period of the borrowing.

Given the financial position of the Authority we have not needed to borrow since 2007, and repaid a large proportion of our borrowing in October 2017. Based on the draft capital programme presented this position will not change.

As presented previously no allowance has been made of the potential relocation of Service Headquarters, as this project is due to be reviewed. The programme as presented will clearly need updating if the Authority decides to pursue the relocation in the future.

### Capital Grant

Capital grants are received from other bodies, typically the Government, in order to facilitate the purchase/replacement of capital items.

The ESMCP project carried forwards from 2018/19 is anticipated to receive £1.0m grant funding which is included in the programme. To date no other capital grant funding has been made available for 2019/20, nor has any indication been given that capital grant will be available in future years, and hence no allowance has been included in the budget.

### Capital Receipts

Capital receipts are generated from the sale of surplus land and buildings, with any monies generated being utilised to fund additional capital expenditure either in-year or carried forward to fund the programme in future years. We do not hold any surplus property assets, therefore no further capital receipts are planned during the capital programme.

As at 31 December 2018 the Authority holds £1.6m of capital receipts. At the end of the 5 year programme we anticipate holding £1.4m of capital receipts, which will be available to meet future costs.

### Capital Reserves

Capital Reserves have been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years. Following completion of the 2018/19 capital programme, and allowing for the transfer of the year end underspends the Authority expects to hold £16.5m of capital reserves. Over the life of the programme we anticipate utilising £15.9m, leaving a balance of £0.6m by the end of 2023/24.

### Revenue Contribution to Capital Outlay (RCCO)

Any revenue surpluses may be transferred to a Capital Reserve in order to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

The revenue contribution remains the same over the life of the programme, at £2.0m

### Drawdown of Earmarked Reserves

The programme does not require the drawdown of any earmarked reserves.

### Drawdown of General Reserves

The programme does not require the drawdown of any of the general reserve.

### Total Capital Funding

The following table details available capital funding over the five year period:

	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Grant	1.000	-	-	-	-	1.000
Capital Receipts	-	-	0.088	0.137	-	0.225
Capital Reserves	8.437	7.476	0.603	-	(0.603)	15.914
Revenue Contributions	2.000	2.000	2.000	2.000	2.000	10.000
	<b>11.437</b>	<b>9.476</b>	<b>2.691</b>	<b>2.137</b>	<b>1.397</b>	<b>27.138</b>

As highlighted earlier no allowance has been made for the potential relocation of SHQ. If this or any other major capital project is identified subsequently the above position will change significantly. Dependent upon the extent of any new project we will utilise all of the above reserves and may have to take out additional borrowing to deliver a balanced programme, with any such borrowing impacting directly on the revenue budget.

### **Summary Programme**

Therefore the summary of the programme, in terms of requirements and available funding, is set out below:

	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Requirements	11.437	9.476	2.691	2.137	1.397	27.138
Capital Funding	11.437	9.476	2.691	2.137	1.397	27.138
<b>Surplus/(Shortfall)</b>	-	-	-	-	-	-

Over the next five years the capital programme is currently balanced, however it should be noted that the following assumptions could change:-

- No allowance has been made for the potential relocation of SHQ, clearly we would need to take out significant additional borrowing if that project was pursued in the 5 year timeframe
- Operational Communications replacements (ESMCP) are subject to a great deal of uncertainty in terms of both timing and costs as they are related to a national replacement project, in addition there may be grant funding available for this which is also unknown at this time;
- Capital grant may be made available in future years, in order to assist service transformation and greater collaboration;
- New Dimensions vehicle replacements are expected to be carried out by CLG, however this position may change;
- All operational equipment item replacements are at estimated costs, and would be subject to proper costings nearer the time;
- ICT software replacements are based largely on the ICT asset management plan, and are subject to review prior to replacement, which has led in the past to significant slippage;
- Property project timings are estimated and as such are expected to vary between years;

The programme is balanced, and as such can be considered prudent, sustainable and affordable. Although it must be recognised that future funding levels, both in terms of revenue and capital, will inevitably impact upon the achievability of the programme as identified.

However as noted above, should any of the funding assumptions or expenditure items within the programme change, this will have an impact on the overall affordability of the programme.

A further report will be presented to the Resources Committee in June, confirming the final year end capital outturn for 2018/19 and the impact of slippage from this on the programme outlined above.

### **Impact on the Revenue budget**

It is worth noting that the capital programme and its funding directly impacts on the revenue budget in terms of capital financing charges and in terms of the revenue contribution to capital outlay. Dependent upon future funding position the revenue contribution to capital (RCCO) could come under increasing pressure, which may mean that the Authority needs to borrow to meet future capital requirements which will impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision (MRP)) charges, the scale of which will depend upon the type of asset the borrowing is charged against, as it is linked to the life of assets.

It is also worth noting that the capital programme shows the Authority utilising the majority of its capital reserves and receipts by the end of the 5 year period, meaning that any longer term capital requirements would need to be met from either capital grant, revenue contributions or from new borrowing. Potentially this could leave a problem in some future years where the on-going revenue contribution of £2.0m is insufficient to meet the current vehicle replacement programme and operational equipment capital replacements.

If a potential relocation of SHQ were to go ahead, it would have a long term impact on the revenue budget, for each £1m borrowed, the annual MRP charges would be £20k (based on an allocated 50 year asset life in accordance with current accounting policy), and the annual interest payable would be in the region of £28k (based on the same 50 year asset life at a current 50 year borrowing rate of 2.8%). For example, borrowing £5m would result in an additional £240k per year charge to the revenue budget.

## **Prudential Indicators**

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However, in determining the level of borrowing, the Authority must prepare and take account of a number of Prudential Indicators aimed at demonstrating that the level and method of financing capital expenditure is affordable, prudent and sustainable. These Indicators are set out at Appendix 1, along with a brief commentary on each. The Prudential Indicators are based on the programme set out above. These indicators will be updated to reflect the final capital outturn position, and reported to the Resources Committee at the June meeting.

The main emphasis of these Indicators is to enable the Authority to assess whether its proposed spending and its financing is affordable, prudent and sustainable and in this context, the Treasurer's assessment is that, based on the Indicators, this is the case for the following reasons: -

- In terms of prudence, the level of capital expenditure, in absolute terms, is considered to be prudent and sustainable at an annual average of £7.6m over the 3-year period. The trend in the capital financing requirement and the level of external debt are both considered to be within prudent and sustainable levels. No new borrowing is currently planned during the three years.
- In terms of affordability, the negative ratio of financing costs arising from borrowing reflects interest receivable exceeding interest payable and Minimum Revenue Provision payments in each of the three years. This reflects the effect of the previous decision to set aside monies to repay debt.

## **Financial Implications**

The financial implications are set out on the report.

## **Human Resources Implications**

None

## **Equality and Diversity Implications**

The capital programme in respect of replacement/refurbishment of existing property will include some element of adaptations to ensure compliance with the Disability Discrimination Act.

## **Environmental Impact**

The environmental impact of decisions relating to the capital programme will be considered as part of the project planning process, and where possible we will look to

minimise the environmental impact of this where it is considered practical and cost effective to do so.

### **Business Risk Implications**

The capital programme is designed to ensure that the Service has the appropriate assets in order to deliver its services; as such it forms a key element in controlling the risk to which the Authority is exposed.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact
CFA Revenue Budget and Treasury Management Strategy	February 2019	Keith Mattinson Director of Corporate Services
Reason for inclusion in Part II, if appropriate:		



## PRUDENTIAL CODE FOR CAPITAL FINANCE

### Information

The Prudential Code for capital finance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), is in the form of a professional code of practice to support local authorities in taking decisions on capital expenditure, borrowing and investments. In reaching these decisions the Authority must follow good professional practice and must assess the implications of capital expenditure in terms of affordability, prudence and sustainability. To enable authorities to demonstrate that its decisions reflect these principles, the code sets out indicators that must be used and factors which must be taken into account.

### Capital Expenditure and Financing

The objective in consideration of the affordability of the Authority's capital plans is to ensure that total capital expenditure remains within sustainable limits.

#### Capital expenditure 2017/18 to 2021/22

The actual and forecast expenditure for 2017/18 and 2018/19, and estimates of capital expenditure to be incurred in future years, as per the proposed capital programme and allowing for slippage from the 2019/20 programme, are:

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
Capital Expenditure	4.638	3.274	11.437	9.476	2.691

This indicator for 2018/19 will also be applied at the year-end to reflect actual capital expenditure incurred.

#### Capital financing 2017/18 to 2021/22

All capital expenditure must be financed, either from external resources (government grants and other contributions), the Authority's own resources (revenue contributions, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
Grants and Contributions	0.505	-	1.000	-	-
Own Resources	4.133	3.274	10.437	9.476	2.691
Debt	-	-	-	-	-
<b>Total</b>	<b>4.638</b>	<b>3.274</b>	<b>11.437</b>	<b>9.476</b>	<b>2.691</b>

## Borrowing Strategy

### Capital Financing Requirement (CFR) 2017/18 to 2021/22

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
Capital Financing Requirement (Debt only)	0.202	0.192	0.182	0.172	0.162

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose, and reflects the effects of previous investment decisions as well as future planned expenditure. In accordance with best professional practice, the Authority does not associate borrowing with particular items or types of expenditure. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending, but in the medium term the Treasurer anticipates that borrowing is undertaken for capital purposes only. These capital financing requirements then feed through into the anticipated level of external debt as reported in the Treasury Management Strategy elsewhere on the agenda, but repeated here for completeness. As reported in the Treasury Management Strategy the Authority has made additional MRP provisions since 2010/11 in order to reduce capital financing requirements.

### Authorised limit and operational boundary for its total external debt

In respect of its external debt the Authority is required to set two limits over the three-year period: an authorised limit and an operational boundary. Both are based on the planned capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes. It should be noted that these limits have then been uplifted to include potential borrowing associated with a future decision to go ahead with a replacement Headquarters.

The operational boundary is based on the most likely, but not worst case, scenario and represents the maximum level of external debt projected by these estimates. However, unexpected cashflow movements can occur during the year and some provision needs to be made in setting the authorised limit to deal with this.

The two indicators are as follows:

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
<b>Authorised Limit for External Debt</b>					
Borrowing	2.000	2.000	5.000	5.000	5.000
Other long term liabilities	14.316	14.326	14.600	14.200	13.700
<b>Total</b>	<b>16.316</b>	<b>16.326</b>	<b>19.600</b>	<b>19.200</b>	<b>18.700</b>
<b>Operational Boundary for External Debt</b>					
Borrowing	2.000	2.000	3.000	3.000	3.000
Other long term liabilities	14.316	14.326	14.000	13.600	13.100
<b>Total</b>	<b>16.316</b>	<b>16.326</b>	<b>17.000</b>	<b>16.600</b>	<b>16.100</b>

## Gross debt and the Capital Financing Requirement

The Prudential Code requires that debt does not exceed the Capital Financing Requirement except in the short term, in order to ensure that over the medium term that debt will only be for capital purposes. This is a key indicator of prudence.

As reported in the Treasury Management Strategy, the Authority has made additional MRP provisions since 2010/11 in order to reduce Capital Financing Requirements and hence the charges associated with this, and in order to set monies aside to pay off debt as it matures. It used these monies to pay off £3.2m of debt in October 2017. As a result of this the level of debt now held, £2.0m, exceeds the capital financing requirement, £0.2m:-

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
Debt	2.000	2.000	2.000	2.000	2.000
Capital Financing Requirement	0.202	0.192	0.182	0.172	0.162

Should the Authority decide to repay the remaining £2m of debt, it would need to make additional MRP payments to clear the balance of CFR at that time.

## **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP, or debt repayments) are charged to revenue, offset by interest receivable. The net annual charge is known as financing costs.

As shown within the Treasury Management Strategy report elsewhere on the agenda, the financing costs are as follows:

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	£m	£m	£m	£m	£m
Interest payable	0.176	0.090	0.090	0.090	0.090
MRP	0.058	0.010	0.010	0.010	0.010
Interest receivable	(0.266)	(0.412)	(0.354)	(0.321)	(0.288)
<b>Net financing costs</b>	<b>(0.032)</b>	<b>(0.312)</b>	<b>(0.254)</b>	<b>(0.221)</b>	<b>(0.188)</b>

## Proportion of financing costs to net revenue stream

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
Net financing costs	(£0.032m)	(£0.312m)	(£0.254m)	(£0.221m)	(£0.188m)
Ratio of Financing Costs to Net Revenue Stream	(0.06%)	(0.57%)	(0.46%)	(0.39%)	(0.32%)

The negative percentage of this indicator reflects the low level of underlying debt (following the repayment of the majority of our long term loans during 2017/18) for the Authority in comparison to the authority's level of investment income, i.e. interest receivable is greater than interest payable.

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## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 18 February 2019

### REVENUE BUDGET 2019/20-2023/24

(Appendix 1 – Detailed Council Tax Resolution)

(Appendix 2 – Analysis of Budget by Service Area)

(Appendix 3 – Analysis of Budget by Type of Expenditure)

(Appendix 4 – Budget Scenarios)

Contact for further information: Keith Mattinson - Director of Corporate Services

Telephone Number 01772 866804

#### Executive Summary

The final proposed gross revenue budget for 2019/20 is £56.5m, an increase of 3.2%. This majority of the increase in costs relate to forecast pay awards and revised pension contributions all of which is partly offset by the identification of £1.2m of efficiency savings/budget reductions. As highlighted the budget allows for a 2% pay award for grey book personnel in 19/20, whilst the current pay claim from the FBU is for 17%, clearly the outcome of pay discussions will have a significant impact on this, and future years budgets.

The Local Government Finance Settlement confirmed funding was in line with the 4-year settlement figures, at £23.8m a reduction of £0.5m (2.0%), and that the council tax referendum level remains at 3.0%.

Based on the council tax referendum limit the Authority has a funding gap of £0.5m and will need to either identify additional savings or utilise reserves to set a balanced budget. Doing so will result in a net budget of £56.0m, and a council tax requirement of £69.48 per Band D property, an increase of 2.99% (£2.02 per annum, 4p per week). It is proposed that an unidentified saving target of £0.2m is agreed and that £0.3m of reserves are utilised to deliver a balanced budget in 19/20.

Until such time as the outcome of next year's Spending review is published it is impossible to provide any meaningful funding forecast, however for the purpose of medium term financial planning we have assumed that funding is frozen in subsequent years. Assuming council tax is increased in line with current referendum principle of 3% in future years the Authority is still faced with a recurring funding gap of approx. £0.3m-£0.5m, if the referendum principle is set at 2% in future years the gap varies between. £0.9m in 20/21 increasing to £1.7m in 23/24.

Looking at the medium-term plans it is clear that the key variables remain pay awards, pension costs and funding. Any significant increase in pay award over and above the 2%-2.5% built into the budget or in the increase in pension costs over and above the £0.7m budgeted (net of additional grant) will add in significant financial pressures. Similarly should the settlement in 2020/21 and beyond be worse than the cash freeze budgeted for then the level of deficit will increase accordingly.

Currently the Authority remains in a good financial position with reserves able to offset the financial challenges next year. The position becomes more challenging thereafter however by that time the Authority should have greater certainty on future funding, pay awards and future referendum limits, which will enable it to deliver a more reliable medium term financial plan in order to address any funding gap that exists.

### Recommendation

The Combined Fire Authority is asked to agree the detailed resolutions set out in appendix 1.

### Information

In line with the Authority's objective to deliver affordable, value for money services the Authority's Budget Strategy remains one of:-

- Maintaining future council tax increases at reasonable levels, reducing if possible;
- Continuing to deliver efficiencies in line with targets;
- Continuing to invest in improvements in service delivery;
- Continuing to invest in improving facilities;
- Setting a robust budget;
- Maintaining an adequate level of reserves.

### Draft Budget

In order to determine the future budget requirement, the Authority has used the approved 2018/19 budget as a starting point, and has uplifted this for inflation and other known changes and pressures, to arrive at a draft budgetary requirement, prior to utilising any reserves, as set out below:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Preceding Years Draft Net Budget Requirement	54.8	56.5	58.0	59.5	61.0
Add back previous years unidentified savings target	0.3	-	-	-	-
Add back previous years Vacancy Factors	1.8	1.0	1.2	1.2	1.1
Inflation	0.9	1.5	1.5	1.5	1.5
Other Pay Pressures	0.4	0.5	0.2	-	(0.1)
Committed Variations	0.1	(0.1)	-	(0.1)	-
Growth	0.4	(0.2)	-	-	-
Efficiency Savings	(1.2)	(0.1)	(0.2)	-	0.1
Gross Budget Requirement	57.5	59.2	60.6	62.1	63.6
Vacancy Factors	(1.0)	(1.2)	(1.2)	(1.1)	(1.1)
Net Budget Requirement	56.5	58.0	59.4	61.0	62.5

## Inflation

The following amounts have been added to the budget in respect of inflationary pressures, in line with current estimates:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Removal of over-provision relating to July 17 pay award budgeted at 2% but agreed at 1%	(0.3)	-	-	-	-
A 2% allowance has been built in for all pay-awards for 2019/20 Future budget assume a 2.5% pay award each year.	0.9	1.2	1.2	1.2	1.2
Non-pay inflation, average of 2.5% each year	0.3	0.3	0.3	0.3	0.3
	0.9	1.5	1.5	1.5	1.5

Each 1% pay award in excess of the above assumptions equates to an additional cost of £340k per year for grey book personnel, and if this is mirrored for green book personnel and additional £70k. The current FBU pay claim is for a 17% increase, significantly higher than the budgeted allowance, and in order to give a flavour for the potential impact of this, a 5% pay award would add in a further £1.0m on an annual basis year compared with the budgeted allowance.

## Other Pay Pressure

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Pay has been recosted taking account of the impact of recruits on numbers of personnel in development rates of pay, the number of personnel in receipt of CPD payments, and the mix of personnel in the old and new FF pension scheme.	(0.3)	0.3	0.2	-	(0.1)
The latest valuation of the FF pension's scheme has identified an average increase of 12.6% in employer contribution rate (moving from 17.6% to 30.2%), this is due to combination of changing factors, the most significant of which is the revised discount rate used in unfunded public sector pension schemes will change. It should be noted that the split by individual pension scheme has not been provided, only the average, and hence the actual additional cost will vary according to the mix of personnel in each pension scheme. This equates to an additional cost of £3.3m However the Government has allowed an additional £2.6m of funding in 19/20 to offset some of this pressure (hence the net additional cost of £0.7m shown). The additional cost pressure in future years will be considered as part of the next Spending Review, hence for medium term planning	0.7	-	-	-	-

we have assumed that the additional £2.6m grant will continue.					
The next actuarial review of the LGPS scheme is due in 12 months' time, which will result in updated contribution rates being applicable in 2020/21. The latest indications are that employer contribution in respect of future service are likely to increase but that the funding position of the scheme will have improved since its last review and hence, in our case, it should remain in surplus. As such the future budget has been adjusted to allow for a 3% increase in employer contribution but with the on-going £325k drawdown of our surplus continuing for the duration of this budget period. (It must be noted that this is only indicative at this point in time, actual figures will not be known until the next valuation is completed.)	-	0.2	-	-	-
	0.4	0.5	0.2	-	(0.1)

### Committed Variations

Committed variations are those items which are unavoidable, or which arise from previously agreed policy decisions.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
The budget for pension costs has been increased to reflect the increased number of ill health retirements forecast for 18/19. Whereby the costs are spread over a three year period, hence the offsetting reduction in 21/22.	0.1	-	(0.1)	-	-
Last year's PPE budget was increased to reflect the roll out of new Helmets and Gloves. Hence this additional funding has been removed in 19/20.	(0.1)	-	-	-	-
The budget assumes that the grant in respect of New Dimensions will continue to fall in 19/20, in line with previous years reductions, although it should be noted that the actual grant is not announced until after the start of the financial year.	0.1	-	-	-	-
The budget for interest receivable has been amended to reflect the increase in interest rates, and the level of fixed term investments held.	(0.1)	-	-	-	-
The budget for operational equipment needs to be increased in 21/22 reflecting the anticipated replacement cycle, and particularly the cost of replacing PPV fans in year. (The one off funding being removed the following year	-	-	0.1	(0.1)	-



As members are aware Lancashire successfully bid to be a pilot authority for 75% business rate retention. We currently anticipate retaining an additional £213k of business rate growth in 19/20 (which is reflected in the funding forecasts set out later in the report). However of this £11k will be held back as a contribution towards a Lancashire wide risk reserve and £53k towards a Lancashire wide growth fund. It is assumed that the additional growth, and hence the contributions, are both one offs, hence no allowance has been built in to the budget in subsequent years.	0.1	(0.1)			
	0.1	(0.1)	-	(0.1)	-

No allowance has been made for any increased costs associated with the DCP crewing system and in particular any changes to the pension ability of the allowance. It should be noted that moving to a 30% pensionable allowance is likely to increase costs by £150k.

### Growth

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
The budget allows for an increase in the number of Home Fire Safety Checks/Safe & Well Visits and associated costs	0.1	-	-	-	-
Fleet and Engineering Services have identified a need for an 'R&D' budget to facilitate the introduction of new equipment. Whilst there is an earmarked innovation reserve of £500k this is to cover significant new investment, such as the roll out of new duty rig. Hence an additional £100k has been allowed for in the budget to provide a recurring R&D budget.	0.1	-	-	-	-
The budget also includes a one off allowance in 19/20 for the introduction of new duty rig	0.2	(0.2)	-	-	-
	0.4	(0.2)	-	-	-

### Efficiency Savings

The Authority has a good track record of delivering efficiency savings, with the following savings identified below:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
The budget for whole-time recruitment/apprentices has been amended to reflect anticipated number of recruits in each of the next 5 years:- <ul style="list-style-type: none"> <li>• 19/20 – 18 apprentices</li> <li>• 20/21 – 24 apprentices</li> <li>• 21/22 – 24 apprentices</li> <li>• 22/23 – 30 apprentices</li> <li>• 23/24 – 42 apprentices</li> </ul>	(0.8)	-	-	-	0.1
Reduction in Associate Trainer budget, reflecting reduction in number of trainer days	(0.1)	-	-	-	-
Removal of temporary posts	(0.2)	(0.1)	(0.2)	-	-
Reduction in various non-pay budgets	(0.1)	-	-	-	-
	(1.2)	(0.1)	(0.2)	-	0.1

### Gross Net Budget Requirement

As set out above the overall net budget requirement for each year is as follows:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Draft Gross Budget Requirement	57.5	59.2	60.6	62.1	63.6

### Vacancy Factors

The budget needs to take account of forecast vacancy factors arising from retirement and recruitment profiles:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
The vacancy factor for whole-time has also been updated based on current staffing profiles and anticipated recruitment numbers as referred to above. This shows a broadly balanced position but with marginal overprovision in 19/20, 22/23 and 23/24.	0.1	-	-	0.2	0.2
RDS vacancy factors has been reduced to 18% reflecting the current level of staffing	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Support staff vacancy factor has remained at 2.5%. The current vacancy factor over the last 2 years has been in excess of 5% but this is due to one or two problem areas such as ICT and Service Development, the successful recruitment into these two areas would have a significant impact on the overall vacancy factor, bringing this down to 2.5%, hence the decision to leave at this level.	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
	(1.0)	(1.2)	(1.2)	(1.1)	(1.1)

## Net Budget Requirement

As set out above the overall net budget requirement for each year is as follows:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Draft Budget Requirement	56.5	58.0	59.4	61.0	62.5
Budget (Decrease)/Increase	3.2%	2.5%	2.5%	2.6%	2.5%

## Funding

2019/20 is the final year of the four year settlement, hence next year's funding is based on figures previously identified, and confirmed in the 2019/20 Local Government Finance Settlement resulted in a £0.5m reduction in funding (£5.5m/19% over the four year period). Given we are now part of the 75% business rate retention pilot pool this funding is now comprised of Locally Retained Business Rates - £6.0m and Top Up Grant - £17.7m.

This does not include the additional £2.6m of one off funding in respect of the increase in employer pension contributions, as highlighted earlier, as we have allowed for this in the net budget requirement reported above.

Funding in 2020 and beyond will be determined by the Governments overall budget and the 2019 Spending Review. The Budget will set overall total for public sector spending which will then be allocated out to departments as part of the Spending Review. Until such time as the outcome of this is known it is impossible to accurately predict future funding levels, however the recent budget included some indicators of Governments current thinking:-

- The Chancellor said that austerity was coming to an end
- The Chancellor told the Today programme that:-
  - Public spending will go up by 1.2%, but most of that will go to the health service
  - Once you take out the commitment made to health it gives a flat real spending available for all other departments
  - He did not deny that some departments could face cuts but that the other option was that everybody would get a 0% increase in funding once inflation was taken into account

From a Fire perspective the two big pressures are pay-awards and pensions contributions. If the government is to meet the increase in employer pension contributions and potential pay awards in future years, then it appears unlikely they will fund any other pressures.

In addition to this uncertainty there are also questions as to how the Fair Funding review will impact the Authority and what, if any, impact the move to 75% retention of business rates in April 2020 will have (The Government has indicated that this change should be cost neutral). There is also a possibility of a further change with the potential to move to 100% business rate retention (again we would expect this to be cost neutral).

Hence taking account of the above we have assumed that the settlement will be frozen throughout the 4 year period. This is reflective of the uncertainty in terms of any distribution of funding.

### **Business Rate Adjustments**

Funding as set out above is adjusted to reflect Section 31 Grants in respect of business rate reliefs, £1.6m and the surplus/deficit on the business rate collection fund, which stands at £8k surplus. Future planning assumptions have been updated to reflect this.

As members are aware Lancashire successfully submitted a bid to be a pilot authority for 75% business rate retention. We currently anticipate retaining an additional £213k of business rate growth in 19/20, which is reflected in the overall funding figures. (As referred to earlier £11k will be held back as a contribution towards a Lancashire wide risk reserve and £53k towards a Lancashire wide growth fund, hence giving net additional growth of £149k retained by the Authority.) It is assumed that this is a one-off increase, hence this has been removed in subsequent years.

### **Council Tax**

In setting the council tax, the Authority aims to balance the public's requirement for our services with the cost of providing this. As such the underlying principle of any increase in council tax is that this must be seen as reasonable within the context of service provision.

The 2019/20 Local Government Finance Settlement maintains the council tax referendum principle of any increase in excess of 3% triggering a referendum. Last year's settlement included provision for the council tax referendum principle to be maintained at 3% for two years (18/19 and 19/20) as such we assume that this will return to 2% in future years (although given the uncertainty we have also shown figures based on 3% increases for completeness).

### **Council Tax-Base**

Billing authorities have also provided final council tax base figures and the council tax collection fund figures. The tax base has increased by 1.3%, which is the lowest increase since 2014/15 and considerably lower than the 1.8% averaged over the last 4 years. However this increase still generates an additional £0.4m of precept.

Billing Authorities have also confirmed a final council tax collection fund surplus of £0.3m, which is also the lowest surplus since 2014/15.

Future planning assumptions have been updated to reflect a rolling 5 year average, giving future council tax-base growth of 1.7% and maintaining a collection fund surplus of £0.4m.

### **Draft Council Tax Requirements**

Based on the assumptions outlined the budget requirement would result in a council tax increase of 4.7%, exceeding the referendum limit, and as such the Authority will

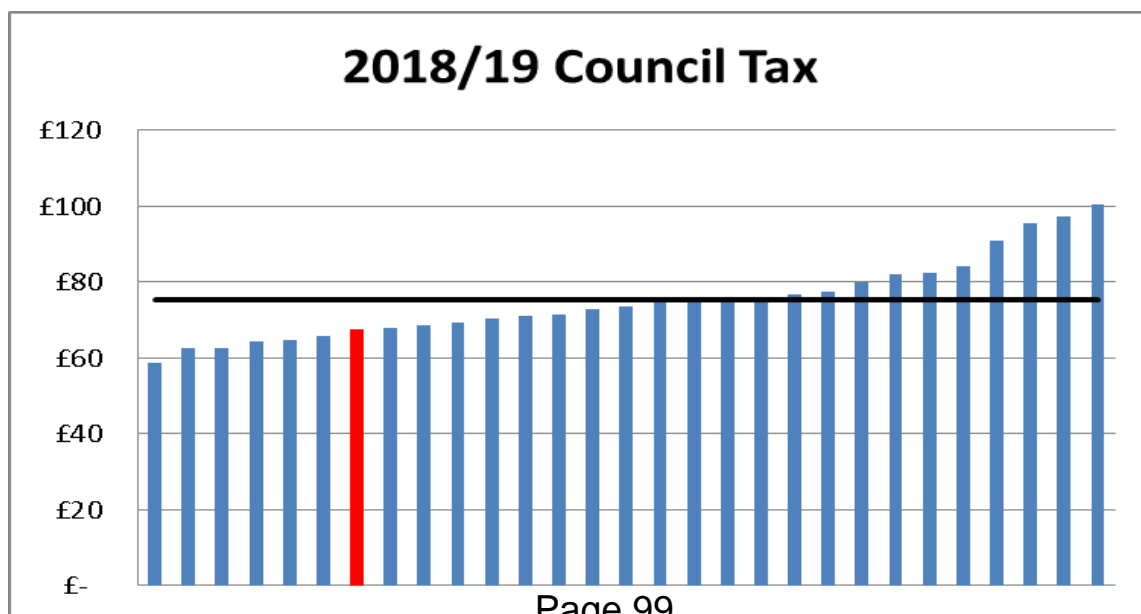
need to reduce the budget requirement. A reduction of £0.5m being required if council tax is increased by 3% and £1.4m if council tax is frozen:-

	Raw Budget	Budget based on Referendum Limit	Budget based on Council Tax Freeze
	£m	£m	£m
Raw Budget Requirement	56.5	56.5	56.5
Budget Reduction	-	(0.5)	(1.4)
Net Budget Requirement	56.5	56.0	55.1
Less Business Rates	(6.0)	(6.0)	(6.0)
Less Top Up	(17.7)	(17.7)	(17.7)
Less Section 31 Grant re Business Rates Reliefs etc.	(1.6)	(1.6)	(1.6)
Less Business Rates Collection Surplus	-	-	-
Less Council Tax Collection Surplus	(0.3)	(0.3)	(0.3)
Equals Precept	30.9	30.4	29.6
Estimated Number of Band D equivalent properties	438,138	438,138	438,138
Equates to Council Tax Band D Property	£70.61	£69.48	£67.46
Increase in Council Tax	4.67%	2.99%	Freeze

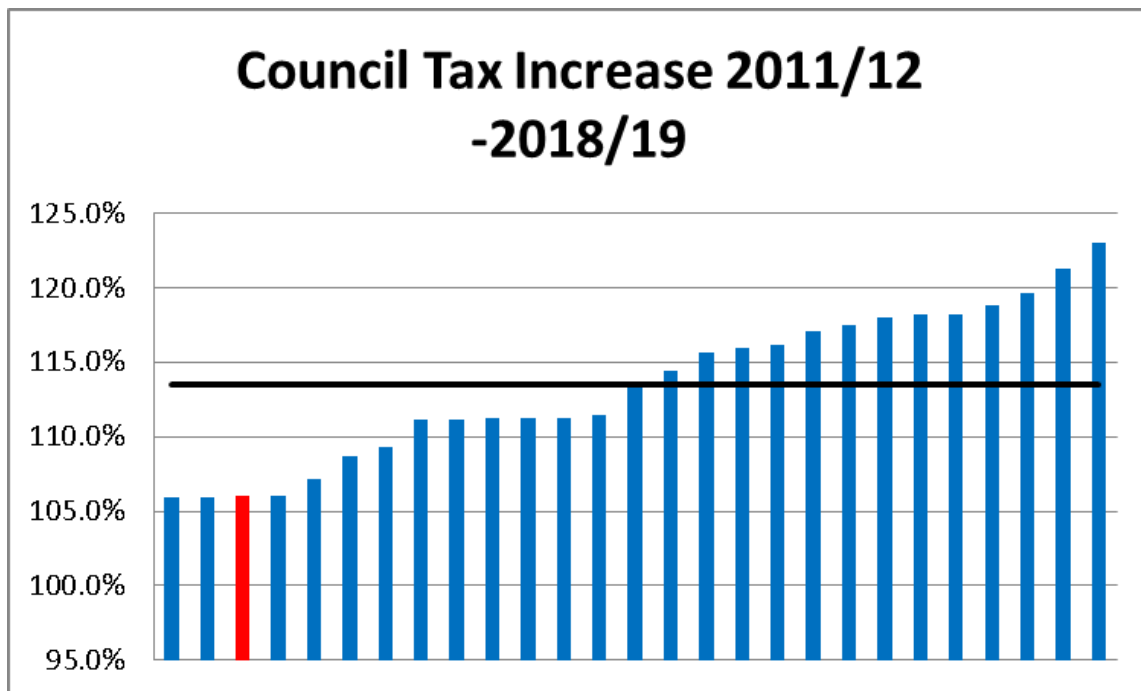
Each 1% increase in council tax in 19/20 generates an additional £0.3m of precept, and equates to a £0.67 increase in the annual council tax figure:-

- 3% increase equates to £2.02 per annum, less than 4p per week but generates approx. £0.9m of additional precept
- 2% increase equates to £1.34 per annum, less than 3p per week, and generates approx. £0.6m of additional precept
- 1% increase equates to £0.67 per annum, just over 1p per week, and generates approx. £0.3m of additional precept

It is worth re-iterating that our budget increases have been constrained by capping/referendum principles as well as the Authorities desire to deliver value for money services, hence our current council tax of £67.46 is below the national average of £75.15.



Furthermore, our increase of just 6.0% since 2010/11 compares with an average increase of 13.5% over the same period and is the joint lowest of any Fire Authority.



It is also worth noting that Fire accounts for less than 5% of the overall council tax charged in Lancashire.

### Further Savings Opportunities

As highlighted earlier the Authority has been extremely successful at delivering efficiency savings, delivering £19m between April 2011 and March 2019. This budget has identified further savings of £1.2m in 19/20 and £0.2m in future years. However it is clear that the scope to deliver further savings is extremely limited, with the majority of departments struggling to balance demands against capacity.

As such it may be possible to deliver further in year savings in future years by delaying expenditure and targeting an in-year underspend offsetting some of the funding shortfall, but the scope to utilise this to balance future budgets appears limited.

### Reserves and Balances

As set out in the Reserves and Balances Policy reported elsewhere on this agenda, a reasonable level of reserves is needed to provide an overall safety net against unforeseen circumstances, such as levels of inflation/pay awards in excess of budget provision, unanticipated expenditure on major incidents, and other “demand led” pressures, such as increased pension costs, additional costs associated with national projects, industrial dispute etc. which cannot be contained within the base budget. In addition, they also enable the Authority to provide for expenditure, which was not planned at the time the budget was approved, but which the Authority now wishes to implement and to smooth out large fluctuations in spending requirements and/or funding available.

In line with guidance issued by CIPFA a review of the strategic, operational and financial risk facing the Authority is undertaken each year to identify an appropriate level of reserves to hold, this includes an assessment of the financial assumptions underpinning the budget, the adequacy of insurance arrangements and consideration of the Authority's financial management arrangements. The assessment focuses on both medium and long-term requirements, taking account of the Medium Term Financial Strategy and the draft budgets.

This has identified:-

- A minimum target reserve level of £3.2m, 5.7% of the 2019/20 net revenue budget, higher than last year which reflects an increasing level of uncertainty, particularly as this is the last year of the four year finding settlement, the grey book pay claim significantly exceeds budget provision and there remains a great deal of uncertainty around additional funding to support the increase in pension costs, and general economic uncertainty that exists at the moment
- the maximum reserve limit is maintained at £10.0m

At 31 March 2019 we anticipate holding £8.0m, providing scope to utilise approx. £4.8m of reserves. As such reserves could be used to deliver a balanced budget in 2019/20, as well as offset some of the gap in future years. It should be noted that utilising reserves in this way means they are being used to fund recurring expenditure and hence this can only be a short term solution, with recurring savings being required in the longer term to offset the shortfall. However having reviewed the level of general reserves required and the anticipated utilisation of these, the Treasurer considers these are at an appropriate level to meet future expenditure requirements in 2019/20. The level of these will be reviewed again as part of the year end outturn process and reported on to the Resources Committee.

In addition to the general reserves the Authority also holds earmarked reserves, created for specific purposes to meet known or anticipated future liabilities, capital reserves and receipts, to provide additional funding to support the capital programme in future years, and provisions for outstanding insurance claims and potential business rate appeals. Further details relating to these are included in the reserves policy and based on the professional opinion of the Treasurer these are adequate to meet future requirements in the medium term.

### **Council tax 2020/21 and beyond**

As highlighted earlier funding up to and including 2019/20 forms part of the multi-year. Funding beyond this period is unknown, but is assumed to be frozen, with any increase in Local Business Rates being offset by a reduction in Top Up grant.

Based on this the draft budget as presented, and allowing for a 3% increase in council tax in 19/20, delivers the following council tax increases in future years:-

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Draft Budget Requirement	58.0	59.4	61.0	62.5
Less Business Rates/Top Up Grant and Section 31 Grant	(25.1)	(25.1)	(25.1)	(25.1)
Less Business Rates Collection Surplus	-	-	-	-
Less Council Tax Collection Surplus	(0.4)	(0.4)	(0.4)	(0.4)
Equals Precept	32.5	33.9	35.5	37.0
Estimated Number of Band D equivalent properties	445,709	453,412	461,247	469,218
Equates to Council Tax Band D Property	£72.79	£74.81	£76.87	£78.84
Increase in Council Tax	4.8%	2.8%	2.8%	2.6%

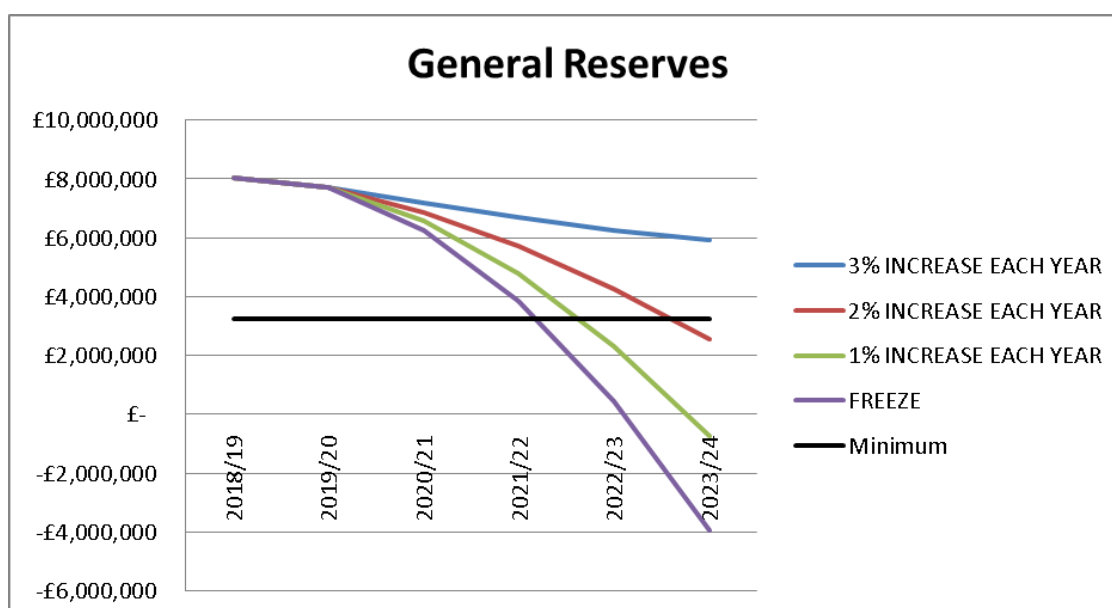
As previously advised holding a referendum is extremely expensive, costing in excess of £1m, and is unlikely to deliver an increase in excess of the referendum threshold. As such we will need to either deliver additional savings or utilise reserves in order to balance the budget in future years, the extent of which is dependent upon current and future council tax decisions, and the accuracy of expenditure and funding forecasts.

As in previous years we have modelled the funding gap based on different council tax scenarios in future years:-

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
3% increase in council tax each year	(0.5)	(0.5)	(0.4)	(0.3)
2% increase in council tax each year	(0.9)	(1.2)	(1.5)	(1.7)
1% increase in council tax each year	(1.2)	(1.8)	(2.4)	(3.1)
Council tax freeze each year	(1.5)	(2.4)	(3.4)	(4.4)

It must be stressed that there are a whole host of assumptions underpinning these projections, particularly around vacancy profiles, pension costs, future inflation, pay awards and funding beyond March 2020.

Assuming reserves were used to balance the overall position results in the following impact on general reserves:-





As can be seen general reserves are sufficient to balance the budget next year. However they are only a short term solution, and based on the current assumptions included in the budget, even allowing for a 2% council tax increase each year, they will fall below our minimum level during 2023/24. Furthermore the utilisation of reserves will still leave a recurring funding gap that will need to be offset by savings at a future point in time, and as highlighted earlier the scope to do so is limited.

### **Robustness of the Revenue Budget 2019/20**

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to make a statement about the robustness of the budget.

The professional opinion of the Treasurer is that the budget has been prepared on a robust basis for the following reasons:

- The budget is reflective of existing service plans;
- The budget takes account of the anticipated on-going revenue impact of current and future capital programmes;
- The allowances included for inflation and pay awards represent a best estimate of the likely cost of this, at

	2019/20	2020/21- 2023/24
Uniformed Pay Award	2.0%	2.5%
Non Uniformed Pay Award	2.0%	2.5%
Non Pay Inflation	2.5%	2.5%

- As part of the budget setting process all estimates, including savings and income forecast, are assessed for reasonableness;
- The situation in respect of future funding, and in particular the outcome of next year's Spending Review will be kept under review and reported to the Authority in due course.
- The level of and appropriateness of reserves has been reviewed by the Treasurer, based on the potential risks faced by the Authority (note the real challenge in terms of the level of reserves comes in years 2022/23 and beyond, by which time we should have greater certainty in terms of funding , inflation and pay awards);
- The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates presented or within the level of reserves currently held:-
  - Reductions in funding levels over and above those forecast;
  - Reduction in funding via Business Rates retention scheme;
  - Reduction in council tax funding due to changes in localisation of council tax support, reducing tax base and/or council tax referendum limits;
  - Higher than anticipated inflation;
  - Larger increases in future pension costs/contributions;
  - Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spate conditions or major equipment replacement requirements;
  - Increased cost of partnership arrangements;
  - Inadequacy of insurance arrangements

## Comments on the Draft Budget

At the time of writing the report we had not received any responses to the budget consultation exercise, if any are received a verbal update will be given.

## Summary and Conclusions

In considering its council tax requirements for 2019/20 the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans;
- maintain future council tax increases at reasonable levels;
- continue to deliver efficiencies in line with targets;
- continue to invest in improvements in service delivery and facilities;
- set a robust budget that takes account of known and anticipated pressures;
- maintain an adequate level of reserves.

The draft budget as set out in this report achieves these objectives, but shows a budget reduction required of £0.5m in order to deliver a balanced budget based on a 3% increase in council tax. This can be achieved by delivering £0.2m more savings and drawing down £0.3m of general reserves to offset the shortfall in 19/20:-

	2019/20
	£m
Raw Budget Requirement	56.5
Unidentified Savings Target	(0.2)
Draw down of Reserves	(0.3)
Net Budget Requirement	56.0
Less Locally Retained Business Rates	(6.0)
Less Top Up	(17.7)
Less Section 31 Grant re Business Rates Reliefs etc.	(1.6)
Less Business Rates Collection Surplus	-
Less Council Tax Collection Surplus	(0.3)
Equals Precept	30.4
Estimated Number of Band D equivalent properties	438,138
Equates to Council Tax Band D Property	£69.48
Increase in Council Tax	2.99%

The council tax of £69.48, represents a 2.99% increase (£2.02 per annum, 4p per week).

If any of the assumptions outlined in the report prove to be inaccurate further review will be required, which may include both the use of reserves and the identification of additional savings in order to deliver a sustainable budget.

Until such time as the outcome of next year's Spending Review is published it is impossible to provide any meaningful funding forecast, however for the purpose of medium term financial planning we have assumed that funding is frozen in subsequent years, based on this, and assuming council tax is increased in line with 2% council tax increase referendum principles in future years the Authority is still faced with a

funding gap of £0.9m in 20/21 increasing to £1.7m in 23/24 (or higher if council tax is not increased by the maximum amount permissible).

Looking at the medium-term plans it is clear that the key variables remain pay awards, pension costs and funding. As such additional scenarios are presented in appendix 4 showing the potential impact of the full cost of the employer's pension contributions falling on the Authority, increased pay awards, and future funding falling as opposed to freezing. These range from a £2.6m increase relating to the pension contributions up to £5m for a 15% pay award. As can be seen all of these have a significant impact on 19/20 budget and the remainder of the medium term strategy.

Currently the Authority remains in a good financial position with reserves able to offset the financial challenges next year. The position becomes more challenging thereafter however by that time the Authority should have greater certainty on future funding, pay awards and future referendum limits, which will enable it to deliver more reliable medium term financial plans in order to address any gap that exists.

### **Financial Implications**

As outlined in the report.

### **Human Resource Implications**

None

### **Equality & Diversity Resource Implications**

The budget as set should enable the Authority to continue to make progress against its equality and diversity targets.

### **Environmental Implications**

The budget as set takes account of the need to invest in environmental issues.

### **Business Risk**

The final approved budget forms a key element of the Authority's risk management process, as it is designed to minimise any financial risks, which the Authority may face.

The Treasurer feels that the budget has been prepared in a robust manner and that the level of reserves held is sufficient to meet any potential risks.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact
Reason for inclusion in Part II, if appropriate:		

**Resolution based on a council tax increase of 2.99%, £2.02, resulting in a council tax of £69.48**

The Combined Fire Authority is requested to: -

1. note the Treasurer's advice on the robustness of the budget
2. note the Treasurer's advice on the appropriate level of reserves/balances
3. agree the revised budget requirement of £56.051m for 2019/20
4. note the section 31 grant of £1.602m due in respect of the business rate reliefs
5. note the level of Business Rates Retention Top Up Funding £17.657m
6. note the level of Local Business Rates Retention Funding £6.032m
7. note the business rate tax collection fund surplus of £0.008m
8. note the council tax collection fund surplus of £0.311m
9. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £30.442m
10. note the council tax base of 438,138 determined for the purposes of Section 42B of the Local Government Finance Act 1992
11. agree a council tax band D equivalent of £69.48, an increase of £2.02 (2.99%), calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agree, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows:

Band A	£46.32
Band B	£54.04
Band C	£61.76
Band D	£69.48
Band E	£84.92
Band F	£100.36
Band G	£115.80
Band H	£138.96

12. agree, based on each district and unitary councils share of the total band D equivalent tax base of 438,138, the share of the total LCFA precept of £30.442m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,420,651
Blackpool Borough Council	£2,537,480
Burnley Borough Council	£1,611,311
Chorley Borough Council	£2,580,098
Fylde Borough Council	£2,089,125
Hyndburn Borough Council	£1,454,495
Lancaster City Council	£2,876,472
Pendle Borough Council	£1,671,780
Preston City Council	£2,673,730
Ribble Valley Borough Council	£1,612,562
Rosendale Borough Council	£1,417,115
South Ribble Borough Council	£2,486,509
West Lancashire District Council	£2,449,610
Wyre Borough Council	£2,560,876
TOTAL	£30,441,814

**Analysis of Budget by Service Area**

	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
	£m	£m	£m	£m	£m	£m
Central Admin Hub	0.798	0.810	0.849	0.850	0.871	0.892
Control	1.183	1.191	1.251	1.313	1.379	1.448
Corporate Communications	0.299	0.310	0.324	0.332	0.340	0.349
Executive Board	1.014	1.096	1.129	1.158	1.189	1.219
Finance	0.143	0.140	0.147	0.151	0.155	0.158
Fleet Services	2.216	2.602	2.475	2.603	2.618	2.683
Health & Safety	0.219	0.197	0.192	0.197	0.175	0.166
Human Resources	0.694	0.656	0.641	0.657	0.673	0.690
ICT	2.511	2.558	2.638	2.588	2.659	2.731
Occupational Health	0.257	0.268	0.277	0.284	0.291	0.298
Procurement	0.796	0.893	0.921	0.944	0.968	0.992
Property	1.304	1.339	1.379	1.415	1.453	1.492
Areas	30.750	34.249	35.405	36.558	37.589	38.516
Service Development	3.887	4.139	4.249	4.297	4.417	4.529
Special Projects	0.041	0.035	0.036	0.038	0.040	0.042
Training	4.069	3.895	3.897	3.998	4.151	4.343
Pensions Expenditure	1.188	1.323	1.349	1.228	1.253	1.280
Other Non-DFM Expenditure	3.688	0.844	0.803	0.829	0.757	0.684
<b>Gross Budget Requirement</b>	<b>55.057</b>	<b>56.546</b>	<b>57.961</b>	<b>59.439</b>	<b>60.976</b>	<b>62.512</b>
Unidentified Savings	(0.287)	(0.195)				
Use of Reserves		(0.300)				
<b>Net Budget Requirement</b>	<b>54.770</b>	<b>56.051</b>	<b>57.961</b>	<b>59.439</b>	<b>60.976</b>	<b>62.512</b>

**Analysis of Budget by Type of Expenditure**

	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
<b>Employee</b>						
Uniformed	34.193	37.420	38.455	39.502	40.623	41.664
Support staff	6.748	6.867	7.148	7.178	7.331	7.501
Pensions	1.188	1.323	1.349	1.228	1.253	1.280
Other Employee Related Exp	0.088	0.121	0.109	0.111	0.114	0.116
	<b>42.217</b>	<b>45.732</b>	<b>47.060</b>	<b>48.018</b>	<b>49.321</b>	<b>50.561</b>
<b>Premises</b>						
R&M	0.855	0.876	0.898	0.920	0.943	0.967
Utilities	0.576	0.590	0.605	0.620	0.636	0.651
Cleaning	0.292	0.268	0.275	0.282	0.289	0.296
PFI	0.666	0.683	0.699	0.707	0.707	0.707
Other	0.052	0.053	0.054	0.056	0.057	0.058
Rent/Rates	1.230	1.311	1.376	1.444	1.515	1.590
	<b>3.670</b>	<b>3.781</b>	<b>3.907</b>	<b>4.028</b>	<b>4.146</b>	<b>4.268</b>
<b>Transport</b>						
Repairs	0.849	0.675	0.692	0.709	0.727	0.745
Running Costs	0.383	0.401	0.411	0.421	0.432	0.442
Travel costs	0.657	0.655	0.671	0.687	0.704	0.722
insurance	0.193	0.178	0.182	0.186	0.191	0.196
Other	0.004	0.005	0.005	0.005	0.005	0.005
	<b>2.087</b>	<b>1.913</b>	<b>1.960</b>	<b>2.009</b>	<b>2.059</b>	<b>2.110</b>
<b>Supplies &amp; Services</b>						
Hydrants	0.109	0.111	0.114	0.117	0.120	0.123
Operational equipment	0.406	0.588	0.602	0.683	0.649	0.665
Clothing & Uniform	0.702	0.891	0.613	0.628	0.643	0.658
Printing, stationery, postage	0.221	0.151	0.154	0.158	0.162	0.165
Comms-Network Costs	1.066	0.996	1.021	1.046	1.072	1.099
Telephony	0.174	0.190	0.195	0.199	0.204	0.209
Computers	0.876	1.079	1.106	1.133	1.162	1.191
Subsistence	0.071	0.072	0.074	0.076	0.077	0.079
Fire Safet Expenses	0.212	0.320	0.328	0.336	0.345	0.354
Training Expenses	0.446	0.457	0.468	0.480	0.492	0.504
insurance	0.276	0.282	0.288	0.293	0.300	0.306
Members Expenses	0.160	0.164	0.168	0.172	0.176	0.180
Misc Equipment	0.094	0.096	0.099	0.101	0.103	0.106
Other	1.814	1.686	1.796	1.996	2.077	2.161
Catering	0.105	0.082	0.084	0.086	0.088	0.090
PTV Residential	0.091	0.093	0.095	0.098	0.100	0.103
	<b>6.821</b>	<b>7.257</b>	<b>7.204</b>	<b>7.602</b>	<b>7.769</b>	<b>7.992</b>
<b>Other</b>						
Contracted Services	0.744	0.767	0.786	0.806	0.826	0.847
Other	0.004	0.004	0.004	0.004	0.004	0.004
	<b>0.747</b>	<b>0.770</b>	<b>0.790</b>	<b>0.810</b>	<b>0.830</b>	<b>0.851</b>
<b>Capital Financing Costs</b>						
Capital Financing Costs	2.100	2.100	2.100	2.100	2.100	2.100
	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>
<b>Income</b>						
Income	(2.586)	(5.006)	(5.060)	(5.128)	(5.248)	(5.370)
	<b>(2.586)</b>	<b>(5.006)</b>	<b>(5.060)</b>	<b>(5.128)</b>	<b>(5.248)</b>	<b>(5.370)</b>
<b>Gross Budget Requirement</b>	<b>55.057</b>	<b>56.546</b>	<b>57.961</b>	<b>59.439</b>	<b>60.976</b>	<b>62.512</b>
Unidentified Savings	(0.287)	(0.195)				
Use of Reserves		(0.300)				
<b>Net Budget Requirement</b>	<b>54.770</b>	<b>56.051</b>	<b>57.961</b>	<b>59.439</b>	<b>60.976</b>	<b>62.512</b>

## Budget Scenarios

		2019/20	2020/21	2021/22	2022/23	2023/24
Current 3% council tax increase	Original Funding Gap	<b>(£494,680)</b>	<b>(£547,205)</b>	<b>(£503,213)</b>	<b>(£444,173)</b>	<b>(£309,568)</b>
Pension Increase of 12.6% only funded in 19/20	Add deficit		(£2,600,000)	(£2,600,000)	(£2,600,000)	(£2,600,000)
	Revised Funding Gap	<b>(£494,680)</b>	<b>(£3,147,205)</b>	<b>(£3,103,213)</b>	<b>(£3,044,173)</b>	<b>(£2,909,568)</b>
5% grey book pay award 19/20	Add deficit	(£869,247)	(£1,182,176)	(£1,205,820)	(£1,229,936)	(£1,254,535)
	Revised Funding Gap	<b>(£1,363,928)</b>	<b>(£1,729,381)</b>	<b>(£1,709,033)</b>	<b>(£1,674,110)</b>	<b>(£1,564,103)</b>
10% grey book pay award 19/20	Add deficit	(£2,317,993)	(£3,152,470)	(£3,215,520)	(£3,279,830)	(£3,345,427)
	Revised Funding Gap	<b>(£2,812,673)</b>	<b>(£3,699,675)</b>	<b>(£3,718,733)</b>	<b>(£3,724,003)</b>	<b>(£3,654,995)</b>
15% grey book pay award 19/20	Add deficit	(£3,766,739)	(£5,122,764)	(£5,225,220)	(£5,329,724)	(£5,436,319)
	Revised Funding Gap	<b>(£4,261,419)</b>	<b>(£5,669,969)</b>	<b>(£5,728,433)</b>	<b>(£5,773,897)</b>	<b>(£5,745,887)</b>
10% funding cut in next Sending Review	Add deficit		(£595,405)	(£1,190,810)	(£1,786,215)	(£2,381,619)
	Revised Funding Gap	<b>(£494,680)</b>	<b>(£1,142,609)</b>	<b>(£1,694,023)</b>	<b>(£2,230,388)</b>	<b>(£2,691,188)</b>
20% funding cut in next Sending Review	Add deficit		(£1,190,810)	(£2,381,619)	(£3,572,429)	(£4,763,239)
	Revised Funding Gap	<b>(£494,680)</b>	<b>(£1,738,014)</b>	<b>(£2,884,833)</b>	<b>(£4,016,602)</b>	<b>(£5,072,807)</b>



## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on 18 February 2019

### **A REVIEW OF LOCAL AUTHORITIES' RELATIVE NEEDS AND RESOURCES**

Contact for further information:

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

#### **Executive Summary**

The Government published a consultation document A Review Of Local Authorities' Relative Needs And Resources in December, setting out proposals relating to future funding formulas. The consultation closes on 21 February 2019.

The consultation only relates to the funding formula used i.e. how overall funding will be divided across the various authorities, it does not refer to the overall level of funding that will be made available in future settlements.

At the time of writing the report there are a number of workshops being held to discuss the issues, hence it is not possible to draft a response until such time as these have taken place.

#### **Recommendation**

The Combined Fire Authority is asked to delegate agreement of a response to the Treasurer in consultation with the Chief Fire Officer and the Chairman.

#### **Introduction**

The current funding baselines for local authorities in England, as determined by the annual local government finance settlement, are based on an assessment of their relative needs and resources. The methodology behind this assessment was first introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013-14.

Whilst this approach has ensured that authorities which have grown their business rates since this time have benefited from the additional income generated, it also means that authorities' underlying levels of 'need' have not been updated since the 2013-14 settlement. In addition, a desire to fully capture every aspect of local authorities' needs has led to increasingly large numbers of variables being included in the formulas, many of which had a relatively minimal impact on the overall distribution of funding.

As such it has been agreed that a simplified needs assessment formula, based on a smaller number of indicators, could achieve outcomes that are a good approximation of those of a more complex system.

## Overview of Intended Approach

The review of local authorities' relative needs and resources will:

- set new baseline funding allocations for local authorities;
- produce an up-to-date assessment of the relative needs of local authorities;
- examine the relative resources of local authorities;
- provide details of transitional arrangements.

The review is based on the following guiding principles:

- **Simplicity** – a more straightforward methodology with enhanced levels of simplicity, but recognise that this should not be at the expense of accuracy and fairness;
- **Transparency** – an understanding of what factors have influenced the levels of funding received by a local authority so that they can hold their local representatives to account for the decisions they make;
- **Contemporary** – the new relative needs assessment will be based on the most up-to-date data possible;
- **Sustainability** – an evidence-based approach will be deployed to identify the factors which drive costs for local authorities;
- **Robustness** – to withstand scrutiny;
- **Stability** – the funding formula should support predictable, long-term funding allocations, ideally as part of a multi-year settlement.

The Government is working towards implementing the outcome of the review as part of the 2020-21 local government finance settlement, alongside increased business rates retention, a full business rates baseline reset, and the 2019 Spending Review.

The Government's current aim is to publish indicative allocations through a further stage of formal consultation before the 2020-21 provisional local government finance settlement.

## Key Elements of the Review

Future baseline funding levels will equal;

The Relative Needs share of the Authority (adjusted for Area Cost);  
LESS;

A Relative Resources adjustment;

With the Authority's final funding position (or baseline funding level), subject to possible transitional arrangements.

## Relative Needs

The relative needs of local authorities are determined by the use of funding formulas, which incorporate relevant local demographic or other data, thought to predict the relative demand authorities face when delivering different services. In order to reflect the fact that some 'cost drivers' are more significant than others in determining authorities' 'need to spend', each cost driver is 'weighted' in the formula to reflect its

relative importance. The formula can then be adjusted for other factors which affect the relative costs of service delivery – such as salary or property costs.

At present, 15 different relative needs formulas and several tailored distributions for services previously supported by specific grants are used to determine annual funding allocations through the settlement. These formulas involve over 120 cost drivers and were last updated in 2013-14

The general consensus was that deploying several service-specific formulas, alongside a Foundation Formula, would help to ensure an appropriate balance between simplicity, transparency and precision. Inclusion of such areas would be based on:

- Complexity – services for which demand is driven by unique cost drivers that are not correlated with the overall size of the population of an area may require a separate funding formula. This could include services with complex means testing arrangements or eligibility criteria, which do not serve the wider population;
- Scale – many local authority services represent a relatively small proportion of overall expenditure. Consideration has been given to the proportionality of introducing specific funding formulas for different service areas;
- Distribution of relative need – some service areas may only account for a small proportion of overall local government expenditure, but have a significant impact on particular outlying authorities. Where the distribution of relative need is concentrated in particular geographic areas or groups of authorities, and is driven by unique cost drivers, the case for introducing a specific funding formula has been considered;
- Similarity – some service areas have similar ‘bases’; for example the size of a local population, the number of children in an area, or road length. Where this is the case consideration has been given as to whether it is analytically more robust to group these services together under one relative needs formula.

Based on the trade-off between simplicity, transparency and precision, the Government is minded to deploy a ‘per capita’ Foundation Formula for upper and lower tier authorities, alongside seven service-specific funding formulas.

Population Size is the only cost driver in the Foundation Formula (based on Office for National Statistics population projections), with an Area Cost Adjustment applied.

### **Fire and Rescue Services Relative Needs**

There is a strong rationale for retaining a separate funding formula for Fire and Rescue Services in the needs assessment on the basis that these services are carried out by stand-alone fire authorities in some instances. In addition, this service area is distinct as it takes account of risk as well as demand factors, which may justify taking a more specific approach.

Following the December 2017 consultation and wider engagement with the sector including the National Fire Chiefs Council, the Government has used an expenditure based regression approach to develop a formula based on cost drivers with the greatest explanatory power for Fire and Rescue Services spending. The cost drivers

which have been identified so far as having the greatest explanatory power and aligning with the policy objectives for this service area are as follows:

- total population;
- deprivation, and
- proportion of residents aged 65 and over.

Our analysis suggests the expenditure based regression approach results in significant changes compared to the current funding shares, specifically for those authorities which benefited previously from the density and coastline top-up. Whilst this approach broadly meets the principles for needs-based allocation of the review, the relatively small size of the expenditure data sample means this approach may not fully identify the factors which drive costs and take account of future needs; other cost drivers may need to be taken into account if this formula is developed further. The Government believes it is important to build consensus behind the approach we adopt and has therefore identified potential alternative approaches in order to seek views on the best way forward.

If the Government were minded to minimise the change in sector funding shares, an option is to update the existing Fire funding formula as far as possible. This would involve updating the indicators in the current funding formula (where possible) and keeping the original weightings (the coefficients from the original Fire funding regression model) as well as the supplementary top-ups. It is not possible to update the risk index (an index which includes measures of deprivation), the property and societal risk index (an index which includes measures of building type and the associated risk) or the community fire safety indicator (an index of demographic groups with greater need for fire safety assistance) due to data availability. These indicators would either be removed from the formula or kept at their current values and weightings. Sparsity, coastline and density are included as cost drivers in the current formula. Careful consideration will be given to the application of the proposed Area Cost Adjustment which includes measures of accessibility and remoteness, in order to mitigate any risk of 'double counting' similar factors in a Fire and Rescue Services formula.

Another option under consideration is to develop a multi-level model using fire incident data as a proxy for relative risk. Fire incident data is available at a more granular level (e.g. Mid Super Output Area which provides around 7,200 data points). This allows the testing of a more sophisticated multi-level model to analyse variation in data at lower levels. Preliminary analysis demonstrates this is a viable approach, although further work and views from the sector are needed to determine if fire incidents adequately reflect fire service activities.

Further work is required to identify an appropriate approach to develop the new funding formula for this service area. As this work progresses the Government will sense-check the results of our analysis with experts in the sector, including the National Fire Chiefs Council. Subject to the outcome of this consultation and additional analytical work the Government will form a view on the best approach.

## **Area Cost Adjustment**

The cost of delivering the same services may vary between local authorities for a number of reasons - for example:

- the costs of employing staff or renting non-domestic properties can vary considerably between different places, and
- some local authorities face unique pressures related to their geography; such as the costs associated with conducting business from isolated or
- peripheral communities (including islands and coastal areas), or providing services to widely dispersed or densely concentrated populations.

These are referred to as 'multiplicative' factors, and mean that even authorities with broadly similar characteristics (e.g. population size) could experience different costs in service provision as a result of factors that are outside of their control.

The Government has stated the importance of an Area Cost Adjustment in the assessment of relative needs and has identified the following criteria to determine which factors are taken into account:

- significance - the impact of a factor on local authority spending must be sufficiently large;
- variation - the impact of a factor must vary sufficiently between local authorities;
- data availability - there must be sufficiently detailed data available at the right level of geography, and
- appropriate incentives - the Area Cost Adjustment should maintain incentives for local authorities to design services which deliver at the lowest possible cost.

The Government has stated that it is minded to incorporate the factors set out below:

- a rates cost adjustment, including rents, to reflect the variation between areas in the cost of using equivalent premises due to differences in local supply and demand factors;
- a labour cost adjustment, including accessibility, to reflect the fact that authorities will need to compete with other potential employers to secure and retain suitably skilled staff;
- a remoteness adjustment, to account for variation in the cost of some inputs due to the size of local markets or isolation from major markets.

The factors set out above will be weighted together into a single index for each funding formula, using evidence-based weights which are appropriate for the relevant service(s).

## **Relative resources**

An authority's capacity to raise resources locally depends on a number of factors, including local circumstances and priorities, central Government policy and the legal framework in which they operate. As such, there is significant variation between

authorities in respect of both their relative levels of need and the resources they can raise.

Local resources include:

- Council tax – which now accounts for a greater proportion of their income since the last review of the funding formula. However, the proportion varies at an individual local authority level, and
- Sales, fees and charges – which, like council tax, varies by local authority.

The Government has identified supporting principles that will be used to determine an approach to a new relative resources adjustment:

- assessing relative resources will result in no redistribution of council tax or sales, fees and charges resources between authorities;
- there is no intention to reward or penalise authorities for exercising local discretion;
- local authorities with a lesser capacity to fund services through locally raised resources will receive a smaller reduction to their relative needs share.

## **Council Tax**

A local authority's council tax precept depends on:

- Tax base;
- Council tax level;
- Collection rates.

Local authorities have relatively little discretion over the size of their tax base as most discounts and exemptions which affect them are set centrally by the Government

Council Tax levels are determined by individual authorities on an annual basis as part of their budget setting process. Whilst local authorities have discretion over the level of council tax they set, the Government ensures that council tax-payers have the ability to veto excessive increases through a local referendum

In 2018-19, the national average Band D council tax level for stand-alone Fire Authorities is £75, ranging from £59 to £101, Lancashire's is £67.

There are two options for the treatment of council tax levels in the measure of council tax income:

- taking 'actual' level into account or
- taking a 'notional' level into account.

An 'actual' approach would undermine the Government's intention not to reward or penalise authorities for historic local decision making, and this approach would see a greater reduction in those areas with higher council tax, regardless of the historical reasons or circumstances that have led to this.

The Government is therefore minded to use a notional assessment of council tax levels when making the relative resources adjustment

Using a notional council tax level, as part of a notional measure of council tax resources, would mean that two local authorities with similar tax bases and a similar assessment of relative needs would receive broadly similar baseline funding levels, irrespective of their actual council tax levels. However, it also means that the authority with the higher actual council tax level would have a higher funding allocation. This is as a result of retaining the actual council tax income raised (which is not redistributed).

In calculating a council's baseline funding level, if the relative resources adjustment exceeds their relative needs share they would be subject to a 100% tariff on their retained business rates. Since the Government is committed to no redistribution of council tax, the tariff would be capped at a maximum of 100%. In effect this would mean that the council would not retain any business rates locally because their relative need was assessed as met through other local resources; however, the authority would continue to retain a proportion of business rates growth as determined by the national business rates retention scheme.

In summary, a higher notional council tax level supports greater equalisation of funding relative to assessed need. However, it increases the likelihood of a small number of authorities paying 100% of their business rates baseline as a tariff. A high notional council tax level also increases the number of authorities with an actual council tax level significantly below the notional level.

Conversely, a lower notional level reduces these effects. However, the lower the notional council tax level, the greater the incidence of authorities with higher need or higher tax levels who have lower settlement funding allocations than other authorities with lower need or lower tax levels.

The measure of council tax in the relative resources adjustment requires an assumption around collection rates at the local authority level.

- One approach would be to use authorities' actual collection rates. However, this would mean that for two authorities that are identical aside from their collection rate, the one with the higher collection rate would receive a lower baseline funding level.
- Another approach is to apply a single, uniform collection rate to the measure of each local authority's council tax income.

In all scenarios, the incentive towards full council tax collection remains.

### **Council tax in successive years**

In the case of a multi-year settlement from 2020-21 onwards, it will be necessary to consider the treatment of council tax income in successive years as part of a resources adjustment.

There are broadly two approaches:

- a single measure of council tax resource fixed over the period. This approach has a precedent in the 2015-16 four-year settlement methodology. This approach may reward local authorities who build more houses and grow their tax base over time as they will be able to retain that growth in their tax base – the increase in council tax resources will not be taken into account in the resources adjustment beyond year one;
- Include full or partial projections of council tax resource at the outset of the period including tax base and/or tax levels. Such an approach may support authorities who are less able to grow their council tax receipts to meet their need. However, this approach may disadvantage areas whose tax base does not grow in line with projections due to unforeseen shocks or local policy choices, since the reduction in their baseline funding level due to this measure of their tax base will not be offset by an increase to their actual council tax income.

In line with the guiding principles of the review, the Government has said it is minded to fix a single measure of council tax resource over the period. This approach has the advantage of rewarding authorities for growth in their council tax receipts whilst not linking the methodology to a measure of projections of council tax resources that may be uncertain.

### **Sales, Fees and Charges**

Sales, fees and charges are another source of income for many local authorities, which - like council tax – vary by local authority.

The Government has considered whether it is appropriate to make a more direct adjustment for sales, fees and charges income when assessing local authorities' relative resources; the practicalities that have said they would consider are:

- Scale;
- Ability and choice and incentive effects;
- Volatility of income;
- Data availability.

Having taken the above considerations into account, the Government recognises that there are practical challenges in taking a direct account of sales, fees and charges income through the resources adjustment and therefore they have said that they are broadly minded not to do so.

### **Transitional arrangements**

Once new funding baselines have been established, the Government intends to introduce transitional arrangements that will determine the basis on which authorities reach their new funding allocation levels.

Given the wide range of options available, the Government intends to use the principles set out below, along with the wider principles of the review in designing transition arrangements:



- Maintain stability;
- Ensure transparency;
- Ensure they transition period is time-limited;
- Provide flexibility.

The scale of transition will depend on the baseline it is measured from, and as such they are proposing that the starting baseline for the purposes of transition will be a measure of the funding available to each local authority in 2019-20.

### **Financial Implications**

No exemplifications are provided at this stage so it is impossible to predict the financial impact, although obviously the eventual outcome will have a significant impact on future funding and therefore the Authorities future budgets.

### **Human Resource Implications**

None

### **Equality and Diversity Implications**

None

### **Environmental Impact**

None

### **Business Risk Implications**

Clearly the outcome of the consultation will have an impact on our level of funding received in future years, and as such it is a major risk to the Authority. However, until the outcome of the consultation is known it is impossible to be more specific.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact
Consultation Document A Review Of Local Authorities' Relative Needs And Resources	December 2018	Keith Mattinson
Reason for inclusion in Part II, if appropriate:		

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## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on Monday, 18 February 2019

### **MEMBER CHAMPION ACTIVITY REPORT**

Contact for further information:

DCFO Justin Johnston – Tel: 01772 866801

#### **Executive Summary**

This paper provides a report on the work of the Member Champions for the period up to 31 January 2019.

#### **Recommendation**

The Authority is requested to note and endorse the report and acknowledge the work of the respective champions.

#### **Information**

The concept of Member Champions was introduced in December 2007. A review of the areas of focus for Member Champions was considered at the Authority meeting held in June 2017 where new areas of responsibility were discussed and agreed as follows: -

- Community Safety – CC Mark Perks
- Equality, Diversity and Inclusion – Cllr Zamir Khan
- Health and Wellbeing – CC Tony Martin
- Road Safety – Cllr Fred Jackson

Reports relating to the activity of the Member Champions are provided on a regular basis to the Authority. This report relates to activity for the period up to 31 January 2019.

During this period, all have undertaken their respective role in accordance with the defined terms of reference. Their activity to date is as follows:

#### **Older People – County Councillor Mark Perks**

The Age Safe Task Group have a planning workshop booked for 14 March which will be an opportunity to agree and set the actions and activities for 2019/20. Recruitment is currently underway to fill the Prevention Support Officer Age Safe vacancy and part of this role will be to support the Age Safe activities across LFRS. Councillor Mark Perks continues to support the Age Safe and Dementia Task Groups.

## **Equality and Diversity – Councillor Zamir Khan**

The Service has launched its positive action recruitment campaign. “Have A Go” days will be taking place across the County aimed at attracting a diversity of candidates to a career within the Fire Service.

## **Health & Wellbeing – County Councillor Tony Martin**

On Time to Talk Day – 7 February 2019, Councillor Martin supported the initiative to raise awareness of mental health problems and for them to not be perceived as a taboo subject, much like LGBT. The initiative included recognising that mental health affects us all and we should feel able to talk about it, regardless of our sexual orientation, race, religion, cultures etc. Often employees feel that they cannot talk and Councillor Martin wants to ensure that no one is made to feel isolated or alone for speaking out; whether that’s about mental health or LGBT related issues.

## **Road Safety – Councillor Fred Jackson**

Councillor Fred Jackson continues to support the Road Safe Thematic Group where the current priorities are: Biker Down, Wasted Lives and Road Sense.

## **Financial Implications**

Activities are within budget.

## **Business Risk Implications**

Whilst no formal obligation is placed on the Authority to have Champions, effective utilisation of such roles offers a number of benefits.

## **Environmental Impact**

The Member Champion provides leadership on environmental issues and assists in engaging Authority members in strategic objectives relating to protecting the environment.

## **Equality and Diversity Implications**

The member champion role provides leadership on E&D issues and assists in engaging Authority members in strategic objectives relating to equality and diversity.

## **Human Resource Implications**

Some member and officer time commitments.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact DCFO Justin Johnston
Reason for inclusion in Part II, if appropriate		

## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 18th February 2019

### FIRE PROTECTION REPORTS

Contact for further information:

Deputy Chief Fire Officer Justin Johnston – Tel. 01772 866801

#### **Executive Summary**

This report deals with prosecutions in respect of fire safety management failures and arson incidents within the period 1<sup>st</sup> December 2018 to 1<sup>st</sup> February 2019.

In addition, Fire Protection and Business Support Information is included in the report.

#### **Recommendation**

The Authority is asked to note and endorse the report.

### FIRE SAFETY CONVICTIONS

#### Prosecutions under the Regulatory Reform (Fire Safety) Order 2005

- The owner of Mama Mia takeaway Lancaster has been given until March 2019 to complete an extensive list of fire safety works. If this is not completed in its entirety the judge has warned the owner that he will receive a prison sentence.
- The owner of Derby Court Hotel in Preston has pleaded not guilty to 11 offences of the Fire Safety Order and will begin a full trial at Preston Crown Court week commencing the 20/05/19.
- The owner and employer of staff at the Crown Hotel Burnley have had their case sent to Burnley Crown Court to be heard on the 13/02/19.
- The prosecution case file for Plaza Beach Hotel Blackpool is completed and will be forwarded to LFRS Fire Safety Solicitor on the week commencing the 04/02/19 for summonses to be issued.

There are a number of prosecution case files being prepared currently:

- Hotel in Blackpool (summonses being issued 04/02/19)
- Multi Occupied Dwelling in Lancaster
- Hotel in Blackpool
- Multi Occupied Dwelling in Blackpool
- Mixed Commercial premises in Blackburn

## **FIRE PROTECTION & BUSINESS SUPPORT INFORMATION**

### Risk Based Inspection Programme

The Risk Based Inspection Programme has been modified for improved targeting of higher risk shops (shops with residential accommodation above) these premises continue to result in enforcement action after inspection is undertaken.

### Business Support Website

On-going

### Business Safety

The Business Safety Advisers (BSA) continue to identify repeated cases of Unwanted Fire Signals within businesses and ensure that the responsible persons make improvements to reduce them. Two new BSA staff members started in January 2019 with Lancashire Fire and Rescue Service (LFRS). The BSAs have made visits to premises operating as 'Escape Rooms' (following the tragic Poland fire) and they are looking at fire safety in self-storage type premises. Additionally, they are making use of the 'SHOUT' networking group that brings small and medium enterprise owners together to promote business fire safety.

### Primary Authority Scheme (PAS)

LFRS now has 11 registered partnerships Barchester Healthcare, Four Seasons Healthcare, Amber Taverns, Torus 62 housing, Daniel Thwaites, Warwick Estates, EH Booths, Regenda Group, Progress Housing Group, PBSA Student Roost and St. Catherine's Hospice. Inclusion Housing is awaiting confirmation for a partnership with LFRS. New agreements have now been formalised with Torus 62, Barchester, Four Seasons, Regenda, Amber Taverns and Warwick Estates. There have also been discussions with 6 other interested companies.

## **ARSON RISK REDUCTION**

### **R v John SCHOFIELD**

#### **FLAT 7 FERN LEA, NETHERFIELD ROAD, NELSON, BB9 9Q**

This incident was a three fire engine; person's reported fire at the above address. On arrival of LFRS, the kitchen was smoke logged. LFRS gained entry via a kitchen window and extinguished a number of bin bags containing household waste. A message was sent stating "All person's accounted for". On further investigation it became apparent that the occupant had deliberately started the fire and the police were informed, who made enquires of their own as to his whereabouts. An Incident Intelligence Officer (IIO) attended the scene to carry out a full post fire investigation to gather evidence. A home-made petrol bomb, lighters and accelerants were discovered. The kitchen compartment was severely damaged by heat and smoke and the remainder of the flat had slight smoke damage due to the kitchen door being closed during the fire. Occupant charged with arson.

### Outcome

Mr SCHOFIELD set fire to his kitchen and left the building. He lived in a converted block of flats. Mr SCHOFIELD was arrested and charged with Arson Reckless as to whether life endangered. Following evidence provided by LFRS investigators, he pleaded guilty and was sentenced to 30 months imprisonment on 14/12/18.

**R v Stephen JOSEPH**  
**19A GARSTANG ROAD SOUTH, WESHAM, PR4 3BH.**

This incident involved a fire in an upstairs flat of a converted terraced house. Upon arrival the fire was starting to break through the roof. LFRS gained entry via the front door by forcing the door, 2 fire fighters in Breathing Apparatus (BA) initially used a hose reel to tackle the fire, and this was exchanged for a 45mm jet when a hydrant feed was established. Further BA crews were deployed in to the adjoining properties to stop fire spread using hose reels. An Ariel Ladder (AL) was requested and used to fight the fire on the roof area. The rear bedroom of the flat was completely destroyed by the fire. The roof of the property was also completely destroyed by fire and the rest of the flat was moderate damage by smoke and flames. This Incident is believed to have been started deliberately by the occupier of the flat in which he has set fire to the attic.

Outcome.

Stephen JOSEPH set fire to refuse bags in his loft in the early hours of 15/05/18. He then left his 1st floor converted flat, while the fire developed. A fire involving the whole roof resulted and threatened the lives of a couple with young child living in the flat below. Staff at the factory across the road alerted the family in the flat below and they escaped unharmed but their flat was severely damaged. It was initially thought that Mr JOSEPH was inside the flat so a fatal fire multi agency team was convened involving the Police, Crime Scene Investigator, Forensic Investigator and IIO. Fifteen hours after the start of the incident and after an excavation of the site it was known that Mr JOSEPH was not in the remains of the fire. He was found in Preston. Four fire engines, an AL & Urban Search and Rescue were utilised at this incident. Mr JOSEPH received a sentence of 4 years and 8 months imprisonment on 18/12/18.

**R v Joshua Marc SUTCLIFFE**  
**11 Brighton Avenue, Blackpool, FY4 1HL.**

This incident was a fire in the ground floor flat of a mid-terraced property. No casualties involved. Fire Investigation concluded that the fire was started deliberately with accelerants used to promote the growth of the fire. The cause of fire was flammable liquid deposited in the lounge and bedroom then ignited by the application of a naked flame. An IIO attended and confirmed accelerant deposits in the lounge and bedroom. Occupier admitted to starting the fire to the police on scene. Damage to the premises: structural damage to the whole house, the ground floor bedroom and lounge destroyed by fire, severe by smoke to the remainder of ground floor, including the kitchen, bathroom and hallway. In the first floor flat the lounge was severe by fire and smoke, with the remainder of the first floor flat severe by smoke.

Outcome

Mr SUTCLIFFE received 4 years 8 months imprisonment. The Judge reduced the sentence by one third (could have been 7 years) as an early guilty plea was made. Mr SUTCLIFFE can apply for parole once half of the sentence has been served and if granted, remainder will be on licence.

**Business Risk**

Moderate – Members need to be aware of prosecutions related to fire safety activity and/or arson within Lancashire in order to satisfy themselves that the required robust approach is being pursued.

**Environmental Impact**

None

**Equality and Diversity Implications**

None

**HR Implications**

None

**Financial Implications**

None

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact
Reason for inclusion in Part II, if appropriate:		



**LANCASHIRE COMBINED FIRE AUTHORITY**  
Meeting to be held on Monday 18 February 2019

**COMMUNITY FIRE SAFETY REPORTS**  
**(Appendix 1 refers)**

Contact for further information:  
Assistant Chief Fire Officer David Russel, Director of Service Delivery  
Tel: 01772 866801

**Executive Summary**

Reports in relation to the 2 Unitary and 12 District Authorities are attached containing information relating to:-

- Community Safety activity;
- Incidents of Operational interest.

Operational incidents of interest will be presented to Members for information.

**Recommendation**

The Authority is asked to note and endorse the report.

**Information**

Included as Appendix 1 are reports for the two unitary and twelve district authorities in relation to:

- Community Safety initiatives;
- Incidents of Operational interest.

**Business Risk**

None

**Environmental Impact**

Potential impact on local environment

**Equality and Diversity implications**

None

**Financial Implications**

None

## HR Implications

None

## Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact
Information from LFRS Management Info Systems	December 2018 – January 2019	David Russel
Information received from area based staff	December 2018 – January 2019	David Russel
Reason for inclusion in Part II, if appropriate:		

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>BLACKBURN-WITH-DARWEN</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Winter Safety</u></b></p> <p>As the months draw on and heating over winter becomes more of a burden, people may turn to alternative ways of heating their homes - whether through portable heaters, candles, open fires or cookers - or not at all, which is risky both from a health and wellbeing point of view and fire safety.</p> <p>The Winter Safety campaign aims to encourage people to reach out and get in touch with us through our Home Fire Safety Check Service, and quote a unique reference code. During the Home Fire Safety Check, we have also been encouraging the occupier to refer themselves to the Priority Service Register. To promote the campaign, targeted community activities have also focused around the Wensleyfold and Brookhouse areas of the borough, as well as attendance at multi-agency events including the Christmas light switch on, Chill and Chat, talks at the Salvation Army, the Stroke Association and the Blind Society. Darwen Cadets have also supported our message with their involvement at car washes and attendance at the Christmas Carol concert.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>BLACKPOOL</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Winter Warmth &amp; Fire Safety</u></b></p> <p>On Tuesday 08 January, Blackpool Community Fire Safety Teams and Operational Firefighters invited members of The Phoenix Club into the fire station for the afternoon.</p> <p>The event was very well attended by members of the female group who are mostly retired and a number of whom live alone. The ladies received a tour of the station and engine house and the crews completed some drills and provided a demonstration of the aerial ladder platform.</p> <p>The Community Fire Safety Team offered home fire safety advice, advice on general wellbeing and additional information in relation to our Winter Safety Campaign. Another date has been set to meet the group and they will receive the Dementia Friends Awareness Session.</p> <p><b><u>Breakfast with Santa</u></b></p> <p>On Monday 24 December, Blackpool Fire Station hosted its annual Breakfast with Santa, which is organised by Trinity Hospice. As always, the event was very well attended and was delivered as a joint venture between the Hospice, Operational Firefighters, Community Fire Safety Team members and our Fire Cadets who in costume, took up the role of elves. We were also joined this year by some of our volunteers.</p> <p>The event offers local children a cooked breakfast, and then the opportunity to meet Santa and discuss the important issue of Christmas presents.</p> <p><b><u>Healthy Lifestyle and Wellbeing Expo</u></b></p> <p>Lancashire Fire and Rescue Service attended the Healthy Lifestyle and Wellbeing Expo at the newly appointed Vicarage Park Community Hall on Saturday 12 January and provided fire safety advice and information about the current winter safety campaign to a large number of people. There was representation from youth groups, dementia support, community groups and Wyre Council amongst others and Simon, a Lancashire Fire &amp; Rescue Service volunteer from Blackpool Fire Station, also used the opportunity to come along and provide support at the event.</p> <p><b><u>Careers Event</u></b></p> <p>On Tuesday 29 January, the Blackpool Community Fire Safety Team attended a Careers Event at Blackpool Pleasure Beach. This is an annual event and it is visited by pupils from every Blackpool High School and is extremely well attended. It provides a great opportunity to publicise the employment opportunities within the fire service and It is also a useful platform by which to promote our fire cadet unit.</p>	

**INCIDENTS OF OPERATIONAL INTEREST (brief details)****Date:** 22 January 2019**Time:** 13:47

On 22 January, Operational Crews from Blackpool received a call to a persons reported fire in Blackpool. This was an accidental fire in the living room of a property that had been caused by a small electric heater. When crews arrived, they found the fire had been smouldering for anything up to thirty minutes before the smoke alarm sounded and they were met by smoke issuing from the front room of the flat and there were visible flames. The incident was attended by appliances from Blackpool, South Shore, Bispham, Fleetwood and St Anne's Fire Stations. A total of eight firefighters wearing breathing apparatus were committed to the property.

A male casualty was rescued from the property in an unconscious state. He was then resuscitated by fire service personnel and conveyed to hospital by ambulance where he was admitted to the Intensive Care Unit. After making a significant recovery the gentleman was discharged home on Sunday. The care administered at the time of the incident by the operational crews enhanced the recovery rate of the casualty.

The electrical fan heater involved in the incident was destroyed by fire, as was the front bay window and curtains. The room of origin sustained damage of 70% by heat and smoke, the bedroom 50% by smoke and the remainder of the flat 25% light by smoke.

**General Incidents Involving Extractor Fan Units**

Lancashire Fire and Rescue Service has recently attended a number of incidents involving extractor fans, usually located in bathrooms/showers. Historically, Blackpool hotels and guest houses would have had shared facilities which would have reduced the number of these units, however over the years with en-suite facilities now being prevalent throughout the town, the opportunities for issues to arise has also grown.

The main cause of fires in extractor units is overheating of the unit itself, possibly due to the age of the unit, seizing of the internal ball bearings or sometimes a build-up of fluff/lint around the unit which can restrict the moving parts again leading to overheating.

A further issue with some premises is also the route that the extractor ducting may take. Again, historically some hoteliers may have breached fire separation to run an extractor duct, thus allowing a passage for any fire to travel along between floors or compartments.

Good practise would suggest

- An extractor should only run for up to 20 minutes after having bathed or showered

- The unit should be cleaned periodically to remove any build-up of dust or lint
- Units should be fitted by professionals
- Any damage to fire separation should always be repaired to provide the appropriate level of compartmentation
- If the unit starts to make unusual noises this can signify that the bearings are failing in which case the unit should be repaired or replaced
- In the case of an accident happening and a fire occurring, your fire alarm system will notify you of the problem, don't forget to have the system tested and serviced regularly
- Any queries relating to fire safety in your premises can be answered by one of our Technical Fire Safety Officers

The photograph below shows the damage caused to the latest unit following its overheating. Luckily the residents were still awake and noticed that the room lights had failed due to the unit being on the wiring circuit so went to investigate, finding the bathroom smoke logged they shut the door and left the property, calling us immediately



**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>BURNLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>12 Days of Christmas Community Carol Message</u></b></p> <p>Staff at Burnley's Community Fire Station teamed up with residents from two Calico sheltered accommodation schemes to create their unique version of the 12 days of Christmas Carol. Crosshills in Padiham and Viking Place in Burnley attended Burnley Fire Station on numerous occasions on the lead up to the 12 days of Christmas to tailor the verses, practice singing in the Community Room at Burnley Fire Station and develop the Christmas messages that would be delivered by the community representatives and FRS Staff to help raise awareness of fire safety over the festive period.</p> <p>The fire safety carol singing was filmed as part of a winter safety message which Lancashire Fire and Rescue Service proudly support as part of their seasonal campaign. The carols were published on social media and received good feedback.</p> <p>The elderly residents of the sheltered accommodation were creative in developing the production and welcomed the carols to be shared on Twitter to see how many people could enjoy the moment as much as they had whilst creating the production together. It proved a great success in bringing older people in the community together and helped to roll out safety information with an enjoyable and engaging manner for those involved in the community initiative.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>CHORLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Wasted Lives</u></b> A Community Fire Safety team member along with the Road Safety Lead, delivered a Wasted Lives session at Parklands High School to year 11 pupils; four one-hour sessions were completed in total with approximately 50 pupils in each class.  The Wasted Lives vehicle was also in attendance as a visual resource in which the pupils had the opportunity to see the vehicle and ask questions. The sessions were received well with all pupils who were engaged in the sessions.	



**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

**SUMMARY REPORT FOR: FYLDE**

**LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)**

**Road Safety Event**

On 15 November, Fylde Community Safety took part in a road safety event at British Aerospace Warton. The team took “Daniel’s Car” to the Warton venue - the crashed vehicle serves as a very poignant reminder of the dangers of drinking and driving and still being under the influence of alcohol on a morning following a night out.

**Winter Safety**

On 05 and 19 December 2018, operational crews ran an initiative for the Winter Safety Campaign at Ashton Gardens Café in St Anne’s. The crews spent several hours on both days meeting older people and offering home fire safety advice and advice on “Winter Safety”. They handed out winter safety leaflets, thermometers and 0800 number cards with the winter safety reference on them. The Firefighters engaged with over fifty elderly members of the community over the two dates.

**Home Fire Safety Checks**

On 21 December 2018, the Day Crewing Plus Firefighters from St Anne’s worked alongside the police and local elderly community group, Just Good Friends, and spent the full day at Clifton Hospital, St Anne’s. They delivered gifts to several hundred people who were to remain in hospital over the Christmas period.

The crews visited the wards handing out gifts and chatting to the patients. The crews also issued leaflets advising of the Home Fire Safety Check Service whereby the patients can contact us for a visit and receive fire safety advice upon their discharge from hospital.

**INCIDENTS OF OPERATIONAL INTEREST (brief details)**

**Date:** 19 January 2019

**Time:** 19:31

On Saturday 19 January, operational crews from St Anne’s and Lytham stations were called to a fire at commercial premises in Lytham.

A member of staff was moving items in the freezer on the shop floor when he noticed a smell of smoke and sparks coming from the electrical wiring in the rail at the front of the freezer. This then started to flame slightly and a CO2 extinguisher was used to extinguish the fire. A full evacuation then took place.

On arrival at the incident, Firefighters found the fire has been extinguished and an inspection of the wiring then took place. The wiring sparked slightly and the freezer units were isolated at the consumer unit. The surrounding area and all freezers were then checked. An Incident Handover form was completed and this stated that the unit must remain isolated until checked by a qualified engineer. A cordon was put in place around the affected area.

The fire had started due to overheating, the cause of which was unknown. Damage was recorded as severe by fire to approximately 5cm of wiring in the freezer, there was no rapid growth of fire and no further damage was recorded..

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>HYNDBURN</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Winter Safety</u></b></p> <p>As the months draw on and heating over winter becomes more of a burden, people may turn to alternative ways of heating their homes - whether through portable heaters, candles, open fires or cookers - or even not at all and that is risky both from a health and wellbeing point of view and fire safety.</p> <p>The Winter Safety campaign aims to encourage people to reach out and get in touch with us through our Home Fire Safety Check Service, and quote a unique reference code. During the Home Fire Safety Check, we have also been encouraging the occupier to refer themselves to the Priority Service Register. The launch of the campaign was during the Mayoral Christmas lights switch on in Accrington town centre and has led to the targeting of community activities in the Scaitcliffe area and Great Harwood.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	14 January 2019
<b>Time:</b>	01:40
<p>Lancashire Fire &amp; Rescue Service received a call stating there was a property fire with seven people trapped inside.</p> <p>As the crews made their way to the property, they received information from North West Fire Control (NWFC) stating that they had the callers on the line and that the family had managed to exit the property. The first appliance arrived in less than five minutes.</p> <p>On arrival, Lancashire Fire &amp; Rescue Service crews found the two parents and five children outside the house and a well-developed fire in the property. A Breathing Apparatus (BA) crew were deployed to commence firefighting operations.</p> <p>Fire service personnel started to check the family members for injuries prior to handing them over to North West Ambulance Service for further treatment. All seven family members were taken to hospital due to varying degrees of smoke inhalation.</p> <p>The BA teams found a fully developed fire in the kitchen and utility room and extinguished the fire using hose reels and tactical ventilation. The subsequent fire investigation found that a tumble dryer had caused the fire and passed the details on to an Incident Intelligence Officer.</p>	

The family had managed to make their way out of the property due to being alerted to the fire by smoke alarms that had been fitted by Lancashire Fire & Rescue Service. There were no significant injuries to any of the family members.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>LANCASTER</b>
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**LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)**

**Winter Safety Campaign**

The Winter Safety Campaign is concentrating on Accidental Dwelling Fires (ADF's) resulting from heating related issues. This problem is linked to fuel poverty, as people can often make unwise decisions e.g. using cookers to heat rooms, using unsafe halogen heaters and use of candles.

Using statistical evidence, areas were identified that previously had more ADF's over the winter months. The main aim of the campaign is to generate Home Fire Safety Check referrals resulting in an increase of high risk referrals in the targeted areas, increase referrals to partner agencies for fuel poverty support and reduce ADF's caused by heating equipment.

The properties in the target areas are made up mainly of houses of multiple occupation (HMO's), student accommodation and sheltered accommodation.

To promote the campaign and engage with our target audience, Operational Staff are delivering fire safety awareness talks to sheltered accommodation properties. Local businesses in the areas have been contacted and agreed to display posters and distribute leaflets to customers. Letting agents, after being advised of the campaign, have agreed to display posters/leaflets in their offices and properties in the target areas. Information packs will also be given to new tenants offering a Home Fire Safety Check.

**INCIDENTS OF OPERATIONAL INTEREST (brief details)**

**Date:** 27 November 2018

**Time:** 10:34

One fire appliance was initially mobilised to a small fire in the open at a large commercial premises on Lansil Industrial Estate in Lancaster. Additional information from North West Fire Control indicated that this fire may have involved an acetylene cylinder. Upon arrival, it was quickly established that this was the case and immediately a further three appliances and police assistance for an evacuation were requested. The initial crew immediately got to work establishing a hydrant supply and ground monitor to provide a covering jet to cool the cylinder and reduce the risk posed.

Operation MERLIN was declared by the initial officer in charge due to the potential for escalation of the incident and also due to the impact on local infrastructure. A 200m cordon was then established in line with the service procedure for dealing with an acetylene cylinder incident. This 200m cordon encompassed a number of commercial premises and also a main road between Lancaster City Centre and the M6 at Junction 34. The evacuation was successfully carried out by fire and rescue personnel alongside police officers who closed multiple roads and staffed cordons.

The Lancashire Fire and Rescue Service (LFRS) Air Support unit was also utilised at the incident to allow fire and rescue service personnel to monitor the incident from a safe distance. A further two appliances were also requested in order to supply water to the incident from the River Lune in case of escalation. As the incident progressed the Acetylene inside the cylinder was allowed to burn off in a controlled manner. Once the flame extinguished a number of tests were carried out in order to ascertain that the cylinder was empty and that no decomposition (a chemical reaction that can cause any acetylene within the cylinder to self-heat) was taking place inside the cylinder. It was established that the cylinder was safe to hand back and the incident was handed over and all cordons lifted.

Investigation by Lancashire Fire & Rescue Service personnel revealed that the fire had been caused accidentally due to a fault in the equipment. No injuries were sustained by any members of the public or service personnel during the incident.

**Date:** 17 November 2018

**Time:** 11:07

Three fire appliances from Carnforth, Bolton-le-Sands and Morecambe were mobilised to a person reported fire at a farm in Tewitfield Carnforth.

Upon arrival, the Officer in Charge (OIC) was confronted with a well-developed fire of straw within an open ended barn (50m x 10m). The roof to the building was also well alight. The OIC quickly established that all persons were accounted for and a message supporting this fact was sent to NWFC.

Due to the size of the fire and the lack of water in the local area the OIC sent an assistance message requesting a further two appliances and a Hazard Material Environmental Protection Officer (HMEPO) to support him due to the building being constructed from Asbestos. Firefighters wearing breathing apparatus (BA) were committed to the barn after a dynamic risk assessment had been carried out. A water tank below ground was sourced which enabled the OIC to commit a further two firefighters wearing breathing apparatus at the rear of the building. A message was sent informing control that the incident had now been upgraded to Stage 2 BA and that the incident was now sectorised.

An additional water source was established from the canal some 36 hose lengths away from the incident. A water relay was quickly established and the fire was soon under control. Farm machinery was utilised to move the burning straw from the building to a location outside to enable the fire fighters to dampen down and ensure the fire was extinguished.

Due to the actions of the fire service crews, they managed to save approximately five tonnes of straw and the building although damaged by fire it was able to be used soon after the fire was extinguished.

**Date:** 17 January 2019  
**Time:** 11:33

Two fire appliances from Lancaster and Morecambe were mobilised to a road traffic collision on the A683 Lancaster. At the same time, one ambulance and one rapid response car from North West Ambulance Service (NWAS) was also mobilised from Lancaster Community Fire & Ambulance Station to respond to the same incident.

Upon arrival the Officer in Charge (OIC) was confronted with a car which had driven in to the back of a 4x4. The driver of the 4x4 was complaining of neck pains and spinal pains to the emergency services. It was decided between the senior paramedic and the OIC of the fire service that the driver needed to be extricated out of the rear of the vehicle by removing the roof and putting the driver of the 4x4 on a back board.

There was good use of the Joint Emergency Services Interoperability Programme (JESIP) between LFRS and NWAS. This has been enhanced by being co-located at Lancaster as relationships have been formed between both organisations and a greater understanding of each other's role.

The driver was extricated safely and conveyed to hospital with the road only being closed for a short period of time.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>PENDLE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Cold Strike Safety Campaign</u></b></p> <p>Pennine prevention teams have delivered local safety campaigns in each of the three Pennine districts of Burnley Rossendale and Pendle. A schedule of one cold strike per district, per month has been delivered in Pennine. The campaigns named 'Cold Strikes' focus on the seasonal weather where we start to feel a drop in temperature. Historically, when the temperature drops, more accidental dwelling fires occur due to an increase of heating devices being used in the home. Community Fire Safety Staff and operational crews worked collectively with partner agencies via the Pennine Strategic Safety Partnership to advise and prevent incidents occurring due to incorrect use of or defective appliances used in the home during cold spells. Pennine staff mapped risk areas and identified areas where there were a high percentage of older people living using MOSAIC data and Graphical Information System (GIS) to identify areas where limited fire service intervention had previously taken place. Some of the target cold strike locations were more outer lying areas where the occupants were in more of an isolated position, where other homes were in an area of deprivation and would more likely have more increased risk within the homes.</p> <p>So far the district of Pendle alone had a succession of three target areas. Over 400 properties have been leafleted to inform the residents prior to the campaigns going ahead. In total, 262 successful Home Fire Safety Checks have been delivered in Pendle during the initiative.</p> <p>Various partner agencies have taken part in the days such as Lancashire Wellbeing, Lancashire Constabulary and the Falls Team which has helped streamline the referral process in signposting.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	19 December 2018
<b>Time:</b>	16:33
<p>The 999 call was made by a member of the public to a house fire. Neighbours reported that an elderly couple were inside the property. Three appliances were mobilised and on initial attendance, two breathing apparatus wearers were committed into the property with the brief of search and rescue, and firefighting.</p>	



The two breathing apparatus wearers entered the property and very quickly located a female on the floor in the living room suffering from burns. They quickly noted that due to the severity of the injuries that this was unfortunately a fatal fire and they made the decision to leave the casualty in place for fire investigation purposes.

The second occupant was rescued from the rear of the building suffering from severe smoke inhalation. Investigations are still ongoing and being carried out as to the cause of the fire with a joint operation and multi-agency investigation team involving Lancashire Fire & Rescue Service Incident Intelligence Officer's and Lancashire Constabulary Forensic Department.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>PRESTON</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Age Concern Christmas Fair</u></b> This event was organised by Age Concern and held at Preston Indoor Market on 06 December 2018 from 13:30hrs – 16:00hrs. The theme for the event was to promote Keeping Warm and Well This Winter and various partnership agencies were invited to provide attending members of the public important information on how to keep safe during the winter months.</p> <p>As part of our Local Winter Safety Campaign, Preston Community Fire Safety Team attended the event with a stand to provide vital safety information for all attending residents. This included safe use of electric portable heaters, candle safety, gas safety, fuel poverty and solid fuel fires.</p> <p>Along with the provision of fire safety information, staff also offered all members of the public the opportunity for a referral for a Home Fire Safety Check by contacting Lancashire Fire &amp; Rescue Service to arrange for a convenient appointment. This initiative was given a code (WS01) to allow the numbers of created visits to be collated in the evaluation process of the Winter Safety Campaign across the county.</p> <p>Preston Community Fire Safety benefited from being able to signpost individuals to other attending agencies such as Preston City Council, Lancashire Volunteer Partnership, and NCompass and this multi-agency approach provided a platform to address many identified issues and was a great success.</p> <p><b><u>NCompass BME Forum</u></b> Preston Community Fire Safety arranged through NCompass, for a Fire Safety within the Home Talk to be delivered to a group of approximately 30 carers and their family members. The talk was interpreted into Gujarati and leaflets in three other appropriate languages given out.</p> <p>This initiative has enabled us to develop a foothold within the BME community and every resident and carer present has received training and advice on vital fire safety information. In addition to this, all attendees at the presentation have now received a Home Fire Safety Check and a referral process has been established with NCompass for future referrals and presentations.</p> <p><b><u>Wasted Lives Road Safety Education for Prince's Trust</u></b> A session was arranged to deliver the Wasted Lives Road Safety Education Package to the Central Area Prince's Trust Team.</p>	

Wasted Lives is an award winning young driver education programme. It targets young drivers and their passengers. Delivered by Preston Community Fire Safety Team, the session challenged beliefs resulting in safer attitudes towards risk taking behaviours on the roads.

The session covered speed, seatbelts, mobile phones, drink and drug driving. The lesson was highly interactive and the students had the opportunity for discussion and reflection. The sessions use a mixture of learning techniques including group work, experience sharing, adverts and a case study.

**Missing Matthew** - Powerful, award winning film, 'Missing Matthew,' is a true story of how Matthew (22) lost his life in a horrific crash, racing his best mate. One moment of madness ended his life which was so full of promise. His parents tell the harrowing story and leave us in no doubt about the widespread devastation such a loss causes. Interactive follow up activities explore the consequences of making the wrong decision.

Road Safety within the Preston District is a high priority for Lancashire Fire & Rescue Service and we are looking to expand this delivery into all the local high schools. In addition to this, we will continue to deliver to each new Prince's Trust Team within the district.

#### **Preston Armed Forces Covenant Group Meeting**

The Armed Forces Covenant represents a promise by the nation that those who serve or have served, and their families, are treated fairly. All 407 local authorities in mainland Great Britain and four Northern Ireland councils have pledged to uphold the Armed Forces Covenant. To date over 3,000 organisations have signed the covenant, including businesses and charities.

The Preston Covenant is a multi-agency group who meet to share services and organisations who can offer support to veterans. Each meeting there are short presentations by 2/3 organisations who we might never have come into contact with. We have made contact with several of them outside the group and who have now received training and refer in to us using the preferred provider code for Home Fire Safety Checks.

Preston Community Fire Safety attended a multi-agency meeting on 16 January 2019, arranged by Preston City Council's Armed Forces Champion and representatives of RAFA. Other attending agencies included Dig In Northwest, Blind Veterans, Age UK Older Veterans Project, HMPS, Action on Hearing Loss, MOD, Combat Stress, UCLAN and DWP.

A presentation was delivered by Action on Hearing Loss on the work they are doing around veterans, of who over 75% experience hearing loss following active service. Lancashire Fire & Rescue Service has confirmed to the partners that we have a referral pathway set up and will meet up separately to arrange group sessions to showcase our visual vibrating smoke alarms and encourage signposting.

On conclusion of the session, all attending agencies were reminded of our Home Fire Safety Checks, along with the correct referral process. Referrals received from each partner will be monitored over the next quarter and training will be reviewed wherever necessary.

### INCIDENTS OF OPERATIONAL INTEREST (brief details)

**Date:** 31 December 2018

**Time:** 16:45

Two appliances were mobilised to reports of smoke issuing from a retail property on New Hall Lane, Ribbleson, Preston.

On arrival, the fire crews found smoke to be issuing from a ground floor window and observed that smoke had spread throughout the ground floor. As the property was secure when the fire crews arrived, they needed to force entry in order to investigate the cause of the smoke and deal with any fire. Once in the property, two firefighters wearing breathing apparatus and equipment with a high pressure hose reel quickly discovered the fire involved bread rolls that had been left unattended in a commercial oven. Fortunately, the fire was limited to the bread rolls; however, the smoke produced had percolated throughout the remainder of the two-storey property. To deal with the residual smoke, fire crews used a positive pressure ventilation fan to and utilised a thermal imaging camera to assess the for potential fire spread.

The incident was referred to the Protection Department so Fire Safety Officers could attend and undertake a post fire audit to ensure compliance with appropriate fire safety regulations.

**Date:** 22 January 2019

**Time:** 12:41

Two appliances were mobilised to reports of a fire in the loft of a house in Preston.

On arrival, the fire crews found a fire within roof timbers. The occupiers had made attempts to deal with the fire themselves, but were unable to fully extinguish the fire due to the location of the affected timbers.

Utilising various pieces of equipment, including ladder and hand tools, the attending fire crews cut away the affected timbers to ensure there was no risk of the fire developing further and affecting the whole roof.

It was recognised that the action of cutting timber away would have a negative effect on the structural integrity of the building and therefore the attending fire service manager asked for the Preston Building Control Officer to be informed and also for the attendance of the Urban Search and Rescue Unit (USAR) from Bamber Bridge and Chorley to attend and install temporary structural supports that would allow the occupier time to contact a qualified tradesperson who could make full repairs.

After a fire scene examination and investigation into the cause of the fire it was concluded that a failure of the chimney lining had led to the roof timbers becoming involved in fire and therefore the occupier was advised to seek professional guidance as to repairing the chimney before the fire was used again.

Whilst in attendance at the address, the fire crews completed a Home Fire Safety Safe and Well Check and subsequently have arranged for the Community Safety Team to attend and install a specialist Hard of Hearing fire alarm.

**Date:** 06 January 2019

**Time:** 11:58

Two fire appliances were mobilised to an address on Sylvancroft, Ingol to reports of a carbon monoxide detector activating. It is normal procedure to also mobilise a Hazardous Materials Officer to such incidents as these specially trained officers are able to provide technical advice to the incident managers on how to identify the source of any gas leak and subsequently how to resolve the incident.

On arrival, the fire crews could not hear an alarm sounding, but found the elderly occupier to be in a confused state and complaining of a headache and nausea. As a result of this, crews requested the attendance of an ambulance and checked the property with a portable gas detector, which is designed to alarm if carbon monoxide is in the property. The fire crews paid particular attention to the rooms where gas appliances were located (gas fire in the lounge, oven in the kitchen and boiler in the airing cupboard). They were unable to identify the cause of the alarm activation, but called a gas engineer. As a result of this incident the property received a full inspection of the gas installation.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>RIBBLE VALLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety and Road Safety</u></b>	
<p>As the months draw on and heating over winter becomes more of a burden, people may turn to alternative ways of heating their homes whether through portable heaters, candles, open fires or cookers for example or even not at all and that is risky both from a health and wellbeing point of view and fire safety.</p> <p>The Winter Safety campaign in the borough aims to encourage people to reach out and get in touch with us through our Home Fire Safety Check Service, and quote a unique reference code. During the Home Fire Safety Check we have also been encouraging the occupier to refer themselves to the Priority Service Register.</p> <p>The launch of the campaign in the borough was held at Clitheroe Fire Station in conjunction with the installation of a new community defibrillator is positioned outside the station. A soft launch was held at Longridge Civic Hall to the membership of the local U3A who also took part in a question and answer session with the Community Protection Manger.</p> <p>As part of Road Safety week, “Wasted Lives” workshops were held at BAE Salmesbury.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	24 December 2018
<b>Time:</b>	09:31
<p>Lancashire Fire &amp; Rescue Service was called to a report of someone being stuck in the river behind Primrose Mill Business Park. On arrival, the first crew located someone in the river, approximately 10ft below street level who was complaining of severe leg pain and showing signs of hypothermia. An assistance message was sent and then following a dynamic risk assessment, two members of the crew were deployed into the river in flood suits to try and stabilise the casualty.</p> <p>The flood suit responders managed to access the casualty via ladder and provide initial first aid and prevent their condition from deteriorating. The rest of the crew worked to improve access for oncoming appliances and clear space for the aerial ladder platform (ALP) that had been requested.</p>	

Once a water rescue crew arrived, they were deployed into the river to assist the initial crew and then worked with two paramedics from the North West Ambulance Service Hazardous Area Response Team who had also arrived.

The Urban Search and Rescue Team (USAR) attended the incident to prepare a rope rescue system in case the ALP could not reach the river due to the complexity of the location.

The casualty was packaged by the ambulance service and fire service staff and placed on a rescue sled so that she could be moved to a position that the ALP could reach. She was then transferred to a basket stretcher and was lifted out of the river by the ALP.

Once out of the river, the casualty was handed over to the ambulance service and was taken to hospital to be treated for hypothermia and suspected broken ankles.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>ROSSENDALE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Winter Fire Safety Talks</u></b></p> <p>As part of a targeted campaign to reduce accidental fires in elderly accommodation, Pennine Community Safety Teams identified and attended Harvey Longworth Court in Crawshawbooth, Rossendale. These premises are a supported housing scheme for elderly persons. The teams delivered a presentation to the residents and staff explaining fire safety in relation to living and aging safely in the home.</p> <p>The attendees were provided with various examples of how accidental fires can occur in the home and highlighted the cause for these types of fires to help prevent fires occurring.</p> <p>A selection of photographs and exhibits were used to indicate the extent and impact a fire in the home can have on an individual. This enabled them to have a visual but true reflection of what had been the cause of the fire with a reminder of the importance of eliminating the risk associated with that particular household appliances and practices.</p> <p>Approximately 30 residents were given the safety presentation where they had the opportunity and actively engaged with Community Fire Safety staff by asking questions to reduce risk. The main theme was talking to them about the importance of having working smoke alarms that are regularly tested and practising their evacuation plan for the premises.</p>	



**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>SOUTH RIBBLE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b><u>Partnership Engagement with North West Driving Assessment Service</u></b></p> <p>A meeting was held with a representative from the North West Driving Assessment Service in relation to the generating of referrals into the Home Fire Safety Check Service. Information was given regarding what is included in the Home Fire Safety Check, equipment that can be issued to reduce the risk of fire incidents and the risk based approach to fitting smoke detectors in domestic properties.</p> <p>Guidance was given in relation to the referral process and how they would be able to make referrals as a Preferred Partner to Lancashire Fire &amp; Rescue Service. Amendments were made to the North West Driving Assessment referral form so that every new patient coming into the service will be offered a visit from Lancashire Fire &amp; Rescue Service.</p> <p>Continued monitoring of the referrals and partnership will be undertaken with a review meeting to be held in three months' time.</p> <p><b><u>Soup-er-Day</u></b></p> <p>An open day was held at Leyland Fire Station which addressed factors such as loneliness, fuel poverty and general advice and guidance. Local organisations and charities; MIND, Age Concern, Lancashire Constabulary, Care and Repair and CHIL Cosy Homes attended the event - each having an information stall displaying their bespoke literature.</p> <p>Approximately 30 individuals including families from the local area attended the event. They had the opportunity to enjoy a cup of homemade soup, mince pies and a brew. Everyone who attended the day found it very informative including Councillor Mark Perks who came along.</p> <p><b><u>Road Safety Week</u></b></p> <p>During the Road Safety week, Community Fire Safety staff and operational crew visited local schools to raise awareness with the young people regarding using appropriate safety equipment when riding their bikes. This included explaining the consequences and dangers of not wearing a helmet, high visibility clothing and lighting for their bikes.</p> <p>This campaign was partnered by Bill Nixon's Cycles in Leyland who offered a 10% discount on all safety equipment that was bought with a bespoke voucher that was given to the young people.</p> <p>Two wasted lives sessions were also delivered at Worden School and Tarleton High School, with 'Daniel's Car' as a visual impact of the consequence of drink driving.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

**SUMMARY REPORT FOR:**

**WEST LANCASHIRE**

**LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)**

**Edge Hill Student Engagement**

Community Fire Safety team members attended Edge Hill University Housing Fair on Thursday, 06 December 2018 which took place in the Student Hub and also attended the Edge Hill Students' Union Welcome Back Fair on 22 January along with other agencies.

During both events, Fire Safety information was given to the students including dangers of cooking, false alarms plus over loading of electrical items and literature was given out to the students. Both events were very well attended by students.

**INCIDENTS OF OPERATIONAL INTEREST (brief details)**

**Date:** 08 January 2019  
**Time:** 08:43

Five fire appliances from Skelmersdale, Ormskirk, Bamber Bridge and Chorley, along with the Urban Search and Rescue Team and Air Support Unit attended a multiple vehicle road traffic collision involving one heavy goods vehicle, one minibus and several cars on the M58 motorway at junction 3 westbound. Subsequent to scene assessment, fire crews assisted/treated multiple casualties on scene for injuries sustained. Ten casualties were transferred to hospital by ambulance and received definitive medical care. Their injuries were not life threatening.

One 50 year old female and one 14 year old boy sustained fatal injuries at the scene.

A range of rescue equipment, first aid kits and oxygen therapy was used, and Firefighters were engaged at the scene for several hours. A Consultant Paramedic praised firefighters for their initial actions and skills in dealing with this tragic incident.

**Date:** 08 January 2019  
**Time:** 10:10

Three fire appliances from Ormskirk and Wigan (Greater Manchester Fire & Rescue Service) attended a road traffic collision on the M58 westbound between junctions 5 and 4. The incident involved a heavy goods vehicle, a van and a car. Firefighters used a range of rescue equipment to rescue two casualties from the vehicles.

There were a total of five casualties involved in the collision. One of the casualties, an elderly lady, has since died in hospital of her injuries.

This incident occurred approximately one hour after the incident at junction 3. A flexi Duty Officer was released from the junction 3 incident to attend the incident at junction 5.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2018 – JANUARY 2019

<b>SUMMARY REPORT FOR:</b>	<b>WYRE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<p><b>Winter Safety</b></p> <p>Flakefleet School in Fleetwood was invited to Fleetwood Fire Station to perform their song 'light up'. The event was also attended by North West Ambulance Service (NWAS), Police, The Mayor and Mayoress of Wyre, and the Alzheimer's Society, to whom all proceeds from the song were being donated.</p> <p>This gave the pupils an opportunity to perform their song, meet the three emergency services and people from The Alzheimer's Society for whom they are currently trying to raise money for.</p> <p>The opportunity was taken for the children to pass on Lancashire Fire and Rescue Service's (LFRS) 'Safe and Warm' packs to elderly residents and to promote the message to elderly residents of winter safety utilising LFRS campaign promotional material.</p> <p>The whole event was 'tweeted' on Twitter which not only included the song 'light up' but a fire safety message on our winter safety campaign. This had been viewed approximately 3000 times.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	25 January 2019
<b>Time:</b>	10:13
<p>Three appliances, along with the Aerial Ladder Platform (ALP) and Rope Rescue Unit, were mobilised to reports of an adult male stuck the roof of a three-storey building.</p> <p>On arrival at the incident, operational crews from N32 Fleetwood discovered that, following a Police operation, three suspects had made off through a skylight and made their way along the rooftops to a gable end. Due to the slippery conditions of the roof and the cold weather the three decided to stay in situ and call for help. Lancashire Police requested the attendance of Lancashire Fire &amp; Rescue Service to assist with the rescue.</p> <p>Both Police and Fire commanders communicated with the three men to ensure they did not try to escape or move again on the moss covered tiles. It was a very dangerous predicament due to the unsafe roof conditions.</p>	

Using just a normal Fire Service ladder (13.5m) would have the potential for one or all of the men to slide towards the head of the ladder with no means of restraint and, would not guarantee the safety of Fire Service personnel carrying out a rescue. Therefore this plan was ruled out.

Due to the capabilities of the ALP, crews were able to reach the men at the back of the building and complete three separate rescues using the ALP cage were undertaken.

As part of the incident due to the nature of a rescue at height, the Rope Rescue team and the drone were mobilised. However, due to the plan put in place by the Incident Commander, they were not required.

**Date:** 09 January 2019

**Time:** 13:42

Two appliances along with a flexi officer and Lancashire Fire & Rescue Service Air Unit were mobilised to a fire involving a liquefied petroleum gas cylinder. The cylinder was located between two domestic properties.

Upon arrival, the cylinder (while monitored) continued to burn off as, it had been established that the location of the cylinder was in open air. However, during this time a full evacuation of neighbouring properties took place and a cordon was put in place.

Using the Air Unit (drone) the Incident Commander was able to establish the effect of the fire and assess the location and involvement of the propane cylinder as well as the location of the gas leak on the cylinder valve group.

Using this approach allowed for a tactical plan to be developed where the fire was extinguished and the cylinder cooled to ambient temperatures and therefore, allowing operational crews to isolate the cylinder valve to prevent further gas leakage.

The gas supplier was made aware of the incident for cylinder recovery and all occupants were allowed to return to their homes.

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