

# Public Document Pack

## LANCASHIRE COMBINED FIRE AUTHORITY

Monday, 24 February 2020 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 - 6)

#### 5. MINUTES OF MEETING TUESDAY, 28 JANUARY 2020 OF AUDIT COMMITTEE (Pages 7 - 10)

#### 6. MINUTES OF MEETING MONDAY, 10 FEBRUARY 2020 OF PLANNING COMMITTEE (Pages 11 - 20)

7. PAY POLICY STATEMENT 2020/21 (Pages 21 - 28)
8. TREASURY MANAGEMENT POLICY AND STRATEGY 2020/21 (Pages 29 - 44)
9. RESERVES AND BALANCES POLICY (Pages 45 - 56)
10. CAPITAL STRATEGY AND BUDGET 2020/21 - 2024/25 (Pages 57 - 70)
11. REVENUE BUDGET 2020/21 - 2024/25 (Pages 71 - 92)
12. HMICFRS STATE OF FIRE & RESCUE ASSESSMENT REPORT (Pages 93 - 96)
13. MEMBER CHAMPION ACTIVITY REPORT (Pages 97 - 100)
14. FIRE PROTECTION REPORTS (Pages 101 - 106)
15. COMMUNITY FIRE SAFETY REPORTS (Pages 107 - 128)
16. MEMBER COMPLAINTS

Standing item.

17. DATE OF NEXT MEETING

The next meeting of the Authority will be held on Monday 20 April 2020 at 1000 hours at Washington Hall Training Centre, Euxton.

18. 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.

19. 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, 16 December 2019 at 10.00 am in Washington Hall, Service Training Centre, Euxton

### MINUTES

#### PRESENT:

F De Molfetta (Chairman)

#### Councillors

L Beavers	H Khan
S Blackburn	M Khan OBE
P Britcliffe	T Martin
I Brown	D O'Toole
S Clarke	E Oades
J Eaton	A Riggott
N Hennessy	J Shedwick
S Holgate	D Smith
D Howarth	D Stansfield
F Jackson	G Wilkins
A Kay	T Williams

#### 37/19 APOLOGIES FOR ABSENCE

Apologies were received from County Councillor Miles Parkinson OBE and Councillor Zamir Khan.

#### 38/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 39/19 MINUTES OF PREVIOUS MEETING

RESOLVED: - That the Minutes of the CFA held on 16 September 2019 be confirmed and signed by the Chairman.

#### 40/19 MINUTES OF MEETING THURSDAY, 19 SEPTEMBER 2019 OF PERFORMANCE COMMITTEE

RESOLVED: - That the proceedings of the Performance Committee held on 19 September 2019 be noted and endorsed.

#### 41/19 MINUTES OF MEETING TUESDAY, 24 SEPTEMBER 2019 OF AUDIT COMMITTEE

RESOLVED: - That the proceedings of the Audit Committee held on 24 September 2019 be noted and endorsed.

42/19 MINUTES OF MEETING WEDNESDAY, 25 SEPTEMBER 2019 OF RESOURCES COMMITTEE

RESOLVED: - That the proceedings of the Resources Committee held on 25 September 2019 be noted and endorsed.

43/19 MINUTES OF MEETING MONDAY, 4 NOVEMBER 2019 OF STRATEGY GROUP

RESOLVED: - That the proceedings of the Strategy Group held on 4 November 2019 be noted and endorsed.

44/19 MINUTES OF MEETING WEDNESDAY, 6 NOVEMBER 2019 OF MEMBER TRAINING & DEVELOPMENT WORKING GROUP

The Chairman of the Working Group, Councillor Smith advised that consideration had been given to the role descriptions for Member Champions at the last meeting. He confirmed that the Community Safety Champion role had been amended to include responsibility for safeguarding. He advised that the role description for Health and Wellbeing could be extended to include climate change as referenced in the Planning Committee Minutes later on the agenda.

County Councillor Hennessy encouraged Members to attend the 2-day Leadership Essentials event which was run by the LGA twice a year as this was an informative event, particularly for new Members.

RESOLVED: - That the proceedings of the Member Training and Development Group held on 6 November 2019 be noted and endorsed and the Health and Wellbeing Champion role be extended to include climate change.

45/19 MINUTES OF MEETING MONDAY, 25 NOVEMBER 2019 OF PLANNING COMMITTEE

RESOLVED: - That the proceedings of the Planning Committee held on 25 November 2019 be noted and endorsed.

46/19 MINUTES OF MEETING WEDNESDAY, 27 NOVEMBER 2019 OF RESOURCES COMMITTEE

RESOLVED: - That the proceedings of the Resources Committee held on 27 November 2019 be noted and endorsed.

47/19 MINUTES OF MEETING THURSDAY, 28 NOVEMBER 2019 OF PERFORMANCE COMMITTEE

RESOLVED: - That the proceedings of the Performance Committee held on 28 November 2019 be noted and endorsed.

48/19 HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE & RESCUE SERVICES

The Assistant Chief Fire Officer provided a verbal update for Members.

It was noted that Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) was due to publish the following day a summary report of their findings from tranche 3 inspections of fire and rescue services across England. This would enable the Service to draw comparisons against its own performance which had been the achievement of an outstanding rating along with good in all other areas with no areas requiring improvement. It was expected that a complete report would be provided in the New Year by Sir Tom Winsor on all the findings from the first year of inspections.

As noted and agreed at the last Planning Committee meeting, LFRS was required to provide quarterly data set returns to HMICFRS and CC Hennessy had requested an overview be presented to the next Planning Committee meeting. The data returns did generate additional work within each department to collate the relevant information and in speaking with colleagues in the Police who had undergone this inspection process some years ago they advised their internal systems had been changed to automatically generate the required information.

The Service was waiting for information on the new HMICFRS Service Liaison Lead (formerly Mr David Dryburgh).

The Assistant Chief Fire Officer confirmed that LFRS was preparing for its next inspection which was expected to be in the first tranche during late spring / early summer 2020.

RESOLVED: - That the report be noted and endorsed.

49/19 ANNUAL STATEMENT OF ASSURANCE

The Chief Fire Officer presented the report. 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.

County Councillor O'Toole congratulated the Service on its community risk management which demonstrated on page 96 of the agenda pack that the risk to communities classified as very high and high fire risk were both showing a reduction in risk.

RESOLVED: - That the Authority approved the Annual Statement of Assurance 2018-19 as presented and approved the signing of this by the Chairman of the Authority and the Chief Fire Officer.

#### 50/19 MEMBER CHAMPION ACTIVITY REPORT

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 agreed. The current Member Champions and their areas of responsibility were:

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

Reports relating to the activity of the Member Champions were provided on a regular basis to the Authority and those Members present reported on their areas. This report related to activity for the period up to 16 December 2019. During this period all had undertaken their respective role in accordance with the defined terms of reference.

County Councillor Hennessy suggested that future Champion reports also included other information Members wished to share including key topics discussed in other forums such as Local Government Association meetings. The Chairman agreed to consider the best way to facilitate such feedback in future reports.

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

#### 51/19 FIRE PROTECTION REPORTS

The Assistant Chief Fire Officer presented the report which detailed prosecutions in respect of fire safety management failures and arson related incidents within the period 1 September 2019 to 30 November 2019. There were 2 successfully completed prosecution(s) and 6 pending prosecutions under the Regulatory Reform (Fire Safety) Order 2005.

Fire protection and business support information was provided and Members noted that there were 8 arson convictions during the period.

In response to a question raised by County Councillor Holgate, the Assistant Chief Fire Officer confirmed that suspicious incidents were investigated by multi-disciplinary teams which included Fire Service Incident Intelligence Officers; ultimately the

decision to hold anyone in custody rested with the Police.

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

## 52/19 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.

The Deputy Chief Fire Officer introduced:

- Caroline Hooson and Louise Rainford, Youth Engagement Co-ordinators who gave a presentation on the Prince's Trust programme. The programme enabled those aged 16-25 to develop confidence, motivation and skills through a 12-week course. The course content included relevant key issues such as: education on knife crime, safeguarding and health & wellbeing (ie: the delivery of the wasted lives young driver education programme). Details of: funding, structure and the areas from which the Service delivered the programme were presented. It was noted that people who were referred onto the programme included those who were educationally disengaged, homeless or had offending behaviour, substance misuse or mental health needs.

LFRS had been a delivery partner since 2001 and during that time had delivered fire safety education directly to 6,000 people. Outcomes were measured both in terms of hard outcomes (people who successfully achieved further qualifications) and softer outcomes (people who were better able to deal with the future challenges they faced). A number of case study examples of positive multi-agency working were presented.

The Authority congratulated all Prince's Trust staff for their hard work and dedication. Members who had not yet attended a Prince's Trust presentation were urged to do so; particularly as the presentations given by the young people on the programme at the end of the 12 weeks told of their inspirational and heartfelt experiences.

The Deputy Chief Fire Officer then introduced:

- Lee Cook and Lee Garnett, Incident Intelligence Officers who gave a presentation on the benefits of the use of the drone at incidents. It was noted that LFRS had six Incident Intelligence Officers providing 24-hour cover to support any significant fire investigation and all were trained (and appropriately licensed) to pilot the drone which was of a high specification (this included the ability for authorised remote access to live footage).

In addition to major incidents, the drone was mobilised to leaking pipelines, collapsed structures, explosions and rescues from various types of incident including assisting the Police with wide-area searches for missing persons. It was also noted that should the drone be used out of the county, a second drone was used with resilience arrangements provided through collaboration with Lancashire

Police and Greater Manchester Fire and Rescue Service.

Members were advised that the drone would be on route to an incident at the same time as the fire engine and that over 2000 flights (for both drones) had been completed since September 2016 of which 350 incidents had been attended this year. Footage from various incidents was shown to demonstrate the benefit of access to the footage from the incident ground. The drone supported incidents by:

- Clearly showing the extent of the fire spread;
- Aiding the positioning of fire breaks;
- Highlighting the use of compartmentation;
- The use of thermal imagery;
- Assisting in planning wide-area searches;
- Vital in investigation and evidence collation;
- Providing information to other agencies; and
- Improving firefighter safety.

The Authority congratulated the team for the work undertaken to support the safety of the people in Lancashire.

Members then considered the community fire safety reports by area.

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

#### 53/19 MEMBER COMPLAINTS

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

RESOLVED: - That the current position be noted.

#### 54/19 DATE OF NEXT MEETING

The next meeting of the Authority would be held on Monday 24 February 2020 at 10:00am at the Training Centre, Euxton.

LFRS HQ  
Fulwood

M NOLAN  
Clerk to CFA



## LANCASHIRE COMBINED FIRE AUTHORITY

### AUDIT COMMITTEE

Tuesday, 28 January 2020, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

##### Councillors

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

##### Officers

K Mattinson, Director of Corporate Services (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)

##### In attendance

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

#### 20/19 APOLOGIES FOR ABSENCE

None received.

#### 21/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 22/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 24 September 2019 be confirmed as a correct record and signed by the Chairman.

#### 23/19 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE 2019/20

Mr Baker advised that Mr Tembo had left Grant Thornton and a new Engagement Manager, Mr Ayre would be attending the next meeting.

Mr Baker presented the external audit progress and sector update report which detailed progress at January 2020 in relation to the financial statements and value for money conclusion for 2019/20. 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.

CC Holgate stated that some viewed changes to the audit process as overkill in some areas given the whole of the sector was not the same; one size did not fit all. It created more fees and costs and generated inappropriate examination where it wasn't warranted.

Mr Baker confirmed that the standards and guidance for auditors were set by the Financial Reporting Council who would judge and assess their performance. The Director of Corporate Services confirmed that likewise, the Authority's accounts were produced in line with CIPFA's guidance and we were duty bound to comply. He confirmed the auditors did vary their approach depending on the complexity of the audit. He felt the fees had been set too low which put a greater responsibility on the LFRS financial team.

In response to a question raised by CC Shedwick, Mr Baker confirmed that the Financial Reporting Council wanted more challenge around the approach taken to valuations. For example, the County Council had a very large property portfolio where Grant Thornton would instruct a separate valuer but the same approach was not needed for the Fire Authority.

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

#### 24/19 INTERNAL AUDIT MONITORING REPORT 2019/20

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 to 17 January 2020 was presented by Judith Taylor. The report detailed the progress to date in undertaking the agreed coverage and the planned schedule of audit dates for the remainder of the financial year.

The report identified that 26.5 days had been spent this financial year on the completion of the 2019/20 plan which equated to 38% of the total planned audit activity of 70 days. Consistent with previous years, the audit programme was scheduled for completion during the second half of the financial year.

Progress to date in relation of the plan was provided and discussed by Members. It was noted that:

- Work would be completed during quarter 4 to provide an overall opinion on the adequacy and effectiveness of governance and risk management arrangements;
- Fieldwork had started for the audit of Home Fire Safety Checks;
- The audit had been scoped for HR and Payroll processes;
- Assurance regarding pensions administration would be obtained directly from the work completed by the internal auditors of the Local Pension Partnership Limited;
- Processes for: Accounts payable, Accounts receivable, General ledger and Treasury management had all received substantial assurance;
- Follow up activity regarding the Assurance map, Business continuity planning and Optimising rota management project would be completed during quarter 4;

- Other components of the audit plan included management activity and the National Fraud Initiative.

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

## 25/19 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, 10 had been reviewed.

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

The Director of Corporate Services highlighted: -

- Risk numbers 2 and 21 - a new Built environment Assessment Team had been created which would give the Service a greater understanding of the risk that existed across the building stock in Lancashire, specifically in relation to the more complex built environment, that incorporated modern methods of construction, which warranted a more focussed and detailed assessment and that would subsequently enhance the operational service delivery and protection services that we could offer;
- Risk number 23 – the performance management system now included a career conversation. It was noted that the future workforce needs were reviewed on an ongoing basis. This was particularly relevant in light of the potential impact of transitional pension arrangements, which may affect the number of personnel retiring and therefore capacity within the organisation.

In addition, the Director of Corporate Services proposed a new risk 'flu pandemic' be added to the corporate risk register given the recent outbreak of the coronavirus in China. He reassured Members that business continuity plans were in place; these would be revisited and refreshed and a desk top exercise would also be undertaken.

RESOLVED: - That the Audit Committee noted the actions taken, endorsed the revised corporate risk register and approved the addition of a new risk for 'flu pandemic'.

## 26/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 31 March 2020 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted as either 21 or 28 July 2020 and 29 September 2020.

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## LANCASHIRE COMBINED FIRE AUTHORITY

### PLANNING COMMITTEE

Monday, 10 February 2020, at 10.00 am in the Lightfoot Room 1, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

#### Councillors

M Parkinson OBE (Chairman)  
J Eaton  
F Jackson (Vice-Chair)  
A Kay (for D O'Toole)  
H Khan  
J Shedwick

#### Officers

D Russel, Deputy Chief Fire Officer (LFRS)  
B Norman, Assistant Chief Fire Officer (LFRS)

#### In attendance

WM K Leece, presenting Risk Based Inspection Programme presentation  
A/SM Tom Powell, presenting an overview of HMICFRS data sets.

#### 17/19 APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors David O'Toole, Ian Brown and Tony Martin and Councillors Mohammed Khan and Simon Blackburn.

#### 18/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 19/19 MINUTES OF PREVIOUS MEETING

Prior to consideration of the minutes of the previous meeting the DCFO provided an update on the impact of Storm Ciara over the past 24 hours; North West Fire Control received 311 calls reporting incidents across Lancashire between 7am and 4pm, many related to flooding and dangerous structures. It was an extremely busy period with around 80 incidents at its height, either being dealt with or queued and a major incident was declared but was soon stood down. The picture was improving however there were further weather warnings relating to snow and ice for later in the week. Due to the impact of flooding at Service HQ, business continuity arrangements had been instigated and an Incident Management Team meeting would be held later that day.

Councillor Jackson asked that a thank you be passed onto members of LFRS on behalf of the residents in his area which LFRS supported at flooding incidents the day before.

Councillor Jackson asked whether there were certain instances where LFRS was unable to completely remove all the water from a property. In response to the question the DCFO explained that due to the size and location of the strainer used to remove the water, there may be instances where low-level residual water may be left however, he was confident that Firefighters would have done all they could to remove as much water as possible.

County Councillor Kay asked if LFRS go out prior to flooding events to give advice on how to protect properties from flooding. In response to the question raised the DCFO explained that this was more the role of the Environment Agency. Councillor Jackson added that local residents could set up local flood groups as some areas of Lancashire had already established.

RESOLVED: - That the Minutes of the last meeting held on the 25 November 2019 be confirmed as a correct record and signed by the Chairman.

## 20/19 ANNUAL SERVICE PLAN AND STRATEGIC ASSESSMENT OF RISK

The Assistant Chief Fire Officer presented a report on the Service's Annual Service Plan and Strategic Assessment of Risk for 2020/21.

This year's Annual Service Plan, as now considered by Members continued to provide LFRS with the platform to highlight the priority activities and projects the Service intended to deliver over the coming year; leading improvements and innovation in the sector with some of the best firefighting equipment and training facilities in the country and a highly skilled and motivated workforce. The year ahead would build on achievements by staying focused on continuous improvement to make the people of Lancashire safer, particularly the most vulnerable members of our communities. Many priorities were initiatives that would transform the way we work and bring lasting benefits.

This year's Annual Service Plan as now presented would be published alongside the Strategic Assessment of Risk. First published in 2016, this document had been refreshed for the 2020/21 year and captured the dynamic picture of changing risk in Lancashire.

### Annual Service Plan

The Annual Service Plan was a core part of the planning framework which set out the activities intended for delivery during the next 12 months. It was built around the Service's four corporate priorities as detailed in the Integrated Risk Management Plan which were: -

1. Preventing fire and other emergencies from happening and Protecting people and property when fires happen;
2. Responding to fire and other emergencies quickly and competently;

3. Valuing our people so they can focus on making Lancashire safer;
4. Delivering value for money in how we use our resources.

The Annual Service Plan sat at the heart of the framework and informed activity that would be led across the Service as well as locally within district plans. Activities that were planned for delivery also informed staff performance appraisal process so that all staff understood the plans and were involved in helping to deliver key activities.

As in previous years, detailed under each corporate priority was a series of priority activities and projects with a brief description of each item to give further clarity and context. This ensured that all staff and the public were informed of the changes and activities the Service aimed to progress and how these items fitted within our priorities. This provided the opportunity for the Service to ensure that it continued to provide transparency and visibility of plans in a clear concise format. The governance arrangements for delivery of the Annual Service Plan items would continue to be monitored through the Service's Corporate Programme Board and Service Management Team.

As always, the aim was to continually improve and refine the planning process and this year's document aimed to add focus on achievable progress within the year, acknowledging that a significant proportion of items were continued from the 2019/20 Plan, reflecting the commitment to a number of long-term projects. Its style remained consistent with previous Annual Service Plans produced under the current IRMP period 2017 - 2022.

#### Strategic Assessment of Risk

Risk in Lancashire would always remain dynamic: it changed over time, differed by area and demographic, and needed different interventions to reduce the likelihood of the risk occurring or to lessen its consequences. These risks were identified in the Strategic Assessment of Risk which was refreshed annually and was also informed by the Lancashire Resilience Forum Community Risk Register. Through our risk management framework, we continually assessed changing risk and prioritised our response framework. A wider consultation had also taken place, involving District Councils, Lancashire County Council and Lancashire Constabulary, in order to gain a more complete collaborative picture of the perceived risk from the viewpoint of all organisations.

This year's document was again built on previous iterations as we seek to continually improve our processes and risk management processes. This year we had sought to identify more clearly how LFRS responded to a number of the strategic risks identified.

The Strategic Assessment of Risk reflected the knowledge and experience of a variety of specialist departments and was consolidated each summer to allow for departmental plans to be produced and for our Service's annual planning day. It was subsequently published as a stand-alone document to the LFRS website. This year, the document had been held back for publication alongside the Service's Annual Service Plan due to the relationship between the two documents. Our Annual Service Plan reflected our response to identified risk and our activities this year

clearly reflected a targeted approach to many items identified within the Strategic Assessment of Risk. It was intended to continue this dual approval and publication approach in future years.

Members welcomed the detail set out in this year's plan and questions with regards to the Strategic Assessment of risk followed:

County Councillor Kay asked who ensured the facilities for those with disabilities in high risk premises, particularly those above first floor level were correct. If stay put advice was given, what would happen if individuals then needed to evacuate. In response to the question raised, the ACFO stated that any premises, regardless of number of floors, had to be managed by the responsible person. There was a multiple approach to managing the building through various acts such as the Fire Safety Order and Housing Act. A Joint Competent Authority would be the overall inspector and have responsibility in the future following the Grenfell recommendations. ACFO stated that if Councillor Kay had concerns regarding a specific building within her area she should contact the Service Delivery Manager. The DCFO added that there had been a national de-regulation of the system and the impact of austerity on many services had resulted in resource reductions in a number of areas.

County Councillor Shedwick commented that it was pleasing to see the number of prosecutions LFRS had brought as highlighted at CFA meetings. Councillor Shedwick also commented that the high-risk premises not performing as they should was covered in the corporate risk register and that the strategic assessment of risk had a great deal of detail which must be kept up-to-date and accurate.

RESOLVED: - That the Planning Committee noted the Annual Service Plan and Strategic Assessment of Risk 2020/21 and endorsed both for publication.

## 21/19 BLUE LIGHT COLLABORATION UPDATE

The Assistant Chief Fire Officer presented the report.

It was noted that the Blue Light Collaboration programme was embedded into both Lancashire Constabulary and Lancashire Fire and Rescue Service (LFRS) corporate programme and a number of work streams remained open and are operating within the scope phase.

During the last quarter North West Ambulance Service had identified a single point of contact to operate in the project lead role and the officer for each of the three blue light services have attended a planning meeting.

Since the last Planning Committee meeting developments within business as usual activities have concluded collaborative benefits with regards to specialist protective clothing for LFRS National Incident Liaison Officers, a shared Business Continuity Plan for bulk fuel stocks and a memorandum of understanding has been drafted with regards to shared utilisation of the four drones held across LFRS (2) and Lancashire Constabulary (2).

There were a number of long-term projects that remained in scope phase and this



report provided an update with regards to the fire crime scene investigation accreditation, public order training and real time demand management.

#### Fire crime scene investigation accreditation

A number of meetings had been held between Lancashire Constabulary and LFRS in relation to the ongoing Fire Investigation International Standards Organisation (ISO) process; these meetings had formed the basis of an agreement including a Project Initiation Document and Terms of Reference. Joint project leads continued to work closely in order to identify the national developments of the new Fire Investigation standards in order to embed best practice for arson fire management within the county. Lancashire Police Quality Manager and an LFRS Incident Intelligence Officer attended a recent NFCC National Fire Investigation Accreditation update, some of the outcomes included:

The Forensic Science Regulator had agreed to put back the implementation date of the ISO until October 2021.

A small-scale forensic company had agreed to carry out a 'dry run' assessment with Fire and Rescue Services in order to see what the real issues were with the process. This took place in late 2019 and they would publish the results shortly which would inform next steps.

The emerging national position was identifying that many fire and rescue services were shaping draft agreements with their respective police force in order to discharge their fire investigation duties under a Section 22a collaborative arrangement. LFRS and Lancashire Constabulary were awaiting further clarity from the National Fire Chiefs Council and National Police Chiefs Council leads before determination could be made on next steps. Further clarity was anticipated at the next stakeholder meeting programmed for May 2020.

#### Real Time Demand Management

The collaborative ambition sought to establish whether there were opportunities to route specific aspects of 'Real Time Demand' from Lancashire Constabulary's Contact Management Centre to LFRS' North West Fire Control (NWFC). This would see LFRS as the primary responders to such incident types, wherein there had been a variable response to date, based upon the information passed by the caller into the 999 control room.

In practical terms this would determine the most appropriate resource to mobilise within the already established pre-determined attendance in line with a specific call-set requirement. Automated routing of such incident types through to North West Fire Control, would accompany this as a longer-term ambition, which was currently on hold due to a phased reconfiguration of the Contact Management Centre at Lancashire Constabulary HQ.

Detailed analysis had been undertaken of calls received, to determine those that were the appropriate type for a primary response via LFRS. Work was progressing to develop and design a process to select and transfer appropriate incidents to LFRS via NWFC. Examples of which included Persons Trapped or injured; where a Fire and Rescue Service primary response, would provide assistance at an earlier point with higher levels of equipment and personnel.

Nominated leads from each organisation were currently considering the next steps, in order that a trial may be considered in a defined geographic area of Lancashire.

#### Public Order Training Site

Lancashire Constabulary had commissioned a piece of work to review the delivery of their Public Order Training, this included aspects such as civil disorder, door entry and other operational expertise areas. The current training delivery utilised facilities at a number of sites and it was anticipated that there could be a more effective and efficient delivery model through site consolidation.

A number of possible sites were being evaluated and Lancashire Constabulary had requested that LFRS considered the potential for the Public Order Training to be delivered at LFRS training Centre, Euxton. In order to consider the potential for this collaboration there had been a number of work packages delivered, these included a scale and scope of the land requirements, evaluation of any training related benefits to LFRS, potential impacts to LFRS' future site use including the possible relocation of LFRS' headquarters to the Euxton site.

This evaluation work remained ongoing and recommendations from the project team would be considered by the collaboration board leads in the next quarter.

Members noted that the changes to ISO accreditation with regards to fire investigation may impact upon the methods of investigating, evidence capturing and subsequent reporting of arson events. Currently LFRS and Lancashire Constabulary worked collaboratively in a manner that led to some of the highest detection and conviction rates. Effective adjustment to the changing standards was required to ensure this effective delivery be maintained.

In addition, due to the change of legislation and expectations of the HMICFRS inspectorate arrangements, LFRS was required to provide greater clarity on the evidence captured as a part of ongoing and future collaboration opportunities.

RESOLVED: - That the report be noted and endorsed.

#### 22/19 HMICFRS UPDATE

The Assistant Chief Fire Officer presented the report.

In January 2020, HMICFRS released the 'State of Fire Report' which was the annual assessment of the effectiveness and efficiency of fire and rescue services in England, based on the 45 inspections carried out between June 2018 and August 2019.

The report provided a summary of the performance of the 45 fire and rescue services against the 3 inspection pillars of effectiveness, efficiency and people and provided a comparator for the high levels of performance delivered by Lancashire when considered against peers nationally.

The [report](#) highlighted that the sector had many strengths but that ongoing improvement was required. Whilst acknowledging that many of the negative

statements within the report exist nationally, it was pleasing that these were not representative of the picture that was reflected within LFRS.

The State of Fire report provided strategic recommendations on reforms needed, to ensure that modern fire and rescue services could be provided which were fit for the future. The report recommended:

1. By June 2020, the Home Office, in consultation with the fire and rescue sector, should review and with precision determine the roles of: (a) fire and rescue services; and (b) those who work in them.
2. By June 2020, the Home Office, the Local Government Association, the National Fire Chiefs Council and trade unions should consider whether the current pay negotiation machinery requires fundamental reform. If so, this should include the need for an independent pay review body and the future of the 'grey book'.
3. By September 2020, the Home Office should consider the case for legislating to give chief fire officers operational independence. In the meantime, it should issue clear guidance, possibly through an amendment to the Fire and Rescue National Framework for England, on the demarcation between those responsible for governance and operational decision making by the chief fire officer.
4. By December 2020, the National Fire Chiefs Council, with the Local Government Association, should produce a code of ethics for fire and rescue services. The code should be adopted by every service in England and considered as part of each employee's progression and annual performance appraisal.

#### Second inspection confirmed

The dates for the second inspection of LFRS had been confirmed as week commencing 11<sup>th</sup> May 2020. For the second inspection our former Service Liaison Lead (SLL), Dave Dryburgh would hand over to his replacement, Jo Hayden (Programme and Planning Manager for Nottinghamshire FRS). It was anticipated that the Service would meet with the new SLL following their formal HMICFRS training in February. Meantime work was ongoing within Service to meet key dates within the timeline: –

- Data Return – last week of January 2020.
- Preparation of LFRS Self-Assessment against the inspection framework, prior to Discovery Week.
- Document return – (awaiting the request but previously this constituted 53 service level documents).
- Discovery week – initial visit by a few members of the inspection team, confirmed as week commencing 20<sup>th</sup> April.
- Inspection week – full inspection team into Service, week commencing 11<sup>th</sup> May.

During the previous inspection, the Chief Fire Officer's strategic brief was delivered prior to inspection week. This time, it would be delivered to the inspection team on

the first morning of inspection week. It was noted that there was a spring bi-annual data return expected in May which may coincide with the inspection dates.

#### Learning from other FRS and sharing our best practice

Whilst LFRS had areas of strength, it was recognised that further improvements could be derived from best practice of our peers. Following the release of the reports from the final tranche of inspections and the more recent State of Fire report, the Service had identified a number of opportunities to be explored with our peers. Accordingly, visits had been made to other FRS, examples being, Merseyside to look at their approach towards Prevention activity, phone conferences with Cambridge and Oxfordshire to look at various areas of strength and a further visit being planned to West Midlands to consider the work undertaken to achieve their 'outstanding' in response.

Conversely LFRS had hosted several FRS over the course of the year to share areas of our best practice, including Lincolnshire, Durham and Darlington and a number of FRS who attended a recent event to share an overview of our Risk Based Inspection Programme for fire protection.

The Assistant Chief Fire Officer introduced Station Manager Tom Powell who presented Members with information in relation to the type of data sets that had been requested by HMICFRS.

In response to a question from County Councillor Shedwick with regards to the scope and scale of the data collection, WM Powell detailed that the HMICFRS had a lead member of staff who worked with LFRS to ensure the data requested was aligned wherever possible to existing structures. Where this was not possible LFRS was adjusting automated systems in order to streamline the collation process.

RESOLVED: - That the report be noted.

## 23/19 RISK BASED INSPECTION PROGRAMME

The Assistant Chief Fire Officer introduced Watch Manager Kevin Leece who gave a presentation on an evaluation of the Risk Based Inspection Programme.

It was noted that the evaluation was a 3-month project between Lancaster University, LFRS and Surety Fire Solutions which provided a dissertation module for a Data Science MSc course. The aims were provided by LFRS, based around evaluating our Risk-Based Inspection Programme (RBIP). A project plan was created to meet those aims and the result of the project was a prioritised list of changes to the RBIP.

The current risk-based inspection programme involved using 11 of the attributes available for each property to attribute weightings to each property which when multiplied together give that property an overall risk score.

Throughout the process of evaluation several measurable aspects of risk were identified where the RBIP could be evaluated. Alternative models were built (which also included new attributes) to try and predict the different aspects of risk. These were machine learning models including linear

regression and tree-based models. Each model was evaluated for each aspect and the best performing models were compared to the RBIP. The findings from the alternative models were then used to create an alternative combined model which was compared directly to the RBIP. The findings from this comparison resulted in the recommendations given at the end of the project which were to: -

1. Increase the weighting of Primary Fires Attribute;
2. Increase the FSEC code weighting for Shops;
3. Decrease the FSEC code weighting for Public Buildings;
4. Change the FSEC group weighting rankings to match the alternative combined model;
5. Include the Emergency Response Time attribute;
6. Include the Audit Indicator attribute;
7. Consider dropping the Flood Warning Area, Heritage, External attributes;
8. Consider combining the FSEC score weight and FSEC weight;
9. Consider dropping the CFRMIS Risk Score attribute.

In summary the evaluation concluded that the RBIP proved to be an effective and flexible model. The project results allowed some well supported recommendations. However, since the RBIP was based on sound principles and was effective, it was too valuable to be changed dramatically.

It was noted that the recommendations had been implemented and that the RBIP was being promoted within the North West Region and also nationally via the National Fire Chief Councils risk working group. In addition, this type of evaluation was being progressed for other LFRS products as it had proven to be very cost effective.

Following the presentation, County Councillor Eaton asked what the timescales were for responsible persons to make changes if LFRS identified areas during audits. WM Leece explained that it would depend on how serious the failing was e.g. prohibition would be immediate or enforcement may be up to 28 days, a re-inspection would take place and prosecutions could be taken if they failed to comply.

RESOLVED: - That the report be noted.

#### 24/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Monday 13 July 2020 at 1000 hours in the main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

A further meeting date was noted for 16 November 2020.

LFRS HQ  
Fulwood

M NOLAN  
Clerk to CFA

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## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 24 February 2020

### PAY POLICY STATEMENT FOR 2020-2021

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 2020/21 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 2020/21 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 increases in 2019/20 were:

- 2% for staff covered by the "grey book" (wef 1 July 2019); as an interim payment
- The second year of a two year settlement (2% wef 1 April 2019) for 'green' book posts
- 2% for Principal Officers (wef 1 July 2019), in accordance with the agreed linkage to "grey book" staff and satisfactory performance.

The next anniversary dates for "grey book" and Principal Officers pay is anticipated to be 1 July 2020, whilst the green book pay-award effective date will be April 2020.

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 provided car or essential user scheme is available to the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer, as set out below. Grey Book Managers who are conditioned to the flexible duty system for operational cover also have access to a provided car, essential user or lease car scheme.

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.

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) - £145350**

The post holder is a member of the 2015 Firefighters Pension Scheme and has two further increments before reaching the maximum of his range.

The current remuneration for this post on recruitment is between £142,800 and £147,900 pa.

The Chief Fire Officer has access to either a provided car or an essential user scheme based on an annual allowance of £3762 with mileage reimbursed at the relevant national rate (currently 45p per mile) to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Deputy Chief Fire Officer (DCFO) – £134640**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has two further increments before reaching the maximum of his range.

The current remuneration for this post on recruitment is between £132,600 - £137,700 pa.

The DCFO has access to either a provided car or an essential user scheme based on an annual allowance of £3,200 with mileage reimbursed at the relevant national rate (currently 45p per mile) to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Assistant Chief Fire Officer (ACFO) - £112,200**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has three further increments before reaching the maximum of his range.

The current remuneration for this post on recruitment is between £112,200 and £117,300.

The ACFO has access to either a provided car or an essential user scheme based on an annual allowance of £3,010 with mileage reimbursed at the relevant national rate (currently 45p per mile) to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Director of Corporate Services (DoCS) - £104,973**

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 £104,973.

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) - £104,973**

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 £104,973.

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 will take the opportunity to review the salary, terms and conditions in respect of any vacancies that arise within the senior officer grouping to determine whether any adjustment is required 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 £17,364 to £18,065 pa. £17,364 equates to £9 per hour. The minimum a current employee is receiving is £17,364..

The Chief Fire Officer's earnings ratio is 1: 8.37 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: 4.65.

### **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 2020/21 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 24 February 2020

### TREASURY MANAGEMENT POLICY AND STRATEGY 2020/21

(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 2020/21, 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
- Agree the Minimum Revenue Provision (MRP) calculation
- 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 holds any such assets and it does not propose to engage in any such investments in 2020/21.

### 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 2020/21

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
Treasury Management Strategy / Annual Investment Strategy / MRP policy – scrutiny and approval	Resources Committee/ Authority	Annually before the start of the year
Treasury Management mid-year report,	Resources Committee	Mid-year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	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 2020/21**

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 economy has been affected by concerns over the world economy, in particular the trade war between the USA and China, and the uncertainty arising from the UK's exit from the European Union. Gross Domestic Product growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. The Bank of England sets its monetary policy to achieve the government's target of keeping inflation at 2%. The latest inflation rate as measured by the Consumer Prices Index is 1.5%. In the short term, the Bank of England has to balance the target of low inflation with supporting economic growth and jobs. As a result the base rate has remained at 0.75% throughout 2019 with the last movement being a 0.25% increase in August 2018.

The Bank of England monetary policy committee met on 19 December 2019 with the committee's latest projections for activity and inflation being set out in the November Monetary Policy Report and assumed an orderly transition to a free trade agreement between the United Kingdom and the European Union. UK Gross Domestic Product growth was projected to pick up, supported by the reduction of Brexit-related uncertainties, an easing of fiscal policy and a modest recovery in global growth. With demand growth outstripping the subdued pace of supply growth, excess demand and domestic inflationary pressures were expected to build gradually. Consumer Prices Index inflation was projected to rise slightly above the 2% target towards the end of the forecast period.

## 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

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

	Bank Rate %	3 month money market rate%	1 year money market rate%	5 year gilt yield %	10 year gilt yield %	20 year gilt yield %	50 year gilt yield %
March 20	0.75	0.75	0.85	0.50	0.75	1.20	1.20
June 20	0.75	0.75	0.85	0.50	0.80	1.25	1.25
September 20	0.75	0.75	0.85	0.55	0.80	1.25	1.25
December 20	0.75	0.75	0.85	0.55	0.85	1.25	1.25
March 21	0.75	0.75	0.85	0.55	0.85	1.30	1.30
June 21	0.75	0.75	0.85	0.60	0.90	1.30	1.30
September 21	0.75	0.75	0.85	0.60	0.90	1.30	1.30
December 21	0.75	0.75	0.85	0.65	0.95	1.35	1.35
March 22	0.75	0.75	0.85	0.65	0.95	1.35	1.35
June 22	0.75	0.75	0.85	0.70	1.00	1.35	1.35
September 22	0.75	0.75	0.85	0.75	1.05	1.40	1.40
December 22	0.75	0.75	0.85	0.75	1.10	1.40	1.40
March 23	0.75	0.75	0.85	0.75	1.10	1.40	1.40

In the above table 'bank rate' refers to the policy rate of the Bank of England. PWLB borrowing rates are based on 'Gilt Yield' and so this is a forecast of long term interest rates. The Authority can borrow at 180 basis points above the gilt yield, so for example a fixed interest rate to borrow PWLB money for 10 years would be 2.55%, 0.75% plus 1.80%.

## Current Treasury Portfolio Position

At the 31 December 2019 the debt and investments balances were: -

<b>Debt</b>	Principal £m	%
Fixed rate loans from the Public Works Loan Board	2.000	100%
Variable rate loans		-
	2.000	100%
<b>Investments</b>		
Variable rate investments with Lancashire County Council	29.575	85.5
Fixed rate investments	10.000	14.5
	39.575	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 £37.575m.

## Borrowing and Investment Requirement

In the medium term LCFA 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 until 2022/23. It also includes a voluntary MRP in 2019/20 to take the future loans element of the MRP to nil.

	31/3/2019	31/3/2020	31/3/2021	31/3/2022	31/3/2023
	£m	£m	£m	£m	£m
Capital Financing Requirement	14.374	13.788	13.372	12.920	12.584
<i>Less long term liabilities (PFI and finance leases)</i>	-14.178	-13.788	-13.372	-12.920	-12.429
Less external borrowing	-2.000	-2.000	-2.000	-2.000	-2.000
Borrowing requirement	-1.804	-2.000	-2.000	-2.000	-1.845
Reserves and working capital	-36.500	-35.300	-23.300	-17.100	-10.200
Borrowing / (investment) need	-38.804	-37.300	-25.300	-19.100	-12.045

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 is above the CFR, which is 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 holds £2.0m of loans as part of its strategy for funding previous years' capital programmes.

## **Borrowing Strategy**

The draft Capital Programme implies there may be a requirement to use borrowing to fund the capital programme in the later years. At this stage it is unlikely that borrowing will be required in 2020/21. However, 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.

In the past the Authority has raised all of its long-term borrowing from the Public Works Loan Board, but if long term borrowing was required other sources of finance, such as local authority loans, and bank loans, would be investigated that may be available at more favourable rates. This is especially the case as in October the PWLB announced that its loan rates would be increased to be 1.8% above the rate of Gilts rather than the then 0.8%.

Short term borrowing if required would most likely be taken from other local authorities.

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

## **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 Authorities 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 2020 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 the 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 £1.131m. (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 £1.497m. Giving a gross saving of £0.366m

Penalty incurred	1.131
Savings on interest payable	(1.497)
Gross Saving	(0.366)

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 1.1% over the remaining period of the loan then repaying the loans now will be broadly neutral. If they are higher then lost investment interest will exceed the interest saving on repayment and if they are lower then lost investment returns will be lower than the saving on repayment

It is also worth noting that the draft capital budget does potentially require additional borrowing in 2023/24 and 2024/25. Given the penalties it is considered beneficial to retain these loans.

## Investment Strategy

At 31<sup>st</sup> December 2019 the Authority held £39.575m 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 £27.7m and £48.0m. 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 MHCLG 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 base 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 UK local authorities to enhance the interest earned. To this end at the following investments are already impacting 2020/21.

Start Date	End Date	Principal	Rate	Interest 2020/21
18/10/18	19/10/20	£5,000,000	1.15	£31,664
10/12/19	10/06/21	£5,000,000	1.20	£60,000
20/04/20	20/04/22	£5,000,000	1.45	£68,726

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 indicated by brokers are:

3 month investment	0.85%
6 month investment	0.90%
12 month investment	1.00%

The overall combined amount of interest earned on Fixed/Call balances as at 31st December 2019 is £0.257m on an average balance of £37.5m at an annualised rate of 0.91%. This compares favourably with the benchmark 7 day LIBID rate which averages 0.57% over the same period, and is 0.16% 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 2020/21 in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The Authority has made a voluntary MRP in 2019/20 and it is anticipated that the MRP on loans will be nil in 2020/21 this will be the case until capital expenditure is financed by borrowing.

Whilst the Authority has no unsupported borrowing, nor has any plans to take out any unsupported borrowing in 2020/21 it is prudent to approve a policy relating to the MRP that would apply if circumstances change.. 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

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 :

	2020/21	2021/22	2022/23	2023/24
	£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	(0.322)	(0.297)	(0.322)	(0.347)
Net budget	(0.222)	(0.197)	(0.222)	(0.247)

## Prudential Indicators for 2019/20(revised) to 2022/23 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 leases. However, from 1 April 2020 accounting standards are changing in relation to recording leases. In effect more leases are likely to be included on the balance sheet and therefore will be included against the other long term liabilities indicators. At this stage work is on-going to quantify the impact of the change and therefore the other long term liabilities limits may be subject to change.

## Treasury Management Prudential Indicators

Treasury Management Prudential Indicators	2019/20 (Revised) £m	2020/21 £m	2021/22 £m	2022/23 £m
<b>1. Adoption of the Revised CIPFA Code of Practice on Treasury Management (2011)</b>		Adopted for all years		
<b>2. Authorised limit for external debt</b> - A prudent estimate of external debt, which includes sufficient headroom for unusual cash movements.				
Borrowing	6.000	6.000	6.000	6.000
Other long-term liabilities	20.000	20.000	20.000	20.000
<b>TOTAL</b>	<b>26.000</b>	<b>26.000</b>	<b>26.000</b>	<b>26.000</b>
<b>3. Operational boundary for external debt</b> - 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	3.500
Other long-term liabilities	16.000	15.500	15.000	14.500
<b>TOTAL</b>	<b>19.000</b>	<b>18.500</b>	<b>18.000</b>	<b>18.000</b>
<b>4. Upper limit for fixed interest rate exposure</b>				
Upper limit of borrowing at fixed rates	100%	100%	100%	100%
Upper limit of investments at fixed rates	100%	100%	100%	100%
<b>5. Upper limit for variable rate exposure</b>				
Upper limit of borrowing at variable rates	25%	50%	50%	50%
Upper limit of investments at variable rates	100%	100%	100%	100%
<b>6. Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	25.000	25.000	25.000	25.000
<b>7. Maturity structure of Debt</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>		
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 £7,446, 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 2020	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 24th February 2020

### RESERVES AND BALANCES POLICY

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 to meet funding gaps identified in the draft revenue budget
- Earmarked reserves will reduce over the 5 year period, with the PFI reserve accounting for the majority of them
- Capital reserves will be fully utilised over the 5 year programme
- Provisions will remain at broadly the same level

#### **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 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.

Name	General Fund
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, both in terms of pensionability of allowances and the remedy for the McCloud judgement; 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 was the final year of a four year settlement. This means that funding for 2020/21 is subject to a one year settlement, with a further four year Spending Review planned for 2021/22. As per the Local Government Finance Settlement we will receive a 1.6% inflationary increase for 2020/21.

There is greater degree of uncertainty over long term funding than in recent years 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 will take effect. Furthermore the impact of Brexit on the national economy is still unknown.

As such the Treasurer considers it prudent to maintain the minimum target reserves level at £3.0m, 5.2% of the 2020/21 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

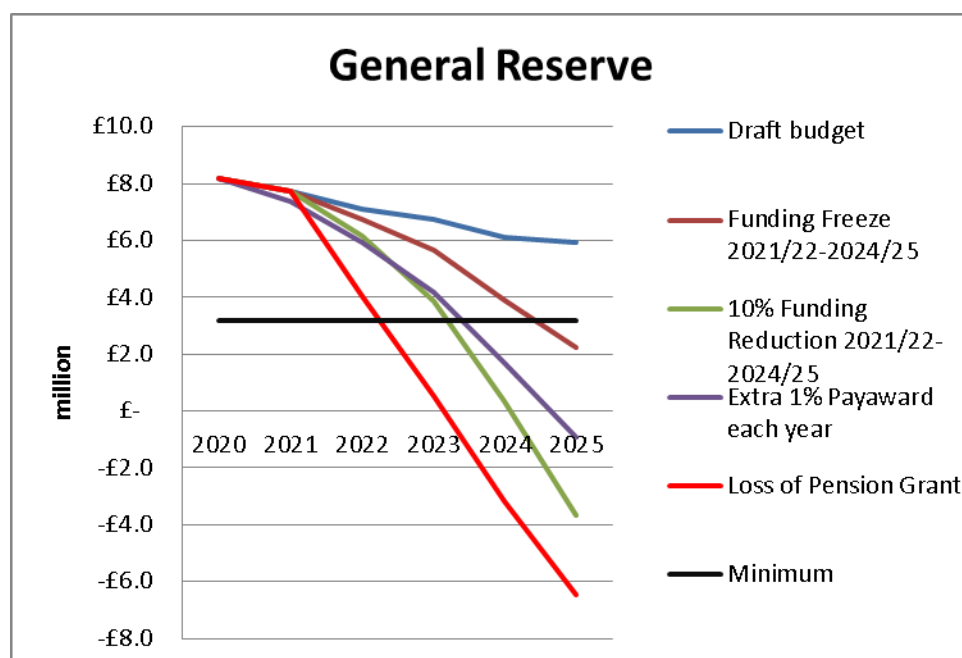
The overall level of the general fund balance, i.e. uncommitted reserves, anticipated at the 31 March 2020 is £8.2m, providing scope to utilise approx. £5.2m of reserves.

The proposed drawdown of £0.4m in 20/21 would reduce the general balance to £7.8m. Discussions are on-going both locally and nationally in respect of Fire-fighter pensions and until such time as these conclude it is not clear whether any backdating costs will be incurred, hence at the present time no allowance has been made for these. Based on this the Treasurer considers these are at an appropriate level to meet expenditure requirements in 2020/21.

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 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 pension costs, funding, vacancy profiles, future inflation and pay awards and council tax increases.

The following graph shows the general reserve position based on the draft revenue budget presented elsewhere on the agenda, allowing for some of the scenarios presented in that report:



As can be seen under our existing draft revenue budget general reserves are sufficient to balance the budget throughout the period. Dependent upon which scenario is considered reserves will not be sufficient to meet the current anticipated funding gap over the next 5 years and hence significant additional savings would be required.

## 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 £7.2m of earmarked reserves forecast to be held at 31st March 2020, and a forecast of the anticipated position as at 31 March 2025:-

	Forecast at 31 March 2020	Forecast at 31 March 2025	
	£m	£m	
DFM Reserve	0.3	0.1	Devolved Financial Management Reserve enables budget holders to carry forward any surplus or deficit from one financial year to the next, within prescribed limits. The Service has strong financial management ethos and hence has a track record of managing within individual budget allocations, hence has not previously utilised these reserves to a large degree. However as the Service comes under increasing pressure and departmental budgets are squeezed this

			<p>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	4.4	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 2% the whole of this reserve is contractually committed over the next 20 years.</p>
Insurance Aggregate Stop Loss (ASL)	1.1	1.1	<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>

			None of this reserve is legally committed at the present time, although as soon as a claim arose this position would change.
Prince's Trust	0.3	0.3	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. 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. There are no legal or contractual commitments against this.
ESMCP Ring-fenced Funding	0.2	-	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. 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
Apprentices	0.1	-	This reserve was created from previous in-year underspends relating to the appointment of apprentices, which was delayed awaiting national developments. This reserve is being used to fund an additional post to support apprenticeships within the service, with a particular emphasis on Fire-Fighter apprenticeships. This clearly contributes to addressing apprenticeship targets, set by the Government, as well as addressing capacity issues within departments. There are no contractual commitments against this.
Fleet & Equipment	0.4	-	This reserve was created to meet the cost of replacement projects which were not completed by year end, hence whilst we anticipate carrying this over into 20/21 this will be fully utilised in subsequent years. There are no contractual or legal commitments against this at the present time.
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.

			<p>This is being used to fund the establishment of the Building Environment Assessment Team (BEAT) which was created following the release of the Grenfell Phase 1 report and associated recommendations, and in light of a number of significant / protracted fires wherein the building has failed or not behaved in the manner anticipated. Terms of Reference for the team are being developed which will give the service a greater understanding of the risk that exists across the building stock in Lancashire. Specifically in relation to the more complex built environment, that incorporates modern methods of construction, which warrants a more focussed and detailed assessment, that will subsequently enhance the operational service delivery and protection services that we offer.</p> <p>In addition it is being utilised to fund the delivery of high rise training, as well as the initial purchase of escape hoods and smoke curtains, both of which are currently on trial, and, subject to the outcome of the trial, will be utilised to fund their roll out across the Service. It is anticipated that any further changes required following Grenfell could potentially be met from this reserve.</p> <p>None of this reserve is contractually or legally committed at the present time.</p>
	<b>7.2</b>	<b>5.4</b>	

Note – As at 31 March 2019 we held £0.9m to meet the potential penalty costs associated with the repayment of the remaining PWLB loans. Given the reducing likelihood of repaying the loans with such a large penalty, it is proposed that this balance is transferred into the Capital Funding Reserve to meet the costs of the future capital programme, referred to below.

It is worth noting that of the anticipated balance of £5.4m at 31 March 2025, almost £4m 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 2020 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 £0.2m 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 2020 the Authority anticipates holding £18.7m of capital reserves and receipts. Based on the capital programme presented elsewhere on this agenda we anticipate fully utilising these by 31 March 2025. Of the total reserve £0.6m is contractually committed.

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

## **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.
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This provision stood at £0.5m at 31 March 2019. 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.

Name	Business Rates Collection Fund Appeals Provision
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 2019 this provision stood at £0.8m 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.

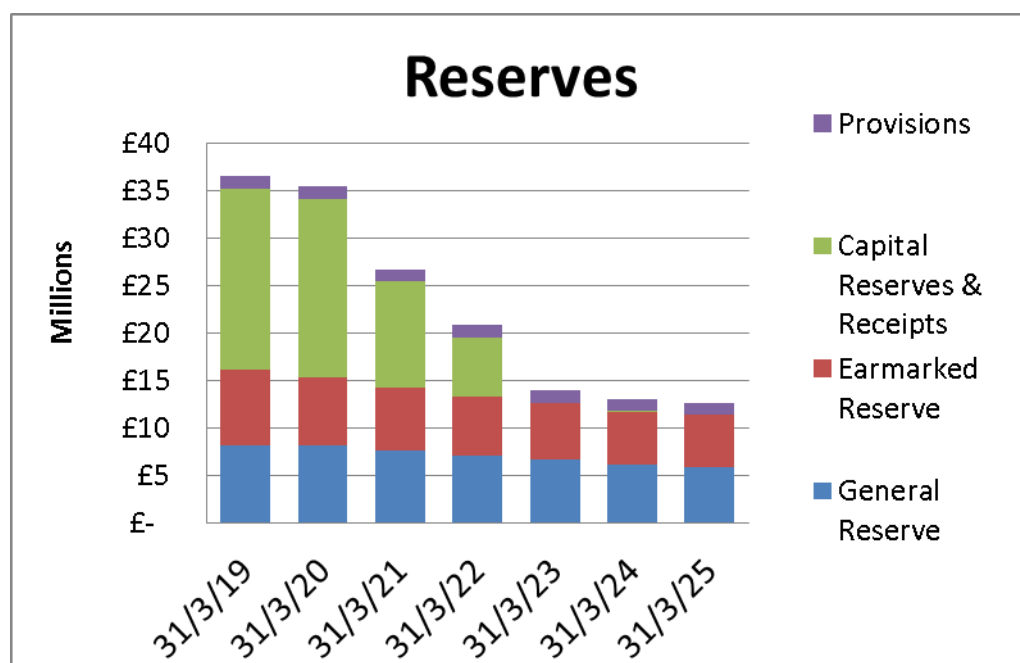
The Treasurer feels that the levels of provisions are sufficient to meet future requirements in the medium term.

#### **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. £13m by 31 March 2025, after allowing for potential backdating of pensionability of allowances:-



	General Reserve	Earmarked Reserve	Capital Reserves & Receipts	Provisions	Total Reserves & Balances
	£m	£m	£m	£m	£m
Balance 31/3/19	8.2	8.0	19.0	1.3	36.5
Change in year	0.0	(0.8)	(0.3)	0.0	(1.1)
Balance 31/3/20	8.2	7.3	18.7	1.3	35.4
Change in year	(0.4)	(0.7)	(7.6)	0.0	(8.7)
Balance 31/3/21	7.7	6.6	11.1	1.3	26.7
Change in year	(0.6)	(0.4)	(4.8)	0.0	(5.9)
Balance 31/3/22	7.1	6.2	6.3	1.3	20.9
Change in year	(0.4)	(0.3)	(6.2)	0.0	(6.9)
Balance 31/3/23	6.7	5.9	0.1	1.3	14.0
Change in year	(0.6)	(0.2)	(0.0)	0.0	(0.9)
Balance 31/3/24	6.1	5.6	0.1	1.3	13.1
Change in year	(0.2)	(0.2)	(0.1)	0.0	(0.4)
Balance 31/3/25	5.9	5.5	0.0	1.3	12.7



As can be seen reserves fall dramatically over the programme reflecting the scale of the draft capital programme. Furthermore this position will be subject to significant change as pension costs, 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 2019 was 42%. Our anticipated position at the end of the current financial year shows reserves equal to 62% our revenue expenditure. However within this are £8m of capital slippage and a further £4m of PFI reserve, if we exclude these total reserves equate to £23m, 41% of our total revenue expenditure which is in line with the sector average.

It is also worth noting the comparator with other types of Authorities as set out in the Revenue Outturn Summary for 2018/19 comparing Net Revenue Expenditure with Non School Reserves:-

- London Boroughs 49%
- Metropolitan Districts 40%
- Unitary Authorities 39%
- Shire Counties 28%
- Shire Districts 133%
- Other (which includes Fire) 32%
- Overall 40%

### 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
FRS National Framework	May 2018	Keith Mattinson
Local Government Finance settlement	December 2019 & February 2020	Keith Mattinson
Revenue, Capital Budget and Treasury Management Strategy Reports to CFA	February 2020	Keith Mattinson
Reason for inclusion in Part II, if appropriate:		

## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 24 February 2020

### **CAPITAL STRATEGY & BUDGET 2020/21-2024/25 (Appendix 1 refers)**

Contact for further information:

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

#### **Executive Summary**

The report sets out the draft capital programme for 2020/21-2024/25.

As in previous years, the draft programme allows for items included within various asset management plans. Slippage of £7.8m has been moved from the 2019/20 capital programme into the 2020/21 capital programme, in line with anticipated spending forecasts. The resultant 20/21 budget is extremely large, and will undoubtedly include slippage into 21/22, however it is too early to estimate this, hence it remains in 20/21.

The draft programme over the next 3 years is affordable as it balances to available reserves, however there is a funding shortfall of £6.8m in the subsequent years. This shortfall would either require an amended (reduced) programme, or an additional £4.8m of borrowing (no allowance has been made for this in the revenue budget presented elsewhere on the agenda).

#### **Recommendation**

The Combined Fire Authority is asked to approve:-

- The Capital Strategy;
- The proposed Capital Budget;
- The Prudential Indicators as set out at Appendix 1.

#### **Capital Budget 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 2020/21 to 2024/25, and is updated in May to reflect the effects of any slippage from the current financial year (2019/20).

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 2020/21 programme includes various items of slippage that have been removed from the 2019/20 programme as they are not expected to be incurred within the year – these have already been approved previously, but for completeness are:-

Command Units (Mobile Fire Stations)	£0.580m
Pumping appliances x 3 (1920 budget)	£0.630m
Pod x 2 (1819 & 1920 budgets)	£0.055m
CCTV on appliances	£0.100m
Fleet Workshop	£4.170m
Morecambe NWS & Training hub works	£0.520m
Enhanced station dormitory and shower facilities	£0.225m
Performance Management	£0.100m
VMDS/MDT hardware replacement	£0.400m
ESMCP (Airwave replacement)	£1.000m
Total	£7.780m

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

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Vehicles	3.249	1.388	1.020	1.132	1.368	<b>8.157</b>
Operational Equipment	0.100	0.215	0.500	0.250	1.000	<b>2.065</b>
Buildings	5.575	4.695	6.641	4.250	2.750	<b>23.911</b>
IT Equipment	1.895	0.600	0.100	-	0.220	<b>2.815</b>
<b>Total</b>	<b>10.819</b>	<b>6.898</b>	<b>8.261</b>	<b>5.632</b>	<b>5.338</b>	<b>36.947</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:-

<b>Type of Vehicle</b>	<b>No of Vehicles</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Pumping Appliance	5	2	3	3	5
Command Unit	2	-	-	-	-
Water Tower	1	1	-	-	-
Aerial Ladder Platform (ALP)	1	-	-	-	-
All-Terrain Vehicle	1	-	1	-	-
Prime mover	-	2	-	-	-
Pod	3	-	-	-	-
Operational Support Vehicles	14	11	16	16	10
	27	16	20	19	15

The plan above sets out the content of the vehicle replacement schedule, however the following should be noted:

- Replacement of the ALP in 2021 will keep the number of ALPs at 4 – with the expansion of the Water Tower capability this could potentially be reviewed
- Two additional Water Towers replace a Pumping Appliance in 2021 & 2122 (note the Service is still considering options in terms of its long term capability which may lead to a further two Water Towers replacing Pumping Appliances – this would add a further £0.6m into the programme cost)
- The budget for the provided cars is based on the current cost of a hybrid Toyota Rav4, reducing our impact on the environment
- No allowance has been made for the introduction of vehicles with specific high rise capability

LFRS currently has several vehicles provided and maintained by CLG under New Dimensions (5 Prime Movers and 1 Incident Response Units), 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.

## Operational Equipment

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Breathing Apparatus (BA) and Telemetry equipment	-	-	0.500	-	-
Cutting and extrication equipment*	-	-	-	-	1.000
Light Portable Pumps	-	0.150	-	-	-
Defibrillators	-	0.065	-	-	-
Thermal Imaging Cameras	-	-	-	0.250	-
CCTV on appliances	0.100	-	-	-	-
	<b>0.100</b>	<b>0.215</b>	<b>0.500</b>	<b>0.250</b>	<b>1.000</b>

\* The replacement of the cutting & extrication equipment has been pushed back to allow for new lighter equipment technologies to be developed, however this has meant that £0.050m for replacement foot pumps and mini cutters which are end of life will be replaced as part of the revenue operational equipment budget.

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.

Of the 20/21 budget, £4.9m has been transferred from the approved 2019/20 programme, comprising £4.2m in relation to the Fleet workshop replacement facility, £0.5m in relation to Morecambe NWS & Training hub works, with the balance relating to improved station facilities.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Fleet workshop/trainer facilities/etc	4.200	-	-	-	-
Preston fire station rebuild*	-	4.000	4.000	-	-
SHQ relocation*	-	-	2.000	4.000	2.500
Morecambe NWS & Training hub works	0.600	-	-	-	-
P73 Extension & porta cabin	-	0.110	-	-	-

STC works:					
Lancaster House/conference facilities	-	0.275	-	-	-
Astley House	-	-	0.391	-	-
Dormitories:					
W30	0.200	-	-	-	-
E70	0.100	-	-	-	-
W37 station works (dormitory/shower facilities)	0.275	-	-	-	-
Community room - S56	-	0.110	-	-	-
Drill tower replacements (notional 2 per year)	0.200	0.200	0.250	0.250	0.250
	<b>5.575</b>	<b>4.695</b>	<b>6.641</b>	<b>4.250</b>	<b>2.750</b>

\* Both Preston Fire Station and the SHQ relocation are subject to ongoing review/business case development, hence costs and timing are estimates only at this stage. Further updates will be presented to Resources Committee in due course.

## 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.

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Replace Existing Systems</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Performance management	0.100	-	-	-	-
Hydrant Management system	0.050	-	-	-	-
Incident Command system	0.100	-	-	-	-
Vehicle specification crash recovery software	-	0.020	-	-	-
Pooled PPE system	-	0.080	-	-	-
Finance system	-	0.250	-	-	-
Asset Management system	-	0.100	-	-	-
HR & Payroll system	-	0.150	-	-	-
Community Fire Risk Management Information System (CFRMIS)	-	-	0.100	-	-
Rota management package (WT/On call)	-	-	-	-	0.100
Storage Area Network	-	-	-	-	0.120
	<b>0.250</b>	<b>0.600</b>	<b>0.100</b>	-	<b>0.220</b>
	-	-	-	-	-

<b>Operational Communications</b>	-	-	-	-	-
ESMCP (Airwave replacement – assumed fully funded by government grant)	1.000	-	-	-	-
Vehicle Mounted Data Systems (VMDS) hardware replacement	0.400	-	-	-	-
Alerters for RDS/DCP staff	0.065	-	-	-	-
Incident Ground Radios	0.180	-	-	-	-
	<b>1.645</b>	-	-	-	-
<b>Total ICT Programme</b>	<b>1.895</b>	<b>0.600</b>	<b>0.100</b>	-	<b>0.220</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. We have not allowed for any borrowing in the draft programme, although this does result in a funding shortfall in the last 2 years, which is referred to later in the report.

### 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 2019/20 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 2020/21, 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.

The Authority held £1.6m of capital receipts as at 31 March 2019. We propose to amend the current accounting policy to have all vehicle sales proceeds classified as capital receipts, rather than revenue income in order to provide more funding for future capital items, therefore we have included notional annual capital receipts of £50k to reflect anticipated disposal proceeds.

At the end of the 5 year programme we will have utilised all the capital receipts, however it should be noted that should the relocation of SHQ go ahead, the income from the sale



of the surplus site would be received in 2025/26. This could be in the region of £1.5m dependent on what happens to Fulwood fire station within the site boundary.

## 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 2019/20 capital programme, the Authority expects to hold £17.0m of capital reserves. Over the life of the programme we anticipate utilising all these reserves.

## 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.

In order to balance the capital programme over the next 3 years, we have increased the revenue contribution to £2.15m in 2020/21 returning to £2.0m in subsequent years.

## Drawdown of Earmarked Reserves

No allowance has been made for the drawdown of any earmarked reserves.

## Drawdown of General Reserves

No allowance has been made for the drawdown of any of the general reserve.

## Total Capital Funding

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

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Grant	1.000	-	-	-	-	1.000
Capital Receipts	-	1.749	0.050	0.050	0.100	1.949
Capital Reserves	7.669	3.149	6.211	0.012	-	17.041
Revenue Contributions	2.150	2.000	2.000	2.000	2.000	10.000
	<b>10.819</b>	<b>6.898</b>	<b>8.261</b>	<b>2.062</b>	<b>2.100</b>	<b>30.140</b>

## Summary Programme

Based on the draft capital programme as presented we have a shortfall of £7.0m:

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Requirements	10.819	6.898	8.261	5.632	5.338	36.947
Capital Funding	10.819	6.898	8.261	2.062	2.100	30.140
<b>Surplus/(Shortfall)</b>	-	-	-	<b>(3.570)</b>	<b>(3.238)</b>	<b>(6.807)</b>

This could be funded from additional borrowing, but this would have an impact on the revenue budget, for interest payable and Minimum Revenue Provision (MRP). For

example, the above requirement to shortfall would actually result in borrowing £4.8m cash, as we have already set aside funds (prepaid MRP) to offset our existing £2.0m of PWLB. Borrowing over 25 years would cost approx. £0.5m per year in the revenue budget, or the same sum repaid over 50 years would cost approx. £0.3m per year in the revenue budget.

It is also worth highlighting that the programme is based around a number of assumptions which could change:-

- Replacement of the ALP in 2021 will keep the number of ALPs at 4 – with the expansion of the Water Tower capability this could potentially be reviewed
- Two additional Water Towers replace a Pumping Appliance in 2021 & 2122 (note the Service is still considering options in terms of its long term capability which may lead to a further two Water Towers replacing Pumping Appliances – this would add a further £0.6m into the programme cost)
- No allowance has been made for the introduction of vehicles with specific high rise capability
- 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;
- The costs and timing for both Preston Fire Station and the SHQ relocation are estimates only at this stage, based on current information, but clearly if/when either of them goes ahead will create a need for external borrowing;
- Property project timings are front-loaded and as such are expected to vary between years;
- 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;
- 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;
- Capital grant may be made available in future years, in order to assist service transformation and greater collaboration;
- Capital receipts of up to £1.5m may be available following the end of the 5 year programme if the relocation of SHQ goes ahead.

### **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. Based on the provisional 1 year settlement the position in respect of the revenue budget appears sustainable. 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) 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 all of its capital reserves and receipts before the end of the 5 year period, meaning that the remainder of the capital programme will need to be met from either capital grant (if

available), additional revenue contributions or from new borrowing. Potentially this will also leave a problem in future years beyond this programme where the on-going revenue contribution of £2.0m is insufficient to meet the current vehicle replacement programme and operational equipment capital replacements. For example, from 2025/26 onwards our estimated average annual capital spend (based on current vehicles in service and assumed spends for operational equipment, property and ICT systems) is £2.8m per year, an average shortfall of £0.8m.

## **Summary**

Over the next three years the programme is balanced, and as such can be considered prudent, sustainable and affordable. Should all the items in the five year programme go ahead, potentially significant external borrowing would be required in the latter years of the programme.

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.

## **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 £8.7m 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 2020	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 2018/19 to 2022/23

The actual expenditure for 2018/19 and forecast expenditure 2019/20, 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>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	£m	£m	£m	£m	£m
Capital Expenditure	2.410	3.380	10.819	6.898	8.260

This indicator for 2019/20 will also be updated at the year-end to reflect actual capital expenditure incurred.

#### Capital financing 2018/19 to 2022/23

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>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	£m	£m	£m	£m	£m
Grants and Contributions	-	-	1.000	-	-
Own Resources	2.410	3.380	9.819	6.898	8.260
Debt	-	-	-	-	-
<b>Total</b>	<b>2.410</b>	<b>3.380</b>	<b>10.819</b>	<b>6.898</b>	<b>8.260</b>

## Borrowing Strategy

### Capital Financing Requirement (CFR) 2018/19 to 2022/23

	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	£m	£m	£m	£m	£m
Capital Financing Requirement (Debt only)	0.197	-	-	-	-

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 to nil.

### 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>2019/20 Actual</b>	<b>2020/21 Forecast</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	£m	£m	£m	£m	£m
<b>Authorised Limit for External Debt</b>					
Borrowing	6,000	6,000	6,000	6,000	6,000
Other long term liabilities	20,000	20,000	20,000	20,000	20,000
<b>Total</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>
<b>Operational Boundary for External Debt</b>					
Borrowing	3,000	3,000	3,000	3,500	3,000
Other long term liabilities	16,000	15,500	15,000	14,500	16,000
<b>Total</b>	<b>19,000</b>	<b>18,500</b>	<b>18,000</b>	<b>18,000</b>	<b>19,000</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, which will be zero after MRP payments made during 2019/20:-

	<b>2019/20 Actual</b>	<b>2020/21 Forecast</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	£m	£m	£m	£m	£m
Debt	2.000	2.000	2.000	2.000	2.000
Capital Financing Requirement	-	-	-	-	-

### 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>2019/20 Actual</b>	<b>2020/21 Forecast</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	£m	£m	£m	£m	£m
Interest payable	0.090	0.090	0.090	0.090	0.090
MRP	0.197	0.010	0.010	0.010	0.010
Interest receivable	(0.385)	(0.322)	(0.297)	(0.322)	(0.347)
<b>Net financing costs</b>	<b>(0.098)</b>	<b>(0.222)</b>	<b>(0.197)</b>	<b>(0.222)</b>	<b>(0.247)</b>

### Proportion of financing costs to net revenue stream

	<b>2019/20 Actual</b>	<b>2020/21 Forecast</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Net financing costs	(£0.098m)	(£0.222m)	(£0.197m)	(£0.222m)	(£0.247m)
Ratio of Financing Costs to Net Revenue Stream	(0.17%)	(0.39%)	(0.34%)	(0.37%)	(0.40%)

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 24 February 2020

### REVENUE BUDGET 2020/21-2024/25

#### (Appendices 1 – 4 refer)

(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 Consultation Response)

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

Telephone Number 01772 866804

#### **Executive Summary**

The report sets out the draft revenue budget for 2020/21-2024/25 and the resultant council tax implications.

Budget requirement has been re-assessed taking account of known/anticipated changes, incorporating current year-end forecast projections, and forecast vacancy factors based on anticipated recruitment. The most significant unknowns are:-

- Future pay awards, we have assumed 2% each year
- The additional cost associated with making various allowances pensionable, I have allowed an extra £600k for this
- What impact the McCloud judgement will have on the budget, such as increased employer contributions, transfer of personnel between schemes, retirement profiles and hence vacancy factors, whether a new pension scheme will be introduced and if so what contribution rates will be set. None of these changes have been factored into the budget.
- Section 31 Grant in respect of the additional pension costs has been confirmed for 20/21 and will be incorporated into the subsequent Spending Review, and we have therefore assumed this continues throughout the Medium Term Financial Strategy.

The Local Government Finance Settlement resulted in a funding increase of 1.6% for 2020/21 and a council tax referendum limit of 2%.

Based on this a gross budget of £57.8m is proposed, which results in a funding shortfall of £0.4m. We are therefore proposing either identifying additional in-year savings, or drawing down reserves, to deliver a balanced budget. This gives a net budget of £57.3m, resulting in a council tax of £70.86 per Band D property, an increase of 1.99% (£1.38 per annum, less than 3p per week).

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 increased by 1.5%, and the 2% council tax referendum principle continues to apply. Based on this the Authority is still faced with a funding gap of up to £0.6m in subsequent years.

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 showing the potential impact of these ranging from a £1.4m to a £3.8m loss of funding or a £2.4m increase in costs.

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.

**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 2019/20 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: -

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Preceding Years Draft Net Budget Requirement	56.0	57.8	59.3	60.5	62.3
Add back previous years unidentified savings target	0.5	-	-	-	-
Add back previous years Vacancy Factors	1.0	1.2	1.2	1.2	1.0
Inflation	1.3	1.4	1.4	1.4	1.4
Other Pay Pressures	0.4	0.2	-	(0.1)	(0.1)
Committed Variations	0.1	-	(0.1)	-	-

Growth	0.4	0.1	(0.1)	0.2	(0.2)
Savings	(0.8)	(0.1)	-	-	-
Gross Budget Requirement	59.0	60.5	61.7	63.3	64.5
Vacancy Factors	(1.2)	(1.2)	(1.2)	(1.0)	(1.1)
Net Budget Requirement	57.8	59.3	60.5	62.3	63.4

## Inflation

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
A 2% allowance has been built in for all pay-awards	0.9	1.0	1.0	1.0	1.0
Non-pay inflation, average of 2.5% each year	0.4	0.4	0.4	0.4	0.4
	1.3	1.4	1.4	1.4	1.4

Each 1% pay award in excess of the above assumptions equates to an additional cost of £400k per year for grey book personnel, and if this is mirrored for green book personnel an additional £75k. To give a flavour of the potential impact of significant increases over and above those budgeted for a 5% grey book pay award would add in a further £1.2m on an annual basis year.

## Other Pay Pressure

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
The budget has been increased by £600k reflecting the potential increase in employer pension contributions associated with making various allowances pensionable. Work is still on-going to finalise the costs and agree a suitable policy with the representative bodies. No allowance has been made for any back-dating	0.6	-	-	-	-
Pay has been re-costed, taking account of changes to personnel, grades etc. Given this accounts for the majority of the overall budget it is worth highlighting some of the assumptions used: - <u>Whole-time Pay</u> <ul style="list-style-type: none"> <li>Approximately 25% of personnel are currently paid at development rates of pay (If all personnel were paid at competent rates of pay this would cost an additional £1.0m).</li> <li>Approximately 75% of personnel are currently paid CPD (if all personnel were</li> </ul>	0.1	0.2	-	(0.1)	(0.1)

<p>paid CPD this would cost an additional £0.1m).</p> <ul style="list-style-type: none"> <li>• Approximately 5% of personnel are currently 'opted out' of the FF pension scheme (if all personnel were in the pension scheme this would cost an additional £0.3m).</li> <li>• The current mix of personnel in the various FF pension schemes is maintained throughout.</li> </ul> <p><u>On-Call Pay</u></p> <ul style="list-style-type: none"> <li>• Approximately 50% are currently paid at development rates of pay (if all personnel were paid at competent rates of pay this would cost an additional £0.5m).</li> <li>• Approximately 20% of personnel are currently paid CPD (if all personnel were paid CPD this would cost an additional £0.1m).</li> <li>• Approximately 25% of personnel are currently 'opted out' of the FF pension scheme (if all personnel were in the pension scheme this would cost an additional £0.2m).</li> <li>• The current mix of personnel in the various FF pension schemes is maintained throughout.</li> </ul> <p><u>Support Pay</u></p> <ul style="list-style-type: none"> <li>• The budget is based on the assumed scale points of personnel in post at 1 April 2020. No allowance has been made for future incremental progression or staff turnover where typically new starters commence at the bottom of the pay grade.</li> <li>• Approximately 20% of personnel are currently 'opted out' of the LGPS pension scheme (if all personnel were in the pension scheme this would cost an additional £0.1m).</li> </ul>					
<p>The recent actuarial review of the LGPS scheme has resulted in a 2.4% increase in future service contribution rates. The funding position of the scheme has improved since the last review and hence the surplus has increased. This is being recovered over the next 13 years at a rate of £0.8m per year. (It is worth highlighting</p>	(0.3)	-	-	-	-

that this will potentially leave a budget deficit thereafter once the scheme has returned to a balanced position.) Hence net costs charged to the budget have fallen by £0.3m					
	0.4	0.2	-	(0.1)	(0.1)

### Committed Variations

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
The budget contribution to the Business Rate Pilot Pool growth fund has been removed as the pool only lasted for one year	(0.1)	-	-	-	-
The Clothing & PPE budgets were increased last year reflecting the scheduled replacement of boots and duty rig, this one-off funding has been removed in 2020/21 (these costs were not incurred in year due to projects being delayed however their budget has been transferred to earmarked reserves, to be drawn down in 20/21 as required).	(0.2)	-	-	-	-
Our Microsoft licences are up for renewal in June 2020, and due to changes in the way Microsoft licences are structured we are anticipating an increase in our costs of circa £0.2m	0.2	-	-	-	-
The Fleet vehicle repairs and maintenance budget has been increased to reflect the new on-going hourly rate charges from LCC	0.1	-	-	-	-
The operational equipment budget has been adjusted to reflect the scale of equipment scheduled for replacement in each year	0.1	-	(0.1)	-	-
	0.1	-	(0.1)	-	-

### Growth

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Costs are adjusted each year to reflect the number of apprentice FF recruited, as set out below: - <ul style="list-style-type: none"> <li>• 20/21 – 24 apprentices</li> <li>• 21/22 – 42 apprentices</li> <li>• 22/23 – 24 apprentices</li> </ul>	0.1	0.3	(0.1)	0.2	(0.2)

<ul style="list-style-type: none"> <li>• 23/24 – 42 apprentices</li> <li>• 24/25 – 18 apprentices</li> </ul>					
The Wholetime overtime budget has been increased to reflect the increased use of overtime during 2019/20, including the costs of covering On-Call stations.	0.1	-	-	-	-
As reported in the capital budget elsewhere on the agenda, an additional one-off Revenue Contribution to Capital Outlay (RCCO) of £0.2m is required to balance the three-year capital programme.	0.2	(0.2)			
	0.4	0.1	(0.1)	0.2	(0.2)

## Savings

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
The budget allows for the drawdown of the apprentice levy against costs for training etc.	(0.2)	-	-	-	-
Removal of temporary posts impacting on the budget	(0.1)	(0.1)	-	-	-
Removal of recurring Reserve built into the revenue budget. This means any in-year pressures will need to be met from within the agreed budget via virements or underspends or by a drawdown on reserves	(0.1)	-	-	-	-
Various Non-Pay savings	(0.4)	-	-	-	-
	(0.8)	(0.1)	-	-	-

## Gross Budget Requirement

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Gross Budget Requirement	59.1	60.5	61.6	63.2	64.4

## Vacancy Factors

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
The vacancy factor for whole-time has also been updated and is based on the following: -	-	(0.1)	-	0.2	0.1

<ul style="list-style-type: none"> <li>All bar 6 personnel will retire as soon as they are eligible (this broadly reflects previous trends), this ignores any remedy from the McCloud judgement, and hence is broadly reflective of personnel retiring once they have 30 years of service and attained the age of 55.</li> <li>There will be 12 'early leavers' in the year, this includes personnel who retire early or resign or are dismissed.</li> <li>Recruit numbers are as shown</li> </ul> <p>This shows a very marginal under provision in 20/21, 21/22 and 22/23, with 23/24 onwards showing a more marked over-provision.</p>					
On-Call vacancy factor has been reduced to 17% reflecting the current level of staffing, and assuming this remains constant.	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)
Support staff vacancy factor has increased to 3.75% in 20/21, which is closer to the average over the last 2 years, however it is assumed that this returns to 2.5% in subsequent years.	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
	(1.2)	(1.2)	(1.2)	(1.0)	(1.1)

The most significant impact on the whole budget in 20/21 will be the outcome of the Pension remedy hearing, which may result in a significant increase in the number of personnel retiring over this period, resulting in an increase in the quoted vacancy factors.

## Net Budget Requirement

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

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Draft Budget Requirement	57.8	59.3	60.5	62.3	63.4
Budget Increase	3.1%	2.6%	2.1%	2.9%	1.8%

## Grant Funding

2019/20 was the last year of the four year settlement. The anticipated 4 year Sending Review actually only covered 2020/21, with a 4 year Review now planned for next year. The Local Government Finance Settlement included a 1.6% increase in the Authority's Settlement Funding Assessment. This year should have seen the outcome of the Fair Funding review, which looked to re-assess the methodology under which funding was allocated to individual authorities, and the implementation of a 75% Business Rates Retention Scheme, however given current economic uncertainty both of these have been put on hold for at least 12 months.

In terms of 2021/22 and beyond this will be determined by the Governments overall budget and the subsequent 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 for the purposes of planning we have assumed the trajectory outlined in this year's settlement is maintained, i.e. increases in line with current inflation of 1.5%.

The table below sets out our assumed level of funding (Settlement Funding Assessment) over the next 5 years:-

		Increase	
2019/20	£23.8m		
2020/21	£24.2m	£0.4m	1.6%
2021/22	£24.6m	£0.4m	1.5%
2022/23	£25.0m	£0.4m	1.5%
2023/24	£25.3m	£0.3m	1.5%
2024/25	£25.7m	£0.4m	1.5%

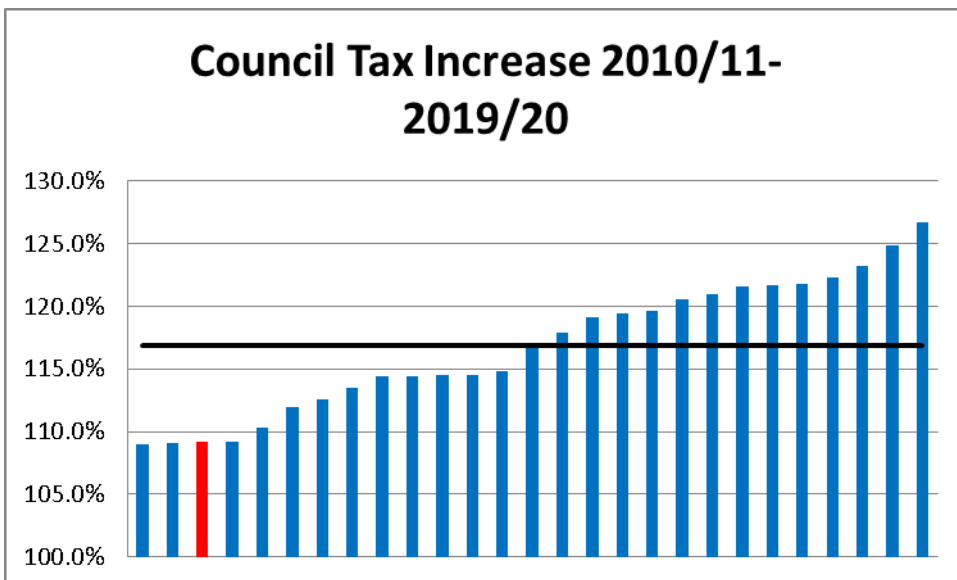
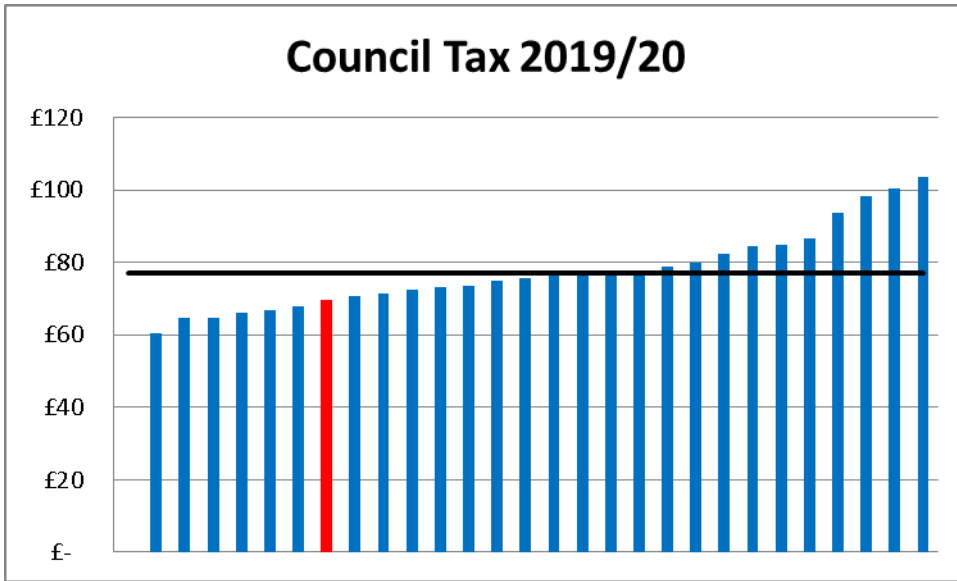
Section 31 Grant in respect of Business Rates Capping has been updated to reflect the District Councils NNDR1's submitted as part of the budget setting process giving a revised total of £1.1m. The Business Rates collection fund balance has also been updated to reflect a surplus of £0.1m.

### **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 Authority became a precepting authority on 1 April 2004. Since this our council tax increases have been limited by either capping or the current referendum thresholds set by the Government. As such our council tax increases and hence budget increases have been constrained by these and our desire to deliver value for money services. Our council tax of £69.48 is still below the national average of £77.04, and our increase of just 9.2% since 2010/11 compares with an average increase of 16.8% over the same period and is the third lowest of any Fire Authority.





The Local Government Finance Settlement confirmed that the council tax referendum threshold would reduce to 2%.

We have assumed that the council tax base continues to grow at the rate of 1.3% per year, which is in line with the projections for 2020/21.

The Council Tax collection fund balance has also been updated to reflect a surplus of £0.4m.

## Draft Council Tax Requirements

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Draft Budget Requirement	57.8	59.3	60.5	62.3	63.4
Less Total Grant	(24.2)	(24.6)	(24.9)	(25.3)	(25.7)
Less Business Rates Adjustment	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Less Council Tax Collection Surplus	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Equals Precept	31.9	33.1	34.0	35.3	36.0
Estimated Number of Band D equivalent properties	443,827	449,590	455,427	461,341	467,331
Equates to Council Tax Band D Property	£71.85	£73.61	£74.56	£76.51	£77.10
Increase in Council Tax	3.41%	2.45%	1.29%	2.62%	0.77%

(For information, a 1% change to the council tax equates to £0.3m.)

As can be seen the increases in 20/21 and 21/22 are above the referendum limit, along with 23/24. The other two years are below this, although clearly there is a great deal of uncertainty about future funding.

As in previous years we have modelled different scenarios based on council tax increases:-

- 2% increase in council tax each year
- 1% increase in council tax each year
- Council tax freeze each year

The following table sets out the funding gap/surplus based on these:-

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
2% increase in council tax each year	(0.4)	(0.6)	(0.4)	(0.6)	(0.2)
1% increase in council tax each year	(0.7)	(1.2)	(1.4)	(2.0)	(1.9)
Council tax freeze each year	(1.1)	(1.9)	(2.3)	(3.2)	(3.6)

As can be seen whichever level of council tax is agreed our current budget requirement will exceed funding each year.

## Reserves

As set out on 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, 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.

As such 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 incorporates issues such as higher than anticipated pay awards, increased number of ill health

retirements, etc. This has identified a minimum requirement of £3.2m. As at 31 March 2020 we anticipate holding £8.2m, providing scope to utilise approx. £5.0m of reserves. The proposed drawdown of £0.4m in 20/21 would reduce the general balance to £7.8m. Discussions are on-going both locally and nationally in respect of Fire-fighter pensions and until such time as these conclude it is not clear whether any backdating costs will be incurred, hence at the present time no allowance has been made for these.

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 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 2020/21. 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.

### Summary Council Tax options 2020/21

Based on the scenarios outlined the council tax options for 2020/21 are as follows:-

	2%	1%	Freeze
	£m	£m	£m
Gross Budget Requirement	57.8	57.8	57.8
Utilisation of reserves/additional savings	(0.4)	(0.7)	(1.1)
Final Budget Requirement	57.3	57.0	56.7
Less Total Grant	(24.2)	(24.2)	(24.2)
Less Business Rates Adjustment	(1.3)	(1.3)	(1.3)
Less Council Tax Collection Surplus	(0.4)	(0.4)	(0.4)
Equals Precept	31.4	31.1	30.8
Estimated Number of Band D equivalent properties	443,827	443,827	443,827
Equates to Council Tax Band D Property	£70.86	£70.17	£69.48
Increase in Council Tax	1.99%	0.99%	Freeze

The increases equate to:-

- 2% is £1.38 per annum, £0.03 per week
- 1% is £0.69 per annum, £0.01 per week

### Robustness of the Revenue Budget 2020/21

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 (no allowance has been made for any potential borrowing in 23/24 or 24/25 and this will be re-assessed as part of any future funding settlement);
- The allowances included for inflation and pay awards represent a best estimate of the likely cost of this, at

Uniformed Pay Award	2.0%
Non-Uniformed Pay Award	2.0%
Non-Pay Inflation	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;
- 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, and potential backdating;
  - Significant changes in retirement profiles;
  - 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**

The Fire Brigades Union response is attached as Appendix 5, no other responses have been received.

### **Summary and Conclusions**

In considering its council tax requirements for 2020/21 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 £0.4m in order to deliver a balanced budget based on a 2% increase in council tax. This can be achieved by delivering additional savings or by drawing down general reserves to offset the shortfall in 20/21:-

	2020/21
	£m
Gross Budget Requirement	57.8
Utilisation of reserves/additional savings	(0.4)
Final Budget Requirement	57.3
Less Total Grant	(24.2)
Less Business Rates Adjustment	(1.3)
Less Council Tax Collection Surplus	(0.4)
Equals Precept	31.4
Estimated Number of Band D equivalent properties	443,827
Equates to Council Tax Band D Property	£70.86
Increase in Council Tax	1.99%

The council tax of £70.86, represents a 1.99% increase (£1.38 per annum, 3p 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.

The following table compares 2019/20 funding with the proposed funding set out above:-

	2019/20	2020/21
	£m	£m
<b>Settlement Funding Assessment (Grant)</b>		
• Revenue Support Grant, direct from the Government	-	8.5
• Individual Authority Business Rates Baseline	6.2	4.4
• Business Rates Top-Up, from the Government	17.6	11.3
	<b>23.8</b>	<b>24.2</b>
<b>Other Business Rates</b>		
• Business Rates collection fund surplus/(deficit)	-	0.1
• Section 31 Grant - Business Rates Capping	1.5	1.2
	<b>1.5</b>	<b>1.3</b>
<b>Council Tax</b>		
• Council Tax	30.4	31.4
• Council Tax collection fund surplus/(deficit)	0.3	0.4
	<b>30.7</b>	<b>31.8</b>
<b>Total Funding</b>	<b>56.0</b>	<b>57.3</b>

(Note the 75% Business Rate Pilot Pool that applied in 19/20 resulted in a significant shift between RSG and Business Rate funding between the two years.)

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 increased by 1.5% 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 up to £0.6m in subsequent years (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 below showing the potential impact of a future funding freeze, a 10% reduction in future funding, increased pay awards and the loss of Pensions Grant. As can be seen all of these have a significant impact on the remainder of the medium term strategy ranging from a £1.4m to a £3.8m loss of funding or a £2.4m increase in costs.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Current Budget Gap	(£440)	(£603)	(£386)	(£614)	(£197)
Revised Gap - Funding Freeze 2021/22-2024/25	(£440)	(£966)	(£1,118)	(£1,719)	(£1,683)
Revised Gap - 10% Funding Reduction 2021/22-2024/25	(£440)	(£1,571)	(£2,313)	(£3,489)	(£4,014)
Revised Gap - Extra 1% Payaward each year	(£803)	(£1,448)	(£1,734)	(£2,483)	(£2,611)
Revised Gap - Loss of Pension Grant	(£3,538)	(£3,701)	(£3,484)	(£3,712)	(£3,295)

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
Local Government Finance Settlement	February 2020	Keith Mattinson
Reason for inclusion in Part II, if appropriate:		

**Resolution based on a council tax increase of 1.99%, £1.38, resulting in a council tax of £70.86**

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 £57.339m for 2020/21
4. note the section 31 grant of £1.246m due in respect of the business rate reliefs
5. note the level of Business Rates Retention Top Up Funding £11.295m
6. note the level of Local Business Rates Retention Funding £4.340m
7. note the business rate tax collection fund surplus of £0.122m
8. note the council tax collection fund surplus of £0.363m
9. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £31.450m
10. note the council tax base of 443,827 determined for the purposes of Section 42B of the Local Government Finance Act 1992
11. agree a council tax band D equivalent of £70.86, an increase of £1.38 (1.99%), 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	£47.24
Band B	£55.11
Band C	£62.99
Band D	£70.86
Band E	£86.61
Band F	£102.35
Band G	£118.10
Band H	£141.72



12. agree, based on each district and unitary councils share of the total band D equivalent tax base of 443,827, the share of the total LCFA precept of £31.450m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,521,025
Blackpool Borough Council	£2,632,946
Burnley Borough Council	£1,656,991
Chorley Borough Council	£2,652,894
Fylde Borough Council	£2,171,080
Hyndburn Borough Council	£1,484,376
Lancaster City Council	£2,954,862
Pendle Borough Council	£1,718,894
Preston City Council	£2,771,619
Ribble Valley Borough Council	£1,673,926
Rossendale Borough Council	£1,462,197
South Ribble Borough Council	£2,556,183
West Lancashire District Council	£2,549,467
Wyre Borough Council	£2,643,111
TOTAL	£31,449,571

**Analysis of Budget by Service Area**

	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
	£m	£m	£m	£m	£m	£m
Central Admin Hub	0.789	0.807	0.834	0.851	0.868	0.885
Control	1.191	1.251	1.313	1.379	1.448	1.520
Corporate Communications	0.310	0.314	0.323	0.330	0.337	0.344
Executive Board	1.103	1.058	1.085	1.107	1.130	1.153
Finance	0.140	0.142	0.149	0.155	0.158	0.161
Fleet Services	2.603	2.822	2.826	2.825	2.892	2.961
Health & Safety	0.196	0.234	0.241	0.247	0.252	0.257
Human Resources	0.674	0.651	0.662	0.667	0.681	0.695
ICT	2.560	2.817	2.899	2.974	3.051	3.129
Occupational Health	0.268	0.241	0.248	0.253	0.259	0.264
Procurement	0.893	0.892	0.918	0.942	0.965	0.987
Property	1.339	1.353	1.390	1.426	1.463	1.501
Areas	34.486	34.970	35.925	36.780	37.760	38.482
Service Development	4.190	4.351	4.315	4.403	4.493	4.584
Special Projects	0.035	0.035	0.035	0.035	0.035	0.036
Training	3.910	4.130	4.391	4.325	4.591	4.467
Pensions Expenditure	1.323	1.309	1.322	1.361	1.391	1.432
Other Non-DFM Expenditure	0.536	0.404	0.409	0.475	0.496	0.544
<b>Gross Budget Requirement</b>	<b>56.546</b>	<b>57.779</b>	<b>59.284</b>	<b>60.533</b>	<b>62.268</b>	<b>63.402</b>
Unidentified Savings/Use of Reserves	(0.495)	(0.440)				
<b>Net Budget Requirement</b>	<b>56.051</b>	<b>57.339</b>	<b>59.284</b>	<b>60.533</b>	<b>62.268</b>	<b>63.402</b>

### Appendix 3

#### Analysis of Budget by Type of Expenditure

	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
	£m	£m	£m	£m	£m	£m
<b>Employee</b>						
Uniformed	37.713	39.329	40.221	40.941	42.116	42.637
Support staff	6.863	6.542	6.756	6.911	7.049	7.190
Pensions	1.323	1.302	1.314	1.354	1.384	1.424
Other Employee Related Exp	0.121	0.089	0.091	0.094	0.096	0.099
	<b>46.020</b>	<b>47.262</b>	<b>48.382</b>	<b>49.299</b>	<b>50.645</b>	<b>51.350</b>
<b>Premises</b>						
R&M	0.876	0.898	0.920	0.943	0.967	0.991
Utilities	0.590	0.583	0.598	0.613	0.628	0.643
Cleaning	0.268	0.276	0.282	0.289	0.296	0.304
PFI	0.683	0.690	0.707	0.725	0.743	0.761
Other	0.053	0.037	0.038	0.039	0.040	0.041
Rent/Rates	1.311	1.329	1.395	1.464	1.537	1.613
	<b>3.781</b>	<b>3.813</b>	<b>3.940</b>	<b>4.073</b>	<b>4.210</b>	<b>4.352</b>
<b>Transport</b>						
Repairs	0.675	0.825	0.846	0.867	0.889	0.911
Running Costs	0.401	0.475	0.486	0.498	0.511	0.523
Travel costs	0.655	0.640	0.656	0.672	0.689	0.706
insurance	0.178	0.182	0.186	0.191	0.196	0.201
Other	0.005	0.005	0.005	0.005	0.005	0.006
	<b>1.913</b>	<b>2.127</b>	<b>2.180</b>	<b>2.234</b>	<b>2.289</b>	<b>2.346</b>
<b>Supplies &amp; Services</b>						
Hydrants	0.111	0.114	0.117	0.120	0.123	0.126
Operational equipment	0.588	0.738	0.694	0.656	0.672	0.689
Clothing & Uniform	0.891	0.598	0.612	0.626	0.641	0.656
Printing, stationery, postage	0.151	0.151	0.154	0.158	0.162	0.165
Comms-Network Costs	0.996	1.021	1.046	1.072	1.099	1.127
Telephony	0.190	0.195	0.199	0.204	0.209	0.214
Computers	1.079	1.319	1.351	1.385	1.420	1.455
Subsistence	0.072	0.073	0.075	0.076	0.078	0.080
Fire Safet Expenses	0.320	0.295	0.302	0.310	0.317	0.325
Training Expenses	0.457	0.468	0.480	0.492	0.504	0.517
insurance	0.282	0.299	0.305	0.312	0.318	0.325
Members Expenses	0.164	0.166	0.170	0.174	0.178	0.183
Misc Equipment	0.096	0.087	0.090	0.092	0.094	0.096
Other	1.876	1.295	1.617	1.699	1.785	1.875
Catering	0.082	0.084	0.086	0.088	0.090	0.092
PTV Residential	0.093	0.095	0.098	0.100	0.103	0.105
	<b>7.446</b>	<b>6.996</b>	<b>7.396</b>	<b>7.563</b>	<b>7.792</b>	<b>8.029</b>
<b>Other</b>						
Contracted Services	0.767	0.793	0.813	0.833	0.854	0.876
Other	0.004	0.004	0.004	0.004	0.004	0.004
	<b>0.770</b>	<b>0.796</b>	<b>0.817</b>	<b>0.837</b>	<b>0.858</b>	<b>0.880</b>
<b>Capital Financing Costs</b>						
Capital Financing Costs	2.100	2.250	2.100	2.100	2.100	2.100
	<b>2.100</b>	<b>2.250</b>	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>	<b>2.100</b>
<b>Income</b>						
Income	(5.485)	(5.465)	(5.531)	(5.573)	(5.626)	(5.656)
	<b>(5.485)</b>	<b>(5.465)</b>	<b>(5.531)</b>	<b>(5.573)</b>	<b>(5.626)</b>	<b>(5.656)</b>
<b>Gross Budget Requirement</b>	<b>56.546</b>	<b>57.779</b>	<b>59.284</b>	<b>60.533</b>	<b>62.268</b>	<b>63.402</b>
Unidentified Savings/Use of Reserves	(0.495)	(0.440)				
<b>Net Budget Requirement</b>	<b>56.051</b>	<b>57.339</b>	<b>59.284</b>	<b>60.533</b>	<b>62.268</b>	<b>63.402</b>

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Executive Council member Les Skarratts  
Brigade Secretary Kev Wilkie  
Brigade Chair Tom Cogley

Region 5 North West  
Fire Brigades Union  
Lancashire Fire and Rescue Service  
West Way  
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Chorley  
PR7 6DH

Mark Nolan  
Clerk to the Authority  
Lancashire Fire & Rescue Service  
Garstang Road Fulwood  
Preston  
PR2 3LF

30<sup>th</sup> January 2020

Mr. Nolan

### **LANCASHIRE COMBINED FIRE AUTHORITY BUDGET CONSULTATION**

The Fire Brigades Union in Lancashire recognise that Lancashire Combined Fire Authority is in a better position than most to deal with the continued underfunding of the Fire & Rescue Service by central government. The operational front line has been cut vastly since 2010 so, with swathes of our members now working an 84-hour week. It is hoped that no more Grey Book posts will be lost to efficiency savings due to this governments underfunding.

#### **Capital Budget – Points to note**

The Fire Brigades Union support the small drawdown from reserves to allow for a balanced budget and maintained establishment and response model.

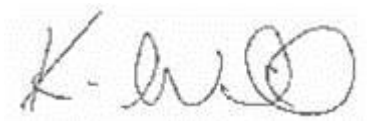
This is our preferred model and we would oppose a drive for efficiency savings which targeted our members jobs or that which impacted on the response model.

It's only an interim review and only based on known government spending this year.

We would add in that the Fire Brigade Union support the Lancashire Combined Fire Authority and will lobby for a clear longer term sustainable and appropriate funding settlement that delivers some much needed certainty.

Yours sincerely,





Kevin Wilkie  
Fire Brigades Union  
Lancashire Brigade Secretary



## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on Monday 24 February 2020

## HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE RESCUE SERVICES (HMICFRS)

Contact for further information: Assistant Chief Fire Officer Ben Norman  
Telephone: 01772 866801

### Executive Summary

This paper serves to provide Members with an update following publication of the 'State of Fire Report' earlier this month and provides confirmation of Lancashire FRS' next HMICFRS inspection which takes place during week commencing 11<sup>th</sup> May 2020. This will be our second inspection during which we aim to demonstrate that we have built on our previous achievements in ways that help to make the people of Lancashire safer.

### Recommendation

The Combined Fire Authority is asked to note the contents of the report.

### Background

During January this year, HMICFRS released the 'State of Fire Report' which is the annual assessment of the effectiveness and efficiency of fire and rescue services in England, based on the 45 inspections carried out between June 2018 and August 2019.

The report provides a summary of the performance of the 45 fire and rescue services against the 3 inspection pillars of effectiveness, efficiency and people and provides a comparator for the high levels of performance delivered by Lancashire when considered against peers nationally.

The [report](#) highlights that the sector has many strengths but that ongoing improvement is required. Whilst we acknowledge that many of the negative statements within the report exist nationally, it is pleasing that these were not representative of the picture that was reflected within LFRS' first tranche report.

State of Fire provides strategic recommendations on reforms needed, to ensure that modern fire and rescue services can be provided which are fit for the future. The report recommends:

1. By June 2020, the Home Office, in consultation with the fire and rescue sector, should review and with precision determine the roles of: (a) fire and rescue services; and (b) those who work in them.
2. By June 2020, the Home Office, the Local Government Association, the National Fire Chiefs Council and trade unions should consider whether the current pay negotiation machinery requires fundamental reform. If so, this should include the need for an independent pay review body and the future of the 'grey book'.

3. By September 2020, the Home Office should consider the case for legislating to give chief fire officers operational independence. In the meantime, it should issue clear guidance, possibly through an amendment to the Fire and Rescue National Framework for England, on the demarcation between those responsible for governance and operational decision making by the chief fire officer.
4. By December 2020, the National Fire Chiefs Council, with the Local Government Association, should produce a code of ethics for fire and rescue services. The code should be adopted by every service in England and considered as part of each employee's progression and annual performance appraisal.

## **Second inspection confirmed**

The dates for the second inspection of LFRS have been confirmed as week commencing 11<sup>th</sup> May 2020. For the second inspection our former Service Liaison Lead (SLL), Dave Dryburgh, hands over to his replacement, Jo Hayden (Seconded Programme and Planning Manager for Nottinghamshire FRS). It is anticipated that the Service will meet with the new SLL following their formal HMICFRS training in February.

Meantime work is ongoing within Service to meet key dates within the timeline –

- Data Return – completed in the last week of January 2020.
- Preparation of LFRS Self-Assessment against the inspection framework, prior to Discovery Week.
- Document return – (awaiting the request but previously this constituted 53 service level documents).
- Discovery week – initial visit by a few members of the inspection team, confirmed as week commencing 20<sup>th</sup> April.
- Inspection week – full inspection team into Service, week commencing 11<sup>th</sup> May.

During the previous inspection, the Chief Fire Officer's strategic brief was delivered prior to inspection week. This time, it will be delivered to the inspection team on the first morning of inspection week.

There is a spring bi-annual data return expected in May which may coincide with the inspection dates.

## **Learning from other FRS and sharing our best practice**

Whilst LFRS has areas of strength, it is recognised that further improvements can be derived from best practice of our peers. Following the release of the reports from the final tranche of inspections and the more recent State of Fire report, the Service has identified a number of opportunities to be explored with our peers. Accordingly, visits have been made to other FRS, examples being, Merseyside to look at their approach towards Prevention activity, phone conferences with Cambridge and Oxfordshire to look at various areas of strength and a further visit being planned to West Midlands to consider the work undertaken to achieve their 'outstanding' in response.

Conversely LFRS has hosted several FRS over the course of the year to share areas of our best practice, including Lincolnshire, Durham and Darlington and a number of FRS whom attended a recent event to share an overview of our Risk Based Inspection Programme for fire protection.



**Business Risk**

There is a reputational risk to LFRS should an unsatisfactory inspection outcome be delivered.

**Sustainability or Environmental Impact**

None identified at this stage

**Equality and Diversity Implications**

None identified at this stage

**HR Implications**

None identified at this stage

**Financial Implications**

None identified at this stage

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

Paper	Date	Contact Ben Norman Tel. 01772 866801
Reason for inclusion in Part II, if appropriate:		

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## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on Monday, 24 February 2020

### **MEMBER CHAMPION ACTIVITY REPORT**

Contact for further information:

ACFO Ben Norman – Tel: 01772 866801

#### **Executive Summary**

This paper provides a report on the work of the Member Champions for the period up to Monday, 24 February 2020.

#### **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 – Cllr Tony Williams
- Equality, Diversity and Inclusion – Cllr Zamir Khan
- Health and Wellbeing – CC Hasina Khan
- 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 Monday, 24 February 2020.

During this period, all have undertaken their respective role in accordance with the defined terms of reference. Their activity to date is as follows:

#### **Community Safety – Cllr Tony Williams**

The launch of the Nosey Neighbour campaign was a huge success with almost 7000 Christmas cards, 1600 badges and 3800 flyers were distributed to partners, members of public, community groups and planned area activities. The Alzheimer's Society and NFCC has been working with emergency services across the country, including LFRS and has recently launched the dementia friendly emergency services guide. The commitments outlined in this guide will help form the priorities for the Dementia Task group in 2020. Councillor Tony Williams has recently taken over as the Older People, Community Safety and Safeguarding CFS lead and met with Jane Williams, AM Tony Crook and A/GM Matt Hamer to discuss the role and the work priorities. Councillor Williams is kept updated with all the current Community Safety activities and is invited to all the meetings.

## **Equality, Diversity and Inclusion – Councillor Zamir Khan**

The Service has met its apprenticeship target, within LFRS apprenticeships established include: 1 x Procurement Apprentice, 1 x Accounts Assistant Apprentice (currently on a learner break due to MAT leave), 2 x Human Resources Apprentices, 1 x Project Management Apprentice, 1 x Fleet and Engineering Apprentice and 2 x Business Administration Apprentices based in Response and Emergency Planning. In addition: 1 x Member of staff is undertaking Senior Leaders Degree Apprenticeship, 1 x Member of staff is undertaking Departmental/Supervisor Apprenticeship, 1 x Member of staff undertaking Business Administration. In addition, 18 operational apprentice firefighters have passed their 14 weeks recruits' course, an additional wholetime apprentice firefighter course is planned for May 2020. The diversity profile of those invited to fitness testing is; 12% Female, 4%BAME and 2% Disabilities.

## **Health & Wellbeing and Climate Change – County Councillor Hasina Khan**

### Health and Wellbeing

On 06 February 'Time to Talk Day' in collaboration with The Firefighters Charity a number of wellbeing workshops were held to support staff in managing stress, improving sleep and promoting relaxation.

The service has signed up to 'ResilientMe' which is a personal development tool that employees can sign up to for 12 months at no cost to the service or the employee supported and promoted by the NFCC. The programme can help employees that are struggling to cope and may be getting near to burnout with the aim to improve personal resilience and improve their coping strategies.

### Climate Change

As the newly appointed Climate Change Champion I am pleased to provide my first report. I have met with Julie Lamb, Head of Safety, Health and Environment who has carried out an induction into the role and provided me with an update on progress made so far.

The focus in the coming months will be on the revision of the Carbon Management Plan, reduction of 'single use plastic' and waste, promotional campaigns to encourage recycling and continuing to adapt to the impacts of Climate Change.

The service holds certification to ISO 14001:2015 the International Standard for an Environmental Management System and will receive an audit for continued certification in March.

## **Road Safety – Councillor Fred Jackson**

Councillor Fred Jackson continues to support road safety delivery by LFRS. Most recently he attended Decembers Road Safe thematic group where we discussed how to further the delivery of Biker Down following some investment in resources using funds from the Champions budget.

### **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		

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## LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on the 24 February 2020

### FIRE PROTECTION REPORTS

Contact for further information:

Assistant Chief Fire Officer Ben Norman – Tel. 01772 866801

#### **Executive Summary**

This report deals with prosecutions in respect of fire safety management failures and arson incidents within the period of the 1<sup>st</sup> November 2019 to the 1<sup>st</sup> February 2020

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.**

#### **LFRS v Alan Diamond, Cornhill Hotel, 377 – 379 Promenade, Blackpool.**

The Cornhill Hotel was issued a Prohibition Notice (PN) on the 06/08/2018 due to serious failures of fire safety provisions which placed relevant persons sleeping at the hotel at risk of serious injury or death in case of fire.

The case was heard at Blackpool Magistrates Court on the 04/12/2019 and due to the limited sentencing powers of the court the case was sent to be heard at Preston Crown Court on the 03/01/2020.

On the 03/01/2020 the Pre-Trial Preparation Hearing was heard at Preston Crown Court, as not guilty pleas were entered to the charges a trial date has been set to start on the 01/06/2020 to last four days.

#### **LFRS v Aheed Sultan**

On the 4<sup>th</sup> September, 2017 the Fire Safety Team Leader for Western Area visited 96-98 Albert Road, Blackpool, FY1 4PR. Whilst at the premises the Team Leader observed a number of serious breaches of the Fire Safety Order that would cause serious injury or death in a fire situation.

The decision was made to prohibit the use of the hotel on the day, a prosecution case file was prepared and the responsible person, AS, was summonsed to attend Blackpool Magistrates Court on the 15/05/2019.

The case was heard at Blackpool Magistrates Court, AS pleaded not guilty to all offences, due to the limited sentencing powers the case was sent to Preston Crown Court for a Pre

Trial Preparation Hearing which was heard on the 19/07/2019 where AS pleaded not guilty to all offences, a trial date of the 4<sup>th</sup> November at Preston Crown Court was set.

On the 31<sup>st</sup> October 2019 AS pleaded guilty to 8 of 10 offences of the Fire Safety Order avoiding the case going to trial. Sentencing will take place at Preston Crown Court on the 04/02/2020.

### **Gordon Working Mens Club, Springfield Street, Morecambe.**

On the 09/10/2019 at the Gordon Working Men's Club, Springfield Road, Morecambe two persons were fatally injured as a result of a serious fire.

The joint investigation into the fire is being carried out between the Police and LFRS.

### **Multi Occupied Dwelling 284 Burnley Road Colne.**

On the 30/07/2019 a fire claimed the life of one of the residents of the property. A prosecution case file is being prepared and the investigation is in its early stages.

### **Case files under preparation**

Multi Occupied dwelling Morecambe

Istanbul Restaurant Blackburn

Multi Occupied Dwelling Blackpool

Multi Occupied Dwelling Bamber Bridge

Multi Occupied Dwelling Chorley

## **FIRE PROTECTION & BUSINESS SUPPORT INFORMATION**

### **Risk Based Inspection Programme**

Over the last two years, LFRS has devised, launched, evaluated and reviewed the Risk Based Inspection Programme. All learning from this process has been shared at both regional and national levels.

Due to this and to more closely align with the expectations of Her Majesty's Inspectorate, together with all the best practice we have developed, the programme is being recalculated with a view to the new version being in place for 1 April 2020.

AM Tony Crook, GM Mark Hutton, SM Phil Garside & SM Lister Haworth all attended the NFCC Risk Based Inspection Programme Conference hosted by Merseyside F&RS. Over one hundred persons attended the conference.

AM Tony Crook delivered a presentation on the North West Methodology and Lancashire's evaluation of the programme which was well received.



## **Business Support Website**

The business support website is now covered within the main LFRS website and managed by corporate communications department. This new system is working well.

## **Business Safety**

In December 2019 two BSA officers attended Fleetwood's Freeport Centre to discuss and arrange joint working alongside the centre management in order to give them an awareness of issues we find in retail units and also an understanding of the requirements under the fire safety order. A visit has been arranged for the week commencing the 3<sup>rd</sup> February 2020 to visit every unit and issue business safety advice and work with the units to reduce the risk of fire.

In January 2020 two BSA officers took part in a police intelligence operation in East Lancashire. The operation included visiting a number of post offices and delivering business safety advice along with arson prevention advice to each of the post offices.

## **Primary Authority Scheme (PAS)**

LFRS now has 15 registered partnerships with a portfolio of Residential Care, Social Housing and Retail.

Barchester Healthcare , Four Seasons Healthcare, Amber Taverns, Daniel Thwaites, Warwick Estates, EH Booths, Regenda Group, Progress Housing Group, Student Roost, Torus 62, St Catherine's Hospice, Inclusion Housing, Witherslack Group, My Space Housing, Coasts & Castles.

There have also been discussions with three other very interested companies;

1. Assent Housing
2. HC One
3. The Wrekin Housing Trust

## **ARSON RISK REDUCTION**

### **R v John WILSON**

25 Maurice Street, Nelson BB9 7HT.

Incident – 1911006378.

Date and Time of call – 15/11/2019 @ 23:09hrs.

This Incident involved a Male pouring petrol over a front door after a domestic disturbance. There was no fire but an Incident Intelligence Officer was involved to document the evidence and support the prosecution.

John WILSON attended Burnley Crown court in January 2020 and was sentenced to a 16 month prison sentence along with a 5 year restraining order.

### **R v Kevin GRIFFITHS**

8 Grosvenor Street, Preston PR1 4JH.

Incident – 1812003388.

Date and Time of call – 12/12/2018 @ 01:11 hrs.

This Incident involved a Male where letters and papers had been deliberate placed under the grill to cause a fire.

Kevin GRIFFITHS attended Preston Crown court in January 2020 and was given a two year sentence suspended for two years with a requirement to carry out 45 days of rehabilitation activities.

### **R v Matthew MILLBURN**

70 Kings Drive, Carnforth LA5 9AN.

Incident – 1910010062.

Date and Time of call – 28/10/2019 @ 22:00 hrs.

This Incident involved a Male who ignited several fires within a property on the stairs, landing and bedroom using toilet rolls.

Matthew MILLBURN attended Preston Magistrates court on 13<sup>th</sup> November 2019 and was sentenced to 100hrs community work.

### **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 & 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 2, if appropriate:		

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**LANCASHIRE COMBINED FIRE AUTHORITY**  
Meeting to be held on Monday 24 February 2020

**COMMUNITY FIRE SAFETY REPORTS**  
**(Appendix 1 refers)**

Contact for further information:  
Deputy 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
Reason for inclusion in Part II, if appropriate:		

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>BLACKBURN-WITH-DARWEN</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety</u></b>	
<p>In line with the service-wide campaign to raise awareness on winter safety issues, we have focused on targeting and delivering Home Fire Safety Checks to those who are at greatest risk of having an accidental dwelling fire in the three main hotspot areas of Holly Court, Brackendale and Lees Court.</p> <p>The Community Fire Safety team has conducted roadshows and talks at all sites and now the flow of Home Fire Safety Check referrals is being picked up by both operational and Community Fire Safety teams.</p> <p>Additional support from the Darwen Fire Cadets and Prince's Trust teams in collating leaflets and packing additional resources to form a 'Winter Warm' pack has enabled vulnerable residents to keep warmer during January and February.</p> <p>Fire Cadets have also supported the Service Christmas Carol concert held at Blackburn Cathedral.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	05 January 2020
<b>Time:</b>	14:46
<p>LFRS were called to a report of a fire in a domestic kitchen in Blackburn.</p> <p>On arrival, the crews found a fire that was out on arrival but had caused flash burns to the property and the occupier had suffered from singed hair and slight burns to his hands and face due to the flash fire. Fire crews gave the casualty first aid until the attendance of North West Ambulance Service, who then took over casualty care. As there were no obvious sources of ignition, operational crews requested the attendance of an Incident Investigation Officer to investigate the scene further.</p> <p>The investigation concluded that it was an accidental fire, caused when expanding foam had been used in an enclosed cupboard adjacent to the oven. Fumes from the expanding foam had pooled in the cupboard and these concentrated fumes had ignited when the oven was turned on.</p>	

The fact that expanding foams are regularly used in building and construction is cause for concern. It is with this in mind that Incident Investigation Officers are now undertaking further investigations to support national research in regards to incidents involving expanding foam and their associated fumes.



**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>BLACKPOOL</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Duke of Edinburgh's Awards Extravaganza</u></b>	
<p>On Thursday 28 November, South Shore Fire Cadets, Community Safety staff and volunteers attended an evening of celebration held at the Winter Gardens Blackpool. We joined other youth groups, parents and carers and many distinguished guests to celebrate not only the successful achievement of many Duke of Edinburgh Awards from Bronze to Gold, but the notable achievements of many of Blackpool's young people, which included our Fire Cadets.</p> <p>The evening was incredibly successful and quite emotional at times as young people recounted their often difficult starts in life. The evening was brought to a close by the Deputy Mayor, Cllr Jim Hobson, and the Chief Executive Officer of Blackpool Council, Neil Jack, who both expressed admiration and pride for the young people of Blackpool.</p>	
<b><u>Winter Safety – Library Project</u></b>	
<p>Blackpool Community Fire Safety staff and our community volunteers have been delivering a Winter Campaign by visiting local libraries across the Blackpool, Fylde and Wyre districts. We have been spreading the "Winter Safety" message along with general "Fire Safety" and "Safe and Well" messages; we have spoken to numerous groups and have issued specially designed bookmarks that convey our messages. The volunteers have been invaluable and incredibly supportive throughout this campaign.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	30 November 2019
<b>Time:</b>	21:08
<p>Operational crews were called to a commercial nightclub in Blackpool on the evening of 30 November 2019. An artificial Christmas tree situated on the stage during an evening performance had accidentally caught fire. A pyro technique effect device had issued sparks causing the tree to ignite.</p> <p>Members of staff had extinguished the fire with a foam extinguisher prior to the arrival of operational crews. The fire was limited to the source of origin with the artificial tree being severely damaged by fire.</p>	

**Date:** 05 January 2020

**Time:** 14:40

Operational crews were called to an incident on 05 January at Stanley Park, where the tent of a homeless person had been deliberately ignited by youths. Fortunately the tent was not occupied at the time. This incident is consistent with an increase in anti-social behaviour around the Stanley Park area of Blackpool.

The fire had been caused by the deliberate bringing together of combustibles, in this case the occupiers clothes and other belongings, and a gas powered camping stove. There was no rapid spread of fire but there was however a small explosion caused by the ignition of gases from the stove. There were no reported casualties.

Members of the Community Fire Safety team are now actively engaged with the local NPT and Local authority via Anti-social behaviour meeting group to address this issue.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>BURNLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Community Soup Kitchen</u></b>	
<p>Tackling social isolation and loneliness for people in need. Burnley Fire station staff have dedicated time and effort to organise this event to support people in need over the festive period. These people may not have had a permanent fixed abode or may live alone. The invite went out to partners and organisations around the area. Numbers were relatively low, however around 35 people came through the doors and were given food and a warm drink. All food was donated by local Supermarkets such as Tesco and Marks and Spencer.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	10 November 2019
<b>Time:</b>	
<p>A fire engine from Burnley and one from Nelson attended a serious road traffic collision where a car had impacted with two parked vehicles at 02.50 in the morning. Two young males believed to be in their late teens/early twenties were severely trapped, necessitating a technical release from the fire crews on scene. Crews worked hard for around an hour to release both casualties before handing them over to the care of the ambulance service. Unfortunately, one of the young males didn't survive his injuries.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>CHORLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Dementia Cafes</u></b>	
<p>Community Fire Safety staff have attended Dementia Cafes in Chorley in December and January. These cafes are organised and run by the Alzheimer’s Society and are for people living with dementia and their carers and family members. The sessions are for people to get more information on the different services available to them, including advice on fire safety specifically winter safety.</p> <p>Training has also been delivered to staff at Age UK and Age Concern Central Lancashire on keeping the people they visit safe in their own homes. They also have a stock of nosey neighbour cards and are passing these out through their charity shops.</p>	
<b><u>Primrose Gardens</u></b>	
<p>A fire safety talk was delivered to residents in a brand new sheltered housing scheme in Chorley called Primrose Gardens. Primrose Gardens is ‘extra care’ housing, which is a specialist type of housing designed with older people in mind. It allows people to live independently whilst receiving the care and support needed to enjoy later life.</p> <p>There are 65 apartments within the scheme, half of which were occupied at the time of the visit. As the scheme is brand new, the facilities within the apartments are of the highest fire safety standard, including induction hobs and self-closing kitchen doors which shut if the alarm sounds. The talk was a general fire safety talk with information relating to our winter safety campaign relayed too. As with any new build, there were a few teething problems and concerns from residents. The ones that could be addressed were addressed (including stay put policies) and other issues were referred to Fire Safety Enforcement who have since followed these up. All residents over the next few months will receive a home fire safety check and the same talk will be delivered once the other apartments are occupied.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>FYLDE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Community Safety – Kirkham Companions</u></b>	
<p>Operational Firefighters and Community Safety Staff are engaging in a new initiative arranged by local police. The Fylde Neighbourhood Police Team have instigated this project as a result of an increased awareness that the local elderly community are regularly becoming victims of fraud, theft, deception, burglaries and other acquisitive crimes. These crimes can be attributed to vulnerabilities associated with age and isolation within the community. Those who unfortunately become victims of acquisitive crimes have to deal with the significant negative impact such offences have on their lives and those of their families.</p> <p>The Kirkham Companions Project would run in the form of a relaxed coffee morning environment based at the Kirkham Community Centre with those attending consisting of individuals identified by the local policing team and partner agencies who match the criteria of vulnerability or those who would like to self-refer.</p> <p>The initiative will be delivered as a twelve month social inclusion programme. This programme, will work specifically with members of the community who are socially isolated and present significant risk factors relating to becoming victims of crime. Local partners and agencies will support vulnerable members of the community who are at risk.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	07 January 2020
<b>Time:</b>	15:20
<p>Operational crews were called to a property in Kirkham to find a King Charles Spaniel trapped by the tail in an electric reclining chair. The crew used an assortment of small tools from the hearth kit to release the dog from the mechanism of the chair.</p>	
<b>Date:</b>	29 December 2019
<b>Time:</b>	11:53
<p>St Anne's crew were called to an incident at Blackpool International Airport, Squires Gate Lane, after an aircraft was reported to be in distress. The crew arrived to witness a glider making a safe landing on the runway.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>HYNDBURN</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety &amp; Cooking Safety</u></b>	
<p>The Service-wide campaign aimed to raise awareness of Winter Safety issues plus the added local Cooking Safety campaign has focused on delivering leaflets throughout the borough, taking part in roadshows held at local community groups and the switching on of the Accrington Christmas lights. The flow of Home Fire Safety Check referrals is now being picked up by both operational crews and the Community Fire Safety team.</p> <p>To supplement this work, extra Childsafe and Roadsense school visits have taken place throughout the borough along with a Wasted Lives session at St Christopher's.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	07 January 2020
<b>Time:</b>	06:06
<p>LFRS was called to a persons reported domestic flat fire Eagle St, Accrington. This is a large three-storey building, housing 16 flats.</p> <p>On arrival, fire crews were met by occupants self-evacuating due to a well-developed fire in a flat on the second floor of the property. Large quantities of smoke had already filled the second floor corridor and large flames could be seen within a flat and venting from the roof above. The Incident Commander made pumps six and requested the attendance of an Aerial Ladder Platform to fight the fire located in the roof space. Occupants from eight flats had self-evacuated and the occupants from three other flats were evacuated and led to safety by fire crews. All occupants evacuated from the premises received a precautionary medical assessment by North West Ambulance Service crews and a welfare facility was established for their care at the nearby Tesco.</p> <p>Following evacuation of the property, four fire fighters wearing breathing apparatus made entry and used hose reels to successfully attack the fire, thereby preventing further fire spread. In total, one flat was severely damaged by fire with four adjacent flats damaged by smoke and water.</p> <p>Incident Intelligence Officer and Crime Scene Investigators attended the incident to undertake a detailed investigation and the cause of the fire was recorded as suspicious.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>LANCASTER</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety – Breakfast with Santa</u></b>	
<p>The above event was organised by Community Fire Safety staff and took place at Morecambe Community Fire Station.</p> <p>The aim of the event was to engage with the most underprivileged families. This was achieved by working in partnership with Homestart and Poulton-le-Sands Primary School. 20 families (35 children and 24 adults) were identified and invited to attend.</p> <p>Local supermarkets were contacted with a request to support the event. All responded positively donating selection boxes, breakfast cereals, fruit juice, tea, coffee, bacon and sausage buns.</p> <p>Carnforth Fire Cadets not only raised funds for the event by holding a coffee shop at Carnforth Fire Station, but as part of their Skills for Justice Community Engagement Module, attended the event, assisting with setting up, serving parents with refreshments and attending a fire safety information table and the cooking display unit where they assisted in giving parents/guardians fire safety information and leaflets.</p> <p>The highlight of the event was all children visiting Santa's grotto and receiving a present. Before departing, all adults received a pack containing fire safety information with particular emphasis on keeping safe over the Christmas period.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	27 November 2019
<b>Time:</b>	22:50
<p>Two fire appliances from Carnforth and Bolton-le-Sands were mobilised to an automatic fire alarm. On route the appliance from Bolton-le-Sands attended a new incident which was a traffic accident involving two vehicles, no persons trapped. Police and North West Ambulance Service were requested for precautionary measures for the drivers. LFRS made the scene safe, isolated both vehicles from their electrics and carried out casualty assessment on both drivers. One of the drivers was transferred to hospital by ambulance for a precautionary check.</p>	

**Date:** 17 November 2019

**Time:** 16:18

One fire appliances from Carnforth attended a domestic property with a large swan trapped in a tree. On arrival the property owner was very upset and concerned for the welfare of the swan.

The RSPCA was requested by the Officer in Charge, but due to the distress of the swan and the property owner, the Officer in Charge decided to act and implement a rescue of the swan before it injured itself any further.

The swan was approximately 20 feet up in the tree; the fire crew used the triple extension from the appliance and an animal net to secure the swan before releasing it from the branches and carrying it safely to the ground.

The RSPCA arrived and confirmed that the swan had not suffered any injuries and looked well other than a little bit shocked.



**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>PENDLE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Recall on White Goods / Faulty Appliance</u></b>	
<p>As part of the Fire Kills Campaign, the National Fire Chiefs Council and the Association of Manufacturers of Domestic Appliances (AMDEA) have been working in partnership to promote the registration of domestic appliances.</p> <p>The purpose of the campaign is to encourage members of the public, who may have purchased electrical appliances or items over the Black Friday/Christmas periods, to register their products with the manufacturer. By doing this, manufacturers are able to contact end users should there be a product recall.</p> <p>This year, 24 January has been selected as “Register your Appliance” day. Community Fire Safety staff from Pennine area have supported this initiative by distributing leaflets which encourage the public to register their appliances and advise them how this can be done.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>PRESTON</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety Campaign</u></b>	
<p>The Preston Community Fire Safety Team have been working in partnership with the following agencies:</p> <ul style="list-style-type: none"> <li>• Active Lancashire (Challenge Through Sport Initiative)</li> <li>• Age Concern</li> <li>• Foxton Centre</li> <li>• Emmaus</li> <li>• Lancashire Volunteer Partnership</li> <li>• Children Family &amp; Wellbeing Service</li> </ul> <p>The Preston Community Fire Safety Team and Operational Crews have continued to support the vulnerable, elderly and homeless people within the Preston District throughout this year's Winter Safety Campaign. Mosaic Data has been used to target specific at risk groups/properties within the Preston District. This data has now been cross-referenced with CFRMIS to identify any properties that are outstanding for a Home Fire Safety Check and has been evenly distributed amongst all operational crews and community fire safety to leaflet and follow up to complete. A full evaluation will be completed at the end of February in order to provide a breakdown of completed visits throughout the campaign.</p>	
<b><u>Safe &amp; Well Visits for Residents in Highrise within Central Area</u></b>	
<p>Following recent information regarding concerns of the insulation on the exterior of Richmond, Carlisle and Lincoln House in Avenham, staff from Preston Community Fire Safety have been working in partnership with Onward Homes to extend a further offer of a home visit for all residents within the three blocks.</p> <p>On 30 January 2020, Preston Community Fire Safety team carried out a number of joint visits with staff from Onward Homes to identified vulnerable residents within the blocks. This work has been identified as an immediate priority and will be extended to include residents within Cubic Apartments in the Town Centre following a site visit with Preston City Council and Fire Safety Enforcement on 17 February 2020.</p>	

**INCIDENTS OF OPERATIONAL INTEREST (brief details)**

**Date:** 10 November 2019

**Time:** 06:47

On the morning of 10 November North West Ambulance Service crews alerted the fire service to a 27 year old male casualty who was suffering from severe burns in his home in the Preston district – it appears he had accidentally ignited his fleece via contact from a lit gas hob and had then sat down in a chair. Alcohol was a factor here and the casualty initially refused hospital treatment but this has now changed and he is receiving ongoing treatment.

**Date:** 18 January 2020

**Time:** 18:07

On 18 January, fire crews rescued a 65 year old adult male from a domestic property fire in the Preston district. The fire was caused by a chip pan and the occupant attempted to extinguish the fire using water; which unfortunately resulted in quite severe burn injuries to himself – the casualty is in a quite serious condition and has been moved to Wythenshawe hospital.

This is the second severe casualty we have had within the district within the last few months, both of which have been as a consequence of cookers and (age differed significantly so cooking is the only common factor between the persons involved) – hot strikes and community reassurance work have been conducted in the areas and we will assess whether any further community safety work around cooking with oil is required.

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>RIBBLE VALLEY</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety</u></b>	
<p>The Winter Safety campaign identified “older renters and single renters” as those at risk of having an accidental dwelling fire. Extra Childsafe and Roadsense school visits, focusing on looking after grandparents have taken place throughout the borough plus Roadshows at Pendle Court in Clitheroe, Longridge Civic Centre, Clitheroe United Church, coffee mornings in Read and partnership work with Onward Housing has raised awareness along with an encouraging amount of Home Fire Safety Check referrals which are being delivered in areas not targeted previously such as Chipping and Read.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>ROSSENDALE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Nosy Neighbour</u></b>	
<p>Community Fire Safety and operational crews have been involved in a community campaign during the winter months within Pennine. Short trailers have been shown at a family cinema with 500 seats. We have linked to the Nosey Neighbour campaign as part of the winter safety initiative in LFRS. The focus is part of the social isolation aspect of people living alone over the Christmas period and members of their local community making the extra effort to check in on those individuals who are more vulnerable in many ways.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>SOUTH RIBBLE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Autumn Group</u></b>	
<p>A fire safety talk was delivered to a group in Houghton, South Ribble, called the Autumn Group. The Autumn Group is for those in the ‘autumn of their lives’, which is an ideal audience for Lancashire Fire and Rescue Service, as these people are just going into older age and therefore beginning to see the signs of later life, such as reduced mobility, hearing impairment and cognitive impairment. The talk was delivered to approximately 50 people and focused around general fire safety as well as including Winter Safety and the Service’s Nosey Neighbour campaign. The talk was very well received and generated 16 high risk Home Fire Safety Check referrals.</p>	
<b><u>Training – New Progress</u></b>	
<p>Throughout December and January, a number of training sessions have been delivered to staff at New Progress Housing. This has included housing officers who deal with higher level housing issues such as hoarding, the call centre staff who answer calls from residents who have Telecare fitted (this can be in both New Progress Sheltered Accommodation, New Progress rented dwellings and owner occupied properties) and the engineers who fit Telecare smoke and heat detectors. New Progress own and manage a large number of properties within Chorley and South Ribble as well as providing Telecare in private homes across the County, therefore they are an essential partner to Lancashire Fire and Rescue Service as they are visiting homes we wish to gain entry to, are providing support to those we are working with and they continue to monitor those who we have had issues with in the past. The relationship we have with them is excellent and training like this only strengthens that relationship.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
**COMMUNITY SAFETY REPORT**

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>WEST LANCASHIRE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Police Training</u></b>	
<p>Following their attendance at the Prevention Seminar, the Police Early Action Team requested a talk from the Community Fire Safety Team so they could be brought up to speed on the different services LFRS deliver. This was an ideal opportunity to provide a captive audience with the right information. They were provided with information on our targets for Home Fire Safety Checks and how they refer, how to refer a young person for a FIRES (Fire Intervention Response Education Scheme) visit and how to refer someone who has been threatened with arson. The Police were also asked to provide us with feedback and this information, mainly on the FIRES referral, has been fed back to the relevant teams. The quality of referrals being made will be monitored and talks like this will be delivered again as and when changes are made to any of our services or if the need arises.</p>	
<b><u>Edge Hill</u></b>	
<p>The Community Fire Safety Team have attended Edge Hill over the past couple of months for events and meetings. First, they attended the 'Welcome Back Fair'. The fair is a multi-agency event designed to give partners the opportunity to reiterate the information they delivered during fresher's week. Partners, including the Police, reinforced messages about anti-social behaviour, drugs and alcohol and staying safe on nights out. For LFRS, it was about reinforcing safe cooking, cooking whilst under the influence of drugs and alcohol and safe charging of electrical items. It was also an opportunity to engage with nursing students whose courses only being in January and provide them with fire safety advice as a lot of students are living away from home for the first time.</p> <p>Later in January, we attended the Housing Fair where students could speak to landlords and housing providers about second and third year housing opportunities. Community Fire Safety and Fire Safety Enforcement attended together and provided students with advice on things to look out for when viewing properties, including smoke alarms, obvious bad wiring and escape routes. Following this event, Community Fire Safety met with Campus Support Managers and spoke with a student who had set off fireworks outside his Halls of Residence with buildings and trees close by. The talk focused around the consequences of his actions both to himself and his fellow students, but also the impact this could have had on his time at University and his future.</p>	

**LANCASHIRE FIRE AND RESCUE SERVICE**  
COMMUNITY SAFETY REPORT

REPORTING PERIOD: DECEMBER 2019 – JANUARY 2020

<b>SUMMARY REPORT FOR:</b>	<b>WYRE</b>
<b>LOCAL COMMUNITY SAFETY ACTIVITIES (brief details)</b>	
<b><u>Winter Safety</u></b>	
<p>Operational staff at Fleetwood Fire Station wished to assist adult males in dealing with isolation and other issues from the local community.</p> <p>A local established group were contacted which is attended by male members of the community, some of whom may have previously suffered with some form of crisis such as bereavement or breakdown of personal relationships that has left them isolated and vulnerable.</p> <p>As a result of the above a weekly group meeting takes place at Fleetwood Community Fire Station which is attended by adult males.</p> <p>This group is facilitated by operational personnel has no fixed agenda and starts with a hot drink.</p> <p>With this group being potentially vulnerable adults, the opportunity to deliver a fire safety talk to the group was carried out, the main emphasis highlighted were cooking safely and keeping warm safely during the winter period.</p> <p>As the group is ongoing, further fire safety advice will be given to new and existing members periodically as they attend which will cover any current campaigns.</p>	

<b>INCIDENTS OF OPERATIONAL INTEREST (brief details)</b>	
<b>Date:</b>	20 January 2020
<b>Time:</b>	18:50
<p>Four appliances, along with a flexi officer and the air support unit were mobilised to a fire involving a large commercial skip.</p> <p>The initial mobilisation was an advertising trailer close to Barton Grange Garden Centre. Only on arrival did crews from Garstang discover it was at another location. Using the motorway bridges and the original caller, it was established that heavy smoke was emitting from a field at Barton Equestrian Centre.</p>	



On arrival at the incident, operational crews from Garstang discovered that a large commercial skip full of combustibles was well alight, with low lying smoke affecting the M6 motorway traffic on both the Northbound and Southbound carriageway.

Due to the location of the incident, water supplies were some distance away, which meant multiple pumping appliances were required to undertake a water relay, in order to extinguish the fire with two jets.

Following a joint meeting with partners (Highways Agency) the discussion centred on leaving the fire to burn itself out, or extinguish. Due to the poor visibility and traffic not adhering to the 30mph speed limit, the decision was made, for safety, to close the M6 motorway in both directions. This caused a major disruption on surrounding trunk roads including the A6, but gave operational crews the opportunity to deal with the incident without concern of their actions contributing to a major collision on the M6.

**Date:** 20 December 2019

**Time:** 14:23

Three appliances along with a flexi officer were mobilised to a persons reported fire at a House of Multiple Occupation (HMO) in Fleetwood.

On arrival, operational crews were met by a building resident who stated there was a fire in flat 2 and he was unsure if the occupant was in the flat. The resident had bravely kicked the flat door to attempt a search and rescue himself, but was beaten back by thick acrid smoke making breathing conditions untenable.

A breathing apparatus team entered the flat for firefighting and search and rescue. Luckily the flat resident was not in the property. The fire however, was located as issuing from a meter cupboard underneath the staircase involving a consumer unit. The electrics were quickly disconnected and the fire was dealt with. Electricity Northwest attended making the building safe through the removal of the main fuse.

Damage to the property was severe to under stairs meter cupboard as well as moderate damage throughout the other affected floors due to the smoke travel.

It was noted that the block of flats had inadequate fire safety measures in place. However there were several areas of deficiency, including faulty fire alarm, covered detector heads, inadequate fire doors and inadequate fire safety signage. These issues are now being dealt with through the Protection Department at Fleetwood Fire Station with significant improvements being made.

As a result of the fire and, on handover of information to the responsible person, no person(s) were allowed to stay/sleep on the premises, with all residents being relocated to an alternative safer location.

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