

Public Document Pack

LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Wednesday, 27 March 2019 in Main Conference Room, Service Headquarters, Fulwood commencing at 10.00 am.

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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. APOLOGIES FOR ABSENCE

2. 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.

3. MINUTES OF THE PREVIOUS MEETING (Pages 1 - 20)

4. CHIEF FIRE OFFICER SUCCESSION ARRANGEMENTS

Verbal report.

5. FINANCIAL MONITORING (Pages 21 - 30)

6. PENSION BOARD - FIREFIGHTERS' PENSION SCHEMES UPDATE (Pages 31 - 34)

7. GENDER PAY GAP (Pages 35 - 44)

8. 2019/20 BUDGET UPDATE (Pages 45 - 48)

9. DATE AND TIME OF NEXT MEETING

The next scheduled meeting of the Committee has been agreed for 10:00 hours on 29 May 2019 in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are: scheduled for 25 September 2019 and 27 November 2019
proposed for 25 March 2020.

10. 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.

11. EXCLUSION OF PRESS AND PUBLIC

The Committee 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.

PART 2

12. ISO 45001:2018 HEALTH & SAFETY AND ISO 14001 ENVIRONMENTAL
MANAGEMENT SYSTEMS ASSESSMENT AUDIT REPORTS (Pages 49 - 74)

13. HIGH VALUE PROCUREMENT PROJECTS (Pages 75 - 80)

14. URGENT BUSINESS (PART 2)

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.

LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Wednesday, 28 November 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

L Beavers
S Blackburn
F De Molfetta (Chairman)
J Eaton (for G Wilkins)
F Jackson
M Parkinson (for N Hennessy)
D O'Toole
D Stansfield
T Williams

Officers

C Kenny, Chief Fire Officer (LFRS)
K Mattinson, Director of Corporate Services (LFRS)
B Warren, Director of People and Development (LFRS)
M Nolan, Clerk and Monitoring Officer to the Authority
J Bowden, Head of Finance (LFRS)
I Riding, Head of Property (LFRS)
D Brooks, Principal Member Services Officer (LFRS)
11/18 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors N Hennessy, T Martin and G Wilkins.

12/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

As the leader of Hyndburn Council, County Councillor Parkinson and as Leader of Blackpool Council, Councillor Simon Blackburn both declared a non-pecuniary interest in the Urgent Business Item "Lancashire Business Rates Pilot Pool – Memorandum of Understanding".

13/18 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 26 September 2018 be confirmed as a correct record and signed by the Chairman.

14/18 FINANCIAL MONITORING 2018/19

The report set out the current budget position in respect of the 2018/19 revenue and capital budgets and performance against savings targets.

Revenue Budget

The overall position as at the end of September showed an overspend of £0.3m. Trends were being monitored to ensure that they were reflected in future years budgets as well as being reported to the Resources Committee. In terms of the year end forecast, it was still early in the year however, the latest forecast showed an overall underspend of approximately £0.1m, reflecting anticipated vacancies in the second half of the year, the lack of an apprentice FF programme and the timing of some non-pay expenditure. It was noted that the budget allowed for a 2% July 2017 pay award for grey book personnel, this was actually agreed at 1% hence the budget was overstated by £300k, which was reflected in the position outlined.

The Committee was provided with detailed information regarding the position within individual departments, with major variances relating to non-pay spends and variances on the pay budget being shown below:-

Area	Overspend / (Under spend) to 30 Sept	Forecast Outturn at 31 March	Reason
	£'000	£'000	
Winter Hill	110	110	Costs agreed to date currently stood at £1m, however it was noted that we were awaiting outstanding invoices in relation to the incident from three FRS who assisted and as such could not accurately predict the final total cost. As reported previously we intend to submit a claim under the Bellwin Scheme of Emergency Financial Assistance and hence anticipated our total net costs being limited to the threshold £110k. The Committee would be updated on final costs, once all claims had been received.
Procurement	52	73	The overspend to date and the outturn position both related to the replacement of Personal Protective Equipment which had reached the end of its economic life. In addition the recruitment that had taken place in year had led to an increased spend on Technical Rescue Jackets, to accommodate size changes since the initial bulk purchase prior to roll out. This had ultimately led to the need to purchase more of the common

			sizes of jacket in order to hold the correct amount in the pooled stock. We were currently reviewing pooled PPE stock, which was nearing the end of its life, to determine likely outturn costs as well as on-going budget requirements.
Property	103	150	The overspend position related to premises repairs and maintenance. The forecast overspend reflected some of the new minor schemes approved in year to enhance station facilities such as enhanced female facilities.
Pensions	(13)	80	The outturn position reflected a number of ill health retirements anticipated before the end of the financial year. This position may alter as exact costs and timings were finalised.
Non DFM	(58)	(174)	The year to date underspend was largely due to the increase in the bank base interest rate during the year, increasing interest receivable on our call account balances with Lancashire County Council. In addition, the outturn position reflected the above, plus interest receivable on several fixed term investments which had been put in place commencing in the second half of the year.
Wholetime Pay	133	(358)	<p>The following issues affected whole-time pay:</p> <ul style="list-style-type: none"> • The budget allowed for an assumed 2% pay award last year, however this did not transpire, hence in the first six months of the year there had been an underspend of £150k. (With a full year effect of £300k) • Overtime was overspent by approx. £60k the majority of which was attributable to the continuing policy of detaching wholetime personnel into key RDS stations. • As in previous years the budget included a vacancy factor based on anticipated retirements, leavers and new recruits. During the first four months staffing numbers had been higher than forecast, due to fewer

			<p>retirements, leading to overspend of approx. £100k. Whilst it was impossible to accurately predict this going forward, we had reviewed the position which was likely to reverse in the second half of the year due to a number of outstanding retirements coupled with several personnel leaving the service early. Hence we anticipate a broadly balanced position in respect of this at the year end.</p> <ul style="list-style-type: none"> • The budget also allowed for the recruitment of 12 FF apprentices in the second half of the year, at a cost of £250k. Given the difficulty in establishing a suitable apprentice's scheme, as previously reported, it was clear that these would not be recruited until next year, and hence no costs would be incurred.
Retained (RDS) Pay	217	377	<p>The following issues affected retained pay:</p> <ul style="list-style-type: none"> • As referred to under whole-time pay the budget allowed for 2% pay awards in both years. Hence in the first six months of the year there had been an underspend of £22k. • Activity levels in the first 6 months of the year were higher than previous (excluding Winter Hill), reflecting increased hours of cover as well as an increasing number of incidents and hence pay costs were higher than forecast • In addition RDS recruits received wholetime pay during the recruits course for two weeks, resulting in an overspend of £40k due to timing, on the two RDS courses that ran during the first six months <p>Previously, the significant vacant posts in excess of the budgeted vacancy factor within RDS pay had mitigated any</p>

			overspends, however with the improvement in retention/recruitment these were more visible, and would be reviewed for the next financial year's budget.
Associate Trainers	36	60	The annual training plan was used to match planned training activity to staff available at the training centre. Where this was not possible, associate trainers were brought in to cover the shortfall. There had been several ongoing trainer vacancies throughout the year to date, which had resulted in the overspend shown, but were counteracted by corresponding underspends within wholetime pay.
Support staff (less agency staff)	(154)	(259)	The underspend to date related to vacant posts across various departments, which were in excess of the vacancy factor built into the budget. (Note agency staff costs to date of £33k were replacing vacant support staff roles, this still only accounted for less than 1% of total support staff costs). Although some vacancies had been filled, there were a number of vacancies which had proven historically difficult to fill, most notably in ICT and Information Management, resulting in a forecast outturn underspend of £259k. The Service continued to review roles and structures before moving to recruitment.
Apprentice Levy	(7)	(19)	The apprentice levy was payable at 0.5% of each months' payroll costs, the budget for this was set at anticipated establishment levels, hence the underspend against this budget reflected the various pay budget positions reported above. It was noted that due to delays in apprenticeships standards being approved we had not been able to utilise the levy payments we had made to HMRC since April 2017. The outcome of this was that funds that had been in the levy account for 24 months and had not been utilised would be clawed back by HMRC. Whilst this would not affect the current year it would impact next year. At the present

			time we anticipated a claw back of £10k per month until we could fully utilise this for training costs. We had submitted an application for STC to be an approved training provider, in order to access HMRC levy funds to match training costs, however the timing of the approval process was unknown, hence no such income had been forecast in the current financial year.
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County Councillor O'Toole queried the Pensions forecast outturn position and asked what the anticipated number of ill health retirements was based on. The Director of People and Development confirmed that there were very stringent rules on granting ill health retirement and that as he determined eligibility he was aware of a couple of individuals who would qualify. He advised that the process was long and involved individuals seeing an independent health professional whose decision the Service had to abide by.

County Councillor O'Toole queried how Associate Trainer vacancies were filled. The Director of People and Development advised that there had been recruitment difficulties but the vacancies had now been filled. He advised that Associate Trainers were used where there was a need for a particular specialism and during peaks of work.

In response to a question raised by Councillor Williams regarding whether the Retained Duty System Pay excluded the Winter Hill payments, the Director of Corporate Services advised that all the costs for Winter Hill were excluded as a separate cost centre had been set up. The current cost stood at £1m with the assumption that £110k would be paid by the Authority and the remaining £890k could be claimed back from government once all costs had been received. Some outstanding bills were awaited before the end of November in order for us to then make the claim. The Chief Fire Officer advised that some general principles had been agreed with Manchester to ensure consistency of claims.

Capital Budget

The Capital Programme for 2018/19 previously stood at £16.7m however, following the September Resources Committee the programme had been amended to remove the expected slippage as reported, hence the revised programme now stood at £4.1m. The slippage removed would be brought into the 2019/20 capital programme during the budget setting process as now considered by Members:

Heading	Slipped £m	Reason
Pumping Appliances	1.134	Reflecting the anticipated stage payments in the next financial year as previously reported.
Other Vehicles	0.580	Two Command Support Units (CSU), the requirements were currently being finalised with a view to undertaking a procurement exercise. However taking account of

		anticipated lead times the final costs associated with the purchase of these, £0.6m, would slip over into 2019/20.
Operational Equipment/Future Firefighting	0.310	£160k in relation to BA radios had been moved to 2019/20. £150k associated with on-going research projects relating to new equipment had been removed to slip forwards to meet the future costs.
Building Modifications	9.069	Preston Fire Station redevelopment, £6.9m had been moved into 2019/20 in relation to expected spend due to the delays associated with NWAS' decision not to continue site sharing. Fleet workshop facility, £2.0m. The replacement Fleet workshop was currently undergoing a detailed design prior to undertaking a tendering exercise, and again had been slipped into 2019/20.
IT systems	1.470	£1.0m related to the national Emergency Services Mobile Communications Project (ESMCP), to replace the Airwave wide area radio system. This national project had suffered lengthy delays to date, and it was likely that the budget would slip into 2019/20, therefore both the budget and associated grant had been moved into 2019/20. The balance of the slippage related to the replacement of various systems, in line with the ICT asset management plan, where progress to date indicated any eventual spend would be incurred in 2019/20.
Total	12.563	

A review of the remaining programme had been undertaken to identify progress against the schemes. The overall position as at the end of September showed £2.0m of capital expenditure. The current anticipated year end spend was £4.1m, with zero slippage. This position was shown as set out below, and summarised in appendix 2 as now considered by Members: -

Pumping Appliances	The budget allowed for the first stage payment for the 7 pumping appliances ordered for the 2018/19 programme. The remainder of the budget had been included in the 2019/20 draft programme.
Other vehicles	This budget allowed for the replacement of various operational support vehicles: <ul style="list-style-type: none"> • One Aerial Ladder Platform which was delivered during July; and • One Water Tower, which was scheduled for delivery during the financial year.

	<ul style="list-style-type: none"> Various support vehicles which were reviewed prior to replacement. As the lead times on these were relatively short we anticipated utilising this budget in year.
Operational Equipment/Future Firefighting	<p>This budget allowed for the initial purchase of technical rescue jackets, following the regional procurement exercise, which were delivered at the end of May and now in service.</p> <p>£40k related to the purchase of fist microphones, which included noise cancelling facilities and hence enabled clearer voice transmission, thus aiding fire ground communications.</p> <p>The balance of £50k was to meet costs associated with on-going research projects relating to new equipment, and we anticipated utilising this in the current year.</p>
Building Modifications	<p>Completion of the new joint Fire & Ambulance facility at Lancaster was completed in October. Contract variations of £41k had been agreed in respect of time delays due to the discharge of planning conditions, and upgrading the appliance bay doors, however there were a further £40k variations still being discussed with the contractors.</p> <p>In terms of the redevelopment of Preston Fire Station, the budget allowed for £0.1m of fees which might be incurred before the end of March.</p> <p>The final element of this capital budget related to the balance of the Training Centre redevelopment works, largely relating to the replacement welfare/ICT porta-cabin which would be progressed before the end of the financial year.</p>
IT systems	<p>Given the delay on the ESMCP project, the replacement station end project had also been delayed. However we could not delay this indefinitely and had therefore commenced work to replace the station end in the current financial year, whilst ensuring that any solution would be compatible with the eventual ESMCP solution.</p> <p>The budget also allowed for the replacement of the Service's wide area network (WAN) providing an enhanced network and improving speed of use across the Service, and having agreed a contract for this we anticipated this being completed in the current financial year.</p>

Expenditure to date had been funded from the on-going revenue contributions, with the majority of the year end forecast also being met by this, supported by capital reserves.

Delivery against savings targets

The current position on savings targets identified during the budget setting process

was reported. It was anticipated that we would meet our efficiency target for the financial year.

RESOLVED: - That the Committee noted and endorsed the financial position and approved the amendment to the 2018/19 capital budget.

15/18 TREASURY MANAGEMENT - MID YEAR REPORT 2018/19

The report set out the Authority's borrowing and lending activities during 2018/19, which were in line with decisions taken in accordance with the Treasury Management Strategy and were based on anticipated spending and interest rates prevailing at the time.

In accordance with the updated CIPFA Treasury Management Code of Practice and to strengthen Members' oversight of the Authority's treasury management activities, the Resources Committee received regular updates on treasury management issues including a mid-year report and a final outturn report. Reports on treasury activity were discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Authority's Director of Corporate Services and the content of these reports was used as a basis for this report to the Committee.

Economic Overview

During the period, economic growth had continued to be positive, albeit at historically low levels and unemployment was low with the Bank of England projecting that it would fall a little further. At the same time inflation had remained above the Bank of England's 2% target rate. In August the Consumer Price Inflation (CPI) index rose to 2.7%. As a consequence of these economic factors, in August the Bank of England's Monetary Policy Committee (MPC) voted unanimously to increase Bank Rate by 0.25% from 0.5% to 0.75%.

Internationally, the US economy had continued to grow and at their meeting in September the central bank increased interest rates for the third time in 2018. In Europe the level of growth had moderated after a period of strong growth.

There was still a lot of uncertainty over the economy much of it arising from political factors. Domestically, the progress and unknown impact of the UK's withdrawal from the European Union continued to dampen investment. On the world economy the period had seen an increase in the potential for a trade war between the USA and China.

Outlook for Interest Rates

The Bank of England had raised expectations of gradual increases in interest rates and the increase in August was part of this. It was expected that this trend would continue. This was reflected in the County Council's Treasury advisers Arlingclose forecast for interest rates. Their central forecast saw a further 0.25% increase in March and September 2019 which would take the bank rate to 1.25%. They anticipated the rate would then stay constant up to September 2021 which was the end of the forecast period. However, with the current economic data and the risks in the economy they considered there were also downside risks to the forecast. Key rates were forecast for the period Q4 2018 – Q4 2021 as now considered by

Members.

Treasury Management position and Policy

The underlying need to borrow for capital purposes was measured by the Capital Financing Requirement (CFR), while usable reserves and working capital were the underlying resources available for investment. The treasury management activity was influenced both by the position at the beginning of the year and the plans in year. The position at the start of the financial year was summarised as detailed below:

	Balance 31.3.18
	£m
Capital Finance Requirement	14.518
Less other debt liabilities	-14.231
Borrowing Requirement	287
External borrowing	2.000
Reserves	35,232
Working capital	-2.577
Available for investment	32.655
Investments	33.555

The table showed that the level of loans was above the CFR at 31.3.18. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) in order to generate the cash to repay loans either on maturity or as an early repayment.

It was not anticipated that the new capital expenditure would be funded from borrowing in the year while it was anticipated that there might be some reduction in the level of reserves held.

Borrowing

There had been no new borrowing undertaken in the first six months of the financial year. This was consistent with the position that the current borrowing was above the CFR and there were no plans that required the need to borrow.

All the Fire Authority's existing borrowing was from the Public Works Loan Board. The long term debt outstanding at the beginning of the year was £2m which had remained unchanged up to 30th September. The report detailed the maturity profile of the Authority's borrowings along with an interest rate paid. Consideration was given to the early repayment of the loans; however these would be subject to an early repayment (premium) charge. The Authority did repay debt in 2017/18 but at the time it was considered that the premium on these loans was such that it was not financially beneficial to repay the loans. This was still considered to be the case with the estimated premium charge to repay the 3 loans being £0.855m.

Investments

Both the CIPFA Code and the MHCLG Guidance required 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 was to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving low investment returns and having the value of reserves eroded by inflation.

The Authority principally invested in a call account provided by Lancashire County Council which paid the base rate. Each working day the balance on the Authority's Current Account was invested in this to ensure that the interest received on surplus balances was maximised. During the period any new investments were placed with the County Council via this arrangement. At 30th September there was a balance of £37.970m with the average balance invested in LCC for the period was £32.202m.

In addition the Authority still had a long term investment that had been placed with UK local authority as outlined below.

Start Date	End Date	Principal	Rate	Annual Interest	Interest 2018/19
30/6/14	28/6/19	£5,000,000	2.4%	£120,000	£120,000

Therefore the total investment held at 30 September was £42.970m.

The overall rate of interest earned during this period was 0.84% which compared favourably with the benchmark 7 day index which averaged 0.56% over the same period. In order to increase the rate earned on current balances, the Authority would need to place fixed investments for a longer period of time. Members considered a forecast cash flow for the year which showed that further sums could be placed on fixed term investments. However, to obtain a better interest rate return than the call account would involve fixing investment for at least 3 months. The possibility for longer term investments was kept under constant review and suitable opportunities would be taken. Therefore, to increase yield while maintaining security the following fixed rate deals with other local authorities had been arranged:

Start Date	End Date	Principal	rate	Annual interest	Interest 18/19
18/10/18	19/10/20	£5,000,000	1.15%	£57,500	£25,993
19/11/18	18/11/19	£5,000,000	1.00%	£50,000	£18,356
19/12/18	19/06/19	£5,000,000	0.92%	£46,000	£12,981

All investments were made in accordance with the current Treasury Management Strategy and the CIPFA treasury management code of practice.

Prudential Indicators

In order to control and monitor the Authority's treasury management functions a number of prudential indicators were determined against which performance may be measured. At its meeting on 19 February 2018 the Authority approved the indicators for 2018/19 which were detailed in the report alongside the current actual.

Regulatory Updates

CIPFA had introduced updated versions of the Prudential and Treasury

Management Codes. In addition the MHCLG had re-written its Investment Guidance, in which the definition of investments was further broadened to also include all such assets held partially for financial return. This would cover loans to employees. It was noted that the Authority would need to produce a Capital Strategy and an Investment Strategy.

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

16/18 SERVICE TRAINING CENTRE CAPITAL INVESTMENT

The Director of Corporate Services presented the report which set out capital works required at Service Training Centre (STC) in order to address some of the concerns about the current facilities.

It recommended investment in:-

- A refurbishment of the Fire House;
- An extension to the existing Fleet Workshop to provide a number of enhanced facilities;
- A refurbishment of Astley House to provide improved Incident Command Training facilities;
- An enhanced conferencing facilities and disabled access at Lancaster House, subject to agreement on the long term future of this facility.

Members considered the current facilities in terms of the dedicated buildings on site and the practical training facilities. It was noted that given a lack of historical investment, a number of the facilities either had or were reaching the end of their economic life and either needed replacing or refurbishing.

The investment required was broken down into the 4 distinct areas of i) Fire House; ii) Fleet Garage Extension; iii) Astley House Refurbishment; and iv) Lancaster House.

It was noted that no allowance had been made for the potential relocation of Service Headquarters (SHQ) to the site. This project had been previously approved in 2012/13 at a capital cost of £10m; however; this was put on hold in 2013 and remained so, pending the outcome of discussions with the Police about shared estates strategy. It was noted that even if the relocation of SHQ project was live it would have minimal impact on these proposals as the only facilities' included in these proposals which also featured in the SHQ project were the relocation of the Incident Command Training facility and the development of conferencing facilities replacing those in Lancaster House. It was also noted that the type of buildings referred to in the options presented would not be suitable for a SHQ or main training facility, as they were a simpler more cost effective portal construction, similar to the existing Fleet garage facility. Furthermore in the five years that had elapsed the cost of relocating SHQ would have changed significantly due to inflationary impacts and changing requirements.

i) Fire House

The Fire House had been in situ for almost 30 years. The Condition Survey of the

Fire House undertaken in November 2017, confirmed the following “The Fire House was constructed in the 1980’s and has been well used, with only minimum maintenance undertaken and this was reflected in its overall condition.”

Overall it was in good condition with some repairs being necessary to prevent further deterioration. The repairs if undertaken in the next 12 months would prevent further deterioration of the structure and the building should, if correctly maintained remain in good condition without requiring major expenditure on the fabric for a further 20 years.

The Building Services systems were in a much poorer condition and were well beyond their replacement cycle. Failure to replace these, whilst not affecting the fabric of the building would hinder and slow a safe evacuation of the building in an emergency, therefore replacement of safety critical systems such as the lighting system was recommended. Given the conditions found in a fire house, it was expected that the average life expectancy of the building services systems would be 10 years, rather than the 20 years of a typical office or fire station premises.

As part of any refurbishment additional works could be undertaken. This would provide more versatility in terms of the range of scenarios on offer in this facility. During the review of National Operational Guidance it had been identified that currently LFRS had a very limited provision for basement firefighting training. Therefore the proposal replaced 2 of the existing raking ladders with staircases, providing a better range of options for typical firefighting scenarios. It would also provide an option for a realistic basement scenario, albeit the entry would be from the roof terrace area on the second floor.

It was not possible to amend the design of the building to provide an effective High Rise Training facility hence, provision of that training facility would need to be sourced elsewhere.

The estimated capital cost of the proposed refurbishment was £350k, and the works were currently planned for April-June next year. The cost of this work could be met from the capital budget identified for 2019/20, as set out in the draft capital programme presented last year.

In response to a concern raised by County Councillor Beavers that detailed cost information should be presented to the Committee to make the decision on whether to refurbish or rebuild, the Director of Corporate Services confirmed that an independent consultant had provided the cost estimate. It was noted that if the Fire House was to be demolished and rebuilt alternative training facilities would be required and the timescale would be more than the 3 month’s identified for the redevelopment.

In response to Member concerns about the payment of contract variation costs the Director of Corporate Services advised that there would inevitably be some instances of variation to allow for the unknown; it was possible to pass risk to the contractor as part of the tender process, but that came at a premium and may not be used and therefore would not be value for money.

In response to Member concerns, the Director of Corporate Services confirmed that the procurement process would be followed, including seeking Member Tender Panel approval to award the contract and monitoring of the contract would be included in the High Value Procurement Projects reported to each Resources Committee.

ii) Fleet Garage Extension

This project initially started as an extension to provide an enhanced workshop facility for the Fleet and Engineering Services maintenance team who had relocated to STC to work alongside BA recovery colleagues and provide a more integrated service, thus delivering staffing efficiencies.

Changes to BA training/servicing, including the need to separate out dirty and clean areas and therefore avoid cross contamination, and the need to expand the size of the servicing area to accommodate increased work as maintenance was no longer carried out on station, had led to an increased scope.

Further scoping works were undertaken to identify any other requirements that STC had for this type of building, an element of which was considering how the requirement was currently met and what the long-term viability of existing facilities was. This led to a proposal to include the provision of a number of additional facilities within the new build:-

- Provision of suitable accommodation for trainers, which was currently provided in Midgeley House, including enhancement of female facilities.
- Provision of suitable “dirty” welfare facilities/lockers for recruits/students, at the present time the only facilities were provided in Astley House and were not separated into clean and dirty facilities, and thereby didn’t lend themselves to the Service discharging its responsibilities under the Management of Health and Safety at Work Regulations.
- Provision of gym facilities, replacing those in Alf Ramsey House and enabling this building to be returned to its original use, as a storage facility.
- Provision of Driving School accommodation, replacing that included in Lancaster House which could be re-utilised as an enhanced ICT resilience facility as well as ICT training suite (no costings had been allowed for this pending a decision on what equipment was required).
- Provision of a Training Area, enabling amongst other things improved fitness testing and providing enhanced outdoor training facilities for inclement weather.
- Provision of a new secure vehicle compound, as the site was now more accessible as it was used by other parties.

The estimated capital cost of this work, including the demolition of the old Midgeley House building, was £3,900k. A summary of the benefits of these proposals was:

- Enhanced facilities for Fleet and Equipment Services;
- Breathing Apparatus Classrooms;
- Breathing Apparatus Cleaning (internal and External) and Storage area;
- Breathing Apparatus Cylinder Charging and Storage Facilities;
- Enhanced Breathing Apparatus decontamination facilities;

- Additional Space for Breathing Apparatus Recovery;
- P.P.E. Storage and Management Facilities;
- Enhanced EDI facilities;
- Additional dedicated Student Locker Rooms, Changing Area and Shower Facilities;
- Trainer and Trainer Support Locker Room, Changing Area and Shower Facilities;
- Trainer Office and ICT Facilities;
- Dedicated Gym Facility;
- Covered External Area for Physical Fitness Testing;
- Teaching and Office Facilities for Driving School;
- Relocation of the Fire Brigades Union Office;
- Relocation of the existing ICT Suite from Astley House.

iii) Astley House Refurbishment

The move of BA training from Astley House to the Fleet Garage extension provided an opportunity to re-utilise the top floor (the bottom floor would remain as it was at present providing welfare/locker facilities for clean training that took place). In order to maximise this opportunity it was proposed to redesign the top floor to incorporate an upgraded Incident Command facility, thus enabling the Minerva building to be demolished. This work was included in the original SHQ proposals, hence should this option be pursued the original SHQ relocation would need to be amended (however it was noted that this accounted for less than 5% of the original plan and therefore would have fairly limited impact on costings.)

The estimated capital cost of this work, including the demolition of the old Minerva building, was £350k.

Combined Business Case Fleet Garage Extension and Astley House Refurbishment

A business case in respect of this combined change had been produced which looked at 4 options:-

- Option 1: Do Minimum using existing buildings only;
- Option 2: Do Minimum using existing buildings and extending them as required;
- Option 3: Structural refurbishment and extension to provide all requirements and a full twenty five year life expectancy;
- Option 4: New Build and limited refurbishment of existing (the option outlined above).

A summary comparison was considered by Members:-

Option	Total Built Floor Area	Capital Cost	Annual Life Cycle Cost	Twenty Five Year Whole Life Cost
Option 1: Existing Buildings only	1244sm	£1,023,990	£80,975	£3,048,365
Option 2: Do Minimum	2677sm	£4,140,127	£128,396	£7,350,027

Option 3: Full Refurbishment	2756sm	£5,201,340	£84,073	£7,303,165
Option 4: New Build	2575sm	£4,256,830	£69,706	£5,999,480

Whilst Option 4 had the least built area, it did have the second highest capital cost requirement, but this was offset by the lowest life cycle cost of the options, combining to create the lowest whole life cost of the 3 site development options (Options 2, 3 and 4).

Option 1 clearly identified that there was a considerable cost requirement to simply retain the existing buildings on the site as a number of them were reaching the end of their useful lives and required considerable expenditure. Expenditure of this magnitude on portable buildings beyond the end of their design life was ill advised and would have no effect on their asset value, which would continue to decline.

When viewed against this consideration, Option 4, represented an additional capital cost of £3.2m (over and above the base option), which would provide:

- a reduction in revenue costs of £11k per annum (£282k over 25 years);
- a net increase of 1,331 square metres of floor space;
- an increase in the asset value of the property;
- address the business need for a compliant building;
- provide modern fit for purpose office and training environments;
- relocate the Incident Command Suite and Command Team to Astley House providing a more suitable facility.

iv) Lancaster House

It was noted that 2 options were considered in respect of the proposals to relocate SHQ to this site:-

- Construction of a new facility replacing that at SHQ, but maintaining Lancaster House in its current format;
- Demolishing Lancaster House and constructing one new combined facility.

At the time of the proposal Members agreed the second option, in order to provide a new combined facility. This new building would include conferencing facilities, and hence would make the following proposal redundant. However should Lancaster House remain in its current guise in the long term then some improvements were required.

In 2011 some refurbishment work was undertaken to improve facilities and extend its usable life, pending any decision on the potential relocation of SHQ. At that time the old gymnasium was converted to a large open space which had been used as a conferencing facility, but was clearly far from ideal. Further to this the toilet facilities for this were extremely poor, with no disabled facility. Nor was there any facility to allow disabled access to the first floor of Lancaster House, and hence this did not comply with the "access for all" agenda. (It did not currently contravene legislation, but it would do if LFRS had a disabled employee or visitor who tried to access the

space).

To address these issues and enhance the environment with suitable facilities for a modern conference venue two options have been reviewed:-

- Option A - Create a “fit for purpose” modern, flexible conference space with associated upgraded toilet facilities including the provision of a disabled toilet. This would ensure that the ground floor and conference facility complied with current legislation, which they currently did not. The conference facility would be capable of division to create two medium sized meeting rooms or one large room for pass out parades and authority meetings. Costs were estimated at £320k;
- Option B - As above but with the addition of creating disabled access to the first floor. Costs were estimated at £360k. It was noted that this option would not fully comply with disabled access requirements as there would still be no disabled access to the office accommodation on the mezzanine level.

Until such time as a decision on the long-term future of Lancaster House was reached it was not proposed to pursue this option further. However should Lancaster House be retained in its current usage, option B was the preferred option, i.e. providing enhanced conferencing facilities and some disabled access to classrooms.

Members discussed and agreed that Lancaster House should not be considered for rebuild or refurbishment until a decision was made about the potential relocation of Service Headquarters. The Chairman, CC De Molfetta asked Officers to review options around the potential to relocate Service Headquarters to a future meeting.

Summary

Approval of this work would future proof the site and address some of the under-investment, although it was recognised that changing training requirements may impact on this.

With the exception of Lancaster House works none of this would be impacted by the potential relocation of SHQ, nor would it impact on the likely site for any relocation. It was also noted that the potential relocation of Police Civil Disorder training would also not impact on this works.

Timing

If supported this work would need to be considered alongside the other capital programme items to agree a draft timetable for construction/refurbishment. However in terms of current thinking the fire House was scheduled for refurbishment in April-July 2019, and this timing was currently reflected in next year's training plan. The new Fleet Garage extension could commence in 2019/20, although it was likely to span 2019/20 and 2020/21. Changes to Astley House would be scheduled after this work had been completed (late 2020/21). Conferencing facilities at STC were dependent on other decisions, hence a realistic timeframe appeared to be late 2020/21, but we would not comply with disability requirements until such time as works were undertaken.

Financial Implications

The capital budget approved last year included the:

Fleet Workshop Extension (18/19)	£2,400k
Fire House Refurbishment (19/20)	£750k
Minerva Replacement (19/20)	£1,250k
Lancaster House Refurbishment (19/20)	£500k
	£4,900k

Based on the above options estimated costs were:

Fire House Refurbishment	£350k
Fleet Workshop Extension	£3,900k
Astley House Refurbishment	£350k
Lancaster House Refurbishment	£360k
Total	£4,960k

It was noted that estimated costs were broadly in line with budget, but would be subject to change dependent upon inflationary pressures and any future revision to plans.

RESOLVED: - That the Committee:

- Approved the refurbishment of the Fire House at an estimated cost of £350k;
- Approved the extension of Fleet Garage at an estimated cost of £3,900k;
- Approved the refurbishment of Astley House at an estimated cost of £350k;
- Noted the potential cost of £360k associated with refurbishing the conference facilities at Lancaster House, and determined that Lancaster House should not be considered for rebuild or refurbishment until a decision was made about the potential relocation of Service Headquarters.

17/18 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would be held on Wednesday, 27 March 2019 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 29 May 2019 and 25 September 2019 and agreed for 27 November 2019.

18/18 URGENT BUSINESS - LANCASHIRE BUSINESS RATES PILOT POOL: MOU

The Director of Corporate Services had circulated this item before the meeting. The Authority had previously agreed to be part of the Lancashire Business Rates Pilot Pool, and on that basis a joint bid had been submitted the Ministry of Housing Communities and Local Government.

To support the application to be a Pilot Pool, the Ministry had asked for all parties to sign a Memorandum of Understanding (MOU) based on the principles of the application already submitted. A draft MOU was considered by Members. This

needed signing by the relevant Section 151 Officers and submitting to the Ministry by 30 November 2018.

RESOLVED: - That the Committee approve the signing of the Memorandum of Understanding by the Treasurer.

19/18 EXCLUSION OF PRESS AND PUBLIC

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

20/18 IDRP STAGE 2 - DCP PENSIONABILITY

(Paragraphs 1, 3 and 4)

Further to discussion at the previous Resources Committee meeting the Director of People and Development updated Members on the position regarding the Internal Dispute Resolution Process.

RESOLVED: - That the Committee endorsed the recommendation as set out in the report.

21/18 HIGH VALUE PROCUREMENT PROJECTS

(Paragraph 3)

Members considered a report that provided an update on all contracts for one-off purchases valued in excess of £100,000 and high value procurement projects in excess of £100,000 including: new contract awards, progress of ongoing projects and details of new projects.

RESOLVED: That the Committee noted the report.

LFRS HQ
Fulwood

M NOLAN
Clerk to CFA

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LANCASHIRE COMBINED FIRE AUTHORITY RESOURCES COMMITTEE

Meeting to be held on 27 March 2019

FINANCIAL MONITORING 2018/19 (Appendices 1 and 2 refer)

Contact for further information:
Keith Mattinson - Director of Corporate Services
Telephone Number 01772 866804

Executive Summary

The report sets out the current budget position in respect of the 2018/19 revenue and capital budgets and performance against savings targets.

Recommendation

Resources Committee are requested to note and endorse the financial position.

Information

Revenue Budget

The overall position as at the end of January shows an overspend of £0.1m. We have been monitoring any trends to ensure that they were reflected in next year's budget, as well as being reported to Resources Committee. Members will recall at the last meeting we presented a forecast position of £0.1m underspend. Since then we have been notified by the Government of the following additional sources of income:-

- The National Business Rates (NNDR) Levy fund surplus allocation being paid to Lancashire Fire and Rescue Service (LFRS) before the end of the financial year. The NNDR Levy Fund was created by the Government to fund business rates safety net grant payments from previously held back NNDR monies, any unused funds are now being redistributed, with LFRS receiving £237k. (This was announced alongside the Finance Settlement for 2019/20 during December, with no prior indication);
- The national government exercise to audit the Section 31 grants in relation to Business Rates Reliefs for 2017/18 has now been completed, and as a result the Authority will receive a further £192k from Central Government in relation to this. (We received confirmation of this in the middle of February, with no prior indication of this amount.)

As a result we are now forecasting a year end underspend of £0.5m.

The year to date and forecast outturn positions within individual departments are set out in Appendix 1, with major variances relating to non-pay spends and variances on the pay budget being shown separately in the table below: -

Area	Overspend / (Under spend) to 31 Jan	Forecast Outturn at 31 March	Reason
	£'000	£'000	
Service Delivery	191	243	The majority of both the year to date and outturn positions reflect the replacement of firefighting gloves and helmets to all operational staff during the year, in addition to investment in equipment for the specialist wildfire unit based at Bacup.
Winter Hill	110	110	Although the total cost is £1.2m, as reported previously we have submitted details to MHCLG under the Bellwin Scheme of Emergency Financial Assistance and hence anticipate our total net costs being limited to the threshold £110k.
Prince's Trust	(84)	(85)	On completion of the 17/18 academic year Prince's Trust received an extra £42k team funding from Preston College in excess of the amount initially indicated. In addition, we have managed to access £56k of European Social Fund money for team members who were not eligible for standard funding. As this funding is only available for 16-18 year olds unless already claimed by another learning provider, we had not included this income in the base budget.
Property	116	140	The overspend position relates to premises repairs and maintenance. The forecast overspend reflects some of the new minor schemes approved in year to enhance station facilities such as enhanced female facilities.
Pensions	25	63	The current and outturn positions reflect the three ill health retirements in the year to date, and one more anticipated before the end of the financial year. This position may still alter as exact costs and timing are finalised.
Non DFM	(166)	(647)	The year to date underspend is largely due to the increase in the bank base interest rate during the year, which increased interest receivable on our call account balances with Lancashire County Council, and also interest receivable on several fixed term investments which have been put in place commencing in the second half of the year.

			<ul style="list-style-type: none"> The outturn position reflects the above, and the additional £429k of income from central government, as referred to earlier.
Wholetime Pay	(204)	(318)	<p>The following issues affect whole-time pay:</p> <ul style="list-style-type: none"> The budget allowed for an assumed 2% pay award last year, however this did not transpire, hence in the first eight months of the year there has been an underspend of £200k. (With a full year effect of £300k) Overtime is overspent by approx. £40k the majority of which is attributable to the continuing policy of detaching wholetime personnel into key RDS stations. As in previous years the budget includes a vacancy factor based on anticipated retirements, leavers and new recruits. During the first four months staffing numbers were higher than forecast, due to fewer retirements, leading to overspend of approx. £100k. Since then the position has reversed due to the number of retirements coupled with several personnel leaving the service early. Hence we anticipate a broadly balanced position in respect of this at the year end. The budget also allowed for the recruitment of 12 FF apprentices in the second half of the year, at a cost of £256k. Given the difficulty in establishing a suitable apprentice's scheme, as previously reported, it is clear that these will not be recruited until next year, and hence no costs will be incurred.
Retained (RDS) Pay	234	250	<p>The following issues affect retained pay:</p> <ul style="list-style-type: none"> As referred to under whole-time pay the budget allowed for 2% pay awards in both years. Hence in the first ten months of the year there has been an underspend of £36k. Activity levels in the first 10 months of the year are higher than previous (excluding Winter Hill), reflecting increased hours of cover as well as an increasing number of incidents and hence pay costs are higher than budgeted In addition RDS recruits receive wholetime pay during the recruits course receive wholetime pay rates for two weeks, resulting in an overspend of £40k due to the two RDS courses run to date.

			<p>Previously, the significant vacant posts in excess of the budgeted vacancy factor within RDS pay had mitigated any overspends, however with the previous marginal improvement in retention/recruitment and the increased activity costs these are more visible, and have been amended for the next financial year's budget.</p> <p>The forecast position is a lower underspend than previously predicted which reflects that in there have been more leavers than new recruits in the second half of the year.</p>
Associate Trainers	69	77	<p>The annual training plan is used to match planned training activity to staff available at the training centre. Where this is not possible, associate trainers are brought in to cover the shortfall. There have been several ongoing trainer vacancies throughout the year to date, which has resulted in the overspend shown, but are counteracted by corresponding underspends within wholetime pay.</p> <p>In addition it has been agreed that associate trainer can be used to facilitate the 'have a go' days which are part of the wholetime recruits process at an estimated cost of £10k.</p>
Support staff (less agency staff)	(226)	(291)	<p>The underspend to date relates to vacant posts across various departments, which are in excess of the vacancy factor built into the budget. (Note agency staff costs to date of £70k are replacing vacant support staff roles, which accounts for just over 1% of total support staff costs).</p> <p>Although some vacancies had been filled, there are a number of vacancies which have proven historically difficult to fill, most notably in ICT and Information Management, resulting in a forecast outturn underspend. The Service continues to review roles and structures before moving to recruitment.</p>
Apprentice Levy	(15)	(19)	<p>The apprentice levy is payable at 0.5% of each month's payroll costs, the budget for this was set at anticipated establishment levels, hence the underspend against this budget reflects the various pay budget positions reported above.</p> <p>It should be noted that due to delays in apprenticeships standards being approved we have not been able to utilise the levy payments we have made to HMRC since April 2017. The outcome of this is that funds that have been in the levy account for 24 months and have not been utilised will be clawed back</p>

			by HMRC. Whilst this will not affect the current year it will impact next year. At the present time we anticipate a claw back of around £10k per month until we can fully utilise this for training costs. We have submitted an application for STC to be an approved training provider, in order to access HMRC levy funds to match training costs, with approval expected to be granted early in the new financial year.
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Any proposed year end transfers into reserves will be considered as part of the outturn position that will be reported to the Resources Committee in May 2019.

Capital Budget

The Capital Programme for 2018/19 stands at £4.1m, as reported previously. A review of the programme has been undertaken to identify progress against the schemes. The overall position as at the end of January shows £2.9m of capital expenditure. We are currently anticipating year end spend of £3.4m, with £0.7m slippage. This position is shown is set out below, and is summarised in Appendix 2: -

	Spend to date	Forecast Year End Spend	
Pumping Appliances	0.4	0.4	The budget allows for the first stage payment for the 6 pumping appliances ordered for the 2018/19 programme. A 7 th pumping appliance was ordered to replace two Driver Training Vehicles, following approval by May Resources Committee, although the timing of the first stage payment wasn't allowed for in the 2018/19 budget. As the vehicle is currently in build the stage payment has been made, creating an overspend of £58k in year, however the remainder of the budget for all 7 appliances has been included in the 2019/20 draft programme.
Other vehicles	1.1	1.3	This budget allows for the replacement of various operational support vehicles: <ul style="list-style-type: none"> • One Aerial Ladder Platform which was delivered during July; and • One Water Tower, which is scheduled for delivery during the financial year. • Various support vehicles which are reviewed prior to replacement. Although the lead times on these are relatively short, it is anticipated that there will be some slippage into the next financial year.
Operational Equipment/ Future Firefighting	0.4	0.5	This budget allowed for the initial purchase of technical rescue jackets, following the regional procurement exercise, which were delivered at the end of May and are now in service.

			<p>£40k relates to the purchase of fist microphones, which include noise cancelling facilities and hence enable clearer voice transmission, thus aiding fire ground communications.</p> <p>The balance of £50k is to meet costs of kitting out three reserve appliances with equipment to speed up handover for vehicle servicing, and we anticipate utilising this in the current year.</p>
Building Modifications	0.6	0.8	<p>Completion of the new joint Fire & Ambulance facility at Lancaster was completed in October. Contract variations of £41k have been agreed in respect of time delays due to the discharge of planning conditions, and upgrading the appliance bay doors, however there are a further £40k variations still being discussed with the contractors.</p> <p>In terms of the redevelopment of Preston Fire Station, the budget allows for £0.1m of fees which is unlikely to be incurred before the end of March, hence is included in slippage into 2019/20.</p> <p>The final element of this capital budget relates to the balance of the Training Centre redevelopment works, largely relating to two main elements:</p> <ul style="list-style-type: none"> • the replacement welfare/ICT porta-cabin which is expected to be completed before the end of the financial year; and • fleet workshop, where final design plans are being drafted however these form part of a larger site masterplan. The development of the site master plan is on hold pending discussions with Lancashire Constabulary about joint use of the facility, therefore the budget will slip into the next financial year.
IT systems	0.4	0.6	<p>Given the delay on the ESMCP project, the replacement station end project has also been delayed. However we cannot delay this indefinitely and have therefore commenced work to replace the station end in the current financial year, whilst ensuring that any solution will be compatible with the eventual ESMCP solution.</p> <p>The budget also allows for the replacement of the Services wide area network (WAN) providing an enhanced network and improving speed of use across the Service, and having agreed a contract for this we will begin implementation, but anticipate about half this budget being spent in the next financial year.</p>
Total	2.9	3.4	

Expenditure to date has been funded from the on-going revenue contributions, earmarked reserves and capital reserves.

Delivery against savings targets

The following table sets out the savings identified during the budget setting process, hence removed from the 2018/19 budget, and performance to date against this target: -

	Annual Target	Target at end of Jan	Savings at end of Jan
	£m	£m	£m
Staffing, including post reductions plus management of vacancies	0.059	0.049	0.176
Reduction in service delivery non pay budgets including the smoke detector budgets	0.090	0.075	0.025
Reduction in Fleet operational equipment budget	0.150	0.125	0.100
Reduction in capital financing charges	0.161	0.134	0.134
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	-	0.127
Balance – cash limiting previously underspent non pay budgets	0.353	0.294	0.358
Total	0.812	0.677	0.921

The performance to date is now ahead of target, due salary underspends and procurement activities during the period, less current operational equipment overspends. It is anticipated that we will meet our savings target for the financial year.

Financial Implications

As outlined in the report

Business Risk Implications

None

Environmental Impact

None

Equality and Diversity Implications

None

Human Resource Implications

None

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

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

APPENDIX 1

BUDGET MONITORING STATEMENT JAN 2019	Total Budget	Budgeted Spend to Jan 2019	Actual Spend to Jan 2019	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay	Forecast outturn
	£000	£000	£000	£000	£000	£000	£000
Service Delivery							
Service Delivery	30,553	25,393	25,971	578	387	191	243
Winter Hill	-	-	110	110	-	110	110
Training & Operational Review	3,997	3,222	3,211	(10)	(60)	50	58
Control	1,183	1,183	1,175	(8)	-	(8)	(10)
Prince's Trust Volunteers Scheme	-	132	48	(84)	-	(84)	(85)
Special Projects	(8)	(15)	(23)	(9)	-	(9)	(8)
Strategy & Planning							
Fleet & Technical Services	2,205	1,942	1,985	43	15	28	15
Information Technology	2,515	2,106	2,018	(88)	(126)	38	21
Service Development	3,942	3,294	3,177	(117)	(166)	50	36
People & Development							
Human Resources	697	587	536	(51)	2	(53)	(68)
Occupational Health Unit	257	214	173	(41)	(1)	(40)	(48)
Corporate Communications	299	248	236	(13)	7	(20)	(24)
Safety Health & Environment	219	187	183	(3)	4	(7)	(9)
Corporate Services							
Executive Board	1,017	851	866	15	16	(2)	(2)
Central Admin Office	799	655	617	(38)	(34)	(4)	(5)
Finance	143	119	117	(2)	(5)	3	3
Procurement	796	684	698	13	(1)	14	7
Property	1,304	1,095	1,214	119	3	116	140
External Funding	-	(6)	(6)	(0)	(0)	0	(0)
Pay							(299)
TOTAL DFM EXPENDITURE	49,920	41,891	42,305	414	42	372	77
Non DFM Expenditure							
Pensions Expenditure	1,178	1,096	1,121	25	-	25	63
Other Non-DFM Expenditure	3,673	1,734	1,384	(349)	(183)	(166)	(647)
NON-DFM EXPENDITURE	4,850	2,829	2,505	(324)	(183)	(141)	(585)
TOTAL BUDGET	54,770	44,720	44,810	89	(142)	231	(508)

APPENDIX 2

CAPITAL BUDGET 2018/19	Revised Programme	Resources Nov	Revised Prog	Actual Exp	Year End Forecast	Slippage	Est final Cost	Over/ (Under) Spend
Vehicles								
Pumping Appliance	1.484	(1.134)	0.350	0.408	0.408	-	0.408	0.058
Other Vehicles	1.990	(0.580)	1.410	1.086	1.252	(0.158)	1.410	- 0.000
	3.474	(1.714)	1.760	1.494	1.660	(0.158)	1.817	0.057
Operational Equipment								
Operational Equipment	0.776	(0.310)	0.466	0.406	0.463	-	0.463	(0.003)
	0.776	(0.310)	0.466	0.406	0.463	-	0.463	(0.003)
Buildings Modifications								
STC Redevelopment	2.569	(2.169)	0.400	-	0.136	(0.264)	0.400	-
Lancaster Replacement	0.621	-	0.621	0.553	0.621	-	0.621	-
Preston Replacement	7.000	(6.900)	0.100	-	-	(0.100)	0.100	-
	10.190	(9.069)	1.121	0.553	0.757	(0.364)	1.121	-
ICT								
IT Systems	2.250	(1.470)	0.780	0.401	0.581	(0.200)	0.781	0.001
	2.250	(1.470)	0.780	0.401	0.581	(0.200)	0.781	0.001
Total Capital Requirement	16.690	(12.563)	4.127	2.854	3.461	(0.722)	4.182	0.055
Funding								
Capital Grant	1.000	(1.000)	-	-	-	-	-	-
Revenue Contributions	2.000	-	2.000	2.000	2.000	-	2.000	-
Earmarked Reserves	0.025	-	0.025	0.025	0.025	-	0.025	-
Capital Reserves	13.665	(11.563)	2.102	0.829	1.436	(0.722)	2.157	0.055
Total Capital Funding	16.690	(12.563)	4.127	2.854	3.461	(0.722)	4.182	0.055

LANCASHIRE COMBINED FIRE AUTHORITY RESOURCES COMMITTEE

Meeting to be held on 27 March 2019

PENSION BOARD – FIREFIGHTER PENSION SCHEME UPDATE

Contact for further information:

Bob Warren, Director of People & Development – 01772 866804

Executive Summary

This report outlines to Members the scope of activities of the Local firefighter Pension Board up to 27 March 2019 and gives Members the opportunity to raise any issues in respect of the effectiveness of the local management of the pension schemes.

Recommendation

The Resources Committee is requested to consider, note and endorse the contents of this report.

Information

- 1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The Act included the requirement for a Local Pension Board to be established by each responsible Authority.
- 2 In February 2015 this Fire Authority approved the creation of a Local Pension Board in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013 (the Act). This Board is known as the Local Firefighter Pension Board and has been operating ever since.
- 3 The purpose of the Local Firefighter Pension Board is to assist the Fire Authority in its role as the Scheme Manager of the Fire Fighters Pension Schemes: 1992, 2006, 2015 and Retained Modified. Such assistance is to:
 - Secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
 - Ensure the effective and efficient governance and administration of the Scheme.
- 4 Membership of the Local Firefighter Pension Board consists of The Deputy Chief Fire Officer and the Assistant Chief Fire Officer and the FBU Brigade Secretary and an FBU Officer Branch Official.

- 5 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Act. The day to day responsibilities of the Scheme Manager are delegated to the Director of People & Development and this report therefore serves to communicate to the Fire Authority the current position in respect of the Lancashire element of the Firefighter Pension Schemes.

CONSTITUTION

- 6 The establishment of the Local Firefighter Pension Board was approved by the Combined Fire Authority on 16 February 2015. The position has been subsequently reviewed by the Resources Committee on 29 March 2017 and again on 21 March 2018 where it was agreed that the current arrangements would continue until a case for change was made or the workload required augmentation of the Board or the need was clearly defined necessitating a different structure.

FORMAT OF MEETINGS

- 7 Currently two meetings are held per year with the minutes being published on the Authority's website and circulated internally via the routine bulletin.
- 8 Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Firefighter Pension Board's Conflicts of Interest Policy.
- 9 During each meeting there is usually a training input for Board members on an aspect of pensions.
- 10 Minutes are taken at all meetings.

BOARD MEMBERSHIP

- 11 As set out in the constitution, there are an equal number of employer and employee representatives on the Board.
- 12 The Chair of the Local Firefighter Pension Board is currently a representative from the employer side. Provision exists to rotate the appointment of Chair between employer and employee representatives.

TRAINING

- 13 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member.
- 14 There have been a number of training sessions delivered to the Board, including training provided by the LGA's Fire Pensions Adviser, who attended the last Pensions Board meeting. There is online training

available on the Pension Regulator website which members of the Board are encouraged to complete.

- 15 Additional briefing / training is provided by the Authority's designated Scheme Manager, focussing on key areas concerning pensions.
- 16 Each Board member has completed a training needs analysis and the Board has a Training Policy. A record of all training is maintained by the Scheme Manager.

BOARD ACTIVITY

- 17 Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.
- 18 Regular agenda items to the Board have been developed and these are:
 - National Developments which provides the Board with the latest information on areas of significant pension work, and includes both local and national issues. As well as enhancing the knowledge and understanding of Board members, this regular item serves to prompt discussion at the Board about the impact of issues on pension scheme members and about how workloads are being managed. This helps to achieve the Board's purpose of securing effective governance and administration.
 - Recent items have included updates on: the FBU legal transitional protection challenge; work of the National Scheme Advisory Board; Valuation outcomes and ensuing consultation; reconciliation of contracting out payments; termination payments and abatement requirements.
 - Management of the scheme issues such as membership levels, completion of annual benefit statements and performance of our administrative body.
 - Update on any LFRS IDRP or Pension Ombudsman cases.
 - Communications issues.
 - Pension audit outcomes.
- 19 Other areas of governance which have been discussed at Board meetings include:
 - Employer discretions under the firefighter pension schemes. Discretions were presented to the Board for information, and the process by which Officers make decisions about discretions has been explained.

- The Board is kept informed of progress towards sending out of Annual Benefits Statements (ABS) to members of the scheme and other administrative matters.

20 The Local Firefighter Pension Board is now well established and has made good progress in improving the knowledge and understanding of the Board about pension issues, and ensuring that governance and administration of pensions is carried out effectively. Work has also been undertaken to communicate with pension scheme members about pension issues and to raise the profile of this important subject. The Board will continue to ensure that good practice is maintained and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pension Regulator.

Financial Implications

The firefighters' pension schemes are considered to be "gold plated" schemes and consequently are a significant element of the Fire Authority's budget requirement. Whilst included in the Service's financial documentation the Authority has little direct control over the costings.

Sustainability or Environmental Impact

Not applicable.

Equality and Diversity Implications

Not applicable.

Human Resource Implications

Pensions Issues informs both workforce planning and impacts staff morale. The firefighters pension schemes being a core element in the firefighter terms and conditions of employment. The designated Scheme Manager ensures these connections are not overlooked and the Pension Board has a role to play in both communications and reassurance that the administration is being appropriately handled.

Business Risk Implications

To maintain affordability the service needs to ensure effective management of the schemes and encourage membership.

Local Government (Access to Information) Act 1985

List of Background Papers

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

LANCASHIRE COMBINED FIRE AUTHORITY RESOURCES COMMITTEE

Meeting to be held on 27 March 2019

GENDER PAY GAP (Appendix 1 refers)

Contact for further information:

Bob Warren, Director of People & Development – 01772 866804

Executive Summary

The Equality Act (2010) (Specific Duties and Public Authorities) Regulations 2017 came into force on 31 March 2017. These regulations impose a legal obligation for employers with 250 or more employees to publish gender pay details each year.(by 30 March for public sector employers) to highlight the difference in gross pay and bonus payments made to female as compared with male employees. The calculation follows government guidance to ensure consistency

This is our second report.

Building on last year's report, the Service has and is making improvements in our gender breakdown difference, with the latest recruitment processes for whole-time recruitment showing clear progress. The Service also has for many years had clear pay structure arrangements (as outlined in the Pay Statement) which provides for equal pay for both men and women across the roles throughout the organisation. Members previously having endorsed the single status approach for "green book" employees utilising the local authority job evaluation methodology and the adoption of the living wage principles. It therefore does not have an equal pay issue within the Service. (Men and women who carry out the same jobs or similar jobs or work of equal value are paid the same).

It is recognised, however, that like all fire and rescue services the Authority has an unbalanced spread of male and female employees in the different occupational staff groups and at different levels and roles. A significant factor is the different construction of Terms & Conditions and remuneration between the "Grey" and "Green" book roles. These factors reflect the diversity and differences in activity and requirements. These are two significant reasons for the gender pay gap outcomes.

In addition the mean gender pay gap is significantly affected by the inclusion of certain groups and the statutory methodology utilised to calculate the position. This produces an anomaly between the mean and the median averages which is explained in this paper.

The Executive Board believes that excluding the RDS and Dual contract staff in the headline figure would provide a more realistic reflection on the position of LFRS but this would conflict with government instructions.

Recommendation

The Resources Committee is requested to note this report and authorise the publication of the Gender Pay Gap Report.

The report shows a Gender Pay Gap of

MEAN - positive of 3.23% MEDIAN - negative of 16.95%

Information

The gender pay gap shows the difference between the average (mean and median) earnings of men and women. The gender pay gap varies by occupation and working pattern. Employers where women are underrepresented typically produce higher pay gaps.

The causes of the gender pay gap are varied and overlapping. Some causes originate outside the workplace, such as stereotyping and careers advice, whilst within the work place factors include:

- Unsupportive and rigid corporate cultures
- Lack of flexibility in work patterns
- Lack of well-paid part time work
- Fewer women working in some highly paid professions, or in certain specialisms
- Women remaining less likely to progress to senior levels in an organisation
- Constrained individual choice, unconscious bias and discrimination
- Lack of diverse senior female role models, meeting, sponsorship or networking opportunities
- Assumptions that mothers not wanting or being able to accept promotion.

These general causes of a pay gap, although already addressed by LFRS provides 'food for thought' on how LFRS can tackle and reduce the gender pay gap, but this annual requirement provides greater transparency about gender pay differences.

A gender pay gap does not mean that an employee has acted inappropriately or in a discriminatory manner but an explanatory narrative is required.

Gender Pay Gap Report

Gender pay gap reporting requires employers with more than 250 employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. The method for calculating this information is published on the UK government website gov.uk.

Lancashire Fire and Rescue Service (LFRS) is required to report on the following:

Mean gender pay gap	The difference between the mean hourly rate of pay of male employees and that of female employees as a percentage.
Median gender pay gap	The difference between the median hourly rate of pay of male employees and that of female employees as a percentage.
Mean bonus gap	The difference between the mean bonus pay paid to male employees and that paid to female employees as a percentage.
Median bonus gap	The difference between the median bonus pay paid to male employees and that paid to female employees who were paid a bonus during the relevant period.
Bonus proportions	The proportions of male and female relevant employees who were paid a bonus during the relevant period.
Quartile pay bands	The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands.

Background

LFRS are committed to achieving a diverse workforce, irrespective of gender and we are confident that we are paying the same salary to roles of equivalent value to all staff. LFRS's overall approach to determining pay of its employees is to participate in national collective bargaining for all staff. The utilisation of two national collective bargaining machineries does create differences between employment groups.

The UK average Gender Pay Gap using the National Statistics Data shows the average pay gap for all employees is 18.1%. Using this calculation methodology across LFRS, the **mean** gender pay gap is significantly different than the national average at -3.23% (equating to a £0.38 positive difference in hourly pay between males and females), with the **median** gender pay gap equating to 16.95% (equating to a £2.37 difference in hourly rates of pay between males and females). Contained within the overall number are, however, significant variances.

In particular the inclusion of Dual Contract and RDS employees appears to significantly skew the mean pay gap due to the method of calculation and the payment arrangements. The common factor between these two groups is a retained commitment. If these two groups are excluded then the **revised mean** gender pay gap becomes 20.70% (equating to a £3.46 negative difference) with a **median** gender pay gap of 24.65% (equating to a £3.92 negative difference).

LFRS Pay and Bonus Gender Pay Gap

This Gender Pay Gap Report is based on data as at 31 March 2018. LFRS employed 1148 staff with 965 (84.06%) being male and 183 (15.94%) being female.

However within this are 34 personnel who are not included in the calculation as they did not fulfil the required reporting criteria in that they were not in receipt of full pay (for example they were on extended sick leave or maternity leave).

Therefore the relevant numbers for reporting purposes are 1114 staff, 935 male (83.93%) and 179 female (16.07%). A breakdown of employees by gender and staff group is shown below.

If RDS (277) and dual contract (104) are removed from the calculation the figures become 733, 581 (79.26%) male and 152 female (20.74%). It is felt that doing this provides a more balanced picture as their pay arrangements differ significantly to the majority of employees.

Staff Group	Females Employees	% Female Employees	Male Employees	% Male Employees
Wholetime (inc. Fire Control)	26	2.33%	494	44.34%
Corporate	126	11.31%	87	7.81%
RDS	14	1.26%	263	23.61%
Dual Contracted WT & RDS	13	1.17%	91	8.17%
Total	179	16.07%	935	83.93%

The data in this report has been broken down into four different staff groups that the Service employ who each have distinctive terms and conditions:

- a) **Wholetime Operational (including Fire Control):** These are full time firefighters and operational managers. Their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. Firefighters are paid on an incremental competence based pay scale starting as a trainee, progressing to development after the initial training is complete and then competent once the development programme has been successfully completed and verified. Also included in this group are the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer.

- b) **Corporate Staff:** These are largely non-uniformed support staff who are both full and part time. Again, their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. Also included in this group are the Director of Corporate Service and the Director of People and Development
- c) **Retained Operational:** These are RDS firefighters and operational managers whose primary employment is outside the organisation. Again, their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. The Service pays an enhanced rate of retaining fee but pay the standard turnouts, attendances and drills fees as prescribed by the national conditions of service.
- d) **Dual Contracted WT & RDS:** These are employed as **Whole-time Operational** staff in a full time capacity but they supplement this commitment by also providing an element of **RDS** cover.

Table 2 Mean hourly pay rate by gender

	Mean Hourly Pay rate	Median Hourly Pay Rate
All Staff	£10.92	£13.67
Female	£12.04	£11.61
Male	£11.66	£13.98
Pay Gap	-3.23%	16.95%

Table 2.1 Mean Hourly rate by gender and occupational group

Hourly Rate	Female	Male	Gap	%
Wholetime	£15.78	£17.09	-£1.31	7.68%
Corporate	£12.75	£14.72	-£1.97	13.37%
RDS	£2.01	£1.88	£0.13	+6.72%
Dual Contract	£8.42	£7.53	£0.89	+11.86%

LFRS does not offer a bonus scheme therefore this measure has not been calculated. Additional Responsibility Allowances (ARA's) and Continuous Development (CPD) payments are included in ordinary pay. For clarity, ordinary pay is defined as basic pay, shift premium pay, pay for piecework, pay for leave and allowances.

What do the mean and median gender pay gap figures tell us?

The mean gives an overall indication of the size of the gender pay gap in LFRS. A high mean gender pay gap indicates that a payment system is operated that may disadvantage women. The median gender pay gap gives an indication of what a 'typical' situation is. Measuring both the mean and the median percentages allows LFRS to understand and consider the issue better including establishing what people are paid and also how the outliers affect the overall distribution of pay between males and females (the mean). It should be noted that the presence of a gender pay gap is not an indication that unlawful discrimination exists at LFRS. Within LFRS the difference is related to the structural distribution.

The mean gender pay gap indicates that when comparing the mean average hourly rates, female's earnings are 3.23% more than male's earnings. The median gender pay gap at LFRS demonstrates that based on the median hourly rates, females at LFRS earn 83.05% of the males' earnings. The effect if the RDS and dual contract staff are excluded are enclosed as a separate appendix 1.

Quartile Distribution

The quartile distribution detailed below gives an indication of how males and females are distributed across the Service.

Table 3 Quartile distribution by male and female

	Hourly Rate Range	Female	% Female	Male	% Male	Total
Lower	£0.61 - £4.08	14	5.1%	263	94.9%	277
Lower Middle	£4.12 - £13.66	103	36.92%	176	63.08%	279
Upper Middle	£13.67 - £16.71	34	12.23%	244	87.77%	278
Upper	£16.71 - £71.93	27	9.68%	252	90.32%	279

Commentary:

The formula used to calculate the gender gap divides the remuneration received by individuals by the hours of duty, when this is applied to an individual working a retained duty system the hours of cover provided on call significantly reduces the hourly rate of pay received. This corresponds with the government calculation methodology. The result is the overall figure is distorted. In gender pay gap terms this would not be an issue if the gender balance was similar but the RDS numbers are 14 females v 263 males. This in effect means that the 263 RDS and the 91 male dual contract individuals, as opposed to 14 RDS and 13 dual contract females, reduces the male hourly rate appreciably in the original calculation.

There is a high proportion of male employees employed on the National Joint Council (NJC) for Local Authority Fire and Rescue Service terms and conditions (known commonly as the 'Grey Book'), which attract additional allowances that are not available to staff conditioned to the NJC for Local Government Service ('Green Book') support staff, the majority of which are female. These additional allowances increases Grey Book average earnings and moves this staff group up to the lower middle quartile.

An example being that whilst basic salary across the support and uniformed staff is broadly comparable, uniformed staff receive recompense for their shift weekend working and unsocial hours in their basic pay regardless of requirement, whereas the same does not apply to individuals conditioned to a green book role. i.e. a firefighter is paid the same salary whether on a day shift or 2,2,4.

The majority of female part time staff are also found in the lower-middle quartile. This is reflective of the family friendly nature of LFRS policies, whereby staff are afforded benefits such as flexible working and part time working to fit around family commitments. In addition, many of the roles are filled by younger employees who have just commenced their careers.

The proportion of females in the upper middle and upper quartile is reasonably reflective of the overall proportion of females within LFRS. The upper-middle quartile is predominantly male, but this is where the majority of staff undertaking the role of Firefighter can be found. A high proportion of males undertake the role of Firefighter so it is therefore unsurprising that this quartile is male dominated.

It is recognised that women are significantly underrepresented in the operational workforce and consequently LFRS is committed to increasing the number of female firefighters. This forms an important part of LFRS's approach to equality, diversity and inclusion within the Service. The recruitment freeze has limited opportunities to address this imbalance. LFRS is now undertaking positive action initiatives aimed at encouraging people from underrepresented groups to apply for positions in the organisation. Recruitment activity is locally monitored (including the levels of attraction and appointment) to identify problem areas to inform process improvements. The last recruitment campaign resulted in 23% of the successful applicants being female.

Financial Implications

None identified.

Sustainability or Environmental Impact

Not applicable.

Equality and Diversity Implications

The Gender Pay Gap report provides information to inform and guide Equality, Diversity and Inclusion initiatives with the information being utilised to taking suitable steps to address any issues.

Human Resource Implications

The report informs both workforce planning and equality, diversity and inclusion initiatives and provides an indication if 'talent' is not being effectively utilised.

Business Risk Implications

Failure to report against these regulations will lead to reputational damage to the Authority. Last year it was thought the detail reported may lead to adverse comment and/or reputational damage. The Authority had a choice between reporting utilising the Government's methodology (to enable comparisons to be made) or reporting capturing the spirit of the requirement. This factor was more relevant last year when the figures were first requested and it was believed the service might be criticised for its positive indication. Following discussion the Authority decided to report in accordance with the Government's instructions. No adverse comment was received.

Local Government (Access to Information) Act 1985

List of Background Papers

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

Appendix of Revised tables if RDS & Dual Contract staff removed from main calculation

Table 2 Mean hourly pay rate by gender

	Mean Hourly Pay rate	Median Hourly Pay Rate
All Staff	£16.02	£15.15
Female	£13.27	£11.98
Male	£16.73	£15.90
Pay Gap	20.70%	24.65%

Table 2.1 Mean Hourly rate by gender and occupational group

Hourly Rate	Female	Male	Gap	%
Whole-time	£15.78	£17.09	-£1.31	7.68%
Corporate	£12.75	£14.72	-£1.97	13.37%

Table 3 Quartile distribution by male and female

	Hourly Rate Range	Female	% Female	Male	% Male	Total
Lower	£7.99 - £13.67	97	51.91%	94	48.09%	191
Lower Middle	£13.69 - £15.14	20	10.38%	171	89.62%	191
Upper Middle	£15.15 - £18.35	24	11.96%	167	88.04%	191
Upper	£18.35 - £71.93	16	8.74%	174	91.26%	190

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LANCASHIRE COMBINED FIRE AUTHORITY RESOURCES COMMITTEE

Meeting to be held on 27 March 2019

2019/20 BUDGET UPDATE

Contact for further information:

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

Executive Summary

The report provides an update on 2019/20 budget in respect of pension costs and amended council tax collection fund surplus figures.

Dependent upon whether any additional funding is provided to meet the increased costs of the employer pension contributions, the Authority is potentially looking at an increase in its budget requirement of £0.4m, which it would have to meet from reserves.

Recommendation

Resources Committee is requested to note the increased costs and endorse the action taken.

Information

Pension Costs

At the time of setting the 2019/20 budget the Treasurer highlighted that the Home Office had advised that the latest valuation of the Firefighter pension's scheme had identified an average increase of 12.6% in employer contribution rate, moving from 17.6% to 30.2%. This equated to an additional cost of £3.3m. However the Government had allowed an additional £2.6m of funding in 2019/20 to offset some of this pressure hence the net additional cost to the Authority, and allowed for in the budget, was £0.7m.

At the time the Treasurer confirmed that the split by individual pension scheme had not been provided, only the average, and hence the actual additional cost would vary according to the mix of personnel in each pension scheme.

The Home Office released the results of the valuation in March, providing details of the increase in employer contributions for each scheme as set out below:-

	92 Scheme	2006 Scheme	2015 Scheme
Previous Employer Contribution Rate	21.7%	11.9%	14.3%
New Employer Contribution Rate	37.3%	27.4%	28.8%
Increase	15.6%	15.5%	14.5%

As can be seen, the lowest increase is actually 14.5% and whilst the actual increase for each Authority will be dependent upon their mix of personnel in each scheme it is clear that as a minimum the increase cannot be lower than this, and definitely not the 12.6% quoted.

Having looked at this for ourselves, based numbers of personnel in each scheme our actual average increase is 14.7% and our therefore our forecast cost increase is £0.5m higher than allowed for in the budget.

We have been back to the Home Office to identify where the 12.6% increase came from, as it is obviously too low, and have been advised that this took account of the change in mix of personnel since the last valuation. What this means is that as personnel have transferred from the more expensive 92 Scheme to the 2015 Scheme, the average employer costs have fallen. Whilst this is factually correct, we have already adjusted previous budgets to account for this, taking out £0.6m over the last 3 years.

It should be noted that the majority of Authorities are in similar positions.

It is worth highlighting that at the time of publishing the average increase, the Home Office advised that the estimated total increased costs for the sector was £107m and that HM Treasury had indicated that they would provide additional funding in 2019/20 to mitigate most of the increase with public sector bodies standing only the additional costs announced at Budget 2016. This means that Fire will only stand £10m of the additional cost with the remaining £97m being met by additional grant. They went on to say that costs in subsequent years would be considered as part of the next Spending Review. Given the fact that the basis of the additional costs were under-estimated the Sector has gone back to the Home Office asking them to review the actual position and seek additional funding to offset this, to ensure that the sector only stands the additional £10m costs referenced above. It is too early to say what the outcome of this will be, but if funding remains unchanged we are looking at an additional in-year cost pressure of £0.5m. If no funding is provided this will have to be met from reserves.

An update will be provided at a future Committee once the final position becomes clear.

Council Tax Collection Fund

As part of the budget setting process billing authorities provide details of their overall council tax collection fund, and our share of that. After setting the budget we write out to each billing authority confirming the level of council tax, their share of the precept, the collection fund and business rates, so that they can arrange the relevant payments. As a result of this it has been identified that we had shown one of the Authorities as having a £28.5k deficit in the collection fund, whereas it was actually a £28.5k surplus. Therefore our share of the County wide collection fund is £59k higher than shown in the budget.

It should be noted that this would simply have reduced the funding gap shown in the budget report, reducing it from £495k to £436k, and we would therefore have identified a lower additional savings target of £136k (Members will recall that the final budget allowed for an additional savings target of £195k.)

Financial Implications

Dependent upon whether additional funding is provided to meet the additional costs of the pension increase, the Authority is potentially looking at a net increase in its budget shortfall of £0.4m.

It is unrealistic to think this can be met from increasing the in-year savings target; as such it is proposed that any eventual additional costs should be met from reserves.

Business Risk Implications

None

Environmental Impact

None

Equality and Diversity Implications

None

Human Resource Implications

None

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

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate: N/A		

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