

RESOURCES COMMITTEE

Wednesday, 25 November 2020 at 10.00 am in Virtual Meeting accessible via MS Teams and YouTube (as a live webcast)

MINUTES

PRESENT:

F De Molfetta (Chairman)

Councillors

L Beavers
S Blackburn
J Hugo
D O'Toole
M Pattison
G Wilkins
T Williams

94/19 CHAIRMAN'S ANNOUNCEMENT

The Chairman, County Councillor F De Molfetta welcomed Authority Members and members of the press and public to the virtual committee meeting of the Audit Committee. He advised that in response to the Covid-19 Pandemic the Government had made regulations that enabled virtual meetings. This meeting was accessible for Committee Members via Microsoft Teams and for members of the press and public via a live webcast on YouTube.

The Committee Members individually confirmed their attendance at the start of the meeting.

95/19 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors Tony Martin and Dave Stansfield.

96/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

97/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 23 September 2020 be confirmed as a correct record for signature by the Chairman.

98/19 FINANCIAL MONITORING 2020/21

The Director of Corporate Services presented the report.

Revenue Budget

The overall position as at the end of September showed an underspend of £0.8m, largely as a result of reduced spend during the first quarter, due to the Covid-19 pandemic as planned expenditure was not progressed as previously reported. This position had continued to a large extent into quarter two, and although we were currently discussing with budget holders what impact this could have on their end of year budgetary position, any further lockdown period would have continued impacts on spending. In addition, it was noted that this would have significant impacts on the outturn position for 2020/21, which was estimated to be circa £0.7m after allowing for the virements proposed for Member consideration. This would be updated and reported for the remainder of the financial year, however it was noted that Ministry of Housing, Communities and Local Government had confirmed they would be carrying out the annual National Non-Domestic Rates 3 reconciliation and would be making payments where appropriate to authorities in January 2021. This had not been included in the forecast as there was no guarantee anything would be received.

The year to date positions within individual departments were set out in the report 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 30 Sept	Forecast outturn at 31 March	Reason
	£'000	£'000	
Service Delivery	(159)	(369)	The underspend for both the first six months and the outturn position largely related to the reduced activity levels, in particular for car allowances and smoke detector purchases.
Protection Transformation	-	-	The Protection Transformation department had been created as a result of the Authority being able to access £310k in grant from the Home Office to support our protection work in the wake of the Grenfell tragedy. The proposed department structure was approved at July Planning Committee, which incorporated new posts funded by grant, and posts transferred from other existing structures. In addition, we received notification from the Home Office that we would be receiving £150k S31 grant in relation to the Grenfell inquiry outcomes, in particular to ensure that all Fire and Rescue Services have smoke hoods in place as a protection measure in the event of a major fire. We received the funding

			in early November, and the purchase of smoke hoods and smoke curtains was underway, with plans to spend the remainder of the funding (circa £100k) under discussion with Service Delivery.
Covid-19	-	-	As previously reported, we received total funding of £1.4m. We have spent £0.9m to date, with the balance being held in an earmarked reserve. It was expected that any further costs associated with the ongoing pandemic, such as enhanced cleaning, additional staff costs etc. would be met from this fund.
Youth Engagement	(118)	(30)	This budget included both the Prince's Trust activities and the Fire Cadet units. The year to date position arose from the amended delivery model for Prince's Trust teams, where the residential fees and other team running costs were not being incurred. The forecast position anticipated the transfer of the balance of unspent Prince's Trust income into earmarked reserves to meet future running costs, but this would be brought for a decision during year end. Fire cadet units had not been running since March, hence the expected year end underspend.
Training & operational review	(66)	(124)	The year to date and outturn position both reflected training which should have taken place in quarter one being pushed back, and the reduced onsite catering requirement during this period. The outturn was based on an estimated level of training provision (including on-call and wholtime recruits) during the remainder of the year, which would be reviewed and monitored.
Fleet & Technical Services	(88)	(168)	The current underspend largely related to vehicle repairs and maintenance, where the anticipated (and budgeted) increases in the hourly rates charged by Lancashire County Engineering Services had been mitigated thus far by careful

			management and scrutiny of repairs passed to LCES, with use of alternative contractors where cost effective to do so. In addition, we benefitted from free fuel offered by BP to emergency services during the first quarter, and there had also been a general reduction in spend on fuel and tyres.
Digital Transformation	-	-	The digital transformation department was created by moving staff from other departments (mainly Information Technology) to support the digital enhancement of the Service. Currently the department only had pay budgets, but non-pay budgets may be reviewed and moved over in due course.
Property	(140)	(145)	As non-essential maintenance was put on hold in quarter 1, the spend to date showed an underspend. Whilst non-essential maintenance had been re-instated departmental capacity and the ongoing situation meant that we would not catch up from earlier underspends, hence the forecast year end underspend.
Non DFM	195	759	Both the current and outturn positions reflected the £0.4m funding gap identified at the time of setting the budget in February. The tender process for STC workshop and South Shore refurbishment had both resulted in significant increases in costs reflecting a general shift in pricing in the construction industry, as well as additional site overheads to meet new Covid requirements and design amendments. The Member Tender Panel had approved the award of both these contracts and the resultant increase in the capital programme, noting that this could be met from additional in-year revenue contributions due to the existing underspend. As such the outturn also reflected the additional Revenue Contribution to Capital Outlay of £0.3m in respect of these projects.

Wholetime Pay (including associate trainers)	(469)	(638)	<p>In anticipation of reduced staffing levels due to the pandemic 16 existing On Call staff who had been successful in the Wholetime recruitment campaign and who were initially due to commence on the recruits' course in September were allowed to commence riding Wholetime appliances in May. This ceased once they commenced the recruits' course in September. The additional cost of this was more than offset by additional 12 early leavers since the budget was initially set. In addition, vacant posts were effectively budgeted at Firefighter rates, however there were a number of vacancies within TOR, Fire Safety and Service Development at higher grades, resulting in a further underspend.</p> <p>The Protection Transformation funding of £310k reported above would be used to fund additional wholetime Protection posts, however there won't be additional recruitment within the year to fill gaps arising within Service Delivery, hence the outturn position reported. The outturn position included the completion of the September course and the anticipated January recruits' course in addition to all of the above.</p>
RDS Pay	212	366	<p>The overspend reflected activity related payments for the first three months, which could be attributed to several moorland fire incidents during the period, a 36% higher activity level than the corresponding quarter last year. Although these payments had reduced in quarter two, they were still 10% higher on average than the previous year. We were currently assuming that these would continue at broadly the same levels for the rest of the year. We would monitor the situation over the coming months and update in due course.</p>
Support staff	(74)	(92)	The underspend to date related to

(less agency staff)			vacant posts across various departments, which were in excess of the vacancy factor built into the budget. Due to the initial cessation of recruitment activity due to the pandemic, and subsequent reduced recruitment activity, it was unknown when some of these posts might be filled, however it was clear there would be an underspend by the end of the financial year. Noted agency staff costs to date of £22k were replacing vacant support staff roles, this accounted for less than 1% of total support staff costs.
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Capital Budget

The Capital budget for 2020/21 stood at £10.9m. Following recent Member Tender Panel approvals, the proposal was to increase this for:

- £275k in respect of the costs for the STC Workshop project;
- £32k in respect of the costs for the South Shore fire station refurbishment and extension.

These changes took the revised total budget to £11.2m.

There had been very little spend against the resultant 2020/21 programme, just £0.7m, largely against vehicles, as departments had been dealing with the impacts of the ongoing pandemic. We continued to review the impact of the pandemic on anticipated in-year spend, and had provided an estimated forecast of slippage in Appendix 2, but it was clear that there would be significant slippage, circa £8.4m, again this year.

The current position against the programme was set out below, with further details provided for consideration by Members in Appendix 2: -

Pumping Appliances	The budget allowed for the remaining stage payments for 7 pumping appliances for the 2018/19 programme, which had all now been built and inspected and were undergoing the pre-delivery process, with anticipated deliveries taking place in December & January. In addition, the budget allowed for the purchase of 3 pumping appliances for the 2019/20 programme, and 2 pumping appliances for the 2020/21 programme, all of which had been delayed pending consideration of the specification and were expected to slip into the next financial year.
Other vehicles	This budget allowed for the replacement of various operational support vehicles, the most significant of which were:

	<ul style="list-style-type: none"> • Two Command Support Units (CSU), the documentation was being prepared in order to begin the procurement exercise in the new year; • One Water Tower; • One Aerial Ladder Platform; • One all-terrain vehicle <p>None of the above items were expected to be progressed to completion within the year, and were included in the slippage.</p> <p>In addition to these, the budget allowed for various support vehicles which were reviewed prior to replacement, but were being progressed with further spend anticipated prior to the year end.</p>
Operational Equipment / Future Firefighting	<p>This budget allowed for completion of the kitting out of three reserve pumping appliances, in addition to providing a £50k budget for innovations in fire-fighting which were still being considered.</p> <p>This budget also allowed for the progression of CCTV on pumping appliances, which was not expected to be spent during the financial year due to capacity issues within Fleet Services department.</p>
Building Modifications	<p>This budget allowed for:</p> <ul style="list-style-type: none"> • Provision of a new workshop, BA Recovery and Trainer facility at STC. Following completion of the tender process the total budget had been increased to £4.5m. Work would shortly begin on site; however, the majority of the budget would be spent in the next financial year; • NWAS co-location at Morecambe, this depended on arrangements with the PFI provider, but now seemed likely to slip into the next financial year; • Based on the latest stock condition survey, several stations had budgeted upgrades to dormitory and shower facilities. A contract for South Shore refurbishment had been awarded, with works currently on site. However, the majority of spend on other upgrades would move into the following financial year. • We have included budgetary provision for a drill tower replacement plan, and would seek to replace a notional 2 towers per year over the 5-year programme. Work was on-going to agree the specifications and priorities for this programme, and hence spend would slip into next year.
IT systems	<p>The majority of the capital budget related to the national Emergency Services Mobile Communications Project (ESMCP), to replace the Airwave wide area radio system and the replacement of the station end mobilising system. The ESMCP project budget, £1.0m, was offset by anticipated grant, however the timing of both expenditure and grant was dependent upon progress against the</p>

	<p>national project. This national project had suffered lengthy delays to date, hence was included within slippage into the next financial year.</p> <p>The balance of the budget related to the replacement of various systems, in line with the ICT asset management plan. Whilst initial scoping work was on-going to facilitate the replacement of some of these systems in the current year, we were still reviewing the need to replace others. Given the ongoing situation we only expect an outturn spend of circa £100k in the current year.</p>
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The committed costs to date would be met by revenue contributions.

Delivery against savings targets

The current position on savings targets identified during the budget setting process was reported. The performance to date was ahead of target, largely due to savings in respect of smoke detectors and Procurement savings. It was anticipated that we would meet our savings target for the financial year.

In response to a question from County Councillor O'Toole regarding the £900k spend on the covid budget, the Director of Corporate Services confirmed he would send a breakdown of that expenditure to him outside the meeting.

In response to a further question from County Councillor O'Toole regarding the Youth Engagement budget, the Director of Corporate Services confirmed that the difference between the underspend at the end of September and the forecast underspend at the end of the financial year, £88k would transfer into an earmarked reserve for the Prince's Trust because of the uncertainty of future funding. The Prince's Trust programme had continued during the pandemic but had been delivered digitally rather than on a face-to-face basis. It was noted that the fire cadets had ceased in March which was why the year end underspend was predicted. Councillor Hugo was pleased that the forecast underspend would be earmarked for the Prince's Trust programme as she had been concerned that any drop off in activity would require more effort to regain momentum.

Councillor Hugo asked why the £700k revenue slippage would go into the capital reserve. In response, the Director of Corporate Services advised that at the Strategy Group scheduled for the following week there would be a discussion on the Business Case at Headquarters which may require additional resources being put into the capital programme. Typically, at year end consideration was given to whether to put any underspend into the general fund balance or into an alternative (if deemed appropriate). Should there be a need to put more money into the capital programme, the year-end balance would be transferred thus minimising any need to borrow. He confirmed that any decisions would be taken by the Resources Committee typically in May to feed into the final accounts process.

Councillor Hugo also queried what the impact on the Service was of not filling the support staff vacancies referred to on page 33. In response the Director of Corporate Services advised that some of the posts had been problematic and although the impact was fairly marginal it was hoped the posts would be recruited to over the next 6 months.

RESOLVED: - Given the YouTube live webcast had stopped working which in effect excluded the press and public from the meeting, the public section of the meeting was adjourned. This was prior to the Committee's determination of the recommendations which would now need to be considered (as appropriate) with an update provided to the next meeting of this Committee.

99/19 TREASURY MANAGEMENT - MID YEAR REPORT 2020/21

The report and its recommendations would now need to be considered (as appropriate) with an update provided to the next meeting of this Committee.

100/19 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would be held on Wednesday, 24 March 2021 at 1000 hours – venue to be confirmed.

Further meeting dates were scheduled for 7 July 2021 and 29 September 2021 and agreed for 1 December 2021.

101/19 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.

102/19 SICK PAY PROCEDURES

(Paragraph 3)

Members considered a report that proposed to temporarily alter the processes to enable some support to be given to staff impacted by the Covid emergency and to re-endorse the principles under which the existing discretions were used.

RESOLVED – That the Committee approved the recommendations as set out in the report.

103/19 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 and endorsed the report.

LFRS HQ
Fulwood

M NOLAN
Clerk to CFA