LANCASHIRE COMBINED FIRE AUTHORITY

Monday, 21 February 2022 at 10.00 am in Washington Hall, Service Training Centre, Euxton

MINUTES

PRESENT:

D O'Toole (Chairman)

Councillors

J Shedwick (Vice-Chair)
L Beavers
P Britcliffe
M Dad
N Hennessy
D Howarth
J Hugo
K Iddon
F Jackson
A Kay
H Khan
Z Khan
J Mein
G Mirfin
S Morris
M Pattison
J Rigby
P Rigby
S Serridge
J Singleton
D Smith
T Williams
R Woollam

61-20/21 CHAIRMAN'S WELCOME AND INTRODUCTION

As the Chairman had been caught in heavy traffic, the Vice-Chairman took the chair.

62-20/21 APOLOGIES FOR ABSENCE

Apologies were received from County Councillor Stephen Clarke.

63-20/21 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

64-20/21 MINUTES OF PREVIOUS MEETING

RESOLVED: - That the Minutes of the CFA held on 13 December 2021 be confirmed and signed by the Vice-Chairman.

65-20/21 MINUTES OF MEETING WEDNESDAY, 15 DECEMBER 2021 OF PERFORMANCE COMMITTEE

RESOLVED: - That the proceedings of the Performance Committee held on 15 December 2021 be noted and endorsed.

66-20/21 MINUTES OF MEETING MONDAY, 7 FEBRUARY 2022 OF PLANNING COMMITTEE

RESOLVED: - That the proceedings of the Planning Committee held on 7 February 2022 be noted and endorsed.

67-20/21 EXECUTIVE BOARD SUCCESSION ARRANGEMENTS

The Chief Fire Officer updated Members on the process for the recruitment and selection to the post of Assistant Chief Fire Officer.

RESOLVED: - That the report be noted.

68-20/21 RECRUITMENT OF INDEPENDENT PERSON

In the absence of the Clerk and Monitoring Officer to the Authority the Director of People and Development updated Members on the process for the recruitment and selection of the Independent Person to replace Mrs Hilary Banks, who had been closely associated with and a dedicated source of guidance for the Fire Authority for over 20 years.

Mrs Banks was present in the meeting. She stated that it had been an honour and pleasure to serve the Authority and Service, in which she was very proud. She had attended many meetings over the years where she had witnessed the dignity and respect shown for the views of Members and Officers and she was thankful to have not had any serious issues to deal with during her tenure. She was concerned that a replacement had not yet been found and, as it was a legal requirement for the Authority to have an Independent Person, she requested what the proposals were to seek her replacement going forwards.

The Director of People and Development advised that it was being considered whether it would be possible to revise the framework of the Local Pensions Board and appoint an independent chairman whose role would also include that of the Independent Person. Mrs Banks expressed concern at the length of time that would take. She felt that there would be many professional people willing to step up to public duty (to serve their community and to some degree enhance their own careers) and she was shocked that there had been no interest expressed even under her current terms. She did not think adding another dimension to the role would make it more attractive when the real role was to serve the Authority.

On behalf of the Authority, the Vice-Chairman expressed sincere thanks Mrs Banks for her dedication and service and Members applauded.

RESOLVED: - That the Authority approved Mrs Banks to continue in the role as Independent Person until a replacement could be appointed.

69-20/21 PAY POLICY STATEMENT 2022/23

The Director of People and Development presented the report. In accordance with the provisions of the Localism Act 2011 a pay policy statement for 2022/23 was considered by Members.

The pay policy published data on senior salaries and the structure of the workforce and it demonstrated the principles of transparency.

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

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

The statement included: -

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

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

Councillor Hugo noted the Service paid less than the foundation living wage (currently £9.90) to green book staff on the rate of £9.44 (as referred to on page 54 of the agenda pack); she queried whether this was something the Authority could strive to pay. In response, the Director of People and Development confirmed that the staff on grade 1 posts were at the top of the pay scale at £18,562. He advised that a pay increase offer of 1.75% (or higher to those on the lowest pay point) had been made which would be effective from 1 April 2021 however, this had not been agreed with the representative bodies but this would address her query.

In response to a question raised by County Councillor Hennessy, the Director of People and Development confirmed that the Government view of an appropriate pay for a chief executive should be at a ratio of no more than 1 to 25. When this was applied for the Service at the pay scale of £18,569 the Chief Fire Officer's earning ratio was 1 to 8.249. A more realistic appraisal was a competent firefighter pay where the earning ratio was 1 to 4.64 therefore clearly within standard.

<u>RESOLVED</u>: - That the Pay Policy Statement be approved.

70-20/21 <u>HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES (HMICFRS) UPDATE</u>

This report provided an update regarding the inspection by Her Majesty's

Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) of Lancashire Fire and Rescue Service (LFRS) that started from week commencing 22 November 2021 and the work completed pre and during inspection. Additionally, it covered a summary of the national report, State of Fire 2021, which has recently been published.

The Deputy Chief Fire Officer advised that the Service received a hot debrief from the HMICFRS team on 9 February 2022 however, it was not possible to deduct from that the gradings that would be awarded. Inspection reports were expected to be published in the late Spring 2022 although no specific dates had yet been confirmed. LFRS would receive a copy of its report ahead of this to check for factual errors.

The inspection process had focussed attention regarding some key areas. Overall, the experience had been very positive and enabled the Service to continue to identify areas needing improvement, helping shape many of the actions within Annual Service Plans. When the final report was received in summer it would provide further clarity and direction, therefore enabling the focussing of resources on the areas requiring strengthening to ensure LFRS continued towards its aim of being graded as outstanding.

The report also updated Members on the national State of Fire report produced by Sir Thomas Windsor released in January 2022. The report highlighted that overall, nationally there had been progress from round 1 inspections with improvements in culture and people and investment in fire protection. However, an area identified as being problematic was the resourcing and prioritising of prevention work. Other areas identified as requiring further improvement included the diversity of recruitment and challenges around the on-call duty system. Members considered appendix 1 which set out a summary of 6 national recommendations of which 2 had been completed with the remaining 4 ongoing.

The Deputy Chief Fire Officer advised that having done one full round of inspections, the HMICFRS were now much more mature in their considerations.

The Authority commended the work done by Officers and staff and looked forward to the final report with confidence.

RESOLVED: - That the report be noted and endorsed.

71-20/21 TREASURY MANAGEMENT STRATEGY 2022/23

The Director of Corporate Services / Treasurer advised that the Financial Strategy encompassed the following 4 items on the agenda which were intrinsically linked, with changes in one impacting on the others: i) the Treasury Management Strategy set out investment, borrowing, repayment and how money was set aside to repay borrowing, ii) the Reserves and Balances Policy set out savings and how they were planned to be used over the next 5 years; iii) the Capital Strategy and Budget set out major expenditure for investment within the Service and iv) the Revenue Budget was for the day to day running of the Service.

The Chairman of the Authority arrived at this point and apologised for his late arrival.

The Director of Corporate Services / Treasurer presented the report that set out the Treasury Management Policy and Strategy for 2022/23.

Treasury Management Strategy for 2022/23
The Strategy Statement had been prepared in accordance with the CIPFA Treasury Management Code of Practice. Accordingly, the Lancashire Combined Fire Authority's Treasury Management Strategy would be approved by the full Authority, and there would also be a mid-year and a year-end outturn report presented to the Resources Committee. In addition, there would be monitoring and review reports to Members in the event of any changes to Treasury Management policies or practices. The aim of these reporting arrangements was to ensure that those with ultimate responsibility for the treasury management function appreciated fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions had properly fulfilled their responsibilities with regard to delegation and reporting.

The Authority had adopted reporting arrangements in accordance with the requirements of the Code as set out in the report.

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

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

Setting the Treasury Management Strategy for 2022/23
In setting the treasury management strategy the: economic forecasts, interest rate forecasts, the current structure of the investment and debt portfolio and the future capital programme and underlying cash forecasts were considered.

Economic background
The treasury management activity would be influenced by the forecast of interest rates for the year. In December 2021 the Bank of England increased the Bank Rate by 0.15% to 0.25%. This increase was the first in over 3 years and was made in response to inflationary pressures. This was followed by a further 0.25% increase in February to give a base rate of 0.5%. The November inflation rate, as measured by Consumer Prices Index (CPI) was 5.1% which was the highest for a decade and the Bank of England forecasts suggested it might rise to 6% or 7% in the first few months of 2022.

Arlingclose Forecast
The Authority’s treasury management adviser Arlingclose had already forecast that Bank Rate would rise to 0.50% in the first quarter of 2022 to subdue inflationary pressures and the perceived desire by the Bank of England to move

away from emergency levels of interest rates. Following the actual base rate increase they had updated their forecasts which predicted an increase to 1.0% in the first half of the new financial year.

Current Treasury Portfolio Position

At the 31 December 2021 the debt and investments balances were: -

Debt	Principal £m	%
Fixed rate loans from the Public Works Loan Board	2.000	100%
Variable rate loans		-
	2.000	100%
Investments		
Variable rate investments with Lancashire County Council	22.400	69%
Fixed rate investments	10.000	31%
	32.400	100%

The level of investment represented the Authority's cumulative surplus on the General Fund, the balances on other cash-backed earmarked reserves and a cash-flow balance generated by a surplus of creditors over debtors and by grant receipts in advance of payments. There was a net investment figure of £30m.

Borrowing and Investment Requirement

In the medium term LCFA borrowed for capital purposes only. 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 CFR forecast included the impact of the latest forecast of the funding of the Capital Programme which currently assumed there would be no borrowing until 2024/25 (it was noted that borrowing only affected the CFR the year after it was taken out). A voluntary MRP was made in 2019/20 to take the future loans element of the MRP to nil.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommended that the Authority's total debt should be lower than its highest forecast CFR over the next three years. However, the table in the report showed that the level of loans was above the CFR at 1/4/21. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) in order to generate the cash to repay loans either on maturity or as an early repayment. The table indicated that rather than having a need for borrowing it was estimated that the Authority had an underlying need to invest although the available balances were forecast to reduce.

Although the Authority did not have plans for new borrowing until 2024/25 it currently held £2.0m of loans as part of its strategy for funding previous years' capital programmes.

Borrowing Strategy

The draft Capital Programme showed a requirement to use borrowing to fund the capital programme in the later years. At this stage it was extremely unlikely that borrowing would be required in 2022/23. However, it was still best practice to approve a borrowing strategy and a policy on borrowing in advance of need. In considering a borrowing strategy the Authority needed to make provision to borrow short term to cover unexpected cash flow shortages or to cover any change in the financing of its Capital Programme.

In the past the Authority had raised all of its long-term borrowing from the Public Works Loan Board, but if long term borrowing was required other sources of finance, such as local authority loans, and bank loans, would be investigated which may be available at more favourable rates. Short-term borrowing if required would most likely be taken from other local authorities.

Therefore, the approved sources of long-term and short-term borrowing were: Public Works Loan Board, UK local authorities, any institution approved for investments, any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK and UK public and private sector pension funds.

Policy on Borrowing in Advance of Need

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

Debt Restructuring

The Authority's debt had arisen as a result of prior years' capital investment decisions. It had not taken any new borrowing out since 2007 as it has been utilising cash balances to pay off debt as it matured, or when deemed appropriate with the Authority making early payment of debt. The anticipated holding of debt at 31 March 2022 was £2.0m. All the debt was from the Public Works Loans Board (PWLB) and was all at fixed rates of interest and was repayable on maturity. This debt was taken out in 2007 when the base rate was 5.75% and when the Authority was earning 5.84% return on its investments. Given the high interest rates payable on these loans, relative to current interest rates, the opportunities for debt repayment/restructuring had again been reviewed.

The level of penalty applicable on early repayment of loans now stood at £0.813m. This was a reduction from the previous level and reflected the recent increase in base rates. Outstanding interest payable between now and maturity was £1.317m. Any early repayment meant that cash balances available for investment would be reduced and hence interest receivable would also be reduced. The extent of which was dependent upon future interest rates. It was estimated that if interest rates on investments were at 1.7% over the remaining period of the loan, then repaying the loans now would be broadly neutral. It was also noted that the capital budget allowed for additional borrowing within the next 5 years. Current borrowing rates were between 2.0% and 2.5% for long term loans, i.e. over 10 years, and anywhere within this range exceed the breakeven position noted above. Hence given the penalties it was not considered beneficial to repay these loans.

<u>Investment Strategy</u>

At 31 December 2021 the Authority held £32.4m invested funds, representing income received in advance of expenditure plus existing balances and reserves. During the year the Authority’s investment balance had ranged between £31.0m and £46.7m. The variation arose principally due to the timing of the receipt of government grants. It was anticipated that similar levels would be maintained in the forthcoming year.

Both the CIPFA Code and government 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 receiving unsuitably low investment income. Therefore, in line with the guidance the Treasury Management Strategy was developed to ensure the Fire Authority would only use very high-quality counterparties for investments.

The Authority may invest its surplus funds with any of the counterparties as set out in the report.

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

In respect of banks, taxpayers would no longer bail-out failed banks instead the required funds would be paid by equity investors and depositors. Local authorities' deposits would be at risk and consequently although currently available within the policy, it was unlikely that long term unsecured term deposits would be used at the present time. Currently all of the Authority's investments were with other local authorities.

The Authority currently had access to a call (instant access) account with a local authority, which paid bank base rate, this was currently 0.25%. Each working day the balance on the Authority's current account was invested to ensure that the interest received on surplus balances was maximised.

In addition, longer term loans had been placed with UK local authorities to enhance the interest earned. To this end at the following investments were already impacting 2022/23.

Start Date	End Date	Principal	Rate	Interest 2022/23
20/04/20	20/04/22	£5,000,000	1.45	£3,774
24/04/20	25/04/22	£5,000,000	1.45	£4,767

Consideration was given to fixing further investments if the maturity fit with estimated cash flows and the rate was considered to be attractive. This would continue to be reviewed.

The overall combined amount of interest earned on Fixed/Call balances as at 31 December 2021 was £0.143m on an average balance of £38.1m at an annualised rate of 0.50%. This compared favourably with the benchmark 7-day LIBID rate which averaged a negative yield of 0.07% over the same period and was 0.25% above the previous bank rate.

Minimum Revenue Provision

Under Local Authority Accounting arrangements, the Authority was required to set aside a sum of money each year to reduce the overall level of debt. This sum was known as the minimum revenue provision (MRP).

The Authority assessed their MRP for 2022/23 in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The Authority made a voluntary MRP in 2019/20 and it was anticipated that the MRP on loans would be nil in 2022/23; this would be the case until capital expenditure was financed by borrowing.

Whilst the Authority had no unsupported borrowing, nor had any plans to take out any unsupported borrowing in 2022/23 it was prudent to approve a policy relating to the MRP that would apply if circumstances changed. As such in accordance with the Local Government Act 2003, the MRP on any future unsupported borrowing would be calculated using the Asset Life Method. This would be based on a straightforward straight – line calculation to set an equal charge to revenue over the estimated life of the asset. Estimated life periods would be determined under delegated powers. To the extent that expenditure was not on the creation of an asset and was of a type that was subject to estimated life periods that were referred to in the guidance, these periods would generally be adopted by the Authority. However, the Authority reserved the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

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

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

Revenue Budget

The capital financing budget currently showed that income received exceeded expenditure. This excluded the PFI and Finance lease payments, which were included in other budgets. Based on the Strategy outlined above then the proposed budget for capital financing was:

	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Interest payable	0.090	0.090	0.090	0.090
MRP	0.010	0.010	0.010	0.010
Interest receivable	(0.194)	(0.300)	(0.200)	(0.100)
Net budget	(0.094)	(0.200)	(0.100)	-

Although the MRP requirement was currently nil the budget included a provision for making a charge either due to incurring a small amount of borrowing or to make a voluntary MRP to offset against future requirements.

Prudential Indicators for 2021/22 to 2024/25 in respect of the Combined Fire Authority's Treasury Management Activities

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

The table in the report set out the debt and investment-related indicators which provided the framework for the Authority's proposed borrowing and lending activities over the coming three years. These indicators would also be approved by Members as part of the Capital Programme approval process along with other capital expenditure-related indicators but needed to be reaffirmed and approved as part of this Treasury Management Strategy.

It was noted that contained within the external debt limits, there were allowances for outstanding liabilities in respect of the PFI schemes and leases. However, accounting standards were likely to change in relation to recording leases. In effect, more leases were likely to be included on the balance sheet and therefore would be included against the other long-term liabilities' indicators. At this stage work was ongoing to quantify the impact of the change and therefore the other long-term liabilities limits may be subject to change.

RESOLVED:- That the Authority:

i) Approved the revised Treasury Management Strategy, including the Prudential Indicators as now presented;
ii) Agreed the Minimum Revenue Provision calculation as now presented; and,
iii) Agreed the Treasury Management Policy Statement, as now presented.

72-20/21 RESERVES AND BALANCES POLICY 2022/23

The Director of Corporate Services / Treasurer presented the report. The Fire Authority held reserves to meet potential future expenditure requirements. The reserves policy was based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). It explained the difference between general reserves (those held to meet unforeseen circumstances), earmarked reserves (those held for a specific purpose) and provisions (where a liability existed but the extent and/or timing of this was uncertain). In addition, the policy identified how the Authority determined the appropriate level of reserves and what these were. The policy confirmed that the level of, and the appropriateness of reserves would be reported on as part of the annual budget setting process and as part of the year end accounting process.

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

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

There remained a great deal of uncertainty over long term funding than in recent years as the impact of both Brexit and the Pandemic on public finances and the national economy were still unknown. As a result, the anticipated multi-year settlement had been postponed again, hence the draft settlement only covered 2022/23. As a result of the Local Government Finance Settlement the Authority will receive a 1.1% inflationary increase for 2022/23.

Furthermore, the outcome of the fair funding review of relative needs and resources and the Government intention to move to greater retention of Business Rates had also been postponed, and hence were likely to take effect over the next settlement period, which it was anticipated would be a multi-year settlement.

The position in terms of pension costs was also extremely uncertain with guidance relating to Immediate Detriment being issued, and subsequently withdrawn, and with there being no clear decision as to where the costs of implementing this would fall.

As such the Treasurer considered it prudent to increase the minimum target reserves level to £4.0m, 6.5% of the 2022/23 net revenue budget, reflecting the increasing level of uncertainty. This was slightly higher than the 5% threshold identified by the Home Office above which the Authority was required to justify why it held the level of reserves, reflecting the increasing uncertainty about future funding, pension costs and pay awards.

Should reserves fall below this minimum level the following financial year's budget would contain options for increasing reserves back up to this level which may take several years to achieve.

Whilst this exercise set a minimum level of reserves it did not consider what, if any, maximum level of reserves was appropriate. In order to do this, the level of reserves held should be compared with the opportunity cost of holding these, which in simple terms meant that if you held reserves that were too high you were foregoing the opportunity to lower council tax or invest in further service improvements.

Whilst the settlement provided greater flexibility to increase council tax in 2022/23, this was a one-off relaxation of the referendum principles and would not be repeated in future years. Hence the scope to increase council tax in future years to restore depleted reserves was limited, without holding a local referendum. Therefore, any maximum reserve limit must take account of future anticipated financial pressures and must look at the long-term impact of these on the budget and hence the reserve requirement. Based on professional judgement, the Treasurer felt that this should be maintained at £10.0m.

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

<u>Level of General Reserves</u>
The overall level of the general fund balance, i.e., uncommitted reserves, anticipated at the 31 March 2022 was £6.0m, providing scope to utilise approx. £2.0m of reserves. The draft budget (as presented elsewhere on the agenda) did not require any drawdown of reserves in 2022/23. The Treasurer therefore considered this reserve was at an appropriate level.

Looking at the medium term the need to drawdown reserves would be affected by:-

- Council tax – The revenue budget assumed that council tax was increased by the maximum permissible each year, enabling the Service to deliver a balanced budget each year. If this was not the case, then there may be a need to utilise reserves in future years to balance the budget;
- Emergency Cover Review (ECR) - The revenue budget assumed that the outcome of the ECR was cost neutral. If this was not the case and the ECR/cessation of DCP required significant investment, then reserves would need to be utilised to fund this;
- Pension costs – the revenue budget assumed that the only pension costs that fell on the Service were employer contributions, and that all other costs were met by the Government via the Pension Holding Account. If this was not the

case, then reserves would be required to meet these one-off costs which would be very significant;

- Future funding - The revenue budget assumed future funding increased by 1% each year, in line with this year's settlement. If that was not the case and it was frozen, this would reduce funding levels by £0.3m, if that was the case for 4 years the cumulative effect would be a £1m reduction in overall funding, which may impact on the need to drawdown reserves;
- Future inflation - The revenue budget assumed future inflation, including pay awards, returned to the Government's 2% target. If this was not the case each 1% more than this increased the recurring budget requirement by £0.5m, ie £2.5m over the next 5 years, which may impact on the usage of reserves.

Earmarked Reserves

The earmarked reserves forecast at 31 March 2022 was £9.23 and a breakdown of these was considered by Members. The Director of Corporate Services highlighted earmarked reserves held for:

- As a result of higher inflation rates, the amount of PFI Reserve held needed to increase to £5.2m in order to smooth out the annual net cost to the Authority of the existing PFI scheme and would be required to meet future contract payments.

It was noted that of the anticipated balance of £6.1m at 31 March 2027, £4.0m (66%) related to the Private Finance Initiative reserve.

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

Capital Reserves and Receipts

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

Capital Receipts were generated from the sale of surplus assets which had not yet been utilised to fund the capital programme.

At 31 March 2022 the Authority anticipated holding £18.4m of capital reserves and receipts, after allowing for the transfer of £0.4m of earmarked reserves and £0.4m of the year-end underspend. Based on the capital programme presented elsewhere on this agenda it was anticipated fully utilising these by 31 March 2025. Of the total reserve £1.5m was contractually committed.

Based on this the Treasurer believed these were adequate to meet future requirements in the short to medium term but recognised that they would be exhausted in March 2025.

Provisions

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

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

This provision stood at £0.5m at 31 March 2021. Given the uncertainty in terms of future insurance claims it had been assumed that the provision would be maintained at this level throughout the 5-year period. There were no existing legal obligations associated with this provision, as the legal obligation only arose when settlement of outstanding claims was agreed.

Business Rates Collection Fund Appeals Provision
This covered the Authority's share of outstanding appeals against business rates collection funds, which was calculated each year end by each billing authority within Lancashire based on their assumptions of outstanding appeal success rates, as part of their year-end accounting for the business rates collection fund.

At 31 March 2021 this provision stood at £1.1m to cover anticipated costs of outstanding business rates appeals. Whilst a significant element of this would be utilised in the current financial year, reflecting the settlement of outstanding appeals, it was impossible to accurately predict the extent of this usage or the need for any additional provision to meet appeals that arose in year, until such time as a full review was undertaken by billing authorities as part of the financial year end process. Therefore, for the purpose of this report it had been assumed that the level of business rates appeals provision remained unchanged. Until the outcome of any appeal was known there was no legal obligation arising from the appeal.

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

Summary Reserve Position

The anticipated position in terms of reserves and balances was set out in a graph on page 92 of the agenda pack with a more detailed year on year analysis by reserve set out in appendix 1, as now considered by Members.

The level of reserves reduced by over £20m over the next 3 financial years reflecting the scale of the capital programme. The general reserve remained above the minimum requirement throughout the period, reflecting the increase in council tax included in the revenue budget report (reported elsewhere on the agenda). The position would be subject to significant change as pension costs, funding, inflation, pay awards etc became clearer in future years. The annual refresh of this policy would identify the impact of any changes ad they developed.

RESOLVED: - That the Authority approved the Reserves and Balances Policy and the level of reserves included within it.

73-20/21 CAPITAL STRATEGY AND BUDGET 2022/23 - 2026/27

The Director of Corporate Services / Treasurer presented the report. The Authority's capital strategy was designed to ensure that the Authority's capital investment:

- assisted in delivering the corporate objectives;
- provided the framework for capital funding and expenditure decisions, ensuring that capital investment was in line with priorities identified in asset management plans;
- ensured statutory requirements were met, i.e. Health and Safety issues;
- supported the Medium-Term Financial Strategy by ensuring all capital investment decisions considered the future impact on revenue budgets;
- demonstrated value for money in ensuring the Authority's assets were enhanced/preserved;
- described the sources of capital funding available for the medium term and how these might be used to achieve a prudent and sustainable capital programme.

Managing capital expenditure

The Capital Programme was prepared annually through the budget setting process and was reported to the Authority for approval each February. The programme set out the capital projects taking place in the financial years 2022/23 to 2026/7 and would be updated in May to reflect the effects of the final level of slippage from the current financial year (2021/22).

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

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

Proposed Capital Budget

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

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

Vehicles

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

	No of Vehicles				
Type of Vehicle	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
Pumping Appliance	7	6	5	6	6
Command Unit	2	-	-	-	-
Water Tower	-	2	-	-	-
Aerial appliance	1	-	-	-	-
All-Terrain Vehicle	1	-	-	-	-
Prime mover	2	-	-	-	-
Pod	1	-	-	-	-
Operational Support Vehicles	16	16	18	11	12
	32	22	23	21	18
	Budget (£m)				
Pumping Appliance	1.490	1.337	1.156	1.421	1.457
Command Unit	0.580	-	-	-	-
Water Tower	-	1.000	-	-	-
Aerial appliance	0.750	-	-	-	-
All-Terrain Vehicle	0.016	-	-	-	-
Prime mover	0.215	-	-	-	-
Pod	0.028	-	-	-	-
Operational Support Vehicles	0.359	0.459	0.504	0.260	0.353
	3.437	2.795	1.660	1.682	1.810

Numbers were based on anticipated delivery dates, not order date. Several of the vehicles had long lead times, and stage payments, hence the actual timing of spend was subject to change, with any deliveries spanning across years, inevitably resulting in the need to move spend between years, usually this would be in the form of slippage into subsequent years, but occasionally there would be a need to pull budget forward to reflect an earlier delivery / stage completion date. This would be reported to Resources Committee as delivery dates were agreed.

Both the Water Towers and Aerial Appliance requirements had been approved previously by the Authority. With the exception of the these, all other vehicles were replacements.

It was noted that LFRS currently had several vehicles provided and maintained by Government under New Dimensions (5 Prime Movers and 1 Utility Terrain Vehicle), which under LFRS replacement schedules would be due for replacement during the period of the programme. However, it was understood that Government would issue replacement vehicles if they were beyond economic repair, or if the national provision requirement changed. Should LFRS be required to purchase replacement vehicles, grant from Government may be available to fund them. Based on the current position, we had not included these vehicles (or any potential grant) in our replacement plan.

Operational Equipment

With the exception of CCTV on appliances, which was an existing project that had previously been approved, all other requirements were replacements for existing end of life equipment:

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Thermal Imaging Cameras	-	0.250	-	-	-
Breathing Apparatus (BA) and Telemetry equipment	-	-	0.550	-	-
Cutting and extrication equipment	1.500	-	-	-	-
CCTV on appliances	0.100	-	-	-	-
	1.600	0.250	0.550	-	-

ICT

The majority of the spend was on replacement/upgraded systems, with the exception of:-

- Data Warehouse, which would extract data from our business systems and create common data sets to aid performance management, data analysis and enable users to have self-service access;
- Dynamic cover tool, which supported the Service in determining optimum appliance configuration based on available resources;
- Digitisation of Fire appliances – where additional Vehicle Mounted Data Systems (VMDS) units would be provided, to improve connectivity and accessibility for Service Delivery staff outside of the office-based environment.

All replacements identified in the programme would be subject to review, with both the requirement for the potential upgrade/replacement and the cost of such being revisited prior to any expenditure being incurred.

	2022/23 (inc Slippage)	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£m	£m	£m	£m	£m
New Systems					
Data Warehouse	0.100	-	-	-	-
Dynamic Cover Tool	0.150	-	-	-	-
Replace Existing Systems					
Performance management	0.100	-	-	-	-
Hydrant Management system	0.025	-	-	-	-
Incident Command system	0.100	-	-	-	-
Asset Management system	0.050	-	-	-	0.100
HFSC referral system	0.100	-	-	-	-
Pooled PPE system	-	0.080	-	-	-
Community Fire Risk Management Information System (CFRMIS)	-	0.100	-	-	-
Rota management package (WT/On call)	-	-	0.100	-	-
Storage Area Network	-	-	0.120	-	-
GIS Risk Info (Cadcorp)	-	-	-	0.100	-
WAN (Intrinsic)	-	-	-	0.450	-
IRS/MIS (3TC)	-	-	-	0.050	-
New Operational Communications					
Digitisation of Fire appliances - additional VMDS units	0.254	-	-	-	-
Replace Operational Communications					
ESMCP (Airwave replacement – assumed funded by grant)	1.000	-	-	-	-
VMDS replace existing kit	0.361	-	-	-	-
Incident Ground Radios	0.180	-	-	-	-
Total ICT Programme	2.420	0.180	0.220	0.600	0.100

Buildings

The only new scheme included in the above programme was Service Training Centre (STC) Props, which reflected the need to upgrade/replace some of the training props at STC which were nearing end of life. This scheme was at the initial design/feasibility stage with a considerable amount of work required to develop this into a more detailed scheme with more accurate costings.

	2022/ 23 (inc Slippage)	2023/ 24	2024/ 25	2025/ 26	2026/ 27
	£m	£m	£m	£m	£m
New Schemes					
STC Props	-	-	-	5.000	-
Existing Schemes					
SHQ relocation	-	3.250	8.750		-
C50 – Preston replacement station	0.500	7.250	-	-	-
C52 Fulwood replacement station	-	-	-	2.500	-
W30 – Blackpool Welfare	0.450	-	-	-	-
Drill tower replacements (notional 2 per year)	0.450	0.300	0.300	0.300	0.300
	1.400	11.050	9.050	7.800	0.300

In terms of all the building proposals it was noted that requirements/designs were still being developed hence costings were indicative only. Furthermore, timings had not been agreed pending the ECR and the publication of the Government White Paper on Fire Reform, with the latter pushing back the timeframes for SHQ relocation. As such the costs and timings shown were to provide some context for decision making at this early stage of scheme developments.

Total Capital Requirements

The following table detailed capital requirements over the five-year period:

	2022/ 23 (inc Slippage)	2023/ 24	2024/ 25	2025/ 26	2026/ 27	TOTAL
	£m	£m	£m	£m	£m	£m
Vehicles	3.437	2.795	1.660	1.682	1.810	11.385
Operational Equipment	1.600	0.250	0.550	-	-	2.400
IT Equipment	2.420	0.180	0.220	0.600	0.100	3.520
Buildings	1.400	11.050	9.050	7.800	0.300	29.600
	8.857	14.275	11.480	10.082	2.210	46.905

Capital Funding

Capital expenditure can be funded from the following sources:

Prudential Borrowing
The Prudential Code gave the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However, any future borrowing would incur a

financing charge against the revenue budget for the period of the borrowing.

Given the financial position of the Authority it had not needed to borrow since 2007 and had repaid a large proportion of borrowing in October 2017.

Capital Grant

Capital grants were received from other bodies, typically the Government, in order to facilitate the purchase/replacement of capital items. There was an expectation that the ESMCP project costs carried forwards from 2021/22 would receive £1.0m grant funding which was included in the programme however, it had not been confirmed that LFRS costs would be met from grant. To date no other capital grant funding had been made available for 2022/23, nor had any indication been given that capital grant would be available in future years, and hence no allowance had been included in the budget.

Capital Receipts

Capital receipts were generated from the sale of surplus property and vehicle assets, with any monies generated being utilised to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

The Authority expected to hold £1.7m of capital receipts as at 31 March 2022. This would be fully utilised during the 5-year programme.

Anticipated sale proceeds of £2m had been included in respect of the potential sale of the existing Fulwood site, reflecting the relocation of SHQ and the development of Fulwood Fire Station.

Capital Reserves

Capital Reserves had been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years. The Authority expected to hold £16.7m of capital reserves as at 31 March 2022, after allowing for the transfer of the year end revenue underspend of £0.4m and the transfer of £0.4m of earmarked reserves into this (as referred to in the reserves and balances policy elsewhere on the agenda). Over the life of the programme, it was anticipated utilising all these reserves.

Revenue Contribution to Capital Outlay (RCCO)

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

As referred to in the Revenue Budget report, elsewhere on the agenda, the revenue contribution to capital in 2022/23 had been increased to £4.0m, with gradual reductions over the remainder of the five-year programme, giving a total contribution of £15.8m over the life of the programme. This reduced the need to borrow and hence the capital financing charge associated with this.

Drawdown of Earmarked Reserves

£0.25m had been drawn down from the Innovation Reserve to fund the digitisation of fire appliances project.

Drawdown of General Reserves
No allowance had been made for the drawdown of any of the general reserve.

Total Capital Funding

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

	2022/ 23 (inc Slippage)	2023/ 24	2024/ 25	2025/ 26	2026/ 27	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Grant	1.000	-	-	-	-	1.000
Capital Receipts	-	0.139	1.542	-	2.000	3.681
Capital Reserves	3.603	10.936	2.143	-	-	16.682
Earmarked Reserves	0.254	-	-	-	-	0.254
Revenue Contributions	4.000	3.200	3.200	2.700	2.700	15.800
	8.857	14.275	6.885	2.700	4.700	37.417

Summary Programme

Based on the draft capital programme as presented we have a shortfall of £9.5m:

	2022/ 23 (inc Slippage)	2023/ 24	2024/ 25	2025/ 26	2026/ 27	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Requirements	8.857	14.275	11.480	10.082	2.210	46.905
Capital Funding	8.857	14.275	6.885	2.700	4.700	37.417
Surplus / (Shortfall)	-	-	(4.595)	(7.382)	2.490	(9.487)

This was a very large funding gap, demonstrating that the programme as set out was not achievable without significant borrowing.

Impact on the Revenue budget

The capital programme showed the Authority utilising all of its capital reserves and receipts part way through 2024/25, meaning that the remainder of the capital programme would need to be met from either capital grant (if available), additional revenue contributions or from new borrowing.

Any borrowing would impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision - MRP) charges. As we have already set aside funds (prepaid MRP) to offset our existing £2.0m of PWLB borrowing we would need to take out new borrowing of £7.5m. This has a significant impact on the revenue budget, in terms of interest payments and setting aside a sum equivalent to the Minimum Revenue Provision (MRP), as shown in the table below. (Note both the interest rate and the life over which MRP is charged are subject to change.)

	25 Year
	2.0%
Interest per annum	£150k
MRP	£300k
	£450k

The revenue budget, reported elsewhere on the agenda, incorporated £0.4m in future years budgets reflecting the need to borrow.

Summary

Without borrowing the current programme was not balanced, as such the Authority would need to borrow £7.5m over the life of the programme. The cost of this borrowing was incorporated into the revenue budget in future years, which showed a balanced position throughout the medium-term planning period. Therefore, the Treasurer considered that the programme was prudent, sustainable and affordable.

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

Prudential Indicators

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

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

- In terms of prudence, the level of capital expenditure, in absolute terms, was considered to be prudent and sustainable at an annual average of £11.6m over the 3-year period. The trend in the capital financing requirement and the level of external debt were both considered to be within prudent and sustainable levels. Whilst new borrowing was required this only occurred at the tail end of the third year of the programme.

- In terms of affordability, the negative ratio of financing costs was attributable to interest receivable exceeding interest payable and Minimum Revenue Provision payments in each of the three years. This reflected the effect of the previous decision to set aside monies to repay debt.

RESOLVED: - That the Combined Fire Authority approved the: -

i) Capital Strategy;
ii) Capital Budget; and
iii) Prudential Indicators as now presented.

74-20/21 REVENUE BUDGET 2022/23 - 2026/27 - (INCORPORATING MEDIUM TERM FINANCIAL STRATEGY)

The Director of Corporate Services / Treasurer presented the report which set out the draft revenue budget for 2022/23-2026/27 and the resultant council tax implications.

The budget requirement had been re-assessed taking account of known / anticipated changes, incorporating current year-end forecast projections, and forecast vacancy factors based on anticipated recruitment resulting in a total requirement of £63.0m. The main points to note in terms of budget requirement were:-

- the uncertainty surrounding future inflation rates, in terms of the outstanding pay award for green book personnel in 2021/22, uncertainty surrounding next years pay awards for all staff, with a 2% allowance built into the budget, and uncertainty surrounding other inflation, particularly around energy and fuel costs;
- the increase in national insurance contribution rates;
- the number of wholetime recruits required next year, and the impact of this on vacancy levels;
- the investment required in support functions in order to improve capacity and resilience and review existing pay structures;
- the increase in our contribution to support the capital programme, therefore reducing future borrowing requirements;
- the increase in vacancy factor for green book posts, reflecting the current challenges in recruitment.

It was noted that the Local Government Settlement was not the anticipated multi-year settlement, as it only covered next year. It did however allow for:-

- a 1.1% increase in funding, and it had been assumed that this increased by a further 1.0% in subsequent years;
- established a new ‘Service Grant’ the Authority’s share of which was £1.1m. Whilst this was a one-off grant, it had been assumed the element of this which offset national insurance increases (£0.3m) was provided in some form in future years;
- a change to the council tax referendum principles for FRAs for 2022/23,

allowing those in the bottom quartile to increase council tax by up to £5, whilst all others had a 2% referendum limit set. Lancashire was in the bottom quartile hence able to take advantage of this flexibility. This increase would generate an additional £1.6m of council tax, over and above a 2% increase, for the Authority (£2.2m as opposed to £0.6m). This was a one-off change and only applied to 2022/23 council tax increases.

This potential increase was a one-off opportunity to address some of the longer-term challenges within the Service, such as:

- Invest in improvements to support our 'road to outstanding' ambition;
- Review capacity/resilience and pay structures within support functions;
- Outcome of Emergency Cover Review (ECR) mitigating the impact of removing the Day Crewing Plus duty system;
- Invest in our asset base/reduce future borrowing;
- Provide re-assurance that we are able to meet some of the uncertainties surrounding the current pension situation, in terms of both pensionability of allowances and Immediate Detriment.

It was therefore propose utilising the flexibility to increase council tax by £5 (10p per week), to £77.27. That level would still be below the anticipated sector average and the Authority would still have the 9th lowest cumulative increase over the last 10 years.

Looking longer term the key variables remained future funding levels, pay awards, pension costs and the outcome of the Emergency Cover Review.

Members considered the report in detail.

The Treasurer confirmed that one consultation response had been received from the Fire Brigades Union (appendix 5 of the report) which concluded: "…The FBU would support an increase in Council Tax as a way of offsetting and lessening the impact of Central government cuts or drastic changes in the Emergency Cover Review…".

In summary, the lack of a multi-year settlement made longer term planning more difficult as there could be no certainty around future funding forecasts. Offsetting this was the opportunity provided by the £5 council tax flexibility allowed this year. The Home Office had clearly stated that this flexibility was only for this year, and it was hard to see a situation where that did not prove to be the case in the medium term.

Raising council tax by the maximum permissible still only increased the overall council tax bill by £5 but would generate £2.25m of funding for the Authority. This increase provided an opportunity to address some of the capacity and pay issues within support functions, supporting the delivery of further efficiencies, as well as reduce the pressure on the Emergency Cover Review delivering sufficient change to offset the cessation of Day Crewing Plus system and meet future budget pressures. It gave greater long term funding certainty which would form the basis of future investment requirements, which were essential if we were to hit our 'road to outstanding' ambition and be the best equipped, best trained and best accommodated Service.

The proposal based on a council tax band D equivalent of £77.27, an increase of £5.00 (6.9%) was MOVED by County Councillor D O'Toole and SECONDED by County Councillor J Shedwick.

The Director of People and Development held a recorded vote and Members unanimously voted for the proposal.

The motion was therefore CARRIED and it was:

<u>RESOLVED</u>: - That the Authority: -

1. noted the Treasurer's advice on the robustness of the budget;
2. noted the Treasurer's advice on the appropriate level of reserves/balances;
3. agreed the revised budget requirement of £63.017m for 2022/23;
4. noted the level of Revenue Support Grant Funding £8.832m;
5. noted the level of Business Rates Retention Top Up Funding £11.295m;
6. noted the level of Local Business Rates Retention Funding £3.900m;
7. noted the section 31 grant of £2.590m due in respect of the business rate reliefs;
8. noted the business rate tax collection fund deficit of £0.894m, after allowing for the 3-year spread from 2021/22;
9. noted the section 31 grant of £0.948m due in respect of the additional in-year business rate reliefs for 2021/22;
10. noted the Covid Additional Relief Fund grant of £0.153m due in respect of 2021/22;
11. noted the level of Service Grant Funding £1.081m;
12. noted the net council tax collection fund surplus of £0.357m after allowing for the 3-year spread from 2021/22;
13. agreed the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £34.754m;
14. noted the council tax base of 449,778 determined for the purposes of Section 42B of the Local Government Finance Act 1992;
15. agreed a council tax band D equivalent of £77.27, an increase of £5.00 calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agreed, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows:

Band A	£51.51
Band B	£60.10
Band C	£68.68
Band D	£77.27
Band E	£94.44
Band F	£111.61
Band G	£128.78
Band H	£154.54

16. agreed, based on each district and unitary councils share of the total band D equivalent tax base of 449,778, the share of the total LCFA precept of

£34.754m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,738,395
Blackpool Borough Council	£2,869,808
Burnley Borough Council	£1,814,841
Chorley Borough Council	£2,944,606
Fylde Borough Council	£2,425,660
Hyndburn Borough Council	£1,626,534
Lancaster City Council	£3,249,977
Pendle Borough Council	£1,849,891
Preston City Council	£3,072,951
Ribble Valley Borough Council	£1,897,211
Rossendale Borough Council	£1,590,217
South Ribble Borough Council	£2,826,916
West Lancashire District Council	£2,910,739
Wyre Borough Council	£2,936,605
TOTAL	£34,754,351

75-20/21 COMMUNITY RISK MANAGEMENT PLAN 2022 - 2027

The Deputy Chief Fire Officer presented the report.

At the Planning Committee meeting on 12 July 2021, the committee approved a draft of Integrated Risk Management Plan along with the revised name '*Community* Risk Management Plan', whilst also approving the commencement of a period of public consultation. A 10-week consultation period ensued, culminating in the production and presentation of a consultation report which was shared with the Planning Committee on the 15 November 2021, in which the Committee agreed the consultation was adequate in respect of scale and scope. The outcome of the consultation, including feedback from the key stakeholders along with some suggested amendments was shared with the Committee and the final version of the CRMP, as now considered by Members included the agreed amendments.

A summary of the key changes:

- The name had been changed to *'Community'* Risk Management Plan aligning us with other FRSs and national terminology.
- The methodology on which the CRMP was based, was supported by NFCC best practice guidelines.
- The CRMP was underpinned by our SAoR, a SAoR which was built on a newly developed, and data led methodology that identified the Operational risk within our county.
- The Strategies that supported the delivery of our CRMP had been expanded from 3 to 6 and now include a People, Finance, and Digital and Data Strategy in addition to our Prevention, Protection, and Response Strategies.
- All 6 Strategies had also been refreshed to run concurrently with the CRMP timeframe - 2022-27.

- The way in which our 5 key priorities are presented have been reviewed so that we can demonstrate the commitment to our people is our highest priority:

    - *Valuing out people so they can focus on Making Lancashire Safer*
    - *Preventing fires and other emergencies from happening*
    - *Protecting people and property when they happen*
    - *Responding to fires and other emergencies quickly and competently*
    - *Delivering value for money in how we use our resources*

- Our longstanding STRIVE values were now supported by the recently published Code of Ethics which had been referenced within the CRMP.
- In addition to the 6 core strategies, we have also developed a Climate Change Operational Response plan which supports the CRMP, the SAoR and the Response strategy. This too was referenced within the CRMP.

Following endorsement by the Combined Fire Authority the refreshed Community Risk Management Plan would be published in April 2022 to outline our approach to the identification and mitigation of risk within our county for the next 5 years (2022-2027).

RESOLVED: - That the Authority approved the Community Risk Management Plan 2022 – 2027 and authorised its publication.

76-20/21 MEMBER CHAMPION ACTIVITY REPORT

The concept of Member Champions was introduced in December 2007. A review of the areas of focus for Member Champions was considered at the Authority meeting held in June 2017 where new areas of responsibility were agreed. The current Member Champions and their areas of responsibility were:

- Community Safety – Councillor Jean Rigby
- Equality, Diversity and Inclusion – Councillor Zamir Khan
- Health and Wellbeing – County Councillor Andrea Kay
- Road Safety – County Councillor Ron Woollam

Reports relating to the activity of the Member Champions were provided on a regular basis to the Authority. This report related to activity for the period up to February 2022. During this period all had undertaken their respective role in accordance with the defined terms of reference.

All Member Champions presented their reports, and the following was noted:

In addition to her update Councillor Rigby circulated to Members a leaflet providing advice for staff and agencies who visit homes and make safeguarding referrals due to clutter / hoarding.

In addition to her update County Councillor Kay advised that she had been working in partnership with the Police and 4 schools in the Wyre area to seek the views of young people on climate change. She advised that an event had been arranged at Fleetwood Fire Station on 8 March 2022 for the young people to interview staff. It was hoped they would be able to present their views on any potential improvements at a future Fire Authority meeting.

In addition to County Councillor Woollam's report on road safety, County Councillor Pattison expressed concern that cars were driving over the 20-mph speed in some streets in her district of Morecambe Central. She had noticed signage stating '20 is plenty' in some homes in Lancaster and queried whether it would be possible to work together with Lancashire County Council highways team to purchase more of these signs for other areas where this was a problem. County Councillor Woollam agreed to look into this request.

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

77-20/21 FIRE PROTECTION REPORTS

The report was presented by Acting Assistant Chief Fire Officer Jon Charters.

The report summarised Lancashire Fire and Rescue Service (LFRS) led prosecutions with respect to fire safety offences, and also set out convictions resulting from arson and malicious call incidents for which Officers had contributed evidence to the Police led Criminal Justice process. Fire Protection and Business Support Information were also included in the report to provide Members with an update on the continually evolving regulatory position; in particular, ongoing work to ensure business and residential premises providers were supported through the changes and how staff were being trained and developed to deliver against increasingly complex regulatory expectations.

RESOLVED: - That the Authority noted the report.

78-20/21 OPERATIONAL INCIDENTS OF INTEREST

This report provided Members with information relating to the diversity of operational incidents of note since the last report to the Authority and covered the period from 1 December 2021 – 31 January 2022.

The Acting Assistant Chief Fire Officer advised that currently on site was a Haggland vehicle which was an all-terrain vehicle used when responding to emergencies in remote / inaccessible locations. The capability of these types of vehicle enabled the Service to provide year-round emergency cover in response to natural disasters across the County, especially flooding, which was becoming more severe and intense. This was the first deliverable under the Climate Change and Operational Response Plan 2022-27. Members were invited to view the vehicle after the meeting.

The Acting Assistant Chief Fire Officer drew Members' attention to the following incidents:

6/12/21 - Blackpool
North West Fire Control were alerted to a flat fire where it was believed people were trapped inside. Fire engines from Blackpool and South Shore attended. The fire was located close to the entrance of the 1st floor flat. 6 Firefighters in

breathing apparatus and 2 firefighting water jets, entered the building to carry out a rescue and to extinguish the fire. Firefighters rescued 2 males from the flat who were handed over to the ambulance service for life saving treatment. Unfortunately, both casualties were declared deceased at the scene. The investigation is ongoing with a cause yet to be established.

26 December 2021 - Lancaster
Two fire engines from Morecambe attended to a report of a carbon monoxide leak at a premises on Marine Road in Morecambe. The building was evacuated and 8 casualties were taken to the local hospital. Fire crews wearing breathing apparatus entered the building to complete a full search and ventilate the building. Once the search and rescue phase was complete, fire crews assisted the police and local council representatives with the investigation. This included the use of the Aerial Ladder Platform from Morecambe. The fire service was in attendance for six hours.

12/01/22 – Wyre
Fire engines from Fleetwood and Bispham attended Kemp Street in Fleetwood, following reports of a house fire with persons trapped inside. On arrival the fire involving a log burner was intense and was causing significant amounts of smoke. The first fire engine quickly committed 2 firefighters in Breathing Apparatus to search for casualties and to fight the fire. The remaining 2 firefighters outside heard banging from an upstairs window. This led them to notice 2 casualties struggling to breath from a small top opening window who were barely visible due to the thick smoke enveloping them in the room. The firefighters quickly pitched a ladder to the window and affected a successful rescue of both occupants. One firefighter received a precautionary check for smoke inhalation. The fire was believed to be accidental, with radiated heat from a log burner igniting nearby combustible products.

The Acting Assistant Chief Fire Officer added that the decisions taken and swift actions of the first crew on scene were exemplary and directly saved the lives of the 2 persons involved. He was pleased to report that the Chief Fire Officer would be recognising those efforts formally over the coming weeks.

RESOLVED: - That the Authority noted the report.

79-20/21 MEMBER COMPLAINTS

The Director of People and Development confirmed that there had been no complaints since the last meeting.

RESOLVED: - That the current position be noted.

80-20/21 DATE OF NEXT MEETING

The next meeting of the Authority would be held on Monday 25 April 2022 at 10:00am at the Training Centre, Euxton.

81-20/21 CHAIRMAN'S CLOSING REMARKS

Having been absent at the start of the meeting the Authority Chairman, County Councillor O'Toole acknowledged and congratulated staff who had been recognised in the Queen's New Year's Honours List. These were: Chief Fire Officer, Justin Johnston had been awarded the Queen's Fire Service Medal; Crew Manager Lindsay Sielski had been awarded a British Empire Medal and Prince's Trust Team Leader at South Shore Fire Station, Daniel Thomson was awarded a Member of the Order of the British Empire for his work with Lytham Coastguard.

The Chairman also acknowledged Hilary Banks for her service to the Authority.

The Authority applauded to show their appreciation.

82-20/21 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.

83-20/21 PENSIONABILITY OF ALLOWANCES

(Paragraphs 3 and 4)

The report provided Members with an update regarding pensionability of allowances.

RESOLVED: - That the Authority noted the recommendation as outlined in the report.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood