

LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Wednesday, 30 March 2022, at 10.00 am in Washington Hall, Service Training Centre, Euxton.

MINUTES

PRESENT:

Councillors

T Williams (Chairman)
D O'Toole (Vice-Chair)
L Beavers
K Iddon
H Khan (for M Pattison)
G Mirfin
S Serridge
R Woollam

Officers

J Johnston, Chief Fire Officer (LFRS)
S Healey, Deputy Chief Fire Officer (LFRS)
K Mattinson, Director of Corporate Services (LFRS)
B Warren, Director of People and Development (LFRS)
R Stone, Head of Digital Transformation (LFRS)
D Brooks, Principal Member Services Officer (LFRS)
L Barr, Member Services Officer (LFRS)

41-20/21 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors J Mein, C Morris and M Pattison.

42-20/21 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

43-20/21 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 1 December 2021 be confirmed as a correct record and signed by the Chairman.

44-20/21 FINANCIAL MONITORING

The Director of Corporate Services presented the report which set out the current budget position in respect of the 2021/22 revenue and capital budgets and performance against savings targets.

The overall position at the end of January was an underspend of £0.3m, with a forecast outturn position of an underspend of £0.2m. Both were a combination of the level of staffing vacancies, the slow return to business-as-usual spending activities, less the funding gap identified at budget setting and the unbudgeted pay awards.

The year to date and forecast 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)		Reason
	31 Jan 2022	Forecast	
	£'000		
Service Delivery	(130)	(153)	<p>The underspend to the end of January and the year-end forecast both largely related to the reduced activity levels in the following areas:</p> <ul style="list-style-type: none"> • Smoke detectors, in addition recent difficulties in the supply chain for smoke alarms were partially resolved, however a potential increase in costs had been identified which may impact final spend in year; • Travel budgets, which were significantly underspent, it was expected that changing working practices for non-operational staff would mean reduced usage in the future therefore we had reflected this reduction in next years' budget
Covid-19	-	-	<p>We had received total funding of £1.6m since March 2020. In addition, as previously reported, we had transferred £0.2m of travel/mileage budgets into this reserve to reflect savings in respect of differing working practices during the pandemic, resulting in total funding of £1.8m.</p> <p>As at the end of January we had fully utilised the £1.8m, as follows:</p> <ul style="list-style-type: none"> • Additional staff costs £0.6m • Additional cleaning £0.1m • Consumable items £0.2m • Remote working and video conferencing equipment £0.2m • PPE £0.7m

			<ul style="list-style-type: none"> Total £1.8m
TOR	(186)	(164)	<p>As previously reported, the current and forecast underspend largely related to the position with apprentice levy income for wholetime recruits. At the time of setting the budget it was anticipated that the recruit numbers would fully utilise the balance in the levy account, therefore the income budget was set at £0.2m. During the year, levy drawdown forecasts had been updated as follows:</p> <ul style="list-style-type: none"> Following a nationwide review of the wholetime fire-fighter apprenticeship programme, which LFRS participated in, the government apprentice levy setting body agreed an uplift to the funding for each apprentice starting after January 2021 from £12k to £14k over the 24 month apprenticeship, resulting in additional income circa £46k in 2021/22; levy account shortfalls would be met by 95% funding (known as co-investment) from the Government, which meant we would benefit from £163k additional levy income in the financial year. We had reflected the revised assumptions in next years' budget. <p>TOR had been catching up on training during the year and spend on external training was currently in line with budget.</p>
Property	(227)	(203)	<p>Whilst non-essential maintenance was re-instated prior to the end of the last financial year, departmental capacity due to a vacant surveyor post, and the ongoing situation meant there was an underspend to date. The post was filled from the start of November, and the outturn forecast assumed that there would be some further catch up spend for the final few months, slightly reducing the current level of underspend.</p>
Non DFM	595	654	<p>Both the year to date and outturn overspend position reflected:</p> <ul style="list-style-type: none"> the £0.3m funding gap identified at the time of setting the budget in February 2021

			<ul style="list-style-type: none"> • additional RCCO approved during the year as previously reported • the transfer of £0.5m into the PFI earmarked reserve, as set out in the reserves and balances report at the CFA meeting in February, net of the PFI re-financing gain of £0.2m. • note we were still assuming that the existing £2.4m pension accrual, set aside in previous years, would be sufficient to meet any costs associated with the changes to the pensionability of allowances.
Wholetime Pay (including associate trainer costs)	191	140	<p>As previously reported there had been significantly more early leavers than allowed for in the budget. At the end of January we had 27 fewer wholetime members of staff than budgeted. In addition, as previously reported, there was a shortfall in recruit numbers this year, with 35 recruits compared with a budgeted 48,</p> <p>These resulted in an anticipated underspend of approx. £0.6m at the end of March.</p> <p>Broadly speaking these were offset by:-</p> <ul style="list-style-type: none"> • the unbudgeted grey book pay award of 1.5%, at a cost of £0.4m, as previously reported. • Continued increased overtime costs, associated with covering vacancies and staff absences. <p>The net of all the above factors was the forecast overspend of £0.1m.</p>
On Call Pay	(128)	(118)	<p>The position within On-call staffing was underspent, with the unbudgeted pay award being more than offset by higher staff vacancies and lower ad hoc payments than budgeted.</p>
Support staff (less agency staff)	(308)	(259)	<p>The underspend related to vacant posts across various departments, circa 12% of the establishment in early February, far in excess of the 3.75% vacancy factor built into the budget. This was partly offset by spend on agency staff.</p> <p>As previously reported, the labour market remained extremely challenging, and we were experiencing difficulties in filling</p>

			posts. As such we anticipated the high level of vacancies continuing until year end. This would be partly offset by the pay award for green book staff, which was agreed at the end of February at 1.75% and would be paid in March salary, which had been reflected in the forecast outturn position.
Apprentice Levy	(16)	(23)	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 underspends reported above.

It was noted that significant cost increases across various supply chains were being seen, and in particular in construction projects which may affect the final outturn expenditure levels. This would continue to be monitored, and other trends, to ensure that they were reflected in future year's budgets, as well as being reported to Resources Committee.

Grant Funding

The Authority received specific grants from the Government in respect of various new initiatives. These were included in the revenue budget position but were shown separately in the report. The forecast outturn assumed that all grant was spent in year, but any that was not would be carried forward as an earmarked reserve to use in the new year.

Capital Budget

The approved capital budget for 2021/22 stood at £4.5m. To date £3.3m of the programme had been committed, with an anticipated year end spend of £3.5m, as set out below: -

	Spend to 31 January	Forecast to 31 March	
	£m	£m	
Other vehicles	0.3	0.3	This budget allowed for the replacement of various operational support vehicles. Whilst some of the operational support vehicles had been ordered and delivered, we were still progressing the purchase of 9 operational support vehicles and 2 PODs, hence the slippage of £0.3m as shown in appendix 2.
Operational Equipment /	0.1	0.1	This budget allowed for <ul style="list-style-type: none"> replacement of capital items

Future Firefighting			<p>from the equipment replacement plan, namely defibrillators and a replacement drone which had been delivered</p> <ul style="list-style-type: none"> • replacement of light portable pumps which had been ordered and would be delivered in April 2022, resulting in slippage of £0.1m • progression of CCTV on pumping appliances, where we were proposing trialling this in the first instance with an initial budget of £0.1 the trial had not yet begun and would result in the budget being slipped into 2022/23
Building Modifications	2.8	3.0	<p>This budget allowed for:</p> <ul style="list-style-type: none"> • Provision of a new workshop, BA Recovery and Trainer facility at STC. Committed spend to date was £2.7m. Work had been completed and the building was handed over to the Authority at the end of October 2021. • Enhanced station facilities comprising the final payment in respect of South Shore refurbishment and extension, and changes at Hyndburn fire station, where final designs were being reviewed prior to moving to the procurement phase, but where £0.1m budget would slip into 2022/23; • Replacement drill towers where spend to date of £0.1m related to various site investigation works and planning applications; • Fees associated with progressing the business case for a SHQ relocation, £0.2m, which would slip into 2022/23. <p>As with the revenue budget, current departmental capacity to progress these was previously limited, hence the slippage indicated above and</p>

			detailed in Appendix 2.
IT systems	0.1	0.1	The budget related to the replacement of various systems and ICT hardware, in line with the ICT asset management plan. Spend in year related to replacement hardware (Vehicle Mounted Data Systems). The balance of slippage related to various items of hardware, where we were experiencing a shortage of raw materials and expected deliveries to take place in the new financial year, resulting in slippage of £0.2m.
Total	3.3	3.5	

The committed costs to date would be met by revenue contributions (£2.4m) and capital reserves (£0.9m). With the remaining in year spend being funded from a further £0.2m use of capital reserves.

Significant cost increases continued to be seen across various supply chains, and in particular in construction projects which may affect some of the capital projects as they progressed through the procurement stage. In addition, shortages of raw materials were more frequently being cited as reasons for delays in delivery of goods ordered, which had led to higher slippage in some instances than originally anticipated.

Delivery against savings targets

The performance to date was already ahead of the annual target, largely due to staffing vacancies plus savings on the procurement of several vehicles.

RESOLVED: - That the Committee noted and endorsed the financial position.

45-20/21

DIGITAL STRATEGY

The Deputy Chief Fire Officer presented the Digital Strategy 2022 – 2027. This was an enabling document that supported other strategies for Prevention, Protection, Response, People and Finance which all underpinned the Community Risk Management Plan (CRMP).

The Deputy Chief Fire Officer drew Members' attention to page 32 of the agenda pack which set out the Service's key principles (these would support the delivery of a digital Fire and Rescue Service through our culture and provide the best services to our communities); page 36 set out 7 key digital themes (to help deliver the strategy over the next 5 years) and page 41 set out how the strategy aligned with the other major strategies to support the delivery of the CRMP.

The Deputy Chief Fire Officer introduced Roger Stone, Head of Digital Transformation who gave a presentation on the digital approach to the delivery of the strategy.

The Head of Digital Transformation advised that the Service's published key strategies had been analysed and digital horizon scanning undertaken to develop the strategy. Seven key themes had been identified. These focussed on automation and efficiencies and aligned with the other key strategies, with security inherently built into the solutions. The Government's directive was 'digital by default, cloud first' and the Service was therefore largely aligning itself to that. The 'cloud' was an off-site solution that was a lot bigger, better, and resilient with more security, control and investment. This helped the Service to capitalise on trillions of dollars of investment that cloud organisations put into their systems in terms of security, collaboration and accessibility. He confirmed that the Service focused on European and UK territories and with GDPR regulations data was hosted on UK shores.

The Head of Digital Transformation advised that there were over 40 digital transformation projects ongoing with only a relatively small team. The team was made up of a Digital Transformation Team (a team of professionals who worked on custom integration with 3rd party solutions), Delivery Partners (provided external expertise) and Business Developers. This role was a key element as a lot of the strategy focussed on self-service which aimed to empower our workforce to generate the solutions themselves. A video example was shown of the business fires safety check mobile app which had been developed (with tools available to the workforce) to turn a paper form into a digital one. In addition, one of the key things the Service was doing was trying to make all its data accessible centrally.

In response to a question raised by County Councillor Woollam regarding whether the Service's security systems were adequately protected and up-to-date, the Head of Digital Transformation reassured Members that there was a dedicated security team that looked after 'on premises' and 'cloud' security models. He advised that the Service took advice from the National Cyber Security Centre and the Home Office. Guidance and advice had been provided on how to minimise increasing threats from certain territories and globally. Weekly security meetings were held to discuss those threats and the Service's response to them. The Service policy was to lock systems down first and were therefore probably tighter than most. The beauty of the cloud model was the level of investment in those security layers.

County Councillor Mirfin congratulated the Head of Digital Transformation on the report. He supported the use of a self-serve environment. Based on his experience, he did not want the Service to underestimate the resources needed to craft this type of environment including the costs this would involve in terms of training others to best use the system going forward.

Councillor Williams queried the level of safety with the cloud model as it was an international platform with common access; he also queried whether the Service had any experience of anyone attempting to hack into its systems. In response, the Head of Digital Transformation advised that the Service had explored this in detail with its platinum partner who had been recommended by Microsoft. Virtual tours of its data centres were provided alongside detailed explanations of the security measures taken. Trillions of dollars had been invested with security taken very seriously given this was a critical risk to their business. If they did

suffer a vulnerability and were exploited, it would be a massive dent in their reputation. With any connection to the internet there was an inherent vulnerability. The only way to properly secure a system was to turn it off or disconnect it from an external network but that was impractical. Therefore, there was a need to find a balance between usability and security. This was done by making sure data in the cloud was restricted to our own network. Additional security was through setting a virtual perimeter, known as geo-fencing the data together with multiple layers of security on our own sites and the cloud. The Service also vociferously monitored security and had not been hacked but was aware of external scanning of ports which provided a steer for protection. This did happen on a regular basis (as with most other organisations).

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

46-20/21 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would be held on Wednesday, 6 July 2022 at 1000 hours in Washington Hall, Service Training Centre, Euxton.

Further meeting dates were noted for 28 September 2022 and 30 November 2022 and agreed for 29 March 2023.

47-20/21 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.

48-20/21 PFI CONTRACT - OUTCOME OF RE-FINANCING OF THE SENIOR DEBT

(Paragraph 3)

Members considered a report that outlined the outcome of re-financing of the senior debt within the PFI contract.

RESOLVED: - That the recommendation be noted.

49-20/21 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.

50-20/21 TRADE UNION RECOGNITION ARRANGEMENTS

(Paragraph 4)

The Director of People and Development provided a verbal update on the arrangement for the recognition of trade unions. It was noted that a report would be presented to the next full Authority meeting in April.

RESOLVED: - That the report be noted.

51-20/21 PENSIONS UPDATE

(Paragraphs 4 and 5)

Members considered an update report on the current position regarding pension schemes that applied to the uniformed members of the Fire Sector.

RESOLVED: - That the recommendation be noted.

52-20/21 INTERNAL DISPUTES RESOLUTION PROCEDURE - STAGE 2

(Paragraph 1)

Members considered a report from the Director of People and Development regarding a Stage 2 application under the Internal Disputes Resolution Procedure. He explained the procedure to Members and the report outlined the facts of the case.

RESOLVED:- That the Committee declined the application.

LFRS HQ
Fulwood

M NOLAN
Clerk to CFA