

Public Document Pack

Lancashire Combined Fire Authority Resources Committee

**Wednesday, 27 March 2024 in Main Conference Room, Service Headquarters,
Fulwood commencing at 10.00 am.**

If you have any queries regarding the agenda papers or require any further information, please initially contact Diane Brooks on telephone number Preston (01772) 866720 and she will be pleased to assist.

Agenda

Part 1 (open to press and public)

Chairman's Announcement – Openness of Local Government Bodies Regulations 2014

Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chairman who will then instruct that those persons are not photographed, filmed or recorded.

1. **Apologies for Absence**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the agenda.

3. **Minutes of the Previous Meeting (Pages 1 - 16)**
4. **Procurement Strategy (Pages 17 - 28)**
5. **Local Pension Board Annual Report (Pages 29 - 32)**
6. **Financial Monitoring (Pages 33 - 40)**
7. **Date and Time of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **03 July 2024** in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are: scheduled for 25 September 2024
 proposed for 27 November 2024

8. **Urgent Business**

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the

meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

9. Exclusion of Press and Public

The Committee is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, they consider that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

PART 2

10. IDRP - Stage 2 (Pages 41 - 80)

(Paragraphs 1, 4 & 5)

11. High Value Procurement Projects (Pages 81 - 84)

(Paragraph 3)

12. Exec Board Succession Arrangements (Pages 85 - 86)

(Paragraph 1)

13. Urgent Business (Part 2)

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

Lancashire Combined Fire Authority Resources Committee

Wednesday, 29 November 2023, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
R Woollam (Chair)	
D O'Toole (Vice-Chair)	
G Baker	
L Beavers	
P Britcliffe	
T Hurn	
J Mein	
M Pattison	
S Serridge	
B Yates	

Officers
J Charters, Assistant Chief Fire Officer (LFRS) S Brown, Director of Corporate Services (LFRS) B Warren, Director of People and Development (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority J Meadows, Head of Finance (LFRS) T Cousins, Head of Fleet and Engineering Services (LFRS) D Brooks, Principal Member Services Officer (LFRS)

22/23	Apologies for Absence
	None received.
23/23	Disclosure of Pecuniary and Non-Pecuniary Interests
	None received.
24/23	Minutes of the Previous Meeting
	Resolved: - That the Minutes of the last meeting held on 27 September 2023 be confirmed as a correct record and signed by the Chair.
25/23	Financial Monitoring
	The Director of Corporate Services advised that this report set out the current budget position in respect of the 2023/24 revenue and capital budgets.

Revenue Budget

Lancashire Fire and Rescue Service's 2023/24 revenue budget had been set at £68.493m. The forecast outturn position was £68.888m, an overspend of £0.395m; an overspend of £0.594m on non-pay activities and an underspend of (£0.199m) on pay.

The year-to-date and forecast positions within all departmental budgets were set out in the report with major forecast variances of note shown separately in the table below:

Area £'m	Overspend/ (Under spend)	Reason
Pay	(0.199)	<p>The forecast was consistent with the position reported to the Committee in September:</p> <ul style="list-style-type: none"> • There was a forecast pressure of £0.140m as a result of the Service meeting its legal responsibilities in relation to the Bear Fulton legal case regarding holiday pay; • Whilst the Emergency Cover Review (ECR) remained on target, there had been some initial timing delays compared to the budget which had resulted in an in-year pressure that had been offset through improvement in the management of overtime arrangements; and • Other savings included some vacancies particularly at the training centre of (£0.179m).
Fleet and technical Services - Non Pay	0.358	The forecast overspend was mainly due to inflationary pressures on the supply of parts and increase in repairs. It was hoped that this pressure would reduce in future years as inflation fell and the older fleet stock was replaced.
Apprenticeship Levy Funding – Non Pay	0.300	As previously reported the Apprenticeship Levy income for the year was forecast to be lower than budgeted resulting in an annual pressure of approximately £0.300m; this was due to a reduction in the number of recruits meeting the eligibility criteria for funding. On call fire fighters and recruits with significant prior learning did not attract levy funding.

Training Centre Courses – Non Pay	0.163	Due to vacancies in the Training Centre, as previously reported, the department had had to appoint more associate trainers than budgeted to meet the training needs of the service such Driver Training and specialist training such as swift water rescue as a result of the ECR. This pressure was offset by vacancies and the service was putting in place arrangements to try to increase the number of internal trainers.
Service Delivery / Heads of Service Delivery – Non Pay	0.108	As previously reported, there was a forecast overspend of £0.108m on protective equipment, including the roll out of wildfire kit and Urban Search And Rescue (USAR) kit.
Non – DFM – Bank Interest	(0.302)	There was a forecast saving on interest earned on cash balances invested.

Capital Budget

The Capital Programme for 2023/24 was £11.7m, after allowing for the year end slippage agreed at the last Resources Committee meeting. Spend to date was to date was £3.79m which was predominantly on pumping appliances.

Following a review of the current year end forecasts an in year spend of £9m was anticipated. This would lead to total slippage of £2.6m; an additional £1.566m slippage for approval by the Resources Committee. Details of capital projects are as outlined in the table below with the additional slippage for approval:

Area	Budgeted Items
Operational Vehicles Budget £5.991m Forecast £4.507m Approved Slippage £0.301m Additional Slippage £1.136m	The budget allowed for the remaining stage payments for 10 pumping appliances purchased in previous financial years. In addition, the budget allowed for the first stage payments of the 3 pumping appliances for the 2023/24 programme. It also included two climate change vehicles and three command units. All were on target in 2023/24, except for extended lead time of the smaller climate change vehicle. The following additional items had slipped to 2024/25 due to extended lead times: <ul style="list-style-type: none"> • 2 Water Towers (£1.027m) due for delivery quarter 1 2024/25; • 2 Prime movers (£0.260m) have slipped pending specification certification from the supplier.
Other vehicles Budget £1.03m Forecast £0.925m	This budget allowed for the replacement of various operational support vehicles. The supply of 3 rescue team vans had been delayed to 2024/25.

Approved slippage £0.123m	
Operational Equipment Budget £1.47m Forecast £1.22m Approved slippage £0.25m	As reported in September, this budget allowed for equipment purchases including thermal imaging cameras and cutting and extrication equipment 2023/24. Slippage on Ballistic Vest and Helmet PPE would enable exploration and pilot of equipment.
Building Modifications Budget £1.6m Forecast £1.6m	This budget included the continuation of Drill Tower replacements and an upgrade to the Wylfa prop facility. Completion of works was on target. There was a risk works may slip into early 2024/25.
IT systems Budget £1.7m Forecast £1.3m Approved slippage £0.3m Additional Slippage £0.430	This budget included for the upgrade Firewalls and digitisation of fire appliances. Slippage was expected on the following: <ul style="list-style-type: none"> • The national Emergency Services Mobile Communication Programme (ESMCP) has paused to 2025 (£0.1m); • Upgrade of Asset Management (£0.1m) due to review of interdependencies; • WIFI (£0.135m) could only be completed after the Firewall scheduled in quarter 4 of 2023/24; • Incident ground radios (£0.23m) had slipped in line with helmet communications and the breathing apparatus replacement programme; and • RDS Alerters (£0.065m) had slipped due to period of soft market research.

Appendix 2 as now considered by Members set out the capital programme and the committed expenditure position against this, as reflected above. The committed costs to date would be met by revenue contributions and usage of capital reserves and capital receipts.

In response to a question from CC Pattison the Assistant Chief Fire Officer advised that firefighter apprenticeships were for a two-year period; this was broadly commensurate with the firefighter initial recruits course and development programme completed prior to the apprenticeship route being introduced into the Service. He confirmed that the apprenticeships scheme brought in income via a levy.

In response to a question from CC Woollam regarding staffing of Service Training Centre (STC), the Assistant Chief Fire Officer advised that the change to shift patterns associated with working there sometimes deterred applicants, however, the Service was clear in the developmental benefits to staff of working at STC and that staff received payment of an additional responsibility allowance whilst undertaking instructional duties. He confirmed that there were contingency arrangements in place via the use of associate trainers who worked as trainers on their days off, to support the delivery of training required by the Service.

	<p>Resolved: that the committee noted and endorsed the financial position and approved the additional slippage in the capital programme of £1.566m to 2024/25.</p>
26/23	<p>Treasury Management Mid-Year Report 2023/24</p>
	<p>The Director of Corporate Services presented the report. In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and to strengthen Members' oversight of the Authority's treasury management activities, the Resources Committee received a treasury management mid-year report and a final outturn report. Reports on treasury activity were discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Authority's Director of Corporate Services and the content of these reports was used as a basis for this report to the Committee.</p> <p>Economic Overview</p> <p>Treasury management activity was taken within the context of prevailing and forecasted economic conditions. The first half of the year saw the continuation of high levels of inflation. As measured by the CPI, inflation was 10.1% in March 2023. Although the rates had fallen during the year to a level of 6.7% in September this was still above the Bank of England Monetary Policy Committee (MPC) target for inflation of 2%. In addition to high inflation there continued to be strong wage growth. As a consequence, the MPC raised the Base rate several times in the year. The rate on the 1 April was 4.25% which had increased to 5.25% in August.</p> <p>Many economic forecasters considered that interest rates had reached a peak with the economy showing signs of low growth and the potential of a recession increasing. However, despite this and the Bank of England's expectation that inflation would continue to fall during the year it was not anticipated that there would be a fall in the Base rates in this financial year with the Bank stating that "we will keep interest rates high enough for long enough to ensure that we achieve our goal" (of meeting its 2% target).</p> <p>A table in the report, now considered by Members showed the latest forecast for interest rates from Arlingclose.</p> <p>Treasury Management position and policy</p> <p>The underlying need to borrow for capital purposes was measured by the Capital Financing Requirement (CFR), while usable reserves and working capital were the underlying resources available for investment. The treasury management activity was influenced both by the position at the beginning of the year and the plans in year. The position at the start of the financial year was summarised in the report indicating that the level of loans was above the borrowing requirement. 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. This had resulted in the CFR being reduced but due to early repayment charges it had not been financially beneficial to repay three loans.</p>

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

Borrowing

There had been no new borrowing in the first six months of the financial year. This was consistent with the position that the current borrowing was already above the CFR and that the capital programme did not include any expenditure to be financed from borrowing.

The long-term debt outstanding of £2m had been borrowed from the Public Works Loan Board. A table in the report showed the maturity profile of the Authority's borrowings, along with an interest rate paid.

If the loans were to be repaid early there would be an early repayment (premium) charge. Previous reports on treasury management activities had reported that the premium and the potential loss of investment income had been greater than the savings made on the interest payments therefore it had not been considered financially beneficial to repay the loans especially with the potential for increased interest rates. However, on 30 September 2023 the estimated premium charge to repay the three loans was minimal although rates and the premium changed on a daily basis. To offset the net savings on repaying the loans it was estimated that future interest on investments over the remaining period of the loans would need to be 4.5%. If it was estimated that investment interest rates would be lower than this figure, then it may be beneficial to repay the loans.

Investments

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 of receiving low investment returns and having the value of reserves eroded by inflation.

The Authority principally invested in a call account provided by Lancashire County Council which paid the base rate. Each working day the balance on the Authority's Current Account was invested in this to ensure that interest was received on surplus balances within an acceptable risk framework. During the period all surplus balances were placed with the County Council via this arrangement. At 30th September there was a balance of £24.970m invested in LCC while the average for the period was £20.080m. The current rate for these investments was 5.25% in line with the increase in the Base Rate in August 2023. At the beginning of the financial year the rate was 4.25%.

In order to increase the rate earned on current balances, the Authority had placed fixed term investments with other local authorities. To attract a higher rate of interest than was available on the call account these investments would need to be fixed for a longer period of time. The report identified the investments that had been in place during the year. At 30 September there was £15m fixed term investment in place, therefore the total investment held at 30 September was £39.970m.

The overall rate of interest earned during this period was 4.06% which was less favourable when compared with the benchmark 7-day index which averaged 4.73% over the same period.

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

Members noted that there had been a further three fixed term investments taken out with other Local Authorities during the period which only started later in the financial year as follows: -

Start Date	Finish Date	Principal £m	Interest Rate	Annual interest	Interest in 2023/24
14-Dec-23	12-Dec-24	3.5	5.05%	£176,750	£52,783
20-Nov-23	18-Nov-24	5	5.85%	£292,500	£106,582
17-Oct-23	15-Oct-24	5	5.55%	£277,500	£126,966

Current interest rates available for lending to other Local Authorities were: -

Period	Interest rate
6 months	5.30%
1 year	5.50%
2 year	5.10%
3 year	4.90%

Prudential Indicators

In order to control and monitor the Authority's treasury management functions, a number of prudential indicators were determined against which performance may be measured. The indicators for 2023/24 were approved by the Authority on 20 February 2023 which were detailed in the report alongside the current actual.

Revenue Budget Implications

The 2022/23 revenue budget for treasury management activity showed that anticipated income exceeded expenditure by £105k. Taking into account the activity for the first six months of the year and estimated cash-flow for the remainder of the year the latest forecast was as below:

	2023/24	2023/24	2023/24
	Budget	Forecast	Variance
	£m	£m	£m
MRP	0.000	0.000	(0.000)
Interest payable	0.090	0.090	(0.000)
Interest receivable	(1.300)	(1.520)	(0.220)
Net budget	(1.210)	(1.430)	(0.220)

The interest receivable was above budget as the balances and interest rates were

	<p>higher than anticipated when setting the budget. The forecast assumed interest rates on the call account averaged 5.25% for the remainder of the financial year.</p> <p>Further to a comment from CC O'Toole regarding the difficulties to accurately forecast interest rates, Cllr Baker requested information which set out the Authority's level of investment and borrowing for the previous five years. The Director of Corporate Services agreed that this would be included in the next Treasury Management report.</p> <p>Resolved: that the Committee noted and endorsed the report.</p>
27/23	<p>Fleet Asset Management Plan 2023 - 2027</p>
	<p>The Assistant Chief Fire Officer presented the report and introduced Tom Cousins, Head of Fleet and Engineering who was in attendance.</p> <p>The Fleet Asset Management Plan (FAMP) had been refreshed. It continued to build on a structured approach to the management of operational vehicles, equipment, breathing apparatus and hydrant assets and was designed to support the delivery of the Authority's Community Risk Management Plan and associated strategies, predominantly the response strategy. Therefore, the FAMP was key in determining strategic decisions regarding assets and defining how resources were efficiently and effectively utilised. This would ensure that Lancashire Fire and Rescue Service (LFRS) vehicles and equipment provided a resilient service to meet the changing needs of a modern Fire and Rescue Service and the communities it served.</p> <p>Running a modern Fleet was a safety critical operation which must ensure employee and public safety. This was achieved through best practice in vehicle inspection, maintenance, operation and procurement. LFRS also ensured compliance to Department of Transport and Driver & Vehicle Standards Agency regulations on construction, use and roadworthiness.</p> <p>Whilst the FAMP projected asset replacement over the next eight years, the Plan sets out capital investment requirements over the next four years and would be refreshed over that period in line with risk, to ensure it continued to accurately reflect the operating environment. This approach secured stability in capital and revenue budgets and facilitated the introduction of new technologies through a staged approach.</p> <p>The FAMP also covered short to medium term business planning improvement objectives. The Service's Fleet and Engineering Services department would continue to strive for improvement by maintaining a strong focus on customer care.</p> <p>Key projects in the 2023-27 FAMP were:</p> <ul style="list-style-type: none"> • Body worn and vehicle CCTV; • Battery Road Traffic Collision Tools; • Aerial Appliance provision; • Replacing Command Support Units; • Breathing Apparatus and Telemetry Equipment; • A Greener, more environmentally sustainable fleet;

- Suitable vehicles and equipment to meet the changing risk, in particular that resulting from climate change;
- Investment in modern firefighting technology, including introducing flow meters and larger diameter hose reels on our Fire Engine fleet;
- To continue our journey towards being the most innovative Fire and Rescue Service in the country by investing in technology, including drones and the potential for robotics to improve firefighter safety.

CC O'Toole queried whether the larger diameter hose reels meant all connections would need to be changed. The Assistant Chief Fire Officer advised that the larger diameter hose reels would only require changes on the lockers of fire appliances. He added that the changes followed the science in firefighting compartment fires, which continued to essentially centre around high pressure / low quantity of water, had proven very successful for fighting fires in domestic premises.

Running alongside the FAMP, the Fleet and Engineering Services department also held an improvement plan, which focused on four key performance areas:

- Customer – building stronger working relations and meeting requirements;
- Financial – achieve efficiency savings and maintain a healthy replacement plan;
- Systems – continued development of asset management systems;
- Development / Growth – invest in staff training and development.

The above, in conjunction with the FAMP ensured that Fleet and Engineering Services continued to provide the best possible support to Service Delivery.

The current spend was approximately £1.5m on vehicles and £0.5m on equipment and breathing apparatus assets per annum. Within the current revenue and capital budgets, the plan was affordable and ensured value for money. However, both revenue and capital budgets were subject to approval by the Authority at its budget setting meeting in February. Should the Authority approve the plan it would set the strategic direction for the Service and allow for longer term planning.

The Assistant Chief Fire Officer drew Members attention to the following from the plan:

Life Expectancy and Efficiency

To improve efficiency, the current nominal lifecycle for an operational fire appliance would increase from 12 to 13 years, followed by 2 further years at Training Centre, achieving a total life of 15 years. The 15-year cycle equated to a fleet turnover of circa five appliances per annum. The lifecycles for special appliances range from 8 to 15 years. Their economic life was determined on whole life costs generated through operational use. To achieve a smoother asset replacement programme some flexibility regarding replacement was required to even out costs. However, equipment such as Breathing Apparatus needed to be replaced en-bloc due to the complexities of training introduced through having a wide product range.

The FAMP aimed to smooth out vehicle purchases over the period to ease pressures on capital and maintenance costs. However, extended lead-times over the past 2 years inevitably meant annual capital replacement costs were often carried over. To address this, 3-year contracts were normally awarded, which would address such slippages more effectively.

Capital Replacement Programme

The capital replacement programme for vehicles and major operational equipment were set out as appendices to the Plan (as now considered by Members). Each year the plan would be reviewed against the specific needs of the Service and the ever-changing fire and rescue service landscape. Smoothing the replacement plan was fundamental in providing equipment and vehicle assets when required, enabling capital profiling which was more predictable and aligned with the Service's procurement function.

Fleet and Engineering Services Procurement

The department continued to work closely with procurement colleagues in all capital replacement purchases, using mainly framework agreements to reduce the procurement timeline, while ensuring compliance. In addition, regional and national procurement partnerships were actively sought to improve economies of scale, at the same time offering value for money across the fire and rescue community.

Innovation

Climate change presented considerable challenges for the UK fire sector and remained a significant risk in Lancashire. The Service had invested in specialist all-terrain vehicles, fully equipped to address wildfire and flooding in the county. These vehicles had been developed by LFRS to meet the climate change conditions experienced locally, the first in the UK to do so. The units and specialist wildfire response teams were strategically placed to provide an efficient and effective response.

Wide area and localised flooding could devastate local communities, leaving lasting effects well beyond the event, and causing considerable financial loss. With the potential for flooding at any time of the year, there was a need to provide LFRS with an effective and appropriate equipment asset to address these challenges.

The Service had strategically positioned water rescue appliances and water incident units in preparation for flooding events. LFRS was a host service for a high-volume pump (HVP), as part of the national response capability. The HVP's were embedded into core business, with the capability of moving large volumes of water quickly. In addition, the Service continued to invest in staff training and development around flooding, including the use of climate change all-terrain vehicles to enhance the flood response.

The Service had continued to build on the Unmanned Aerial Vehicles (UAV) technology, introducing enhanced models to further improve their capability. Now, LFRS hosted some of the most sophisticated UAV operations within the sector, which included an underwater Remote Operated Vehicle (ROV) capability. The ROV, which was a UK first within the Fire and Rescue Service sector, was capable not only of detection using the latest sonar capabilities, but could also offer a grip and retrieval facility, which was of major benefit to the Service during waterborne search and rescue operations. The Assistant Chief Fire Officer added that the Service would continue to support this development including extending the scope to include research into potential use of robotics in firefighting and rescue response scenarios.

Two of the new pumping appliances would undergo conversion into Technical Rescue Units providing a dual role of pumping appliance and enhanced rescue capability, thus removing the need to have both in the Service. As part of this project, the Service would reduce its pod capacity, ensuring a more efficient and effective deployment of heavy rescue assets when the need arose.

CC Woollam was pleased that the Service was a sector leader for innovation particularly the remote operated vehicles.

Carbon Footprint and Environmental Impact

While the Service continued to reduce its carbon footprint by implementing electric vehicles, switching from diesel-powered light vehicles to hybrid technology to eliminate nitrogen oxide emissions, the environmental changes continued to affect LFRS operational demands.

Over the lifespan of this FAMP, the existing Carbon Management Plan would be replaced with a revised Environmental Sustainability Plan. The new plan would set out environmental aspirations to move forward to a net zero carbon emissions position.

Vehicle related emissions were a significant contributor to carbon emissions within the Service, and as part of ongoing commitments, reducing emissions from vehicles and improving the environmental performance of fleet vehicles remained a key aspect of revised aspirations.

In response to a question from CC O'Toole, the Assistant Chief Fire Officer advised that the new appliances which were currently at Service Training Centre would replace vehicles across the fleet in line with the replacement programme after final refinements had been completed.

CC O'Toole queried whether there was a policy of buying locally to support the local economy. In response, the Assistant Chief Fire Officer advised that detailed specifications were produced and the Service went out to the market in a transparent manner to procure the best product however, sometimes the best technology was found outside UK borders. He confirmed that the procurement team ensured the Service was compliant with regulations. CC Mein agreed with a policy of local procurement and queried whether that could be built into the contract as a weighted part of the assessment criteria. In response the Head of Fleet and Engineering Services reassured Members that social value was included in the procurement process and there were a lot of local suppliers however, the UK fire and rescue vehicle market was limited.

In response to Member requests for information on what was procured locally, the Director of Corporate Services agreed to bring details to the next meeting which was timely as there had been a change in public sector procurement regulations.

In response to a request from CC Woollam for information regarding the use of body armour, the Assistant Chief Fire Officer advised that this was something that the Service had been looking at for a while in response to risk in the community which had shifted over time. It was not uncommon to attend an incident where the address had a Police marker (for knife crime, alcohol or substance misuse etc) and attacks on firefighters had seen an increase nationally; quite often on bonfire night.

	<p>He advised that suitable personal protective equipment (PPE) had been identified (similar to that used in other counties) for a proposed pilot in the Blackpool area. The PPE would be available for the crew to wear if they chose to do so during a heightened risk or to an incident at a flagged address. The pilot would be evaluated before making any commitment to a sizeable spend. In response to a question from Cllr Baker the Assistant Chief Fire Officer added that wearing the PPE would not increase the time of response or impede firefighter capabilities. The proposed PPE was a vest, secured by Velcro (similar to those worn by the Police over the top of their uniform). It would largely be down to the officer in charge to make the decision as to whether the PPE should be worn and it would not necessarily be needed to be worn by all staff; this would be a dynamic judgement based on the situation.</p> <p>In response to a question from CC Woollam regarding whether there was any risk in extending the life of the vehicles the Assistant Chief Fire Officer advised that vehicle technology had moved on considerably over the last 10-20 years with vehicles now cleaner, more efficient, reliable and greener. He confirmed that vehicles were rotated around the fleet to balance usage and wear, to increase their longevity. The Service did benefit from a new fleet and had very reliable and well-maintained vehicles. He was confident therefore that by extending the nominal vehicle lifecycle by one year would not cause any significant risks.</p> <p>Resolved: that the Committee recommend to the Authority that the Fleet Asset Management Plan 2023-2027 be endorsed (subject to budget considerations) as part of the Budget approval process in February 2024.</p>
28/23	<p>Property and Estate Assets Management Strategy 2023-2034</p>
	<p>The Director of Corporate Services presented the report. The Property and Estate Asset Management 10-year Strategy had been updated to set out the approach for the management of property and estates assets over the medium to longer term.</p> <p>The aim of the strategy was to deliver property and an estate that supported the creation of positive, inclusive environments that were fit for purpose, encouraged best practice, innovation and continuous improvement and that promoted the right culture to meet the changing needs of a modern Fire and Rescue Service and the communities it served. The strategy was set over four parts which highlighted the medium to longer term approach, as follows:</p> <p>Part 1 – Overview of the existing Property and Estate assets</p> <p>The key functions of the Property Department included all aspects of estate maintenance, estate management, the majority of facilities management services and capital build projects related to the estate. The strategy included: i) reviewing the team structure to ensure the best service; ii) procurement, appointment and management of specialist consultants to support the services to be delivered; and iii) investment in a new computer aided facility management system to enable better information management, improved service delivery and longer-term management of the property and estates assets.</p>

Part 2 – Property and Estates Strategic aims and objectives

There was a need to provide a flexible and adaptable approach to the management of property and estate assets that continued to deliver and improve operational effectiveness while responding to changing risks and resources. The property and estate assets would be measured against four core objectives to inform the decisions made about revenue and capital budgets and areas of focus:

- i) to provide functional and fit for purpose facilities, constructed, refurbished and maintained to fulfil Service and legislative requirements and standards and to ensure property assets supported skills and training for staff and community resilience, providing suitable training and educational facilities;
- ii) to provide assets that were in optimal locations to achieve Service priorities set out in the community risk management plan;
- iii) to provide assets that delivered better services and efficiencies through collaboration, to deliver best value and engagement with blue light partner agencies, fire service support agency groups and local communities;
- iv) to make the most efficient use of property assets and manage workspaces effectively, efficiently, reducing running costs and environmental impact and generating income including strategic rationalisation.

Part 3 – Property and Estates Priorities

While the primary focus was on ensuring property and estate assets met the four core objectives (listed above) the Property Department constantly sought to enhance and improve certain aspects of the property and estate assets for a modern fire service. However, given finite resources it was necessary to prioritise the enhancements and improvements to be made over the next 10 years which were:

- i) to ensure the estate provided high quality welfare and dignity accommodation as standard;
- ii) to understand the implications on staff and for buildings in relation to decontamination and contamination reduction;
- iii) to ensure the estate provided safe and secure places of work for staff, visitors and site-sharing partners;
- iv) to ensure the estate provided high quality training facilities which were aligned to the community risk management plan and upgrading facilities on stations which were deemed to fall below our minimum standards;
- v) to provide good quality office working environments that support collaboration, provide modern accommodation and are fit for purpose;
- vi) to understand long-term requirements for the reduction of carbon emissions;
- vii) to ensure existing space is managed and utilised effectively and efficiently, meeting the needs of the Service to deliver against its core priorities and core values; and
- viii) to ensure that staff understand the function of the department and estate assets through a set of property standards.

Part 4 – Delivering our Strategy

The projects identified in the 10-year capital programme were: i) Estate improvements; ii) upgrade WYLFA prop; iii) Blackpool Welfare; iv) drill tower

replacements; v) Preston replacement station; vi) Service Training Centre props; and vii) SHQ relocation. These would be reviewed annually and were subject to CFA approval. They required significant investment by the Service to be successfully delivered to achieve long-term aspirations. The completion of these projects would reduce future revenue funding requirements by reducing existing maintenance backlog, predicted future maintenance and running costs. They would ensure that the Service had estate assets that were fit for purpose and enable the core priorities and core values to be achieved.

The report also set out factors that would influence future projects and outlined the strategy's governance and implementation arrangements.

To deliver the Strategy, revenue and capital funding was required to be allocated from the overall budget. The expenditure would be managed to ensure value for money was achieved at all stages of delivery.

The revenue budget requirement to maintain the estate assets in their current condition was in the region of £3.7m per annum (which excluded the costs associated with PFI station assets, staff costs and waste management). It was noted that over recent years inflationary pressures had impacted on the budgets, particularly those relating to the maintenance of contracts and consumption of energy (gas and electric).

The capital allocation required to deliver the plan over the initial five-year period of the strategy was: £1.45m in 2023/24 and £8.350m in each of the years 2024/25 – 2027/28 an overall total of £34.875m).

County Councillor O'Toole commented that it made sense to keep property in good order. He queried whether Preston station was in the right location (given the development of the retail park opposite the site meant travel to the station was hindered by traffic) and stated the need to make a decision regarding whether it should be redeveloped or relocated. The Director of Corporate Services advised that the redevelopment of the station was in years 3 and 4 of the capital programme. There had been a huge amount of work undertaken looking at alternative sites for potential relocation which remained ongoing. Training facilities and the relocation of Service Headquarters had been prioritised in the capital programme however, the Service needed to look at what that meant for Preston station in the short-term to ensure value for money. The Assistant Chief Fire Officer added that while priorities had been identified there needed to be flexibility and if suitable land became available in Preston the Service needed to be in a position to potentially move quickly to secure it.

County Councillor Mein did think Preston station was in the right location however, work was needed with Lancashire County Council to ensure the road network was fit for purpose. She queried whether the fire station could be set back from its current location thereby potentially facilitating the road to be widened.

In response to a question raised by CC Mein the Assistant Chief Fire Officer advised that all options were being considered as part of the Preston Review which included whether alternative site(s) provided an opportunity to improve incident response times.

	<p>The Clerk to the Authority added that Member engagement was through the Member Working Group for Capital Building Projects. The Working Group had met twice and had received at the second meeting a summary project plan across a proposed six-year timeframe. The Working Group Terms of Reference setting out its composition and range of responsibilities would be taken to the next full CFA meeting.</p> <p>Resolved: that the Committee recommend to the Authority that the Property and Estate Assets Management Strategy 2023-2034 be endorsed (subject to budget considerations) as part of the Budget approval process in February 2024.</p>
29/23	Date and Time of Next Meeting
	<p>The next meeting of the Committee would be held on 27 March 2024 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 3 July 2024 and 25 September 2024 and agreed for 27 November 2024.</p>
30/23	Exclusion of Press and Public
	<p>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.</p>
31/23	Pensions Update
	<p>(Paragraphs 4 and 5)</p> <p>Members considered a report that provided an update on the various issues which had arisen in respect of the changes to the pension schemes applying to the uniformed members of the Fire Sector.</p> <p>Resolved: that the current situation be noted.</p>
32/23	Internal Dispute Resolutions Procedure - Stage 2
	<p>(Paragraphs 1, 4 and 5)</p> <p>Members considered a report regarding an IDRP Stage 2 application under the Internal Disputes Resolution Procedure. The report outlined the facts of the case.</p> <p>Resolved: That the Committee declined the application presented.</p>
33/23	High Value Procurement Projects
	<p>(Paragraph 3)</p> <p>Members considered a report that provided an update on all contracts for one-off</p>

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 report be noted and endorsed.

M Nolan
Clerk to CFA

LFRS HQ
Fulwood

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 27 March 2024

Procurement Strategy

(Appendix 1 refers)

Contact for further information – (Steven Brown - Director of Corporate Services)
Tel: 01772 866804

Executive Summary

This three-year Procurement Strategy has been updated to set out our approach to procurement. It builds on the success of our previous strategy and supports the vision within our Community Risk Management Plan (CRMP) 2022-2027.

Recommendation(s)

Members are asked to endorse the Procurement Strategy 2024 – 2027.

Information

The future and shape of procurement will change significantly as a result of the Government's paper 'Transforming Public Procurement' which aims to speed up and simplify procurement processes, place value for money at the heart of procurement, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery.

Effective contract and procurement management will be essential in order to become best in class in a process that involves all aspects of business operation and support. It will have a significant impact on the delivery of value for money and efficient use of resources; therefore, it is vital that all procurement activities are managed effectively, and procurement personnel are well trained and highly professional.

The delivery of our Procurement Strategy has given us a firm platform with robust processes and procedures to support the vision within our Community Risk Management Plan, supporting our communities and ensuring the cost-effective use of resources with efficient and effective procurement. We are already building on this platform by creating a positive procurement culture founded on sound business ethics. As a key enabler to business success, we now look to advance and build upon our procurement activities through our new Procurement Strategy.

This three-year Procurement Strategy builds on the success of our previous strategy and has given us a firm platform with robust processes and procedures to support the vision within our Community Risk Management Plan (CRMP) 2022-2027. We are already building on this platform by creating a positive procurement culture founded on sound business ethics.

The Strategy reflects national and local policies and includes our approach to collaboration and partnerships, suppliers' fair working practices and ethicality,

sustainability, climate change, corporate social responsibility, and the development of Small and Medium-sized Enterprises (SME) and third sector organisations.

Business risk

Effective procurement activity is an essential component in managing risks to the organisation.

Sustainability or Environmental Impact

The Fire Authority endeavours to purchase through contractors, service providers and suppliers who are committed to continuously working to improve environmental standards in the supply chain.

Equality and Diversity Implications

Promoting equality and diversity throughout the procurement process and supply chain is a crucial objective for the Authority. Fairness, transparency, honesty, integrity, impartiality, and objectivity must be evidenced in all procurement decisions.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None

Financial implications

None

Legal implications

Procurement activity will meet applicable legal requirements as set out in our standing orders and contract regulations.

Local Government (Access to Information) Act 1985

List of background papers

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Lancashire Fire and Rescue Service Procurement Strategy 2024-2027

Executive Summary

The future and shape of procurement will change significantly as a result of the Government's paper 'Transforming Public Procurement' which aims to speed up and simplify procurement processes, place value for money at the heart of procurement, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery.

Effective contract and procurement management will be essential in order to become best in class in a process that involves all aspects of business operation and support. It will have a significant impact on the delivery of value for money and efficient use of resources; therefore, it is vital that all procurement activities are managed effectively, and procurement personnel are well trained and highly professional.

The delivery of our Procurement Strategy has given us a firm platform with robust processes and procedures to support the vision within our Community Risk Management Plan (CRMP), supporting our communities and ensuring the cost-effective use of resources with efficient and effective procurement. We are already building on this platform by creating a positive procurement culture founded on sound business ethics. As a key enabler to business success, we now look to advance and build upon our procurement activities through our new Procurement Strategy.

This three-year Procurement Strategy builds on the success of our previous strategy and has given us a firm platform with robust processes and procedures to support the vision within our Community Risk Management Plan 2022-2027. We are already building on this platform by creating a positive procurement culture founded on sound business ethics.

The Strategy reflects national and local policies and includes our approach to collaboration and partnerships, suppliers' fair working practices and ethicality, sustainability, climate change, corporate social responsibility, and the development of Small and Medium-sized Enterprises (SME) and third sector organisations.

Overall, it will support the delivery of a cost-effective high-quality service that considers a more strategic role for procurement which:

- Takes cognisance of the national procurement agenda and policy as well as the Authority's local priorities within the CRMP.
- Supports the objectives within the Fire Commercial Transformation programme.
- Provides a framework for best value and continuous improvement.

Core Priorities

The Lancashire Fire and Rescue Service Community Risk Management Plan sets out the direction of the Service and how it will continue to make Lancashire safer through the core strategies.

Our core priorities, throughout the service, are the areas we focus our activities and resources on, these are identified within the Annual Service Plan (ASP) under the following categories:

- Preventing fire and other emergencies from happening.
- Protecting people and property when they happen.
- Responding to fire and other emergencies quickly and competently.
- Valuing our people.
- Delivering value for money.

Core Values and Code of Ethics

Our STRIVE values and the national Core Code of Ethics guide the professional behaviours expected of all our staff to ensure our workplace is one where everyone feels valued, included, and able to reach their full potential. Our service “STRIVE” values underpin everything we seek to achieve:

- Service
- Trust
- Respect
- Integrity
- Value
- Empowerment

Our Procurement Principles and the Organisations we seek to work with

Fundamental to this Strategy are our Procurement Principles which guide the Authority as to how procurement is conducted and the organisations we seek to work with; whether contractually or through an alternative arrangement. The Authority's approach to procurement is set out in the following principles.

We will

- Ensure we are professional, effective, and efficient and deliver a flexible, cost effective and fit for purpose support service to internal customers.
- Deliver value for money using whole life costing via modern, economically, and socially responsible practices, ensuring fairness and transparency.
- Maximise sustainability and embrace collaborative opportunities in all procurement activity.
- Provide opportunities to local and SMEs (small to medium enterprises) suppliers to participate by increasing visibility of procurement plans and opportunities.
- Strive to deliver cost savings and efficiencies.
- Monitor and measure procurement performance, promoting continuous improvement.
- Improve stakeholder and supply chain engagement.

Our STRIVE values and the national Core Code of Ethics guide the professional behaviours expected of all our staff to ensure our workplace is one where everyone feels valued, included, and able to reach their full potential. We also seek to work with organisations that support our values and ethics, specifically in the following areas:

Equality and Diversity and Inclusion

Promoting equality and diversity throughout the procurement process and supply chain is a crucial objective for the Authority. Fairness, transparency, honesty, integrity, impartiality, and objectivity must be evidenced in all procurement decisions.

We will

- Ensure compliance with the requirements of the Equality Act 2010 is mandatory and will be considered appropriately in procurement processes, ensuring that consideration is given to ensure that suppliers follow best practice and adhere to the principles of no discrimination in regard to age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

Social Value

Compliance with the requirements of the Social Value Act 2012 is mandatory and requires the Authority to take into account economic, social, and environmental well-being in connection with public sector contracting arrangements (where appropriate). Our aims are:

- To further our sustainable procurement objectives to protect and enhance the environment, e.g. by reducing waste, limiting energy consumption, and procuring materials from sustainable sources.
- To promote the local economy by supporting micro, small and medium sized enterprises, and the voluntary and community sector in Lancashire to thrive, and by doing so promote training and employment opportunities for the people of Lancashire.
- To involve local people and organisations in how we meet the needs of local communities through the commissioning cycle and procurement process.

We will

- Involve local people and organisations in determining social value outcomes by beginning engagement and/or consultation at the earliest possible opportunity in a commissioning/procurement process.
- Agree proportionate and relevant social value outcomes with the marketplace at pre-procurement stage and ensure that they are linked to our priorities.
- Apply a methodology that ensures a proportion of the quality element of the price/quality ratio will be allocated to social value, when it is identified in the commissioning/procurement process that additional social value outcomes are relevant and appropriate.
- Work with internal staff, the marketplace, and communities to improve understanding of social value, our Policy and evaluation methods.
- Maximise local spend within both Lancashire and the North West region whenever permissible to do so.

Modern Slavery

Modern slavery is a criminal offence under the Modern Slavery Act 2015 and can occur in various forms, including servitude, forced or compulsory labour and human trafficking. All of these involve the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. The Authority is committed to acting ethically and with integrity with a zero-tolerance approach and to implementing and maintaining effective systems and controls to ensure that Modern Slavery is not taking place in our supply chain.

Environment

The Fire Authority endeavours to purchase through contractors, service providers and suppliers who are committed to continuously working to improve environmental standards in the supply chain. It is keen to see food procured from suppliers that are able to demonstrate at least minimum animal welfare standards.

Ethics

We seek to work with organisations that support our values and ethics. We expect the organisations we work with to maintain high standards of integrity and professionalism in their business dealings as well as adhering to the laws of the countries where they operate, specifically:

- Instil a culture of fairness, teamwork, engagement, accountability, and enjoyment.
- Have a written plan to work towards paying the Voluntary Living Wage. Promote fair contracts of employment, deploy recruitment and employment practices that identify and support talent, value diversity and inclusion and promote aspiration and social mobility.
- Commit to the delivery of excellent working conditions, high ethical standards, positive health and wellbeing, training, development, and reward opportunities for all.
- Acting with integrity and transparency.

The Strategy will focus on four key themes over the next three years:

- Theme 1. Commercialisation and working collaboratively.
- Theme 2. Contract Management and Risk Mitigation.
- Theme 3. Responsible and Ethical Sourcing.
- Theme 4. Improvement and Innovation.

Theme 1 – Commercialisation and working collaboratively

Core Priority: Delivering value for money.

Procurement Objective: To secure value for money in the procurement of goods and services through the enhancement of our strategic partnerships.

Our commitment to securing value for money in our procurement activities is clear and evidenced through the use of a mixture of local and national collaborations, partnering, shared services and frameworks. Our Partners include other Fire and Rescue Services, Emergency Services and Local Authorities.

We are committed to the National Fire Commercial Transformation Programme and consider call off contracts from established Frameworks in all our procurements.

We work collaboratively to ensure that a pipeline of sourcing activity and contract information is constantly shared to identify and deliver potential collaborative opportunities and good practice.

Going forward we will continue to work with Partners to better understand the growing complexities of and the need for resilience within our global supply chains, manufacturing techniques and advances in technology.

The Authority is mainly funded through local sources of finance; Council Tax from local taxpayers and Business Rates collected from local businesses. Therefore, spending our money with local suppliers provides additional economic benefit to the local economy which in turn provides greater financial sustainability for the Authority.

We will

- Use our procurement expertise and commercial acumen to explore income generation opportunities and the potential for joined up public services. By continuing to work with Partners we will ensure resources are applied efficiently, needs are understood, knowledge is shared, and innovative solutions are implemented.
- Continue to demonstrate collaboration throughout our supply chains by publicising our procurement pipeline; engaging with local and regional suppliers and adopting a strategic approach to regional procurement.
- Review our procurement processes and contract standing orders to establish how we improve our support to local/SME and Voluntary, Community and Social Enterprise (VCSE) suppliers.

Theme 2 - Contract Management and Risk Mitigation

Core Priority: Delivering value for money.

Procurement Objective: To ensure more efficient and effective contract management arrangements.

Contract management is vital to service performance as it promotes quality, value for money, innovation, agility, and flexibility in the delivery of services. It also provides opportunities to decrease risks and carbon emissions and increase social value, innovation, and resilience.

As we increasingly procure on a more collaborative basis, it is vital that we continue to adopt robust contract management that is proportionate and ensures considerations of strategic, political and community impacts. This will include the use of a balanced scorecard to measure both 'hard' data, such as KPI performance, and 'soft' measures such as levels of customer satisfaction and relationships.

Going forward our contract management arrangements will continue to focus service delivery on quality performance, making efficiencies and achieving cost reductions, increasing social value opportunities, decreasing environmental footprint, mitigating risks, increasing resilience, and harnessing continuous innovation and change.

We will

- Review our contract management arrangements against best practice.
- Consider our approach to managing our strategic and tactical contracts based on risk. This may involve directing our time and efforts to contracts where the risks and rewards are highest.
- Consider incorporating opportunities for creating social value into all relevant contracts, encouraging our suppliers to offer opportunities for employment, training, and work experience within local communities.
- Build on and improve our governance and due diligence arrangements regarding modern slavery; health and safety and good working practices pre and post tender.

Theme 3 - Responsible and Ethical Sourcing

Core Priority: Delivering value for money.

Procurement Objective: To enhance our approach to sustainable procurement.

Achieving value for money in public procurement remains focused on securing the best mix of value, quality, and effectiveness. Awarding criteria in future will include consideration of environmental benefits.

Using a circular procurement approach involves keeping resources in use for as long as possible, extracting the maximum value from them whilst in use, then recovering and regenerating materials at the end of serviceable life.

Our aim is that we will procure sustainably in a way that achieves value for money on a whole life basis and generates benefits not only to our organisation but also to the environment. This will involve us having a greater understanding of the potential environmental impacts because of our purchasing decisions.

We will work with suppliers, service providers and collaborative colleagues to reduce our carbon footprint in line with developing commitments both locally and nationally.

This will include measurement and reduction of carbon emissions towards Net Zero ambitions as well as carefully considering specifications and standards with a total lifecycle approach to consider the long-term impact.

We will

- Develop working across the business we will identify opportunities to maximise value from products and services for as long as possible and make use of sustainable material (circular procurement).
- Encourage suppliers to reduce their environmental impact and gain certification to relevant accreditation schemes.

Theme 4 – Improvement and innovation

Core Priority: Delivering value for money.

Procurement Objective: To deliver a faster, leaner, fairer, and more effective procurement service.

We want a Procurement Function; that is 'fit for purpose', agile, fair, and transparent - a function that is working towards being 'best in class'.

As an organisation, we are committed to lifelong learning and continuous professional development. We will continue to identify learning opportunities within our procurement environment and supply chain and share our knowledge widely.

Our professional procurement staff will continue to have access to a broad range of development and experiences to enhance their learning in the procurement field.

Digital transformation and modern, innovative procurement approaches will be explored with the overall aim of streamlining business systems, adopting leaner processes, removing bureaucracy, and increasing the efficiency and quality of our service.

Continuous improvement will underpin our service delivery model. We will have a better understanding of service effectiveness through the development and adoption of standards in relation to response and quality.

We will have a better understanding of service effectiveness through the development and adoption of standards in relation to response and quality.

The role of procurement as an influencer to innovation and change is increasing within the fire and rescue sector. Early procurement involvement; market engagement, collaboration and innovative supply solutions are key in this.

Our Procurement team will continue to be a facilitator of change within the Service in that it will continue to work across the organisation and our supply base to identify opportunities for change and harness opportunities from specialist and innovative service providers.

We will

- Develop a suite of response, quality, and competence standards for our procurement services.
- Undertake a review of the Procurement function to ensure the skills and expertise are aligned to the needs of the Service.



Lancashire Fire
and Rescue Service



Lancashire Fire and Rescue Service
(Official)



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For further information on our services please visit
www.lancsfirerescue.org.uk

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 27 March 2024

Local Pension Board Annual Report 2023-24

Contact for further information – Bob Warren, Director of People and Development
Tel: 01772 866804

Executive Summary

The report presents an update on the Lancashire Fire Local Pension Board for the period 1 April 2023 - 31 March 2024.

Recommendation(s)

The committee are asked to note the report.

Information

The Public Service Pensions Act (PSPA) 2013 introduced the requirement to have a Local Pension Board to assist in the governance of the Scheme. The Board has no remit as a decision-making body but is established to assist Lancashire Fire & Rescue Service (LFRS), as the Scheme Manager to fulfil its functions which cover all aspects of governance and administration of the Firefighters' Pension Scheme (FPS). The Combined Fire Authority has delegated its functions to the Director of People and Development.

The Board's Terms of Reference requires that the Board meet approximately twice a year and that the Chair of the Board may call additional meetings. There were two meetings held per year during the period as planned.

Membership

One new employee representative was appointed to the Board during the year 2023-24. This appointment was carried out in accordance with the Board's Terms of Reference.

Work Programme during 2023/24

During the period 2023/24, with the hard work and commitment of everyone who has contributed to the work activities involved in fire pensions, has meant that key activities have continued to be delivered and projects progressed in a challenging environment.

The focus of pension workload during this year has been reported to the Local Pension scheme Board and is primarily continued work on the implementation of the following major projects:

- The Sargeant/McCloud judgement relating to age discrimination,

- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'.

Significant work has been undertaken during the year to provide legacy and reformed scheme pensionable pay for the seven years of remedy for almost 1,000 members affected by the Sargeant/McCloud age discrimination legislation. Work has recently started to compile tax and contribution data for the remedy period. This data will enable the Local Pensions Partnership Administration (LPPA), our pension administrators to roll back member records. During 2024-25 immediate choice members and deferred choice members will receive information to remedy their situation. During the year, the Board have received and considered update reports at key project milestones.

In terms of the Matthews Second Options Exercise, the Service have identified over 600 individuals eligible to express an interest in the exercise. Calculations for exercise are complicated and, in a small number of cases, require data going back as far as the 1960's and 1970's. The Service has made efforts to contact all individuals, but for some, address data is not available or out of date. The Service will be making all reasonable endeavours to contact members over the coming months.

The challenge of implementing two significant, complex pieces of pension legislation, affecting large numbers of individuals concurrently is not to be under-estimated.

In order to retain knowledge and capacity sufficient for the implementation of the above two projects, the Temporary Pensions Advisor initially appointed in March 2022 was made permanent in September 2023. The role of Temporary Pensions Coordinator is currently vacant, and the Service is seeking to fill this role in the near future and the postholder will work to support the pensions workload, predominantly on the Matthews Second Modified Pension Scheme exercise until its completion date on 31 March 2025. It is anticipated almost 700 calculations may be required for this project.

An area of some concern is no mechanism has been finalised to deal with aggregation (RDS employee subsequently achieving a wholetime role).

In 2020/21, the Service implemented the pensionable allowances project, retrospectively applying backdated pensionable allowances for six years. As a result of this, the Service has received a number of Internal Dispute Resolution Procedures (Appeals) from employees and former employees. All applications are from members who are dissatisfied that they are not included in the pensionable allowances exercise either relating to the type, temporary nature of the allowance or that their service falls outside of the backdating period. The Board have also been informed about a number of complex cases that have been dealt at Stage 1 and Stage 2 with over this period, including through the Internal Dispute Resolution Procedure (Appeals). The individuals have a right to appeal to the Pensions Ombudsman, whilst it is believed a number have taken this option, we have only been notified of two applications.

In March 2023, the government announced that the Pensions Dashboard Programme would require additional time to deliver the connection of pension providers and schemes in accordance with the connection deadlines set out in the Pensions Dashboard Regulations 2022. The new dashboard programme is due to be announced in spring 2024 and it is anticipated that the fire scheme date would be Summer 2025.

The Board continued to focus on key areas identified by the Pensions Regulator and maintain an oversight of the key risks to the fund. The Risk Register has continued to be reviewed at Board meetings.

The Board have also received a report on how the designated Pension Scheme Manager manages the LPPA Pension Administration contract.

Training

To support their work on the Fire Local Pension Board, Members continued to maintain and develop their knowledge and skills. External training opportunities continued to be, but members of the Board had access to the regular LGA monthly bulletins and website and have utilised The Pension Regulators Public Service toolkit to develop their knowledge. It is anticipated that the Local Government Association will be providing remote training to Board members nationally over the next year.

Looking forward to 2024/25:

The Work Plan of the Board will focus on the principal activities of the Scheme as currently anticipated, including:

- Implementing the requirements of the Sargeant/McCloud age discrimination legislation;
- Implementing the requirements of the Matthew's Second Options exercise;
- Continuing to improve pension administration arrangements for the benefit of all members and employers of the Scheme including the continual improvement programme for the quality of data held by the Scheme;
- Assessing the impact of and responding to consultations that will have an impact on the Lancashire Firefighters Pension Schemes;
- Appraising the impact of the implementation of the Pensions Dashboard; and
- Enhancing Board knowledge & skills.

The Plan will be reviewed and amended where appropriate to ensure it addresses any relevant issues arising.

Business risk

The situation in relation to pension changes has a potential to cause adverse reactions both to employees internal and external to the Service.

Sustainability or Environmental Impact

Nil.

Equality and Diversity Implications

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or decision.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? Y in line with working practices.

HR implications

There are no human resources implications arising directly from this report as the report is for information only.

Financial implications

The training of Board members is largely carried out in house at no direct cost, and national events such as the LGA conference have been free of charge so far.

The Authority continues to pay a levy to the Scheme Advisory Board (SAB), and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting the levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2023-24 was £7,794.86, this has been provided for within the revenue budget.

Out of pocket expenses have not been paid to members.

Legal implications

The Authority is required by pensions legislation to establish a Local Pensions Board for the Firefighter Pension Schemes and to convene meetings as required with a minimum of two meetings per year.

Local Government (Access to Information) Act 1985**List of background papers**

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 27 March 2024

Financial Monitoring 2023/24 (Appendices 1 and 2 refer)

Contact for further information: Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

The report sets out the current budget position in respect of the 2023/24 revenue and capital budgets.

Recommendation

The Committee is requested to:

- note and endorse revenue budget forecast outturn; and
- note the Capital Budget forecast outturn.

Revenue Budget

Lancashire Fire and Rescue Service's 2023/24 revenue budget has been set at £68.493m. The forecast outturn position is £68.878m, an overspend of £0.385m that is made up of an overspend of £0.488m on non-pay activities and an underspend of (£0.103m) on pay. The forecast position and variances are broadly similar to the previous forecast reported to the Committee in November 2023.

The forecast position within all departmental budgets is set out in Appendix 1, with major forecast variances of note shown separately in the table below:

Area	Forecast Overspend/ (Under spend)	Reason
Pay	(0.104)	<p>The overall forecast is broadly in line with budget:</p> <ul style="list-style-type: none"> • There is a forecast pressure of £0.200m as a result of the Service meeting its legal responsibilities in relation to the Bear Fulton legal case regarding holiday pay; • Whilst the Emergency Cover Review (ECR) remains on target, there have been some initial timing delays compared to the budget that have resulted in an in-year pressure that are being partially offset through improvement in the management of overtime arrangements; and

Area	Forecast Overspend/ (Under spend)	Reason
		<ul style="list-style-type: none"> Other savings include some vacancies particularly at the training centre of (£0.169m).
Fleet and technical Services - Non-Pay	0.182	The forecast overspend is mainly due to inflationary pressures on the supply of parts and increase in repairs, however savings have been achieved in quarter 3. It is hoped that this pressure will reduce in future years as inflation falls and the older fleet stock is replaced.
Apprenticeship Levy Funding – Non-Pay	0.300	As previously reported the Apprenticeship Levy income for the year is forecast to be lower than budgeted resulting in an annual pressure of approximately £0.300m; this is due to a reduction in the number of recruits meeting the eligibility criteria for funding. On call fire fighters and recruits with significant prior learning do not attract levy funding. This pressure has been provided for in the 2024/25 budget agreed by the CFA in February 2024.
Training Centre Courses – Non-Pay	0.163	As previously reported, due to vacancies in the Training Centre, the department has had to appoint more associate trainers than budgeted to meet the training needs of the service; this includes driver training and specialist training such as swift water rescue as a result of the ECR. This pressure is offset by vacancies, note the service is putting in place arrangements to try to increase the number of internal trainers.
Service Delivery / Heads of Service Delivery – Non-Pay	0.108	As previously reported, there is a forecast overspend of £0.108m on protective equipment, due to the roll out of wildfire kit, Urban Search And Rescue (USAR) kit and kit for the new recruits.
Non – DFM – Bank Interest	(0.302)	There is a forecast saving on interest earned on cash balances invested.

Capital Budget

The revised Capital Programme for 2023/24 is £7.6m as approved by the CFA and February 2024. Spend to date is £5.083m, which is predominantly on pumping appliances as set out in Appendix 2, and £7.6m is forecast.

Details of capital projects are outlined in the table below:

Area	Budgeted Items
Operational Vehicles Budget £4.001m Forecast £4.001m	The budget allows for the remaining stage payments for 10 pumping appliances purchased in previous financial years. In addition, the budget allows for the first stage payments of the 3 pumping appliances for the 2023/24 programme. It also includes two climate change vehicles and three command units. In addition to the previously reported slippage of climate change vehicle (£0.15m), 2 water towers (£1.027m), 2 prime movers (£0.260m), the ALP chassis (0.251m) has also slipped to quarter 1 of 24/25.
Other vehicles Budget £0.925m Forecast £0.925m	This budget allows for the replacement of various operational support vehicle. The supply of 3 rescue team vans have been delayed to 2024/25.
Operational Equipment Budget £1.308m Forecast £1.308m	As reported in November, this budget allows for equipment purchases including thermal imaging cameras and cutting and extrication equipment 2023/24. Approved slippage on Ballistic Vest and Helmet PPE will enable exploration and pilot of equipment.
Building Modifications Budget £0.352 Forecast £0.352m	This budget includes the continuation of Drill Tower replacements and an upgrade to the Wylfa prop facility. Completion of works has now slipped into early 2024/25 as follows: <ul style="list-style-type: none"> • Wylfa Prop (£0.125m) tender process is expected to complete in quarter 4, and work to commence in 2024/25. • W30 Blackpool Dormitory (£0.472m) design work is complete, and work will commence in 2024/25. • Drill tower replacement (£0.555m) has slipped as procurement are now seeking a new framework with experienced drill tower contractors. • Minor improvements (£0.099) to the estate have slipped to 2024/25.
IT systems Budget £0.728m Forecast £0.728m	This budget includes for the upgrade Firewalls and digitisation of fire appliances. Note: <ul style="list-style-type: none"> • The national Emergency Services Mobile Communication Programme (ESMCP) has paused to 2025 (£0.1m); • WIFI (£0.135m) will be completed after the Firewall scheduled in quarter 4 of 2023/24;

Area	Budgeted Items
	<ul style="list-style-type: none"> • Incident ground radios (£0.23m) has slipped in line with helmet communications and the breathing apparatus replacement program; and • RDS Alerters (£0.065m) has slipped due to period of soft market research.

Appendix 2 sets out the capital programme and the forecast expenditure as reflected above.

Reserves

Reserves are held for three main purposes:

- To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve.
- To set-aside funds for specific purposes, known or predicted pressures, or future liabilities – known as earmarked reserves.
- To hold capital receipts from sale of assets, the use of which is restricted under legislation to the purchase of new assets, or the repayment of debt.

The forecast level of reserves at the end of the year taking into account the forecast revenue position, capital outturn and recently agreed reserves strategy is set out below:

	Forecast £'m
General Reserve - min level £3.75m	4.8
Earmarked Reserves	25.4
Total	30.2

Financial Implications

As outlined in the report

Business Risk Implications

None

Environmental Impact

None

Equality and Diversity Implications

None

Human Resource Implications

None

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: N/A

Appendix 1

BUDGET MONITORING STATEMENT DECEMBER 2023	Revised Annual Budget	Outturn Forecast	Outturn Variance	Outturn Variance Pay	Outturn Variance Non-Pay
	£000	£000	£000	£000	£000
Service Delivery					
Service Delivery	38,462.34	38,892.63	430.29	380.91	49.38
Prevention & Protection	3,121.66	3,003.12	- 118.54	- 195.80	77.26
Covid-19	-	-	-	-	-
Control	1,610.40	1,637.63	27.23	-	27.23
Youth Engagement (inc Princes Trust)	- 61.47	- 68.16	- 6.69	- 54.89	48.20
Special Projects (ISAR)	14.40	8.81	- 5.59	-	- 5.59
Strategy & Planning	-	-	-	-	-
Service Development	1,873.51	1,883.64	10.13	52.57	- 42.43
Training & Operational Review	4,490.37	4,571.29	80.93	- 382.18	463.11
Fleet & Technical Services	3,271.27	3,510.48	239.21	57.01	182.19
Information Technology	3,253.76	3,282.34	28.59	10.68	17.91
Digital Transformation	556.85	595.43	38.58	52.13	- 13.55
	-	-	-	-	-
People & Development	-	-	-	-	-
Human Resources	958.05	1,013.60	55.56	- 6.17	61.73
Occupational Health Unit	295.25	307.24	11.99	12.32	- 0.33
Corporate Communications	350.09	400.89	50.80	52.22	- 1.42
Safety Health & Environment	262.77	305.63	42.86	58.61	- 15.75
Corporate Services	-	-	-	-	-
Executive Board	1,077.66	1,150.84	73.18	89.78	- 16.60
Central Admin Office	842.87	584.14	- 258.74	- 241.06	- 17.68
Finance	194.14	207.43	13.29	13.04	0.25
Procurement	723.38	834.62	111.24	109.01	2.23
Property	3,976.98	3,874.24	- 102.73	- 33.72	- 69.02
External Funding	- 7.17	- 16.70	- 9.53	- 0.25	- 9.28
TOTAL DFM EXPENDITURE	65,267.09	65,979.15	712.05	- 25.77	737.83
Non DFM Expenditure					
Pensions Expenditure	1,399.20	1,365.20	- 34.00	-	- 34.00
Other Non-DFM Expenditure	1,826.81	1,533.43	- 293.38	- 77.84	- 215.54
NON-DFM EXPENDITURE	3,226.01	2,898.63	- 327.37	- 77.84	- 249.54
TOTAL BUDGET	68,493.10	68,877.78	384.68	- 103.61	488.29

CAPITAL BUDGET 2023/24	Revised Programme	Expenditure to Date	Forecast Year End Outturn	(Slippage) / accelerated Spend	Over/ (Under) Spend
Vehicles					
Operational Vehicles	4.001	3.905	4.001	0.000	0.000
Support Vehicles	0.925	0.442	0.925	0.000	0.000
	5.210	4.347	5.210	0.000	0.000
Operational Equipment					
Operational Equipment	1.308	0.466	1.308	0.000	0.000
	1.308	0.466	1.308	0.000	0.000
Buildings Modifications					
STC	0.016	0.015	0.016	0.000	0.000
Enhanced station facilities	0.028	0.008	0.028	0.000	0.000
Drill tower replacements	0.156	0.006	0.156	0.000	0.000
Estate Improvement Provision	0.152	0.014	0.352	0.000	0.000
	0.352	0.043	0.352	0.000	
ICT					
IT Systems	0.728	0.227	0.728	0.000	0.000
	0.728	0.227	0.728	0.000	0.000
Total Capital Requirement	7.598	5.083	7.598	0.000	0.000
Funding					
Revenue Contributions	4.000		4.000		
Earmarked Reserves	0.369		0.369		
Capital Reserves	1.546		1.546		
Capital Receipts	1.683		1.683		
Total Capital Funding	7.598		7.598		

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