

# Public Document Pack

## Lancashire Combined Fire Authority Resources Committee

**Wednesday, 3 July 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 Sam Hunter 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 - 12)**

4. **Year End Treasury Management Outturn 2023/24 (Pages 13 - 20)**

5. **Financial Monitoring - Provisional Outturn 2023/24 (Pages 21 - 28)**

6. **Financial Monitoring 2024/25 (Pages 29 - 34)**

7. **Productivity and efficiency statement 2024/25 (Pages 35 - 50)**

8. **Date and Time of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours on 25 September 2024 in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are:            scheduled for 27 November 2024

9. **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.

10. **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**

11. **Update from Capital Building Projects Working Group (Pages 51 - 62)**

(Paragraph 3)

12. **Pensions Update (Standing Item) (Pages 63 - 66)**

(Paragraphs 4 and 5)

13. **High Value Procurement Projects (Pages 67 - 70)**

(Paragraph 3)

14. **IDRP - Stage 2 - Application A (Pages 71 - 82)**

(Paragraphs 1, 4 and 5)

15. **IDRP - Stage 2 - Application B (Pages 83 - 96)**

(Paragraphs 1, 4 and 5)

16. **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, 27 March 2024, at 10.00 am in the Main Conference Room,  
Service Headquarters, Fulwood.**

**Minutes**

<b>Present:</b>	
<b>Councillors</b>	
R Woollam (Chair)	
D O'Toole (Vice-Chair)	
G Baker	
T Hurn	
J Mein	
M Pattison	
B Yates	

<b>Officers</b>
S Brown, Director of Corporate Services (LFRS) J Charters, Assistant Chief Fire Officer (LFRS) B Warren, Director of People and Development (LFRS) E Sandiford, Head of Human Resources (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority L Barr, Member Services Officer (LFRS)

<b>In attendance</b>
K Wilkie, Fire Brigades Union

34/23	<b>Apologies for Absence</b>
	Apologies were received from County Councillors Lorraine Beavers, Peter Britcliffe, and Sean Serridge.
35/23	<b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>
	None received.
36/23	<b>Minutes of the Previous Meeting</b>
	<b>Resolved:</b> - That the Minutes of the last meeting held on 29 November 2023 be confirmed as a correct record and signed by the Chair.

The Director of Corporate Services (DoCS) presented the report. The new three-year Procurement Strategy had been updated to set out the Service's approach to procurement which built on the success of the previous strategy and supported the vision within the Community Risk Management Plan (CRMP) 2022-2027. The future and shape of procurement would change significantly as a result of the Government's paper 'Transforming Public Procurement', which aimed to speed up and simplify the procurement process, 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 would be essential in order to become best in class in a process that involved all aspects of business operation and support. It would have a significant impact on the delivery of value for money and efficient use of resources; therefore, it was vital that all procurement activities that were managed effectively, and procurement personnel were well trained and highly professional.

The delivery of the three-year Procurement Strategy had built on the success of the previous strategy and had provided a firm platform with robust processes and procedures to support the vision within the Community Risk Management Plan (CRMP), supported communities, and ensured the cost-effective use of resources with efficient and effective procurement. The Service was already building on that platform by creating a positive procurement culture founded on sound business ethics. As a key enabler to business success, the Service looked to advance and build upon its procurement activities through the new Procurement Strategy.

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

The DoCS elaborated on the report by adding that with the envisaged legislation, of which the Service was already mindful, not only would there be a greater focus on contract management in the near future, but that it would be from a risk based perspective. The DoCS added that there would also be opportunities for local businesses to engage in the procurement process, the Service would be able to ensure compliance with the Equality Act 2010 and it would also focus on publicising the chain of progress with project work.

CC O'Toole commented that it was important to get a number of quotations and that it had come to his attention recently that some major suppliers were declining to engage in procurement because the plans stretched so far into the future.

The Chair commented that it would be encouraging to see the procurement of local talent.

CC Mein asked for clarification as to whether this would place any uncertainty on progress or whether this would shorten the terms of procurement, to which the

	<p>DoCS confirmed there had been a lot of transparency and communication with suppliers.</p> <p><b>Resolved:</b> - that Members endorsed the Procurement Strategy 2024 - 2027.</p>
38/23	<p><b>Local Pension Board Annual Report</b></p>
	<p>The Director of People and Development (DoPD) presented the report which provided an update on the Lancashire Fire Local Pension Board for the period 1 April 2023 – 31 March 2024.</p> <p>Members noted that 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 had no remit as a decision-making body but was established to assist the Scheme Manager to fulfil its functions which covered all aspects of governance and administration of the Firefighters’ Pension Scheme (FPS). The Combined Fire Authority had delegated its functions to the Director of People and Development. The Board’s Terms of Reference required that it met approximately twice a year and that the Chair of the Board could call additional meetings as required. It was noted that there were two meetings held per year during the period as planned.</p> <p><b>Membership</b></p> <p>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.</p> <p><b>Work Programme during 2023/24</b></p> <p>During the period 2023/24, the hard work and commitment of everyone who had contributed to the work activities involved in fire pensions, meant that key activities continued to be delivered and projects progressed. The focus had been on the following major projects: i) the Sargeant/McCloud judgement relating to age discrimination; and ii) Matthews’ judgement affecting on-call members commonly referred to as the ‘Second Options Exercise’.</p> <p>Significant work had 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 had started to compile tax and contribution data for the remedy period from which, the data would enable the Local Pensions Partnership Administration (LPPA), the Service’s pension administrators, to roll back member records. During 2024-25 immediate choice members and deferred choice members would receive information to remedy their situation. During the year, the Board had received and considered update reports at key project milestones.</p> <p>In terms of the Matthews Second Options Exercise, the Service had identified over 600 individuals who were eligible to express an interest in the exercise.</p>

Calculations for exercise were complicated and, in a small number of cases, required data going back as far as the 1960s and 1970s. The Service had made efforts to contact all individuals, but for some, address data was not available or out of date, nonetheless, the Service would make all reasonable endeavours to contact members. The challenge of implementing two significant, complex pieces of pension legislation, which affected large numbers of individuals concurrently, was not to be underestimated.

In order to retain knowledge and capacity sufficient for the implementation of the two projects, the Temporary Pensions Advisor, initially appointed in March 2022, was made permanent in September 2023. The role of Temporary Pensions Coordinator was vacant, and the Service was seeking to fill this role in the near future. The postholder would work to support the pensions workload, predominantly on the Matthews Second Modified Pension Scheme exercise until its completion date on 31 March 2025. It was anticipated that almost 700 calculations could be required for the project. An area of concern was that no mechanism had been finalized to deal with aggregation (RDS employee subsequently achieving a wholetime role).

In 2020/21, the Service implemented the pensionable allowances project which retrospectively applied backdated pensionable allowances for six years. As a result, the Service had received a number of Internal Dispute Resolution Procedures (Appeals) from employees and former employees. All applications were from Members who were dissatisfied that there were not included in the pensionable allowances exercise either relating to the type, temporary nature of the allowance or that their service fell outside of the backdating period. The Board had also been informed about a number of complex cases that had been dealt with at Stage 1 and Stage 2 over this period, including through the Internal Dispute Resolution Procedure (Appeals). The individuals had a right to appeal to the Pensions Ombudsman, whilst it was believed a number had taken that option, the Service had 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 was due to be announced in spring 2024 and it was anticipated that the fire scheme date would be summer 2025.

The Board continued to focus on key areas identified by the Pensions Regulator and maintained an oversight of the key risks to the fund. The Risk Register had continued to be reviewed at Board meetings. The Board had also received a report on how the designated Pension Scheme Manager managed the LPPA Pensions 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 available, members of the Board had access to the regular LGA monthly bulletins and website, and had utilized the Pension Regulators Public

Service toolkit to develop their knowledge. It was anticipated that the Local Government Association would provide remote training to Board members nationally over the next year.

### **Looking forward to 2025/25**

The Work Plan of the Board would focus on the principal activities of the Scheme as currently anticipated, which included: i) Implementing the requirements of the Sargeant/McCloud age discrimination legislation; ii) Implementing the requirements of the Matthews' Second Options exercise; iii) 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; iv) Assessing the impact of and responding to consultations that would have an impact on the Lancashire Firefighters Pension Schemes; v) Appraising the impact of the implementation of the Pensions Dashboard; and vi) Enhancing Board knowledge and skills.

The Plan would be reviewed and amended where appropriate to ensure it addressed any relevant issues which arose.

The DoPD elaborated on his report by stating that the application of complex pensions regulations as well as the retrospective application of the binding case law decisions made in the senior courts in the cases of Matthews and McCloud, including those firefighters who had left since 2000 had resulted in considerable activity for those in the Service and at the LPPA trying to resolve the situation. 600 individuals were affected, and progress had been slow but was now improving. Significant issues included aggregation and taxation of these amounts.

The DoPD also summarized the position with regard to the Pensions Regulator and the LPPA as well as the response to Consultation on the Government Pensions Dashboard.

In response to a query from CC Pattison as to whether the pensions dashboard was catching up the DoPD confirmed this was the case but that the Service could only process those outstanding matters in relation to those individuals who currently worked for the Service.

In response to a query from CC Mein as to who had responsibility for providing the information and whether it was the current employer, the DoPD confirmed that it was the responsibility of every pensions provider, given that every employee must now be offered a form of pension, even in the commercial sector.

The DoPD added that the Service was also tackling issues with the administration of pensions for Green Book staff but that he was aware that the administration of these pensions was taking too long.

CC Mein asked how the new employee member of the Local Pensions Board had been selected and the DoPD confirmed that a Fire Brigades Union member had been selected.

CC O'Toole commented that firefighters gave loyal service and they had paid into

their pensions throughout their career and therefore it was not difficult to understand why firefighters got confused as to their entitlement and why there was such delay in processing the calculations and all those affected should be kept up to date with progress.

The Chair echoed CC O'Toole's comment and added that he hoped the retirement workshops would be of some assistance in providing information.

The DoPD explained that because these decisions had been challenged through the courts some firefighters believed they were not being treated fairly and it had created some scepticism. In addition, with regard to giving advice, the DoPD clarified the Service could not give independent advice.

The target date for resolution of the outstanding pensions issues was October 2025.

**Resolved:** - that the report be noted.

39/23

**Financial Monitoring**

The Director of Corporate Services (DoCS) presented the report which set out the current budget position in respect of the 2023/24 revenue and capital budgets.

Lancashire Fire and Rescue Service's (LFRS) 2023/24 revenue budget had been set at £68.493m. The forecast outturn position was £68.878m, an overspend of £0.385m that was made up of an overspend of £0.488m on non-pay activities and an underspend of (£0.103m) on pay.

The forecast positions within all department budgets were set out in the report 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 was broadly in line with budget:</p> <ul style="list-style-type: none"> <li>• There was 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;</li> <li>• Whilst the Emergency Cover Review (ECR) remained on target, there had been some initial timing delays compared to the budget that had resulted in an in-year pressure that was being partially offset through</li> </ul>



		<p>improvement in the management of overtime arrangements; and</p> <ul style="list-style-type: none"> <li>Other savings included some vacancies particularly at the training centre of (£0.169m).</li> </ul>
Fleet and technical Services - Non-Pay	0.182	The forecast overspend was mainly due to inflationary pressures on the supply of parts and increase in repairs, however, savings had been achieved in quarter 3. 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 which resulted 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. 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 had to appoint more associate trainers than budgeted to meet the training needs of the service; this included driver training and specialist training such as swift water rescue as a result of the ECR. This pressure was offset by vacancies. Note 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, due to the roll out of wildfire kit, Urban Search And Rescue (USAR) kit and kit for the new recruits.
Non – DFM –	(0.302)	There was a forecast saving on interest

Bank Interest		earned on cash balances invested.
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**Capital Budget**

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

Details of capital projects were outlined in the table below:

Area	Budgeted Items
Operational Vehicles Budget £4.001m Forecast £4.001m	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. 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) had also slipped to quarter 1 of 24/25.
Other vehicles Budget £0.925m 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.
Operational Equipment Budget £1.308m Forecast £1.308m	As reported in November, this budget allowed for equipment purchases including thermal imaging cameras and cutting and extrication equipment 2023/24. Approved slippage on Ballistic Vest and Helmet PPE would enable exploration and pilot of equipment.
Building Modifications Budget £0.352 Forecast £0.352m	This budget included the continuation of Drill Tower replacements and an upgrade to the Wylfa prop facility. Completion of works had now slipped into early 2024/25 as follows: <ul style="list-style-type: none"> <li>• Wylfa Prop (£0.125m) tender process was expected to complete in quarter 4, and work to commence in 2024/25.</li> <li>• W30 Blackpool Dormitory (£0.472m) design work was complete, and work would commence in 2024/25.</li> <li>• Drill tower replacement (£0.555m) had</li> </ul>

	<p>slipped as procurement were now seeking a new framework with experienced drill tower contractors.</p> <ul style="list-style-type: none"> <li>Minor improvements (£0.099) to the estate had slipped to 2024/25.</li> </ul>
<p>IT systems Budget £0.728m Forecast £0.728m</p>	<p>This budget included for the upgrade Firewalls and digitisation of fire appliances. Note:</p> <ul style="list-style-type: none"> <li>The national Emergency Services Mobile Communication Programme (ESMCP) had paused to 2025 (£0.1m);</li> <li>WIFI (£0.135m) would be completed after the Firewall scheduled in quarter 4 of 2023/24;</li> <li>Incident ground radios (£0.23m) had slipped in line with helmet communications and the breathing apparatus replacement program; and</li> <li>RDS Alerters (£0.065m) had slipped due to a period of soft market research.</li> </ul>

### Reserves

Reserves were held for three main purposes:

- To cover unforeseen risks and expenditure that could 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 the sale of assets, the use of which was restricted under legislation to the purchase of new assets, or the repayment of debt.

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

	<b>Forecas t £'m</b>
General Reserve - min level £3.75m	4.8
Earmarked Reserves	25.4
<b>Total</b>	<b>30.2</b>

**Resolved:** - that the Committee:

- noted and endorsed the revenue budget forecast outturn; and
- noted the Capital Budget forecast outturn.

40/23

### Date and Time of Next Meeting

The next meeting of the Committee would be held on **Wednesday, 03 July 2024** at

	<p>10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 25 September 2024 and agreed for 27 November 2024.</p>
41/23	<p><b>Exclusion of Press and Public</b></p>
	<p><b>Resolved:</b> 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>
42/23	<p><b>IDRP - Stage 2</b></p>
	<p>(Paragraphs 1, 4 and 5)</p> <p>Members considered a report regarding three IDRP Stage 2 applications under the Internal Disputes Resolution Procedure. The report outlined the facts of the cases.</p> <p><b>Resolved:</b> - that the Committee declined the applications presented based on its lawful application of the relevant Pensions Regulations.</p>
43/23	<p><b>High Value Procurement Projects</b></p>
	<p>(Paragraph 3)</p> <p>Members considered a report that provided an update on all contracts for one-off purchases valued in excess of £175,000 and high value procurement projects in excess of £175,000 including: new contract awards, progress of ongoing projects and details of new projects.</p> <p><b>Resolved:</b> - that the Committee noted and endorsed the report.</p>
44/23	<p><b>Exec Board Succession Arrangements</b></p>
	<p>(Paragraph 1)</p> <p>The Director of People and Development recused himself, as a potentially interested party, and left the Committee meeting.</p> <p>No other interests were declared.</p> <p>Only Members and Officers relevant to decision making on this recruitment were present for this item.</p>

	<b>Resolved:</b> - that the Committee approved the recommendation outlined in the report.
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**M Nolan**  
**Clerk to CFA**

**LFRS HQ**  
**Fulwood**

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## Lancashire Combined Fire Authority

### Resources Committee

Meeting to be held 3 July 2024

### Year End Treasury Management Outturn 2023/24

#### Contact for further information:

Steven Brown - Director of Corporate Services – Telephone Number 01772 866804

#### Executive Summary

The report sets out the Authority's borrowing and lending activities during 2023/24. All treasury activities undertaken throughout the year are in accordance with the Treasury Management Strategy 2023/24.

#### Recommendation

The Committee is asked to note and endorse the outturn position report.

#### Information

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 receives regular updates on treasury management issues including a mid-year report and a final outturn report. Reports on treasury activity are discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Director of Corporate Services.

Investment and borrowing decisions are taken in the light of long-term borrowing requirements, the estimated level of reserves and actual and estimated cash-flow. Consideration is also given to various risks and ensuring compliance with the Prudential Indicators. Decisions are taken in the light of current and forecasted economic situation. Therefore, this report provides information on:

- An economic overview
- Borrowing position
- Investment activity
- Comparison to the Prudential Indicators

#### Economic Overview

The treasury management activity was undertaken against a backdrop of inflation being above the Bank of England's target and consequently in the first part of the year increasing Bank Rate. With generally weak growth and falling inflation attention turned to when Bank Rate would peak and whether or not there would be subsequent reductions.

At the start of the year UK inflation was at 8.7% which was a fall from the peaks seen in 2022/23. The year saw inflation continuing to fall and in March 2024 the rate was at 3.2%. However, this was still above the Bank of England's 2% target at the end of the period.

The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year Gross Domestic Product (GDP) growth only expanded by 0.1% compared to 2022. Towards the end of the financial year there were signs of an increase in activity with the Office for National Statistics (ONS) reporting that the economy expanded by 0.2% in January 2024. Subsequently, the first estimate of the UK GDP in Q1 (January to March) 2024 is estimated to have increased by 0.6%.

Having begun the financial year at 4.25%, the Bank of England's (BoE) Monetary Policy Committee (MPC) increased the Bank Rate in May, June and August to reach a level of 5.25%. The Bank Rate was maintained at 5.25% through to March 2024.

Generally, forecasts have seen 5.25% as the peak rate and following the Bank's quarterly Monetary Policy Report (MRP) in February which showed the Banks expected growth in the UK economy in the first half of 2024 and headline consumer price index (CPI) was to fall below target many forecasters anticipated that interest rates will most likely start to be cut in the second half of 2024.

Sentiment in financial markets during 2023/24 remained uncertain and bond yields, which determine the borrowing rates from the Public Works Loan Board (PWLB), continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to high inflation. From October they started declining again before falling sharply in December as falling inflation caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE were not inclined to cut rates soon, yields rose once again.

Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28 March 2024).

## **Borrowing**

The borrowing levels of the Fire Authority have remained unchanged at year end at £2m with no new long-term loans being taken. The existing loans were taken out with the PWLB in 2007 when the base rate was 5.75%. The maturity and interest rate of the Authority's borrowing is:



Loan amount	Maturity	Interest rate
£650k	December 2035	4.49%
£650k	June 2036	4.49%
£700k	June 2037	4.48%

Total interest paid on PWLB borrowing was £90k, which equates to an average interest rate of 4.49%. The authority did take a temporary loan during the year of £5m to cover a cashflow deficit for two weeks. The interest payable on this was £0.005m at a rate of 5.25%.

The levels of borrowings for the last six financial years are shown below:-

Financial Year Ended	PWLB £	Total £
2018-2019	2,000,000	2,000,000
2019-2020	2,000,000	2,000,000
2020-2021	2,000,000	2,000,000
2021-2022	2,000,000	2,000,000
2022-2023	2,000,000	2,000,000
2023-2024	2,000,000	2,000,000

The current approved capital programme has no requirement to be financed from borrowing until 2026/27 and the debt relates to earlier years' capital programmes. While the borrowing is above its Capital Financing Requirement (CFR), which is the underlying need to borrow for capital purposes, this is because the Fire Authority has had a policy of setting aside monies in the form of statutory and voluntary minimum revenue provision (MRP) in order to repay debt as it matures or to make an early repayment.

If the loans were to be repaid early there would be an early repayment (premium) charge. Previous reports on treasury management activities have reported that the premium and the potential loss of investment income have been greater than the savings made on the interest payments therefore it has not been considered financially beneficial to repay the loans especially with the potential for increased interest rates. However, at 30 September 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 is estimated that investment interest rates will be lower than this figure, then it may be beneficial to repay the loans. It was concluded that the repayment was not considered to be financially beneficial at the time as the expectation was that interest rates would fall during the period for which the loan is outstanding. However, the situation was, and continues to be periodically reviewed by the Director of Corporate Services.

## Investments

Both the CIPFA Code and the then Ministry of Housing, Communities and Local Government (MHCLG) Guidance require 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. Throughout the year when investing money, the key aim was to strike an appropriate balance between risk and return.

In order to reduce credit risk to the Authority, Lancashire County Council (credit rating by Moodys A2) is the main counterparty for the Authority's investments via the operation of a call account. However, the Treasury Management Strategy does permit investment with other high-quality counterparties including other local authorities. During the year the total cash held by the Authority has been positive with the highest balance being £49.0m and the lowest £25.8m. For the monies invested with Lancashire County Council the range was £34.0m to £0.7m. The balance of the call account at year end was £4.185m.

By placing monies in longer term fixed rate investments, it is anticipated a higher level of interest will be earned. However, having fixed term deals does reduce the liquidity of the investments and therefore their use is limited. At the year-end fixed investments of £23.5m were in place. During the year three fixed term investments had matured and 5 new investments were made. The table below shows the interest earned of £0.670m on fixed term investments in 2023/24:

Amount	Interest Rate	Start	Finish	Interest in 2023/24
<b>Current Investments</b>				
5,000,000	5.55%	17-Oct-23	15-Oct-24	£126,966
5,000,000	5.85%	20-Nov-23	18-Nov-24	£106,582
5,000,000	5.55%	23-Feb-24	21-Feb-25	£ 28,890
5,000,000	5.60%	12-Dec-23	12-Sep-24	£ 85,151
3,500,000	5.05%	14-Dec-23	12-Dec-24	£ 52,783
<b>Matured Investments</b>				
5,000,000	3.30%	27-Oct-22	26-Oct-23	£ 94,027
5,000,000	4.00%	7-Oct-22	6-Oct-23	£103,014
5,000,000	1.50%	21-Mar-22	21-Mar-24	£ 72,945

The call account provided by Lancashire County Council paid the base rate throughout 2023/24. Each working day the balance on the Authority's current account is invested in this to ensure that the interest received on surplus balances is maximised. The average balance in this account during the year was £17.7m earning interest of £0.896m.

The overall interest earned during this financial year was £1.566m at a rate of 4.45% which compares unfavourably with the benchmark 7 day index (Sterling Overnight rate 7 day rate) which averages 4.96% over the same period. The main reason for this under performance is due to the fixed deposit taken with low rates out in previous financial periods.

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

Cash flow and interest rates continue to be monitored by the Director of Corporate Services and the County Council's treasury management team, and when rates are felt to be at appropriate levels further term deposits will be placed.

The levels of investments for the last six financial years are shown below:-

<b>Financial Year Ended</b>	<b>LCC Call Account £</b>	<b>Local Authorities £</b>	<b>Total £</b>
2018-2019	14,640,455	20,000,000	34,640,455
2019-2020	27,385,455	10,000,000	37,385,455
2020-2021	22,395,455	15,000,000	37,395,455
2021-2022	17,720,455	15,000,000	32,720,455
2022-2023	16,160,455	15,000,000	31,160,455
2023-2024	4,185,455	23,500,000	27,685,455

### **Prudential Indicators**

In order to control and monitor the Authority's treasury management functions, a number of prudential indicators are determined against which performance may be measured. The revised indicators for 2023/24 are shown in the table below alongside the actual outturn position.

	<b>Revised Indicators</b>	<b>Actual</b>
Adoption of the CIPFA Code of Practice for Treasury Management	Adopted	Adopted
Authorised limit for external debt	£000	£000
A prudent estimate of total external debt, which does not reflect the worst case scenario, but allows sufficient headroom for unusual cash movements		
Borrowing	4,000	2,000
Other long-term liabilities – these relate to vehicle finance leases and the PFI agreements	30,000	12,000
Total	34,000	14,000
Operational boundary for external debt		
A prudent estimate of debt, but no provision for unusual cash movements. It represents the estimated maximum external debt arising as a consequence of the Authority's current plans		
Borrowing	3,000	2,000
Other long-term liabilities – these relate to vehicle finance leases and the PFI agreements	16,000	12,000
Total	19,000	14,000

	<b>Revised Indicators</b>	<b>Actual</b>
Upper limit for fixed interest rate exposure		
Borrowing	100%	100%
Investments	100%	85%
Upper limit for variable rate exposure		
Borrowing	25%	0%
Investments	100%	15%
Upper limit for total principal sums invested for over 365 days (per maturity date)	25.000	0
Maturity structure of debt	Upper/ Lower Limits	Actual
Under 12 months	100%/nil	-
12 months and within 24 months	50%/nil	-
24 months and within 5 years	50%/nil	-
5 years and within 10 years	50%/nil	-
10 years and above	100%/nil	100%
<b>Ratio of financing costs to revenue stream (%)</b>	<b>Budget</b>	<b>Actuals</b>
Ratio of financing costs to revenue stream (%)	-1.8%	-2.2%

## Financial Implications

The following table summarises the Financing costs for the Authority, comparing actual with budget:-

	<b>Revised Budget £m</b>	<b>Actual £m</b>	<b>Reason for variance</b>
Interest Payable on PWLB loans	0.090	0.095	
Interest Receivable on call account and fixed term investments	(1.300)	(1.566)	Largely due increase in call account rate in year along with new investments taken out with local authorities for the last quarter of the financial year at higher rates than anticipated when setting the budget
Minimum Revenue Provision re PWLB loans	0.000	0.000	

Net financing income from Treasury Management activities*	(1.210)	(1.471)	
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\* There are financing costs associated with vehicle finance leases and the PFI agreements, which are not included in the balances above as they are not the result of Treasury Management activities.

**Legal Implications**

None

**Human Resource Implications**

None

**Equality and Diversity Implications**

None

**Business Risk Implications**

The Treasury Management Strategy is designed to maximise interest earned, minimise interest paid whilst maintaining an acceptable level of risk. The reviews of performance provide members with an assurance that this has been complied with.

**Environmental Impact**

None

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

Paper	Date	Contact
Treasury Management Strategy 2023/24	February 2023	Steven Brown, Director of Corporate Services
Treasury Management Guidance	February 2017	Steven Brown, Director of Corporate Services
Reason for inclusion in Part II, if appropriate:		

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## Lancashire Combined Fire Authority

### Resources Committee

Meeting to be held on 3 July 2024

### Financial Monitoring - Provisional Outturn 2023/24

(Appendix A-D refers)

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

#### Executive Summary

This report presents the financial outturn position for 2023/24, and the impact of this on usable reserves. The revenue outturn position shows an overspend of £0.382m which is broadly in line with previous forecasts. The Capital outturn expenditure for the year is £6.034m.

#### Recommendation

The Committee is asked to:

- Note the Revenue Budget provisional revenue outturn set out in paragraph 2.
- Note and endorse the receipt and proposed use of grant funding set out in paragraph 4.
- Note the Capital Budget provisional outturn set out in paragraph 7.
- Note and endorse the revised Capital Budget for 2024/25 set out in paragraph 8.
- Note and endorse the transfer to earmarked reserves set out in paragraph 6 and year end reserve levels.

1. This report presents the financial outturn position for 2023/24, and the impact of this on usable reserves. The draft 2023/24 financial statements will be prepared using this provisional information and presented to the External Auditors in July for Audit. Following completion of their audit they will be presented to the Audit Committee for approval.

#### Revenue Provisional Outturn

2. The annual budget for the year was set at £68.183m. The provisional outturn position shows net expenditure of £68.565m, giving a total overspend for the financial year of £0.382m, which is broadly in line with previous forecasts presented to the Resources Committee.
3. The detailed provisional revenue outturn is set out in Appendix A. The pay budget was broadly on budget, the major non-pay variances are summarised below:

Area	Overspend/ (Underspend) £m	Reason
Fleet	0.133	The overspend is mainly due to the increased cost of repairs and inflationary pressures on the supply of parts for vehicle and equipment repairs. It is hoped that repair costs will

Area	Overspend/ (Underspend) £m	Reason
		reduce in 2024/25 as older stock has been replaced.
Property	(0.150)	The underspend is due to lower utility costs than budgeted during the winter period.
Apprenticeship Levy Funding	0.248	As previously reported the Apprenticeship Levy income for the year is lower than budgeted due to a reduction in the number of recruits meeting the eligibility criteria for funding. This ongoing pressure was included in the 2024/25 budget.
Training Centre – non pay	0.154	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 Emergency Cover Review (ECR). This pressure is offset by vacancies.

4. In March a grant of £0.245m was received from the Home Office to fund research activity managed by the National Fire Chiefs Council (NFCC). This will be grant funded to the NFCC in 2024/25.

### General Reserve

5. The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. In February the Authority approved the minimum level of General Reserve as advised by the Treasurer at £3.75m. Following the provisional outturn the level of the General Reserve at 1 April 2024 is £4.918m, this is above the minimum level of General Reserve set by the Authority.

### Earmarked Reserves

6. Earmarked reserves are all funds that have been identified for a specific purpose. Appendix B sets out the proposed transfers to earmarked reserves for approval of £0.532m. The balance of all the earmarked reserves is £28.813m as at the 31 March 2024; this includes the Capital Reserve of £20.344m and Private Finance Initiative (PFI) reserves of £4.918m.

### Capital Budget Provisional Outturn

7. The revised Capital Budget for 2023/24 was £7.769m. Total capital expenditure for the year was £6.034m, with slippage of (£1.772) proposed to be transferred to the 2024/25 Capital Budget. The table below sets out the provisional outturn for the main programmes and projects and Appendix C sets out the detailed provisional outturn.



Area of Spend (£m)	23/24 Budget	Actual Exp	Slippage	(Under) /Overspend	Explanation
Operational Vehicles	4.302	3.925	(0.403)	0.027	In year expenditure reflects the planned purchase of <ul style="list-style-type: none"> <li>• 11 Fire Appliances.</li> <li>• One Aerial Appliance.</li> <li>• Three Command units.</li> <li>• Two Technical Rescue Units.</li> </ul> Slippage is due to longer than expected lead times for the climate change vehicle, ATV and Foam Pod.
Support Vehicles	0.925	0.598	(0.327)	0.000	In year expenditure reflects the planned purchases of: <ul style="list-style-type: none"> <li>• One electric vehicle for BA Support Services.</li> <li>• 13 Cars.</li> <li>• 5 pickups.</li> </ul> Slippage relates to longer lead in times.
Operational Equipment	1.298	0.731	(0.568)	0.001	In year expenditure relates to Road Traffic Collision (RTC) Rescue Equipment tools and charging units, an underwater drone, CCTV on operational vehicles and thermal imaging cameras. Slippage relates to RTC cutting equipment and CCTV on appliances.
Buildings	0.351	0.255	(0.106)	0.010	Expenditure in the year relates to <ul style="list-style-type: none"> <li>• Upgrade of dormitory facilities at Hyndburn.</li> <li>• Work to the fleet workshop at Training Centre.</li> <li>• Completion of drill tower replacements at Tarleton, Blackpool and Boulton le Sands, which was now in use.</li> </ul> Slippage relates to drill tower replacements and estate improvements.
ICT Systems	0.893	0.525	(0.368)	0.000	Software expenditure in year includes: <ul style="list-style-type: none"> <li>• Dynamic Coverage Tool.</li> <li>• Command Support Software.</li> </ul>

Area of Spend (£m)	23/24 Budget	Actual Exp	Slippage	(Under) /Overspend	Explanation
					Hardware expenditure in year includes: <ul style="list-style-type: none"> <li>• Vehicle Mounted Data Solutions.</li> </ul> Software slippage includes RDS/Alerter software and Learning Management and System Incident ground Radios.
<b>Total</b>	<b>7.769</b>	<b>6.034</b>	<b>1.772</b>	<b>0.038</b>	

8. The original approved capital programme for 2024/25 was £10.196m. This has been updated for £1.772 of slippage outlined previously giving a revised Capital Budget for 2024/25 of £11.969m. The revised 2024/25 Capital Budget and funding is set out in Appendix D.

**Financial Implications**

9. As outlined in the report

**Legal Implications**

10. None

**Business Risk Implications**

11. None

**Environmental Impact**

12. None

**Equality and Diversity Implications**

13. None

**Human Resource Implications**

14. None

**Local Government (Access to Information) Act 1985**

**List of background papers NA**

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

Appendix A: Revenue Budget Monitoring Statement

Appendix B: Transfers to Earmarked Reserves

Appendix C: Capital Budget Monitoring Statement

Appendix D: Capital Budget 2024/25

## Revenue Budget Monitoring Statement

<b>BUDGET MONITORING STATEMENT OUTTURN 2023/24</b>	<b>Revised Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Actual</b>	<b>Year to Date Variance</b>	<b>Variance Pay</b>	<b>Variance Non- Pay</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Service Delivery</b>						
Service Delivery	38.462	38.462	38.609	0.146	0.346	- 0.200
Prevention & Protection	3.122	3.122	2.912	- 0.210	- 0.233	0.023
Covid-19	-	-	-	-	-	-
Control	1.610	1.610	1.672	0.062	-	0.062
Youth Engagement (inc Princes Trust)	0.007	0.007	0.014	0.007	0.005	0.002
Special Projects (ISAR)	0.014	0.014	0.000	- 0.014	-	- 0.014
	-	-	-	-	-	-
<b>Strategy &amp; Planning</b>	-	-	-	-	-	-
Service Development	1.854	1.854	1.888	0.034	0.049	- 0.014
Training & Operational Review	4.490	4.490	4.427	- 0.063	- 0.466	0.403
Fleet & Technical Services	3.371	3.271	3.566	0.195	0.062	0.133
Information Technology	3.254	3.254	3.324	0.070	0.013	0.058
Digital Transformation	0.576	0.576	0.604	0.027	0.053	- 0.025
	-	-	-	-	-	-
<b>People &amp; Development</b>	-	-	-	-	-	-
Human Resources	0.958	0.958	0.893	- 0.065	- 0.089	0.024
Occupational Health Unit	0.295	0.295	0.312	0.017	0.035	- 0.019
Corporate Communications	0.376	0.350	0.426	0.050	0.055	- 0.005
Safety Health & Environment	0.263	0.263	0.308	0.045	0.055	- 0.010
	-	-	-	-	-	-
<b>Corporate Services</b>	-	-	-	-	-	-
Executive Board	1.078	1.078	1.239	0.161	0.177	- 0.016
Central Admin Office	0.843	0.843	0.620	- 0.223	- 0.233	0.010
Finance	0.194	0.194	0.205	0.011	0.011	0.000
Procurement	0.723	0.723	0.925	0.201	0.211	- 0.009
Property	3.851	3.977	3.667	- 0.184	- 0.034	- 0.150
External Funding	- 0.007	- 0.007	0.003	0.010	- 0.009	0.019
<b>TOTAL DFM EXPENDITURE</b>	<b>65.336</b>	<b>65.336</b>	<b>65.614</b>	<b>0.279</b>	<b>0.009</b>	<b>0.270</b>
Non DFM Expenditure						
Pensions Expenditure	1.399	1.399	1.290	- 0.109	-	- 0.109
Other Non-DFM Expenditure	1.758	1.758	1.660	- 0.098	0.012	- 0.110
<b>NON-DFM EXPENDITURE</b>	<b>3.157</b>	<b>3.157</b>	<b>2.951</b>	<b>- 0.207</b>	<b>0.012</b>	<b>- 0.219</b>
<b>TOTAL BUDGET REQUIREMENT</b>	<b>68.493</b>	<b>68.493</b>	<b>68.565</b>	<b>0.072</b>	<b>0.021</b>	<b>0.051</b>
Use of Reserves	- 0.310	- 0.310	-	0.310	0.310	-
<b>NET BUDGET</b>	<b>68.183</b>	<b>68.183</b>	<b>68.565</b>	<b>0.382</b>	<b>0.021</b>	<b>0.361</b>

**Transfers to Earmarked Reserves**

Year End Transfers to Earmarked Reserves:

<b>Transfers to Budget Holders Earmarked Reserves</b>	<b>£m</b>
Procurement – to fund structural PPE not yet delivered.	0.024
Property – delay in committed planned maintenance works.	0.408
Fleet – to fund operational equipment planned for replacement in 2023/24.	0.100
	<b>0.532</b>

## Capital Budget Monitoring Statement

<b>CAPITAL BUDGET 2023/24</b>	<b>2023/24 Revised Prog</b>	<b>Year End Outturn</b>	<b>Slippage to future years</b>	<b>Over/ (Under) Spend</b>
<b>Vehicles</b>				
Operational Vehicles	4.302	3.925	(0.395)	0.027
Support Vehicles	0.925	0.598	(0.327)	0.000
	<b>5.227</b>	<b>4.523</b>	<b>(0.722)</b>	<b>0.027</b>
<b>Operational Equipment</b>				
Operational Equipment	1.298	0.731	(0.577)	0.001
	<b>1.298</b>	<b>0.731</b>	<b>(0.577)</b>	<b>0.001</b>
<b>Buildings Modifications</b>				
STC	0.016	0.019	(0.000)	0.003
Enhanced station facilities	0.028	0.035	(0.000)	0.007
Drill tower replacements	0.156	0.103	(0.053)	0.000
Estate Improvement Provision	0.151	0.098	(0.053)	0.000
	<b>0.351</b>	<b>0.255</b>	<b>(0.106)</b>	<b>0.010</b>
<b>ICT</b>				
IT Systems	0.893	0.525	(0.368)	0.000
	<b>0.893</b>	<b>0.525</b>	<b>(0.368)</b>	<b>0.000</b>
<b>Total Capital Requirement</b>	<b>7.769</b>	<b>6.034</b>	<b>(1.773)</b>	<b>0.038</b>
<b>Funding</b>				
Capital Grant	-			
Revenue Contributions	4.170	4.170		
Earmarked Reserves	0.364	0.266		
Capital Reserves	1.544			
Capital Receipts	1.691	1.598		
<b>Total Capital Funding</b>	<b>7.769</b>	<b>6.034</b>		

## Capital Budget 2024/25

(£m)	2024/25 Original Budget	Slippage from 2023/24	2024/25 Revised Budget
<b>Vehicles</b>			
Operational Vehicles	2.548	0.395	2.943
Support Vehicles	0.621	0.327	0.948
	3.169	0.722	3.891
<b>Operational Equipment</b>			
Operational Equipment	1.269	0.577	1.846
	1.269	0.577	1.846
<b>Buildings</b>			
Update Preston Facilities	0.500	-	0.500
Development & Land Acquisition	0.340	-	0.340
Blackpool Dormitory	0.834	-	0.834
Drill tower replacements	1.155	0.053	1.208
Wylfa Prop	0.125	-	0.125
Estate Improvement Provision	0.579	0.053	0.632
	3.533	0.106	3.139
<b>ICT</b>			
IT Systems	2.225	0.368	2.593
	2.225	0.368	2.593
<b>Total Capital Requirement</b>			
	<b>10.196</b>	<b>1.773</b>	<b>11.969</b>
<b>Funding</b>			
Revenue Contributions	2.500	-	2.500
Capital Reserves	7.696	1.773	9.469
<b>Total Capital Funding</b>	<b>10.196</b>	<b>1.773</b>	<b>11.969</b>

## Lancashire Combined Fire Authority

### Resources Committee

Meeting to be held 3 July 2024

### Financial Monitoring 2024/25

(Appendices 1 and 2 refer)

Contact for further information:

Steven Brown - Director of Corporate Services – Telephone Number 01772 826804

#### Executive Summary

The report sets out the current budget position in respect of the 2024/25 revenue and capital budgets.

#### Recommendation

The Committee is asked to note and endorse the year-to-date position in respect of the 2024/25 revenue and capital budgets.

#### Information

##### Revenue Budget

Lancashire Fire and Rescue Service's 2024/5 revenue budget has been set at £74.149m. The budget profiled to the end of May 2024 is £16.144m and expenditure for the same period is £15.999m, resulting in a year-to-date underspend of (£0.145m).

The overall underspend position is further broken down between pay and non-pay budgets; there is an underspend of (£0.211) on pay and a £0.066m overspend on non-pay activities.

Whilst two months is a short period to determine any underlying trends it does serve as a guide for further work to identify any potential changes that may impact the outturn position for the year. The main variance relates to pay to report and that is set out below. The year-to-date positions within all departmental budgets are set out in Appendix 1.

Area £'m	Overspend/ (Under spend) to 31 May 23	Reason
Overall Pay	(0.210)	The Pay budget is showing small underspends across a number of areas, but particularly on Grey book staff. This is mainly due to underspending on service

		<p>delivery (0.105), primarily on the On Call Fire Fighters budget. This spend is driven by activity and recruit numbers. Recruits are expected to rise in year, with On Call recruitment vacancies going live during June.</p> <p>Other pay underspending is observed on the Protection and Prevention budget (0.075), which is undergoing a staffing reorganisation, with recruitments planned. Other small staffing vacancies are reported across the organisation and are not expected to be long term.</p>
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### Future Pressures

The outcome of the 2024/25 Grey book pay award negotiations resulted in a 4% increase to all basic pay and CPD payments with effect from 1 July 2024. A 3% increase was budgeted. The anticipated pressure for the year is c. £0.300m. Green book pay award negotiations are ongoing and are budgeted at 3%.

Additionally, the employer's contribution rate to the 2015 Firefighters' pension scheme as determined by the scheme actuary has been increased from 28.8% to 37.6%. Additional grant funding has been assumed to offset this pressure.

### Capital Budget

The original Capital Programme for 2024/25 is £10.196m. Slippage from 2023/24 of £1.773m has been added to the original budget to give a revised budget of £11.969m. To date £0.206m has been spent, predominantly on wide area network replacements as set out in Appendix 2. This appendix sets out the revised capital programme and committed expenditure position against this, as reflected above.

A broad overview of the programme is set out below: -

Area	Budgeted Items
Operational Vehicles Budget £2.943m	The budget includes initial costs of two water towers, two climate change vehicles and an aerial appliance from previous programmes. It also includes three pumping appliances for the 2024/25 programme.
Other vehicles Budget £0.948m	This budget allows for the replacement of various operational support vehicles including several cars, vans and a beavertail lorry.
Operational Equipment Budget £1.846m	This budget allows for operational equipment purchases including CCTV cameras for appliances and cutting and extrication equipment.



Building Modifications Budget £3.639m	This budget includes the continued programme of Drill Tower Replacements and budget for the initial works to support the upgrade to Preston station.
IT systems Budget £2.593m	This budget includes various projects including upgraded Firewalls, network upgrades and replacement of pooled PPE and stock management systems.

**Financial Implications**

As outlined in the report

**Business Risk Implications**

None

**Environmental Impact**

None

**Equality and Diversity Implications**

None

**Human Resource Implications**

None

**Legal 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 MAY 24	Revised Annual Budget	Year to Date Budget	Year to Date Total *	Year to Date Variance	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000	£000
<b>Service Delivery</b>						
Service Delivery	40.469	7.817	7.742	- 0.074	- 0.105	0.031
Prevention & Protection	3.556	0.642	0.570	- 0.073	- 0.075	0.003
Covid-19	-	-	-	-	-	-
Control	2.068	2.068	2.068	-	-	-
Youth Engagement (inc Princes Trust)	0.016	0.134	0.114	- 0.020	0.000	- 0.020
Special Projects (ISAR)	0.015	0.002	0.002	0.000	-	0.000
	-	-	-	-	-	-
<b>Strategy &amp; Planning</b>	-	-	-	-	-	-
Service Development	2.183	0.410	0.424	0.015	- 0.001	0.015
Training & Operational Review	4.230	0.963	0.963	- 0.000	- 0.003	0.002
Fleet & Technical Services	3.332	0.656	0.622	- 0.034	- 0.029	- 0.004
Information Technology	3.394	1.374	1.377	0.003	- 0.012	0.016
Digital Transformation	0.897	0.120	0.124	0.005	- 0.004	0.009
	-	-	-	-	-	-
<b>People &amp; Development</b>	-	-	-	-	-	-
Human Resources	0.966	0.159	0.157	- 0.003	- 0.000	- 0.003
Occupational Health Unit	0.310	0.035	0.071	0.036	0.040	- 0.004
Corporate Communications	0.397	0.066	0.079	0.013	0.011	0.002
Safety Health & Environment	0.320	0.051	0.055	0.004	0.002	0.002
	-	-	-	-	-	-
<b>Corporate Services</b>	-	-	-	-	-	-
Executive Board	1.222	0.254	0.264	0.011	0.009	0.002
Central Admin Office	0.751	0.109	0.086	- 0.022	- 0.020	- 0.002
Finance	0.212	0.035	0.044	0.009	0.005	0.004
Procurement	0.692	0.153	0.128	- 0.025	- 0.012	- 0.013
Property	4.116	0.814	0.825	0.011	- 0.007	0.018
External Funding	- 0.002	0.010	-	- 0.010	- 0.009	- 0.001
<b>TOTAL DFM EXPENDITURE</b>	<b>69.143</b>	<b>15.871</b>	<b>15.717</b>	<b>- 0.154</b>	<b>- 0.210</b>	<b>0.056</b>
Non DFM Expenditure						
Pensions Expenditure	1.432	0.297	0.298	0.001	-	0.001
Other Non-DFM Expenditure	4.579	- 0.023	- 15.105	-	- 0.000	0.009
<b>NON-DFM EXPENDITURE</b>	<b>6.012</b>	<b>0.273</b>	<b>- 14.808</b>	<b>0.001</b>	<b>- 0.000</b>	<b>0.010</b>
<b>TOTAL BUDGET REQUIREMENT</b>	<b>75.155</b>	<b>16.145</b>	<b>0.910</b>	<b>- 0.153</b>	<b>- 0.211</b>	<b>0.066</b>
Use of Reserves	- 0.006	-	-	-	-	-
<b>NET BUDGET</b>	<b>75.149</b>	<b>16.145</b>	<b>0.910</b>	<b>- 0.153</b>	<b>- 0.211</b>	<b>0.066</b>
	<small>* Note Year to Date Total includes actual expenditure and income and encumbrances</small>					

## Appendix 2

Original Programme 24/25	Original Programme 24/25	Slippage 23/24 - Move to 2024/25	Adjustments	Revised Programme	Actual as at 31st May 2024
<b>Vehicles</b>					
Operational Vehicles	2.548	0.395	-	2.943	0.003
Support Vehicles	0.621	0.327	-	0.948	(0.003)
	3.169	0.722	-	3.891	0.001
<b>Operational Equipment</b>					
Operational Equipment	1.269	0.577	-	1.846	0.001
	1.269	0.577	-	1.846	0.001
<b>Buildings Modifications</b>					
Update Preston Facilities	0.500	-	-	0.500	0.004
Development & Land Acquisition	0.340	-	-	0.340	-
Blackpool Dormitory	0.834	-	-	0.834	0.008
Drill tower replacements	1.155	0.053	-	1.208	0.028
Wylfa Prop	0.125	-	-	0.125	-
Estate Improvement Provision	0.579	0.053	-	0.632	0.010
	3.533	0.106	-	3.139	0.046
<b>ICT</b>					
IT Systems	2.225	0.368	-	2.593	0.154
	2.225	0.368	-	2.593	0.154
<b>Total Capital Requirement</b>	<b>10.196</b>	<b>1.773</b>	<b>-</b>	<b>11.969</b>	<b>0.201</b>
<b>Funding</b>					
Capital Grant	-	-	-	-	-
Borrowing	-	-	-	-	-
Revenue Contributions	2.500	-	-	2.500	0.206
Earmarked Reserves	-	-	-	-	-
Capital Reserves	7.696	1.773	-	9.469	-
Capital Receipts	-	-	-	-	-
<b>Total Capital Funding</b>	<b>10.196</b>	<b>1.773</b>	<b>-</b>	<b>11.969</b>	<b>0.206</b>

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## Lancashire Combined Fire Authority

### Resources Committee

Meeting to be held 3 July 2024

### Productivity and Efficiency Plan 2024/25 (Appendix A refers)

Contact for further information:

Steven Brown - Director of Corporate Services – Telephone Number 01772 826804

#### Executive Summary

This report sets out the Productivity and Efficiency Plan for 2024/25.

#### Recommendation

The Committee is asked to note the report.

#### Information

As part of the Spending Review 2021, the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) agreed that between 2022/23-2024/25, fire and rescue services in England would increase wholetime firefighter productivity by 3% and create 2% of non-pay efficiency savings. Linked to these targets, the Minister of State for Crime, Policing and Fire asked that all standalone Fire and Rescue Authorities (FRAs) draft and publish Productivity and Efficiency Plans. A plan was produced for 2023/24, the information provides a strong evidence base for the next Spending Review and demonstrates positive leadership from the sector to engage with the productivity and efficiency agenda.

For 2024/25, the Minister has again requested that all FRAs, publish a Productivity and Efficiency Plan for 2024/25 to help the Home Office, NFCC and LGA to build a more comprehensive picture on the sector's progress against the agreed targets and savings achieved.

Guidance has been provided by the Home Office setting out the information that must be contained in the statements; providing primary information about the Authority, detailed of efficiencies and productivity measures achieved to date and planned. The guidance provided three examples from FRAs of well written plans from 2023/24 of which Lancashire was one of the good practice examples.

The 2024/25 plan follows the same format as the previous year. It shows that compared to the Government Spending Review non-pay efficiency savings target for fire authorities of 2%, the LCFA achieved 5.6% on average over the period.

Productivity improvements in aspects of Prevention and Protection activity have also been achieved; from 22,375 combined Home Fire Safety Checks and Business Fire Safety Checks in 2022/23, to 24,393 in 2023/24.

The plan sets out many other efficiency and productivity activities and is accessible on the website and attached as Appendix A to this report.

### **Financial Implications**

As outlined in the report

### **Legal Implications**

None

### **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 A: Productivity and Efficiency Plan 2024/25

Lancashire Combined Fire Authority  
Productivity and Efficiency Plan 2024/25

## Section 1: Primary information

### Budget

Lancashire Combined Fire Authority (LCFA) agreed a net budget of 75.2m for 2024/25 and is broken down below:

	<b>£m</b>
Employee	57.1
Premises	6.2
Transport	2.6
Supplies & Services	8.7
Other (including Capital Financing Costs)	4.0
Income	(3.4)
<b>Net Budget Requirement</b>	<b>75.2</b>

<b>The budget will be met from:</b>	<b>£m</b>
Revenue Support Grant	13.5
Locally Retained Business Rates	4.6
Council Tax Precept	39.3
Grants *	17.6
Other Income **	0.2
<b>Total</b>	<b>75.2</b>

\* Grants includes Business Rates Top Up Grant of £12m and one-off Funding Guarantee Grant of £0.9m.

\*\* Other Income includes Council Tax and Business Rates Collection Fund surpluses.

Further details of our Medium Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy are contained in our Budget Booklet/Medium Term Financial Strategy.

### Reserves

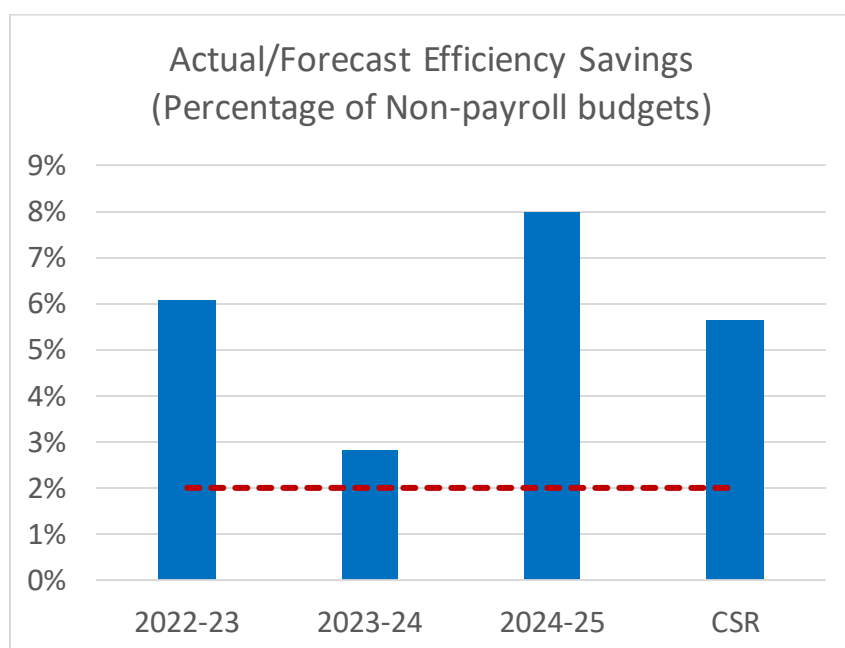
A summary of the reserves that are available as at 31 March from 2024 to 2029, split between type of reserves, and planned use over the next five years in line with the current MTFS, is set out below:



£'m	2024	Use	2025	Use	2026	Use	2027	Use	2028	Use	2029
General Reserve	4.8	0.1	4.9	0.2	5.1	(0.3)	4.8	0.1	4.9	0.0	4.9
Capital Reserve	18.8	(7.7)	11.1	(11.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Earmarked Reserves	6.6	(0.5)	6.1	(0.3)	5.8	(0.4)	5.4	(0.4)	4.9	(0.5)	4.5
<b>Total</b>	<b>30.2</b>	<b>(8.1)</b>	<b>22.1</b>	<b>(11.3)</b>	<b>10.9</b>	<b>(0.7)</b>	<b>10.2</b>	<b>(0.3)</b>	<b>9.9</b>	<b>(0.5)</b>	<b>9.4</b>

### Efficiency Section

The chart below shows the annual and average cashable efficiency savings over the Comprehensive Spending Review (CSR) period (from 2022/23 to 2024/25), as a percentage of non-pay costs. It shows that compared to the Government CSR non-pay efficiency savings target for fire authorities of 2%, the LCFA achieved 5.6% on average over the period; more detail is set out in Annex A.



The table below sets out efficiency and other savings (in £ and % of non-pay budgets) planned to be achieved in 2024/25. The major risks or barriers to delivery are also included in the table:

Saving (including which area of spend)	Type of Saving	£'m	% of Non-pay budgets	Narrative including major risks or barriers to delivery
Reduction in the revenue contribution to the capital programme.	Cashable	1.5	8	The budgeted revenue contribution to the capital programme has been reduced from £4m to £2.5m in 2024/25.

Commentary on efficiencies planned beyond 2024/25 is included below; the estimates below represent a saving of 14% of the non-pay budget:

- Cashable efficiencies of £2.5m from 2026/27 are included in the MTF5;
- Both cashable and non-cash releasing savings are expected from a new combined Headquarters and Training Facility from 2027; realising cashable energy, travel and maintenance savings and enabling productivity and cultural improvements from the centralisation of many synergistic services and working in a more modern and efficient operating environment.
- Non cashable productivity efficiencies and potentially cashable efficiencies are expected from our investment in new Training Props from 2027; providing high quality facilities will help in the initial training and ongoing maintenance of competency requirements across a broad spectrum of operational activities.
- A review of operational resources across the wider Preston area has commenced that is expected to result in cashable energy and maintenance efficiencies and productivity improvements, due to working in a more modern and efficient environment, from the rebuild or relocation of our Preston station in 2028/29.

Efficiencies achieved since the Spending Review (from 2022/23) are set out below, they total £1.4m, representing a saving of 3% in 2023/24 and 6% in 2022/23 of the non-pay budget:

- The Emergency Cover Review endorsed by the Lancashire Combined Fire Authority (LCFA) in November 2022 ensured that during its implementation from 2023/24 we:
  - Maintained all 39 fire stations.
  - Maintain our outstanding response standards and all 58 fire appliances.
  - Provided cashable efficiency savings of £0.4m.
  - Increased the overall fire-fighter establishment by 8 and provide more flexible crewing arrangements.
- Adjust pooled Personal Protective Equipment (PPE) budgets during 2022/23 to reflect lifecycle replacement requirements, realising £0.2m of cashable efficiency savings.
- Reduced the majority of non-pay budgets by 2.5% during 2022/23 realising cashable efficiencies of £0.2m.
- Reduced in car users/mileage budgets across all budgets, reflecting alternative ways of future working during 2022/23 realising cashable efficiencies of £0.3m.
- Achieved cashable procurement savings of £0.3m during 2022/23.

## Productivity

As detailed in our 2023/24 Plan, Lancashire Fire and Rescue Service (LFRS) productivity improvements were to be largely framed around the volumes of Home Fire Safety Checks (HFSC) and Business Fire Safety Checks (BFSC) delivered, alongside completion of training and increases in operational activity linked to new work areas in support of other agencies. It is anticipated that such productivity increases will lead to safer communities and improved business safety across the county.

We are pleased to report that the last 12 months has seen output gains in aspects of Prevention and Protection activity, commensurate with the broader ambition of a 3% increase. Tangible outputs increased from 22,375 combined HFSC & BFSC in 22/23, to 22,715 combined year-to-date (11 months) for 23/24. We anticipate that the year-end position will be c.24,700 interventions.

The Service has also achieved a reduction in Unwanted Fire Signal mobilisations (AFA's) with the move to 24-hour adoption of a policy change being approved by the CFA and implemented from Spring 2023. Reducing unwanted and unnecessary mobilisations to premises types covered by the policy change and disruption to operational crews has been calculated as an efficiency saving in the region of 1241 hours over the last 11-month period which has undoubtedly supported the increase in P&P delivery.

## Section 2: Secondary information

### Collaboration

LFRS has a long tradition of partnership working and was able to demonstrate that in exceptional ways throughout the Covid-19 pandemic, working tirelessly with partners to delivery life critical vaccinations across the county. As a key partner of the Lancashire Resilience Forum (LRF), our Deputy Chief Fire Officer (DCFO) is the current Chair and the Service is linked in with strategic partners to deliver efficient and effective prevention, protection, and response services to Lancashire communities, whilst at the same time ensuring that these services are delivered in the most productive manner, using the available knowledge and skills of ourselves and partner agencies.

**Lancashire Blue Light Collaboration Board** includes representation from Fire, Police and Ambulance Service, who have all signed a strategic statement of intent which contains the following aims:

- Improve Outcomes
- Reduce Demand
- Better Value for Money
- Reduce inequalities within communities.

**Collaboration Projects** to date have delivered improved community outcomes and commensurate increases in operational response activity, ensuring the right blue light agency can respond effectively to deliver the best outcomes:

- Joint PFI scheme with Merseyside and Cumbria Fire Services to deliver 16 stations across the 3 Authorities (4 of which are in Lancashire), the largest Fire specific PFI scheme agreed at that point in time (estimated capital value of £48m).
- Combined Fire and Ambulance stations at Darwen and at Lancaster; this provides rental income to the Authority (c.£50,000 pa) but also negates the need for North West Ambulance Service (NWAS) to invest in new facilities, saving the public purse £4m-£5m.

- Joint procurement with the Clinical Commissioning Group for the Wide Area Network (WAN), saving £40,000 p.a.
- Gaining Entry for Ambulance Service [c.2000 p.a. based on 2023-24 data].
- Drone development (aerial and sub-surface capabilities) for which LFRS has the National Fire Chiefs Council (NFCC) lead role. Our aerial drone capability has supported with many Missing Person Searches [c.250 p.a. based on 2023/24 data]. With increasing experience of missing person searches, LFRS staff can provide local or specialist advice for consideration by the Police Search Advisor (PoISA), and searches become streamlined allowing a more structured and effective approach to locating high risk missing persons.
- Further investment was approved which has led to us strengthening sub-surface rescue / recovery capability of persons by virtue of an underwater Remotely Operated Vehicle (ROV). This asset has been deployed locally, regionally and nationally and delivered improved outcomes by way of quickening incident resolution across a number of incidents. Ultimately, this results in less public spending, due to reduced time commitment of 999 responding agencies. In the 6 months since launch, the 'inspection class' ROV has been deployed operationally several times. The incidents involved the casualty being found by the ROV, or led to areas being searched (and effectively cleared), which in turn had positive effects on the incident conclusion. The underwater deployments have enabled incidents to be de-escalated, significantly reducing the number of resources required from several agencies for what would normally be protracted incidents.
- Specialist canine capabilities - Search and Rescue (USAR & ISAR), Fire Investigation, Cadaver deployed locally, regionally, nationally, and internationally (ISAR). LFRS currently have a Memorandum of Understanding with Greater Manchester and Cumbria FRS to provide fire investigation dog response on a recharge basis.
- North West Fire Control (NWFC) – collaboration between Cumbria, Lancashire, Cheshire, and Gtr. Manchester Fire Authorities, realising annual savings in excess of £1m p.a. The coming year will see further system-based improvements being introduced collaboratively into NWFC to improve efficiency within the context of Dynamic Cover Software (designed to optimise fire cover across the FRS) and a more efficient software-based solution for the handling of Fire Survival Guidance at complex incidents. A collaborative project to source the replacement CAD and ICCS systems within the Control Room also build upon the previous economies of scale delivered through the initial project.
- Our Community First Responder pilot has gone live with a group of community safety staff, and more recently a cohort of Flexible Duty System managers being trained by NWS and able to deploy to life critical medical emergencies during working hours, alongside our ambulance colleagues. Already this has delivered lifesaving interventions whilst awaiting the arrival of ambulance colleagues with c.80 incidents attended during 2023. The UK FRS have been providing emergency medical response (EMR) services to the public in recent years. According to a cost-benefit analysis conducted by the New Economy, the benefits of EMR far outweigh the initial

investment required. The analysis estimates an overall financial return on investment of £4.41 per £1 invested.

- Regional Fleet collaboration through Technical Officers Group (TOG) on equipment and vehicle related issues, including procurements and common specifications.

**National leadership** – All of our Principal Officers have significant national leadership roles, contributing to sector-wide efficiency and productivity. Our Chief Fire Officer (CFO) is the Vice Chair of the NFCC, leading work across the sector including national work around National Organisational Learning, National Support and Academic Research (ACER).

Our DCFO is the national lead for On-Call, supporting national work-streams including a comprehensive data research analysis; academic evaluation to identify future sustainable solutions to this incredibly efficient duty system; and the sharing of national best practice, including analysis of different operating systems that can demonstrate more efficient and effective ways of operating.

Our Assistant Chief Fire Officer (ACFO) is the deputy NFCC lead for Wildfire and during the past 12 months has been instrumental in shaping sector direction of travel and improvement: developing international knowledge exchange; working with lead government departments to develop a national wildfire framework; scope out a cohesive national wildfire strategy for England; and successfully secured H.O. funding to create a dedicated National Resilience Wildfire capability lead.

### Transformation Plans

Our transformation high level planning is available across our Community Risk Management Plan (CRMP) and supporting core strategies. Some of our high-level plans include:

#### **Fire Protection Transformation programme:**

We have restructured our Fire Protection function to meet challenges posed by risks within the built environment and the introduction of the Building Safety Regulator.

We have delivered further refinements to our previously externally validated Risk Based Inspection Programme to align building and occupancy risk to competence of inspectors, and thereby increase both the efficiency and effectiveness of resources deployed to undertake risk reduction activities.

We have increased productivity outputs in terms of timeliness of the handling of Building Regulation Consultations, from 76.3% in 2022/23, to 94.6% in the year to date.

**Business Fire Safety Check** training to increase knowledge of the built environment delivered across wholetime and on-call operational crews along with flexi duty officers has produced efficiency and productivity savings of c.225 hours of wholetime operational crew time (reduced travel), alleviated 111 hours of On Call travel time and provided an overall direct financial saving of c.£12k through the use of new digital technology and bespoke delivery.

We intend to explore the potential to undertake system replacement over 2024/25 which will synergise and streamline current P&P and Contact Centre systems, to increase efficiency

in the handling, scheduling and booking of P&P visits, reduce wastage in appliance journey times, alongside delivering reduced system costs.

We are actively streamlining policy and procedure in relation to the gathering of operational risk information (SSRI) to ensure that the collation of information is appropriate to risk, based on a data-led approach and that subjectivity in risk assessment is removed to make the process as reliable and efficient as it can be. We expect to see a reduction in the number of SSRI files held over the coming year and the resultant reduction in unnecessary time spent maintaining these records by operational crews over 2024/25 and beyond.

A **Training review** is planned for 2024-25 to streamline service wide training delivery to optimise our arrangements and build back capacity into both Training and Operational Response functions. The review aims to:

- Assure effective and proportionate training delivery.
- Reduce training costs.
- Produce further productivity gains for operational crews in future years.
- Reduce rota abstractions due to training attendance.
- Reduce overtime costs.
- Deliver a more flexible training model for On Call staff, reducing the need for time away from primary employment and therefore a reduction in the associated loss of earnings claims.

Our 'Climate Change Operational Response Plan 2022-27' was developed with investment into new capabilities. Evaluation of several key deliverables to date has provided operational efficiencies across:

- Fleet vehicles
- Specialist training
- PPE
- Technology & Equipment

Increased partnership working via Lancashire Fire Operations Group (LFOG) has seen the launch of PSPO's (Public Space Protection Orders) over the last year, for sites deemed high risk for wildfire activity. The introduction of PSPO's should deter unwanted and unnecessary fire-setting in high-risk areas, reducing mobilisations and incidents. The success of the PSPO's introduced, will be measured after the 2024/25 wildfire season.

Our **On Call Improvement Programme** provides a fundamental review of our On Call system to ensure that it remains an efficient and effective use of resources. The programme focuses upon recruitment, selection, development, and retention of On Call staff and takes in reviews of induction, initial training, role capabilities, remuneration, employment contracts, mobilising and resilience of special appliances. Several projects were delivered during 2023/24, which included a 'Hybrid Working' trial which enables people to work from an On Call station during essential daytime hours and simultaneously provide availability for the On Call fire engine. This has resulted in more effective recruitment and improved availability

of a fire engine where the trial has taken place. The learning from this project is being shared nationally as positive practice.

We recognise the need to continue to review and invest in the On Call system to ensure its sustainability longer term. During 2023-24 we implemented a Flexi Duty Officer (FDO) restructure to redistribute workloads to create a specific station manager post to drive the improvement and progression across our On Call programme. This redistribution of resources avoids the need to invest in new posts, saving 0.1m.

We have recently commissioned work on a bespoke software solution to provide rich data for each of our on-call units to ensure they are sustainable and able to increase availability of our on-call fire appliances. It is anticipated that this innovative software will lead to improved availability of resources and allow us to target specific individuals based on intelligent data, for upskilling around incident command and driving, in particular.

### Charging policies

Our focus in recent years has been to deliver collaborative projects with a priority of delivering the best community outcomes. We have an innovative approach to service delivery and are a trusted partner that can, and does, support regional and national partners during emergency incidents. We have arrangements in place across our neighbouring FRS to deliver the quickest and most suitable response, generally on a 'knock for knock' basis. Over last 12 months we introduced:

- **Charging for out of county asset deployment** in line with NFCC Guidelines on FRS Charging for Mutual Assistance.
- **Charging model for other agencies** for application when FRS assets are used for non-statutory duties in support of other agencies, for example use of our Drones with Lancashire Constabulary.

### Asset Management and Investment in Technology

We have developed a **Digital Strategy** that outlines our 5-year trajectory to deliver improved productivity and efficiency both internally and externally. Our high-level projects and plans are progressing well:

**Digitising fire engines** – We have recently replaced all of our front Mobile Data Terminals (MDTs) and will have a full roll-out of rear, demountable MDTs completed by late Spring 2024. At the same time, we have delivered a programme of upgrades of iPad devices on our frontline fire engines, all of which increases the ability for simultaneous activity and thereby productivity. We are currently undertaking a pilot at two of our wholtime fire stations of full digitalisation of a fire engine; this includes additional work terminals and 5G wi-fi bubbles so that firefighters and officers can undertake office administration tasks and access various applications whilst out in communities and away from the station. Access is being provided to the full suite of applications as is presently accessed on fire stations (e.g. HFSC system, BFSC App, Training Management, Incident Recording System, Rota Management System, Service Intranet).

**CCTV installations on Service vehicles** - to reduce accident and injury costs, also a deterrent for anti-social behaviour and spurious claims. The Service has seen a 30% reduction in accident numbers since 2021/22.

**Business Intelligence** – the function is being strengthened with use of a data warehouse, new Service level Key Performance Indicator (KPI) reporting, performance dashboards for use by managers to improve understanding of performance outcomes and inform efficient and effective targeting of resources.

**Training delivery** – the current implementation of a new Learning Management System will vastly reduce the administration demands for operational staff, managers, and training department. Capturing evidence of competency in a digital format will also enable development programmes to be delivered more efficiently and free up capacity. Incident Command workshop events for On Call staff are being delivered using a hybrid approach, i.e. in person at the On Call station, or digitally via Microsoft Teams, reducing travel and time costs.

**Equipment and appliance checks**, inventories and defects - in line with the appliance digitisation programme, we are currently exploring new fleet management software to remove the manual entries and improve on-station equipment and maintenance checks. This will enable visibility of equipment and vehicle inspections. The new system will be App based, so inspections can be verified remotely and live updates posted on the system. In addition, we now operate an in-house vehicle compliance/safety checking procedure at station level. This ensures appliance safety inspections are completed on-time, keeping defect rectification to a minimum, which provides enhanced appliance availability and efficiencies.

### Resourcing

We aim to undertake a strategic review of Emergency Cover resources on a cyclical 3 yearly basis, aligned to refreshed 'Strategic Assessments of Risk' across Lancashire. Our latest Emergency Cover Review (ECR) was conducted in 2022 and will be delivered over the next 3 planning years:

**Emergency Cover Review (2023-26):** Our latest operational review of emergency cover and duty systems will result in a budget saving of c.£400,000, whilst at the same time increasing overall wholetime firefighter numbers by 8 and increasing the number of available 'positive' hours on stations that change from Day Crewing Plus (DCP) to Wholetime. In summary, the ECR will deliver:

- Reductions in crewing levels across DCP stations from 14 to 13 per station.
- Reductions in crewing levels at Flexi Day Crewed stations from 14 to 13 per station.
- Change several DCP stations to Wholetime, whilst at the same time reducing overall crewing numbers on single pump Wholetime stations across the county from 28 to 24.
- Mainstreaming alternative vehicles into the appliance fleet such as Climate Change vehicles for use in flooding and wildfire response.



- Consider how we utilise On Call firefighters in a more productive manner to create efficiencies, for example using them to drive our Aerial Ladder Platforms at 2 fire stations instead of providing dedicated wholetime staffing.
- We are continuing to explore opportunities for more flexible ways of operating our duty systems with relevant Trade Unions, for the benefit of our staff and to create more efficient and effective working practices.

**Dynamic Cover Tool (DCT)** – has now been introduced into the Service and operates 24/7 within our Command Support Room to optimise fire cover ensuring efficient and effective disposition of resources. During spate conditions, use of the DCT has reduced appliance movements (based upon comparison against previous notional cover arrangements), supported reduced usage of overtime, reduced unnecessary disruption to business activities and thereby supported the broader productivity increases. Over the coming year, our aim is to move to full DCT implementation within North West Fire Control, on a collaborative footing, and subsequently the removal of traditional notional fire cover policies and procedures.

**Rota Management** – alongside the implementation of the DCT, we have created a dedicated central Rota Management Team to streamline and optimise crewing arrangements, reduce inefficient practices in the management of detached duties and overtime, and to optimise emergency cover aligned to prevailing risk.

Over the last year we have undertaken a review of operational protected assets (which resources we keep available 24/7), to ensure we are delivering effective and efficient response arrangements.

**Investment in additional Water Tower dual purpose Fire Appliances** - to ensure LFRS can deliver high volumes of water for firefighting and reduce the number of appliances required to safely deal with protracted commercial (and to a lesser degree domestic) fires. We have procured two additional water towers which will replace two conventional 'B' type appliances within our fleet. With a higher pumping capability, aerial water throw and piercing capacity, these versatile appliances reduce the size of attendances to structural fires.

## Procurement

We are involved in both national and regional procurement projects as well as undertaking our own local procurement activities. In all instances we seek to maximise the benefits offered by existing frameworks to deliver savings, both cashable and non-cashable, and to maximise the commercial advantages offered by collaboration. Some examples being:

- Active member of the Facilities Management and Construction National Strategic Task and Finish Group, currently working on procurement of a national cleaning contract.
- Utilised various Fire Specific National Frameworks such as provision of specialist vehicles, including an Aerial Ladder Platform which delivered a saving of £150,000.

- We have utilised blue light specific frameworks, such as the Police framework for the supply of footwear.
- We have utilised non-fire frameworks, such as Crown Commercial Services for support vehicles, G-Cloud for software support, YPO for PPE/station uniform and Health Trust Europe for IT related services.
- Part of the North West Group, responsible for aligning requirements and undertaking regional procurement activities across various headings, such as laundry of PPE, provision of flood suits.
- As part of the Regional Group we also invite other organisations to join in appropriate exercises, one example being for maintenance and repair of Appliance Bay Doors where NWAS joined the project.

We record savings generated by procurement on an annual basis, identifying savings of £0.5m in 2022/23.

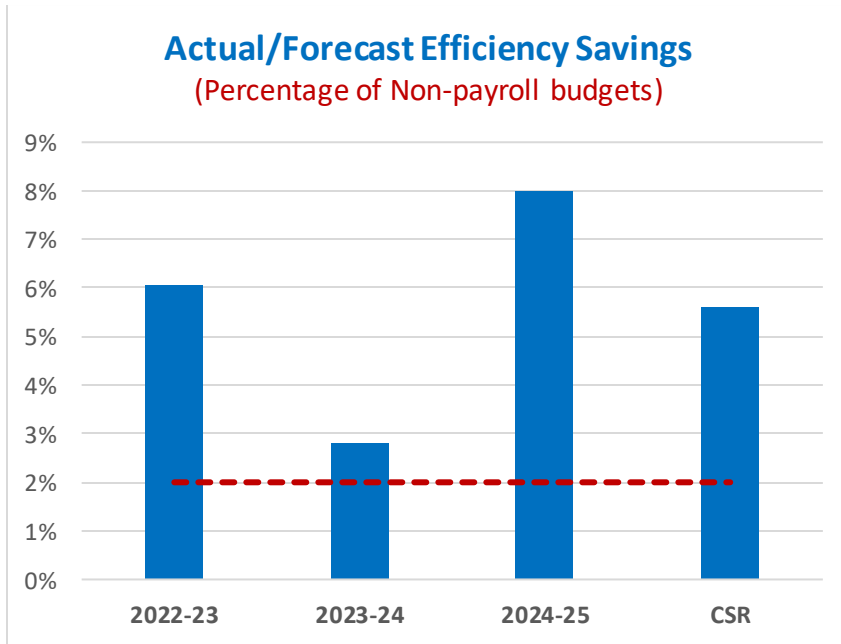
### Productivity

LFRS is well placed to deliver the 3% productivity increase under the sector wide Spending Review (2021/22-2024/25) with productivity gains already amassed and evident from our increased outputs. As we move into year 2, we aim to consolidate the gains made, whilst delivering further improvements via the ambitions of various Service priorities.

These gains will be balanced against the need to facilitate capacity to manage through sizeable Service change programmes arising from our Emergency Cover Review. Most notable in this regard, are the significant training burdens arising from duty system changes and staff relocations around the county, and our requirement to train at pace new fire appliance drivers, and a spectrum of specialist skill sets (swift water rescue, large animal rescue, water towers, aerial ladder platforms etc) to maintain service provision.

## Annex A

<b>£'000</b>	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>	
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Average</b>
Opening Revenue Expenditure Budget (Net)	32,277	33,480	33,982	
Less Total Direct Employee Costs	24,208	25,110	25,487	
Non Pay Budget	8,069	8,370	8,495	
Efficiency Target (2% of non-pay budget)	<b>161</b>	<b>167</b>	<b>170</b>	
<b>Efficiency Savings</b>				
<u>Direct Employee</u>				
Reduction in Prevention/Protection/Response Staff				
Reduction in Support Staff				
<u>Indirect Employee (e.g. training, travel etc.)</u>				
All Indirect Employee Costs	-114			
<u>Premises</u>				
Utilities				
Rent/Rates				
Other Premises Costs				
Shared Premises				
<u>Transport</u>				
Fleet				
Fuel				
Other Transport Costs				
<u>Supplies and Services</u>				
Procurement Savings				
Other Technology Improvements				
Decreased Usage	-84			
<u>Capital Financing</u>				
Revenue Expenditure Charged to Capital	-168	-436		
Net Borrowing Costs		-28	-45	
<u>Other</u>				
Other Savings 1 (Please Specify)		-40		
Other Savings 2 (Please Specify)				
Other Savings 3 (Please Specify)				
<b>Total Efficiency Savings</b>	<b>-366</b>	<b>-504</b>	<b>-45</b>	
LFRS Efficiency Savings as a Percentage of Non-Payroll Budgets	4.54%	6.02%	0.53%	3.70%
CSR Efficiency Savings Target	2.00%	2.00%	2.00%	2.00%



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