LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Monday, 21 May 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

F De Molfetta (Chairman)
L Beavers
D Coleman
S Holgate (for F Jackson)
D O'Toole
M Parkinson (for N Hennessy)
T Williams

Officers

J Johnston, Deputy Chief Fire Officer (LFRS)
K Mattinson, Director of Corporate Services (LFRS)
B Warren, Director of People and Development (LFRS)
J Bowden, Head of Finance (LFRS)
K Larter, Deputy Head of Procurement (LFRS)
D Brooks, Principal Member Services Officer (LFRS)

61/17 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors Nikki Hennessy, Tony Martin, David Stansfield and George Wilkins and from Councillor Fred Jackson.

62/17 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

63/17 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 28 March 2018 be confirmed as a correct record and signed by the Chairman.

64/17 YEAR END TREASURY MANAGEMENT OUTTURN 2017/18

The report set out the Authority's borrowing and lending activities during 2017/18.

All borrowing and investment activities undertaken throughout the year were in accordance with the Treasury Management Strategy 2017/18, and were based on anticipated spending and interest rates prevailing at the time.

In accordance with the updated CIPFA Treasury Management code of practice and to strengthen Members' oversight of the Authority's treasury management activities, the Resources Committee received regular updates on treasury management issues including a mid-year report and a final outturn report. Reports on treasury activity were discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Director of Corporate Services and the content of these reports was used as a basis for this report to the Committee.

Economic Overview

The Director of Corporate Services confirmed that the UK economy showed signs of slowing economic growth with latest estimates showing GDP grew by 1.8% in calendar 2017, the same level as 2016. Although this was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, it reflected the impact of the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The year saw an increase in inflation with the Consumer Prices Index (CPI) rising to 3.1% in November partly due to the impact of the falling exchange rate before falling back to 2.7% in February 2018. There was a weakness in UK business investment which was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit. Although the UK and the EU reached an agreement in March 2018 on a transition which would go up to Q4 2020 there was still significant uncertainty over the long term trade arrangements.

With concerns over inflation being above its target The Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.25% in November 2017. This was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 months) horizon and indicated there would be 'gradual' and 'limited' increases in rates.

Credit background

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. Under these rules the largest UK banks would be required to separate their retail banking services to individuals and small businesses from their investment banking activities with the retail bank being referred to as the ring fenced bank. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would actually look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non-ring-fenced bank.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Interest Rate Environment

Short term interest rates continued to be at historically very low levels. 2017/18 saw the first increase in interest rates for a decade when in November the base rate was increased to 0.5% from 0.25%. The expectation during the year was that interest rates would remain low for the rest of the financial year and beyond. It was anticipated that although rates may increase they would remain at low levels. Lancashire County Council's Treasury Management advisors, Arlingclose Treasury Consultants, were forecasting two small increases in 2018/19 with base rates being at 1% in March 2019.

Cash Flow

Cash flow predictions were made on a rolling basis in order to ensure that the Authority had sufficient funds to meet its day to day requirements and also inform investment and borrowing decisions.

The cash flow position, along with the interest rate environment, formed part of the regular discussions between the Director of Corporate Services and the Lancashire County Council Treasury Management Team, in order to inform future decisions on borrowing and investments.

Borrowing

All of the Fire Authority's debt was held with the Public Works Loans Board (PWLB). The Fire Authority had had a policy setting aside monies in the form of statutory and voluntary minimum revenue provision (MRP) in order to repay debt as it matured or to make an early repayment. Early repayments would be made only if it was deemed to be a financially prudent decision after taking into account the penalties incurred from an early repayment. In line with this policy £0.3m of debt was repaid on maturity and a further £3.2m of debt was repaid early following a report to the resources committee on the 27 September 2017. The early repayment of the loans incurred a penalty of £0.636m which was financed from the earmarked reserve. No new borrowing was undertaken in the year. As at 31 March the Authority had £2.0m of outstanding borrowing. Total interest paid was £0.2m which equated to an average interest rate of 4.5% which included the interest paid on the debt repaid during the year. A further review of the remaining debt was undertaken February 2018. At the time it was concluded that the penalty charge was too high to justify paying off the loan or restructuring it. The position would continue to be reviewed.

Investments

Both the CIPFA Code and the DCLG Guidance required the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. 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 Aa3) was the main counterparty for the Authority's investments via the operation of a call account. However the Treasury Management Strategy did include other high quality counterparties. In accordance with this policy, long term investments with other UK local authorities had been held. In July 2017 a 3 year investment matured while at year end a long-term investment of £5.0m was still held. The call account provided by Lancashire County Council paid the base rate throughout 2017/18. As at 31 March the Authority had £28.6m in the call account, with an average balance during the year of £34.2m earning interest of £0.1m. The overall interest earned during this period was £0.2m at a rate of 0.61% which compared favourably with the benchmark 7 day notice index which averaged 0.35% over the same period.

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

In order to control and monitor the Authority's treasury management functions, a number of prudential indicators had been determined against which performance could be measured. The revised indicators for 2017/18 were presented alongside the actual outturn position.

RESOLVED: - That the Committee noted and endorsed the outturn position report.

65/17 YEAR END CAPITAL OUTTURN 2017/18

The report presented the year end position for the Authority's capital programme including how this had been financed. The final outturn position was spend of £4.6m compared with a total budget of £12.7m with a slippage therefore being £8.1m. The position was broadly consistent with forecasts. It was noted that slippage was a timing issue dependent on the progress of capital schemes and not an indication of future underspends.

The Director of Corporate Services highlighted:

Other Vehicles – spend related to the purchase of the Water Tower Vehicle and various operational support vehicles during the year. In addition, this budget also allowed for the replacement of one of the Command Support Units, requirements were still being finalised therefore this would slip over into 2018/19, along with the budget for any support vehicles not received. The budget also included the replacement of two Driver Training Vehicles. Following a review it was proposed that these were replaced with pumping appliances, thus providing more realistic driver training, as well as increasing the reserve fleet, and also recognising that over the 8 year life of Driver Training vehicles pumping appliance design would change and hence a policy for providing training on actual pumping appliances would ensure that vehicles used for training purposes kept pace with design developments. The cost of a pumping appliance was currently £205k compared with the budget for two driver training vehicles of £190k, hence an additional drawdown of £15k from the capital funding reserve would be required in 2018/19.

Buildings - Committed spend to date related to completion of the replacement water main and the completion of the Multi Compartment Fire Fighting prop at Service Training Centre, purchase of the land adjacent to Preston Fire Station in preparation for redevelopment, and sums paid to date in respect of the redevelopment of the

Lancaster Fire & Ambulance facility, which was expected to complete during the first quarter of 2018/19.

The slippage figure related to:

- Carry forward of outstanding STC redevelopment works;
- The balance of costs associated with the completion of Lancaster Station;
- The redevelopment of Preston Fire and Ambulance Station;
- The replacement Fleet workshop.

ICT Systems - The majority of the capital budget related to the national Emergency Services Mobile Communications Project (ESMCP), to replace the Airwave wide area radio system and the replacement of the station end mobilising system. The ESMCP project budget, £1.0m, was offset by anticipated grant; however the timing of both expenditure and grant was dependent upon progress against the national project. Costs would not be incurred in the current year and an updated project timeframe was still awaited from the National project team. Given the delay on the ESMCP project, the replacement station end project had also been delayed, however options were currently being reviewed to enhance resilience and ensure that any solution was compatible with the eventual ESMCP solution.

The budget also allowed for the replacement of the Services wide area network (WAN) providing an enhanced network and improving speed of use across the Service. The delivery of this was currently scheduled for the first half of the new financial year.

The balance of the budget related to the replacement of various systems, in line with the ICT asset management plan. We were still reviewing these systems in terms of requirements, having experienced capacity issues within various departments; hence the delay into the new financial year.

The year end capital outturn position, set out in appendix 1 also showed how the programme had been financed in year, from a combination of capital grant (£0.5m), revenue contributions (£1.5m), the drawdown of earmarked reserves (£0.2m) and a drawdown of general reserves (£2.4m). The balance of the agreed revenue contributions (£0.9m) and the agreed drawdown of general reserves (£0.2m) has been transferred to the capital funding reserve and will be utilised in 2018/19.

Under the prudential framework, the Authority was required to identify various indicators to determine whether the approved capital programme was affordable, prudent and sustainable. The revised indicators, after allowing for the various changes to the capital programme, which were set out in the report confirmed that performance had been within approved limits.

The original approved capital programme for 2018/19 was £8.0m which excluded slippage from 2017/18. This had been amended to reflect the final level of slippage of £8.1m. In addition, approval had been given to bringing forward the replacement of an ALP from 2019/20 into 2018/19 at a cost of £0.6m. Therefore, the final proposed capital programme for 2018/19 was £16.6m which was funded from capital grant, revenue contributions and capital reserves. Full details of the programme and its funding were set out in Appendix 2 and considered by Members.

Revised prudential indicators for 2018/19 to 2020/21 showed that the revised programme remained affordable, prudent and sustainable.

RESOLVED: - That the Committee: -

i. Noted the capital outturn position, the financing of capital expenditure 2017/18 and the prudential indicators;
ii. Approved the purchase of an additional pumping appliance, as opposed to 2 driver training vehicles, and the impact of this on the 2018/19 capital programme;
iii. Note the adjustment to the 2018/19 capital programme to allow for the purchase of a new ALP; and
iv. Approved the revised 2018/19 capital programme, and the financing of this and the prudential indicators.

66/17 YEAR END REVENUE OUTTURN 2017/18

The report presented the revenue outturn position and the impact of this on the Authority's usable reserves. The overall outturn position showed a slight overspend of £7k which was slightly lower than the £100k overspend previously forecast.

The annual budget for the year had been amended to reflect a slight increase in the overall business rates being retained (comprising Section 31 grant from the Government and local rates paid over by billing authorities). This had resulted in an additional £35k of income being received in 2017/18, and as a result the overall revenue budget had increased to £53.968m. After allowing for net transfer from earmarked reserves of £50k the final outturn position showed net expenditure of £53.975m, giving a total overspend for the financial year of £7k.

The final position within individual departments was largely consistent with that reported throughout the year, and specifically the forecast presented to the March Resources Committee. As previously reported, the majority of underspends during 2017/18 had already been reflected in 2018/19 budgets. The detailed final revenue position was set out in Appendix 1 as now considered by Members, with major variances being summarised in the report.

It was noted that performance exceeded the efficiency target largely as a result of staffing savings made and procurement savings in respect of contracts let during the year. The shortfall on property was due to specific additional property works undertaken in year.

Any relevant under/over spend on the revenue budget was transferred to the DFM reserve, held within earmarked reserves, as set out below, with any remaining balance either being a contribution to, or a drawdown from, the General Reserve.

The DFM reserve enabled budget holders to carry forward any surplus or deficit from one financial year to the next, giving greater flexibility in managing budgets thereby optimising the use of available financial resources and facilitating better value for money. The principles being that any overspends and 50% of any underspends were carried forward into the new financial year, subject to a £25k maximum, other than where a specific business case could be made. The remaining 50% of any underspend was transferred to the authority's general reserve. As a result of this £17k was drawn down from the DFM reserve, leaving a balance of £10k to transfer to the General Reserve. A further review of the levels of individual DFM reserves was undertaken to ensure that they were reasonable and that budget holders were not building up excessive reserves. The latest such review had identified a reduction of £113k, with this amount contributing to the creation of an innovations reserve.

In response to Member questions regarding increases to the number of domestic and commercial premises being built in Lancashire, the Director of Corporate Services confirmed that details of increases to the tax base were included in the budget report presented to Members in February. It was noted that details of the numbers and costs of new hydrants purchased over the last 2 – 3 years would be brought to a future meeting, with the view of determining whether it was feasible to negotiate that these be supplied by the building contractor or water supplier.

RESOLVED: - That the Committee:-

i. Noted the additional income receivable in respect of our proportion of business rates;
ii. Noted the outturn position on the 2017/18 revenue budget as presented;
iii. Noted the transfer to earmarked reserves of £220k in respect of PPE and £152k in respect of Apprentices;
iv. Agreed the proposed drawdown of £17k from the DFM Reserve;
v. Agreed the proposed transfer of £10k to the General Reserve;
vi. Agreed the proposed transfer of £113k from DFM Reserve to Other Earmarked Reserves (innovations reserve), and the resultant level of DFM reserve, £297k.

67/17 YEAR END USABLE RESERVES AND PROVISIONS OUTTURN 2017/18

The report presented the year end outturn position in respect of usable reserves and provisions based on the information reported in the Revenue Outturn, Capital Outturn and Treasury Management Outturn reports.

The Authority approved the reserves and balances policy as part of its budget setting process, in February, with the year-end outturn position being reported to Resources committee and included in the statement of accounts. The previously reported Revenue Outturn, Capital Outturn and Treasury Management Outturn all fed the Authority's overall reserves position, which was considered by Members as summarised in the report.

General Reserve

These were non-specific reserves kept to meet short/medium term unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed in the medium term.

The Authority needed to hold an adequate level of general reserves in order to provide:-

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;

- A contingency to cushion the impact of unexpected events;
- A means of smoothing out large fluctuations in spending requirements and/or funding available.

As a precepting Authority any surpluses or deficits were transferred into/out of reserves in order to meet future potential commitments, and as such the balance of the surplus on the revenue budget, £10k, had been transferred into this reserve. As agreed as part of the budget setting process a further £2.6m of general fund had been used to fund the capital programme in 2017/18, with a further £28k being transferred to earmarked reserves to meet requirements. After allowing for transfers the Authority held a General fund balance of £7.8m. This was within the target range agreed by the Authority at its February meeting, £2.5m to £10.0m.

Earmarked Reserves
The reserve covered all funds, which had been identified for a specific purpose. The overall reserves level increased slightly from £7.5m to £7.9m, with the detailed position in respect of the various earmarked reserves considered by Members as set out in the report.

The Director of Corporate Services highlighted:

PFI Equalisation Reserve – This was used to smooth out the annual net cost to the Authority of both PFI schemes, and would be required to meet future contract payments. The level of reserve required to meet future contract payments had been updated to reflect current and forecast inflation levels, which were higher than previously allowed. This resulted in an increase of £0.8m in 2017/18, giving a revised balance of £4.3m.

Apprentices / Graduates - This reserve was created from the in-year underspend relating to the appointment of apprentices, which was delayed awaiting national developments. As such the reserve has been set up to offset some of the pay costs that would be incurred in 2018/19, with the balance being met direct from the revenue budget. The flexibility this created contributed to addressing apprenticeship targets, set by the Government, as well as addressing capacity issues within departments.

Innovation Fund (incorporating non-specific ICT & Equipment reserves) - The Authority previously created a Future Fire Fighting capital budget which had been used to meet costs arising from innovation within the sector, most notably the introduction of Technical Rescue Jackets. This capital budget would have been fully utilised in 2017/18. Given the fact that current replacement priorities were already included in the revenue budget we had not built any allowance into the capital programme for a continuation of this. However it was inevitable that developments would occur and we would continue to evaluate these with a view to introducing those that improved service delivery or fire fighter safety. As such it was agreed to establish an innovation fund to cover any such developments, with any requests to utilise the fund requiring the approval of the Executive Board.

Capital Reserves and Receipts
Capital Reserves had been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years;

as such they could not be used to offset any deficit on the revenue budget, without having a significant impact on the level of capital programme that the Authority could support.

Capital Grant had been previously received in relation to Lancaster Fire Station rebuild, this has been fully utilised within the year. Capital Receipts were generated from the sale of surplus assets, which had not yet been utilised to fund the capital programme. In 2017/18 we utilised £2.9m of capital reserves. However this use of reserves was more than offset by the agreed transfer from general reserves of £2.6m, the transfer in of unused revenue contributions of £0.9m and the sale of assets, which generated £81k of capital receipts. As a result of this the Authority currently held £19.3m of capital reserves/receipts. However the 2018/19 capital programme, after allowing for slippage, showed £17.9m of this being utilised over the latest 5 year capital programme, leaving a balance of approx. £1.4m at the end of 2022/23.

Provisions

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

1. Insurance Provision, which covered potential liabilities associated with outstanding insurance claims. A fundamental review of current claims outstanding and our claims history had been undertaken and as such the provision had been reduced to £434k at 31 March 2018. (This reduction has been used to offset the change in earmarked reserves, and in particular the creation of the Innovation Reserve and the increase in the PFI Reserve.)
2. RDS Provision, which covers potential costs associated with RDS personnel relating to employment terms and eligibility to join the Pensions Scheme.
3. Business Rates Collection Fund Appeals Provision, which covered the Authority's share of outstanding appeals against business rates collection funds, which was calculated each year end by each billing authority within Lancashire based on their assumptions of outstanding appeal success rates, as part of their year-end accounting for the business rates collection fund. The change in this reflecting the latest estimates provided by billing Authorities.

The overall position at year end was broadly in line with those identified in the Reserves and Balances Policy, agreed in February, at £36.1m. At this level the Treasurer believed these to be adequate to meet future requirements in the medium term.

In response to a question raised by County Councillor Holgate the Director of Corporate Services confirmed that the reserves identified did not allow for the potential relocation of Service Headquarters. If this was included then all capital reserves and receipts would be utilised to fund this, as well as potentially requiring additional borrowing.

RESOLVED: - That the Committee: -

i. noted the net drawdown of £50k of earmarked reserves and the additional £12k of provisions, contributing to the overall revenue outturn position;
ii. agreed the year end transfers associated with the revenue outturn, £10k to the general reserve and a drawdown of £17k from the DFM reserve;

iii. agreed the following transfers between reserves:-
    a. general reserve, transfer of £28k to earmarked reserves and £2,600k to capital funding reserve;
    b. Provisions, transfer of £691k to earmarked reserves;
iv. agreed the year end transfers associated with the capital outturn, £224k drawdown from earmarked reserves and £2.921m from capital reserves and the transfer of £0.926m of unused revenue contributions to capital reserves;
v. noted £81k of capital receipts;
vi. noted and endorsed the overall level of reserves and provisions as set out in the report.

68/17 CORE FINANCIAL STATEMENTS 2017/18

This report presented the Core Financial Statements, which formed part of the Statement of Accounts for the Combined Fire Authority for the financial year ended 31 March 2018. The Statements took account of the information presented in the Year End Revenue Outturn, Year End Capital Outturn, Year End Treasury Management Outturn and Year End Usable Reserves and Provisions Outturn reports and were prepared in line with recommended accounting practice which was not accounted for on the same basis as we accounted for council tax. As such this meant they did not match the details in the Outturn reports, and hence the sections provided an overview of each statement and a reconciliation between Outturn reports and the Core Financial statements where appropriate.

Members considered the appendices:

Narrative Report
This set out the financial context in which the Combined Fire Authority operated, and provided an overview of the financial year 2017/18 as well as details of future plans.

Comprehensive income and expenditure account
This showed the accounting cost in the year of providing services. It was a summary of the resources that had been generated and consumed in providing services and managing the Authority during the last year. It included all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Movement in reserves statement
This showed the movement in the year on the different reserves held by the Authority, analysed into i) Usable Reserves (those that the Authority may use to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and ii) Unusable Reserves (which include reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences ‘between accounting basis and funding basis under regulations’).

Balance Sheet
This showed the value as at the date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) were matched by

the reserves held by the Authority.

Cash flow statement
This showed the changes in cash and cash equivalents of the Authority during the reporting period. The statement showed how the Authority generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The unaudited Statement of Accounts would be signed by the Treasurer to certify that it presented a true and fair view of the financial position of the Authority as at 31 March 2018. This would be subject to review by the Authority's external auditors, Grant Thornton which was scheduled to take place in June and July. A further report will be presented to the Audit Committee in July, following completion of the external audit. At this meeting the Chair of the Audit Committee will be asked to sign the final statement of accounts, as well as the Treasurer. Following which a final audited set of accounts will be presented to the Resources Committee for information.

RESOLVED: - That the Core Financial Statements be noted and endorsed.

69/17 FINANCIAL MONITORING 2018/19

The report set out the current budget position in respect of the 2018/19 pay budget. Due to the timing of this reporting cycle, we were only able to report on the pay position for the first month of the financial year. However to put this into context pay was by far the biggest cost within the service accounting for over 75% of the total budget.

April's pay budget and spend were broadly in line at £3.15m budget compared with £3.10m spend, resulting in a slight underspend of £51k as shown below:-

Area	Overspend/ (Under spend)	Reason
	£'000	
Wholetime Pay	(45)	The whole-time pay budget included an allowance of 2% for 17/18 pay award. As previously reported an interim 1% was awarded last year, however a final resolution had not yet been reached. As such the additional 1% budgeted for has not been utilised, which resulted in an underspend. In addition to this there were some timing issues in terms of claims for overtime etc., which were particularly relevant in April, whereby we fully accrued for outstanding claims as part of the year end process there could be a delay in personnel submitting claims for these.

Control staff	(4)	As previously reported the Service had an establishment of two Control Staff, one in the Training and Operational Review Team and one in ICT team. The underspend related to the latter whereby the communications officer post was temporarily filled by a whole-time member of staff, whilst the substantive post holder was seconded to work for the Home Office on the national ESMCP project.
Retained Pay	5	This overspend was a combination of the timing of training courses run, plus previous good retention of staff recruited during the last financial year.
Associate Trainers pay	10	Associate trainers were used during wholetime recruitment to provide greater flexibility to match resource to demand, as occurred at the start of April. As the budget was currently phased evenly over the year, this created timing differences, which in this case had resulted in a marginal overspend.
Support staff pay	(19)	The underspend related to vacant posts across various departments, which were in excess of the vacancy factor built into the budget. This is partly offset by spend on agency staff, which amounted to £1k in April.
Apprentice Levy	(2)	The apprentice levy was payable at 0.5% of each months payroll costs, the budget for this was set at anticipated establishment levels, hence the underspend against this budget reflected the various pay budget underspends reported above.
Total	**(51)**	

We continued to monitor the pay budget closely, to identify any vacancy trends that develop to ensure that they were reflected in future year's budgets, as well as being reported to Committee.

Future reports would include full details of all spend against the revenue and capital budgets, in addition to the progress against the annual savings targets.

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

70/17 PROCUREMENT STRATEGY

A new 3 year Procurement Strategy had been developed, taking account of best practice aligned with national, regional and local considerations for the period

2018-2021.

Effective procurement of goods, services and/or works to support front line service provision was vital for the Authority in order to meet its core objectives, reduce risk and demonstrate probity and accountability. Purchasing of goods, services and/or works represented a significant interface with the economic community on a local, regional and national level via contractual relationships developed with suppliers.

The Procurement Strategy set a clear framework to achieve compliant procurement throughout the Authority and reflected the Home Office Agenda, the Authority's Corporate Plan, adherence to internal Contract Standing Orders and Financial regulations, adherence and compliance with all appropriate legislative requirements whilst upholding a professional service that encouraged collaboration.

The Strategy also defined the role of the Procurement function in the delivery of the Authority's commitment to providing best value for money identifying Procurement's priorities over the next 3 years aligning with local, regional and national Procurement Policy with critical actions required to deliver the strategy.

RESOLVED: - That the Procurement Strategy be approved.

71/17 EFFICIENCY PLAN 2018/19

Members considered the efficiency plan which updated that approved in 2016/17 as part of the four year funding settlement. The update was based on the approved 2018/19 budget. Included within the update were revised savings figures, showing total savings of £18.5m being delivered since April 2011. With further savings of £1.1m already identified.

The budget report set out funding shortfalls still faced in future years. We would continue to identify savings opportunities, and explore collaborative opportunities to deliver savings in order to contribute to this position; however the on-going use of reserves would remain a key component of our Medium Term Financial Strategy.

Overall the Authority was well placed to meet the financial challenges that it faced in the medium term, and would continue to balance future council tax levels and the need for investment whilst maintaining effective service delivery.

RESOLVED: - That the Committee noted and endorsed the Efficiency Plan.

72/17 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would be held on Wednesday 26 September 2018 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 28 November 2018 and agreed for 27 March 2019.

73/17 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

74/17 HIGH VALUE PROCUREMENT PROJECTS

(Paragraph 3)

Members considered a report that provided an update on all high value procurement projects/contracts for one-off purchases.

RESOLVED: That the Committee noted and endorsed the report.

75/17 REPORT ON TRANSACTION OF URGENT BUSINESS

(Paragraph 3)

It was reported for information that, in pursuance of the arrangements approved by the Authority, the following matters, which could not await the next meeting had been authorised by the appropriate Chief Officer following consultation with the Chairman and Vice-Chairman.

Approval to bring forward capital expenditure from 2019/2020 into this financial year for the purchase of a new Ariel Ladder Platform; with costs to be met from the capital funding reserve.

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

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood