LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Wednesday, 28 November 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

L Beavers
S Blackburn
F De Molfetta (Chairman)
J Eaton (for G Wilkins)
F Jackson
M Parkinson (for N Hennessy)
D O'Toole
D Stansfield
T Williams

Officers

C Kenny, Chief Fire Officer (LFRS)
K Mattinson, Director of Corporate Services (LFRS)
B Warren, Director of People and Development (LFRS)
M Nolan, Clerk and Monitoring Officer to the Authority
J Bowden, Head of Finance (LFRS)
I Riding, Head of Property (LFRS)
D Brooks, Principal Member Services Officer (LFRS)

11/18 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors N Hennessy, T Martin and G Wilkins.

12/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

As the leader of Hyndburn Council, County Councillor Parkinson and as Leader of Blackpool Council, Councillor Simon Blackburn both declared a non-pecuniary interest in the Urgent Business Item “Lancashire Business Rates Pilot Pool – Memorandum of Understanding”.

13/18 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 26 September 2018 be confirmed as a correct record and signed by the Chairman.

14/18 FINANCIAL MONITORING 2018/19

The report set out the current budget position in respect of the 2018/19 revenue and capital budgets and performance against savings targets.

Revenue Budget

The overall position as at the end of September showed an overspend of £0.3m. Trends were being monitored to ensure that they were reflected in future years budgets as well as being reported to the Resources Committee. In terms of the year end forecast, it was still early in the year however, the latest forecast showed an overall underspend of approximately £0.1m, reflecting anticipated vacancies in the second half of the year, the lack of an apprentice FF programme and the timing of some non-pay expenditure. It was noted that the budget allowed for a 2% July 2017 pay award for grey book personnel, this was actually agreed at 1% hence the budget was overstated by £300k, which was reflected in the position outlined.

The Committee was provided with detailed information regarding the position within individual departments, with major variances relating to non-pay spends and variances on the pay budget being shown below:-

Area	Overspend / (Under spend) to 30 Sept	Forecast Outturn at 31 March	Reason
	£'000	£'000	
Winter Hill	110	110	Costs agreed to date currently stood at £1m, however it was noted that we were awaiting outstanding invoices in relation to the incident from three FRS who assisted and as such could not accurately predict the final total cost. As reported previously we intend to submit a claim under the Bellwin Scheme of Emergency Financial Assistance and hence anticipated our total net costs being limited to the threshold £110k. The Committee would be updated on final costs, once all claims had been received.
Procurement	52	73	The overspend to date and the outturn position both related to the replacement of Personal Protective Equipment which had reached the end of its economic life. In addition the recruitment that had taken place in year had led to an increased spend on Technical Rescue Jackets, to accommodate size changes since the initial bulk purchase prior to roll out. This had ultimately led to the need to purchase more of the common

			sizes of jacket in order to hold the correct amount in the pooled stock. We were currently reviewing pooled PPE stock, which was nearing the end of its life, to determine likely outturn costs as well as on-going budget requirements.
Property	103	150	The overspend position related to premises repairs and maintenance. The forecast overspend reflected some of the new minor schemes approved in year to enhance station facilities such as enhanced female facilities.
Pensions	(13)	80	The outturn position reflected a number of ill health retirements anticipated before the end of the financial year. This position may alter as exact costs and timings were finalised.
Non DFM	(58)	(174)	The year to date underspend was largely due to the increase in the bank base interest rate during the year, increasing interest receivable on our call account balances with Lancashire County Council. In addition, the outturn position reflected the above, plus interest receivable on several fixed term investments which had been put in place commencing in the second half of the year.
Wholetime Pay	133	(358)	The following issues affected whole-time pay: • The budget allowed for an assumed 2% pay award last year, however this did not transpire, hence in the first six months of the year there had been an underspend of £150k. (With a full year effect of £300k) • Overtime was overspent by approx. £60k the majority of which was attributable to the continuing policy of detaching wholetime personnel into key RDS stations. • As in previous years the budget included a vacancy factor based on anticipated retirements, leavers and new recruits. During the first four months staffing numbers had been higher than forecast, due to fewer

			retirements, leading to overspend of approx. £100k. Whilst it was impossible to accurately predict this going forward, we had reviewed the position which was likely to reverse in the second half of the year due to a number of outstanding retirements coupled with several personnel leaving the service early. Hence we anticipate a broadly balanced position in respect of this at the year end. • The budget also allowed for the recruitment of 12 FF apprentices in the second half of the year, at a cost of £250k. Given the difficulty in establishing a suitable apprentice's scheme, as previously reported, it was clear that these would not be recruited until next year, and hence no costs would be incurred.
Retained (RDS) Pay	217	377	The following issues affected retained pay: • As referred to under whole-time pay the budget allowed for 2% pay awards in both years. Hence in the first six months of the year there had been an underspend of £22k. • Activity levels in the first 6 months of the year were higher than previous (excluding Winter Hill), reflecting increased hours of cover as well as an increasing number of incidents and hence pay costs were higher than forecast • In addition RDS recruits received wholetime pay during the recruits course for two weeks, resulting in an overspend of £40k due to timing, on the two RDS courses that ran during the first six months Previously, the significant vacant posts in excess of the budgeted vacancy factor within RDS pay had mitigated any

			overspends, however with the improvement in retention/recruitment these were more visible, and would be reviewed for the next financial year's budget.
Associate Trainers	36	60	The annual training plan was used to match planned training activity to staff available at the training centre. Where this was not possible, associate trainers were brought in to cover the shortfall. There had been several ongoing trainer vacancies throughout the year to date, which had resulted in the overspend shown, but were counteracted by corresponding underspends within wholetime pay.
Support staff (less agency staff)	(154)	(259)	The underspend to date related to vacant posts across various departments, which were in excess of the vacancy factor built into the budget. (Note agency staff costs to date of £33k were replacing vacant support staff roles, this still only accounted for less than 1% of total support staff costs). Although some vacancies had been filled, there were a number of vacancies which had proven historically difficult to fill, most notably in ICT and Information Management, resulting in a forecast outturn underspend of £259k. The Service continued to review roles and structures before moving to recruitment.
Apprentice Levy	(7)	(19)	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 positions reported above. It was noted that due to delays in apprenticeships standards being approved we had not been able to utilise the levy payments we had made to HMRC since April 2017. The outcome of this was that funds that had been in the levy account for 24 months and had not been utilised would be clawed back by HMRC. Whilst this would not affect the current year it would impact next year. At the present

			time we anticipated a claw back of £10k per month until we could fully utilise this for training costs. We had submitted an application for STC to be an approved training provider, in order to access HMRC levy funds to match training costs, however the timing of the approval process was unknown, hence no such income had been forecast in the current financial year.

County Councillor O'Toole queried the Pensions forecast outturn position and asked what the anticipated number of ill health retirements was based on. The Director of People and Development confirmed that there were very stringent rules on granting ill health retirement and that as he determined eligibility he was aware of a couple of individuals who would qualify. He advised that the process was long and involved individuals seeing an independent health professional whose decision the Service had to abide by.

County Councillor O'Toole queried how Associate Trainer vacancies were filled. The Director of People and Development advised that there had been recruitment difficulties but the vacancies had now been filled. He advised that Associate Trainers were used where there was a need for a particular specialism and during peaks of work.

In response to a question raised by Councillor Williams regarding whether the Retained Duty System Pay excluded the Winter Hill payments, the Director of Corporate Services advised that all the costs for Winter Hill were excluded as a separate cost centre had been set up. The current cost stood at £1m with the assumption that £110k would be paid by the Authority and the remaining £890k could be claimed back from government once all costs had been received. Some outstanding bills were awaited before the end of November in order for us to then make the claim. The Chief Fire Officer advised that some general principles had been agreed with Manchester to ensure consistency of claims.

<u>Capital Budget</u>
The Capital Programme for 2018/19 previously stood at £16.7m however, following the September Resources Committee the programme had been amended to remove the expected slippage as reported, hence the revised programme now stood at £4.1m. The slippage removed would be brought into the 2019/20 capital programme during the budget setting process as now considered by Members:

Heading	Slipped £m	Reason
Pumping Appliances	1.134	Reflecting the anticipated stage payments in the next financial year as previously reported.
Other Vehicles	0.580	Two Command Support Units (CSU), the requirements were currently being finalised with a view to undertaking a procurement exercise. However taking account of

		anticipated lead times the final costs associated with the purchase of these, £0.6m, would slip over into 2019/20.
Operational Equipment/Future Firefighting	0.310	£160k in relation to BA radios had been moved to 2019/20. £150k associated with on-going research projects relating to new equipment had been removed to slip forwards to meet the future costs.
Building Modifications	9.069	Preston Fire Station redevelopment, £6.9m had been moved into 2019/20 in relation to expected spend due to the delays associated with NWAS' decision not to continue site sharing. Fleet workshop facility, £2.0m. The replacement Fleet workshop was currently undergoing a detailed design prior to undertaking a tendering exercise, and again had been slipped into 2019/20.
IT systems	1.470	£1.0m related to the national Emergency Services Mobile Communications Project (ESMCP), to replace the Airwave wide area radio system. This national project had suffered lengthy delays to date, and it was likely that the budget would slip into 2019/20, therefore both the budget and associated grant had been moved into 2019/20. The balance of the slippage related to the replacement of various systems, in line with the ICT asset management plan, where progress to date indicated any eventual spend would be incurred in 2019/20.
Total	12.563	

A review of the remaining programme had been undertaken to identify progress against the schemes. The overall position as at the end of September showed £2.0m of capital expenditure. The current anticipated year end spend was £4.1m, with zero slippage. This position was shown as set out below, and summarised in appendix 2 as now considered by Members: -

Pumping Appliances	The budget allowed for the first stage payment for the 7 pumping appliances ordered for the 2018/19 programme. The remainder of the budget had been included in the 2019/20 draft programme.
Other vehicles	This budget allowed for the replacement of various operational support vehicles: • One Aerial Ladder Platform which was delivered during July; and • One Water Tower, which was scheduled for delivery during the financial year.

	• Various support vehicles which were reviewed prior to replacement. As the lead times on these were relatively short we anticipated utilising this budget in year.
Operational Equipment/Future Firefighting	This budget allowed for the initial purchase of technical rescue jackets, following the regional procurement exercise, which were delivered at the end of May and now in service. £40k related to the purchase of fist microphones, which included noise cancelling facilities and hence enabled clearer voice transmission, thus aiding fire ground communications. The balance of £50k was to meet costs associated with on-going research projects relating to new equipment, and we anticipated utilising this in the current year.
Building Modifications	Completion of the new joint Fire & Ambulance facility at Lancaster was completed in October. Contract variations of £41k had been agreed in respect of time delays due to the discharge of planning conditions, and upgrading the appliance bay doors, however there were a further £40k variations still being discussed with the contractors. In terms of the redevelopment of Preston Fire Station, the budget allowed for £0.1m of fees which might be incurred before the end of March. The final element of this capital budget related to the balance of the Training Centre redevelopment works, largely relating to the replacement welfare/ICT porta-cabin which would be progressed before the end of the financial year.
IT systems	Given the delay on the ESMCP project, the replacement station end project had also been delayed. However we could not delay this indefinitely and had therefore commenced work to replace the station end in the current financial year, whilst ensuring that any solution would be compatible with the eventual ESMCP solution. The budget also allowed for the replacement of the Service's wide area network (WAN) providing an enhanced network and improving speed of use across the Service, and having agreed a contract for this we anticipated this being completed in the current financial year.

Expenditure to date had been funded from the on-going revenue contributions, with the majority of the year end forecast also being met by this, supported by capital reserves.

Delivery against savings targets

The current position on savings targets identified during the budget setting process was reported. It was anticipated that we would meet our efficiency target for the financial year.

RESOLVED: - That the Committee noted and endorsed the financial position and approved the amendment to the 2018/19 capital budget.

15/18 TREASURY MANAGEMENT - MID YEAR REPORT 2018/19

The report set out the Authority's borrowing and lending activities during 2018/19, which were in line with decisions taken in accordance with the Treasury Management Strategy 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 Authority's Director of Corporate Services and the content of these reports was used as a basis for this report to the Committee.

Economic Overview
During the period, economic growth had continued to be positive, albeit at historically low levels and unemployment was low with the Bank of England projecting that it would fall a little further. At the same time inflation had remained above the Bank of England's 2% target rate. In august the Consumer Price Inflation (CPI) index rose to 2.7%. As a consequence of these economic factors, in August the Bank of England's Monetary Policy Committee (MPC) voted unanimously to increase Bank Rate by 0.25% from 0.5% to 0.75%.

Internationally, the US economy had continued to grow and at their meeting in September the central bank increased interest rates for the third time in 2018. In Europe the level of growth had moderated after a period of strong growth.

There was still a lot of uncertainty over the economy much of it arising from political factors. Domestically, the progress and unknown impact of the UK's withdrawal from the European Union continued to dampen investment. On the world economy the period had seen an increase in the potential for a trade war between the USA and China.

Outlook for Interest Rates
The Bank of England had raised expectations of gradual increases in interest rates and the increase in August was part of this. It was expected that this trend would continue. This was reflected in the County Council's Treasury advisers Arlingclose forecast for interest rates. Their central forecast saw a further 0.25% increase in March and September 2019 which would take the bank rate to 1.25%. They anticipated the rate would then stay constant up to September 2021 which was the end of the forecast period. However, with the current economic data and the risks in the economy they considered there were also downside risks to the forecast. Key rates were forecast for the period Q4 2018 – Q4 2021 as now considered by

Members.

Treasury Management position and Policy
The underlying need to borrow for capital purposes was measured by the Capital Financing Requirement (CFR), while usable reserves and working capital were the underlying resources available for investment. The treasury management activity was influenced both by the position at the beginning of the year and the plans in year. The position at the start of the financial year was summarised as detailed below:

	Balance 31.3.18
	£m
Capital Finance Requirement	14.518
Less other debt liabilities	-14.231
Borrowing Requirement	287
External borrowing	2.000
Reserves	35,232
Working capital	-2.577
Available for investment	32.655
Investments	33.555

The table showed that the level of loans was above the CFR at 31.3.18. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) in order to generate the cash to repay loans either on maturity or as an early repayment.

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

Borrowing
There had been no new borrowing undertaken in the first six months of the financial year. This was consistent with the position that the current borrowing was above the CFR and there were no plans that required the need to borrow.

All the Fire Authority's existing borrowing was from the Public Works Loan Board. The long term debt outstanding at the beginning of the year was £2m which had remained unchanged up to 30th September. The report detailed the maturity profile of the Authority's borrowings along with an interest rate paid. Consideration was given to the early repayment of the loans; however these would be subject to an early repayment (premium) charge. The Authority did repay debt in 2017/18 but at the time it was considered that the premium on these loans was such that it was not financially beneficial to repay the loans. This was still considered to be the case with the estimated premium charge to repay the 3 loans being £0.855m.

Investments
Both the CIPFA Code and the MHCLG Guidance required the Authority to invest its

funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money was to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving low investment returns and having the value of reserves eroded by inflation.

The Authority principally invested in a call account provided by Lancashire County Council which paid the base rate. Each working day the balance on the Authority's Current Account was invested in this to ensure that the interest received on surplus balances was maximised. During the period any new investments were placed with the County Council via this arrangement. At 30th September there was a balance of £37.970m with the average balance invested in LCC for the period was £32.202m.

In addition the Authority still had a long term investment that had been placed with UK local authority as outlined below.

Start Date	End Date	Principal	Rate	Annual Interest	Interest 2018/19
30/6/14	28/6/19	£5,000,000	2.4%	£120,000	£120,000

Therefore the total investment held at 30 September was £42.970m.

The overall rate of interest earned during this period was 0.84% which compared favourably with the benchmark 7 day index which averaged 0.56% over the same period. In order to increase the rate earned on current balances, the Authority would need to place fixed investments for a longer period of time. Members considered a forecast cash flow for the year which showed that further sums could be placed on fixed term investments However, to obtain a better interest rate return than the call account would involve fixing investment for at least 3 months. The possibility for longer term investments was kept under constant review and suitable opportunities would be taken. Therefore, to increase yield while maintaining security the following fixed rate deals with other local authorities had been arranged:

Start Date	End Date	Principal	rate	Annual interest	Interest 18/19
18/10/18	19/10/20	£5,000,000	1.15%	£57,500	£25,993
19/11/18	18/11/19	£5,000,000	1.00%	£50,000	£18,356
19/12/18	19/06/19	£5,000,000	0.92%	£46,000	£12,981

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

Prudential Indicators

In order to control and monitor the Authority's treasury management functions a number of prudential indicators were determined against which performance may be measured. At its meeting on 19 February 2018 the Authority approved the indicators for 2018/19 which were detailed in the report alongside the current actual.

Regulatory Updates

CIPFA had introduced updated versions of the Prudential and Treasury

Management Codes. In addition the MHCLG had re-written its Investment Guidance, in which the definition of investments was further broadened to also include all such assets held partially for financial return. This would cover loans to employees. It was noted that the Authority would need to produce a Capital Strategy and an Investment Strategy.

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

16/18 SERVICE TRAINING CENTRE CAPITAL INVESTMENT

The Director of Corporate Services presented the report which set out capital works required at Service Training Centre (STC) in order to address some of the concerns about the current facilities.

It recommended investment in:-

- A refurbishment of the Fire House;
- An extension to the existing Fleet Workshop to provide a number of enhanced facilities;
- A refurbishment of Astley House to provide improved Incident Command Training facilities;
- An enhanced conferencing facilities and disabled access at Lancaster House, subject to agreement on the long term future of this facility.

Members considered the current facilities in terms of the dedicated buildings on site and the practical training facilities. It was noted that given a lack of historical investment, a number of the facilities either had or were reaching the end of their economic life and either needed replacing or refurbishing.

The investment required was broken down into the 4 distinct areas of i) Fire House; ii) Fleet Garage Extension; iii) Astley House Refurbishment; and iv) Lancaster House.

It was noted that no allowance had been made for the potential relocation of Service Headquarters (SHQ) to the site. This project had been previously approved in 2012/13 at a capital cost of £10m; however; this was put on hold in 2013 and remained so, pending the outcome of discussions with the Police about shared estates strategy. It was noted that even if the relocation of SHQ project was live it would have minimal impact on these proposals as the only facilities' included in these proposals which also featured in the SHQ project were the relocation of the Incident Command Training facility and the development of conferencing facilities replacing those in Lancaster House. It was also noted that the type of buildings referred to in the options presented would not be suitable for a SHQ or main training facility, as they were a simpler more cost effective portal construction, similar to the existing Fleet garage facility. Furthermore in the five years that had elapsed the cost of relocating SHQ would have changed significantly due to inflationary impacts and changing requirements.

i) Fire House

The Fire House had been in situ for almost 30 years. The Condition Survey of the

Fire House undertaken in November 2017, confirmed the following “The Fire House was constructed in the 1980’s and has been well used, with only minimum maintenance undertaken and this was reflected in its overall condition.“

Overall it was in good condition with some repairs being necessary to prevent further deterioration. The repairs if undertaken in the next 12 months would prevent further deterioration of the structure and the building should, if correctly maintained remain in good condition without requiring major expenditure on the fabric for a further 20 years.

The Building Services systems were in a much poorer condition and were well beyond their replacement cycle. Failure to replace these, whilst not affecting the fabric of the building would hinder and slow a safe evacuation of the building in an emergency, therefore replacement of safety critical systems such as the lighting system was recommended. Given the conditions found in a fire house, it was expected that the average life expectancy of the building services systems would be 10 years, rather than the 20 years of a typical office or fire station premises.

As part of any refurbishment additional works could be undertaken. This would provide more versatility in terms of the range of scenarios on offer in this facility. During the review of National Operational Guidance it had been identified that currently LFRS had a very limited provision for basement firefighting training. Therefore the proposal replaced 2 of the existing raking ladders with staircases, providing a better range of options for typical firefighting scenarios. It would also provide an option for a realistic basement scenario, albeit the entry would be from the roof terrace area on the second floor.

It was not possible to amend the design of the building to provide an effective High Rise Training facility hence, provision of that training facility would need to be sourced elsewhere.

The estimated capital cost of the proposed refurbishment was £350k, and the works were currently planned for April-June next year. The cost of this work could be met from the capital budget identified for 2019/20, as set out in the draft capital programme presented last year.

In response to a concern raised by County Councillor Beavers that detailed cost information should be presented to the Committee to make the decision on whether to refurbish or rebuild, the Director of Corporate Services confirmed that an independent consultant had provided the cost estimate. It was noted that if the Fire House was to be demolished and rebuilt alternative training facilities would be required and the timescale would be more than the 3 month’s identified for the redevelopment.

In response to Member concerns about the payment of contract variation costs the Director of Corporate Services advised that there would inevitably be some instances of variation to allow for the unknown; it was possible to pass risk to the contractor as part of the tender process, but that came at a premium and may not be used and therefore would not be value for money.

In response to Member concerns, the Director of Corporate Services confirmed that the procurement process would be followed, including seeking Member Tender Panel approval to award the contract and monitoring of the contract would be included in the High Value Procurement Projects reported to each Resources Committee.

ii) Fleet Garage Extension

This project initially started as an extension to provide an enhanced workshop facility for the Fleet and Engineering Services maintenance team who had relocated to STC to work alongside BA recovery colleagues and provide a more integrated service, thus delivering staffing efficiencies.

Changes to BA training/servicing, including the need to separate out dirty and clean areas and therefore avoid cross contamination, and the need to expand the size of the servicing area to accommodate increased work as maintenance was no longer carried out on station, had led to an increased scope.

Further scoping works were undertaken to identify any other requirements that STC had for this type of building, an element of which was considering how the requirement was currently met and what the long-term viability of existing facilities was. This led to a proposal to include the provision of a number of additional facilities within the new build:-

- Provision of suitable accommodation for trainers, which was currently provided in Midgeley House, including enhancement of female facilities.
- Provision of suitable "dirty" welfare facilities/lockers for recruits/students, at the present time the only facilities were provided in Astley House and were not separated into clean and dirty facilities, and thereby didn't lend themselves to the Service discharging its responsibilities under the Management of Health and Safety at Work Regulations.
- Provision of gym facilities, replacing those in Alf Ramsey House and enabling this building to be returned to its original use, as a storage facility.
- Provision of Driving School accommodation, replacing that included in Lancaster House which could be re-utilised as an enhanced ICT resilience facility as well as ICT training suite (no costings had been allowed for this pending a decision on what equipment was required).
- Provision of a Training Area, enabling amongst other things improved fitness testing and providing enhanced outdoor training facilities for inclement weather.
- Provision of a new secure vehicle compound, as the site was now more accessible as it was used by other parties.

The estimated capital cost of this work, including the demolition of the old Midgeley House building, was £3,900k. A summary of the benefits of these proposals was:

- Enhanced facilities for Fleet and Equipment Services;
- Breathing Apparatus Classrooms;
- Breathing Apparatus Cleaning (internal and External) and Storage area;
- Breathing Apparatus Cylinder Charging and Storage Facilities;
- Enhanced Breathing Apparatus decontamination facilities;

- Additional Space for Breathing Apparatus Recovery;
- P.P.E. Storage and Management Facilities;
- Enhanced EDI facilities;
- Additional dedicated Student Locker Rooms, Changing Area and Shower Facilities;
- Trainer and Trainer Support Locker Room, Changing Area and Shower Facilities;
- Trainer Office and ICT Facilities;
- Dedicated Gym Facility;
- Covered External Area for Physical Fitness Testing;
- Teaching and Office Facilities for Driving School;
- Relocation of the Fire Brigades Union Office;
- Relocation of the existing ICT Suite from Astley House.

iii) Astley House Refurbishment
The move of BA training from Astley House to the Fleet Garage extension provided an opportunity to re-utilise the top floor (the bottom floor would remain as it was at present providing welfare/locker facilities for clean training that took place). In order to maximise this opportunity it was proposed to redesign the top floor to incorporate an upgraded Incident Command facility, thus enabling the Minerva building to be demolished. This work was included in the original SHQ proposals, hence should this option be pursued the original SHQ relocation would need to be amended (however it was noted that this accounted for less than 5% of the original plan and therefore would have fairly limited impact on costings.)

The estimated capital cost of this work, including the demolition of the old Minerva building, was £350k.

Combined Business Case Fleet Garage Extension and Astley House Refurbishment

A business case in respect of this combined change had been produced which looked at 4 options:-

- Option 1: Do Minimum using existing buildings only;
- Option 2: Do Minimum using existing buildings and extending them as required;
- Option 3: Structural refurbishment and extension to provide all requirements and a full twenty five year life expectancy;
- Option 4: New Build and limited refurbishment of existing (the option outlined above).

A summary comparison was considered by Members:-

Option	Total Built Floor Area	Capital Cost	Annual Life Cycle Cost	Twenty Five Year Whole Life Cost
Option 1: Existing Buildings only	1244sm	£1,023,990	£80,975	£3,048,365
Option 2: Do Minimum	2677sm	£4,140,127	£128,396	£7,350,027

Option 3: Full Refurbishment	2756sm	£5,201,340	£84,073	£7,303,165
Option 4: New Build	2575sm	£4,256,830	£69,706	£5,999,480

Whilst Option 4 had the least built area, it did have the second highest capital cost requirement, but this was offset by the lowest life cycle cost of the options, combining to create the lowest whole life cost of the 3 site development options (Options 2, 3 and 4).

Option 1 clearly identified that there was a considerable cost requirement to simply retain the existing buildings on the site as a number of them were reaching the end of their useful lives and required considerable expenditure. Expenditure of this magnitude on portable buildings beyond the end of their design life was ill advised and would have no effect on their asset value, which would continue to decline.

When viewed against this consideration, Option 4, represented an additional capital cost of £3.2m (over and above the base option), which would provide:

- a reduction in revenue costs of £11k per annum (£282k over 25 years);
- a net increase of 1,331 square metres of floor space;
- an increase in the asset value of the property;
- address the business need for a compliant building;
- provide modern fit for purpose office and training environments;
- relocate the Incident Command Suite and Command Team to Astley House providing a more suitable facility.

<u>iv) Lancaster House</u>
It was noted that 2 options were considered in respect of the proposals to relocate SHQ to this site:-

- Construction of a new facility replacing that at SHQ, but maintaining Lancaster House in its current format;
- Demolishing Lancaster House and constructing one new combined facility.

At the time of the proposal Members agreed the second option, in order to provide a new combined facility. This new building would include conferencing facilities, and hence would make the following proposal redundant. However should Lancaster House remain in its current guise in the long term then some improvements were required.

In 2011 some refurbishment work was undertaken to improve facilities and extend its usable life, pending any decision on the potential relocation of SHQ. At that time the old gymnasium was converted to a large open space which had been used as a conferencing facility, but was clearly far from ideal. Further to this the toilet facilities for this were extremely poor, with no disabled facility. Nor was there any facility to allow disabled access to the first floor of Lancaster House, and hence this did not comply with the “access for all” agenda. (It did not currently contravene legislation, but it would do if LFRS had a disabled employee or visitor who tried to access the space).

To address these issues and enhance the environment with suitable facilities for a modern conference venue two options have been reviewed:-

- Option A - Create a “fit for purpose” modern, flexible conference space with associated upgraded toilet facilities including the provision of a disabled toilet. This would ensure that the ground floor and conference facility complied with current legislation, which they currently did not. The conference facility would be capable of division to create two medium sized meeting rooms or one large room for pass out parades and authority meetings. Costs were estimated at £320k;
- Option B - As above but with the addition of creating disabled access to the first floor. Costs were estimated at £360k. It was noted that this option would not fully comply with disabled access requirements as there would still be no disabled access to the office accommodation on the mezzanine level.

Until such time as a decision on the long-term future of Lancaster House was reached it was not proposed to pursue this option further. However should Lancaster House be retained in its current usage, option B was the preferred option, i.e. providing enhanced conferencing facilities and some disabled access to classrooms.

Members discussed and agreed that Lancaster House should not be considered for rebuild or refurbishment until a decision was made about the potential relocation of Service Headquarters. The Chairman, CC De Molfetta asked Officers to review options around the potential to relocate Service Headquarters to a future meeting.

<u>Summary</u>
Approval of this work would future proof the site and address some of the under-investment, although it was recognised that changing training requirements may impact on this.

With the exception of Lancaster House works none of this would be impacted by the potential relocation of SHQ, nor would it impact on the likely site for any relocation. It was also noted that the potential relocation of Police Civil Disorder training would also not impact on this works.

<u>Timing</u>
If supported this work would need to be considered alongside the other capital programme items to agree a draft timetable for construction/refurbishment. However in terms of current thinking the fire House was scheduled for refurbishment in April-July 2019, and this timing was currently reflected in next year’s training plan. The new Fleet Garage extension could commence in 2019/20, although it was likely to span 2019/20 and 2020/21. Changes to Astley House would be scheduled after this work had been completed (late 2020/21). Conferencing facilities at STC were dependent on other decisions, hence a realistic timeframe appeared to be late 2020/21, but we would not comply with disability requirements until such time as works were undertaken.

<u>Financial Implications</u>

The capital budget approved last year included the:

Fleet Workshop Extension (18/19)	£2,400k
Fire House Refurbishment (19/20)	£750k
Minerva Replacement (19/20)	£1,250k
Lancaster House Refurbishment (19/20)	£500k
	£4,900k

Based on the above options estimated costs were:

Fire House Refurbishment	£350k
Fleet Workshop Extension	£3,900k
Astley House Refurbishment	£350k
Lancaster House Refurbishment	£360k
Total	**£4,960k**

It was noted that estimated costs were broadly in line with budget, but would be subject to change dependent upon inflationary pressures and any future revision to plans.

RESOLVED: - That the Committee:

- Approved the refurbishment of the Fire House at an estimated cost of £350k;
- Approved the extension of Fleet Garage at an estimated cost of £3,900k;
- Approved the refurbishment of Astley House at an estimated cost of £350k;
- Noted the potential cost of £360k associated with refurbishing the conference facilities at Lancaster House, and determined that Lancaster House should not be considered for rebuild or refurbishment until a decision was made about the potential relocation of Service Headquarters.

17/18 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee would be held on Wednesday, 27 March 2019 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 29 May 2019 and 25 September 2019 and agreed for 27 November 2019.

18/18 URGENT BUSINESS - LANCASHIRE BUSINESS RATES PILOT POOL: MOU

The Director of Corporate Services had circulated this item before the meeting. The Authority had previously agreed to be part of the Lancashire Business Rates Pilot Pool, and on that basis a joint bid had been submitted the Ministry of Housing Communities and Local Government.

To support the application to be a Pilot Pool, the Ministry had asked for all parties to sign a Memorandum of Understanding (MOU) based on the principles of the application already submitted. A draft MOU was considered by Members. This needed signing by the relevant Section 151 Officers and submitting to the Ministry by 30 November 2018.

RESOLVED: - That the Committee approve the signing of the Memorandum of Understanding by the Treasurer.

19/18 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.

20/18 IDRP STAGE 2 - DCP PENSIONABILITY

(Paragraphs 1, 3 and 4)

Further to discussion at the previous Resources Committee meeting the Director of People and Development updated Members on the position regarding the Internal Dispute Resolution Process.

RESOLVED: - That the Committee endorsed the recommendation as set out in the report.

21/18 HIGH VALUE PROCUREMENT PROJECTS

(Paragraph 3)

Members considered a report that provided an update on all contracts for one-off purchases valued in excess of £100,000 and high value procurement projects in excess of £100,000 including: new contract awards, progress of ongoing projects and details of new projects.

RESOLVED: That the Committee noted the report.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood