

LANCASHIRE COMBINED FIRE AUTHORITY

RESOURCES COMMITTEE

Wednesday, 25 September 2019, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

F De Molfetta (Chairman)
S Blackburn
F Jackson
H Khan
T Martin (Vice-Chair)
D O'Toole
M Parkinson OBE (for L Beavers)
T Williams

Officers

B Norman, Assistant 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)
D Brooks, Principal Member Services Officer (LFRS)

49/19 APOLOGIES FOR ABSENCE

Apologies were received from County Councillors Lorraine Beavers, David Stansfield and George Wilkins.

50/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

51/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 29 May 2019 be confirmed as a correct record and signed by the Chairman.

52/19 MINUTES OF MEETING THURSDAY, 29 AUGUST 2019 OF RESOURCES SUB-COMMITTEE (CONTRACT VARIATIONS)

The Resources Sub-Committee (Contract Variations) met on 29 August 2019 and considered information regarding construction procurement, processes, project risks and the principal reasons for contract variations.

Following consideration of the current rules relating to the monitoring of contract

variations as set out in the financial regulations, Members agreed to an individual (not cumulative) variation threshold of £25k and that the Chairman and Vice-Chairman as elected at the meeting (the current CFA Chairman and Leader of the Opposition) be delegated authority to approve any contract variations over the threshold and these would be reported to the subsequent Resources Committee thereby negating the need for further meetings of this Sub-Committee. Re-appointments for delegated authority to approve any contract variations would be made on an annual basis by the full Authority.

RESOLVED: - That the proceedings of the Resources Sub-Committee (Contract Variations) meeting held on 29 August 2019 be noted and endorsed.

53/19 REVISIONS TO THE STATEMENT OF ACCOUNTS 2018/19

The Core Financial Statements for the financial year ended 31 March 2019 were presented to the Resources Committee in May. The report confirmed that:-

- 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 2019;
- this would be subject to review by the Authority's external auditors, Grant Thornton;
- that a further report would be presented to the Audit Committee in July, following completion of the external audit;
- at that meeting the Chair of the Audit Committee would be asked to sign the final statement of accounts, as well as the Treasurer;
- Following this a final audited set of accounts would be presented to the Resources Committee for information.

In light of this, the Committee noted and endorsed the report and core financial statements, based on the various outturn reports presented on the same agenda.

Subsequent to that the full set of accounts were produced and signed by the Treasurer and submitted for audit to Grant Thornton. The External Audit Findings Report was considered as now presented.

The main issues within the report were as follows:-

- Audit opinion - the auditor would give an unqualified opinion on the financial statement;
- Value for money – the auditors concluded that the Authority had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The draft accounts had been adjusted to reflect the impact of the McCloud judgement on the pension liabilities. This adjustment which related to costs associated with both the Firefighter Pensions Scheme and the Local Government Pension Scheme, had arose following a legal challenge in respect of alleged unlawful discrimination arising from the Transitional provisions in the Firefighters Pension Regulations 2015. In 2018 the Court of Appeal ruled that the 'transitional

protection' offered to some members as part of the reform to public sector pensions amounted to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. In light of this it was envisaged that the Court would require changes to arrangements for employees who were transferred to the new schemes which would lead to an increase in pension scheme liabilities. Initial accounting advice provided by CIPFA was to treat this as a contingent liability, however following the Supreme Court's refusal to allow an appeal the accounting policy adopted by external auditors required the additional liability to be recognised in the accounts. Hence the accounts had been adjusted for this. It was noted that the actual impact of an increase in scheme liabilities arising from the judgement would be measured through the pension valuation process which determined employer and employee contribution rates. Excluding this adjustment there were no other changes to the core financial statements.

The Statement of Accounts was updated to reflect the changes identified and a revised statement of accounts as now presented was approved by the Audit Committee in July.

Given the statement of accounts had already been approved by the Audit Committee; Members determined there was no need to bring them in future to the Resources Committee.

RESOLVED: - That the Committee noted the revised Statement of Accounts as approved by the Audit Committee and agreed there was no need for the Resources Committee to review them in future.

54/19 FINANCIAL MONITORING 2019/20

The report set out the current budget position in respect of the 2019/20 revenue and capital budgets and performance against savings targets.

Revenue Budget

The overall position as at the end of July showed an underspend 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.

At the May meeting, it was reported that there was a potential shortfall of £273k in Section 31 grant in relation to Business Rates Relief for 2019/20. Since the meeting, representations had been made to the Ministry of Housing, Communities and Local Government (MHCLG), along with other Local Authorities in the same position and as requested, evidence had been submitted to demonstrate our budgetary shortfall for 2019/20. Although confirmation had not yet been received, it was believed that the criteria as set out by MHCLG had been met in order for them to pay the one off grant of £273k. As such, the budgeted grant income for 2019/20 had not been reduced.

In addition, since the last meeting Section 31 grant funding had been received in relation to the Winter Hill incident of 2018. It had been anticipated claiming this under the Bellwin scheme, which had an element of self-funding (circa £109k), however as it was paid under Section 31 grant reimbursement had been for all bar £15k of the total costs, giving an underspend in 2019/20 of £94k.

In terms of the year end forecast, it was still early in the year however, the latest forecast showed an overall underspend of approximately £0.2m; largely reflecting ongoing vacancies and the additional income in respect of Winter Hill.

It was noted that in line with recent court/ombudsman rulings in respect of the pensionability of allowances a review of all our allowances was being undertaken to determine which were pensionable and which were not. Whilst the review was ongoing it was clear that if any allowances were made pensionable then this would impact on the revenue budget, however at this early stage we had not reflected this in the forecast as presented. Forecasts would be updated as the position became clearer, and Members would be kept updated.

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 31 July	Forecast Outturn at 31 March	Reason
	£'000	£'000	
Service Delivery	(36)	(64)	The variance to date and forecast outturn both reflected:- <ul style="list-style-type: none"> • An additional £58k of grant being allocated to the USAR Team by Government, this announcement only being made after the budget was set; • The additional income generated at Preston due to the extension of the lease arrangement with NWAS until September 2020, generating an additional £25k in 2019/20.
Winter Hill	(94)	(94)	As previously reported, we anticipated claiming under Bellwin for the Winter Hill incident, however we had now received the funding via Section 31 grant and had been reimbursed all bar £15k of the total costs, giving an underspend in 2019/20 of £94k.
Property	97	21	The overspend position related to premises repairs and maintenance, with lighting and drill yard works being carried out at several fire stations. This was a timing issue and reflected orders raised to date for work which had not yet been

			undertaken. Hence we were forecasting a broadly balanced year end position.
Other Non-DFM	(62)	360	The majority of the underspend to date reflected the additional council tax collection fund surplus of £59k due from one of the billing authorities as previously reported. The majority of the forecast overspend reflected the funding gap identified at the time of setting the budget in February.
Whole-time Pay (less Associate Trainers)	(97)	(275)	<p>There were a number of factors contributing to the underspend on whole-time pay at the end of July. The most significant of which were:</p> <ul style="list-style-type: none"> • The Service currently held four more vacancies than allowed for in the budget due to personnel retiring earlier than forecast and a slight shortfall in the number of recruits who commenced on station in April. This gave rise to an underspend of £25k. • However within the total staffing levels there were a number of vacancies at Watch Manager level, which were offset by Fire-fighters. This reflected the difficulty in filling some of the Trainer and Fire Safety posts, generating a further underspend of approx. £50k. • On a similar basis the number of personnel in development was higher than budgeted, which also meant that fewer personnel were in receipt of CPD payments than allowed for. Both of these gave rise to a further underspend of approx. £50k. • In addition a number of personnel had opted out of the pension scheme. The budget was based on the actual number of 'opt outs' at the time of setting the budget. However this had now increased to 35 with the 4 additional 'opt outs' generating a saving of approx. £20k.

			<ul style="list-style-type: none"> Offsetting this Associate Trainer costs were higher than budgeted, by £52k, reflecting additional usage of associates to cover vacancies at TOR and to meet temporary demand for trainers in excess of current staffing levels. <p>As a result of these the overall whole-time budget was underspent by approx. £100k after 4 months of the year. However to put this into context that represented a variance of less than 1% of the budget at the end of July. Some of these variances were a timing issue, as new recruits started, personnel were promoted and as personnel achieved competency and were paid accordingly. This was reflected in the forecast outturn position shown, an anticipated underspend of £275k. However it was still early in the year to make any accurate predictions and we would continue to monitor and report on this.</p>
RDS Pay	14	42	The budget was broadly in line at the end of July. This was reflected in the forecast outturn position, which was based on average activity levels during the second half of the year, and vacancies remaining at a consistent level.
Support staff (less agency staff)	(53)	(130)	<p>The underspend to date and forecast related to vacant posts across various departments, which were in excess of the vacancy factor built into the budget. The majority of these vacancies were currently undergoing recruitment, although ICT and Knowledge Management remained problem areas.</p> <p>Note: agency staff costs to date of £39k were replacing vacant support staff roles, this accounted for less than 2% of total support staff costs.</p>

Capital Budget

The Capital Programme for 2019/20 stood at £7.5m following on from slippage and

other changes to the programme approved at May Resources Committee. Since then the budget had been amended to reflect the removal of the £0.2m budget relating to professional fees for the Preston Fire Station rebuild, following the May Resources Committee decision to put the project on hold. This adjustment took the revised budget to £7.3m.

A review of the programme was being undertaken to identify expected progress against the schemes during the year. The current position as summarised in appendix 2 and summarised below showed committed expenditure to the end of June of £2.9m and was now considered by Members: -

Area	Committed Expenditure to June 2019	Details
	£000	
Pumping Appliances	1,056	The budget allowed for the remaining stage payments for 7 pumping appliances for the 2018/19 programme, for which the order had been placed in January 2018. In addition, the budget allowed for the first stage payments of the 3 pumping appliances for the 2019/20 programme, given we were still finalising the vehicle specification for these, it appeared unlikely that any costs would be incurred in the current year.
Other vehicles	698	This budget allowed for the replacement of various operational support vehicles, the most significant of which were: <ul style="list-style-type: none"> • Two Command Support Units (CSU), the requirements were still being finalised with Service Delivery prior to undertaking a procurement exercise; and • One Water Tower, which had been delivered during quarter one. In addition to these, the budget allowed for various support vehicles which were reviewed prior to replacement. We currently anticipated completing the purchase of all of these other than the Command Support Units, which were likely to slip into next year.
Operational Equipment	4	This budget allowed for completion of the kitting out of three reserve pumping appliances, which were part of the 2018/19 programme, in addition to providing a £50k budget for innovations in fire-fighting to be explored. This budget also allowed for the progression of CCTV on pumping appliances, this project had

		been delayed due to capacity issues; hence it was not clear whether costs would be incurred in the current or next financial year.
Building Modifications	270	<p>This budget allowed for:</p> <ul style="list-style-type: none"> • Provision of a new workshop, BA Recovery and Trainer facility at STC. We had completed design work and were in discussion with Chorley BC relating to planning permissions. We had selected a procurement framework and were commencing works to appoint a contractor/partner to take designs forward. • Refurbishment of the Fire House, where work was nearing completion at the end of June (actually completed in July), and where we had incurred costs of £270k to date. • Provision of an area training hub within the Northern area, and whilst works were on-going on designing this facility, we required the approval of the PFI contractors before proceeding to the procurement stage; • Amendment to accommodation at Morecambe Fire Station to enable co-location with NWAS, however, as referred to above, prior to moving to the procurement stage we required the approval of the PFI contractors; • Based on the latest stock condition survey, several stations had identified upgrades to dormitory and shower facilities. Plans had been finalised and were currently being costed prior to moving to procurement. The actual timing of works would vary depending on Property department capacity to deliver the works. <p>Anticipated in-year spend would depend upon the final procurement route for the above projects and the timeframe for approval to proceed being granted by the PFI contractors.</p>
IT systems	860	<p>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. This national project had suffered lengthy delays to date.</p>

		<p>The replacement station end project had now commenced with equipment ordered and due for delivery in the current calendar year, with installation following thereafter.</p> <p>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 order had been placed and work was underway to install this. We anticipated this project being completed in the current calendar year</p> <p>The budget also allowed for replacement Storage Area Network, the hardware for which had been delivered in quarter one, and would be configured for use in due course.</p> <p>The balance of the budget related to the replacement of various systems, in line with the ICT asset management plan. Whilst procurement work was on-going to facilitate the replacement of some of these systems in the current year, we were still reviewing the need to replace others. Hence further updates on progress would confirm which replacements were being actioned in the current year and anticipated spend profiles.</p>
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The committed costs to date would be met by revenue contributions and usage of capital reserves.

Delivery against savings targets

The current position on savings targets identified during the budget setting process was reported. The performance to date was ahead of target largely due to savings in respect of staffing costs during the period. It was anticipated that we would meet our efficiency target for the financial year.

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

55/19 EQUALITY, DIVERSITY AND INCLUSION ANNUAL REPORT

The Equality Act required the Service, in the exercise of its functions to have due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the law;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

These are often called the 3 main aims of the general duty and are detailed in the Equality Act 2010 s149. This Equality Duty was supported by 2 main specific duties

which required public bodies to publish equality information at least annually and set and publish equality objectives at least every 4 years.

The Annual Equality, Diversity and Inclusion Report, as now presented, documented the Service's performance in relation to meeting its legal duties over the year 2018 – 2019, the workforce profile as at 31 March 2019 and future plans for the Service 1 April 2019 to 31 March 2020. The report included Gender Pay gap details. Using the calculation methodology across LFRS, the mean gender pay gap was significantly different than the national average at -2.56% (equating to a £0.30 positive difference in hourly pay between males and females to the benefit of females), with the median gender pay gap equating to 16.08% (equating to a £2.24 positive difference in hourly rates of pay between males and females to the benefit of males). Our Workforce Profile demonstrated that the trend continued in terms of the Service becoming more diverse in terms of the number of people employed from under-represented groups.

In response to a question from County Councillor O'Toole, the Director of People and Development confirmed that the Service had a number of staff voice groups which included LGBT and disabilities. He confirmed that for any applicant with a physical or mental condition, adjustments could be made but standards would not be compromised. In addition, the recording of information in relation to protected characteristics was reliant on what people were prepared to declare. The number of applications received from BME candidates was relatively low and of those applications, less than 10% were appointed, as was also the case for applicants who declared a disability.

The workforce profile was discussed. The Director of People and Development was pleased that the success rate for female promotions to watch manager positions was 30% and to station manager positions was 50%. Although the number of female applicants was generally low, the successful candidates appointed to watch manager positions accounted for 14.2% of all successful candidates and for station manager positions was 12.5%.

Members felt it would be useful to include previous years data to track performance and to compare our data against other fire and rescue services.

RESOLVED: - That the Committee noted and endorsed the Equality, Diversity and Inclusion Annual Report and agreed the Action Plan for 2018/19.

56/19 ORGANISATIONAL DEVELOPMENT PLAN

The Organisational Development Plan, as now presented set out the Service's approach to technical training, formal qualifications, continuous professional development, leadership and management development.

The Service recognised the importance of leadership as a driver for organisational improvement and managing change to support its aim of making Lancashire safer. Central to the development of leadership capability were the LFRS values (Service, Trust, Respect, Integrity, Valued and Empowered) which sat at the heart of all leadership principles and underpinned all communication and implementation activity associated with leadership.

The Service had developed a leadership framework, presented as appendix 2, as now considered. This was aligned to that of the National Fire Chiefs Council which also focussed on those areas which had been identified as key to delivering improvements within Lancashire. LFRS already had established within its appraisal process a behaviour matrix which supported Service improvement. In defining leadership LFRS had refreshed the Fire Professional definition of leadership as it applied to LFRS: Effective leadership in Lancashire was about developing a vision for the future, as well as understanding the current needs of LFRS. Outstanding leaders were those who engaged with others, energised them to overcome barriers, build confidence and trust and used coaching and support to deliver innovation, successful performance and great customer service. Leaders should be willing to challenge poor behavior wherever it occurred.

Understanding leadership was about setting positive, ambitious and a realistic future for the team, ensuring everything done was linked to organisational plans and values and for the benefit of the residents of Lancashire.

The Organisational Plan detailed the activity that had been delivered so far and that which would be delivered over the next twelve months in terms of delivering the Service ambitions in respect of leadership, organisational culture, professionalism and technical ability.

RESOLVED: - That the Committee noted and endorsed the Leadership Framework and Organisational Development Plan 2018-20.

57/19 LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS

The Local Government Pension Scheme currently offered an Additional Voluntary Contribution (AVC) facility allowing members a tax-efficient way to purchase additional pension on a voluntary basis. At the present time 12 employees contributed to an AVC. A facility existed to improve the current AVC arrangements to a Shared Cost AVC Scheme, allowing employees to save for retirement in a cost efficient way. The main advantage for the employee was that they saved money in both Income Tax and National Insurance Contributions, which increased their benefits making it more beneficial for the employee when compared to paying AVCs in the standard way. The AVC funds continued to be invested with Prudential, via the Lancashire Pension Fund arrangements.

In the Shared Cost AVCs both the employee and LFRS contributed into the AVC fund. The employee paid £1 per month into the AVC fund and the remainder of their total monthly contribution amount was paid by LFRS, through a salary sacrifice arrangement. The employee made savings in Income Tax and National Insurance Contributions (NICs) on the amount of pay they had sacrificed. As a result of switching to a Shared Cost AVC the employees take home pay would increase when compared to paying AVCs in the standard way.

By offering employees the opportunity to swap to a salary sacrifice Shared Cost AVC Scheme, LFRS could save a sum equal to 14.3% of the total salary sacrifice

amount.

To enable this change in the AVC facility it was a requirement to amend the current LGPS Discretions Policy, as now presented to allow the facility to offer Shared Cost AVC's so that employees could benefit from the arrangements described.

RESOLVED: - to amend the current Local Government Pension Scheme Discretions Policy to allow members the option to access the Shared Cost Additional Voluntary Contribution option.

58/19 DATE AND TIME OF NEXT MEETING

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

Further meeting dates were noted for 25 March 2020 and 20 May 2020 and agreed for 23 September 2020.

59/19 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.

60/19 INTERNAL DISPUTES RESOLUTION PROCEDURE - STAGE 2

(Paragraph 1)

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

RESOLVED:- That the Committee requested further independent advice before determining an outcome.

61/19 HIGH VALUE PROCUREMENT PROJECTS

(Paragraph 3)

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

RESOLVED: That the Committee noted and endorsed the report.

62/19 URGENT BUSINESS (PART 2) - REQUEST FOR EXTENSION OF PAID SICK

LEAVE

REQUEST FOR EXTENSION OF PAID SICK LEAVE

(Paragraph 1)

The Director of People and Development tabled a report on the circumstances relating to a proposed extension of sick pay due to cease on 2 October 2019. Subject to the views of the Committee, it was reported that the Chief Fire Officer proposed to agree to the request for the extension of sick pay on the grounds that there were exceptional circumstances.

RESOLVED:- That the Committee agreed to extend the period of sick pay on the grounds that there were exceptional circumstances.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood