

Public Document Pack

Lancashire Combined Fire Authority Resources Committee

**Wednesday, 26 March 2025 in Main Conference Room, Service Headquarters,
Fulwood commencing at 10.00 am.**

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

Agenda

Part 1 (open to press and public)

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

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

1. **Apologies for Absence**

2. **Disclosure of Pecuniary and Non-Pecuniary Interests**

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

3. **Minutes of the Previous Meeting (Pages 1 - 14)**

4. **Financial Monitoring (Pages 15 - 24)**

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

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **02 July 2025** in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are: scheduled for 24 September 2025
 proposed for 26 November 2025

6. **Urgent Business**

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

7. Exclusion of Press and Public

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

PART 2

8. Update from Capital Projects Working Group (Pages 25 - 36)

(Paragraph 3)

9. High Value Procurement Projects (Pages 37 - 40)

(Paragraph 3)

10. Pensions Update (Standing Item) (Pages 41 - 48)

(Paragraphs 4 & 5)

11. Urgent Business (Part 2)

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

**Lancashire Combined Fire Authority
Resources Committee**

Wednesday, 27 November 2024, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
G Baker	
F De Molfetta	
T Hurn	
Z Khan MBE	
D O'Toole	
M Pattison (Vice-Chair)	
S Serridge (Chair)	
D Smith	
R Woollam	
B Yates	

Officers
S Brown, Director of Corporate Services (LFRS) E Sandiford, Director of People and Development (LFRS) B Warren, HR Lead - Pensions and North West Fire Control (LFRS) J Meadows, Head of Finance (LFRS) P Jones, Area Manager, Head of Service Delivery (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)

In attendance

25/24	Apologies for Absence
	None received.
26/24	Disclosure of Pecuniary and Non-Pecuniary Interests
	None received.
27/24	Minutes of the Previous Meeting

Resolved: That the Minutes of the last meeting held on 25 September 2024 be confirmed as a correct record and signed by the Chair.

28/24 **Financial Monitoring 2024/25**

The Director of Corporate Services (DoCS) advised that this report set out the current budget position in respect of the 2024/25 revenue and capital budgets.

Revenue Budget

In February 2024 the Combined Fire Authority (CFA) agreed the Service's 2024/25 revenue budget at £75.155m. This Financial Monitoring report was for the six-month period to the end of September 2024. The forecast outturn was £75.051m, which was a small underspend of (£0.103m). Of the forecast underspend, (£0.135m) related to non-pay costs, and £0.032m to pay costs.

The year-to-date and forecast positions within all departmental budgets were set out in Appendix 1, with the major variances of note shown separately in the table below.

Area	Year to Date Variance £m	Reason	Forecast Outturn Variance £m	Reason
Service Delivery - Pay	0.181	The grey book pay award of 4% had been agreed and was effective from July 2024. This was 1% higher than the services budgeted assumptions and accounted for majority of the overspend.	0.653	The effect of higher than budgeted pay award resulted in a forecast cost pressure of £0.400m. Additional overtime costs had been incurred over the summer which had increased the forecast by £0.194m.
Prevention and Protection - Pay	(0.248)	The year-to-date underspend was due to vacancies within the department.	(0.415)	Several vacant posts existed in the current staffing establishment for which recruitment and reorganisation was planned. It was anticipated that three posts would be recruited to in year, with a number of vacancies to persist for the duration of the financial year.

Bank Interest	(0.100)	More interest had been earned on balances invested because of higher balances invested, due to slippage on the capital programme, and higher than budgeted interest rates. Interest earned on the Home Office pension grant received ahead of Matthews two and McCloud remedy had been assumed to be transferred to a reserve if required to be repaid.	(0.200)	The forecast reflects the full year effect of higher than budgeted interest rates and higher balances invested due to slippage in the capital programme.
Fleet	(0.086)	Vehicle Repair and Maintenance (R&M) costs in the year to date were lower than budget to date.	0.107	There was a small overspend forecast on R&M costs based on historic spending patterns.
Occupational Health – Medical fees	0.043	Staff medical fees were higher than budgeted due to the requirement for mandatory three-year screenings, recruitment screenings and referrals. The cost of providers remained high with few options between providers.	0.114	Costs were anticipated to increase in the latter part of the year due to both On Call and Wholetime recruitment courses planned.
Property	(0.428)	Programmed revenue maintenance costs had been delayed and was expected to fall in the latter half of the financial year. Utilities expenditure had also been less than budgeted in the year to date.	(0.331)	The current outturn forecast currently assumed that property works would be undertaken as planned later in the year. Utility costs were currently forecast to underspend by (£0.400m) due to lower than budgeted usage and rates.

Future Pressures

Green book pay award negotiations concluded in late October. The national employers and trade unions agreed a pay award of £1,290 per annum (pro-rata for part-timers) on pay points 2 to 43, and an increase of 2.5% on locally determined pay points above 43. This would be paid in November and backdated to 1 April 2024. Current pay projections used the 3% budgeted rate. The revised forecast to include the new pay rate was not expected to change significantly.

The employer's contribution rate to the 2015 Firefighters' pension scheme as determined by the scheme actuary had been increased from 28.8% to 37.6%. Additional £2.5m grant funding had been received and added to the budget to offset this pressure, however, funding for 2025/26 was unknown at this stage.

Savings Targets

A reduction in the Contribution to Capital of £1.5m was agreed in the medium-term Financial Strategy resulting in a revenue contribution in 2024/25 of £2.5m. The budget had been reduced to this effect.

General Fund

The year end forecasted general fund position is summarised below:

	£'m
Opening balance of LFRS general fund	(4.987)
Forecast revenue underspend	(0.103)
Forecast closing balance of general fund	(5.090)

Following the final outturn and audit of the financial statements, the opening general fund balance was updated from £4.918m to £4.987m.

Capital Budget

The revised Capital Programme for 2024/25 approved by the Resources Committee was £12m. To date £1.652m had been spent predominantly on fleet and operational equipment. A summary of the programme is set out in the table below and in more detail in Appendix 2 of the report.

Area	Budgeted Items	Budget (£m)	Year to Date (£m)	Slippage 2025/26 (£m)
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Operational Vehicles	<p>The budget included costs of two water towers, two climate change vehicles, three pumping appliances, a prime mover and an aerial ladder appliance. All vehicles were on target to be delivered in 2024/25 with the exception of:</p> <ul style="list-style-type: none"> • Pumping appliances were in the procurement process. • Aerial ladder appliance – delivery due early April 2025. • Large climate change vehicle was in the procurement process and the small one at specification stage. 	2.943	0.446	1.501
Other vehicles	<p>This budget allowed for the replacement of various operational support vehicles including several cars, vans and a beavertail lorry. A few vehicles had been delayed to 2025/26:</p> <ul style="list-style-type: none"> • Four Toyota Rav4 and two small vans were on order, however delivery expected early 2025/26. • Two double cab vans were in the procurement process. • Two rescue team vans had slipped due to delivery and conversion lead times. 	0.948	0.176	0.407
Operational Equipment	<p>This budget allowed for operational equipment purchases including CCTV cameras for appliances, body armour, and road traffic collision equipment. To date the following slippage included:</p> <ul style="list-style-type: none"> • Body Armour – the trial period had been completed and procurement process underway. • Flow meters and hose reel were on trial in Blackpool. It was anticipated there would be an additional budget requirement. • Breathing apparatus compressor was on order with an early 2025/26 lead time. 	1.846	0.812	0.470

Building Modifications	<p>This budget included the continued programme of Drill Tower Replacements, Blackpool facilities upgrade and budget for the initial works to support the upgrade to Preston station. Slippage to date had been identified as follows:</p> <ul style="list-style-type: none"> • The enhancement of facilities at Blackpool (W30) had incurred some initial costs however would see final completion in 2025/26. • Most Drill Tower replacement works had slipped due to unsuccessful award of the contract. • Wylfra training props programme was due to start on site April 2024. • Options appraisal was underway for suitable land acquisition. • Estates improvements would continue into 2025/26. 	3.639	0.125	2.573
IT systems	<p>This budget included various projects including upgraded Firewalls, network upgrades and replacement of pooled PPE and stock management systems. Several IT system projects had been identified as likely to slip into 2025/26; the replacement systems for the management of stock, assets and pooled PPE and public switched telephone network. Existing contracts had been extended. The incident ground radios project had also slipped to next year due to other interdependencies with the breathing apparatus project.</p>	2.593	0.093	0.974

Potential Financial Risks

There were several potential scenarios that had not been reflected in this monitoring report that, if they materialised, may give rise to an increase in revenue and capital expenditure. To provide some information about potential significant financial risks these had been quantified to provide an estimated worst case scenario, these were set out in Appendix 3 of the report. Taking all these risks overall and adjusted for the remainder of the year, a potential worst-case scenario would impact the Revenue Budget and Capital Budget accordingly:

£m	Worst Case
Revenue Budget - unbudgeted costs	3.25
Capital Budget – Additional Expenditure	0.65

	<p>The potential worst-case scenario could be funded from available budgets but would reduce the general fund balance to below the minimum acceptable level agreed by the CFA.</p> <p>In response to a question from Councillor D Smith in relation to the unsuccessful drill tower tender process, the DoCS advised that the contract would be going back out to tender.</p> <p>County Councillor D O'Toole remarked that it was pleasing to see a good level of reserves and it was important to consider the increasing cost of living when reviewing the precept.</p> <p>Resolved: That the Committee;</p> <ol style="list-style-type: none"> 1. Noted and endorsed the financial position; and 2. Approved slippage in the capital programme of £2.53m to 2025/26.
29/24	<p>Treasury Management Mid-Year Report</p>
	<p>The Director of Corporate Services (DoCS) advised that the report set out the Authority's borrowing and lending activities during 2024/25. In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and to strengthen Members' oversight of the Authority's treasury management activities, the Resources Committee received a treasury management mid-year report and a final outturn report. Reports on treasury activity were discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Authority's DoCS and the content of these reports were used as a basis for this report to the Committee.</p> <p>Economic Overview</p> <p>Treasury management activity was taken within the context of prevailing and forecasted economic conditions. UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices.</p> <p>The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.</p> <p>Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.</p> <p>The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years'</p>

energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rates would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025. A table in the report showed the latest forecast for interest rates from Arlingclose.

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 is summarised in the Table below:

	Balance 31/3/24
	£m
Capital Finance Requirement	12.8
Less other debt liabilities	(12.8)
Borrowing Requirement	0.000
External borrowing	2.000

The table showed that the level of loans was above the borrowing requirement. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) in order to generate the cash to repay loans either on maturity or as an early repayment. This had resulted in the CFR being reduced but due to early repayment charges it had not been financially beneficial to repay three loans.

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

Borrowing

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

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

If the loans were to be repaid early there would be an early repayment (premium) charge. Previous reports on treasury management activities had reported that the premium and the potential loss of investment income had been greater than the savings made on the interest payments therefore it had not been considered financially beneficial to repay the loans especially with the potential for increased

interest rates. However, on 30 September 2023 the estimated premium charge to repay the three loans was minimal although rates and the premium changed on a daily basis. To offset the net savings on repaying the loans it was estimated that future interest on investments over the remaining period of the loans would need to be 3.91%. If it was estimated that investment interest rates would be lower than this figure, then it may be beneficial to repay the loans.

Investments

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

The Authority principally invested in a call account provided by Lancashire County Council (LCC) which paid the equivalent of the Debt Management Account Deposit Facility (DMADF) overnight facility. Each working day the balance on the Authority's Current Account was invested in this to ensure that interest was received on surplus balances within an acceptable risk framework. During the period all surplus balances were placed with the County Council via this arrangement. On 30 September this balance was transferred back to the authority to be managed internally. Therefore, on the 30 September this balance was invested in the DMADF overnight facility. At 30 September there was a balance of £29.875m invested in DMADF overnight facility while the average for the period for both LCC call account and DMADF deposits was £16.421m. The current rate for these investments was 4.94% in line with the current overnight rate for DMADF.

To increase the rate earned on current balances, the Authority had placed fixed term investments with other local authorities. To attract a higher rate of interest than was available on the call account these investments would need to be fixed for a longer period of time. The report identified the investments that had been in place during the year. At 30 September there was £23.5m fixed term investment in place, therefore the total investment held at 30 September was £53.375m.

The overall rate of interest earned during this period was 5.322% which was more favourable when compared with the Sterling Overnight Rate (SONIA) which averaged 5.12% over the same period.

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

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

Period	Interest rate
6 months	4.85%
1 year	4.50%
2 year	4.30%
3 year	4.20%

Prudential Indicators

In order to control and monitor the Authority's treasury management functions, a number of prudential indicators were determined against which performance may be measured. The indicators for 2024/25 were approved by the Authority on 19 February 2024 which were detailed in the report alongside the current actual.

Revenue Budget Implications

The 2024/25 revenue budget for treasury management activity showed that anticipated income would exceed expenditure by £1.050m. Considering the activity for the first six months of the year and estimated cash-flow for the remainder of the year the latest forecast was as below:

	2024/25	2024/25	2024/25
	Budget	Forecast	Variance
	£m	£m	£m
MRP	0.000	0.000	0.000
Interest payable	0.090	0.090	0.000
Interest receivable	-1.050	-2.100	-1.050
Net budget	-0.960	-2.010	-1.050

The interest receivable was above budget as the balances and interest rates were higher than anticipated when setting the budget. The forecast assumed interest rates on the call account averaged 4.42% for the remainder of the financial year.

Resolved: That the Committee noted and endorsed the report.

30/24

Productivity and Efficiency Plan 2024/25 - Mid-Year Update

The DoCS presented the productivity and efficiency plan 2024/25 – midyear update to members.

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

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

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

	<p>The 2024/25 plan follows the same format as the previous year. It showed that compared to the Government Spending Review non-pay efficiency savings target for fire authorities of 2%, the LCFA achieved 5.6% on average over the period.</p> <p>The mid-year update of the Productivity and Efficiency Statement for 2024/25 was set out in Appendix B within the agenda pack and showed excellent progress against the agreed actions, with many of them achieved already.</p> <p>To date the service had completed 12,138 Home Fire Safety Checks (HFSCs), which was greater than the 11,737 completed at the end of Q2 2023/24. Built environment training had been provided to all community safety advisors for them to identify areas of non-compliance with the fire safety order. This training provided community safety staff with the knowledge to support residents living in multiple occupation homes along with when onward referral was appropriate to the services protection department. The Service had completed 1,867 Business Fire Safety Checks (BFSCs) year to date, which was greater than the 1,719 completed at the end of Q2 2023/24.</p> <p>The On-Call Improvement Programme (OCIP) was driving transformation across the service with several workstreams to improve productivity and efficiency. Incident Command trainers had reviewed the process for On-Call Incident Command Courses, which had resulted in 10 Courses and 58 staff being trained as Incident Commanders in 2024. This was a significant increase in course delivery from previous years.</p> <p>On-Call Performance Management training for Station Managers and Unit Managers was completed in Q2, which included the roll-out of sector-leading innovative software for On-Call Availability, Recruitment and Skills (OARS). The software had improved the efficiency and effectiveness of workforce planning, development, and performance. OARS is the first of its kind nationally, and the service demonstrated the project and software as best practice at the NFCC On-Call Conference in September.</p> <p>Resolved: That the Committee noted the report.</p>
31/24	Date and Time of Next Meeting
	<p>The next meeting of the Committee would be held on Wednesday 26 March 2025 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 2 July 2025 and 24 September 2025.</p>
32/24	Exclusion of Press and Public
	<p>Resolved: That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.</p>

33/24	Update from Capital Projects Working Group
	<p>(Paragraph 3)</p> <p>The DoCS presented the proceedings of the Capital Projects Working Group held on 9 September 2024.</p> <p>Resolved: That the proceedings of the Capital Projects Working Group be noted.</p>
34/24	Pensions Update (Standing Item)
	<p>(Paragraphs 4 and 5)</p> <p>Members considered a report that provided an update on the various issues which had arisen in respect of the changes to the pension schemes applying to the uniformed members of the Fire Sector.</p> <p>Resolved: That the committee:</p> <ol style="list-style-type: none"> 1. Noted the ongoing situation; 2. Approved renaming the Injury Pensions Sub-Committee to the Pensions Sub-Committee, and 3. Delegated authority to the HR Lead to manage Pension cases to ensure scheme compliance.
35/24	High Value Procurement Projects
	<p>(Paragraph 3)</p> <p>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.</p> <p>Resolved: That the Committee noted and endorsed the report.</p>
36/24	Executive Board Succession Arrangements
	<p>(Paragraph 1)</p> <p>Members received an update from the Clerk to the Authority on the succession arrangements for the Assistant Chief Fire Officer (ACFO), with a recommendation on the arrangements, in accordance with convention.</p> <p>Resolved: That the Committee approved the recommendation outlined in the report.</p>
37/24	Injury Pensions Sub-Committee
	<p>(Paragraph 1)</p>

The Clerk and Monitoring Officer provided a verbal update on the membership of the Injury Pensions Sub-Committee and reiterated that the Sub-Committee would be renamed to the Pensions Sub-Committee.

Resolved: That the Committee noted the verbal report.

**M Nolan
Clerk to CFA**

**LFRS HQ
Fulwood**

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Lancashire Combined Fire Authority Resources Committee

Meeting to be held 26 March 2025

Financial Monitoring 2024/25 (Appendices 1, 2 and 3 refer)

Contact for further information:

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

Executive Summary

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

Recommendation

The Committee is asked to:

- Note and endorse the financial position.
- Approve additional slippage in the capital programme of £0.892m to 2025/26.

Information

Revenue Budget

In February 2024, the Combined Fire Authority (CFA) agreed the Service's 2024/25 revenue budget at £75.155m. This Financial Monitoring report is for the ten-month period to the end of January 2025. The forecast outturn is £74.066m, which is an underspend of (£1.089m). Of the forecast underspend, (£0.962m) relates to non-pay costs, and (£0.127m) to pay costs.

The year-to-date and forecast positions within all departmental budgets are set out in Appendix 1, with the major variances of note shown separately in the table overleaf.

Area	Year to Date Variance £m	Reason	Forecast Outturn Variance £m	Reason
Service Delivery - Pay	0.509	As previously reported the grey book pay award of 4% for 2025/26 was effective from July 2024 and is 1% higher than our budgeted assumptions, this	0.516	The variance is largely due to higher than budgeted pay assumptions. On call and support staff budgets are mainly within allocated budgets. The forecast

		accounts for majority of the overspend.		has reduced by c£0.150m since the November report due to a reduction in overtime costs.
Prevention and Protection - Pay	(0.418)	The year-to-date underspend is due to vacancies within the department.	(0.550)	The variance is due to vacancies, this saving has increased by (c£0.100m) as staffing levels were anticipated to increase.
Bank Interest	(0.385)	More interest has been earned because of higher cash balances invested, due to slippage on the capital programme, and higher than budgeted interest rates. Interest earned on the Home Office pension grant received ahead of Matthews two and McCloud remedy has been assumed to be transferred to an earmarked reserve.	(0.552)	The forecast reflects the full year effect of slippage on the capital programme and higher than budgeted interest rates. The forecast has increased by c£0.350m due to updated cash balance and interest rate assumptions.
Property – non pay	(0.394)	Utility rates have been lower than budgeted resulting in the underspend.	(0.393)	The forecast underspend largely relates to lower than budgeted utility costs. The forecast also assumes any committed property work slippage will be approved to carry forward which is forecast at £0.400m.

Future Pressures

Emerging pressures to report to the Resources Committee include inflation forecasts. As reported to the CFA in February, government grants were increased by the September rate of inflation (1.7%). The latest rate of inflation is now 3% which is likely to put pressure on budgets in 2025/26.

There are no further new pressures to report since the last meeting, the green book pay award and firefighter employer pension contributions have been included in the 2025/26 budget approved by the CFA in February.

Savings Targets

A reduction in the Contribution to Capital of £1.5m was agreed in the medium-term Financial Strategy resulting in a revenue contribution in 2024/25 of £2.5m. The budget has been reduced to this effect.

General Fund

The year end forecasted general fund position is summarised below:

	£'m
Opening balance of Lancashire Fire and Rescue Service (LFRS) general fund	(4.987)
Forecast revenue underspend	(1.089)
Forecast closing balance of general fund	(6.076)

Capital Budget

The original Capital Programme for 2024/25 was £12m including slippage from 2023/24, this was revised to £5m by the CFA in February 2025 when they approved the updated capital strategy. To date £2.793m has been spent predominantly on fleet and operational equipment. A summary of the programme is set out in the table below and in more detail in Appendix 2.

Area	Budgeted Items	Revised Budget (£m)	Year to Date (£m)	Slippage 2025/26 (£m)
Operational Vehicles	The budget includes costs of two water towers, and a prime mover. All vehicles are on target to be delivered in 2024/25. An update on items in the original budget is below: <ul style="list-style-type: none"> Pumping appliances are in the procurement process. Aerial ladder appliance – delivery due early April 2025. Large climate change vehicle in the procurement process and the small one at specification stage. 	1.409	0.924	(0.002)
Other vehicles	This budget allows for the replacement of various operational support vehicles including several cars, vans, and a beavertail lorry. A few vehicles have been delivered which was originally expected to be delayed to 2025/26, an updated against the original budget is provided below:	0.529	0.710	(0.181)

	<ul style="list-style-type: none"> • Four Toyota Rav4 are now delivered, and two small vans are due for delivery April 2026. • Two double cab vans are in the procurement process and delivery expected May 2025. • Two rescue team vans have slipped due to delivery and conversion lead times, expected May 2025. 			
Operational Equipment	<p>This budget allows for operational equipment purchases including CCTV cameras for appliances, body armour, and road traffic collision equipment. Slippage against the original capital programme is set out below:</p> <ul style="list-style-type: none"> • Body Armour – the trial period has been completed and procurement process underway. • Flow meters and hose reel are on trial in Blackpool. It is anticipated there will be an additional budget requirement. • Breathing apparatus compressor is on order with an early 2025/26 lead time. • CCTV on appliances was put on hold in December pending specification requirements. • Road Traffic Collision (RTC) phase 4 is due for completion in June 2025. 	1.359	0.959	0.361
Building Modifications	<p>This budget includes the continued programme of Drill Tower Replacements, Blackpool facilities upgrade and budget for the initial works to support the upgrade to Preston station. Slippage to date against the original capital programme has been identified as follows:</p> <ul style="list-style-type: none"> • The enhancement of facilities at Blackpool (W30) has incurred some initial costs however will see final completion in 2025/26. • Most Drill Tower replacement works have slipped due to unsuccessful initial award of the contract. • Wylfa training props programme is due to start on site April 2024. • Options appraisal is underway for suitable land acquisition. 	1.066	0.153	0.266

	<ul style="list-style-type: none"> • Estates improvements will continue into 2025/26. • Elements of the Preston upgrade have been delayed to early 2025/26. 			
IT systems	<p>This budget includes various projects including upgraded Firewalls, network upgrades and replacement of pooled PPE and stock management systems. Slippage to date against the original capital programme has been identified as follows:</p> <ul style="list-style-type: none"> • The replacement systems for the management of stock, assets and pooled PPE, public switched telephone network. Existing contracts have been extended. • The incident ground radios project has also slipped to next year due to other interdependencies with the breathing apparatus project. • Firewall project is complete however delivery will slip to 2025/26. • North West Fire Control (NWFC) Computer Aided Dispatch has been extended until spring 2026. • Community Fire Risk Management System (CFRMIS) replacement is undergoing the procurement process into 2025/26. • Retained Duty System (RDS) Alerters and Officer Pagers scoping has changed and will slip to 2025/26. 	0.850	0.197	0.448

Potential Financial Risks

There are several potential scenarios that have not been reflected in this monitoring report that, if they materialise, may give rise to an increase in revenue and capital expenditure. To provide some information about potential significant financial risks these have been quantified to provide an estimated worst-case scenario, these are set out in Appendix 3. Taking all these risks overall and adjusted for the remainder of the year (2 months), a potential worst-case scenario would impact the Revenue Budget and Capital Budget accordingly:

£m	Worst Case
Revenue Budget - unbudgeted costs	1.08
Capital Budget – Additional Expenditure	0.22

The potential worst-case scenario could be funded from available budgets but would reduce the general fund balance to below the minimum acceptable level agreed by the CFA.

Financial Implications

As outlined in the report

Legal Implications

None

Business Risk Implications

None

Environmental Impact

None

Equality and Diversity Implications

None

Human Resource Implications

None

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

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

Appendix 1

BUDGET MONITORING STATEMENT January 2025 DFM Expenditure	Revised Annual Budget	Year to Date Budget	Year to Date Actual	Year to Date Variance	Year to Date Variance Pay	Year to Date Variance Non-Pay	Forecast Outturn Variance O/Spend (U/Spend)	Forecast Outturn Variance Pay	Forecast Outturn Variance Non-Pay
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Service Delivery									
Service Delivery	42.495	35.664	36.201	0.537	0.509	0.028	0.502	0.516	(0.014)
Prevention & Protection	3.744	3.231	2.792	(0.439)	(0.418)	(0.021)	(0.555)	(0.550)	(0.005)
Covid-19	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Control	2.168	2.168	2.176	0.008	0.000	0.008	0.008	0.000	0.008
Youth Engagement (inc Princes Trust)	0.016	0.216	0.211	(0.006)	0.003	(0.009)	(0.007)	(0.005)	(0.002)
Special Projects (ISAR)	0.002	0.001	(0.012)	(0.013)	0.000	(0.013)	(0.016)	0.000	(0.016)
Strategy & Planning									
Service Development	2.412	2.053	2.008	(0.044)	(0.036)	(0.009)	0.020	(0.004)	0.024
Training & Operational Review	4.293	3.456	3.310	(0.146)	(0.057)	(0.088)	(0.064)	(0.037)	(0.028)
Fleet & Technical Services	3.442	2.846	2.897	0.052	0.071	(0.019)	0.046	0.056	(0.010)
Information Technology	3.397	2.918	2.883	(0.026)	(0.039)	0.013	(0.125)	(0.081)	(0.044)
Digital Transformation	0.897	0.540	0.509	(0.031)	(0.021)	(0.010)	(0.051)	(0.038)	(0.013)
People & Development									
Human Resources	0.966	0.806	0.782	(0.024)	0.003	(0.028)	0.028	0.004	0.024
Occupational Health Unit	0.310	0.258	0.299	0.040	0.011	0.030	0.055	(0.006)	0.061
Corporate Communications	0.414	0.330	0.330	(0.001)	0.032	(0.033)	0.019	0.049	(0.030)
Safety Health & Environment	0.320	0.268	0.285	0.016	0.012	0.004	0.019	0.013	0.006
Corporate Services									
Executive Board	1.262	1.060	1.052	(0.008)	(0.017)	0.010	(0.030)	(0.039)	0.009
Central Admin Office	0.651	0.545	0.528	(0.017)	(0.003)	(0.014)	(0.016)	(0.014)	(0.002)
Finance	0.229	0.177	0.218	0.041	0.038	0.003	0.046	0.043	0.003
Procurement	0.892	0.657	0.684	0.027	0.029	(0.003)	0.039	0.031	0.008
Property	3.970	2.582	2.155	(0.426)	(0.032)	(0.394)	(0.416)	(0.023)	(0.393)
External Funding	(0.002)	0.003	0.000	(0.003)	(0.045)	0.041	0.000	(0.055)	0.055
TOTAL DFM EXPENDITURE	71.878	59.780	59.307	(0.465)	0.041	(0.506)	(0.500)	(0.139)	(0.361)
Non DFM Expenditure									
Pensions Expenditure	1.432	1.194	1.212	0.019	0.000	0.019	(0.042)	0.000	(0.042)
Other Non-DFM Expenditure	1.845	(1.451)	(2.056)	(0.605)	0.020	(0.625)	(0.547)	0.012	(0.559)
NON-DFM EXPENDITURE	3.277	(0.257)	(0.843)	(0.586)	0.020	(0.607)	(0.589)	0.012	(0.601)
TOTAL BUDGET REQUIREMENT	75.155	59.523	58.464	(1.051)	0.061	(1.113)	(1.089)	(0.127)	(0.962)
Use of Reserves	(0.006)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NET BUDGET	75.149	59.523	58.464	(1.051)	0.061	(1.113)	(1.089)	(0.127)	(0.962)

Appendix 2

CAPITAL BUDGET 2024/25	Revised Programme	Actual as at 31st Jan 2025	Projected Year End Outturn	Projected slippage as at 31s Jan 2025	Estimated final cost	Over/ (Under) Spend
	£m	£m	£m	£m	£m	£m
Vehicles						
Operational Vehicles	1.409	0.924	1.411	-0.002	2.937	-0.006
Support Vehicles	0.529	0.560	0.710	-0.181	0.967	0.019
	1.938	1.484	2.121	-0.183	3.904	0.013
Operational Equipment						
Operational Equipment	1.359	0.959	0.998	0.361	1.840	-0.006
	1.359	0.959	0.998	0.361	1.840	-0.006
Buildings Modifications						
Update Preston Facilities	0.250	0.029	0.150	0.100	0.500	0.000
Development & Land Acquisition	-	-	-	0.000	0.340	0.000
Blackpool Dormitory	0.435	0.026	0.434	0.001	0.834	0.000
Drill tower replacements	0.125	0.075	0.085	0.040	1.208	0.000
Wylfa Prop	0.025	-	0.025	0.000	0.125	0.000
STC Props	-	0.004	0.004	-0.004	0.004	0.004
Estate Improvement Provision	0.232	0.019	0.102	0.130	0.632	0.000
	1.066	0.153	0.800	0.266	3.643	0.004
ICT						
IT Systems	0.850	0.197	0.402	0.448	2.438	-0.155
	0.850	0.197	0.402	0.448	2.438	-0.155
Total Capital Requirement						
	5.213	2.793	4.321	0.892	11.825	-0.144
Funding						
Capital Grant	-	-	-	0.000	0.000	0.000
Borrowing	-	-	-	0.000	0.000	0.000
Revenue Contributions	2.500	2.500	2.500	0.000	2.500	0.000
Earmarked Reserves	-	-	-	0.000	0.000	0.000
Capital Reserves	2.713	0.293	1.821	0.892	9.325	-0.144
Capital Receipts	-	-	-	0.000	0.000	0.000
Total Capital Funding	5.213	2.793	4.321	0.892	11.825	-0.144

Appendix 3

Potential significant risks have been quantified to provide an estimated best case and worst-case scenario for each risk.

	Rev / Cap	Worst Case (Full Year) £m
Industrial Action (Risk 1a) – Costs based on reported figures from other fire authorities adjusted for inflation and size of authority.	Rev	2.5
Pandemic (Risk 1d) – Based on direct costs of COVID19, this was funded but this scenario assumes no funding provided.	Rev	1.3
Overspending and future financial pressures on MTFs due to increase in costs of goods and services and pay (Risk 2b) – based on highest one year CPI increase experienced of 13.5%	Rev	2.0
As above	Cap	1.3
Loss of Utilities (Risk 3) and ICT (Risk 4) – Includes additional repair costs, overtime, hire costs etc.	Rev	0.2
Operational Event (Risk 11) – large scale incidents and events can be significant however there are funding mechanisms such as Bellwin in place. This cost assumes a prolonged period of overtime that would not be met from national funding schemes.	Rev	0.5
Revenue Total		6.5
Capital Total		1.3

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