

# Public Document Pack

## Lancashire Combined Fire Authority Resources Committee

**Wednesday, 26 November 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 - 10)**

4. **Financial Monitoring 2025/26 (Pages 11 - 18)**

5. **Treasury Management Mid-Year Report 2025/26 (Pages 19 - 26)**

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

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **Wednesday 25 March 2026** in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are:            scheduled for 29 June 2026

8. **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**

9. **High Value Procurement Projects (Pages 27 - 30)**

(Paragraph 3)

10. **Pensions Update (Pages 31 - 36)**

(Paragraphs 4 & 5)

11. **Internal Disputes Resolution Procedure (IDRP) - Stage 2 (Pages 37 - 54)**

(Paragraphs 1, 4 & 5)

12. **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 Chair 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, 24 September 2025, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.**

## **Minutes**

<b>Present:</b>	
<b>Councillors</b>	
N Alderson (Vice-Chair)	
A Ali OBE (Chair)	
J Fox	
Z Khan MBE	
A Riggott (Substitute)	
M Ritson	
S Sidat MBE	
D Smith	
J Tetlow	

<b>Officers</b>
S Pink, Assistant Chief Fire Officer (LFRS) S Brown, Director of Corporate Services (LFRS) E Sandiford, Director of People and Development (LFRS) B Warren, HR Lead - Pensions & NWFC (LFRS) J Meadows, Head of Finance (LFRS) J Hutchinson, HR Manager (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)
<b>In attendance</b>
K Wilkie, Fire Brigades Union

11-25/26	<b>Apologies for Absence</b>
	Apologies were received from County Councillor A Blake and Councillor G Baker with County Councillor A Riggott attending as substitute.
12-25/26	<b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>
	None received.
13-25/26	<b>Minutes of the Previous Meeting</b>

	<b>Resolved:</b> That the Minutes of the last meeting held on 8 July 2025 be confirmed as a correct record and signed by the Chair.														
14-25/26	<b>Financial Monitoring</b>														
	<p>The Director of Corporate Services (DoCS) advised that this report set out the current budget position in respect of the 2025/26 revenue and capital budgets.</p> <p><b>Revenue Budget</b></p> <p>Lancashire Fire and Rescue Service's 2025/26 revenue budget was set at £77.511m. The budget profiled to the end of July 2025 was £25.452m and expenditure for the same period was £25.497m which was essentially breaking even. Both pay and non-pay budgets were showing a small year to date overspend of £0.048m on pay, and a small year to date underspend of (£0.003m) on non-pay activities.</p> <p>The budget included £0.5m of savings to be delivered through effective deployment of resources and effective management of overtime, whilst the profile of overtime was higher over the summer period, management information showed that overtime had been avoided and therefore the service forecasted that these savings would be met. Overall, a small overspend was forecast of £0.147m, which was just 0.2% of the services net budget, this reflected the higher than budgeted pay awards of 3.2% for all staff compared to the 3% budgeted. There were inflationary pressures that were highlighted in the Future Pressures section, although at this stage these were not reflected in the forecast position as more information would be needed to provide a more accurate position.</p> <p>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.</p> <table border="1"> <thead> <tr> <th>Area</th><th>Year to Date</th><th>Forecast</th><th>Reason</th></tr> </thead> <tbody> <tr> <td>Service Delivery - Pay</td><td>£0.098m</td><td>£0.155m</td><td>The pay award of 3.2% was agreed effective from July 2025, this was 0.2% above the services budgeted assumptions which largely accounts for the forecast variance.</td></tr> <tr> <td>Prevention and Protection - Pay</td><td>(£0.110m)</td><td>(£0.155m)</td><td>Several vacant posts existed in the current staffing establishment for which recruitment was planned long term. Challenges persisted in recruitment and retention due to competition from the private sector.</td></tr> </tbody> </table>			Area	Year to Date	Forecast	Reason	Service Delivery - Pay	£0.098m	£0.155m	The pay award of 3.2% was agreed effective from July 2025, this was 0.2% above the services budgeted assumptions which largely accounts for the forecast variance.	Prevention and Protection - Pay	(£0.110m)	(£0.155m)	Several vacant posts existed in the current staffing establishment for which recruitment was planned long term. Challenges persisted in recruitment and retention due to competition from the private sector.
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Fleet – Non-Pay	£0.105m	£0.054m	Vehicle repair and maintenance costs remained high due to inflationary pressures and demand for parts across the industry however this was projected to reduce during the year.
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### Future Developments

A pay award of 3.2% was agreed for both Grey Book and Green Book employees, that was above the 3% increase originally included in the budget. For Grey Book staff, the uplift applied from 1 July 2025 and covered all basic pay rates and CPD payments, with the trainee rate of pay removed from National Joint Council (NJC) pay scales. For Green Book employees, the same percentage increase was effective from 1 April 2025, applied as a consolidated, permanent uplift to all NJC pay points and relevant allowances. The unbudgeted element of this increase would place an additional pressure on the 2026/27 budget.

As of August 2025, the UK Consumer Prices Index (CPI) inflation rate stood at 3.83%, continuing an upward trend from earlier in the year. Forecasts from the Office for Budget Responsibility and other independent analysts suggest that CPI inflation would average around 3.2% for the 2025/26 financial year, with a gradual decline expected towards 2.1% by March 2026. This level of inflation was notably higher than the 2% general inflation assumption included in the budget and was placing pressure on both revenue and capital non-pay budgets.

Utility costs were also higher than the 2% inflation assumption at over 6% which was largely due to geopolitical instability. Longer-term projections suggested energy bills would remain at this high level into 2026 placing pressure this year and into the period of the next Budget.

Since January 2025, the Bank of England base rate had gradually declined from 4.75% to 4.00%, with forecasts suggesting a further drop to 2.75% by the end of 2026. Investment returns had followed suit which was higher than budgeted levels, it was therefore likely future projections would include additional income from investment returns.

After years of lobbying for a longer-term settlement and a fairer funding mechanism Government committed to a Spending Review and three-year settlement from 2026/27, and also to review the local government funding formula and business rates retention scheme. Whilst the June 2025 Spending Review announcement did not provide any detail regarding funding for the Fire Service, the subsequent 'Fair Funding 2.0 Consultation' that followed enabled the National Fire Chiefs Council (NFCC) to commission some financial modelling on potential medium term funding implications for the sector and services. In summary the financial modelling showed that:

- There were real term cuts to government grants for the sector.
- There was a reduced share of funding for those fire authorities with lower population growth and higher levels of deprivation.

- Business rates funding from growth was removed.
- Lancashire Fire and Rescue Service unfortunately may experience one of the largest cuts based on this modelling, of the 43 services Lancashire would be the sixth most affected and represented a total cut over the Spending Review period of over £7m (a reduction in the budget of £3.6m from 2028).
- There were other risks that may compound this such as an assumption that all fire authorities increased the council tax precept by the maximum allowed. This was extremely disappointing, and strong representations had been made to Government from across the sector and us.

### **Savings Targets**

Over the period of the Medium Term Financial Strategy (MTFS) £5m of savings was required to be delivered; £0.5m in 2025/26, £1.0m in 2026/27, £1.5m in 2027/28 and 2028/29 and £0.5m in 2029/30. The £0.5m required in 2025/26 to balance the budget would be delivered by using Dynamic Resource Management (DRM), for the effective deployment of resources and effective management of overtime.

The Dynamic Resource Management policy came into effect on 1 July which provides steps which could be taken prior to using overtime to fill shortfalls, including using the fifth crew member from the Urban Search and Rescue (USAR) stations and redistributing the crew from second pumps at two pump wholetime stations where there was adequate fire cover in the area. The one-month initial review showed that the policy so far had been effective in reducing overtime costs whilst maintaining response standards. This monitoring report assumed the success of this policy would be maintained for the year and the savings would be delivered, although it was still early in the financial year.

The Productivity and Efficiency Plan for 2025/26 included £0.572m of savings to be delivered in 2025/26; the delivery of £0.5m is explained above. The balance of £0.072m was a balance of some smaller initiatives such as procurement savings, this would be reported through our update of progress against the plan later in the year.

### **Capital Budget**

The revised Capital Programme for 2025/26 approved by the Resources Committee was £13.884m and to date £1.602m had been spent. A summary of the programme was set out below and in more detail in Appendix 2.

<b>Area</b>	<b>Budgeted Items</b>	<b>Budget</b>	<b>Year to Date</b>
Operational Vehicles Budget	The budget included initial costs of six large Type B pumping appliances, two smaller Type A pumping appliances. All were on target for delivery this financial year.	£2.911m	£0.0m

Other vehicles Budget	This budget allowed for the replacement of various operational support vehicles including several cars, vans and a welfare unit. All were on target for delivery this financial year.	£1.284m	£0.289m
Operational Equipment Budget	This budget allowed for operational equipment purchases including Breathing Apparatus, CCTV cameras for appliances, stab vests and helmets, flow meters and hose reel, cutting and extrication equipment.	£1.897m	£0.077m
Building Modifications Budget	This budget included the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£4.538m	£0.793m
IT systems Budget	This budget included various projects including upgraded Firewalls, network upgrades, Retained Duty System Alerts, North West Fire Control (NWFC) Dispatch System and replacement of each protection, pooled PPE and stock management systems, and a Firefighting Robot.	£3.254m	£0.443m

A detailed review of the Capital Programme had identified a number of areas where expenditure would slip into 2026/27, the table below sets out the main items of slippage:

Area	Slippage to 2026/27	Reason
Operational Equipment	(£0.042)	The project to replace disposable gastight suits would slip to 2026/27 due to vehicle interdependencies.
Building Modifications	(£1.190)	The Development and Land Acquisition budget of £0.840m was requested to be slipped to next year with the acquisition of land in the Preston area on hold due to the lack of availability of appropriate sites. £0.350m was also requested to be slipped to next year following revision of the programme.
	<b>(£1.232)</b>	

The Chair explained that some potential savings may be realised from the Local Government Pension Scheme (LGPS) tri-annual review of the pension fund and suggested that the Director of Corporate Services write to Lancashire County

	<p>Council's Chief Executive to ascertain if this was the case.</p> <p>Additionally, the Chair explained that Lancashire Fire and Rescue Service was lobbying MP's regarding the fair funding agreement and asked that scenario planning be undertaken by the service in anticipation of the settlement.</p> <p>In response to a question from County Councillor J Tetlow in relation to the potential for pay freezes, the Director of People and Development (DoPD) explained that the service was part of a national pay negotiation agreement and whilst a freeze on pay could be agreed it was not something that the service could agree independently. She outlined that it was important that any pay decisions were balanced with employee relations within a competitive employment market.</p> <p><b>Resolved:</b> That the Committee noted and endorsed the financial position and approved slippage in the capital programme of £1.232m to 2026/27.</p>
15-25/26	<p><b>Equality, Diversity and Inclusion Annual Report</b></p> <p>The Director of People and Development (DoPD) presented the report. The Equality, Diversity, Inclusion and Culture Annual Report 2024 – 2025 and Delivery Plan 2025 – 2026 offered a comprehensive overview of Lancashire Fire and Rescue Service's (LFRS) ongoing commitment to fostering equality, diversity, and inclusion across its operations. As a public sector body, the Service had a legal obligation to comply with the Public Sector Equality Duty. LFRS's approach was further informed by feedback from inspections in other Services and feedback and recommendations from His Majesty's Inspectorate of Constabulary and Fire and Rescue (HMICFRS). The work undertaken by the Service in relation to equality, diversity and inclusion (EDI), was focused on the identification of risk and undertaking action which would minimise risks and keep people safe.</p> <p>Key areas covered within the report included;</p> <p><b>Accessibility</b> LFRS Corporate Communications Department ensured that information was made available in a variety of formats and using multiple channels to effectively engage Lancashire's diverse communities.</p> <p>In 2024-25, the website experienced increased visitor numbers, likely attributable to enhancements in design and accessibility following its relaunch in 2023-24. During the year, an accessibility tool was trialled and subsequently implemented permanently on the website; over a three-month period, features such as screen reader and keyboard assistance were utilised by 2,389 users. In 2024-25, messaging regarding e-bike and e-scooter safe purchasing behaviours was added to the website in various languages, complementing existing fire safety advice available in 26 additional languages to enhance accessibility for non-native English speakers. Fire safety videos were also provided in British Sign Language. Fire safety advice was distributed in accessible formats on social media platforms. Staff continued to receive training to produce accessible social media content. All video content, including public safety footage from emergency incidents, was published with subtitles. Approximately 60 staff members received accessibility training during the year through in-person, online sessions, and a webinar, now</p>



available to all employees, to ensure that website and intranet content remained accessible.

The Corporate Communications Department actively supported LFRS prevention initiatives by partnering with prevention, community fire safety, and operational teams. Campaigns were developed through a structured planning process, focusing on objectives and target audiences determined by data and risk analysis in areas such as cooking safety, rechargeable battery fires, and water safety. Each campaign aimed to encourage safer practices among targeted groups and was evaluated through structured debriefs. In January 2024, the department supported a positive action campaign encouraging women and under-represented groups to explore career opportunities at LFRS. In 2024-25, the department delivered 21 campaigns—including three recruitment efforts—reaching a combined audience of 80,420,611 people, generating 1,265,779 engagements with an overall engagement rate of 9%, compared to an industry average of 5%.

### **Engagement and Consultation**

Social media engagement varied across platforms during 2024-25, with notable increases observed on Facebook (+24%), LinkedIn (+24%), and NextDoor (+17%), contrasted by decreases on Instagram (-28%, attributed to platform algorithm changes), TikTok (-10%, also due to algorithm fluctuations), and X (-75%, resulting from reduced usage). The Service evaluated the demographics of followers across each platform to determine optimal channels for reaching diverse groups. Email newsletter subscribers increased by 5.8% to a total of 101,061.

In 2024-25, the Service launched several e-newsletters focused on prevention, protection, and partnership, offering pertinent risk information and service updates for dissemination by agencies and businesses engaging with residents. The quarterly stakeholder e-newsletter, 'Hot Topics', was distributed to key stakeholders, including partner organisations, MPs, town and parish councils, and community groups.

The Service also produced episodes of its podcast series, "Out of the Ashes: Stories from Lancashire," featuring topics such as youth empowerment through The King's Trust Programme, the responsibilities of on-call firefighters, and preparations for unexpected business disruptions. These episodes included interviews with young people, on-call firefighters, and business representatives.

During 2024-25, principal officers, directors, and area managers completed 95 station visits; 12 in-person staff events were held with service delivery managers, accompanied by 10 online crew sessions. There were 176 wellbeing interactions—including workshops, support dog visits, and station drop-ins—as well as 12 "On the Menu" events covering various topics.

### **Recruitment and Selection**

Recruitment and progression data was analysed and reported to the equality, diversity, inclusion and culture (EDIC) Board and the demographic profile of the Service was reported quarterly to the Performance Committee. LFRS continued its journey to improve the diversity of the workforce to ensure that it represented the community it serves. Positive action was delivered to attract a diversity of candidates to fill the Wholetime firefighter apprenticeship course that began in

February 2025. The service had taken an integrated approach in relation to delivering positive action and promoting LFRS as an employer of choice; colleagues from human resources and operational staff worked together to deliver attraction events supported by other colleagues from the service's employee voice groups. Four "Have a Go" events were delivered by project members, at various stations including a flagship event held at our Leadership and Development Centre to coincide with International Women's Day, with a total of 74 attendees. Further "Have a Go" events were planned for 2025/26.

Whilst no Wholetime Firefighter recruitment took place in 2024/25, 99 other recruitment campaigns associated with Grey and Green Book staff occurred between 01/04/2024 and 31/03/2025, full details were included within Appendix B of the report.

### **Workforce Profile**

Employment monitoring data was collected and reported annually in relation to all protected groups apart from gender reassignment due to the sensitive confidential nature of this data. Since 2023/24, the proportion of women employed increased from 20.8%. The percentage of employees identifying as BME decreased from 3.7% to 3.5%. The proportion of staff declaring a disability rose from 2.9% to 3.4%. The percentage of employees who identified as LGBT+ increased from 3.7% to 4.4%.

### **Disciplinary cases**

There were 18 disciplinary investigations during the period 1 April 2024 to 31 March 2025 which was 10 fewer than the previous year.

The outcomes of these cases where:

- Three dismissals
- No final written warnings
- Two formal written warnings
- Three management letters
- Four people resigned or retired before the hearing. Of these, two investigations were considered Gross Misconduct and would have resulted in dismissal, one was not deemed Gross Misconduct and therefore the outcome would not have been dismissal, whilst the fourth remained ongoing into 2025/26.
- Six ongoing into 2025/26

The disciplinary investigations addressed alleged breaches of Service policy—such as vehicle or property damage, inappropriate social media use, failure to follow instructions, non-responsiveness, and alleged criminal activity outside work.

No disproportionate impact was found on any minority group.

In response to a question from Councillor D Smith in relation to the report being brought to Resources Committee rather than other committees, the Clerk explained that the report was about people resources. The DoPD added that matters traditionally reported to Resources Committee had been about the people resource, and financial resources, but she acknowledged that a lot of the detail within the report was linked to performance, she confirmed that it was a member decision where the report would be reported. The Chair added that the report

	<p>could also be shared with Performance Committee.</p> <p>In response to a question from Councillor S Sidat in relation to the average age within the workforce being 40 years old, the DoPD explained that this had reduced in recent years. The average age used to be much older due to historical recruitment freezes, where there was also a reduction in new people joining the Service, she referenced that there has historically been lower staff turnover in comparison to the private sector and firefighters generally stayed within the Service until they could access their pension on retirement. She added that talent mapping was carried out to plan for the eventuality of people retiring from the Service. The Clerk added that other factors for the reduction in average age could include the changes to the default retirement age and pension scheme changes.</p> <p>In response to a question from County Councillor J Tetlow in relation to utilising Instagram and Tiktok as part of recruitment campaigns, the DoPD explained that the service used a full range of social media with an evaluation carried out after each campaign. County Councillors M Ritson and J Tetlow asked about the reduction in engagement on Tiktok and it was agreed that the Assistant Director of Communication and Engagement would contact County Councillor J Tetlow outside of the meeting to discuss further.</p> <p>The Chair requested that any vacancies be shared with members via email to allow them to share recruitment opportunities.</p> <p><b>Resolved:</b> That the report be noted.</p>
16-25/26	<p><b>Date and Time of Next Meeting</b></p> <p>The next meeting of the Committee would be held on <b>Wednesday 26 November 2025</b> at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 25 March 2026 and 29 June 2026.</p>
17-25/26	<p><b>Exclusion of Press and Public</b></p> <p><b>Resolved:</b> That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.</p>
18-25/26	<p><b>Update from Capital Building Projects Working Group</b></p> <p>(Paragraph 3)</p> <p>Members were provided with an update from the Capital Building Projects Working Group.</p> <p><b>Resolved:</b> That the report be noted.</p>

19-25/26	<b>High Value Procurement Projects</b>
	<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><b>Resolved:</b> That the Committee noted and endorsed the report.</p>
20-25/26	<b>Pensions Update (Standing Item)</b>
	<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><b>Resolved:</b> That the committee noted the current situation.</p>

**M Nolan**  
**Clerk to CFA**

**LFRS HQ**  
**Fulwood**

## Lancashire Combined Fire Authority Resources Committee

Meeting to be held 26 November 2025

### Financial Monitoring 2025/26

(Appendices 1 and 2 refer)

Contact for further information:

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

#### Executive Summary

The report sets out the budget position to the end of September in respect of the 2025/26 revenue and capital budgets.

#### Recommendation

The Committee is asked to:

- Note and endorse the financial position.
- Approve slippage in the capital programme of £0.100m to 2026/27.

### Information

#### Revenue Budget

Lancashire Fire and Rescue Service's 2025/26 revenue budget has been set at £77.511m. The budget profiled to the end of September 2025 is £37.475m and expenditure for the same period is £37.648m, which is essentially breaking even. Both pay and non-pay budgets are showing a small year to date overspend totalling £0.173m; £0.057m on pay budgets and £0.117m on non-pay budgets.

The budget included £0.5m of savings to be delivered through effective deployment of resources and effective management of overtime, whilst the profile of overtime is higher over the summer period, management information shows that overtime has been avoided and therefore we are forecasting that these savings will be met.

Overall, a small overspend is forecast of £0.250m, which is just 0.3% of our net budget, this largely reflects the higher than budgeted pay awards of 3.2% for all staff compared to the 3% budgeted. 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	Forecast	Reason
Service Delivery - Pay	£0.275m	£0.309m	The variance is largely due to two factors; the pay award of 3.2% from July 2025 is 0.2% above our budgeted assumptions, and higher than budgeted activity levels for on call staff. This pressure will need to be reflected in the 2026/27 budget.

Area	Year to Date	Forecast	Reason
Prevention and Protection - Pay	(£0.150m)	(£0.201m)	Several vacant posts exist in the current staffing establishment for which recruitment is planned long term. Challenges continue to persist in recruitment and retention due to competition from the private sector.
Fleet – Non-Pay	£0.105m	£0.122m	Vehicle repair and maintenance costs remain high due to inflationary pressures and demand for parts across the industry, this is however projected to reduce during the year.

### Future Developments

As previously outlined a pay award of 3.2% was agreed for both Grey Book and Green Book employees, this was above the 3% increase originally included in the budget.

As of September 2025, the UK Consumer Prices Index (CPI) inflation rate stands at 3.8%, continuing an upward trend from earlier in the year. This level of inflation is notably higher than the 2% general inflation assumption included in the budget and is placing pressure on both revenue and capital non-pay budgets.

Utility costs are also higher than the 2% inflation assumption at over 6% which is largely due to geopolitical instability. Longer-term projections suggest energy bills will remain at this high level into 2026 placing pressure this year and into the period of the next Budget.

Since January 2025, the Bank of England base rate has gradually declined from 4.75% to 4.00%, with forecasts suggesting a further drop to 3.75% by the end of 2026. £0.5m of additional investment returns are assumed to be transferred to the capital reserve due to higher cash balances, delays in the capital programme, and higher interest rates, this will assist towards inflationary pressures on the capital programme in future years.

At the last meeting the Committee received an update on the 'Fair Funding 2.0 Consultation' that potentially reduces future funding by an estimated £3.6m by the end of the spending review period in 2029. Whilst no further information has been received extensive lobbying has taken place with Government in recent weeks.

## **Savings Targets**

Over the period of the Medium Term Financial Strategy (MTFS) £5m of savings is required to be delivered; £0.5m in 2025/26, £1.0m in 2026/27, £1.5m in 2027/28 and 2028/29 and £0.5m in 2029/30. The £0.5m required in 2025/26 to balance the budget this will be delivered by using the Dynamic Cover Tool, for the effective deployment of resources and effective management of overtime.

To deliver the £0.5m savings required for 2025/26 the Dynamic Resource Management (DRM) policy came into effect on 1 July which provides steps which can be taken prior to using overtime to fill shortfalls, including using the fifth crew member from the Urban Search and Rescue (USAR) stations and redistributing the crew from second pumps at two pump wholtime stations where there is adequate fire cover in the area. The initial data shows that the policy so far has been effective in reducing overtime costs whilst maintaining response standards. This monitoring report assumes the success of this policy will be maintained for the year.

The Productivity and Efficiency Plan for 2025/26 includes £0.572m of savings to be delivered in 2025/26; the delivery of £0.5m has been explained above. The balance of £0.072m is a balance of some smaller initiatives such as procurement savings, this will be reported through our update of progress against the plan later in the year.

## **General Reserve**

The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. In February the Authority approved the minimum level of General Reserve as advised by the Treasurer at £3.850m. The General Reserve at 31 March 2025 was £5.556m and with the forecast overspend this is set to reduce to £5.306, this remains above the minimum level of General Reserve set by the Authority.

## **Capital Budget**

The revised Capital Programme for 2025/26 approved by the September's Resources Committee is £12.652m and to date £2.280m has been spent. A summary of the programme is set out in the table below and in more detail in Appendix 2.

<b>Area</b>	<b>Budgeted Items</b>	<b>Budget</b>	<b>Year to Date</b>
Operational Vehicles Budget	The budget includes the initial costs of six large Type B pumping appliances, two smaller Type A pumping appliances. All are on target for delivery this financial year.	£2.911m	£0.0m
Other vehicles Budget	This budget allows for the replacement of various operational support vehicles including several cars, vans and a welfare unit. All are on target for delivery this financial year.	£1.284m	£0.379m

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Building Modifications Budget	This budget includes the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£3.348m	£1.301m
IT systems Budget	This budget includes various projects including upgraded Firewalls, network upgrades, Retained Duty System Alerts, North West Fire Control (NWFC) Dispatch System and replacement of each protection, pooled PPE and stock management systems, and a Firefighting Robot.	£3.254m	£0.495m
		<b>£12.652m</b>	<b>£2.280m</b>

A detailed review of the Capital Programme has identified areas where expenditure will slip into 2026/27, the table below sets out the main item of slippage:

Area	Slippage to 2026/27	Reason
IT Systems	(£0.100)	A cloud solution is now being considered for the Geographic Information System.
	<b>(£0.100)</b>	

### 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, 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

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

<b>BUDGET MONITORING STATEMENT SEPTEMBER 2025 DFM Expenditure</b>	<b>Revised Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Total *</b>	<b>Year to Date Varianc e</b>	<b>Year to Date Variance Pay</b>	<b>Year to Date Variance Non-Pay</b>	<b>Forecast Outturn Variance O/Spend (U/Spend)</b>	<b>Forecast Outturn Variance Pay</b>	<b>Forecast Outturn Variance Non-Pay</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Delivery</b>									
Service Delivery	44.231	22.713	23.001	0.288	0.275	0.013	0.349	0.309	0.040
Prevention & Protection	3.865	1.935	1.764	(0.172)	(0.150)	(0.022)	(0.203)	(0.201)	(0.002)
Control	2.237	1.118	1.100	(0.018)	0.000	(0.018)	0.000	0.000	0.000
Youth Engagement (inc Princes Trust)	0.022	0.311	0.312	0.001	0.002	(0.002)	(0.001)	0.003	(0.003)
Special Projects (ISAR)	0.002	0.001	(0.008)	(0.008)	0.000	(0.008)	(0.031)	0.000	(0.031)
<b>Strategy &amp; Planning</b>									
Service Improvement	2.592	1.336	1.348	0.012	0.020	(0.008)	(0.012)	0.013	(0.025)
Leadership and Development Centre	4.529	2.364	2.384	0.021	0.058	(0.037)	0.103	0.077	0.025
Fleet & Technical Services	3.401	1.986	2.103	0.117	0.012	0.105	0.155	0.032	0.122
Digital Data and Technology (DDAT)	4.561	2.839	2.867	0.028	(0.000)	0.029	(0.026)	0.000	(0.026)
Digital Transformation	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>People &amp; Development</b>									
Human Resources	1.011	0.510	0.528	0.019	0.023	(0.005)	0.023	0.042	(0.019)
Occupational Health Unit	0.372	0.154	0.113	(0.041)	(0.035)	(0.006)	(0.060)	(0.060)	0.000
Corporate Communications	0.503	0.251	0.210	(0.041)	(0.026)	(0.014)	(0.036)	(0.030)	(0.006)
Safety Health & Environment	0.335	0.160	0.187	0.027	0.018	0.009	0.053	0.062	(0.009)
<b>Corporate Services</b>									
Executive Board	1.197	0.632	0.653	0.022	0.028	(0.007)	0.062	0.067	(0.005)
Central Admin Office	0.766	0.383	0.299	(0.084)	(0.071)	(0.012)	(0.119)	(0.110)	(0.010)
Finance and Procurement	1.284	0.735	0.732	(0.003)	(0.020)	0.017	0.021	(0.013)	0.034
Property	3.476	1.591	1.575	(0.016)	(0.076)	0.060	(0.047)	(0.131)	0.084
External Funding	0.000	0.007	0.000	(0.007)	0.000	(0.007)	(0.000)	0.000	(0.000)
<b>TOTAL DFM EXPENDITURE</b>	<b>74.384</b>	<b>39.025</b>	<b>39.170</b>	<b>0.145</b>	<b>0.058</b>	<b>0.087</b>	<b>0.230</b>	<b>0.060</b>	<b>0.170</b>
<b>Non DFM Expenditure</b>									
Pensions Expenditure	1.452	0.542	0.542	(0.000)	0.000	(0.000)	0.000	0.000	0.000
Other Non-DFM Expenditure	1.675	(2.092)	(2.064)	0.028	(0.002)	0.030	0.020	(0.005)	0.025
<b>NON-DFM EXPENDITURE</b>	<b>3.126</b>	<b>- 1.550</b>	<b>- 1.522</b>	<b>0.028</b>	<b>- 0.002</b>	<b>0.030</b>	<b>0.020</b>	<b>- 0.005</b>	<b>0.025</b>
<b>TOTAL BUDGET REQUIREMENT</b>	<b>77.511</b>	<b>37.475</b>	<b>37.648</b>	<b>0.173</b>	<b>0.057</b>	<b>0.117</b>	<b>0.250</b>	<b>0.055</b>	<b>0.195</b>
Use of Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>NET BUDGET</b>	<b>77.511</b>	<b>37.475</b>	<b>37.648</b>	<b>0.173</b>	<b>0.057</b>	<b>0.117</b>	<b>0.250</b>	<b>0.055</b>	<b>0.195</b>

## Appendix 2

<b>Capital Budget Monitoring Month Ending September 2025</b>					
<b>CAPITAL BUDGET 2025/26</b>	<b>Revised Programme</b>	<b>Slippage to be approved at November resources</b>	<b>Revised Programme</b>	<b>Actual as at September 2025</b>	<b>Projected Year End Outturn</b>
<b>Vehicles</b>					
Operational Vehicles	2.911	-	2.911	-	2.911
Support Vehicles	1.284	-	1.284	0.379	1.284
	4.195	-	4.195	0.379	4.195
<b>Operational Equipment</b>					
Operational Equipment	1.855	-	1.855	0.105	1.855
	1.855	-	1.855	0.105	1.855
<b>Buildings Modifications</b>					
Update Preston Facilities	0.433	-	0.433	0.102	0.433
Development & Land Acquisition	-	-	-	-	-
Blackpool Dormitory	0.498	-	0.498	0.494	0.498
Drill tower replacements	1.381	-	1.381	0.369	1.381
Wylfa Prop	0.175	-	0.175	0.100	0.175
Estate Improvement Provision	0.861	-	0.861	0.236	0.861
	3.348	-	3.348	1.301	3.348
<b>ICT</b>					
IT Systems	3.254	(0.100)	3.154	0.495	3.154
	3.254	(0.100)	3.154	0.495	3.154
	0.000				
<b>Total Capital Requirement</b>	<b>12.652</b>	<b>(0.100)</b>	<b>12.552</b>	<b>2.280</b>	<b>12.552</b>
<b>Funding</b>					
Revenue Contributions	2.500		2.500	2.280	2.500
Capital Reserves	10.152	(0.100)	10.052	-	10.052
<b>Total Capital Funding</b>	<b>12.652</b>		<b>12.552</b>	<b>2.280</b>	<b>12.552</b>
<b>Fleet</b>	<b>4.195</b>	<b>0.000</b>	<b>4.195</b>	<b>0.379</b>	<b>4.195</b>
<b>Equipment</b>	<b>1.855</b>	<b>0.000</b>	<b>1.855</b>	<b>0.145</b>	<b>1.855</b>
<b>Property</b>	<b>3.348</b>	<b>0.000</b>	<b>3.348</b>	<b>1.261</b>	<b>3.348</b>
<b>ICT</b>	<b>3.254</b>	<b>(0.100)</b>	<b>3.154</b>	<b>0.495</b>	<b>3.154</b>
	<b>12.652</b>	<b>(0.100)</b>	<b>12.552</b>	<b>2.280</b>	<b>12.552</b>

## 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
<b>Revenue Total</b>		<b>6.5 (part yr 3.25)</b>
<b>Capital Total</b>		<b>1.3 (part yr 0.65)</b>

## Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 26 November 2025

### Treasury Management Mid-Year Report 2025/26 as at 30 September 2025

Contact for further information:

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

#### Executive Summary

The report sets out the Authority's borrowing and lending activities during 2025/26. Decisions taken were in accordance with the Treasury Management Strategy and were based on anticipated spending and interest rates prevailing at the time.

#### Recommendation

The Authority is asked to note and endorse the report.

#### Information

In accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Treasury Management Code of Practice and to strengthen members' oversight of the Authority's treasury management activities, the Resources Committee receives a treasury management mid-year report and a final outturn report. Reports are discussed with the Authority's Director of Corporate Services on a quarterly basis, and the content of these reports is used as a basis for this report to the Committee.

#### Economic Overview

The first half of 2025/26 saw:

- A 0.3% pick up in Gross Domestic Product (GDP) for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
- The 3-month comparison to the same three months last financial year rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
- Consumer Prices Index (CPI) inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
- The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.

From a GDP perspective, the financial year got off to a bumpy start with the 0.3% monthly fall in real GDP in April as front-running of US tariffs in quarter one (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% compared to the previous quarter. Looking ahead, ongoing speculation about further tax

risers in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.

With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the Office for Budget Responsibility's (OBR) forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.

CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the Monetary Policy Committee vote 7-2 for keeping rates at 4%.

The Authority's treasury advisors MUFG Corporate Markets assist the Authority to formulate a view on interest rates. The Public Works Loans Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 base points (bps)) which has been accessible to most authorities since 1 November 2012.

MUFG Corporate Markets' latest forecast on 11 August sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

### Treasury Management position and Policy

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying

resources available for investment. The treasury management activity is 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 31/03/25
	£m
Capital Finance Requirement	12.440
Less other debt liabilities	(12.440)
Borrowing Requirement	0.000
External borrowing	2.000

The table above shows that the level of loans was above the borrowing requirement. This is the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) to generate the cash to repay loans either on maturity or as an early repayment.

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

### **Borrowing**

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

The long-term debt outstanding of £2m has been borrowed from the PWLB. The table below show the maturity profile of the Authority's borrowings, along with an interest rate paid.

Loan Amount	Maturity Date	Interest rate
£0.700m	June 2037	4.480%
£0.650m	June 2036	4.490%
£0.650m	December 2035	4.490%

If the loans were to be repaid early there would be an early repayment (premium) charge. At the reporting date the Authority could achieve an interest saving of £2k for early repayment of the loans above however, with the Authority budgeting a borrowing requirement to fund the capital programme from 2026/27, the additional interest on new loans would outweigh the £2k saving from early repayment.

### **Investments**

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is 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.

In the period the Authority has invested funds in the Debt Management Office's (DMO) Debt Management Account Deposit Facility (DMADF) overnight facility and other local

authorities. Each working day the balance on the Authority's current account was invested in this to ensure that interest is received on surplus balances within an acceptable risk framework.

At 30 September there was a balance of £12.385m invested in DMADF overnight facility while the average for the period for DMADF deposits was £18.757m. The current rate for these investments is 3.95% 25bps below the Bank of England base rate.

To increase the rate earned, the authority has placed fixed term investments with other local authorities. To attract a higher rate of interest than is available on the call account these investments will need to be fixed for a longer period of time. During the year the following investments have been in place:

Start	Finish	Principal £m	Interest Rate	Annual interest	Interest in 2025/26
29-Aug-24	28-Aug-25	5	4.80%	239,342	97,973
03-Feb-25	30-Sep-25	5	5.65%	184,979	140,863
02-Oct-24	01-Oct-25	5	4.70%	234,356	117,822
19-Feb-25	18-Feb-26	5	5.50%	274,247	243,356
22-Apr-25	21-Apr-26	5	4.50%	224,384	212,055
30-Apr-25	29-Apr-26	5	4.75%	236,849	218,630
30-Jul-25	29-Jul-26	5	4.15%	206,932	139,281
29-Sep-25	28-Sep-26	5	4.15%	206,932	104,603
30-Sep-25	29-Sep-26	5	4.25%	211,918	106,541

At 30 September there was £35.0m fixed term investment in place, therefore the total investment held at 30 September is £47.385m.

The overall rate of interest earned during this period was 4.65% which is favourable when compared with the 7-day Sterling Overnight Rate (SONIA) which averaged 4.20% over the same period.

All investments are 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 are:-

Period	Interest rate
6 months	4.60%
1 year	4.50%
2 year	4.45%
3 year	4.40%

### Prudential Indicators

To control and monitor the Authority's treasury management functions, several prudential indicators (PI) are determined against which performance may be measured. The indicators for 2025/26 were approved by the Authority on 17 February 2025 are shown in the table below alongside the current actual.



	<b>2025/26 PI</b>	<b>Actual at 30/09/25</b>
<b>Adoption of the CIPFA Code of Practice for Treasury Management</b>	<b>Adopted</b>	<b>Adopted</b>
<b>Authorised limit for external debt</b>	<b>£m</b>	<b>£m</b>
<b>A prudent estimate of total external debt, which does not reflect the worst-case scenario, but allows sufficient headroom for unusual cash movements</b>		
Borrowing	4	2
Other long-term liabilities	30	13
Total	34	15
<b>Operational boundary for external debt</b>		
A prudent estimate of debt, but no provision for unusual cash movements. It represents the estimated maximum external debt arising because of the Authority's current plans		
Borrowing	3	2
Other long-term liabilities	15	13
Total	18	15
<b>Upper limit for fixed interest rate exposure</b>		
Borrowing	100%	100%
Investments	100%	74%
<b>Upper limit for variable rate exposure</b>		
Borrowing	50%	0%
Investments	100%	26%
Upper limit for total principal sums invested for over 364 days (per maturity date)	25	0
<b>Maturity structure of loan debt</b>	<b>Upper/ Lower Limits</b>	<b>Actual %</b>
Under 12 months	100% / nil	0%
12 months and within 24 months	50% / nil	0%
24 months and within 5 years	50% / nil	0%
5 years and within 10 years	50% / nil	0%
10 years and above	100% / nil	100%
<b>Ratio of financing costs to revenue stream (%)</b>	<b>Budget</b>	<b>Sept Estimate</b>

		2025/26 PI	Actual at 30/09/25
Ratio of financing costs to revenue stream (%)	-1.67%	-2.65%	

### Revenue Budget Implications

The 2025/26 revenue budget for treasury management activity shows that anticipated income will exceed expenditure by £1.295m. Considering the activity for the first six months of the year and estimated cash-flow for the remainder of the year the latest forecast is shown below:

	2024/25 Budget £m	2025/26 Forecast £m	2026/27 Variance £m
Interest payable	0.090	0.090	0.000
MRP	0.000	0.000	0.000
Interest receivable	(1.385)	(2.144)	(0.759)
Net budget	(1.295)	(2.054)	(0.759)

The interest receivable is above budget as the investment balances and interest rates are higher than anticipated when setting the budget. The forecast assumes interest rates achieved through deposits with the DMADF the call account averages 3.87% for the remainder of the financial year.

### Financial Implications

Included within report above.

### Legal Implications

None.

### Human Resource Implications

None.

### Equality and Diversity Implications

None.

### Business Risk Implications

The Treasury Management strategy is designed to minimise the Authority's financial risk associated with investment decisions, whilst maximising the return on any investments made. As such the adoption of the CIPFA's Code of Practice on Treasury Management and the monitoring arrangements in place ensure that any risks faced by the Authority are managed.

However, it must be acknowledged that there will always be a balance between risk and return and hence the strategy does not completely eliminate the risk of any further default on investments in the future.

### Environmental Impact

None.

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

### **List of background papers**

Paper: Treasury Management Strategy 2025/26

Date: February 2025

Contact: Steven Brown, Director of Corporate Services

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

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