

Lancashire Combined Fire Authority

Resources Committee

Tuesday, 8 July 2025, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
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	

Officers
S Healey, Deputy Chief Fire Officer (LFRS) S Brown, Director of Corporate Services (LFRS) J Meadows, Head of Finance (LFRS) J Hutchinson, HR Manager - Pay, Pensions and Performance (LFRS) S Hunter, Member Service Manager (LFRS) L Barr, Member Services Officer (LFRS)
In attendance
K Wilkie, Fire Brigades Union

1-25/26	Apologies for Absence
	Apologies were received from County Councillor L Parkinson and Councillor G Baker. County Councillor A Riggott was in attendance as substitute.
2-25/26	Disclosure of Pecuniary and Non-Pecuniary Interests
	County Councillor A Riggott declared a non-pecuniary interest in item 10 pertaining to his role as both County and Borough Councillor as the proposed development was within his division.
3-25/26	Minutes of the Previous Meeting

	Resolved: That the Minutes of the last meeting held on 26 March 2025 be confirmed as a correct record and signed by the Chair.
4-25/26	Year End Treasury Management Outturn 2024/25 The Director of Corporate Services advised that this report set out the Authority's borrowing and lending activities during 2024/25. All treasury activities undertaken throughout the year were in accordance with the Treasury Management Strategy 2024/25. Economic Overview UK inflation had been relatively static throughout 2024/25. Having started the financial year at 2.3% (April), the Consumer Price Index (CPI) measure of inflation briefly dipped to 1.7% in September before ending the financial year at 2.8%. The latest data showed CPI was 3.4% (June 2025) and expectations were that it would average 3.2% over the financial year; this compared to the 2% budgeted figure. Against that backdrop and the global economy, the Bank Rate reductions had been limited. Bank Rate currently stood at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October). Borrowing was currently expensive although rates were expected to reduce over the coming year or two. Borrowing Overview The borrowing levels of the Fire Authority remained unchanged at year end at £2m with no new long-term loans being taken. The existing loans were taken out with the Public Works Loan Board (PWLB) in 2007 when the base rate was 5.75%; with 3 loan amounts, maturity dates and respective interest rates set out in the report. Total interest paid on PWLB borrowing was £90k, which equated to an average interest rate of 4.49%. The approved capital programme had no requirement to be financed from borrowing until 2026/27 and the debt related to earlier years' capital programmes. While the borrowing was above its Capital Financing Requirement (CFR), which was the underlying need to borrow for capital purposes, this was because the Fire Authority had a policy of setting aside monies in the form of statutory and voluntary minimum revenue provision (MRP) in order to repay debt as it matures or to make an early repayment. 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 was not considered financially beneficial to repay the loans especially with the potential for increased interest rates. However, at 31 December the Authority would save £10k in interest, split over 10-years, if the loans were to be repaid early. As the Authority was budgeting a borrowing requirement to fund the capital programme from 2026/27, the additional interest on new loans would outweigh the £10k saving achieved from early repayment. Investments

Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and the then Ministry of Housing, Communities and Local Government (MHCLG) Guidance required the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. Throughout the year when investing money, the key aim was to strike an appropriate balance between risk and return.

To reduce credit risk to the Authority, HM Treasury's Debt Management Office was the main counterparty for the Authority's investments via the operation of overnight deposits at 31 March 2025. This changed from the operation of a call account with Lancashire County Council from 1 October 2024.

The Treasury Management Strategy does permit investment with other high-quality counterparties including other local authorities. During the year the total cash held by the Authority had been positive with the highest balance being £60.2m and the lowest £27.0m. For the monies invested with Lancashire County Council/Debt Management Office the range was £38.1m to £3.5m. The overnight deposit with the Debt Management Office at year end was £29.5m.

By placing monies in longer term fixed rate investments, it was anticipated a higher level of interest would be earned. However, having fixed term deals did reduce the liquidity of the investments and therefore their use was limited. At the year-end fixed investments of £20.0m were in place. During the year seven fixed term investments had matured and six new investments were made. The table on page 13 of the agenda pack showed the interest earned on fixed term investments in 2024/25.

The call account provided by Lancashire County Council paid six base points (0.06%) below the base rate to 30 September 2024. From 1 October 2024 the overnight deposits with the Debt Management Office averaged five base points (0.05%) below the base rate. Each working day the balance on the Authority's current account was invested to ensure that the interest received on surplus balances was maximised. The average balance using these investments during the year was £22.5m earning interest of £1.08m.

The overall interest earned during this financial year was £2.27m at a rate of 5.07% which compared favourably with the backward-looking 1-month index (Sterling Overnight Index Average) which averaged 4.94% over the same period. The main factor for this was fixed deposits commencing in 2024/25 with high interest rates.

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

Cash flow and interest rates continued to be monitored by the Director of Corporate Services and the Authority's finance team, and when rates were felt to be at appropriate levels further fixed term deposits would be placed.

Prudential Indicators

In order to control and monitor the Authority's treasury management functions, several prudential indicators were determined against which performance could be measured. From 1 April 2024 the Fire Authority were required to implement

	international accounting standard IFRS 16 Leases, replacing IAS 17. The standard eliminated the distinction between finance and operating leases for lessees, which required most leases to recognise a right of use asset and liability on the balance sheet. IFRS 16 had an impact on the Fire Authority's private finance initiative (PFI) agreements which had resulted in an increase of the Authority's other long-term liabilities, which had been included in the actual totals in the table on page 15 of the agenda reports pack. The Fire Authority had identified several property leases which were impacted. The liability for these properties was not included in the table however, the impact was expected to be within the authorised limit and operational boundary for external debt. The revised indicators for 2024/25 were presented in the report alongside the actual outturn position. In response to a question from County Councillor A Riggott in relation to the variance in levels of investment in 2024/25, the DoCS confirmed that the service had received a Pensions Grant of £10m which had earned interest for the service, this had now began to be paid to members of the pension scheme. County Councillor A Riggott asked a further question in relation to why the split of investments had changed, the DoCS confirmed that the decision had been made to invest in more longer term investments, lasting 12 months as this was a more fruitful process. In response to a question from Councillor S Sidat in relation to the Services reserves, the DoCS confirmed that the service had an estimated £5m in general reserves, £5/6m in earmarked reserves, £20m in Capital Reserves which would be utilised as part of the capital projects and £5m in PFI reserves which would be fully utilised. The Chair requested that members of Resources Committee be emailed a summary of reserves and details of earmarked reserves. Resolved: That the Committee noted and endorsed the outturn position report.
5-25/26	Financial Monitoring - Provisional Outturn 2024/25
	The Director of Corporate Services advised that this report presented the financial outturn position for 2024/25, and the impact of this on usable reserves. The revenue outturn position showed an underspend of £0.569m after proposed transfers to earmarked reserves. The Capital outturn expenditure for the year was £4.091m which was also in line with the previous forecast. Revenue Provisional Outturn The annual budget for the year was set at £75.155m. The provisional outturn position showed net expenditure of £74.586m, giving a total overspend for the financial year of £0.569m. The total underspend was made up of a (£0.774m) underspend relating to non-pay costs, and a £0.205m overspend relating to pay costs. The detailed provisional revenue outturn was considered by members as set out in appendix A of the report with more significant variances of note shown separately in the table below: -

Area	Overspend/ (Underspend) £m	Reason and Action
Service Delivery - Pay	0.648	As reported previously to the Committee the variance was largely due to higher than budgeted pay assumptions. On call and support staff budgets were mainly within allocated budgets. The budget for 2025/26 was taken account of the higher than budgeted pay award therefore no further action taken.
Prevention and Protection - Pay	(0.509)	The outturn variance was due to vacancies as reported through the year, this underspend had increased further as efforts to reduce the number of vacancies continued. The budget for 2025/26 had been adjusted for expected vacancies, no further action taken.
Training Centre – non pay	(0.111)	A number of budgets were slightly underspent at the end of the year resulting in the underspend of just over £0.1m, no further action taken.
Property – non pay	(0.168)	The underspend related to a number of factors including lower than budgeted utility costs and maintenance costs.
Bank Interest	(0.449)	The underspend reflected slippage on the capital programme, higher than budgeted interest rates and additional returns from a more proactive investment strategy. The underspend was presented after a £0.5m transfer to the capital reserve reflecting additional returns on grants received.

Future Pressures

Emerging pressures to report to the Resources Committee included inflation forecasts. As reported to the CFA in February, government grants were increased by the September rate of inflation (1.7%) whereas the latest rate of inflation was now 3.5%, which would put pressure on budgets in 2025/26.

The grey book pay award had also been agreed at 3.2% effective from July, this compared to the budgeted assumption of 3%, at the time of writing the green book pay award had not been agreed.

Finally, the Spending Review was announced on 11 June which set out the future departmental spending plans. All fire functions and associated budgets had transferred from the Home Office to the Ministry of Housing, Communities and Local Government (MHCLG) as of 1 April 2025 which meant fire funding was now embedded within MHCLG's departmental totals which had increased by 1.2% in real terms over the period of the Spending Review. The impact on the fire service would emerge later in the year and with certainty for Lancashire in the Provisional Settlement that was traditionally announced in December.

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 Reserve

The General Reserve existed 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 £3.85m. Following the provisional outturn the level of the General Reserve at 31 March 2025 was £5.556m, this was above the minimum level of General Reserve set by the Authority.

Earmarked Reserves

Earmarked reserves were all funds that have been identified for a specific purpose. Appendix B of the report set out the proposed transfers to earmarked reserves not previously approved of £1.677m. The balance of all the earmarked reserves was £28.926m as at the 31 March 2025; this included the Capital Reserve of £18.501m and Private Finance Initiative (PFI) reserves of £5.036m.

Capital Budget Provisional Outturn

The revised Capital Budget for 2025/26 was £5.213m. Total capital expenditure for the year was £4.091m, with slippage of (£1.123m) proposed to be transferred to the 2025/26 Capital Budget and a net over spend of £0.070m. Members considered the provisional outturn for the main programmes and projects set out in appendix C of the report.

The original approved capital programme for 2025/26 was £12.761m. This was updated for £1.123m of slippage outlined previously giving a revised Capital Budget for 2025/26 of £13.884m. The revised 2025/26 Capital Budget and funding was set out in appendix D of the report.

In response to a question from the Chair in relation to the large Climate Change Vehicle, the Deputy Chief Fire Officer (DCFO) explained that it was agreed in the Emergency Cover Review (ECR) in 2022 that a Climate Change Vehicle would be procured in place of a fire engine for use during flooding and wildfire incidents to allow the vehicle to go off road. The tendering process had concluded with the vehicle overbudget, the service was therefore revising its requirement for a smaller vehicle.

In response to a question from Councillor S Sidat in relation to the services 5 year plan for its capital growth programme, the DoCS confirmed he would share this after the meeting.

In response to a question from County Councillor A Riggott in relation to the most challenging aspect of managing the budget, the DoCS explained that pay made up 75% of the services budget and was the more difficult to forecast due to retirements, pay awards and overtime for large scale incidents.

County Councillor J Tetlow asked if the recent national insurance and tax changes had had an impact on the services budget, the DoCS confirmed that the national insurance changes had come in to effect from 1 April 2025 meaning the service

	had had time to budget for the change. He explained that the changes had equated to £1.2m, the service had received some funding taking the cost to £0.7m which had been factored into the budget. County Councillor J Tetlow asked if this funding would continue, the DoCS confirmed it would and the £0.7m pressure would continue. In response to a question from Councillor S Sidat in relation to replacement of firefighters following retirement, the DCFO explained that it was difficult to predict retirements due to a number of different pensions schemes being in operation. The service tried to plan ahead with recruitment and ran new recruit courses throughout the year. The service had tried to hold some posts vacant due to forecasted funding pressures and currently had 10 firefighter vacancies across the service. In response to a question from the Chair in relation to vacancies across the service, the DCFO explained that it was challenging to recruit to green book roles and had been since the covid pandemic with many employers now offering working from home and other benefits. He confirmed that most grey book positions were filled with only 10 vacancies across the service. The DCFO explained that there were additional challenges within the Prevention and Protection Teams, although it was important to note that grey book staff delivered prevention activities as part of their role. Green book staff were trained and upskilled in Protection Team roles but then often left for the private sector with greater financial benefits. The Service was working to utilise operational staff in the best way to keep fire engines available. Councillor D Smith noted that the service had an underspend of £0.569m with a budget of over £75m, he praised the service for keeping the budget within 1% variance. The DCFO explained that this was largely due to increased interest rates and underspend and overspend in staffing areas balancing each other out. Resolved: That the Committee: - i) Noted the Revenue Budget provisional revenue outturn. ii) Noted the Capital Budget provisional outturn. iii) Noted and endorsed the revised Capital Budget for 2025/26. iv) Approved the transfer of 2024/25 slippage to the 2025/26 capital budget. v) Noted and endorsed the transfer to earmarked reserves and year end reserve levels.
6-25/26	Local Pensions Board Annual Report HR Manager Jayne Hutchinson presented the report to members. The Public Service Pensions Act (PSPA) 2013 introduced the requirement to have a Local Pension Board (LPB) to assist in the governance of the Scheme. The Board had no remit as a decision-making body but was established to assist Lancashire Fire and Rescue Service (LFRS) as the Scheme Manager to fulfil its functions which covered all aspects of governance and administration of the Firefighters' Pension Scheme (FPS). The Combined Fire Authority delegated its functions to Bob Warren, then Director of People and Development. Although he had retired from that role, due to the current complexity and pension agenda relating to the Age Discrimination and Part Time Workers remedies which had resulted in the implementation of new pension and HMRC legislation and the development of new policy, he had continued assisting in the pension's activity for

an interim period.

Work Programme during 2024/25

The focus of pension workload during this year had been reported to the Local Pension Scheme Board and was primarily a continuation of the work on the implementation of the following major projects:

- The Sargeant/McCloud judgement related to age discrimination, this arose after the implementation of the Firefighters' Pension Scheme 2015 and followed a successful challenge by the Fire Brigades Union (FBU) of age discrimination in relation to the protections put in place for existing members.
- Matthews's judgement affecting on-call members commonly referred to as the 'Second Options Exercise'. This arose following a legal challenge around on-call firefighters who were eligible to join the pension scheme from the start of employment.

Sargeant/McCloud Age Discrimination Remedy

During the first quarter of 2024/25 Lancashire Fire and Rescue Service (LFRS) completed the pay, tax and contribution data for almost 1,000 members affected by the age discrimination remedy. This allowed the services pension administrator, the Local Pensions Partnership Administration (LPPA) to issue Annual Benefit Statement – Remediable Service Statements (ABS-RSS) to active employees. 50 active employees did not receive ABS-RSS due to a number of reasons principally caused by late or non-receipt of Government guidance. As a result of this it was necessary for the Scheme Manager to report a breach of statutory duties to The Pensions Regulator (TPR).

368 Immediate Choice members (retired before 1 October 2023 with legacy scheme service) were due to receive an Immediate Choice Remediable Service Statement (IC-RSS) before 31 March 2025. 54 individuals did not receive the IC-RSS due to data processing difficulties and late notification of government guidance and the Scheme Manager notified the Pensions Regulator of this breach in statutory procedures as required. The Pension Scheme Manager in accordance with the legislative procedures also notified the Pensions Regulator that due to the necessary government guidance not being issued it was necessary to defer the deadline for the issuing of the IC-RSS for 64 individuals. The reasons for many of the delays was due to the need for the Matthews remedy to be enacted and resolved before the McCloud correction could be progressed.

Individuals who were not going to receive their RSS statement were individually notified before the deadline.

The Pensions Regulator had acknowledged the breaches and deferment and currently had not requested any further information.

The failure to issue both the ABS- RSSs and the Immediate Choice Remediable Service Statement (IC- RSSs) applied across all Fire Authorities in respect of the Firefighter pension schemes. Lancashire's performance in conjunction with close liaison with the services pension provider was significantly better than most Fire

Services.

The service was endeavouring to progress the outstanding IC-RSSs as soon as possible. It was anticipated that all the IC-RSSs would be issued by 31 July 2025.

Matthews Second Options Exercise

The Service had identified over 600 existing and former members of staff who were eligible to express an interest in the exercise to allow members to join or purchase additional pension under the Modified Pension Scheme. The Service had made reasonable endeavours to contact all eligible members, this had involved sending several follow-up letters to each individual where necessary using their last known address. As many individuals left LFRS employment over 20 years ago this had also involved the use of a tracing service to 'track down' individuals at their current address. To date 400 individuals had responded, and the Service continued to make repeated attempts to contact individuals.

Calculations for the exercise were complicated and, in a small number of cases, required data going back as far as the 1960's and 1970's. To date approximately 270 calculations/options packs had been sent to members. This work would continue into 2025/26.

Measures were currently being explored to reduce the timeframe of putting the resulting pensions into payment.

Internal Dispute Resolution Procedure and Pensions Ombudsman

In 2020/21, the Service implemented the pensionable allowances project, retrospectively applying backdated pensionable allowances for six years to existing and former employees who had worked a range of duty systems where allowances were previously non-pensionable. As a result of this, the Service had received a number of Internal Dispute Resolution Procedures (Appeals) from employees and former employees. All applications were from members who were dissatisfied that they were not included in the pensionable allowances exercise due to the backdating period or the non pensionability of their pay associated with the temporary nature of their role. The Board had also been informed about a number of complex cases that had been dealt with at Stage 1 and Stage 2 over this period, including through the Internal Dispute Resolution Procedure (Appeals). The Service had now been contacted from the Pensions Ombudsman regarding a number of cases, information had been provided but no Pensions Ombudsman outcome had yet been advised.

Pensions Dashboard

The Pensions Dashboard Programme continued to publish regular updates and newsletters in the leadup to the pension schemes beginning their connections in April 2025. The services connection date had been advised as 31.10.2025.

The Board continued to focus on key areas identified by the Pensions Regulator and maintained an oversight of the key risks to the fund. The Risk Register had continued to be reviewed at Board meetings. The service was involved in the LPPA project plan for implementation that was on track.

Risk Register

	A key activity of the Local Pensions Board during the year was monitoring and reviewing the Firefighter Pensions Risk Register. In response to a question from Councillor D Smith in relation to the 31 July 2025 deadline for IC-RSSs to be issued, Jayne Hutchinson confirmed that the LPPA had set out a program up to October 2025 with different pension categories still awaiting guidance. Councillor D Smith asked if all pensions would be paid by October 2025, the DCFO explained that the timeline had slipped and was out of the services control, he acknowledged that LPPA had done all that they could. Jayne Hutchinson added that there were two providers of the pensions system Civica and Heywoods. Heywoods had not built a solution meaning that manual calculations were required, the service used Civica. The DCFO added that fire and rescue services were only one part of the pensions issue. Jayne Hutchinson added that she met fortnightly with the LPPA and the scheme manager met with the LPPA monthly. In response to a question from County Councillor J Tetlow in relation to the financial impact, Jayne Hutchinson confirmed that the different pension schemes afforded different benefits but previous tax relief and interest had to be considered. The DCFO added that the service had received government grant funding meaning there had been no impact on the budget position. He added that the previous day crewing plus pension (DCP) remedies did have a financial impact on the service and any cases that were upheld by the Pension Ombudsman would have a financial impact on the authority. The Chair requested that any information received in relation to pensions be distributed to members of the committee to help newer members gain an understanding of the background information. Resolved: That the Committee noted the report.
7-25/26	Date and Time of Next Meeting
	The next meeting of the Committee would be held on Wednesday 24 September 2025 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood. Further meeting dates were noted for 26 November 2025 and 25 March 2026.
8-25/26	Exclusion of Press and Public
	Resolved: That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.
9-25/26	Update from Capital Building Projects Working Group
	(Paragraph 3)

	Members were provided with an update from the Capital Building Projects Working Group. Resolved: That the report be noted.
10-25/26	High Value Procurement Projects
	(Paragraph 3) Members considered a report that provided an update on all contracts for one-off purchases valued in excess of £100,000 and high value procurement projects in excess of £100,000 including: new contract awards, progress of ongoing projects and details of new projects. Resolved: That the Committee noted and endorsed the report.

**LFRS HQ
Fulwood**

**M Nolan
Clerk to CFA**