

# Public Document Pack

## Lancashire Combined Fire Authority Resources Committee

**Wednesday, 25 March 2026 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)**

#### Items for decision:

4. **Financial Monitoring 2025-2026 (Pages 11 - 20)**

#### Items for noting:

5. **Social Value Report: Blackpool Fire Station (Pages 21 - 24)**
6. **Pensions Update (Pages 25 - 32)**
7. **Date and Time of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **Monday 29 June 2026** in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are:            scheduled for 30 September 2026  
  proposed for 25 November 2026

**8. 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.

**9. Exclusion of Press and Public**

The Committee is asked to resolve 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**

**Part 2 - Items for decision:**

**10. Internal Disputes Resolution Procedure (IDRP) - Stage 2 (Pages 33 - 54)**

(Paragraph 1)

**Part 2 - Items for noting:**

**11. High Value Procurement Projects (Pages 55 - 58)**

(Paragraph 3)

**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, 26 November 2025, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.**

**Minutes**

<b>Present:</b>	
<b>Councillors</b>	
A Blake	
N Alderson (Vice-Chair)	
A Ali OBE (Chair)	
G Baker	
J Fox	
Z Khan MBE	
D Smith	

<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) J Hutchinson, HR Manager - Pay, Pensions and Performance (LFRS) J Meadows, Head of Finance (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority D Howell, Legal Services & Standards Manager & Deputy Monitoring Officer (LFRS) S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)

<b>In attendance</b>
K Wilkie, Fire Brigades Union

21-25/26	<b>Apologies for Absence</b>
	Apologies were received from County Councillors M Ritson and J Tetlow and Councillor S Sidat.
22-25/26	<b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>
	None received.
23-25/26	<b>Minutes of the Previous Meeting</b>
	<b>Resolved:</b> That the Minutes of the last meeting held on 24 September 2025 be

confirmed as a correct record and signed by the Chair.

24-25/26 **Financial Monitoring 2025/26**

The Chair updated members that he along with the Chair of the Fire Authority, Vice-Chair of the Fire Authority, County Councillor M Clifford, Chief Fire Officer (CFO), Director of Corporate Services (DoCS) and Fire Brigades Union (FBU) had recently met with the Fire Minister, Samantha Dixon to discuss the fair funding review to ensure that Northern Fire Services were not overlooked. Additionally, they met and lobbied Lancashire MP's.

The DoCS advised that this report set out the current budget position in respect of the 2025/26 revenue and capital budgets.

**Revenue Budget**

Lancashire Fire and Rescue Service's (LFRS's) 2025/26 revenue budget had been set at £77.511m. The budget profiled to the end of September 2025 was £37.475m and expenditure for the same period was £37.648m, which was essentially breaking even. Both pay and non-pay budgets were 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 was higher over the summer period, management information showed that overtime had been avoided and therefore the service was forecasting that these savings would be met.

Overall, a small overspend was forecast of £0.250m, which was just 0.3% of the net budget, this largely reflected 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 were set out in Appendix 1 of the report, with the major variances of note shown separately in the table below.

Area	Year to Date	Forecast	Reason
Service Delivery - Pay	£0.275m	£0.309m	The variance was largely due to two factors; the pay award of 3.2% from July 2025 was 0.2% above the budgeted assumptions, and higher than budgeted activity levels for on call staff. This pressure would need to be reflected in the 2026/27 budget.

Prevention and Protection - Pay	(£0.150m)	(£0.201m)	Several vacant posts existed in the current staffing establishment for which recruitment was planned long term. Challenges continued 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 remained high due to inflationary pressures and demand for parts across the industry, this was however projected to reduce during the year.

**Future Pressures**

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 stood at 3.8%, continuing an upward trend from earlier in the year. 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 3.75% by the end of 2026. £0.5m of additional investment returns were assumed to be transferred to the capital reserve due to higher cash balances, delays in the capital programme, and higher interest rates, this would 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 reduced future funding by an estimated £3.6m by the end of the spending review period in 2029. Whilst no further information had been received extensive lobbying had taken place with Government in recent weeks.

**Savings Targets**

Over the period of the Medium Term Financial Strategy (MTFS) £5m of savings were 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 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 provided 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 initial data 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.

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

### **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 £3.850m. The General Reserve at 31 March 2025 was £5.556m and with the forecast overspend this was set to reduce to £5.306, this remained 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 was £12.652m and to date £2.280m had been spent. A summary of the programme was set out in the table below and in more detail in Appendix 2 of the report.

<b>Area</b>	<b>Budgeted Items</b>	<b>Budget</b>	<b>Year to Date</b>
Operational Vehicles Budget	The budget included the 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	£0.379m
Operational Equipment Budget	This budget allowed for operational equipment purchases including Breathing Apparatus, CCTV cameras for appliances, ballistic vests and helmets, flow meters and hose reel, cutting and extrication equipment.	£1.855m	£0.105m
Building Modifications Budget	This budget included the continued programme of Drill Tower Replacements and upgrades to Preston and Blackpool stations.	£3.348m	£1.301m

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	£0.495m
		<b>£12.652m</b>	<b>£2.280m</b>

A detailed review of the Capital Programme had identified areas where expenditure would 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 was now being considered for the Geographic Information System.
	<b>(£0.100)</b>	

### 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 agenda pack. 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.

In response to a question from County Councillor A Blake in relation to repairing the services fleet vehicles, the Head of Finance explained that the service had a service level agreement (SLA) with Lancashire County Council (LCC) and if they did not have the capacity or facilities to provide the service a local supplier would be utilised. The service was going out to tender for its fleet repairs and maintenance.

In response to a question from Councillor D Smith in relation to utility costs, the DoCS explained that the service collaborated with other fire and rescue services to get the best prices which were usually fixed for reasonable periods of time.

**Resolved:** That the Committee;

	<ol style="list-style-type: none"> <li>1. Noted and endorsed the financial position; and</li> <li>2. Approved slippage in the capital programme of £0.100m to 2026/27.</li> </ol>
25-25/26	<p><b>Treasury Management Mid-Year Report 2025/26</b></p>
	<p>The Director of Corporate Services (DoCS) advised that the report set out the Authority's borrowing and lending activities during 2025/26. 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><b>Economic Overview</b></p> <p>The first half of 2025/26 saw:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The 3-month comparison to the same three months last financial year rate of average earnings growth excluding bonuses had fallen from 5.5% to 4.8% in July.</li> <li>• Consumer Prices Index (CPI) inflation had ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.</li> <li>• The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.</li> <li>• The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.</li> </ul> <p>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 rises in the Autumn Budget on 26 November would remain a drag on GDP growth. GDP growth for 2025 was forecast by Capital Economics to be 1.3%.</p> <p>With the November Budget edging nearer, the public finances position looked weak. Public net sector borrowing of £18.0bn in August meant that after five months of the financial year, borrowing was 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 was even greater with a cumulative deficit of £15.3bn. 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 had fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure had overshoot by a total of £3.7bn (partly due to social benefits and departmental spending).</p>

Furthermore, what mattered now was the OBR forecasts and their impact on the current budget in 2029/30, which was when the Chancellor's fiscal mandate would bite. As a general guide, Capital Economics forecasted a deficit of about £18bn, meaning the Chancellor would have to raise £28bn, mostly through higher taxes, if she wanted 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, inflation pressures had 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 did 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 assisted the Authority to formulate a view on interest rates. The Public Works Loans Board (PWLB) rate forecasted were based on the Certainty Rate (the standard rate minus 20 base points (bps)) which had been accessible to most authorities since 1 November 2012.

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

### **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:

	<b>Balance 31/3/25</b>
	<b>£m</b>
Capital Finance Requirement	12.440
Less other debt liabilities	(12.440)
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) to generate the cash to repay loans either on maturity or as an early repayment.

It was not anticipated that the new capital expenditure would be funded from borrowing in the year while it was anticipated that there 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 (PWLB). A table included within 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. 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 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.

In the period the Authority had 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 was 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 was 3.95% 25bps below the Bank of England base rate.

To increase the rate earned, 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. During the year the following investments had been in place:

<b>Start</b>	<b>Finish</b>	<b>Principal £m</b>	<b>Interest Rate</b>	<b>Annual interest</b>	<b>Interest in 2025/26</b>
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 was £47.385m.

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

### 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 2025/26 were approved by the Authority on 17 February 2025 which were detailed in the report alongside the current actual.

### Revenue Budget Implications

The 2025/26 revenue budget for treasury management activity showed that anticipated income would 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 was as below:

	<b>2024/25 Budget £m</b>	<b>2025/26 Forecast £m</b>	<b>2026/27 Variance £m</b>
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 was above budget as the investment balances and interest rates were higher than anticipated when setting the budget. The forecast assumed interest rates achieved through deposits with the DMADF the call account averaged 3.87% for the remainder of the financial year.

**Resolved:** That the Committee noted and endorsed the report.

### 26-25/26 Date and Time of Next Meeting

The next meeting of the Committee would be held on Wednesday **25 March 2026** at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

	Further meeting dates were noted for 29 June 2026 and 30 September 2026.
27-25/26	<b>Exclusion of Press and Public</b>
	<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.
28-25/26	<b>High Value Procurement Projects</b>
	(Paragraph 3)  Members considered a report that provided an update on all contracts valued above £175,000.  <b>Resolved:</b> That the Committee noted and endorsed the report.
29-25/26	<b>Pensions Update</b>
	(Paragraphs 4 and 5)  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.  <b>Resolved:</b> That the report be noted.
30-25/26	<b>Internal Disputes Resolution Procedure (IDRP) - Stage 2</b>
	(Paragraphs 1, 4 and 5)  Members considered a report regarding an IDRP Stage 2 application under the Internal Disputes Resolution Procedure. The report outlined the facts of the case.  <b>Resolved:</b> That the stage one decision in relation to this application was upheld.

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

**LFRS HQ**  
**Fulwood**

## Lancashire Combined Fire Authority Resources Committee

Meeting to be held 25 March 2026

### Financial Monitoring 2025/26

(Appendices 1 - 3 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 January 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 £0.019 million to 2026/27

### Information

#### **Revenue Budget**

Lancashire Fire and Rescue Service's 2025/26 revenue budget has been set at £77.511 million. The budget profiled to the end of January 2026 is £61.604 million and expenditure for the same period is £61.403 million which is essentially breaking even.

The budget included £0.5 million of savings to be delivered through effective deployment of resources and effective management of overtime, management information shows that overtime has been avoided and therefore we are forecasting that these savings will be met.

Overall, a small underspend is forecast of £0.184 million, which is just 0.2% of our net budget. 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 table 1.

Area	Year to Date	Forecast	Reason
Service Delivery - Pay	£0.274 million	£0.359 million	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.

Area	Year to Date	Forecast	Reason
Prevention and Protection - Pay	(£0.316 million)	(£0.361 million)	As previously reported to the Committee vacant posts have remained throughout the year. Successful recruitment campaigns have been offset by leavers. Challenges continue to persist in recruitment and retention due to competition from the private sector.
Non devolved financial management (DFM) - Insurance Liability	£0.184 million	£0.184 million	An Employers' Liability claim relating to a historical case continues to be managed by our insurers. During the year, costs associated with this claim have progressed to the point where the Service has become liable for the insurance excess. This has resulted in payments being made in-year in accordance with the policy terms. There will be no further costs associated with this claim for Lancashire Fire and Rescue Service (LFRS).

Table 1 – Major variances of note

### Future Developments

Although not reflected in the 2026/27 budget set in February, the escalating conflict in the Middle East presents a growing financial risk. Geopolitical instability has already contributed to higher-than-assumed inflation, particularly in energy markets, with utility costs now tracking above 6% compared to the 2% inflation assumption underpinning the budget. This sustained volatility may increase pressures on fuel, utilities, supply-chain-dependent non-pay budgets, and capital project costs throughout the year. Given the continued uncertainty in global markets, these factors have the potential to create additional in-year pressures and will require close monitoring and potential adjustment within future financial planning cycles.

The 2026/27 budget includes a 4% increase for both green and grey book pay awards. National negotiations for the 2026 pay awards are underway. For Green Book staff (effective April 2026), the recognised National Joint Council (NJC) unions have submitted a formal pay claim seeking a minimum increase of £3,000 or 10%, alongside a £15 minimum hourly rate and improvements to working time and leave. Employers have not yet tabled a counter-offer, with a response expected later in March. For Grey Book staff (effective July 2026), the Fire Brigades Union (FBU) has initiated discussions and is pressing for a substantial above-inflation increase, although no specific figures or employer proposals have yet been published. We will continue to monitor national negotiations and update Members once formal offers are issued.

## Savings Targets

To deliver the £0.5 million 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 wholetime stations where there is adequate fire cover in the area. The saving target has been delivered.

The Productivity and Efficiency Plan for 2025/26 includes £0.572 million of savings to be delivered in 2025/26; the delivery of £0.5 million has been explained above. The balance of £0.072 million 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 2026 the Authority approved the minimum level of General Reserve as advised by the Treasurer at £4 million.

The year end forecasted general fund position is summarised below which is above the minimum level of General Reserve approved by the Authority:

	£' million
Opening balance of LFRS general fund	(5.556)
Forecast revenue underspend	(0.184)
Forecast closing balance of general fund	(£5.740)

Table 2 - year end forecasted general fund position

## Capital Budget

The revised Capital Programme for 2025/26 was approved by the Authority at £7.190 million, to date £4.371 million has been spent to the end of January. A summary of the programme is set out in the table below and in more detail in Appendix 2.

Area	Budgeted Items	Budget	Year to Date
Operational Vehicles Budget	The budget includes the purchase of four Type B pumping appliance Chassis.	£0.719 million	£0.149 million
Other vehicles Budget	This budget allows for the replacement of various operational support vehicles including several cars, vans and a welfare unit.	£1.120 million	£0.706 million

Area	Budgeted Items	Budget	Year to Date
Operational Equipment Budget	This budget allows for operational equipment purchases including Breathing Apparatus, CCTV cameras for appliances, ballistic vests and helmets, flow meters and hose reel, cutting and extrication equipment.	£1.061 million	£0.506 million
Building Modifications Budget	This budget includes the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£3.173 million	£2.460 million
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 Personal Protective Equipment (PPE) and stock management systems.	£1.117 million	£0.549 million
-	-	<b>£7.190 million</b>	<b>£4.371 million</b>

Table 3 - revised capital programme

In addition, further slippage of £0.019 million relating to ICT is requested to be transferred to the 2026/27 capital programme.

### 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:

£ million	Worst Case
Revenue Budget - unbudgeted costs	1.1
Capital Budget – Additional Expenditure	0.2

Table 4 – potential worst-case scenario revenue budget and capital budget

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

Directorate Finance Management Budget Monitoring Statement January 2026 £ million	Revised Annual Budget	Year to Date Budget	Year to Date Total *	Year to Date Variance	Year to Date Variance Pay	Year to Date Variance Non-Pay	Forecast Outturn Variance Overspend (Underspend)	Forecast Outturn Variance Pay	Forecast Outturn Variance Non-Pay
<b>Service Delivery</b>	-	-	-	-	-	-	-	-	-
Service Delivery	44.487	37.352	37.684	0.331	0.274	0.058	0.397	0.359	0.038
Prevention and Protection	3.914	3.271	2.955	(0.316)	(0.316)	0.000	(0.350)	(0.361)	0.011
Control	2.237	2.237	2.201	(0.036)	0.000	(0.036)	(0.036)	0.000	(0.036)
Youth Engagement (including Princes Trust)	0.022	(0.041)	(0.042)	(0.001)	0.008	(0.009)	0.002	0.010	(0.008)
Special Projects (ISAR)	0.002	0.002	(0.004)	(0.006)	0.000	(0.006)	(0.009)	0.000	(0.009)
<b>Strategy and Planning</b>	-	-	-	-	-	-	-	-	-
Service Improvement	2.607	2.165	2.149	(0.016)	0.013	(0.030)	(0.013)	0.015	(0.028)
Leadership and Development Centre	4.638	3.794	3.664	(0.130)	(0.090)	(0.040)	(0.128)	(0.095)	(0.033)
Fleet and Technical Services	3.582	2.912	2.926	0.014	(0.000)	0.014	0.024	0.000	0.024
Digital Data and Technology (DDAT)	4.576	3.416	3.369	(0.047)	(0.003)	(0.045)	(0.068)	(0.000)	(0.067)
<b>People and Development</b>	-	-	-	-	-	-	-	-	-
Human Resources	1.007	0.841	0.839	(0.001)	0.009	(0.011)	0.025	0.031	(0.006)
Occupational Health Unit	0.372	0.310	0.220	(0.090)	(0.023)	(0.067)	(0.072)	(0.038)	(0.034)
Corporate Communications	0.479	0.399	0.357	(0.042)	(0.023)	(0.019)	(0.027)	(0.026)	(0.000)
Safety Health and Environment	0.335	0.281	0.288	0.007	0.017	(0.010)	0.050	0.018	0.032
<b>Corporate Services</b>	-	-	-	-	-	-	-	-	-
Executive Board	1.197	1.009	1.046	0.037	0.038	(0.001)	0.054	0.059	(0.005)
Central Admin Office	0.716	0.596	0.492	(0.104)	(0.086)	(0.018)	(0.107)	(0.101)	(0.006)
Finance and Procurement	1.352	1.037	1.017	(0.020)	(0.017)	(0.003)	(0.015)	(0.019)	0.004
Property	3.414	2.412	2.424	0.012	(0.075)	0.087	(0.010)	(0.087)	0.077

<b>Subtotal</b>	<b>74.939</b>	<b>61.993</b>	<b>61.585</b>	<b>(0.408)</b>	<b>(0.273)</b>	<b>(0.135)</b>	<b>(0.283)</b>	<b>(0.236)</b>	<b>(0.047)</b>
<b>Non Directorate Finance</b>	-	-	-	-	-	-	-	-	-
Pensions Expenditure	1.552	1.210	1.204	(0.006)	-	(0.006)	-	-	-
Other Non-DFM Expenditure	1.021	(1.599)	(1.386)	0.213	(0.016)	0.229	0.099	(0.005)	0.105
<b>Subtotal</b>	<b>2.572</b>	<b>(0.389)</b>	<b>(0.182)</b>	<b>0.207</b>	<b>(0.016)</b>	<b>0.223</b>	<b>0.099</b>	<b>(0.005)</b>	<b>0.105</b>
<b>Grand Total</b>	<b>77.511</b>	<b>61.604</b>	<b>61.403</b>	<b>(0.201)</b>	<b>(0.289)</b>	<b>0.088</b>	<b>(0.184)</b>	<b>(0.241)</b>	<b>0.057</b>

Table 5 - Directorate Finance Management Budget Monitoring Statement

## Appendix 2

Capital Budget 2025/26 £ million	Revised Programme	Actual as at January 2026	Slippage to be approved at March 2026 Resources	Over or (Under) Spend as at January 2026	Projected Year End Outturn	Projected Year End Over or (Under) Spend
<b>Vehicles</b>	-	-	-	-	-	-
Operational Vehicles	0.719	0.149	0.000	(0.570)	0.719	0.000
Support Vehicles	1.120	0.706	0.000	(0.414)	1.086	(0.034)
<b>Subtotal</b>	<b>1.839</b>	<b>0.855</b>	<b>0.000</b>	<b>(0.984)</b>	<b>1.805</b>	<b>(0.034)</b>
<b>Operational Equipment</b>	-	-	-	-	-	-
Operational Equipment	1.061	0.506	0.000	(0.555)	0.883	(0.178)
<b>Subtotal</b>	<b>1.061</b>	<b>0.506</b>	<b>0.000</b>	<b>(0.555)</b>	<b>0.883</b>	<b>(0.178)</b>
<b>Buildings Modifications</b>	-	-	-	-	-	-
Update Preston Facilities	0.433	0.139	0.000	(0.294)	0.433	0.000
Development and Land Acquisition		0.000	0.000	0.000	0.000	0.000
Blackpool Dormitory	0.498	0.516	0.000	0.018	0.516	0.018
Drill tower replacements	1.381	1.005	0.000	(0.376)	1.381	0.000
Wylfa Prop	0.175	0.153	0.000	(0.022)	0.192	0.017
STC Props		0.111	0.000	0.111	0.135	0.135
Estate Improvement Provision	0.686	0.537	0.000	(0.149)	0.653	(0.033)
<b>Subtotal</b>	<b>3.173</b>	<b>2.460</b>	<b>0.000</b>	<b>(0.713)</b>	<b>3.310</b>	<b>0.137</b>
<b>ICT</b>	-	-	-	-	-	-
IT Systems	1.117	0.549	0.019	(0.549)	1.046	(0.052)
<b>Subtotal</b>	<b>1.117</b>	<b>0.549</b>	<b>0.019</b>	<b>(0.549)</b>	<b>1.046</b>	<b>(0.052)</b>
<b>Grand Total</b>	<b>7.190</b>	<b>4.371</b>	<b>0.019</b>	<b>(2.800)</b>	<b>7.044</b>	<b>(0.127)</b>
<b>Funding</b>	-	-	-	-	-	-
Revenue Contributions	2.500	2.501	0.019	0.020	2.354	(0.127)
Capital Reserves	4.690	1.870	0.000	(2.820)	4.690	0.000
<b>Total Capital Funding</b>	<b>7.190</b>	<b>4.371</b>	<b>0.019</b>	<b>(2.800)</b>	<b>7.044</b>	<b>(0.127)</b>

Table 6 – Capital Budget 2025/26

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

	Revenue or Capital	Worst Case (Full Year) £ million
Industrial Action (Risk 1a) – Costs based on reported figures from other fire authorities adjusted for inflation and size of authority.	Revenue	2.5
Pandemic (Risk 1d) – Based on direct costs of COVID19, this was funded but this scenario assumes no funding provided.	Revenue	1.3
Overspending and future financial pressures on the medium term financial strategy (MTFS) due to increase in costs of goods and services and pay (Risk 2b) – based on highest one year consumer price index (CPI) increase experienced of 13.5%	Revenue	2.0
As above	Capital	1.3
Loss of Utilities (Risk 3) and ICT (Risk 4) – Includes additional repair costs, overtime, hire costs etc	Revenue	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.	Revenue	0.5
<b>Revenue Total</b>	-	<b>6.5</b> <b>(residual risk in</b> <b>2026/27 1.1)</b>
<b>Capital Total</b>	-	<b>1.3</b> <b>(residual risk in</b> <b>2026/27 0.2)</b>

Table 7 – Worst case scenario of potential significant risks

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## **Lancashire Combined Fire Authority Resources Committee**

Meeting to be held on 25 March 2026

### **Social Value Report: Blackpool Fire Station**

Contact for further information:

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

#### **Executive Summary**

This report presents the Social Value outcomes delivered by Schofield and Sons Limited as part of the Blackpool Fire Station (Forest Gate) project. In line with the Authority's procurement and Social Value Framework requirements, the contractor has provided a comprehensive account of the community, educational and economic benefits achieved during the scheme. The final Social Value delivery significantly exceeded the contractual target, reflecting strong local engagement, meaningful community contributions and a clear commitment to supporting young people, skills development, and local supply chains.

#### **Recommendation**

The Committee is asked to note the contents of the report.

#### **Information**

The Blackpool Fire Station (Forest Gate) project involved a full redevelopment and modernisation of the station to ensure the facilities meet current and future operational requirements. The scheme included significant refurbishment of the existing building, upgrades to operational spaces, improvements to welfare and training areas, and general estate enhancements to create a safer, more efficient and fit-for-purpose working environment for firefighters and support staff. The capital works were designed to extend the life of the asset, improve functionality, and ensure the station can continue to support effective emergency response within the Blackpool area.

#### **Social Value Background**

As part of the Authority's procurement processes, major contracts include Social Value commitments to ensure that our investment delivers wider benefits for the communities we serve. This approach reflects the requirements of the Public Services (Social Value) Act 2012, which places a duty on public bodies to consider how the goods, services or works they buy can also improve the social, economic and environmental wellbeing of the area.

In practice, this means that when we award contracts, we do not focus solely on cost or technical quality. We also consider how the supplier can contribute to wider outcomes; for example by supporting local jobs and skills, offering work experience

or training opportunities, using local supply chains, or delivering community projects that add value beyond the core construction works.

These Social Value requirements are therefore built into our procurement activity from the outset, forming part of the evaluation, the contract, and the monitoring arrangements. The Social Value Report for the Blackpool Forest Gate project has been completed to demonstrate how these commitments have been delivered in line with the Authority's expectations.

## **Overview of the Project and Delivery**

The Blackpool Forest Gate Fire Station project generated a wide range of Social Value activities. These included:

- **Extensive engagement with young people**, including work experience placements, mock interviews, careers talks and not in education, employment of training (NEET) support programmes delivered in partnership with The King's Trust and local colleges. Activities helped participants develop skills, confidence and insight into career pathways.
- **Support for education and skills**, including long-term T-Level and Architecture student placements, contributions to "Women in Construction" events, and collaboration with Preston and Fylde Colleges.
- **Community enhancement projects**, such as material donations and practical help for local school and community projects, refurbishment works (including courtyard improvements and restoration of a heritage station plaque), and seasonal donations to support local outreach.
- **Strong local supply-chain spend**, significantly surpassing targets through the award of additional work packages to regional businesses, supporting local employment and the local economy.
- Commitment to **Fair Payment, Living Wage**, and wider responsible contractor practices implemented throughout the supply chain.

## **Summary of Social Value Benefits Achieved**

The contractor exceeded the overall Social Value target of £255,950.57 by £158,951.36, delivering a total of £414,901.93 in recorded social and economic benefit. This reflects substantial additional investment in local suppliers, high-impact educational and employability activities, and tangible improvements within the local community.

## **Financial Implications**

Set out 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**

N/a

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## Lancashire Combined Fire Authority

### Resources Committee

Meeting to be held on 25 March 2026

### Pensions Update

Contact for further information – Elizabeth Sandiford, Director of People and Development

Tel: 01772 866804

#### **Executive Summary**

This report outlines key developments concerning firefighter pensions at Lancashire Combined Fire Authority, focusing on ongoing remedies for Age Discrimination (McCloud/Sargeant) and Part-Time Workers (Matthews 2), as well as recent changes to pension contribution structures. The Service continues to manage Internal Dispute Resolution Procedure (IDRP) appeals, including some cases referred to the Pensions Ombudsman, and remains engaged with pension administrators to uphold compliance and support members. Despite legislative and administrative complexities, Lancashire Fire and Rescue Service (LFRS) is maintaining performance above the national average.

#### **Recommendation**

Members of the Resources Committee are asked to note the report and its implications for pension administration and member communication.

#### **Information**

This paper provides oversight and the latest information on pension issues in respect of uniformed officers of the Fire Service.

#### **Internal Disputes Resolution Procedure (IDRP) – Stage 2**

The Internal Dispute Resolution Procedure (IDRP) is a two-stage complaints procedure and can be used by anyone who is dissatisfied with a decision made about pension benefits either by an Employer, or by the Pension Fund. The first stage is dealt with by the Chief Fire Officer or Director of People and Development. The second stage is dealt with by the Resources Committee. The purpose of the IDRP is to provide a clear process for a decision to be reconsidered fairly and impartially. The IDRP process involves a methodical review of the initial decision (the decision that is under appeal), checking the regulations have been interpreted correctly and consistently, and that procedures have been followed in a reasonable and fair way.

Lancashire Fire and Rescue Service (LFRS) has several cases that have previously progressed through both stages of the IDRP process. These relate to the payment of pensionable allowances within LFRS. Some members remain dissatisfied, particularly regarding the limitation of backdated allowances to six years or the classification of allowances as non-pensionable when applied to temporary roles. The Pensions Ombudsman has contacted the Service regarding these cases. While LFRS has provided the relevant information, no formal outcomes have been received to date.

Additionally, a further IDRP application has recently been submitted for consideration by the Committee. This is related to the Age Discrimination Remedy (McCloud/Sargeant).

### **Firefighter’s Pension Scheme Member Contribution Structure Consultation**

During 2024/25 the government conducted a consultation on proposed amendments to the Firefighters’ Pension Scheme (England) Regulations 2014. The objectives of the consultation were to:

- achieve the target yield of 13.2% of pensionable pay over 1 October 2025 to 31 March 2027, and future valuation periods.
- update the member contribution structure to encourage scheme participation and reduce opt-outs.
- ensure the member contribution structure is administratively sustainable.
- ensure due regard to the Public Sector Equality Duty.

On 8 December 2025, the outcome was published confirming that, with effect from 1 April 2026, the contribution structure will be amended as follows:

- An additional band will be introduced, increasing the bands from four to five.
- Contributions will be based on Actual Pay rather than Wholetime Equivalent (WTE) pay. This will be a change for part-time and on-call firefighters, whose banding will now be based on their actual pay instead of the WTE for their role.
- From April 2027 the bandings will be increased each April in line by consumer price index (CPI) to allow for futureproofing.

<b>Tier</b>	<b>Actual Pay</b>	<b>Rate</b>
1	£0 to £36,130	11.09%
2	£36,131 to £45,407	12.59%
3	£45,408 to £66,908	14.09%
4	£66,909 to £190,691	15.59%
5	£190,692 and above	17.09%

Table 1 - New Contribution Banding Structure (from 1 April 2026)

This change affects all employees who are members of the Firefighters’ Pension Scheme 2015, resulting in either an increase or decrease in employee contributions. This change has been communicated to employees.

FRA’s are expected to have an appropriate policy in place to determine employee contribution bandings.

### **Information Consultation on the Firefighters’ Compensation Scheme for injury and death**

The Local Government Association (LGA) launched an informal consultation on 6 March 2026 relating to the Firefighters’ Compensation Scheme (FCS). The FCS provides compensation for injury and death, in the form of an injury pension or gratuity for firefighters who are permanently disabled or die as a result of an injury received in the exercise of their duties. The consultation forms part of an initial review commissioned by Ministry of Housing, Communities and Local Government (MHCLG)

to ensure the scheme remains fair, effective and reflective of the modern firefighting role. The information consultation period ends on 14 April 2026.

### Age Discrimination Remedy (McCloud/Sargeant)

In 2015, the government introduced new laws which resulted in a new pension scheme for firefighters - the Firefighters' Pension Scheme 2015 (FPS 2015). These laws included protections which meant that some members of the existing schemes (FPS 1992 and FPS 2006) didn't join FPS 2015 either straight away or at all, depending on their age. Following a legal challenge known as McCloud/Sargeant, the courts determined that the protections given to members were age discriminatory.

From 1 April 2022 all existing employees who are members of the pension scheme were moved to the reformed scheme, FPS 2015. The service is currently implementing retrospective remedy, providing eligible members with a choice to receive legacy pension benefits (FPS 1992 or FPS 2006) or reformed pension benefits (FPS 2015) for the period of discrimination (01.04.2015 – 31.03.2022).

The implementation of retrospection involves a statutory requirement to issue a Remediable Service Statement (RSS) to all members affected by age discrimination by 31 March 2025. This is a requirement for all public service pension schemes and has been a challenge across the sector. Table 2 shows a breakdown of the RSSs issued and the numbers outstanding:

	<b>Total Cases</b>	<b>Number Issued</b>	<b>Not Issued</b>
<b>Pensioners (including ill-health cases)</b>	357	277	80
<b>Pensioners (Beneficiaries of deceased members)</b>	12	0	12
<b>Actives</b>	328	301	27
<b>Deferred</b>	181	157	24
	<b>878</b>	<b>735 (83.7%)</b>	<b>143</b>

Table 2 – RSSs issued

The delay in issuing RSSs is due to a range of factors, including the delay in the issue of final government guidance, data processing challenges, software defects and the need to enact the Part-Time Workers remedy (Matthews) before progressing with McCloud - related options.

The Pension Scheme Manager reported a breach to The Pensions Regulator (TPR) in relation to cases where guidance was available, but the Local Pensions Partnership Administration (LPPA) failed to issue an RSS. As part of this breach, an action plan was developed with LPPA to ensure the issue of the outstanding RSSs. The remainder of the RSSs are expected to be issued by 31 March 2026, with the beneficiary calculations being issued by 30 June 2026.

LPPA continue to prioritise the issue of RSSs but have reported a risk in relation to 54 of the 80 outstanding Immediate Choice (IC)-RSSs. 31 of these cases have an interaction with the Matthews part-time remedy, LPPA are currently experiencing production issues and are working with their software suppliers to resolve this issue. LPPA have informed LFRS that these IC-RSSs will not be issued by the 31 March 2026 deadline. A further 23 cases are at risk of not being issued, most of these cases relate to data validation errors. LPPA will make every effort to issues these cases by 31 March

2026 and are prioritising unprotected and taper protected members, but these cases are complex to resolve and require specialised resource requirement from LPPA. The Scheme Manager has provided an update to The Pensions Regulator in relation to this breach and will provide a further update following the 31 March 2026 deadline.

73 IC members have opted for alternative pension benefits. LPPA commenced the payment of retrospective pensions in October 2025, and 59 members have had their pension adjusted as at the end of February 2026. LPPA continue to process payments for the remaining 14 pensioners.

A number of IC members have yet to make their election. The 12-month deadline for many of these members is approaching at the end of March 2026. If these members fail to decide by the 12-month deadline, a deemed election will be made by the Scheme Manager, this decision is irrevocable. LPPA and LFRS are making efforts to contact these members, particularly the tapered or unprotected members ahead of the deadline date.

The Service acknowledges the concerns of affected former firefighters and is actively working with LPPA to ensure the remaining IC-RSS statements are issued to members by 31 March 2026 and to bereavement cases by June 2026.

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

The failure to issue RSSs has applied across all Fire Authorities in respect of the Firefighter pension schemes. Indications across the public sector pension schemes and the fire sector suggest that LPPA remains ahead of the position nationally in terms of the implementation of remedy.

### **Contingent Decisions**

The firefighter remedy regulations provide for some decisions made by members during the remedy period to be revisited. This includes decisions to opt out of the pension scheme and whether a firefighter would have purchased additional years in their legacy scheme had they been allowed to remain in it.

LFRS has received 16 contingent decisions opt-out claims, which have been accepted by the Pension Scheme Manager. 11 of the 16 contingent decisions are from members purchasing service under the Part-Time Workers remedy (Matthews 2). A contingent decision is a decision taken by a member who may have taken a different decision if there had been no changes to the pension scheme. These individuals are due to be issued with a Contingent Decision Remediable Service Statement (CD-RSS) so that they can decide whether to make an election to opt back into their legacy scheme for the remedy period. These are yet to be issued as the Contingent Decision guidance from the Local Government Association (LGA) has been withdrawn. Questions raised by the LGA, trade unions and employers in relation to the contingent decision provisions in remedy legislation are yet to be resolved. The Home Office has taken legal advice to provide clarity over which pension schemes are available for individuals to opt back into.

Further guidance from the LGA to scheme managers was published in September 2025. This guidance allows for members who opted out of the FPS 2006, or where an FPS 1992 member opted out during remedy period and did not rejoin during the remedy period to be processed. All other types of cases remain on hold pending further guidance.

## **Part Time Workers (Matthews 2) Remedy**

The Matthews remedy for part-time workers involved a series of steps to ensure that On Call firefighters could access pension schemes.

The Service has identified over 600 existing and former employees who are eligible to express an interest in joining or purchasing additional pension under the Modified Pension Scheme. Reasonable endeavours have been made to contact all eligible individuals, including multiple follow-up letters and the use of a tracing service. These efforts are on-going.

To date, 420 individuals have expressed an interest, and 355 calculations/options packs have been issued. The calculations can be complicated and, occasionally requiring data going back as far as the 1960's and 1970's. So far, 259 individuals have elected to join or purchase additional pension.

LPPA has implemented a process to facilitate backdated pensions to Special Pensioner Members. These are On Call firefighters who were employed between 7 April 2000 and 5 April 2006. They were eligible to join the Firefighters Pension Scheme 2006 with retrospective membership to the start date of their employment, which for a small number of these cases dates back as far as the late 1960's. Payments began in March 2025, with 106 individuals having received backdated lump sum and pension payments to date.

The historical nature of these claims, including reverting back to the individuals original 'date entered service', poses difficulties in respect of service progression and payroll information. Issues over tax treatment have also not been resolved.

As a result of the difficulties and issues that have arisen, the Government has undertaken a consultation. This consultation considers making changes to the original legislation including extending the deadline. The outcome of the consultation was published on 04 December 2025; it is expected the legislation coming into effect no later than 1 April 2026. It is anticipated that the legislation will include a 12-month period from the date of publication in which fire authorities and pension administrators must fully implement the legislation and resolve outstanding cases.

The proposed amendments relate to deceased members, the payment of additional death grants and conversion options. The fire authority will need to review cases from both the first and second options exercises.

An area that remains of some concern is no mechanism has been finalised to deal with aggregation. This is where an on-call employee subsequently achieves a wholetime role and would wish to combine both pension scheme benefits. Unless an agreement is reached by the government and Fire Brigades Union (FBU), the issue of disqualifying breaks in service will need to be addressed through the legal process in 2026 before aggregation will be dealt with in 2027. The Authority has agreed to the LGA proposal to jointly participate with other Fire Authorities in cost sharing in respect of any legal costs. The three case types to be resolved are:

- Retained duty system (RDS) firefighters who, without a break in service, changed to become whole-time firefighters at some stage between 7 April 2000 and 6 April 2006, and who joined the FPS 1992 in respect of their wholetime service;

- RDS firefighters who, without a break in service, changed to become wholetime firefighters on or after 6 April 2006, and who joined the FPS 2006 Standard scheme in respect of their wholetime service;
- Firefighters with concurrent retained and wholetime service.

The national Scheme Advisory Board (SAB) have written to HMRC to highlight their concerns that no 'spreading mechanism' has been put in place for members affected by the Matthews remedy receiving pension backpay, over a number of years, taking them into a higher tax bracket. A spreading mechanism has been put in place for employees affected by the McCloud/Sergeant Age Discrimination remedy.

In addition, the SAB are currently engaging with MHCLG in relation to a compensation framework, to assist employees/former employees with tax advice and the potential costs of reopening an estate for a deceased member.

## **Resources**

In addition to the LFRS resources, our pension provider, LPPA has increased their resource to deal with this workload. Both sections are working extensively on age discrimination and part-time workers remedy in addition to the business-as-usual workloads.

It is likely that the government will extend the deadline for completion of the Part-Time Workers (Matthews 2) exercise to March 2027; this will allow for LFRS to complete existing workloads and any required changes as a result of the legislative changes.

The challenge of implementing two significant, complex pieces of pension legislation, affecting large numbers of individuals concurrently is not to be under-estimated. To create capacity sufficient for the implementation of the above two projects, the Temporary Pensions Coordinator role is currently filled on a casual basis and the postholder is predominantly supporting the administration of the Part Time Workers (Matthews 2) exercise. This temporary post continues until 31.03.2026.

## **Dashboards**

The Pensions Dashboard Programme continues to publish regular updates and newsletters in the lead-up to the pension schemes beginning their connections in April 2025. The connection date for public sector pension schemes into the central digital architecture was 31 October 2025. LPPA's completed connection of schemes to the dashboard's infrastructure by 15 December 2025.

Following this connection, the government will issue LPPA with a Dashboard Available Point (DAP). This is the date when the pension dashboard will become publicly available. This date is set by the Secretary of State for Work and Pensions and will provide a minimum of six months' advance notice. In preparation for this date, LPPA will continue to cleanse member records, verifying data calculations and ensuring matching criteria are correct.

The Pension dashboard Programme (PDP) has published an updated draft of its reporting standards and opened a consultation on the changes. The update explains how pension schemes and providers will need to send daily reporting data to Money and Pension Service (MaPS) using a software interface, but it does not change what data must be collected or reported. The proposed deadline to implement the new standards is 30 November 2026, and the consultation is open until 25 March 2026. LPPA's Dashboards Working Group intend to respond to this consultation.

## **Business Risk**

The situation in relation to pension changes has a potential to cause adverse reactions both to employees internal and external to the Service. Lack of timely and correct ICT solutions continue to hamper the solution.

## **Sustainability or Environmental Impact**

None.

## **Equality and Diversity Implications**

The Service is required to implement the pension regulations as per legislative requirement. Challenges exist if the guidance is subsequently deemed not to comply with the Equality Act.

## **Data Protection (GDPR)**

No identifiable sensitive or personal data is contained within this report.

The remedy requirements will require processing of personal data. The processing will be for a legitimate reason.

## **HR Implications**

In the absence of fully proved ICT solutions, LPPA and LFRS are successfully utilising workarounds for immediate retirements.

The delay in the provision of the methodology of electronically processing the solutions means that whilst the Service and our pension provider will process as quickly as possible, it is likely some delays will occur.

Local Pensions Partnership Administration (LPPA) administer pensions for seven FRAs and, accordingly, LFRS will be required to fit in with their priorities in applying the changes to all FRAs, not just LFRS.

The situation is challenging and makes our employee communications and relations difficult which can impact morale amongst Grey Book members of staff affected by the changes. Frustrations exist and all concerned are aware of the potential problems and try and mitigate them. Progress has been made over the last six-months in terms of adjusting the pension retrospectively for those members opting for a different pension scheme under 'age discrimination' remedy, which is a positive step forward. In addition, the majority of Special Pensioner Members who have returned their election forms have been paid.

## **Financial implications**

The impact on both LFRS and public resources are considerable although the exact amounts cannot currently be determined.

The basis of funding the outcome will be complicated by the eventual outcome in respect of the McCloud/Sargent ruling as currently the rules applied are the current rules, which will require recalculation once the Government determines the national remedy.

The cost implications directly associated with remedy are being recorded to ensure reimbursement from Government. Other associated costs such as additional administration will create a financial liability for the Authority.

### **Legal Implications**

Compliance with the legal processes is essential, the Authority has delegated responsibility for ensuring scheme compliance to the Pension Scheme Manager.

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

#### **List of background papers**

Paper:

Date:

Contact:

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

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