Lancashire Combined Fire Authority
Resources Committee

Monday, 29 June 2026, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
N Alderson (Vice-Chair)	
A Ali OBE (Chair)	
G Baker	
I Duxbury	
G Mirfin	
J Tetlow	

Officers
S Brown, Director of Corporate Services (LFRS) E Sandiford, Director of People and Development (LFRS) J Hutchinson, HR Manager - Pay, Pensions and Performance (LFRS) D Howell, Monitoring Officer (LFRS) S Hunter, Member Services Manager (LFRS) J Kelly, Member Services Officer (LFRS)
In attendance

1-26/27	**Apologies for Absence**
	Apologies were received from County Councillor M Ritson and County Councillor I Duxbury had been delayed.
2-26/27	**Disclosure of Pecuniary and Non-Pecuniary Interests**
	County Councillor J Tetlow declared a non-pecuniary interest as the Chair of the Lancashire County Council Pension Fund Committee.
3-26/27	**Minutes of the Previous Meeting**
	County Councillor G Mirfin asked for an update in relation to fuel supply, the Director of Corporate Services (DoCS) advised that he would provide an update outside of the meeting.

	County Councillor G Mirfin suggested that the introduction of a Pensions Committee be considered. The Chair advised that this would be considered outside of the meeting. The previous minutes were moved by the Chair and seconded by County Councillor G Mirfin. **Resolved**: That the Minutes of the last meeting held on 25 March 2026 be confirmed as a correct record and signed by the Chair.
4-26/27	**Financial Monitoring - Provisional Outturn 2025-26**

The DoCS advised that this report presented the financial outturn position for 2025-26, and the impact of this on usable reserves. The draft 2025-26 financial statements had been prepared using this provisional information and presented to the External Auditors following the Audit Committee meeting.

The annual budget for the year was set at £77.511 million. The provisional outturn position showed net expenditure of £77.243 million, giving a total underspend for the financial year of (£0.268 million). The detailed provisional revenue outturn was set out in Appendix A of the agenda pack, with the major variances of note shown separately in table 1.

Area £ million	Year to Date (under) or over	Reason
Service Delivery - Pay	0.352	The variance was due to a number of factors; the pay award of 3.2% from July 2025 was 0.2% above the services budgeted assumptions, and higher than budgeted activity levels for on call staff.
Prevention and Protection - Pay	(0.411)	As previously reported to the Committee vacant posts had remained throughout the year until completion of the service review.
Leadership and Development Centre – Non-Pay	(0.197)	The underspend mainly reflected lower spend on external training course providers than in previous years, particularly in quarter 4.
Digital Data and Technology (DDAT) - Non-Pay	(0.173)	Efficiencies were made across a number of equipment and communication budgets resulting in the underspend.
Non devolved financial management (DFM) - Insurance Liability	0.588	The net overspend mainly reflected one-off pension and liability costs in the year, partly offset by lower ill-health retirement costs and one-off income. Overall, these offsets reduced, but did not remove, the underlying pressure.

Table 1 – Major variances of note

	Future Pressures Although the 2026-27 budget and Medium Term Financial Strategy (MTFS) included prudent allowances for pay and price inflation (including 4% for pay in 2026-27 and 3.8% general inflation in 2026-27, reducing to 2% thereafter), the continued conflict risk in the Middle East increased the likelihood of inflation remaining higher for longer and becoming more volatile across key cost drivers, particularly energy and supply chain dependent goods and services. In-year indicators already showed this volatility, with utility costs tracking materially above the planning assumption. The Authority had previously established a utility volatility reserve of £0.600 million to help manage short-term movements in energy costs above budget, alongside other in-year mitigations and monitoring. However, the most significant longer-term risk related to pay: national pay negotiations for Green Book (from April 2026) and Grey Book (from July 2026) remained unresolved and there was a risk they could settle above the budgeted assumption; each additional 1% added around £0.600 million of in-year cost pressure (circa £0.500 million Grey Book and £0.100 million Green Book) and, because pay awards were cumulative, any above-assumption settlement created an ongoing baseline pressure that was not fully offset by Consumer Price Index (CPI) linked income in later years and would therefore need to be funded through additional recurring savings or service redesign. An Inflation Sensitivity Assessment was provided at Appendix D of the agenda pack. The assessment concluded that, based on the credible sources reviewed, Scenario B (extended disruption) was the most consistent with current central expectations: this meant an inflation shock was likely, that was material but time-limited (circa 12–18 months), with Consumer Price Index (CPI) peaking at a little over circa 3.5% around the end of 2026 before easing back towards the 2% target over time. By contrast, non-pay volatility (particularly utilities) was expected to be more manageable. The specific actions to be taken included: • use of the £0.6 million utility volatility reserve to help manage short-term movements in energy costs above budget; • appropriate vacancy management as work progressed on the service review; • supporting cost saving initiatives including digital efficiencies and projects through the Modern Ways of Working Forum; • active management of contract indexation, including checking, challenging and validating inflation-related uplifts where appropriate; • re-profiling discretionary non-pay spend where required to help contain in-year pressures; • enhanced financial monitoring and exception reporting where forecast pressures exceeded agreed triggers; and • working through sector bodies and other channels to lobby Government for recognition of inflation pressures and any appropriate funding support. At this stage, no budget adjustment was sought. **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 provided steps which could be taken prior to using overtime to fill shortfalls and redistributing the crew from second pumps at two pump wholetime stations where there was adequate fire cover in the area.

The Productivity and Efficiency Plan for 2026-27 included £0.569 million of savings delivered in 2025-26; the delivery of £0.5 million had been explained above, the balance related to some smaller initiatives such as procurement savings. In addition, £1.078 million of non-recurring efficiency savings had been realised in 2025-26, these largely related to procurement savings of £0.827 million, the most significant element being the savings realised on the purchase of new Breathing Apparatus sets, and various initiatives to reduce the capital requirement which were outlined in the Lancashire Combined Fire Authority Productivity and Efficiency Plan 2026-27.

General Reserve
The General Reserve existed 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. Following the provisional outturn the level of the General Reserve at 31 March 2026 was £5.989 million, this was above the minimum level of General Reserve set by the Authority.

Earmarked Reserves
Earmarked reserves were all funds that had been identified for a specific purpose. Appendix B of the report set out the proposed transfers to earmarked reserves of £1.665 million, this included one off grant monies received in advance. The balance of all the earmarked reserves was £29.012 million as at the 31 March 2026; this included the Capital Reserve of £18.331 million and Private Finance Initiative (PFI) reserves of £5.290 million.

Capital Budget Provisional Outturn
The Capital Programme for 2025-26 was approved by the Authority at £6.971 million, after £0.080 million was transferred from the Kings Trust, the revised budget was £7.051 million. A total of £6.151 million had been spent resulting in net slippage of (£0.885 million), that was proposed to be transferred to the 2026-27 budget, and a small overspend of £0.015 million. A summary of the programme was set out in Appendix C of the report.

The approved 2026-27 capital programme included £0.500 million for two Type A smaller pumps and £0.195 million for a prime mover. Following the tender exercise for the Type A requirement, tendered costs were above budget and did not represent value for money when compared with the larger Type B appliance option. A review of fleet requirements identified a stronger operational need for a water carrier, which was a specialist vehicle designed to transport and supply large volumes of water to support firefighting at major or prolonged incidents where hydrant access or water pressure may be limited. It was therefore proposed that the existing budgets for the Type A appliances and prime mover were reallocated to fund the purchase of one Type B appliance and one water carrier, with the 2026-27 capital programme amended accordingly. The new Water Carrier would be a dual-purpose vehicle used by driver training, resulting in the Type B fleet reducing by one. The Service was keen to explore smaller pumping appliances and work was ongoing in this regard.

Potential Financial Risks

Throughout the year some sensitivity analysis was undertaken of several potential scenarios that had not been reflected in the monitoring report that, if they materialised, may give rise to an increase in revenue and capital expenditure. As this report presents the provisional outturn for 2025-26, there were no further in-year budget risks affecting the reported position. However, the figures remained subject to completion of the external audit process and could change if any material audit adjustments were identified. Any such changes would be reported back to Members.

In response to a question from County Councillor J Tetlow in relation to considering service redesign should the pay awards be agreed at higher than budgeted levels, the DoCS confirmed that the service would expect Government would adjust income levels to be in line with inflation levels which would mean that any financial pressures would be short term, however, if this did not happened, further options, including service redesign where appropriate, would be considered alongside the Community Risk Management Plan (CRMP) CRMP and wider financial planning. The DoCS added that the service was currently undertaking its CRMP.

In response to a further question from County Councillor J Tetlow in relation to mitigation for the possibility of the Inflation Sensitivity Assessment scenario C, the DoCS confirmed that the service still expected Government would adjust for income levels to catch up to inflation but scenario C would result in higher financial pressures. County Councillor G Mirfin asked what the impact would be if there was zero growth and rising inflation, the DoCS confirmed that this would result in further options, including service redesign where appropriate, would be considered alongside the CRMP and wider financial planning. He added that the government had set the council tax levels in line with inflation rates and the service would continue to lobby where appropriate.

In relation to contract indexation, County Councillor G Mirfin asked if the service had sufficient resources to manage complex procurement. The DoCS explained that the procurement team worked across the service to set contracts but did not manage all contracts. He explained that procurement recruitment was a difficult market, the team had two new members expected to join the Service over the next few months, which would strengthen procurement capacity.

In response to a question from County Councillor G Mirfin in relation to additional risks that were considered but not included within the report, the DoCS advised that a risk assessment was conducted for each financial monitoring report but as this was the outturn report full details of risks considered were not included within the report. The risks considered included changes to the capital programme, industrial action and wildfire and flooding incidents.

County Councillor G Mirfin asked if the underspend within prevention and protection had had a significant impact on the service, the DoCS explained that

	the underspend related to vacant posts within the prevention and protection teams and the service had received good ratings for prevention and protection as part of its His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection. The DoPD added that there were challenges around recruitment but the service had developed specific pathways to assist with recruitment. She explained that the teams performance against it's resources had been good and a review of the team was ongoing. County Councillor J Tetlow asked which roles were challenging to recruit to, the DoPD explained that Fire Safety Inspectors had to hold a level five accreditation and would join the service as Building Safety Inspectors with a level three accreditation, she added that the private sector was very competitive for these roles in terms of salary but LFRS was able to offer other benefits such as an attractive pension scheme and flexible working arrangements, she emphasised the importance of recruiting the right people. The DoPD added that this was a national challenge and the introduction of a Business Fire Safety apprenticeship was being explored. The Chair asked if a shared service had been considered with other public bodies, the DoPD explained that this could be explored further. The Chair asked if the service was working with the Environment Agency and Public Health, the DoPD confirmed that work was ongoing in that area. In response to a question from County Councillor G Mirfin in relation to the Building Cost Information Service (BCIS), the DoCS explained that the BCIS were used for industry forecasting relating to building costs and the service used Colliers for procurement indexing and tender prices. **Resolved**: That the Committee: - 1. Noted the Revenue Budget provisional revenue outturn. 2. Noted the Capital Budget provisional outturn. 3. Noted and endorsed the revised Capital Budget for 2025-26. 4. Approved the transfer of 2025-26 slippage to the 2026-27 capital budget. 5. Approved the transfer to earmarked reserves and year end reserve levels. 6. Noted the actions to be taken to mitigate the 2026-27 inflationary pressures.
5-26/27	**Local Pension Board Annual Report**
	The DoPD presented the report to members. **Information** The role of the Local Pension Board, was defined by the Public Service Pensions Act (PSPA) 2013 Sections 5(1) and (2), was to assist Lancashire Combined Fire Authority as Scheme Manager, in ensuring the effective and efficient governance and administration of the Firefighters' Pension Scheme. The Board's role included assisting the Scheme Manager in securing compliance with: • The Pension Scheme regulations. • Other legislation relating to the governance and administration of the Pension Scheme. • Requirements imposed by The Pensions Regulator.

The Board was not a decision-making body but provided oversight and assurance to support the effective and efficient governance of the Firefighters' Pension Schemes.

The Combined Fire Authority had delegated its Pension Scheme Manager responsibilities to the Director of People and Development.

Governance Overview

The Board met twice during 2025-26 as set out in its terms of reference. Meeting activity focused on:

- Maintaining oversight on key pension risks, including review of the pensions risk register
- Receiving regular updates on the implementation of age discrimination remedy and the Matthews Second Options exercise
- Receiving and reviewing quarterly pension reports from the Local Pensions Partnership Administration (LPPA) relating to the performance of LPPA.
- Receiving regular updates on Internal Disputes Resolution cases and Pension Ombudsman matters.
- Monitoring compliance with statutory requirements and emerging issues.

Age Discrimination Remedy (McCloud/Sargeant)

The McCloud/Sargeant judgment confirmed that the transitional protections introduced under the 2015 Firefighters' Pension Scheme reforms were unlawfully age discriminatory. As a result, from 1 April 2022, all active members were moved to the reformed scheme (FPS 2015), with retrospective remedy now being implemented for the period 1 April 2015 to 31 March 2022.

The Pension Board had actively monitored progress and performance in relation to the implementation of the McCloud/Sargeant remedy.

During 2025-26, the Board received updates on implementation progress, administrative impacts, and emerging risks associated with the remedy programme.

Matthews Second Options Exercise

The Matthews remedy provided eligible on-call (retained) firefighters with the opportunity to access pension benefits under the Modified Pension Scheme. Legislative changes introduced by the Government from 1 April 2026 required the Second Options exercise to be completed by 31 March 2027.

The Board would continue to monitor progress and performance closely, particularly in relation to legislative changes, outstanding cases and emerging risks.

Internal Dispute Resolution Procedure and Pensions Ombudsman

In 2020-21, the Service implemented the pensionable allowances project, applying pensionable allowances retrospectively for a six-year period. As a result,

	the Service had received several Internal Dispute Resolution Procedures (IDRP) appeals from current and former employees. These applications related to members who were dissatisfied that they were not included in the pensionable allowances exercise, either because of the type or temporary nature of the allowance, or because their service falls outside of the backdating period, 01 June 2015 to 31 May 2021. The Board had been kept informed of several complex cases considered at Stage 1 and Stage 2 of the Disputes Procedures. The Service had also been contacted by the Pensions Ombudsman regarding several cases. During 2025-26, the Board also received updates on IDRP cases arising from contingent decision issues linked to remedy implementation, including the potential impact of delayed national guidance on case progression and member communications. **Pensions Dashboard** The Board continued to receive regular updates on progress with the Pensions Dashboard Programme (PDP). LPPA completed connection of its schemes to the dashboard infrastructure in December 2025 and was awaiting further confirmation from the PDP on the date the dashboard would become publicly available. The Board continued to monitor progress of the development of the Dashboard against key project milestones. **Risk Management and Administration Oversight** The Board had maintained oversight of: • The pensions risk register, which was reviewed at each meeting • The performance of the pension administrator (LPPA) • Key risks relating to data quality, programme delivery and resource capacity. The following key risks had been identified during the year: • Data quality, particularly in relation to historic records required for the Matthews Second Options exercise and the Pensions Dashboard Programme, much of which was outside the direct control of the Service. • Resource capacity, considering competing demands arising from major national projects relating to pensions activity. • Dependency on national guidance, particularly relating to contingent decisions, which may result in delays in decision making. • Complexity of legislative changes, increasing the administrative burden, which then created a risk of non-compliance. • Member expectations and communication challenges, particularly where outcomes were uncertain, or legislation was awaited. Mitigating actions included enhanced governance oversight, additional resourcing, and continued engagement with national bodies. **Training**

Maintaining a high level of knowledge and understanding was a statutory requirement for Local Pension Board members. In 2025-26, all Board members continued to develop their pension knowledge through a variety of ways, including:

- Attendance at Local Government Association (LGA) training sessions
- Access to regular LGA bulletins
- Use of The Pensions Regulator's Public Service Toolkit
- Ongoing engagement with the Scheme Manager and HR teams

Work Programme for 2026-27

The Board's work plan would focus on:

- Continued implementation of the McCloud/Sargeant age discrimination remedy.
- Continued implementation of the Matthews Second Options exercise, including legislative changes arising from the Government's consultation process.
- Improvement of data quality and pension administration processes.
- Monitoring and responding to national consultations.
- Preparing for and responding to Pensions Dashboard requirements.
- Enhancing member communication and engagement.
- Ongoing development of the Board's knowledge and skills.
- Reviewing compliance with The Pensions Regulator's data quality expectations.

The work plan would be reviewed regularly to respond to emerging risks and priorities.

In response to a question from County Councillor G Mirfin in relation to the reporting of Pension Ombudsman outcomes to members, the HR Manager confirmed that updates were reported to the Resources Committee. The DoPD added that the service was awaiting the outcome of some cases that were being considered by the Pension Ombudsman.

County Councillor G Mirfin asked a question about the business risks associated with pensions, the DoPD explained that decisions relating to pensions were often made in accordance with the legislative framework, or guidance, however there could be a cost implication where additional funding is not made available which could present a financial pressures and therefore issues were reported to members of the Fire Authority via the Resources Committee.

In response to a question from the chair in relation to the members of the pension board, the DoPD confirmed that membership of the board was made up of, two Fire Brigades Union (FBU) representatives, and two employees, who were currently the Deputy Chief Fire Officer and the Assistant Chief Fire Officer. In addition, the DoPD, the Payroll and Pensions Manager and the Pensions Coordinator attended as advisors. The Chair explained to members that following the Constitution Working Group it had been suggested that two Combined Fire

	Authority (CFA) members be introduced to the Pension Board rather than introducing a new pensions committee. The DoPD acknowledged that this would keep members up to date in relation to pension activity. In response to a question from County Councillor J Tetlow in relation to support from the LPPA, the DoPD explained that there had been challenges. The Chair requested that any challenges be shared with County Councillor J Tetlow as the Chair of Lancashire County Councils Pension Committee. **Resolved**: That the Committee noted the report.
6-26/27	**Pensions Update**
	The HR Manager presented the report to members. **Internal Disputes Resolution Procedure – Stage 2 (IDRP)** Lancashire Fire and Rescue Service (LFRS) had several cases that had previously progressed through both stages of the IDRP process. These related to the payment of pensionable allowances within LFRS. Some members remained 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 had contacted the Service regarding these cases. While LFRS had provided the relevant information, no formal outcomes had been received to date. **Changes to Superannuation Contributions Adjusted for Past Experience (SCAPE) Rate** The SCAPE discount rate was a government set actuarial assumption used in public service pension calculations. Changes to this rate affected the factors used to calculate certain pension options and, for some members, could reduce the lump sum available on retirement. On 19 May, the Local Government Association (LGA) advised Scheme Managers that HM Treasury had confirmed through a Written Ministerial Statement that the SCAPE discount rate was to increase with effect from 19 May 2026. This change triggered a review of the actuarial factors used within the scheme. This included, but was not limited to: • Lump sum commutation for the Firefighters Pension Scheme (FPS) 1992 • early retirement factors • transfers in and out of the scheme • pension debits and added pension. On 21 May, Government Actuary's Department (GAD) published the revised FPS 1992 lump sum commutation factors, which took immediate effect for any retirements on or after 21 May 2026. As a result of the increase to the SCAPE discount rate, commutation factors had reduced. In some cases, the reduction in the lump sum could be up to 5% but this would vary depending on personal circumstances.

The immediate impact for Lancashire Fire and Rescue Service (LFRS) was administrative and member-facing, as retirement illustrations and packs needed to be reissued where affected. Local Pensions Partnership Administration (LPPA) was managing this process.

Age Discrimination Remedy (McCloud/Sargeant)

In 2015, the Government introduced reforms to public service pension schemes, including the Firefighters' Pension Scheme 2015 (FPS 2015). Transitional protections were applied so that some members of the legacy schemes (FPS 1992 and FPS 2006) remained in those schemes for longer, or did not move to FPS 2015 at all, depending on their age. Following the legal challenge known as McCloud/Sargeant, these transitional protections were found to be unlawfully age discriminatory.

From 1 April 2022, all serving members were moved to FPS 2015. The current phase of work was the implementation of the retrospective remedy for the period 1 April 2015 to 31 March 2022. This required eligible members to be given a choice between legacy scheme benefits and reformed scheme benefits for the remedy period.

A central part of the remedy was the issue of Remediable Service Statements (RSSs), which set out the pension benefit choices available to affected members. The original statutory deadline for issuing these statements was 31 March 2025. As with other public service pension schemes, implementation had been challenging due to the complexity of the legislation, the sequencing required with other pension remedies, system limitations, and the volume of manual processing required in some cases. Of 367 pensioner and beneficiary cases identified, 312 statements have been issued and 55 remained outstanding.

Of the 43 outstanding non-ill-health pensioner cases, 7 related to tapered or unprotected members and were expected to be issued by 30 June 2026. The remaining cases were primarily more complex records, including members affected by the Part-Time Workers (Matthews) remedy, where additional manual processing was required. Beneficiary cases were also more complex and were currently expected to be completed by 31 December 2026, alongside the remaining outstanding pensioner cases.

For active and deferred members, the outstanding RSSs were expected to be issued through the 2026 Annual Benefit Statement exercise. It was anticipated that all 51 outstanding active and deferred member statements would be issued by 31 August 2026.

The Pension Scheme Manager had reported the position on delayed RSS issuance to The Pensions Regulator (TPR), including LPPA's action plan and revised delivery timetable. The Regulator had acknowledged the original breach notification and had not requested any further information at this stage.

A total of 82 pensioner members had elected to take alternative pension benefits. Of these, 71 cases had been processed for payment and the remaining 11 were progressing through the payment process.

The Pensions Ombudsman had updated its approach to McCloud-related complaints. The Ombudsman had indicated an intention to publish significant determinations on common McCloud issues to support more consistent complaint resolution. LFRS would review any such determinations and consider any implications for local administration and member communications.

Contingent Decisions

The age discrimination remedy regulations allowed certain decisions made by members during the remedy period to be revisited. A contingent decision arose where a member may have made a different choice had the 2015 pension reforms not applied. This included decisions to opt out of the pension scheme and, in some cases, whether a firefighter would have purchased additional years in their legacy scheme had they remained eligible to do so.

LFRS had received 29 contingent decision applications, all contingent decision applications received had been approved by the Scheme Manager. The next stage was for individuals to receive a Contingent Decision Remediable Service Statement (CD-RSS), enabling them to decide whether to elect to opt back into their legacy scheme or to purchase added years for the remedy period.

On 26 March 2026, the Government issued a Written Ministerial Statement (WMS) addressing a legislative issue affecting some FPS 1992 members who opted out of pensionable service as a result of the 2015 reforms. The current wording of the Public Service Pensions and Judicial Offices Act 2022 prevented some individuals from being reinstated into their original legacy scheme through the contingent decision process. The WMS confirmed the Government's intention to address this through further regulations so that eligible members could have their opted-out service for the period 1 April 2015 to 31 March 2022 treated as pensionable in the legacy scheme in which they last accrued service.

The Scheme Advisory Board had obtained legal advice on the position of fire and rescue authorities considering whether to progress affected cases before the supporting regulations were in force. LFRS did not currently propose to proceed ahead of legislation. This approach was intended to ensure that decisions were made on a clear statutory basis and applied consistently. The position would continue to be reviewed as further guidance and regulations were issued.

Part Time Workers (Matthews 2) Remedy

The Matthews remedy addressed historic pension access for on-call firefighters who, for many years, were unable to join the Firefighters' Pension Scheme on the same basis as wholetime firefighters. For LFRS, the current focus was on identifying eligible individuals, issuing options and calculation packs, and progressing elections into payment where members choose to join the Modified Pension Scheme.

The Service had identified more than 600 existing and former employees who were eligible to express an interest in joining the Modified Pension Scheme or purchasing additional pension. Reasonable endeavours had been made to contact all eligible individuals, this work remained ongoing. 420 individuals had expressed an interest, and 390 calculation and options packs had been issued.

A total of 287 individuals had elected to join the scheme. Of these, 176 were Special Pensioner Members. LPPA had brought 124 of these cases into payment, with the remaining cases progressing through the payment process.

Further legislation came into force on 1 April 2026 following Government consultation. This legislation made amendments in relation to deceased members, additional death grants and conversion options. As a result, fire and rescue authorities had a further implementation period to 31 March 2027 to complete outstanding work and apply the legislative changes fully. The Government Actuary's Department was also developing a calculator to support processing of additional cases arising from these amendments, which was expected to be available by the end of June 2026.

One area that remains unresolved nationally was aggregation. This affected individuals who previously served in an on-call role and later moved into a wholetime role, and who may wish to combine pension benefits across periods of service. No final mechanism had yet been confirmed for these cases, and the Service was awaiting the outcome of relevant legal processes expected during 2026 and 2027.

A small number of on-call firefighters had been identified as being affected by an unintended gap in pension scheme membership arising from the interaction of the Matthews remedy and the McCloud remedy. These were employees who remained in continuous service beyond 31 March 2022, but who had not previously joined the Firefighters' Pension Scheme. As a result, while they may now be able to remedy historic pension access issues, a further gap arose from 1 April 2022 onwards unless specific action was taken. To address this, the Scheme Manager had considered the use of discretion under Regulation 12(5) of the Firefighters' Pension Scheme 2015 to allow affected individuals to opt into the Scheme with effect from 1 April 2022. Where this option was taken up, affected members would be required to pay the employee pension contributions due for the relevant period (with effect from 1 April 2022 to current date), with the Service meeting the associated employer contributions. The estimated maximum cost to the Authority, assuming full take-up by all eligible individuals, was circa £80,000.

Resources

The implementation of the Age Discrimination (McCloud/Sargeant) remedy and the Part-Time Workers (Matthews 2) remedy continued to place significant demands on both LFRS and its pension administrator, Local Pensions Partnership Administration (LPPA). LPPA has increased its staffing resource to support the additional workload, while LFRS continued to manage remedy implementation alongside business-as-usual pension administration responsibilities.

The Government had extended the deadline for completion of the Part-Time Workers (Matthews 2) exercise to 31 March 2027. This provided additional time for fire and rescue authorities to complete outstanding cases and incorporated the effect of subsequent legislative changes.

The concurrent implementation of two substantial and complex national pension remedy programmes remained resource intensive. To support delivery, the temporary Pensions Coordinator role continued to provide additional capacity,

	with the current arrangement in place until 31 March 2027. **Dashboards** The Pensions Dashboard Programme aimed to enable individuals to access their pension information online, securely and all in one place. LPPA completed connection of their schemes to the central digital portal in December 2025. Following this connection, the government would issue LPPA with a Dashboard Available Point (DAP). This was the date when the pension dashboard would become publicly available. This date was set by the Secretary of State for Work and Pensions and would provide a minimum of six months' advance notice. In response to a question from County Councillor J Tetlow in relation to funding of the pension schemes, the HR Manager explained that the firefighter pension scheme was not an invested fund, with contributions today funding active pensions. The Chair expressed his thanks to the HR Team. **Resolved:** That the committee noted the report and its implications for pension administration and member communication.
7-26/27	**Year End Treasury Management Outturn 2025-26**
	The DoCS advised that this report set out the Authority's borrowing and investment activity during 2025-26. All treasury management activity undertaken during the year was carried out in accordance with the Treasury Management Strategy for 2025-26, which was approved by the Combined Fire Authority in February 2025. **Economic Overview** As in 2024-25, inflation remained above the Bank of England's 2% target during 2025-26. The Consumer Prices Index (CPI) was 3.5% in April 2025 and peaked at 3.8% between July and September 2025. It then fell to 3.0% in January and February 2026 before ending the year at 3.3% in March 2026. The latest available figure was 2.8% for April 2026. However, forecasts indicated that CPI could rise above 4.5% during 2026-27. At its March 2026 meeting, the Bank of England's Monetary Policy Committee (MPC) voted unanimously to maintain Bank Rate at 3.75%. However, the MPC indicated that rates may need to rise if inflationary pressures increased materially. The Committee stated that it "stands ready to act as necessary" and remained alert to the risk of domestic inflationary pressures feeding through into wages and prices. This economic context was relevant to Members because changes in inflation and interest rates directly affect the Authority's treasury position. They influenced how much it would cost to borrow in future, the level of income that could be earned on surplus cash, and the extent to which treasury performance supported the overall financial position of the Authority.

Borrowing

The Authority's borrowing remained unchanged at £2.0 million at 31 March 2026, with no new long-term borrowing undertaken during the year. The existing loans were taken from the Public Works Loan Board (PWLB), a government body that lent to local authorities and similar public bodies, in 2007, when Bank Rate was 5.75%.

The capital programme approved for 2026-27 in February 2026 did not require borrowing until 2027-28. The current debt therefore related to earlier capital programmes. Borrowing remained above the Capital Financing Requirement (CFR), which represented the Authority's underlying need to borrow for capital purposes. This was because the Authority had historically set aside revenue each year to repay debt through Minimum Revenue Provision (MRP), while the remaining external loans continued until their maturity dates unless repaid early. In practice, this meant the Authority had reduced its underlying need to borrow more quickly than the actual loans had been repaid.

If the loans were repaid early, a premium would be payable. Although early repayment could generate an estimated saving of £32,000 in future interest costs, the Authority was currently planning for a need to borrow from 2027-28 onwards. Any saving from early repayment would therefore need to be considered alongside the likely cost of replacement borrowing, which was expected to be at higher rates than the existing loans.

This was relevant to Members because it explained why no action had been taken to repay debt early. Although an early repayment might reduce future interest costs, it could also create additional costs now and may not represent best value if the Authority expected to borrow again in the near future.

Investments

Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance required the Authority to invest its funds prudently, with primary regard to security and liquidity before yield. During the year, the Authority's approach continued to be to secure an appropriate balance between risk and return.

To reduce credit risk, the Authority used an account facility with the Debt Management Office (DMO), which was part of His Majesty's Treasury, as its main counterparty for overnight investments. This provided a highly secure place to hold short-term cash while maintaining immediate access to funds.

The Treasury Management Strategy also allowed investment with other high-quality counterparties, including local authorities. During the year, the Authority maintained positive cash balances throughout, ranging from a high of £60.0 million to a low of £36.7 million. Amounts invested with the DMO ranged from £28.9 million to £6.7 million, with an overnight DMO balance of £9.1 million at 31 March 2026.

Longer-term fixed rate investments could generate higher returns than overnight deposits, but they reduced liquidity and were therefore used selectively. At the

	year end, fixed investments totalled £30.0 million. During 2025-26, five fixed-term investments matured and seven new investments were placed. £1.5 million of interest was earned on fixed-term investments during the year. Overnight deposits with the DMO averaged five basis points (0.05%) below Bank Rate. Surplus balances on the Authority’s current account were invested each working day to maximise the return on cash holdings. The average balance invested in this way during the year was £15.6 million, generating interest of £0.6 million. Total interest earned in 2025-26 was £2.1 million, representing an average return of 4.48%. This compared favourably with the benchmark 7-day Sterling Overnight Index Average (SONIA), which averaged 4.02% over the same period. SONIA was a widely used market benchmark for short-term sterling interest rates. Achieving a return above SONIA indicated that the Authority earned more than a simple overnight market benchmark, mainly because it was able to place some funds in fixed-term deposits at favourable rates while still maintaining sufficient liquidity and operating within the approved risk framework. All investments were made in accordance with the approved 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 finance team. Where market conditions were considered appropriate, further fixed-term investments would be placed in line with the approved strategy and the Authority’s liquidity requirements. **Prudential Indicators** A range of Prudential Indicators were used to control and monitor the Authority’s treasury management activity. These were effectively the guardrails within which treasury decisions must be taken. They were approved by Members in advance and covered matters such as how much the Authority could borrow, how borrowing was structured, and the limits that applied to investments. Overall, the Prudential Indicators showed that treasury management activity during 2025-26 remained within the limits approved by Members. In response to a question from County Councillor G Mirfin in relation to the reporting of Treasury Management, the DoCS explained that traditionally Treasury Management would be reported to Resources Committees. **Resolved**: That the Committee noted and endorsed the outturn position report.
8-26/27	**Productivity and Efficiency Plan 2026-27**
	The Director of Corporate Services (DoCS) presented the report to members. Productivity and Efficiency Plans had been produced annually since 2024-25 and formed part of the national framework for fire and rescue authorities in England. For 2026-27, responsibility for the plan had moved to MHCLG and the format of

the plan was prescribed nationally.

The national requirements for 2026-27 were broader than in previous years. The plan now required: multi-year financial information through to 2028-29; an efficiency narrative showing how savings had been achieved; a productivity narrative supported by stronger evidence where possible; reporting for both wholetime and on-call activity; and a new section on service changes and achievements. Direct employee savings could still be described in the wider financial strategy, but they no longer counted towards the headline efficiency total in the same way as under the previous approach.

The key elements of the plan included:

- Strong delivery in 2025-26, including significant non-pay efficiencies and operational improvements linked to dynamic resource management and reduced standby activity.

- A pipeline of future opportunities from 2026-27 onwards, including fleet, ICT, estates, charging and operating model changes, with delivery subject to the normal approval, assurance and consultation arrangements where required.

- A broader set of productivity initiatives, such as digitisation of operational processes, improvements in training delivery, on-call development changes and better capture of workforce activity, which were intended to release capacity for front-line and support priorities.

- Finally, the plan highlighted the Service's collaboration activity, income generation work and Modern Ways of Working arrangements as part of a wider approach to continuous improvement.

The plan set out a number of material headlines for Lancashire, including non-pay efficiency savings delivered in 2025-26, the continued benefits of dynamic resource management and dynamic cover approaches, a pipeline of future efficiency opportunities, and a wider range of productivity initiatives covering operational, digital, training and workforce activity. The full productivity and efficiency plan was included at appendix A within the agenda pack.

In response to a question from County Councillor G Mirfin in relation to premises expenditure, the DoCS explained that this related to day-to-day running costs.

In response to a question from County Councillor J Tetlow in relation to direct employee costs, the DoCS explained that this related to an assumption on pay

	awards and staffing numbers which was set out within the authorities budget within establishment. In response to a question from County Councillor G Mirfin in relation to the lifespan of vehicles and depreciation, the DoCS explained that the lifespan of vehicles would be expanded where it represented value for money, with fleet vehicles moved around the service as appropriate to support this. County Councillor J Tetlow asked how vehicles at the end of their life cycle were disposed of, the DoCS explained that vehicles at the end of their life cycle had a very low financial value and were therefore donated to charity and often taken abroad by charities. In response to a question from County Councillor G Mirfin in relation to the reduction on expenditure in relation to fire protection, the DoPD explained that this could be attributed to utilising resources more efficiently. The Chair added that there could be more synergy with Public Health Services which he encouraged members to promote. County Councillor G Mirfin remarked that electric vehicles often had expensive hidden costs, County Councillor J Tetlow had recently completed some research into this which he suggested be shared and considered by the DoCS. County Councillor J Tetlow added that battery replacements could be very expensive for electric vehicles. In response to a question from County Councillor G Mirfin in relation to social value benefits, the Chair confirmed that the committee had recently received a report in relation to the social value benefits achieved during the Blackpool Fire Station refurbishment. County Councillor G Mirfin suggested that co-location could be considered with other blue light and local authority services. The Chair added that Local Government Reorganisation (LGR) could result in a number of locations becoming available and merging of fire stations could be considered. Members agreed that some buildings were no longer fit for purpose and suggested possible alternatives including the services Leadership and Development Centre and Lancashire County Councils County Hall. The Chair added that members would continue to lobby MP’s in relation to funding for fire and rescue services. **Resolved**: That the Committee noted the report.
9-26/27	**Date and Time of Next Meeting**

	The next meeting of the Committee would be held on **Wednesday 30 September 2026** at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood. Further meeting dates were noted for 25 November 2026 and 16 March 2027.
10-26/27	**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.
11-26/27	**Firefighters' Pension Scheme - Compensatory ill Health**
	(Paragraph 1) Members considered a report in relation to compensatory ill health within the firefighters' pension scheme. **Resolved**: That the Committee noted the report.
12-26/27	**High Value Procurement Projects**
	(Paragraph 3) Members considered a report that provided an update on contracts valued above £175,000 since the last report in March 2026. **Resolved**: That the Committee noted the report.

D Howell
Monitoring Officer to CFA

LFRS HQ
Fulwood