

Public Document Pack

Lancashire Combined Fire Authority Resources Committee

**Monday, 29 June 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 - 14)**

For decision:

4. **Financial Monitoring - Provisional Outturn 2025-26 (Pages 15 - 32)**

For noting:

5. **Local Pension Board Annual Report (Pages 33 - 38)**
6. **Pensions Update (Pages 39 - 48)**
7. **Year End Treasury Management Outturn 2025-26 (Pages 49 - 56)**
8. **Productivity and Efficiency Plan 2026-27 (Pages 57 - 86)**
9. **Date and Time of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours

on **Wednesday 30 September 2026** in the Main Conference Room, at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meetings are: scheduled for Wednesday 25 November 2026
 proposed for Tuesday 16 March 2027

10. **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 Monitoring Officer should be given advance warning of any Member's intention to raise a matter under this heading.

11. **Exclusion of Press and Public**

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

Part 2

For noting:

12. **Firefighters' Pension Scheme - Compensatory ill Health (Pages 87 - 90)**

(Paragraph 1)

13. **High Value Procurement Projects (Pages 91 - 94)**

(Paragraph 3)

14. **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 Monitoring Officer should be given advance warning of any Member's intention to raise a matter under this heading.

**Lancashire Combined Fire Authority
Resources Committee**

**Wednesday, 25 March 2026, at 10.00 am in the Main Conference Room,
Service Headquarters, Fulwood.**

Minutes

Present:	
Councillors	
A Blake	
A Ali OBE (Chair)	
G Baker	
J Fox	
Z Khan MBE	
D Smith	

Officers
S Brown, Director of Corporate Services (LFRS) S Healey, Deputy Chief Fire Officer (LFRS) S Pink, Assistant Chief Fire Officer (LFRS) E Sandiford, Director of People and Development (LFRS) J Meadows, Head of Finance (LFRS) J Hutchinson, HR Manager - Pay, Pensions and Performance (LFRS) M Nolan, Clerk and Monitoring Officer to the Authority D Howell, Legal Service and Standards Manager and Deputy Monitoring Officer (LFRS) S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)

In attendance

31-25/26	Apologies for Absence
	Apologies were received from County Councillors N Alderson, M Ritson, J Tetlow and Councillor S Sidat.
32-25/26	Disclosure of Pecuniary and Non-Pecuniary Interests
	None received.
33-25/26	Minutes of the Previous Meeting
	Resolved: That the Minutes of the last meeting held on 26 November 2025 be

confirmed as a correct record and signed by the Chair.

34-25/26 **Financial Monitoring 2025-2026**

The Director of Corporate Services (DoCS) advised members 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 2025/26 revenue budget had been set at £77.511 million. The budget profiled to the end of January 2026 was £61.604 million and expenditure for the same period was £61.403 million which was 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 showed that overtime had been avoided and therefore the service was forecasting that these savings would be met.

Overall, a small underspend was forecast of £0.184 million, which was just 0.2% of the services net budget. 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 table 1.

Area	Year to Date	Forecast	Reason
Service Delivery - Pay	£0.274 million	£0.359 million	The variance was largely due to two factors; the pay award of 3.2% from July 2025 was 0.2% above budgeted assumptions, and higher than budgeted activity levels for on call staff.
Prevention and Protection - Pay	(£0.316 million)	(£0.361 million)	As previously reported to the Committee vacant posts had remained throughout the year. Successful recruitment campaigns had been offset by leavers. Challenges continued 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 continued to be managed by the services insurers. During the year, costs associated with this claim had progressed to the point where the Service had become liable for the insurance excess. This had resulted in payments being made in-year in accordance with the policy terms. There would be no further costs associated with this claim for LFRS.
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Table 1 – Major variances of note

Future Pressures

Although not reflected in the 2026/27 budget set in February, the escalating conflict in the Middle East presented a growing financial risk. Geopolitical instability had already contributed to higher than assumed inflation, particularly in energy markets, with utility costs tracking above 6% compared to the 2% inflation assumption underpinning the budget. This sustained volatility could 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 had the potential to create additional in year pressures and would require close monitoring and potential adjustment within future financial planning cycles.

The 2026/27 budget included a 4% increase for both green and grey book pay awards. National negotiations for the 2026 pay awards were underway. For Green Book staff (effective April 2026), the recognised National Joint Council (NJC) unions had 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 had 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) had initiated discussions and was pressing for a substantial above-inflation increase, although no specific figures or employer proposals had yet been published. The service would continue to monitor national negotiations and update Members once formal offers were 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 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 saving target had been delivered.

The Productivity and Efficiency Plan for 2025/26 included £0.572 million of savings to be delivered in 2025/26; the delivery of £0.5 million had been explained above. The balance of £0.072 million 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 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 was 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 had been spent to the end of January. A summary of the programme was set out in the table below and in more detail in Appendix 2 of the report.

Area	Budgeted Items	Budget	Year to Date
Operational Vehicles Budget	The budget included the purchase of four Type B pumping appliance Chassis.	£0.719 million	£0.149 million
Other vehicles Budget	This budget allowed for the replacement of various operational support vehicles including several cars, vans and a welfare unit.	£1.120 million	£0.706 million
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.	£1.061 million	£0.506 million
Building Modifications Budget	This budget included the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£3.173 million	£2.460 million

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 Personal Protective Equipment (PPE) and stock management systems.	£1.117 million	£0.549 million
-	-	£7.190 million	£4.371 million

Table 3 - revised capital programme

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

Potential Financial Risks

There were several potential scenarios that had 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 had been quantified to provide an estimated worst-case scenario, these were set out in Appendix 3 of the report. Taking all these risks overall and adjusted for the remainder of the year, a potential worst-case scenario would impact the Revenue Budget and Capital Budget accordingly:

£ 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.

Councillor D Smith praised officers for keeping within 0.2% of the budget.

In response to a question from the Chair in relation to protections for emergency services should the conflict in the Middle East lead to fuel rationing, the Deputy Chief Fire Officer (DCFO) explained that arrangements were in place through the Lancashire Resilience Forum (LRF) to ensure that emergency services had access to fuel before the general public. He added that during previous fuel rationing, emergency services staff had been able to show their ID badges to be given priority access to fuel. He assured members that the issue was high on both internal and LRF risk registers.

In response to a question from County Councillor A Blake in relation to the service holding stores of fuel, the DCFO explained that the service had bulk fuel supplies at some stations and did carry reserves however it was important to note that fuel did expire. He added that access to fuel was not a great concern for the service at the minute however this would continue to be assessed. The Assistant Chief Fire

	<p>Officer (ACFO) added that the UK National Emergency Plan for fuel ensured that emergency services were prioritised, and the service would ensure its voice was heard by government through the LRF.</p> <p>In response to a question from Councillor D Smith in relation to electric fire engines, the ACFO confirmed that electric fire engines were used in London but were very expensive and were better for shorter distances, she suggested that hydrogen vehicles could be better options for the future. The DCFO added that the service had begun to introduce electric vehicles for its flexi duty officers which afforded significant savings for the service. Electric vehicles would continue to be introduced with the view to all flexi duty officer vehicles being electric within the next five years.</p> <p>The DCFO confirmed that a briefing note would be circulated to members in relation to the services' access to fuel.</p> <p>The report was proposed by the chair and seconded by County Councillor J Fox.</p> <p>Resolved: That the Committee;</p> <ol style="list-style-type: none"> 1. Noted and endorsed the financial position; and 2. Approved additional slippage in the capital programme of £0.019 million to 2026/27.
35-25/26	<p>Social Value Report: Blackpool Fire Station</p>
	<p>The Director of Corporate Services (DoCS) presented the report to members.</p> <p>The report outlined the Social Value outcomes delivered by Schofield and Sons Limited as part of the Blackpool Fire Station (Forest Gate) project. The Blackpool Fire Station project involved a full redevelopment and modernisation of the station to ensure the facilities met 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 could continue to support effective emergency response within the Blackpool area.</p> <p>Social Value Background</p> <p>As part of the Authority's procurement processes, major contracts included Social Value commitments to ensure that service investment delivered wider benefits for the communities LFRS served. This approach reflected the requirements of the Public Services (Social Value) Act 2012, which placed a duty on public bodies to consider how the goods, services or works they buy could also improve the social, economic and environmental wellbeing of the area.</p> <p>In practice, this meant that when the service awarded contracts, it did not focus solely on cost or technical quality. LFRS also considered how the supplier could 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 added value beyond the core construction</p>

	<p>works.</p> <p>These Social Value requirements were therefore built into the services procurement activity from the outset, forming part of the evaluation, the contract, and the monitoring arrangements. The Social Value Report had been completed to demonstrate how these commitments had been delivered in line with the Authority's expectations.</p> <p>Overview of the Project and Delivery</p> <p>The Blackpool Forest Gate Fire Station project generated a wide range of Social Value activities. These included:</p> <ul style="list-style-type: none"> • Extensive engagement with young people, including work experience placements, mock interviews, careers talks and not in education, employment or 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. <p>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 reflected substantial additional investment in local suppliers, high-impact educational and employability activities, and tangible improvements within the local community.</p> <p>Resolved: That the Committee noted the contents of the report.</p>
36-25/26	<p>Pensions Update</p>
	<p>The Director of People and Development (DoPD) and HR Manager – Pay, Pensions and Performance presented the report to members which provided oversight and the latest information on pension issues in respect of uniformed officers of the Fire Service.</p> <p>Internal Disputes Resolution Procedure (IDRP) – Stage 2</p> <p>Lancashire Fire and Rescue Service (LFRS) had several cases that had</p>

previously progressed through both stages of the IDR 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.

A further IDR application had recently been submitted for consideration by the Committee. This was 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 was 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 would be amended as follows:

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

This change affected all employees who were members of the Firefighters' Pension Scheme 2015, resulting in either an increase or decrease in employee contributions. This change had been communicated to employees.

FRA's were 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 provided compensation for injury and death, in the form of an injury pension or gratuity for firefighters who were permanently disabled or died as a result of an injury received in the exercise of their duties. The consultation formed part of an initial review commissioned by the Ministry of Housing, Communities and Local Government (MHCLG) to ensure the scheme remained fair, effective and reflective of the modern firefighting role. The information consultation period

ended 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 were members of the pension scheme were moved to the reformed scheme, FPS 2015. The service was 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 involved a statutory requirement to issue a Remediable Service Statement (RSS) to all members affected by age discrimination by 31 March 2025. This was a requirement for all public service pension schemes and had been a challenge across the sector. The table below showed the breakdown of the RSSs issued and the numbers outstanding which had been updated since the agenda reports had been published.

	Total Cases	Number Issued	Not Issued
Pensioners (including ill-health cases)	357	308	49
Pensioners (Beneficiaries of deceased members)	12	0	12
Actives	328	301	27
Deferred	181	157	24
	878	766 (87.25%)	112

The delay in issuing RSSs was 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 were 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 had reported a risk in relation to 54 of the 80 outstanding Immediate Choice (IC)-RSSs. 31 of these cases had an interaction with the Matthews part-time remedy, LPPA were currently experiencing production issues and were working with their software suppliers to resolve this

issue. LPPA had informed LFRS that these IC-RSSs would not be issued by the 31 March 2026 deadline. A further 23 cases were at risk of not being issued, most of these cases related to data validation errors. LPPA would make every effort to issues these cases by 31 March 2026 and were prioritising unprotected and taper protected members, but these cases were complex to resolve and required specialised resource requirement from LPPA. The Scheme Manager had provided an update to The Pensions Regulator in relation to this breach and would provide a further update following the 31 March 2026 deadline.

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

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

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

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

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

Contingent Decisions

The firefighter remedy regulations provided for some decisions made by members during the remedy period to be revisited. This included 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 had received 16 contingent decisions opt-out claims, which had been accepted by the Pension Scheme Manager. 11 of the 16 contingent decisions were from members purchasing service under the Part-Time Workers remedy (Matthews 2). A contingent decision was 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 were due to be issued with a Contingent Decision Remediable Service Statement (CD-RSS) so that they could decide whether to make an election to opt back into their legacy scheme for the remedy period. These were yet to be issued as the Contingent Decision guidance from the Local Government Association (LGA) had been withdrawn. Questions raised by the LGA, trade unions and employers in relation to the contingent decision provisions in remedy legislation were yet to be resolved. The Home Office had taken legal

advice to provide clarity over which pension schemes were available for individuals to opt back into.

Further guidance from the LGA to scheme managers was published in September 2025. This guidance allowed 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 remained 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 had identified over 600 existing and former employees who were eligible to express an interest in joining or purchasing additional pension under the Modified Pension Scheme. Reasonable endeavours had been made to contact all eligible individuals, including multiple follow-up letters and the use of a tracing service. These efforts were on-going.

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

LPPA had implemented a process to facilitate backdated pensions to Special Pensioner Members. These were 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 dated 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', posed difficulties in respect of service progression and payroll information. Issues over tax treatment had also not been resolved.

As a result of the difficulties and issues that had arisen, the Government had undertaken a consultation. This consultation considered making changes to the original legislation including extending the deadline. The outcome of the consultation was published on 4 December 2025; it was expected that the legislation would come into effect no later than 1 April 2026. It was anticipated that the legislation would 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 related to deceased members, the payment of additional death grants and conversion options. The fire authority would need to review cases from both the first and second options exercises.

An area that remained of some concern was no mechanism had been finalised to deal with aggregation. This was where an on-call employee subsequently

achieved a wholetime role and would wish to combine both pension scheme benefits. Unless an agreement was reached by the government and Fire Brigades Union (FBU), the issue of disqualifying breaks in service would need to be addressed through the legal process in 2026 before aggregation would be dealt with in 2027. The Authority had 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 were:

- 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) had written to HMRC to highlight their concerns that no 'spreading mechanism' had 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 had been put in place for employees affected by the McCloud/Sergeant Age Discrimination remedy.

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

Resources

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

It was likely that the government would extend the deadline for completion of the Part-Time Workers (Matthews 2) exercise to March 2027; this would 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 was not to be under-estimated.

To create capacity sufficient for the implementation of the above two projects, the Temporary Pensions Coordinator role was filled on a casual basis and the postholder was predominantly supporting the administration of the Part Time Workers (Matthews 2) exercise. This temporary post continued until 31.03.2026.

Dashboards

The Pensions Dashboard Programme continued 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

	<p>digital architecture was 31 October 2025. LPPA's completed connection of schemes to the dashboard's infrastructure by 15 December 2025.</p> <p>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 preparation for this date, LPPA would continue to cleanse member records, verifying data calculations and ensuring matching criteria were correct.</p> <p>The Pension dashboard Programme (PDP) had published an updated draft of its reporting standards and opened a consultation on the changes. The update explained how pension schemes and providers would need to send daily reporting data to Money and Pension Service (MaPS) using a software interface, but it did not change what data must be collected or reported. The proposed deadline to implement the new standards was 30 November 2026, and the consultation was open until 25 March 2026. LPPA's Dashboards Working Group intended to respond to this consultation.</p> <p>Councillor D Smith remarked that this was a complex and challenging subject and thanked officers for explaining the content of the report well.</p> <p>Resolved: That the committee noted the report and its implications for pension administration and member communication.</p>
37-25/26	Date and Time of Next Meeting
	<p>The next meeting of the Committee would be held on Monday 29 June 2026 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 30 September 2026 and 25 November 2026.</p>
38-25/26	Exclusion of Press and Public
	<p>Resolved: That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.</p>
39-25/26	Internal Disputes Resolution Procedure (IDRP) - Stage 2
	<p>(Paragraph 1)</p> <p>Members considered a report regarding an IDRP Stage 2 application under the Internal Disputes Resolution Procedure. The report outlined the facts of the case.</p> <p>Resolved: That members approved a response to the applicant in line with the narrative included within the report, noting that the Committee did not have</p>

	jurisdiction to make decisions that were incompatible with prevailing legislation.
40-25/26	High Value Procurement Projects
	<p>(Paragraph 3)</p> <p>Members considered a report that provided an update on contracts valued above £175,000.</p> <p>Resolved: That the Committee noted and endorsed the report.</p> <p>Councillor D Smith noted that it was the Clerk and Monitoring Officer's final committee meeting, members expressed their thanks and well wishes to the Clerk for his ten years' service.</p>

M Nolan
Clerk to CFA

LFRS HQ
Fulwood

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on Monday 29 June 2026

Financial Monitoring - Provisional Outturn 2025-26

(Appendix A - D refers)

Contact for further information: Steven Brown - Director of Corporate Services

Telephone: 01772 866804

Executive Summary

This report presents the financial outturn position for 2025-26, and the impact of this on the general reserve. The revenue outturn position shows an underspend of (£0.268 million) after proposed transfers to earmarked reserves. The Capital outturn expenditure for the year is £6.151 million which is also in line with the previous forecast.

Recommendation

The Committee is asked to:

- Note the Revenue Budget provisional revenue outturn set out in paragraph 2.
- Note the Capital Budget provisional outturn set out in paragraph 12.
- Note and endorse the revised Capital Budget for 2025-26 set out in paragraph 12.
- Approve the transfer of 2025-26 slippage to the 2026-27 capital budget set out in paragraph 12.
- Approve the transfer to earmarked reserves set out in paragraph 11 and year end reserve levels.
- Note the actions to be taken to mitigate the 2026-27 inflationary pressures set out in paragraph 5.

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

Revenue Provisional Outturn

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

Area £ million	Year to Date (under) or over	Reason
Service Delivery - Pay	0.352	The variance is due to a number of 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.
Prevention and Protection - Pay	(0.411)	As previously reported to the Committee vacant posts have remained throughout the year until completion of the service review.

Area £ million	Year to Date (under) or over	Reason
Leadership and Development Centre – Non-Pay	(0.197)	The underspend mainly reflects 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 reflects 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

3. Although the 2026-27 budget and Medium Term Financial Strategy (MTFS) include 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 increases 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 show this volatility, with utility costs tracking materially above the planning assumption. The Authority has 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 relates to pay: national pay negotiations for Green Book (from April 2026) and Grey Book (from July 2026) remain unresolved and there is a risk they settle above the budgeted assumption; each additional 1% adds 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 are cumulative, any above-assumption settlement creates an ongoing baseline pressure that is 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 is provided at Appendix D.
4. The assessment concludes that, based on the credible sources reviewed, Scenario B (extended disruption) is the most consistent with current central expectations: this means an inflation shock is likely, that is material but time-limited (circa 12–18 months), with CPI peaking at a little over circa 3.5% around then end of 2026 before easing back towards the 2% target over time. By contrast, non-pay volatility (particularly utilities) is expected to be more manageable.
5. The specific actions to be taken include:
 - 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 progresses 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 exceed agreed triggers; and
 - working through sector bodies and other channels to lobby Government for recognition of inflation pressures and any appropriate funding support.
6. At this stage, no budget adjustment is sought. The purpose of this section is to alert Members to the scale and nature of the potential inflation exposure, confirm the mitigations already in place, and explain how any material deterioration will be reported through normal financial monitoring.

Savings Targets

7. 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 and redistributing the crew from second pumps at two pump wholetime stations where there is adequate fire cover in the area.
8. The Productivity and Efficiency Plan for 2026-27 includes £0.569 million of savings delivered in 2025-26; the delivery of £0.5 million has been explained above, the balance relates to some smaller initiatives such as procurement savings. In addition, £1.078 million of non-recurring efficiency savings have been realised in 2025-26, these largely relate 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 are outlined in the Lancashire Combined Fire Authority Productivity and Efficiency Plan 2026-27.

General Reserve

9. 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.
10. Following the provisional outturn the level of the General Reserve at 31 March 2026 is £5.989 million as set out in the table below, this is above the £4 million minimum level of General Reserve set by the Authority in February 2026.

	£ million
Opening balance of LFRS general fund	(5.721)
Forecast revenue underspend	(0.268)
Forecast closing balance of general fund	(5.989)

Table 2 – level of general reserve

Earmarked Reserves

11. Earmarked reserves are all funds that have been identified for a specific purpose. Appendix B sets out the proposed transfers to earmarked reserves of £1.665 million, this includes one off grant monies received in advance. The balance of all the earmarked reserves is £29.012 million as at the 31 March 2026; this includes the

Capital Reserve of £18.331 million and Private Finance Initiative (PFI) reserves of £5.290 million.

Capital Budget Provisional Outturn

12. 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 has been spent resulting in net slippage of (£0.885 million), that is proposed to be transferred to the 2026-27 budget, and a small overspend of £0.015 million. A summary of the programme is set out in the table below and in more detail in Appendix C.

Area (£ million)	Detail	Budget	Outturn
Operational Vehicles Budget	Investment in frontline operational vehicles, mainly the replacement and renewal of fire appliances, with some related specialist vehicle provision also progressing.	0.719	1.203
Other vehicles Budget	Replacement of operational support vehicles, including officer cars, vans and other vehicles needed to support frontline response and staff welfare.	1.200	1.027
Operational Equipment Budget	Purchase of key operational equipment to support firefighter safety and response capability, including breathing apparatus, vehicle-based equipment and other specialist operational kit.	0.961	0.601
Building Modifications Budget	Building works to improve training facilities and fire stations, including drill towers, station upgrades and wider estate improvement works.	3.273	2.722
IT systems Budget	Investment in ICT infrastructure and systems, including network and security upgrades, operational systems and digital tools to support service delivery.	0.898	0.598
		7.051	6.151

Table 3 - Capital Programme for 2025-26

13. 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 also identified a stronger operational need for a water carrier, which is 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 is therefore proposed that the existing budgets for the Type A appliances and prime mover are 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 will be a dual-purpose vehicle used by driver training, resulting in the Type B fleet reducing by 1. The Service is still keen to explore smaller pumping appliances and work is ongoing in this regard.

Potential Financial Risks

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

Financial Implications

15. The financial implications are set out in the body of the report and appendices. These include the provisional 2025-26 revenue and capital outturn positions, the proposed transfers to earmarked reserves, the impact on the General Reserve, and the proposed reprofiling of slippage into the 2026-27 capital programme.

Legal Implications

16. There are no specific legal implications arising directly from this report.

Business Risk Implications

17. The report itself presents the provisional outturn position for 2025-26, but it also highlights a number of financial planning and affordability risks which will continue to require monitoring, particularly in relation to inflation, utilities, pay awards and delivery of future savings. These risks are described in the report and will continue to be managed through financial monitoring and the Authority's reserves and medium-term planning arrangements.

Environmental Impact

18. There are no specific environmental implications arising directly from this outturn report.

Equality and Diversity Implications

19. There are no specific equality or diversity implications arising directly from this report

Human Resource Implications

20. There are no direct human resource implications arising from the recommendations in this report. Workforce-related cost pressures, including pay inflation, are referred to in the body of the report as part of the Authority's wider financial planning context

Local Government (Access to Information) Act 1985

List of background papers N/A

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

Appendix A: Revenue Budget Monitoring Statement

Appendix B: Transfers to Earmarked Reserves

Appendix C: Capital Budget Monitoring Statement

Appendix D: Inflation Sensitivity Analysis

Appendix A

Revenue Budget Provisional Outturn

Area £ million	Revised Budget	Year to Date Total *	Year to Date Variance	Year to Date Variance Pay	Year to Date Variance Non-Pay
Service Delivery	-	-	-	-	-
Service Delivery	44.557	44.930	0.373	0.352	0.021
Prevention and Protection	3.914	3.501	(0.413)	(0.411)	(0.002)
Control	2.237	2.201	(0.036)	0.000	(0.036)
Youth Engagement (including Kings Trust)	0.022	0.006	(0.016)	0.004	(0.020)
Special Projects (International Search and Rescue (ISAR))	0.002	(0.001)	(0.003)	0.000	(0.003)
Strategy and Planning	-	-	-	-	-
Service Improvement	2.607	2.600	(0.008)	0.021	(0.029)
Leadership and Development Centre	4.568	4.309	(0.259)	(0.062)	(0.197)
Fleet and Technical Services	3.582	3.620	0.038	0.015	0.023
Digital Data and Technology (DDAT)	4.576	4.378	(0.198)	(0.024)	(0.173)
People and Development	-	-	-	-	-
Human Resources	1.007	1.000	(0.008)	0.012	(0.020)
Occupational Health Unit	0.372	0.287	(0.085)	(0.011)	(0.075)
Corporate Communications	0.479	0.445	(0.034)	(0.030)	(0.005)
Safety Health and Environment	0.335	0.388	0.053	0.019	0.034
Corporate Services	-	-	-	-	-
Executive Board	1.197	1.240	0.042	0.044	(0.002)
Central Admin Office	0.716	0.605	(0.111)	(0.096)	(0.015)
Finance and Procurement	1.352	1.338	(0.014)	(0.030)	0.016
Property	3.414	3.326	(0.088)	(0.088)	(0.000)
Total DFM Expenditure	74.939	74.171	(0.768)	(0.284)	(0.483)
Non DFM Expenditure	-	-	-	-	-
Pensions Expenditure	1.552	2.176	0.624	0.036	0.588
Other Non-DFM Expenditure	1.021	0.896	(0.125)	(0.020)	(0.105)
non-DFM expenditure	2.572	3.072	0.500	0.016	0.483
Net Budget	77.511	77.243	(0.268)	(0.268)	(0.000)

Appendix B

Transfers to Earmarked Reserves

These are one-off resources being earmarked to meet specific known or reasonably foreseeable future cost pressures:

Transfers to Budget Holders Earmarked Reserves	£ million
Digital, Data and Technology – committed expenditure in relation to Microsoft 365 fixed term contract with extension	0.100
Digital, Data and Technology – committed expenditure in relation to Desktop and iPad replacement project	0.100
<p>Airwave – budget underspend to transfer to an earmarked reserve.</p> <p>Airwave is the national radio system used by the emergency services for secure operational communications. It will eventually be replaced by the new Emergency Services Network (ESN).</p> <p>Historically, Airwave costs were funded partly from the Authority’s own budget and partly from a separate Firelink grant of £0.2 million. That grant has now ended. At the same time, the Competition and Markets Authority (CMA) intervened because Airwave is effectively supplied in a monopoly market. This led to lower charges and credits being returned to fire and rescue services.</p> <p>For Lancashire, this has produced two one-off benefits in 2025-26: an underspend of £0.282 million on the Airwave budget because charges were lower than expected, and a separate rebate of £0.412 million returned to the Authority.</p> <p>However, the future cost of moving from Airwave to ESN remains uncertain. National scrutiny has highlighted that local transition costs may still fall on emergency services, and there is no certainty that all future costs will be fully funded by government. For that reason, it is proposed that both the £0.282 million underspend and the £0.412 million rebate are transferred into an ‘ESN transition and Airwave price volatility earmarked reserve’ so that these one-off gains can be held to meet future communications and transition cost pressures.</p>	0.282
Airwave Income to Earmarked Reserve – as above, Airwave rebate.	0.412
<p>Drone Grant to Earmarked Reserves</p> <p>This relates to a £0.440 million grant awarded to Lancashire Fire and Rescue Service by the Ministry of Housing, Communities and Local Government to support work on heavy-lift drone capability.</p> <p>The funding is intended to support the development of drone capability, particularly for wildfire and other operational uses where larger or more specialist unmanned aircraft can improve situational awareness, operational effectiveness and sector learning.</p> <p>As this is specific grant funding for a defined purpose and may be spent over a longer period than a single financial year, it is proposed that the £0.440 million is transferred to an earmarked reserve. This will ensure the funding is retained and applied to the approved drone-related work as that programme develops</p>	0.440

Transfers to Budget Holders Earmarked Reserves	£ million
Property – delay in committed planned maintenance works	0.231
<p data-bbox="181 271 659 309">Property – Utility volatility reserve</p> <p data-bbox="181 344 1310 456">A £0.100 million underspend on utilities in 2025-26 is proposed to be transferred to a utility volatility reserve. The underspend has arisen because in-year utility costs were lower than budgeted.</p> <p data-bbox="181 495 1310 640">However, utility markets remain volatile and prices can change quickly. Current projections indicate that utility costs are likely to increase in 2026-27 compared with the level seen in 2025-26, reflecting higher energy prices and wider market uncertainty.</p> <p data-bbox="181 678 1270 824">For that reason, rather than treating the 2025-26 underspend as a one-off saving, it is proposed that it is held in reserve and then utilised in 2026-27, if required, to help manage higher utility costs and smooth the impact of price volatility on the revenue budget.</p>	0.100
	1.665

Appendix C

Capital Budget Monitoring Statement 2025-26

£ million	Budget	Transfer to Capital from Kings Trust	Revised Budget	Actual as at March 2026	(Slippage) or accelerated spend	Over or (Under) Spend
Vehicles	-	-	-	-	-	-
Operational Vehicles	0.719	-	0.719	1.203	0.484	(0.000)
Support Vehicles	1.120	0.080	1.200	1.027	(0.185)	0.012
-	1.839	0.080	1.919	2.230	0.299	0.012
Operational Equipment	-	-	-	-	-	-
Operational Equipment	0.961	-	0.961	0.601	(0.479)	0.119
-	0.961	-	0.961	0.601	(0.479)	0.119
Buildings Modifications	-	-	-	-	-	-
Update Preston Facilities	0.433	-	0.433	0.166	(0.184)	(0.083)
Blackpool Dormitory	0.498	-	0.498	0.542	(0.017)	0.061
Drill tower replacements	1.381	-	1.381	1.105	(0.189)	(0.087)
Wylfa Prop	0.175	-	0.175	0.206		0.031
Estate Improvement Provision	0.786	-	0.786	0.703	(0.099)	0.016
-	3.273	-	3.273	2.722	(0.489)	(0.062)
ICT	-	-	-	-	-	-
IT Systems	0.898	-	0.898	0.598	(0.216)	(0.084)
-	0.898	-	0.898	0.598	(0.216)	(0.084)
-						
Total	6.971	0.080	7.051	6.151	(0.885)	0.015
-	-	-	-	-	-	-
Funding	-	-	-	-	-	-
Revenue Contributions	2.500	0.080	2.580	2.500	-	(0.080)
Capital Reserves	4.471	-	4.471	3.650	(0.885)	0.064
Total Capital Funding	6.971	0.080	7.051	6.151	(0.885)	(0.015)

Appendix D

Inflation Sensitivity Assessment

Purpose and context

At the Combined Fire Authority meeting, the Chair requested that the Director of Corporate Services (Section 151 Officer) review the possible impact of inflationary pressures associated with geopolitical conflict and report findings to Party Leaders. This appendix provides that assessment, aligned to the Authority's approved 2026-27 budget, medium-term financial strategy, capital strategy and reserves strategy.

Baseline financial assumptions

The Authority's medium-term plans include inflation assumptions:

- Pay awards: 2026-27 estimated at 4%, then 2% thereafter (with separate uniformed and non-uniformed assumptions within the medium-term financial strategy).
- General (non-pay) inflation: budgets uplifted by 3.8% in 2026-27 and 2% thereafter.
- Capital programme inflation: the capital strategy includes an explicit inflation allowance, consistent with 2% on relevant projects funded from revenue.
- Resilience: the reserves strategy forecasts a General Reserve of £5.989 million for 2026-27 and advises a minimum level of £4.0 million (reflecting circa 5% of the net revenue budget as a broad benchmark, adjusted for local risk).

These assumptions mean the budget is not unprotected; however, there remains a financial risk if actual inflation differs materially from the planning rates, particularly in energy and fuel, and in construction markets, or persists for longer than assumed.

How inflation impacts costs

Inflationary shocks typically affect costs through several channels:

Pay and workforce costs

Above-assumption national pay settlements (Green Book from April and Grey Book from July) increase the pay and overtime bill. As set out in the budget report, each additional 1% on pay awards adds approximately £0.6 million of in-year cost pressure (circa £0.5 million Grey Book and £0.1 million Green Book).

Importantly, pay pressures differ from most non-pay inflation: a pay award above the 4% budget assumption increases the baseline pay bill on an ongoing basis. In year pressures may be absorbed by the General Reserve however, there is no identified recurrent funding stream within the current medium-term plan to absorb pay awards above the approved assumption; therefore, any above-assumption settlement is likely to create a future structural medium-term financial strategy pressure that must be funded through additional and recurring savings (or longer-term service redesign), rather than being managed solely through one-off reserve use.

Non-pay (revenue) budgets

Energy and utilities (often volatile), fuel, uniforms and Personal Protective Equipment (PPE), ICT contracts, and wider supplier contract indexation (for example Retail Price Index (RPI) or CPI-linked clauses) can increase faster than headline CPI. Utilities are currently tracking above the planning assumption, creating a risk of in-year 2026-27 pressure.

Capital programme and consequential revenue impacts

Estates, vehicles and ICT can be exposed to construction and materials inflation and supply-chain disruption, increasing tender prices and/or causing delays that create time-related costs and re-procurement risk.

In year capital costs are funded through reserves and borrowing but this may put pressure on future borrowing costs, which is expected later in the MTF5 period through higher financing costs (interest and repayment provision).

Income and funding indexation (partial offset)

While the scenarios focus on expenditure pressures, it is important to recognise that parts of the Authority's funding are expected to rise with inflation. In particular, Government grant funding and business rates income for 2027-28 are typically linked to the prevailing CPI measure in September (such as there is an in-built lagged indexation mechanism). This means that an inflation spike in 2026-27 would be expected to flow through to some additional income in 2027-28, partially offsetting longer-term impacts. However, council tax increases are subject to referendum limits and, in practice, are not assumed to rise beyond the budgeted cash increase of £5 which equates to circa 5.5%. As a result, the medium-term risk is reduced but not removed: any portion of costs that are higher than the CPI-linked uplift, or that crystallise before indexation takes effect, must still be managed through in-year mitigations, reserves, and/or future savings.

Timing lag and 'ratchet' risk

- Timing lag: where funding is updated by the prevailing September CPI for the following year, a 2026-27 inflation spike is not fully reflected in income until 2027-28. This creates a short-term gap in 2026-27 that must be managed through in-year mitigations or reserves.
- 'Ratchet' risk: even if headline CPI falls back, some expenditure lines may not return to their previous cash level. The most material example is pay, because settlements are cumulative and therefore permanently lift the pay baseline. By contrast, some non-pay pressures (for example energy) may reduce back towards baseline as markets normalise, although they can remain volatile and some contract prices may re-base at renewal.
- Inflation shocks, if they coincide with changes in incident patterns and supplier lead times, can put pressure on repairs and maintenance costs and operational consumption. This is a risk to be monitored rather than a quantified forecast in this appendix.

Purpose of the sensitivity assessment

This inflation sensitivity assessment is not intended to be a single forecast. It is a structured stress test of the Authority's approved financial plans against a range of credible macroeconomic outcomes arising from geopolitical disruption. It translates those outcomes into the Authority's main exposure areas: pay, non-pay (particularly energy or fuel and indexed contracts) and capital procurement (tender price inflation). The purpose is to quantify potential in-year and medium-term pressures, test reserve headroom, and inform mitigations and monitoring arrangements.

The baseline assumptions mean the financial plan already contains inflation provision. The sensitivity analysis therefore focuses on the risk of inflation being higher or more persistent than the baseline, particularly where energy and tender prices diverge from headline CPI.

Credible sources informing the scenario ranges (macroeconomic inflation and persistence)

To ensure the scenario ranges are robust, the analysis draws on published sources that explicitly consider inflation risks in the context of energy-led shocks and conflict-related uncertainty.

Bank of England (BoE)

- The BoE's Monetary Policy Report provides the central inflation outlook and confirms that the path of inflation depends on evolving economic conditions and risks.
- Reporting on the BoE's approach during heightened Middle East uncertainty describes a three-scenario structure, ranging from limited disruption (inflation peaking a little over 3.5% at end-2026 and returning towards target) to a more inflationary scenario (inflation peaking above 6% in early-2027 with greater persistence). This provides a credible template for framing Scenarios A, B and C (see overleaf) by duration and the strength of second-round effects.

Most likely scenario (based on published central expectations)

Across the credible sources reviewed, the central expectation is for an energy-led inflation shock to be material but not permanently self-sustaining. The Bank of England's April 2026 Monetary Policy Report uses three scenarios to reflect uncertainty and, in its 'A' and 'B' cases, inflation peaks at a little over 3.5% at end-2026 and then falls back towards 2% over time; only the most adverse case assumes a much more prolonged energy shock with stronger second-round effects. In addition, the International Monetary Fund's (IMF's) baseline case assumes the conflict remains limited in duration and scope, with inflation rising in 2026 and resuming its decline in 2027, and HM Treasury's compilation of independent forecasts points to inflation easing towards lower levels through 2027. Taken together, this is most consistent with Scenario B (extended disruption) as the central planning case for this appendix, with Scenario A representing a more benign outcome and Scenario C retained as a tail-risk for resilience planning.

Office for Budget Responsibility (OBR) – inflation drivers

The OBR's inflation commentary highlights how energy and regulated prices can materially influence inflation movements, including through volatility and "base effects". This is relevant because the risk being assessed in this appendix is specifically an energy-led shock translating into wider prices and pay dynamics.

Credible sources informing capital and tender price inflation (distinct from CPI)

Because capital cost risk is more closely linked to tender price inflation than headline CPI, the capital scenario range is informed by construction-specific sources.

- Building cost information service (BCIS) construction forecast notes that geopolitical developments can unsettle energy markets and cloud the outlook, with construction exposed through fuel, transport and energy-intensive materials. It forecasts building costs and tender prices continuing to rise and flags that prolonged elevated energy prices could sustain wider inflationary pressures.
- Colliers tender price update (quarter 1 2026) forecasts tender price inflation of around 3.15% for 2026 and highlights geopolitical risk and energy volatility as factors influencing contractor pricing and behaviour.

These sources support using capital inflation sensitivities above the Authority's internal 2% allowance under the higher-risk scenarios, particularly where procurement is time-critical or supply chains are disrupted.

Local evidence and why exposure can differ from headline CPI

Local monitoring already indicates that key cost drivers may diverge from headline assumptions. Utilities are tracking materially above planning assumptions and notes that continued volatility could increase pressures on fuel, utilities, supply-chain-dependent non-pay budgets, and the cost and timing of capital projects.

Scenario assumptions adopted for A, B and C

Based on the evidence above, the scenarios are framed around Scenario B is treated as the central 'planning' case, with Scenario A and Scenario C providing lower and upper bounds for sensitivity and resilience. The scenarios consider:

- Duration of the disruption (short, medium or prolonged).
- Severity of second-round effects (limited, modest or material), consistent with the BoE scenario framing.

The assumptions below are expressed as increments above the Authority's approved baseline assumptions (medium-term financial strategy and budget). They are intended to be plausible stress-test uplifts that reflect external scenario ranges. The scenarios assume that headline inflation may reduce over time, but they also allow for persistence and 'stickiness' in specific cost drivers (particularly utilities, indexed contracts, and tender prices) and for cumulative effects on pay. This is important because, even where CPI falls back, not all costs return to their prior cash level.

Scenario A – Contained disruption (6–9 months)

- Non-pay uplift: +1.0 percentage point in 2026-27 only (short-lived, energy-led price shock with limited persistence).
- Pay uplift: +0.5 percentage point in 2026-27 only (some upward pressure on settlements but limited second-round effects).
- Capital uplift (tender prices): +3.0 percentage points in 2027-28 only (modest tender-price spill-over above the 2% allowance).

Scenario B – Extended disruption (12–18 months)

- Non-pay uplift: +2.0 percentage points in 2026-27 and +1.0 percentage point in 2027-28 (higher-for-longer energy impacts and contract indexation extending beyond one year).
- Pay uplift: +1.0 percentage point in 2026-27 and +0.5 percentage point in 2027-28 (greater risk of pay responding to elevated inflation expectations, without full second-round dynamics).
- Capital uplift (tender prices): +3.0 percentage points in 2027-28 and 2028-29 (risk of tender prices tracking above the 2% allowance over a multi-year procurement window).

Scenario C – Prolonged disruption (24–36 months)

- Non-pay uplift: +4.0 percentage points in 2026-27, +3.0 in 2027-28, and +2.0 in 2028-29 (sustained shock with greater persistence).
- Pay uplift: +2.0 percentage points in 2026-27, +1.0 in 2027-28, and +1.0 in 2028-29 (material risk of above-assumption settlements and second-round effects).
- Capital uplift (tender prices): +5.0 percentage points in 2027-28 and 2028-29, +4.0 in 2029-30, and +3.0 in 2030-31 (sustained construction cost pressure and tender risk over a longer delivery window).

The scenario uplifts above are then applied to:

- Pay: using the Authority's stated sensitivity of approximately £0.6 million per additional 1% above the pay assumption.
- Non-pay: applied to the inflation-sensitive non-pay base implicit in the medium-term financial strategy general inflation provision (such as budgets routinely uplifted using CPI assumptions).
- Capital: applied as an additional tender price pressure above the Authority's embedded inflation allowance, informed by construction sector forecasts and commentary.

Note: This appendix quantifies the sensitivity of expenditure to higher inflation and pay outcomes. Potential income offsets (for example CPI-linked increases in grant and business rates in 2027-28) are described qualitatively because the size and timing of future settlements and referendum limits on council tax are uncertain and can vary by year. These assumptions will be kept under review and updated through future financial monitoring as new information becomes available (for example BoE or OBR updates, movements in energy prices, tender returns and contract indexation evidence).

Quantified sensitivity

In-year (2026/27) revenue pressure and illustrative General Reserve impact (unmitigated)

Scenario	Pay pressure (£ million)	Non-pay CPI pressure (£ million)	Total revenue pressure 2026-27 (£ million)	Illustrative General Reserve after pressure (£ million)*	Headroom above £4.0 million minimum (£ million)**
A: Contained (6–9 months)	0.300	0.153	0.453	5.565	1.565
B: Extended (12–18 months)	0.600	0.307	0.907	5.111	1.111
C: Prolonged (24–36 months)	1.200	0.614	1.814	4.204	0.204

* Based on the reserves strategy 2026-27 General Reserve forecast of £6.018 million.

** Minimum General Reserve advised at £4.0 million.

Interpretation: The table above illustrates the potential in-year (2026-27) expenditure pressure under each scenario, shown gross of any income changes. In practice, an inflation shock in 2026-27 would be expected to feed into some additional funding in 2027-28 where grant and business rates are indexed to the prevailing September CPI; however, that indexation creates a timing lag, meaning the Authority must still manage the in-year gap in 2026-27. For non-pay volatility (particularly utilities), the Authority can draw on targeted earmarked reserves (such as the utility volatility reserve) alongside in-year mitigations. However, pay awards above the 4% budget assumption are different: they

create a recurring increase in the baseline pay bill and therefore represent the most significant long-term risk channel in this appendix.

Medium-term cumulative pressures (illustrative, 2026-27–2028-29)

The table below summarises the cumulative additional pressure over the first three medium-term financial strategy years under each scenario (pay, non-pay and an illustration of additional capital cost above the capital inflation allowance).

Scenario	Cumulative pay pressure (£ million)	Cumulative non-pay CPI pressure (£ million)	Illustrative additional capital cost pressure (£ million)	Total additional pressure 2026-27–2028-29 (£ million)
A: Contained	0.300	0.153	0.159	0.612
B: Extended	0.900	0.443	0.408	1.751
C: Prolonged	2.400	1.512	0.680	4.592

Interpretation: The longer disruption persists, the more the risk shifts from an in-year management issue to a medium-term affordability issue. The Authority is not fully exposed on the income side because grant funding and business rates are typically CPI-linked (using the September CPI for the following year), so part of a 2026-27 inflation shock may be reflected in higher income in 2027-28. This mechanism is more likely to partially offset general (non-pay) inflation over time than it is to resolve pay pressures. Pay awards above the 4% assumption create a structural uplift to the ongoing pay baseline, and there is no identified dedicated recurrent funding in the medium-term plan to meet that uplift. **As a result, above-assumption pay settlements are the key driver of longer-term financial pressure and would be expected to require additional recurring savings or workforce or service redesign.** By contrast, many non-pay pressures (particularly utilities) may be more amenable to management through targeted reserves, in-year mitigation and reversion towards baseline as markets stabilise, albeit with ongoing volatility risk.

Mitigation and management strategy

A robust response needs to combine monitoring, operational and procurement mitigations, financial mitigations, and external engagement.

Monitoring and reporting

- Introduce a standing inflation dashboard within financial monitoring, separating pay, utilities and energy, fuel, key indexed contracts, and capital tender inflation or contingency usage.
- Provide exception reporting to Resources Committee where forecast inflation variance exceeds an agreed trigger (for example, less than £0.25 million net pressure or where General Reserve headroom approaches the advised minimum).

In-year revenue mitigations

- The Authority has established a utility volatility reserve (£0.6 million) to help manage short-term movements in energy costs above the budget assumption. Where utility costs increase materially during 2026-27, the reserve can be applied (subject to normal governance and reporting through financial monitoring) to reduce the immediate pressure on the revenue budget and protect the General Reserve.

- Review and re-profile discretionary non-pay spend (for example training, supplies and non-urgent maintenance) to create in-year capacity where inflation pressures crystallise, while protecting statutory and operational delivery.
- Pay: given the structural nature of above-assumption pay awards, develop early options for recurring mitigation (for example workforce establishment controls, productivity measures and planned savings) so that any settlement above 4% is reflected promptly in the medium-term financial strategy rather than being treated as an in-year issue only.
- Actively manage contract indexation clauses (challenge and verify indices, timing and scope; use framework leverage; negotiate caps where appropriate) to reduce avoidable inflation exposure.

Capital mitigations

- Apply enhanced gateway control for major tenders: re-validate cost plans, include market testing, confirm contingency, and ensure programme sequencing reduces exposure to peak inflation periods.
- Where inflation materially increases project costs, prioritise mitigations in this order: (1) value engineering and scope control, (2) re-profiling of delivery, (3) review the funding approach (for example use of reserves versus borrowing), and (4) only then seek additional budget approval.

Reserves and resilience actions

- Maintain the principle that General Reserve is for one-off shocks rather than recurring pressures, but recognise that short-term inflation spikes may require a temporary draw, supported by a recovery plan.
- Continue targeted earmarking where volatility is evidenced (for example, the proposed transfer to a utility volatility reserve), and keep earmarked reserves under review to ensure alignment to the medium-term risk profile.

External engagement

- Coordinate with sector bodies and partners to press for recognition of inflation impacts in future settlements, sector-wide capital support, and any targeted support for energy-intensive public services if markets remain volatile.

Conclusions

- Based on the credible sources reviewed, Scenario B (extended disruption) is the most consistent with current 'central' expectations (material but time-limited inflation shock), with Scenario A representing a more benign outcome and Scenario C retained as a tail-risk for resilience planning.
- The most significant long-term risk is a national pay award above the 4% budget assumption. Each additional 1% adds circa £0.6 million of cost pressure and, because pay is cumulative, this becomes an ongoing baseline pressure that is unlikely to be fully offset by CPI-linked income and would therefore need to be funded through additional recurring savings and/or service redesign.
- Most non-pay inflation pressures (particularly utilities) are expected to be more time-limited and can be managed through targeted in-year action, active contract management, and the planned use of earmarked reserves (including the £0.6 million utility volatility reserve), recognising that volatility and some 're-basing' risk remain. The recommended approach is therefore: enhanced monitoring with clear triggers; early use of targeted mitigations/reserves for non-pay; and a clear focus on

pay settlement monitoring and early development of recurring savings options to protect medium-term sustainability.

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Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on Monday 29 June 2026

Local Pension Board Annual Report 2025-26

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

Telephone: 01772 866804

Executive Summary

The role of the Local Pension Board, as defined by the Public Service Pensions Act (PSPA) 2013 Sections 5(1) and (2), is to assist Lancashire Combined Fire Authority (CFA) in its role of Scheme Manager, in ensuring the effective and efficient governance and administration of the Firefighters' Pension Scheme. The role of Scheme Manager is delegated to the Director of People and Development.

This report provides an overview of the work and effectiveness of the Local Pension Board for the period 1 April 2025 to 31 March 2026. The Pension Board provides oversight and assurance to support the effective and efficient governance of the Firefighters' Pension Schemes.

The work of the Board has been heavily focused on the continued implementation of the McCloud/Sargeant age discrimination remedy and the Matthews Second Options exercise. These programmes have required significant organisational focus and resource.

Despite these challenges, the Board has continued to provide effective oversight of the governance and administration of the Firefighters' Pension Schemes. The Board is satisfied that appropriate governance arrangements are in place to support the Scheme Manager in meeting their statutory responsibilities, although risks remain in relation to data quality, resource capacity, and dependency on national guidance.

The Board has maintained oversight of key risks, monitored the performance of the pension administrator (LPPA), and ensured that compliance requirements continue to be met.

The Board will continue to focus on delivery of national remedy programmes, data improvement, and ongoing compliance with The Pensions Regulator's requirements during 2026/27.

Recommendation(s)

The committee is asked to note the report.

1. Information

The role of the Local Pension Board, as defined by the Public Service Pensions Act (PSPA) 2013 Sections 5(1) and (2), is 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 includes 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 is not a decision-making body but provides oversight and assurance to support the effective and efficient governance of the Firefighters' Pension Schemes.

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

2. 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.

3. Board Membership

Bob Warren retired from his role as Scheme Manager and Pensions Advisor in September 2025. From that date, Elizabeth Sandiford, Director of People and Development, assumed the role of Scheme Manager. Elizabeth joined the Board in November 2024 as an advisor to the Board.

4. Key Areas of Activity 2025-26

4.1 McCloud/Sargeant Age Discrimination Remedy

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 has 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.

4.2 Matthews Second Options Exercise

The Matthews remedy provides 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 require the Second Options exercise to be completed by 31 March 2027.

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

4.3 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 has received several Internal Dispute Resolution Procedures (IDRP) appeals from current and former employees. These applications relate to members who are 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 has been kept informed of several complex cases considered at Stage 1 and Stage 2 of the Disputes Procedures. The Service has 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.

4.4 Pensions Dashboard

The Board continues 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 is awaiting further confirmation from the PDP on the date the dashboard will become publicly available.

The Board continues to monitor progress of the development of the Dashboard against key project milestones.

4.5 Risk Management and Administration Oversight

The Board has maintained oversight of:

- The pensions risk register, which is 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 have 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 is 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 creates a risk of non-compliance.
- Member expectations and communication challenges, particularly where outcomes are uncertain, or legislation is awaited.

Mitigating actions include enhanced governance oversight, additional resourcing, and continued engagement with national bodies.

4.6 Training

Maintaining a high level of knowledge and understanding is 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

5. Work Programme for 2026/27

The Board's work plan will 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 will be reviewed regularly to respond to emerging risks and priorities.

Business risk

Pension reforms and remedy programmes continue to present risks to the organisation, including impacts on employees and other stakeholders.

The pensions risk register remains a standing item at each Board meeting to ensure ongoing oversight and mitigation.

Sustainability or Environmental Impact

Nil.

Equality and Diversity Implications

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or decision.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? Y

The report involves the processing of personal data in line with established working practices.

HR implications

There are no human resources implications arising directly from this report as the report is for information only.

Financial implications

The training of Board members is largely carried out in house at no direct cost, and to date, national events such as the LGA conference have been free of charge.

The Authority continues to pay a levy to the Scheme Advisory Board (SAB), and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting the levy is to help fire authorities to achieve cost savings by producing guidance and communications centrally for authorities to share. The cost in 2025-26 was £12,000, which has been provided for within the revenue budget.

No out-of-pocket expenses were paid to Board members.

Legal implications

The Local Pension Board is a statutory board established under section 5 of the Public Service Pensions Act 2013 to assist the Scheme Manager in securing compliance with the Firefighters' Pension Scheme regulations and other legislation relating to the governance and administration of the scheme.

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

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Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on Monday 29 June 2026

Pensions Update

(Not for publication – Exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972)

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

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Executive Summary

This report provides an update on firefighter pension matters affecting Lancashire Combined Fire Authority. It covers progress on the implementation of Age Discrimination (McCloud/Sargeant) remedy and Part-Time Workers (Matthews 2) remedy, recent changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate affecting pension commutation factors and lump sum payments for some members, and ongoing Internal Disputes Resolution Procedure (IDRP) cases, including matters referred to The Pensions Ombudsman. The report also highlights the associated financial, administrative and member communication implications for the Authority.

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 firefighters.

Internal Disputes Resolution Procedure – Stage 2 (IDRP)

The Internal Disputes Resolution Procedure (IDRP) is the formal two-stage process for reviewing complaints about pension decisions made either by the employer or the pension administrator. Stage 1 is determined by the Chief Fire Officer or Director of People and Development. Stage 2 is determined by the Resources Committee. The purpose of the process is to ensure that pension decisions are reconsidered fairly, consistently and in accordance with the relevant regulations.

LFRS has a number of cases that have progressed through both stages of the IDRP process. These cases relate to the pensionability of certain allowances, including disputes about whether payments made in temporary roles should be treated as pensionable and whether any backdating should be limited to six years. Some members remain dissatisfied with the outcomes reached through the internal process, and a number of cases have therefore been referred to The Pensions Ombudsman. The Service has provided the Ombudsman with the relevant information in response to those referrals. No formal determinations have been received to date.

The Pensions Ombudsman has recently indicated an intention to adopt a “lead case” approach where the same issue affects multiple members within the same pension scheme. Under this approach, a representative case may be determined first, with the expectation that the outcome will then be applied consistently to other affected members. While any determination would be legally binding only in the individual case considered, this approach may assist in achieving earlier and more consistent resolution of the outstanding LFRS cases.

The current position does not require any decision from the Committee, but the matter remains under review because of its potential implications for pension administration, member communications and any wider application of Ombudsman findings.

Changes to SCAPE Rate

The SCAPE discount rate is a government set actuarial assumption used in public service pension calculations. Changes to this rate affect the factors used to calculate certain pension options and, for some members, may 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 includes, but is 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 Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate, commutation factors have reduced. In some cases, the reduction in the lump sum could be up to 5% but this will vary depending on personal circumstances.

The immediate impact for Lancashire Fire and Rescue Service (LFRS) is administrative and member-facing, as retirement illustrations and packs need to be reissued where affected. Local Pensions Partnership Administration (LPPA) is managing this process, and no decision is required from the Committee at this stage.

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 is the implementation of the retrospective remedy for the period 1 April 2015 to 31 March 2022. This requires 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 is 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 has 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.

The table below summarises the current position for pensioner cases. Of 367 pensioner and beneficiary cases identified, 312 statements have been issued and 55 remain outstanding.

-	Total Cases	Number Issued	Not Issued
Pensioners (non-Ill Health)	343	300	43
Pensioners (Ill health)	12	12	0
Pensioners (Beneficiaries of deceased members)	12	0	12
Total	367	312	55

Table 1 – Current position for pensioner cases

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

Remaining Immediate Choice Remedial Service Statements (ICRSS)	Taper Unprotected Member	or Protected Member	Totals
Divorce	0	3	3
Data Error	0	1	1
Validation Error	5	2	7
Deferred	0	1	1
Matthews Modified	2	29	31
Total	7	36	43

Table 2 – Outstanding non-ill-health pensioner cases

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

Remaining ICRSS	Total Cases	Number Issued	Not Issued
Actives	328	301	27
Deferred	181	157	24
Total	509	458	51

Table 3 – Active and deferred members outstanding RSSs

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

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

Implementation challenges are not unique to LFRS, and major administrative and data challenges are being experienced across the fire sector and other public sector pension schemes. However, available sector intelligence indicates that LPPA remains ahead of the national position in progressing the age discrimination remedy.

The Pensions Ombudsman has also updated its approach to McCloud-related complaints. While the Ombudsman initially limited investigations during the early implementation phase, schemes are now expected to demonstrate clear and organised delivery plans. The Ombudsman has indicated an intention to publish significant determinations on common McCloud issues to support more consistent complaint resolution. LFRS will review any such determinations and consider any implications for local administration and member communications.

The current position does not require any decision from the Committee. However, the matter remains under close review because of its significance for pension administration, regulatory compliance, member communication and the timely resolution of outstanding cases.

Contingent Decisions

The age discrimination remedy regulations allow certain decisions made by members during the remedy period to be revisited. A contingent decision arises where a member may have made a different choice had the 2015 pension reforms not applied. This includes 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 has received 29 contingent decision applications, as summarised in the table below.

Type of Contingent Decision	Cases received
Added Pension	3
Opted Out	7
Opted Out (Matthews 2 cases)	19
Total	29

Table 4 – Contingent decision applications

All contingent decision applications received have been approved by the Scheme Manager. The next stage is 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.

Progressing these cases has been complicated by the development of national guidance. LGA guidance on contingent decisions has been revised a number of times, particularly in relation to FPS 1992 members who opted out during the remedy period.

Further guidance issued in September 2025 enabled some categories of case to move forward, including members who opted out of FPS 2006 and certain FPS 1992 members who opted out during the remedy period and did not subsequently rejoin. Other case types remain dependent on further national clarification and legislative change.

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 prevents some individuals from being reinstated into their original legacy scheme through the contingent decision process. The WMS confirms the Government's intention to address this through further regulations so that eligible members can 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 has obtained legal advice on the position of fire and rescue authorities considering whether to progress affected cases before the supporting regulations are in force. LFRS does not currently propose to proceed ahead of legislation. This approach is intended to ensure that decisions are made on a clear statutory basis and applied consistently. The position will continue to be reviewed as further guidance and regulations are issued.

The current position does not require any decision from the Committee. However, the matter remains under review because of its implications for member remedy.

Part Time Workers (Matthews 2) Remedy

The Matthews remedy addresses historic pension access for on-call firefighters who, for many years, were unable to join the Firefighters' Pension Scheme on the same basis as wholtime firefighters. For LFRS, the current focus is 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 has identified more than 600 existing and former employees who are eligible to express an interest in joining the Modified Pension Scheme or purchasing additional pension. Reasonable endeavours have been made to contact all eligible individuals, including follow-up correspondence and the use of a tracing service where appropriate. This work remains ongoing.

To date, 420 individuals have expressed an interest, and 390 calculation and options packs have been issued, representing 94% of the requests received. This places LFRS among the higher-performing fire and rescue authorities nationally, with Local Government Association data indicating that relatively few authorities have issued more than 90% of requested statements.

A total of 287 individuals have elected to join the scheme. Of these, 176 are Special Pensioner Members. LPPA has 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 have a further implementation period to 31 March 2027 to complete outstanding work and apply the legislative changes fully. The Government Actuary's Department is also developing a

calculator to support processing of additional cases arising from these amendments, which is expected to be available by the end of June 2026.

One area that remains unresolved nationally is aggregation. This affects 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 has yet been confirmed for these cases, and the Service is awaiting the outcome of relevant legal processes expected during 2026 and 2027.

A small number of on-call firefighters have 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 are 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 arises from 1 April 2022 onwards unless specific action is taken.

To address this, the Scheme Manager has 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. This is considered a reasonable and proportionate response in light of the exceptional circumstances, particularly given the historic limitations on pension access for some on-call firefighters and the fact that members were not explicitly advised in 2022 of the implications of not joining the Scheme at that point.

Where this option is 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, is circa £80,000. Repayment arrangements for employee contributions would be structured over a reasonable period to support affordability, with full contributions needing to be settled before benefits are brought into payment.

This matter has been considered through the appropriate governance arrangements and does not represent the creation of an enhanced pension benefit, but rather the lawful and equitable administration of the Scheme in response to a specific anomaly. The report is therefore included within the wider pensions update to provide the Committee with transparency and assurance regarding the approach taken, together with the associated financial and administrative implications.

Resources

The implementation of the Age Discrimination (McCloud/Sargeant) remedy and the Part-Time Workers (Matthews 2) remedy continues 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 continues to manage remedy implementation alongside business-as-usual pension administration responsibilities.

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

The concurrent implementation of two substantial and complex national pension remedy programmes remains resource intensive. To support delivery, the temporary Pensions Coordinator role continues to provide additional capacity, with the current arrangement in place until 31 March 2027. The postholder is primarily supporting the administration of the Part-Time Workers (Matthews 2) exercise.

Dashboards

The Pensions Dashboard Programme aims to enable individuals to access their pension information online, securely and all in one place. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their FPS and State Pension. LPPA completed connection of their schemes to the central digital portal in 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. No further update is available at this stage.

Business Risk

The pension remedy programmes continue to give rise to operational, reputational and employee relations risks for the Authority. These include the risk of delays in processing complex cases, the potential for dissatisfaction among affected current and former employees, and the challenge of maintaining clear and timely communications while national guidance and supporting system functionality continue to develop.

Delivery is also dependent on the availability and capacity of appropriate administrative and ICT solutions.

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

Local Pensions Partnership Administration (LPPA) administers pension schemes on behalf of seven fire and rescue authorities. As a result, LFRS is dependent on LPPA's wider delivery programme and prioritisation across all participating authorities, rather than solely on local demand.

This creates ongoing employee relations and communication challenges, particularly for Grey Book employees affected by the pension remedy programmes. These challenges have been heightened in some cases by the recent change to SCAPE commutation factors, which has reduced the lump sum available to certain Grey Book members

retiring on or after 21 May 2026 and may give rise to additional queries or dissatisfaction where earlier illustrations indicated a higher figure.

The scale and complexity of the changes, together with the time required to implement them, can lead to understandable frustration and may affect confidence and morale if not managed carefully.

However, measurable progress has been made during the last six months. This includes the retrospective adjustment of pension benefits for members making elections under the age discrimination remedy, together with progress in addressing the backlog of Special Pensioner Member cases. These cases are now increasingly being managed by LPPA as part of business-as-usual administration.

Financial implications

The pension remedy programmes continue to have significant financial implications for LFRS. While some costs remain subject to final calculation, the Authority is required to manage a combination of direct pension liabilities, administrative costs and remedy implementation expenditure.

In relation to the Age Discrimination (McCloud/Sargeant) remedy, the Service continues to record remedy-related costs in order to support claims for reimbursement from Government where this is applicable. However, administration associated expenditure is not recoverable.

The Part-Time Workers (Matthews 2) remedy also gives rise to a potential direct cost to the Authority in relation to the use of discretion under Regulation 12(5) of the Firefighters' Pension Scheme 2015 for a small number of affected employees. The estimated maximum employer contribution cost associated with this approach is £80,000, assuming full take-up by all eligible individuals. This figure represents a maximum estimated exposure and may be lower depending on member elections.

The Authority does not hold a specific pensions remedy reserve. Costs will therefore be met from a combination of existing revenue budgets and, where applicable, Government reimbursement. Any residual unfunded pressure will be managed through the Authority's reserves strategy and medium-term financial planning process.

Overall, the financial position remains complex and will continue to be monitored closely as national remedy programmes progress, outstanding cases are resolved, and final liabilities are confirmed.

Legal Implications

The matters set out in this report arise from statutory pension scheme requirements, associated remedy legislation, and the Authority's responsibilities as Scheme Manager for the Firefighters' Pension Schemes. Legal compliance is therefore central to the administration of the Age Discrimination (McCloud/Sargeant) remedy, the Part-Time Workers (Matthews 2) remedy, and the consideration of contingent decision cases.

The Authority is also required to operate and determine pension disputes in accordance with the Internal Disputes Resolution Procedure and to respond appropriately to any complaints or determinations issued by The Pensions Ombudsman. In addition, the delay in issuing certain remediable service statements has been reported to The Pensions Regulator and remains subject to ongoing monitoring.

A number of aspects of remedy implementation continue to depend on further national guidance and, in some cases, additional legislation. The Authority's approach is therefore to proceed on the basis of the current statutory framework and published guidance, while keeping any emerging legal developments under review to ensure decisions remain lawful, consistent and defensible.

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: Paragraph 1

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Lancashire Combined Fire Authority

Resources Committee

Meeting to be held Monday 29 June 2026

Year End Treasury Management Outturn 2025-26

Contact for further information - Steven Brown, Director of Corporate Services
Telephone Number: 01772 866804

Executive Summary

This report sets 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.

Overall, the outturn shows that the Authority managed its borrowing and investments prudently during 2025-26, operated within its approved treasury limits, maintained appropriate liquidity, and achieved a strong return on investments while keeping risk under control.

Recommendation

The Authority is asked to note the treasury management outturn for 2025-26 and endorse the report.

Information

Treasury management is the way the Authority manages its cash, borrowing, and investments so that it has funds available when needed, earns an appropriate return on surplus cash, and keeps financial risks under proper control. Members are asked to receive regular treasury management reports because these activities involve public money and need clear oversight. This outturn report explains what happened during 2025-26, confirms whether activity was carried out in line with the approved strategy and professional guidance, and helps Members assess whether treasury decisions were prudent, effective, and properly controlled.

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 arrangements, the Resources Committee receives regular reports on treasury management, including a mid-year report and this year-end outturn report. Treasury activity is also reviewed quarterly with the Authority's treasury management advisers and the Director of Corporate Services.

Investment and borrowing decisions are taken in the context of the Authority's long-term borrowing requirement, the level of reserves, and actual and forecast cash flow. In doing so, regard is given to risk, liquidity, security, and compliance with the Prudential Indicators. These are limits and measures approved by Members to help ensure that borrowing and investment activity remains affordable, prudent, and

sustainable. Decisions are also informed by current and forecast economic conditions, as these influence both the cost of borrowing and the return that can be earned on investments. This report therefore covers:

- An economic overview
- Borrowing position
- Investment activity
- Comparison to the Prudential Indicators

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 is 2.8% for April 2026. However, forecasts indicate 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 increase materially. The Committee stated that it “stands ready to act as necessary” and remains alert to the risk of domestic inflationary pressures feeding through into wages and prices. This economic context is relevant to Members because changes in inflation and interest rates directly affect the Authority’s treasury position. They influence how much it would cost to borrow in future, the level of income that can be earned on surplus cash, and the extent to which treasury performance supports 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 lends to local authorities and similar public bodies, in 2007, when Bank Rate was 5.75%. The maturity profile and interest rates of the Authority’s borrowing are shown below.

Loan amount	Maturity	Interest rate
£650,000	December 2035	4.49%
£650,000	June 2036	4.49%
£700,000	June 2037	4.48%

Table 1 – maturity profile and interest rates of the authority’s borrowing

Total interest paid on PWLB borrowing during the year was £90,000, equivalent to an average interest rate of 4.49%. The Authority’s borrowing position over the last six financial years is shown below.

Financial Year Ended	PWLB £	Total £
2020-2021	2,000,000	2,000,000
2021-2022	2,000,000	2,000,000

2022-2023	2,000,000	2,000,000
2023-2024	2,000,000	2,000,000
2024-2025	2,000,000	2,000,000
2025-2026	2,000,000	2,000,000

Table 2 – Authority’s borrowing position

The capital programme approved for 2026-27 in February 2026 does not require borrowing until 2027-28. The current debt therefore relates to earlier capital programmes. Borrowing remains above the Capital Financing Requirement (CFR), which represents the Authority’s underlying need to borrow for capital purposes. This is because the Authority has historically set aside revenue each year to repay debt through Minimum Revenue Provision (MRP), while the remaining external loans continue until their maturity dates unless repaid early. In practice, this means the Authority has reduced its underlying need to borrow more quickly than the actual loans have 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 is 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 is expected to be at higher rates than the existing loans.

This is relevant to Members because it explains why no action has 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 expects to borrow again in the near future.

The table below details the PWLB rates throughout 2025-26:-

PWLB Rate	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.25%	4.56%	5.13%	5.78%	5.46%
Date	27/02/2026	27/02/2026	02/03/2026	04/04/2025	04/04/2025
High	5.28%	5.47%	5.88%	6.43%	6.24%
Date	23/03/2026	23/03/2026	27/03/2026	27/03/2026	27/03/2026
Average	4.52%	4.82%	5.38%	6.06%	5.81%
Spread	1.03%	0.91%	0.75%	0.65%	0.78%

Table 3 – PWLB rates

At the close of 31 March 2026, the 1-year PWLB Certainty rate was 5.04% whilst the 5, 10, 25, and 50-year rates were 5.28%, 5.72%, 6.29%, and 6.08% respectively.

Investments

Both the CIPFA Code and the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance require 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 uses an account facility with the Debt Management Office (DMO), which is part of His Majesty's Treasury, as its main counterparty for overnight investments. This provides a highly secure place to hold short-term cash while maintaining immediate access to funds.

The Treasury Management Strategy also allows 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.

This matters to Members because the Authority must balance two things: keeping cash secure and available when needed, while also generating a reasonable return for the public purse. The split between overnight and fixed-term investments shows how that balance has been managed in practice.

Longer-term fixed rate investments can generate higher returns than overnight deposits, but they reduce liquidity and are 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. The table below shows the £1.5 million of interest earned on fixed-term investments during the year.

Amount	Interest Rate	Start	Finish	2025-26 Interest	Status
5,000,000	4.50%	22/04/2025	21/04/2026	212,055	Current
5,000,000	4.75%	30/04/2025	29/04/2026	218,630	Current
5,000,000	4.15%	30/07/2025	29/07/2026	139,281	Current
5,000,000	4.15%	29/09/2025	28/09/2026	104,603	Current
5,000,000	4.25%	30/09/2025	29/09/2026	106,541	Current
5,000,000	4.55%	04/02/2026	03/02/2027	34,904	Current
5,000,000	4.80%	29/08/2024	28/08/2025	97,973	Matured
5,000,000	4.70%	02/10/2024	01/10/2025	117,822	Matured
5,000,000	5.65%	03/02/2025	30/09/2025	140,863	Matured
5,000,000	5.50%	19/02/2025	18/02/2026	243,356	Matured
5,000,000	4.50%	24/09/2025	26/01/2026	76,438	Matured

Table 4 – Interest earned on fixed-term investments

Overnight deposits with the DMO averaged five basis points (0.05%) below Bank Rate. Surplus balances on the Authority's current account are 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 compares favourably with the benchmark 7-day Sterling Overnight Index Average (SONIA), which averaged 4.02% over the same period. SONIA is a widely used market benchmark for short-term sterling interest rates. Achieving a return above SONIA indicates 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 continue to be monitored by the Director of Corporate Services and the finance team. Where market conditions are considered appropriate, further fixed-term investments will be placed in line with the approved strategy and the Authority's liquidity requirements.

The levels of investments for the last six financial years are shown below:

Financial Year Ended	LCC Call Account or DMO £	Local Authorities £	Total £
2020-2021	22,395,455	15,000,000	37,395,455
2021-2022	17,720,455	15,000,000	32,720,455
2022-2023	16,160,455	15,000,000	31,160,455
2023-2024	4,185,455	23,500,000	27,685,455
2024-2025	29,540,000	20,000,000	49,540,000
2025-2026	9,115,000	30,000,000	39,115,000

Table 5 – levels of investment

Prudential Indicators

A range of Prudential Indicators is used to control and monitor the Authority's treasury management activity. These are effectively the guardrails within which treasury decisions must be taken. They are approved by Members in advance and cover matters such as how much the Authority can borrow, how borrowing is structured, and the limits that apply to investments. The table below shows the approved indicators for 2025-26 alongside the actual outturn position.

	Indicators (£'000)	Actual (£'000)
Adoption of the CIPFA Code of Practice for Treasury Management	Adopted	Adopted
Authorised limit for external debt - a prudent estimate of external debt, which includes sufficient headroom for unusual cash movements:		
• Borrowing	4,000	2,000
• Other long-term liabilities – these relate to leases and the Private Financial Initiative (PFI) agreements	30,000	11,933
• Total	34,000	13,933
Operational boundary for external debt - a prudent estimate of debt, but no provision for unusual cash movements. It represents the estimated maximum external debt arising because of the Authority's current plans:		
• Borrowing	3,000	2,000
• Other long-term liabilities – these relate to leases and the PFI agreements	16,000	11,933
• Total	19,000	13,933
Upper limit for fixed interest rate exposure		
• Borrowing	100%	100%

	Indicators (£'000)	Actual (£'000)
• Investments	100%	77%
Upper limit for variable rate exposure		
• Borrowing	50%	-
• Investments	100%	23%
Upper limit for total principal sums invested for up to two years (per maturity date)	40,000	30,000
Upper limit for total principal sums invested for over two years and up to ten years (per maturity date)	25,000	-
Maturity structure of debt*:	Upper/ Lower Limits	Actual
• Under 12 months	100%/-	-
• 12 months and within 24 months	50%/-	-
• 24 months and within 5 years	50%/-	-
• 5 years and within 10 years	50%/-	32%
• 10 years and above	100%/-	68%

Table 6 – Approved indicators for 2025-26 alongside the actual outturn position

Ratio of financing costs to revenue stream (%)	Budget	Actuals
Ratio of financing costs to revenue stream (%)	(1.67%)	(2.62%)

Table 7 - Ratio of financing costs to revenue stream

Overall, the Prudential Indicators show that treasury management activity during 2025-26 remained within the limits approved by Members. This is important because it demonstrates that borrowing and investment decisions were taken within an agreed control framework and that the Authority's treasury position remained prudent and well managed throughout the year.

Financial Implications

The table below summarises the Authority's treasury management financing income and costs for 2025/26, comparing budget with actual outturn.

	Budget £ million	Actual £ million	Reason for variance
Interest Payable on PWLB loans	0.09	0.09	
Interest Receivable with DMO and fixed term investments	(1.39)	(2.12)	Numerous fixed investments with Local Authorities above the Bank of England base rate.
Net financing income from Treasury Management activities*	(1.30)	(2.03)	

Table 8 - The Authority's treasury management financing income and costs for 2025/26

* There are financing costs associated with leases and the PFI agreements, which are not included in the balances above as they are not the result of Treasury Management activities.

Human Resource Implications

None.

Equality and Diversity Implications

None.

Business Risk Implications

The Treasury Management Strategy is intended to ensure the prudent management of cash, investments and borrowing, with primary regard to security and liquidity and, subject to those priorities, an appropriate return on investments and minimisation of borrowing costs. The monitoring and reporting arrangements set out in this report provide assurance to Members that treasury management activity during 2025-26 was undertaken within the approved strategy and prudential framework.

Environmental Impact

None.

Legal Implications

There are no specific legal implications arising directly from this report.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper: Treasury Management Strategy 2025/26

Date: February 2025

Contact: Steven Brown, Director of Corporate Services

Paper: Treasury Management Guidance

Date: February 2017

Contact: Steven Brown, Director of Corporate Services

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Lancashire Combined Fire Authority

Resources Committee

Meeting to be held Monday 29 June 2026

Productivity and Efficiency Plan 2026-27

(Appendix A refers)

Contact for further information:

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

Executive Summary

This report presents the Authority's Productivity and Efficiency Plan for 2026-27, attached at Appendix A. The format and content of the plan are prescribed nationally by Ministry of Housing, Communities and Local Government (MHCLG), so the attached document follows that required structure. This covering report provides members with a short introduction, explains the national context and highlights the main points the Committee may wish to note from the 2026-27 plan.

The plan shows that the national approach has changed for 2026-27. There is no longer a single national percentage target for productivity improvement. Instead, MHCLG requires fire and rescue authorities to provide stronger evidence on how productivity is being improved, broader reporting that now includes on-call activity, clearer narrative on efficiencies achieved, and financial information extending through to 2028-29.

The plan also sets 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.

Recommendation

The Committee is asked to note the report and the attached Productivity and Efficiency Plan 2026-27.

Information

Productivity and Efficiency Plans have been produced annually since 2024-25 and form part of the national framework for fire and rescue authorities in England. For 2026-27, responsibility for the plan has moved to MHCLG and the format of the plan is prescribed nationally. As a result, the attached plan is presented in the structure required by MHCLG rather than in a locally designed format.

The national requirements for 2026-27 are broader than in previous years. The plan now requires: multi-year financial information through to 2028-29; an efficiency narrative showing how savings have 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 can still be described in the wider financial strategy, but they no longer count towards the headline efficiency total in the same way as under the previous approach.

The key elements of the plan include:

- 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 are intended to release capacity for front-line and support priorities.
- Finally, the plan highlights the Service's collaboration activity, income generation work and Modern Ways of Working arrangements as part of a wider approach to continuous improvement.

2026-27 Plan

The attached Appendix A is the Authority's Productivity and Efficiency Plan for 2026-27 in the format required by MHCLG. Where the plan refers to future opportunities or forecast savings, these are included to reflect the Authority's current planning assumptions and pipeline of work; they do not replace the need for separate approval, assurance, consultation or decision-making where those are required.

Financial Implications

The financial information contained in the attached plan is drawn from the Authority's approved budget, Medium Term Financial Strategy, capital planning assumptions and identified savings plans. The report itself does not seek approval to implement any individual future efficiency proposal. Where specific proposals require separate decision-making, consultation or further assurance, these will be brought forward through the appropriate governance route in the normal way.

Legal Implications

There are no specific legal implications arising from noting the report itself. Individual proposals referred to in the attached plan will be subject to the appropriate legal, consultation and governance processes where required.

Business Risk Implications

The report itself is for noting, but delivery of future proposals referenced in the plan will continue to require operational assurance, financial monitoring and governance oversight.

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 A: Productivity and Efficiency Plan 2026-27

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Lancashire Combined Fire Authority Productivity and Efficiency Plan 2026-27

Primary Information**Budget (£'000)**

Revenue Expenditure	2024-25	2025-26	2026-27	2027-28	2028-29
Direct Employee	57,993	57,023	58,888	59,094	59,599
Indirect Employee	1,491	4,435	4,567	4,714	4,803
Premises	5,774	5,833	5,258	5,301	5,391
Transport	2,345	2,446	2,528	2,579	2,630
Supplies and Services	9,622	10,470	10,496	10,827	11,120
Capital Financing	2,600	2,601	3,604	4,746	5,679
Other	1,280	1,291	1,552	1,578	1,604
Total	81,105	84,099	86,893	88,839	90,826

Income	2024-25	2025-26	2026-27	2027-28	2028-29
Actual Received from Precept	39,396	42,254	45,064	48,036	51,075
Local Government Finance Settlement	35,760	35,257	35,461	34,768	33,924
Other Grants	-	-	-	-	-
Income Raised Locally	5,949	6,588	6,368	6,035	5,827
Total	81,105	84,099	86,893	88,839	90,826

Reserves Table (£'000)

	2024-25	2025-26	2026-27	2027-28	2028-29
General Reserves	4,987	6,018	6,018	5,824	5,789
Earmarked Revenue Reserves	7,308	11,821	9,036	6,803	5,446
- of which MRP reserve	-	-	-	-	-
Earmarked Capital Reserves	16,950	14,106	8,365	7,453	7,680

Appendix A

Other Reserves	-	-	-	-	-
- of which revenue	-	-	-	-	-
- of which capital	-	-	-	-	-
Total	29,245	31,945	23,419	20,080	18,915

Appendix A

Efficiency

Efficiency (£'000)	Actual 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Opening Revenue Expenditure Budget (Net)	81,105	84,099	86,893	88,839	90,826
Less Total Direct Employee Costs	-57,993	-60,313	-61,519	-62,740	-64,004
Non Pay Budget	23,112	23,786	25,374	26,099	26,822

£'000	24-25 Recurrent	24-25 Non-recurrent	25-26 Recurrent	25-26 Non-recurrent	26-27 Recurrent	26-27 Non-recurrent	27-28 Recurrent	27-28 Non-recurrent	28-29 Recurrent	28-29 Non-recurrent
Direct Employee (£'000): Reduction in Prevention, Protection or Response Staff	576	-	-	-	2004	-	-	-	-	-
Direct Employee (£'000): Reduction in Support Staff	10	-	31	-	-	-	-	-	-	-
All Indirect Employee Costs	-	-	500	-	-	-	-	-	-	-
Premises: Utilities	133	-	-	-	-	-	-	-	-	-
Premises: Rent or Rates	-	-	-	-	-	-	-	-	-	-
Premises: Other Premises Costs	55	-	-	-	-	-	-	-	-	-
Premises: Shared Premises	-	-	-	-	-	-	-	-	-	-
Transport: Fleet	41	-	-	-	-	-	-	-	-	-
Transport: Fuel	-	-	-	-	-	-	-	-	-	-
Transport: Other Transport Costs	-	-	-	-	-	-	-	-	-	-
Supplies and Services: National Procurement Savings	-	26	-	-	-	-	-	-	-	-
Supplies and Services: Local Procurement Savings	-	26	-	-	-	-	-	-	-	-

Page 64

Appendix A

£'000	24-25 Recurrent	24-25 Non-recurrent	25-26 Recurrent	25-26 Non-recurrent	26-27 Recurrent	26-27 Non-recurrent	27-28 Recurrent	27-28 Non-recurrent	28-29 Recurrent	28-29 Non-recurrent
Supplies and Services: Other Technology Improvements	9	-	-	-	-	-	-	-	-	-
Supplies and Services: Decreased Usage	-	-	38	27	-	-	-	-	-	-
Capital Financing: Revenue Expenditure Charged to Capital	-	220	-	1051	586	817	38	200	6	200
Capital Financing: Net Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Total Savings	824	272	569	1,078	2,590	817	38	200	6	200
Total Savings (excluding direct employee savings)	238	272	538	1,078	586	817	38	200	6	200

	Actual 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29
Total Savings (excluding direct employee savings)	510	1,616	1,403	238	206
Efficiency savings as a percentage of non-payroll budgets	2.21%	6.79%	5.53%	0.91%	0.77%

Appendix A

Income

£'000	24-25 Recurrent	24-25 Non-recurrent	25-26 Recurrent	25-26 Non-recurrent	26-27 Recurrent	26-27 Non-recurrent	27-28 Recurrent	27-28 Non-recurrent	28-29 Recurrent	28-29 Non-recurrent
Income generated from shared premises	-	-	-	37	-	-	-	-	-	-
Income generated from trading operations	-	-	-	-	-	-	-	-	-	-
Income generated from shared premises	-	-	-	-	-	-	-	-	-	-
Income generated from interest on investments	-	108	-	213	-	-	-	-	-	-
Income generated from other sources	-	-	-	-	-	-	-	-	-	-
Total	-	108	-	250	-	-	-	-	-	-

Efficiency Narrative

Direct Employee

£31,234 recurring cashable efficiency saving removing a vacant post

This saving in the Corporate Communications Department creates a cashable efficiency of £31,234 in 2025-26 and £31,234 in 2026-27 (total £62,468) by redistributing work and utilising skills within the department instead of recruiting to a new post. An additional £6,000 has been saved through saved training fees for a Level 4 apprenticeship.

Indirect Employee

£500,000 recurring cashable efficiency saving through effective deployment of resources and effective management of overtime.

In July 2025, Dynamic Resource Management (DRM) was introduced which was an additional option to manage staffing and resources without the need to utilise overtime. Where no detachments (spare staff) are available, second pumps at wholtime two pump stations may be taken off the run and the crew redistributed prior to going to overtime. A recurring cashable efficiency saving of £500,000 was reduced from the budget from 2025-26 by using DRM for the effective management of overtime, in 2025-26 £627,789 was delivered.

Investment in a dynamic cover tool (DCT) identifies where emergency cover is needed based on real-time appliance locations and current demand, rather than the previous static model. It is used to monitor fire cover and plan relief strategies and cover moves. It has improved emergency cover and enabled the Service to make cashable efficiency savings. The DCT was fully embedded in April 2025, comparisons from 2024-25 to 2025-26, standby demand reduced markedly, delivering clear efficiency and cost benefits. On Call standby moves fell from 979 to 653 (down 326 moves representing a 33% reduction), with the associated estimated cost reducing from £127,270 to £84,890 (a saving of £42,380). This improvement is mirrored across all standby moves, which decreased from 1,613 to 1,026 (down 587 moves representing a reduction of 36%), indicating a broad reduction in standby activity over the same period. Not only does this yield financial efficiencies, but a reduction in standby moves also results in less disruption to all crews allowing wholtime crews to undertake activities with less interruption or indeed reducing the need for recovery periods.

As part of digitising the fireground workstream, a digital relief strategy was developed to manage largescale protracted incidents (a shared digital plan for rotating and relieving crews or appliances over multiple shifts). The digital relief strategy has been used successfully at multiple incidents with positive feedback received about the reduction in disruption to crews. It has also delivered a number of efficiencies:

- Reduced disruption at change of shift by planning reliefs around handover times.

- Reduced overtime by limiting the need for crews to return to their home stations during relief cycles.
- Reduced travel time by prioritising local resources at key points
- Better resource optimisation by varying mobilisation distance through the day.
- Improved coordination via sharing the plan with crews, giving advanced notice of deployment.
- More consistent decision-making through a repeatable, time-based allocation approach.

Supplies and Services

Decreased Usage: £19,000 recurring cashable efficiency saving through changing the type of protective suits carried on operational appliances used when dealing with chemicals

The removal of Gas Tight Suits (GTS) suits from operational appliances and their replacement with single-use suits delivers a net recurring cashable efficiency saving of £19,000, taking into account both avoided costs and the cost of the alternative provision. In addition, the removal of reusable GTS suits eliminates ongoing laundering, inspection, repair and storage requirements.

Decreased Usage: £7,000 recurring cashable efficiency saving by reducing the number of re-robe suits carried on appliances

Re-robe suits are protective over-suits that can be used to help someone change out of contaminated clothing and stay covered after an incident. By carrying fewer re-robe suits on appliances, the Service avoids some future replacement costs and reduces ongoing servicing needs. It also reduces the time spent on inspection, cleaning and handling. The combined recurring cashable efficiency saving is estimated at £7,000 per annum.

Decreased Usage: £500 recurring cashable efficiency saving through the removal of a range of small tools from all appliances

The removal of a range of small tools from frontline appliances delivers a recurring cashable efficiency saving of approximately £500 per annum. This saving arises from reduced expenditure on consumables, replacement items and associated stock management within equipment and stores budgets.

Decreased Usage: £2,300 recurring cashable efficiency saving by removing low-pressure air bags from Water Rescue Team (WRT) appliances

Low-pressure air bags are inflatable lifting cushions that can be placed under an object to raise it slightly (for example to create space to free a trapped person). Following an approved change to the equipment carried on Water Rescue Team (WRT) appliances, these air bags have been removed. This avoids future replacement and maintenance costs across the equipment lifecycle, giving an estimated saving of around £23,000 over 10 years (equivalent to circa £2,300 per year). The change also removes the

need for around two hours of servicing per unit each year, releasing workshop time and reducing fleet servicing pressure (this time saving is not separately monetised).

£3,800 recurring cashable efficiency saving on printed materials

Savings have been achieved by switching to digital only versions of corporate documents including the Annual Service Plan and associated material and internal newsletters.

£644 recurring cashable efficiency saving through utilisation of Microsoft applications

Switching from an external software platform to Microsoft applications for email communications has realised a recurring saving.

£3,688 recurring cashable efficiency saving plus small one-off cashable savings and non-cashable productivity benefits through using Artificial Intelligence (AI) tools in Corporate Communications:

The Service uses AI tools to reduce external software costs and streamline campaign production. Using an AI tool for online listening and analysis (for example, collating and summarising online commentary to identify emerging themes) replaces a paid platform and delivers a recurring cashable saving of £3,111 per annum. In addition, using AI tools to produce some campaign assets can avoid one-off supplier costs (for example, £384 for an AI voiceover rather than a media company, and £193 for AI-generated imagery rather than commissioning a photographer or photoshoot in 2025-26). AI tools also support non-cashable productivity improvements in graphic design and video editing (for example, saving around 10 minutes per video edit and 20 minutes per image edit), releasing staff time for other communications activity.

Decreased Usage: £27,450 one-off cashable efficiency saving by removing Makita hammer drills from appliances

Makita hammer drills are portable power tools used for drilling into hard materials (such as masonry) during operational tasks. Following an approved change to the equipment carried on appliances, these drills have been removed. This delivers a one-off cashable efficiency saving of £27,450 through avoided future replacement and procurement costs. The change also reduces ongoing servicing, inspection and associated stores activity, which will further reduce fleet and equipment support.

Capital Financing

£164,000 one-off cashable efficiency saving by removing station reserve Breathing Apparatus (BA) sets

Following a review of the number of station reserve BA sets and spare BA Cylinders on appliances, the Service approved a reduction where it is safe to do so. This change is based on operational risk assessment and does not reduce the Service's ability to deploy BA safely when required: frontline BA provision is maintained and resilience is supported through existing arrangements for replacement or repair and access to reserve stock when

needed. The change reduces planned capital replacement costs by £164,000 (one-off). In addition, carrying fewer reserve sets reduces ongoing servicing, testing and rotation activity, which will deliver further recurring cashable reductions in fleet and equipment servicing costs.

£60,000 one off cashable efficiency saving through utilising an end-of-life vehicle

An end-of-life recovery van has been utilised across the fleet estate and therefore eliminated the need to purchase a large new van, resulting in a one-off saving of £60,000.

Future Efficiencies

Direct Employee: £1,800,000 recurring cashable efficiency saving from 2026-27 through reducing wholetime crewing levels whilst maintaining response targets

In 2026-27 £1,800,000 of cashable efficiency savings will be realised from optimising crewing changes; reducing wholetime crewing levels from 13 to 12 (on 2 pump Wholetime, Flexible Day Crewed and Day Crewing Plus stations (excluding Urban Search and Rescue units) whilst maintaining our emergency response performance across the county. The efficiency improvement will align Lancashire with sector-equivalent crewing models.

Direct Employee: Review of Protection Service Capacity and Regulatory Function

The Service will undertake a review of the Protection operating model to ensure effective delivery of regulatory functions whilst enhancing affordability and resilience. A detailed proposal will be developed setting out the future delivery model subject to approval, staff and trade union consultation will commence, with Members briefed at an early stage.

Direct Employee: Review of Prevention Service and Area-Based Operating Model

The Service will progress a review of the Prevention operating model designed to sustain effective risk management and engagement across the county while improving affordability and resilience. A detailed proposal will be developed setting out an alternative three-area and four-area structures, reflecting potential Local Government Reorganisation outcomes and providing flexibility in implementation. Subject to approval, staff and trade union consultation will commence, with Members briefed at an early stage.

Direct Employee: £138,000 recurring cashable efficiency savings through deletion of posts in the On-Call Support Officer (OCSO) establishment while strengthening development oversight

As part of the review of the On-Call Support Officer (OCSO) function, the Service has identified a recurring revenue saving achievable through a change to the OCSO structure that reduces the overall establishment while strengthening development oversight. The revised “stabilise and evolve” model includes five Crew Manager OCSO posts (rather than seven). On this

basis, approximately £138,000 per annum will be saved compared to the current model. The saving contributes to the wider savings programme while maintaining service resilience through a refocused model emphasising firefighter development, competence progression and on-call stability.

Direct Employee: £66,000 recurring cashable efficiency savings from a review of Incident Intelligence Officer (IIO) roles while maintaining required performance and professional oversight

IIOs provide specialist support by gathering, assessing and sharing incident intelligence, supporting risk information and contributing to operational learning and assurance. A review of the IIO function identified opportunities to streamline the role profile and deployment model, reduce duplication and align capacity more closely to demand, while retaining the professional oversight required to maintain service performance. The resulting changes reduce the ongoing cost of the establishment and deliver a recurring cashable efficiency saving of £66,000 per annum. The revised arrangements retain access to incident intelligence expertise and maintain the required governance and quality assurance so there is no detriment to operational decision-making or statutory or assurance requirements.

Reduced Capital Expenditure funded by Revenue: £500,000 one-off cashable efficiency saving from replacing alerter masts and adopting an alternative paging-based solution

From 2026-27 the Service will deliver a one-off cashable efficiency saving of £500,000 by changing the way stations are alerted. Alerter masts are fixed installations (typically an external mast or antenna and associated power and cabling) used to transmit alerting signals to a station. Following a review of requirements and available technology, the Service will move away from the planned installation of new alerter masts and instead adopt an alternative paging-based solution, using pagers (small, portable alerting devices carried by staff) to receive alert messages. This approach removes the need for mast construction, power supply and wider infrastructure works, avoiding a significant item of capital expenditure that would otherwise have been funded from revenue.

Reduced Capital Expenditure funded by Revenue: £32,000 recurring cashable efficiency saving from a review of light vehicles

Light vehicles are the Service's non-emergency cars and small vans used for day-to-day travel and support activity (for example visits, inspections, training support and moving small items). During 2026-27 the Service will complete a Light Vehicle Review to confirm who needs access to a light vehicle and why, set consistent criteria across departments, and quantify the full cost of providing and running these vehicles. The review covers 132 vehicles and will consider practical options such as pooling and booking, using the right size or type of vehicle for the task, and moving to hybrid or electric vehicles where operationally suitable (subject to estate charging infrastructure). Better utilisation data will be developed to replace reliance on manual logbooks. Based on financial modelling and a prudent assumption that the fleet can be reduced by 10% with no detriment to operational response and no cost displacement, the estimated saving

potential is £31,724 (circa £32,000) per year. This will be confirmed and delivered once the review is completed and approved.

Reduced Capital Expenditure funded by Revenue: £490,000 recurring cashable saving for fleet replacement through extending vehicle asset lives

During 2025-26 the Service completed a review of fleet asset lives and replacement assumptions to better reflect utilisation, condition and whole-life value, and to ensure the capital programme remains affordable while maintaining operational resilience (including updated assumptions such as a longer service life for newer appliances). The outcome has been reflected in the updated 10-year fleet replacement programme and will be embedded through ongoing updates to the Fleet Asset Management Plan. Over a 10-year capital programme, the total vehicles requirement reduced by circa £6 million over the period. Extending vehicle lives can increase exposure to in-life costs (such as maintenance and refurbishment), therefore a prudent 15% allowance has been applied to reflect potential additional in-service costs pending confirmation through budget monitoring and condition or performance data; on this basis the net annual saving is reported £490,000 per annum reduced capital requirement.

Electric Vehicles: Up to £40,000 recurring cashable efficiency savings from transitioning from petrol to electric vehicles (EVs)

Analysis undertaken during 2025-26 indicates that full electric vehicles deliver average cashable revenue savings of around £1,100 per vehicle per annum compared with petrol equivalents, arising from lower fuel costs, reduced servicing and maintenance requirements, and zero Vehicle Excise Duty. Once the officer fleet is fully transitioned, this equates to an ongoing cashable saving of approximately £40,000–£45,000 per annum, based on current mileage and energy price assumptions. The transition is expected to be delivered over a period of up to seven years, aligned to normal vehicle replacement cycles, meaning that cashable savings will increase progressively each year as petrol vehicles are replaced, reaching a steady-state position once the transition is complete.

Reduced Capital Expenditure funded by Revenue: One off cashable efficiency saving from replacing Drill Towers

In 2026-27 the Service will undertake a strategic review of Drill Towers to identify those requiring replacement and to move to a shared drill tower model where suitable stations can share infrastructure and thus avoid replacement costs. This hub-and-spoke approach reduces the number of individual towers and associated site works required, improves resilience through planned coverage and asset redundancy, and supports collaboration by enabling consistent training and operational alerting arrangements across locations. The resulting reduction in replacement volumes, maintenance contracts and lifecycle renewals will deliver a recurring cashable efficiency saving through lower annual revenue spend and reduced future capital requirements. The actual saving will be quantified on completion of the review.

ICT Supplies and Services: £40,000 recurring cashable efficiency saving from replacing its Wide Area Network (WAN) with a modern, more flexible connectivity solution

The Service is replacing its Wide Area Network (WAN) with a modern, more flexible connectivity solution delivered through a collaborative procurement route, enabling better value for money through aggregated public-sector buying power. Based on prior Service estimates of the financial benefit from collaborative WAN procurement, the change is expected to deliver a net recurring cashable saving of circa £40,000 per annum once the solution is fully implemented and operating in steady state. Final savings will be confirmed as part of contract finalisation and will depend on the connectivity model adopted for different station types, including on-call only locations.

ICT Supplies and Services: £50,000 recurring cashable efficiency saving from utilising existing Service Desk system and removing the need to procure a standalone Computer-Aided Facilities Management (CAFM) system

Work has been undertaken to assess whether the Service's existing Service Desk system, which includes asset management functionality, can be expanded and used as part of an Enterprise Service Management model. Following a number of demonstrations and evaluation activity, this solution has been agreed as suitable, removing the need to procure a standalone Computer-Aided Facilities Management (CAFM) system. As a result, the Service has avoided the procurement of a dedicated CAFM solution, delivering an estimated cashable revenue saving of approximately £50,000 per annum, while also improving integration and consistency across asset and service management processes.

Local Procurement Savings: £242,586 non-cashable procurement savings from 2026-27

Procurement initiatives in 2025-26 delivered non-cashable efficiency savings from 2026-27 to 2029-30 totalling £242,586 across a range of contracts. Procurement efficiency savings of circa £1 million are reported separately to the Government.

Collaboration

Collaboration continues to deliver clear financial and operational value for the Service by reducing duplication, sharing assets and overheads, and enabling a "right responder" approach that improves outcomes without proportionate increases in cost. In 2025-26, the Service sustained and built upon established collaborations that deliver either direct savings, cost avoidance or income, while strengthening resilience. These include the North West Fire Control (NWFC) collaboration (shared control arrangements across multiple fire authorities) which realises annual savings of more than £1 million per annum. and continues to deliver system-based improvements that support more efficient mobilisation and incident management.

The Service also benefits financially from shared premises and co-location arrangements that make better use of public assets and reduce the need for partners to invest in separate facilities; for example, combined fire and ambulance stations generate circa £50,000 per annum. rental income and help avoid wider public sector capital costs; the Service has this arrangement in place at Lancaster. Beyond direct financial benefit, collaboration improves operational productivity and service outcomes through joint working across Lancashire's blue light partners: such as co-responding arrangements and specialist support capabilities (including drones or Remote Operated Vehicles (ROV) deployments and shared training initiatives) help to resolve incidents more quickly, reduce multi-agency time on scene, and improve the quality of outcomes for communities.

Overall, collaboration in 2025-26 has delivered a combined benefit of cashable savings or income, public sector cost avoidance, and operational efficiency, while improving resilience and maintaining effective county-wide response arrangements.

Assessment of Efficiencies

In 2025-26 the Service achieved efficiencies through a combination of cashable budget reductions, and operational changes that reduce the need for premium-cost activity (such as overtime or standby movements) while maintaining service delivery. The most material evidenced saving in-year was delivered through improved resource deployment and overtime management: Dynamic Resource Management (DRM) was introduced in July 2025 to provide an additional staffing option that reduces reliance on overtime, and a recurrent saving of £500,000 was removed from the budget from 2025-26; in-year delivery was £627,789.

In addition, the embedded use of the Dynamic Cover Tool (DCT) supports more efficient standby arrangements and reduces disruption to crews. The plan evidences a marked reduction in standby demand when comparing 2024-25 to 2025-26, including on-call standby moves reducing from 979 to 653 (a 33% reduction) with associated estimated cost reducing from £127,270 to £84,890 (saving £42,380). The reduction is mirrored across all standby moves, decreasing from 1,613 to 1,026 (a 36% reduction), supporting both financial efficiency and reduced operational disruption (and therefore less need for recovery periods).

Further efficiencies in 2025-26 include reduced lifecycle and support costs (e.g., rationalisation of Personal Protective Equipment (PPE), specialist equipment and procurement requirements) and corporate changes that reduce avoidable spend (such as switching to digital-only publication of some corporate materials, and using existing Microsoft tools where appropriate). In line with the 2026-27 guidance, it is also recognised that Direct Employee savings are no longer included in the overall efficiency calculation, but they may still exist as genuine savings within the wider financial strategy.

Appendix A

Overall, £1.6 million (6.79%) of non-pay efficiencies were delivered in 2025-26, with a significant proportion of these savings recurring and therefore reducing ongoing budget pressure in future years. The Service has clear, costed plans to deliver further non-pay efficiencies and pay-related savings over 2026-27 onwards, with delivery gated through operational assurance and monitoring to ensure that changes do not create additional risk or detriment to emergency response, prevention, protection or wider service performance.

Productivity

Collaboration

In 2025-26 and onwards, the Service's collaboration activity is specifically directed towards achieving the key priorities outlined in our Community Risk Management Plan (CRMP). These priorities include: reducing risk to life and property, improving community safety, enhancing operational preparedness, ensuring effective response to emergencies, and strengthening resilience across Lancashire. To fulfil these priorities, we are leveraging shared systems, establishing co-response arrangements with partner agencies, and developing specialist capabilities that minimise duplication and enable faster, more effective incident resolution. A key example is the continuing development of collaboration through North West Fire Control (NWFC) and associated system improvements. During 2025-26 the Service progressed control-room capability and mobilising resilience improvements, including the collaborative introduction or embedding of dynamic cover software within NWFC, which supports more efficient resource disposition and reduces reliance on traditional static or notional cover arrangements as the approach embeds. This improves productivity by enabling better real-time decision-making and reducing unnecessary disruption to crews, thereby releasing time for prevention, protection and preparedness activity.

Collaboration also improves productivity through "right resource, right place" operating models with partners. For example, the Service's collaborative activity with blue light partners (including specialist support such as drone and canine capability) improves public value by achieving faster, more targeted resolutions; reducing total multi-agency time commitment at incidents and enabling the wider system to maintain availability for other demand. Where collaboration includes shared premises or shared assets, the productivity mechanism is both financial and operational: shared accommodation or overheads reduce duplication, while co-location improves multi-agency coordination and responsiveness.

Overall, these collaboration initiatives (active in 2025-26 and continuing into 2026-27 onwards) demonstrate productivity by improving mobilisation and deployment decisions, reducing disruption and non-productive movements, and enabling improved outcomes and faster resolution through integrated partner working.

Asset Management and IT Investment

£33,000 Productivity Gains by moving On-Call Assessments to a Centralised Assessment Model

Centralising on-call development assessments (assessing groups of four at our Learning and Development Centre (LDC) or a neighbouring station rather than individually at home stations) reduces the need to bring in additional competent crew to form a crew for local assessments. An estimated cost of approximately £3,300 per four firefighters assessed, with

scalability to deliver savings exceeding £33,000 where circa 40 on-call firefighters are assessed in a single month. The approach uses existing facilities and assessor teams and can be coordinated through established scheduling arrangements.

£175,000 Productivity Gains by digitising the incident command process through mobile incident command systems

Enabling mobile data or incident command support system on appliance iPads and rear-mounted Mobile Data Terminals (MDT) allows incident command support functions to be completed digitally at the scene, replacing paper command packs and eliminating duplication and post-incident re-keying. This is estimated to save approximately 30 minutes of administrative time per incident, equating to an estimated £175,000 per annum productivity gains, achieved through improved command support and redeployment of existing capacity.

£8,000 Productivity Gains by digitalising operational command competence assessment and assurance

Digitising the Incident Command Assessment Form enables real-time electronic completion and immediate inclusion in personnel competence records. This removes reliance on paper forms and repeated follow-up between assessors and candidates, improving timeliness, data quality and operational assurance. This is estimated to release approximately 200 assessor hours per annum, this equates to an indicative £8,000 per annum productivity gains, representing capacity redeployed to assurance and training activity rather than a direct financial saving.

£15,000 Productivity Gains by digitalising workforce fitness assessment and assurance processes

Digitisation of fitness assessment forms is planned for 2026-27, it removes a paper-heavy process involving printing, posting, scanning and manual data handling. Assessments can be digitally submitted at the point of completion, with data flowing directly to relevant systems. This is estimated to release approximately 500 hours of Physical Training Instructors and administrative time per annum, this equates to an indicative £15,000 per annum productivity gain, representing capacity redeployed to fitness oversight and operational support rather than a direct financial saving.

Productivity Gains from the investment in two Water Tower dual-purpose fire appliances

During 2025-26 the Service completed a significant capital investment in two Water Tower dual-purpose fire appliances (high-reach, high-volume water delivery with a 20-metre boom), strategically located at St Anne's and Lancaster to strengthen county-wide aerial water delivery and provide frontline pumping capability. The efficiency mechanism is that Water Towers can deliver sustained elevated water attack earlier and more effectively at protracted incidents, which can reduce the number of appliances required and the time crews are committed on scene, improving overall appliance availability for other calls. In addition, the Water Towers deliver important qualitative benefits, including enhanced firefighter safety through greater

stand-off distance, improved resilience when Aerial Ladder Platforms (ALP) are unavailable, faster deployment than ALPs in some scenarios, strengthened geographic coverage and operational flexibility, and reduced reliance on neighbouring services for high-reach support; it also supports workforce upskilling through driver or operator training (including on-call and dual-contract staff) and contributes to public confidence through visible enhanced capability.

£12,000 productivity gains from digitisation of the on scene incident reporting form

Moving the incident reporting form from paper to a simple electronic version that can be completed at the scene reduces repeat work and avoids missing information. It also means the information can be sent straight to the staff who review and investigate incidents, without needing follow-up calls or re-entering details later. This is estimated to release around 330 hours per year of operational and investigation time, which can be redeployed to assurance and prevention activity. Using a conservative hourly rate, this equates to an indicative £12,000 per year productivity gain, reflecting capacity released rather than a direct reduction in spend.

£9,000 productivity gains from digitisation of Learning and Development Centre (LDC) facilities bookings

Introducing an online booking system for the Learning and Development Centre's training facilities replaces emails, spreadsheets and manual coordination with one simple process. This reduces the time staff spend arranging rooms and equipment, and makes it easier to see what is booked and when. This is estimated to release around 300 hours of administrative time each year, which can be redeployed to higher-value training support. Using a conservative hourly rate, this equates to an indicative £9,000 per year productivity gain, reflecting capacity released rather than a direct reduction in spend.

Resourcing

Training staff in new skills

The following initiatives demonstrate how the Service has provided Productivity Gains increased workforce capability and flexibility during 2025-26, enabling staff to undertake a wider range of outcome-based activities and release capacity for prevention, protection and response without increasing overall inputs.

- **Local incident command workshops:** Incident command workshops are now held locally for on-call crews, reducing travel and time commitments. Between April 2024 and February 2025, 14 sessions were delivered at on-call stations and supported 59 staff. Based on conservative travel time assumptions, this releases approximately 148 hours per annum (circa £4,400 productivity gain), which is being redirected to operational competence and assurance activity.

- **Revised incident command training model:** The incident command training model has been revised so participants do not need to complete all learning elements before attending the course, improving flexibility and enabling earlier operational deployment. Qualification throughput has improved (27 staff achieving Officer in Charge since April 2024 vs 20 pre-change, a 35% increase) and on-call appliance availability has improved. Using conservative assumptions on additional operational availability or capacity released, this equates to circa 960 hours per annum (circa £28,800 productivity gain).
- **BA to BA Team Leader faster route (On-Call):** The timeframe for achieving BA and BA Team Leader skills has been shortened for on-call firefighters, supported by increased capacity on the wholetime apprentice BA course, enabling quicker progression and increased resilience of critical skills. This strengthens operational capability and reduces constraints on on-call crewing. Conservatively valued, this releases circa 900 hours per annum of capability or availability benefit (circa £27,000 productivity gain).
- **Learning Management System (LMS) evidence improvements (reduced bureaucracy):** The Learning Management System has improved eLearning, skills maintenance and development programme administration, including reducing required competency elements and enabling evidence submission in multiple formats. This reduces bureaucracy for staff and managers while strengthening assurance through better quality records. Based on workforce scale and conservative admin-time savings assumptions, this releases circa 800 hours per annum (circa £24,000 productivity gain).
- **Initial Emergency Care Training (remote day 1 + hub model):** The first day of the four-day Initial Emergency Care course has been converted to a remote session, and delivery at on-call stations via a hub model is being trialled to maintain standards while reducing travel time and associated costs. This reduces abstraction and travel for on-call staff and improves accessibility. Conservatively valued, this releases circa 144 hours per annum (circa £4,300 productivity gains).
- **Level 3 Leadership and Management via apprenticeships or NFCC licences:** The Service has utilised apprenticeship levy funding and licence arrangements to deliver level 3 leadership and management development through workplace delivery routes, reducing reliance on externally commissioned face-to-face trainer delivery. This approach reduces external trainer fee pressures and the associated travel or abstraction burden. On a conservative “cost-avoidance” basis this is estimated at circa £36,000 per annum.
- **Prevention training eLearning (in progress):** The Service will further expand digital learning approaches within prevention training where appropriate, reducing the requirement for face-to-face sessions and associated abstraction or travel. This supports consistent training delivery and releases trainer and learner time to front-line prevention outputs. Conservatively valued, this equates to

circa 750 hours per annum (circa £22,500 productivity gains), to be confirmed through the tracker as implementation progresses.

- **Apprenticeships funding Green Book development:** The Service is increasing use of apprenticeship routes to fund development for staff on Green Book terms and conditions, reducing reliance on directly purchased external training while strengthening corporate capability. This supports resilience, succession planning and reduces fee pressures within training budgets. Conservatively valued as cost-avoidance, this is estimated at £15,000 per annum.

£13,500 Productivity Gains from rationalisation of operational learning modules

During 2025-26, the Service undertook a comprehensive review of eLMS operational learning modules for officer roles. This will result in a significant reduction in mandatory content, with non-essential and non-role-specific material removed to create a more targeted and relevant learning offer. Following the review, mandatory modules for Principal Officers and Area Managers were reduced from 45 to 10, while Group Managers saw five modules removed and Station Managers had one module eliminated. Each module is approximately one hour in duration. Across the affected groups (3 Principal Officers, 4 Area Managers, 10 Group Managers and 25 Station Managers), this rationalisation is estimated to release in the region of 255 officer hours annually with a total value estimated saving of £13,500 per annum, enabling redeployment of time to core operational priorities and other role-related activities.

Various NWFC Productivity Gains improvements (control-room capability, mobilising resilience and more efficient deployment of resources)

During 2025-26 the Service has continued to progress system improvements within North West Fire Control (NWFC) to support more effective and efficient mobilisation and incident management, including the introduction and embedding of dynamic cover software in NWFC and associated monitoring and review to optimise the deployment of resources across the county. This work supports productivity by improving real-time decision-making on the disposition of appliances, reducing unnecessary disruption to business activities and enabling a move away from traditional static or notional cover arrangements as the approach embeds.

Income Generation

£213,000 one-off additional income through active investment strategy

The Authority has continued to apply an active investment strategy by placing a proportion of cash balances into fixed term investments (primarily with other local authorities) to secure higher rates than are available via the overnight DMADF or call account. On the total investment balance this represents an outperformance of 0.45%, equivalent to approximately £213,000 of additional annualised interest income versus a passive benchmark approach.

Additional income through charging for use of LFRS assets by other agencies (such as drones)

During 2024-25 the Service introduced a charging model for the use of LFRS assets and specialist capabilities in support of other agencies where the activity falls outside statutory fire and rescue duties. This includes, for example, the use of Service-owned drones and other specialist resources to support policing, local authorities and partner organisations.

The charging model ensures that where LFRS expertise and equipment are deployed to deliver clear operational or investigative benefits for other agencies, the associated costs are recovered, rather than being subsidised by core fire and rescue funding.

£11,561 additional income through charging for out-of-county asset deployment

The Service implemented a formal charging approach for the deployment of specialist assets outside of Lancashire, in line with National Fire Chiefs Council (NFCC) guidance on charging for mutual assistance. This ensures that when LFRS resources are used to support other fire and rescue services or partner agencies beyond the county boundary, the costs associated with staff time, equipment use and operational support are appropriately recovered.

The approach represents a cashable efficiency by ensuring that external operational demand does not place unfunded pressure on the Service's revenue budget and that costs are borne by the benefiting organisation. The resulting income is expected to be recurrent, reflecting the ongoing nature of cross-border and mutual aid activity, and is treated as a prudent, conservative forecast rather than a guaranteed income stream.

£25,000 additional income through charging for Control of Major Accident Hazards (COMAH) training and exercises

During 2026-27, the Service implemented a charging model for the delivery of COMAH-related training and exercise activities to site operators. COMAH sites, regulated under the Control of Major Accident Hazards Regulations 2015, are obliged to develop and regularly test emergency plans, often in collaboration with emergency services. Whilst fire service involvement supports robust emergency planning, there is no regulatory requirement for this to be provided free of charge. The charging framework ensures that costs incurred for specialist training, planning support, and exercise facilitation are recovered from operators, preventing these expenses from being absorbed by core fire and rescue budgets. For 2026-27, estimated cost recovery is in the region of £20,000 to £25,000. This initiative is designed to ensure cost recovery and avoid subsidising external activities, rather than to generate surplus income

Outcome-based Activities

Roll-out of NFCC sector productivity app or products (workforce activity measurement and productivity evidence)

During 2026-27 the Service plans to roll out the new sector productivity app

or products being developed by the NFCC, to strengthen how we capture and evidence day-to-day firefighter activity and productivity. At present, the Service has a daily work routine framework and uses KPIs or local performance indicators, but it does not capture specific daily workforce activity; the NFCC app or products are intended to address this gap by supporting improved capture and understanding of daily activity, helping demonstrate how productivity is increasing while using the same level of inputs.

Workforce Capacity

The Service's approach to workforce capacity measurement and utilisation combines operational systems and performance outputs rather than a single time-and-motion dataset. Capacity and utilisation are evidenced through operational activity and availability indicators, performance dashboards and KPIs used at station and Service levels, and operational systems that reduce non-productive abstraction or disruption (such dynamic cover arrangements). The Service has a daily work routine framework for wholtime crews and monitors outputs and outcomes through established KPIs and local performance indicators (including prevention or protection outputs and training or competence completion).

The Service recognises that, at present, it does not capture specific daily workforce activity in a single consolidated dataset and therefore uses performance and operational output measures as the primary evidence of capacity use and productivity. To strengthen robustness and standardisation, the Service plans to roll out the NFCC sector productivity app or products to improve the capture and evidencing of day-to-day firefighter activity, closing the current gap and enabling stronger demonstration of how productivity is increasing while using the same level of inputs. This aligns with the guidance expectation that services work towards more consistent monitoring and reporting of productivity and capacity.

Although we don't yet have one single system that records how every firefighter hour is used, our operational tools and performance information show clear productivity improvements. For example, fewer standby moves and better overtime management indicate that we are deploying crews more efficiently and reducing time lost to avoidable abstractions, which in turn releases capacity for outcome-based activity.

Where capacity has been released through reduced disruption and more efficient operating practices, the Service's intent (and operating model) is to redeploy time to CRMP-aligned outputs: prevention, protection, preparedness, training or assurance and other outcome-based activities monitored through the KPI framework. The planned NFCC productivity app or products will enable clearer information of where released time is specifically allocated.

Increasing Productivity

Over the Spending Review period and into 2025-26 onwards, the Service has increased productivity by increasing prevention and protection outputs, improving the timeliness and quality of regulatory work, and reducing unproductive demand; supported by digital and operating model changes that enable staff to spend more time on value-adding activity. In 2025-26, the Service increased its prevention ambition with an HFSC target of 23,352, supported by a restructuring of the approach to better target vulnerable groups. Productivity has also improved through regulatory and process transformation: the Service reports building regulation consultation timeliness improving from 76.3% (2022-23) to 94.6% (year-to-date), indicating improved throughput and performance outcomes without proportionate additional inputs. In parallel, reducing unproductive demand has released capacity: the move to 24-hour adoption of a policy change reduced unwanted mobilisations, with disruption reduction calculated at 1,383 hours over the last 12 months, supporting increased prevention or protection delivery.

In addition, 2025-26 operational productivity has been supported by reduced disruption and improved deployment decisions through dynamic cover or resource management approaches. For example, on-call standby moves reduced from 979 to 653 (33%), and all standby moves reduced from 1,613 to 1,026 (36%), indicating a broad reduction in standby activity and associated interruption to crews. Alongside improved overtime management (with £627,789 delivered in 2025-26), these changes provide practical evidence that capacity is being used more efficiently and that time is being released for CRMP-aligned, outcome-based activity.

Service Changes and Achievements

What is the service doing differently this year?

Modern Ways of Working Board

The Modern Ways of Working (MWoW) Board was established in 2025 to create a bottom-up, workforce-led route for identifying practical productivity and efficiency improvements, with a particular focus on digital modernisation and smarter ways of working. The Board provides a structured gateway through which any member of staff can submit ideas via a central portal, with proposals reviewed and prioritised by a cross-section of representatives from across operational and corporate functions. The Board focuses on initiatives that simplify processes, reduce manual and duplicated activity, and make better use of existing digital tools and data. Through this approach, MWoW supports both cashable efficiencies (where expenditure can be genuinely reduced or avoided) and non-cashable productivity gains, where staff time and capacity are released and redeployed to higher-value prevention, protection, operational and assurance activity. Ideas endorsed by the Board feed directly into the Service's Productivity and Efficiency Tracker and, where appropriate, into the annual Productivity and Efficiency Plan.

The following initiatives were submitted via the MWoW ideas portal, reviewed by the Board, and are included in the 2026-27 plan, demonstrating the practical impact of the bottom-up approach:

Digital or Data-enabled productivity improvements

- MODAS on appliance iPads and rear MDTs – non-cashable productivity gain through digitisation of incident command support, eliminating paper processes and post-incident re-keying.
- Digitisation of the OPSCOM1 Incident Command Assessment Form – non-cashable productivity gain releasing assessor capacity and strengthening operational assurance.
- Electronic TS1 form (on-scene completion) – non-cashable productivity gain through improved data quality and reduced follow-up effort; also supports wider prevention and national safety outcomes.
- Fitness assessment digitisation improvements – non-cashable productivity gain by removing paper handling and releasing PTI and SHE administrative time.

Administrative efficiency and service enablement

- Online booking system for LDC facilities – non-cashable efficiency through reduced administrative handling and improved utilisation of training assets.
- Centralised on-call assessments model – cashable efficiency through reduced wage costs and more efficient use of assessor and facility capacity.

Why are these changes being made?

The changes described in this plan are being made to ensure the Service continues to deliver strong public outcomes and value for money in a context where risk, regulation and expectations are evolving, and where there is an increasing requirement to evidence productivity and efficiency with stronger data and more consistent reporting. The guidance highlights that drivers for change may include evidence-based changes arising from CRMP analysis, efficiency requirements or financial pressures or invest-to-save, and learning from performance reviews, HMICFRS findings, community need, or national best practice.

Locally, the Service has established practical routes to deliver these changes, including the Modern Ways of Working (MWoW) Board (established in 2025) to create a workforce-led pipeline of improvements that simplify processes, reduce manual or duplicated activity, and make better use of existing digital tools and data—supporting both cashable efficiencies and non-cashable productivity gains, with ideas feeding into the Service’s P&E tracker and annual plan. These changes also align with the national direction of travel set out in the guidance: improving consistency or quality of returns, increasing coverage (including on-call considerations), and strengthening how productivity improvement is evidenced.

What is the service’s biggest success this year?

The Service’s most significant success in 2025-26 was the delivery of demonstrable, measurable operational and financial benefit through more dynamic resource management and deployment practices—most notably via Dynamic Resource Management (DRM) and the embedded use of dynamic cover approaches.

DRM improved efficiency by reducing reliance on overtime while maintaining safe emergency cover, delivering a budgeted recurrent saving that was removed from the base budget and delivering stronger in-year performance. The dynamic approach also improves productivity by reducing disruption and non-productive movements, helping crews to sustain higher levels of prevention, protection or training activity with fewer interruptions.

In-year, DRM delivered £627,789 against the £500,000 recurrent saving removed from the 25-26 budget. In addition, standby demand reduced markedly when comparing 2024-25 to 2025-26: on-call standby moves reduced from 979 to 653 (33% reduction) with associated estimated cost reducing from £127,270 to £84,890 (saving £42,380), and all standby moves reduced from 1,613 to 1,026 (36% reduction). These are material and transparent indicators of improved efficiency and reduced disruption.

This success provides a robust platform for sustaining and extending productivity or efficiency gains into 26-27 onwards: the Service will continue to embed dynamic approaches, strengthen supporting digital tools and

Appendix A

standardised activity capture, and use the MWow pipeline to identify further opportunities to release capacity and reinvest it into CRMP-aligned outcomes—supported by improved evidence and reporting consistency as set out in the guidance.

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