Lancashire Combined Fire Authority
Resources Committee
Meeting to be held Monday 13 October 2026

Financial Monitoring 2026-27
(Appendices 1 - 3 refer)

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Executive Summary
The report sets out the budget position to the end of July in respect of the 2026-27 revenue and capital budgets. Revenue expenditure of £25.616 million has been incurred against a profiled budget of £26.070 million, giving a year-to-date underspend of £0.454 million. The forecast outturn is an underspend of £0.524 million that would increase the forecast General Reserve balance to £6.580 million, which remains above the Authority's approved minimum level of £4.000 million.

The capital budget is £10.145 million, with £1.351 million spent to the end of July. £0.480 million relating to ICT is requested to be transferred into 2027-28, reducing the revised 2026-27 capital programme and projected year-end outturn to £9.664 million.

Recommendation
The Committee is asked to:
- Note the financial position.
- Approve slippage of £0.480 million in the capital programme to 2027-28.

Information

Revenue Budget
Lancashire Fire and Rescue Service's 2026-27 net revenue budget is £80.525 million. Net expenditure to the end of July is £25.616 million against a profiled budget of £26.070 million, giving a year-to-date underspend of £0.454 million. The forecast outturn is an underspend of £0.524 million, which is just less than 1% of the net budget. This is a controlled position, and the main variances are set out in Appendix 1 and Table 1.

Area	Year to Date	Forecast	Reason
Service Delivery - Pay	£0.134 million	£0.470 million	The 2026-27 budget approved by the Combined Fire Authority (CFA) was reduced by £1.800 million to reflect planned savings from optimising crewing arrangements, including reducing wholetime crewing levels from 13 to 12 on relevant two-pump wholetime, flexible day-crewed and day-crewing stations. Wholetime pay remains within budget. The year-to-date pressure of £0.134 million relates mainly to increased on-call firefighter hours at incidents and training. If the current trend continues, the forecast pressure is £0.470 million, this will continue to be monitored through normal budget management arrangements.
Prevention and Protection - Pay	(£0.254 million)	(£0.495 million)	The underspend relates to several vacant posts pending completion of the prevention review.
Leadership and Development Centre - Pay	(0.085 million)	(0.230 million)	The underspend relates mainly to vacancies within the Leadership and Development Centre pay budget. The position will continue to be monitored as training activity and staffing plans progress during the year.
Central Admin Office - Pay	(0.039 million)	(0.113 million)	The underspend relates to current vacancies within the Central Admin Office pay budget.

Table 1 – major variances of note

Future Developments

The previous financial monitoring report included a detailed assessment of potential inflationary pressures arising from geopolitical uncertainty. Pay awards were the most significant risk at that stage. The 2026-27 budget and Medium-Term Financial Strategy 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. Since the June Resources Committee meeting, both the 2026 Grey Book and Green Book pay awards have been agreed within the approved budget position. This has significantly reduced the year pay-related inflation risk in 2026-27.

Wider geopolitical uncertainty does however continue and remains a risk to inflation, particularly in relation to energy costs, fuel, contract indexation and supply-chain dependent goods and services. However, the position has not materially deteriorated

since the June report and there is no specific budget adjustment proposed at this stage. Utility costs continue to be monitored closely against the planning assumptions, and the Authority retains its £0.600 million utility volatility reserve to help manage short-term movements above budget if required.

The table below summarises the main inflation assumptions included in the 2026-27 budget and the latest position reflected in this monitoring report. Overall, settlement of the Grey and Green Book awards has reduced pay-related risk, while utilities and fuel remain the main areas of volatility to be monitored:

Inflation area	2026-27 budget assumption	Latest 2026 position and assumption	Current assessment
Grey Book pay	4.0%	3.8%	Settled below budget assumption; risk reduced.
Green Book pay	4.0%	3.3%	Settled below budget assumption; risk reduced.
Utility costs	3.8%	<5%	Continue to monitor; £0.600 million utility volatility reserve available if required.
General Consumer Price Index (CPI) inflation	3.8%	Around 3.5% peak by late 2026	Broadly in line with planning assumption; expected to be time-limited.
Fuel inflation	3.8%	+12% to +14%	Continue to monitor; £0.600 million utility volatility reserve available if required.

Table 2 – inflationary pressures

Savings Targets

The 2026-27 budget approved by the CFA included a £1.800 million saving from optimising crewing arrangements, including reducing wholetime crewing levels from 13 to 12 on relevant two-pump wholetime, flexible day-crewed and day-crewing stations. The saving target has been delivered.

General Reserve

The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. In February 2026 the Authority approved the minimum level of General Reserve as advised by the Treasurer at £4 million.

The forecast year-end General Reserve position is set out below. The forecast balance remains above the Authority's approved minimum level.

-	£' million
Opening balance of Lancashire Fire and Rescue Service (LFRS) general fund	6.056
Forecast revenue underspend	0.524
Forecast closing balance of general fund	£6.580

Table 3 - year end forecasted general fund position

Capital Budget

The revised Capital Programme for 2026-27 was approved by the Authority at £10.145 million, to date £1.351 million has been spent to the end of July. A summary of the programme is set out in the table below and in more detail in Appendix 2.

Area	Budgeted Items	Budget	Year to Date
Operational Vehicles Budget	The budget includes the purchase of Type B pumping appliances, Water Carrier, Foam Pod and the final stage of the Aerial ladder platform.	£3.470 million	£0.734 million
Other vehicles Budget	This budget allows for the replacement of various operational support vehicles including several cars, vans, telehandler and a forklift.	£0.550 million	£0.110 million
Operational Equipment Budget	This budget allows for operational equipment purchases including Breathing Apparatus, body armour and helmets, flow meters and hose reel, gas tight suits, equipment tracking, decontamination unit, inflatable boat and safety shower.	£1.959 million	£0.067 million
Building Modifications Budget	This budget includes the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations, condition survey works, property improvement works, stock condition and decarbonised surveys.	£1.555 million	£0.081 million
IT systems Budget	This budget includes various projects including pooled Personal Protective Equipment (PPE) system, stock system, storage area network, geographic information system, wide area network, incident recording system, server replacement, further digitisation of the appliances, North West Fire Control (NWFC) computer aided design (CAD), service desk improvement, Microsoft 365 and Azure, Cyber security, desktop provision, firefighting robot, uninterrupted power supply (UPS) replacements, digital signage and teams room equipment.	£2.611 million	£0.359 million
-	-	**£10.145 million**	**£1.351 million**

Table 4 - revised capital programme

Reprofiling of £0.480 million relating to ICT is requested to be transferred to the 2027-28 capital programme resulting in a revised capital programme of £9.664 million.

Potential Financial Risks
The Authority monitors a number of financial risks that are not included in the current forecast because they have not materialised. For assurance, these risks have been modelled as stress scenarios and are set out in Appendix 3. The table below shows the estimated impact if these scenarios were to arise during the remainder of the year.

£ million	Worst Case
Revenue Budget - unbudgeted costs	4.3
Capital Budget – Additional Expenditure	0.9

Table 5 – potential worst-case scenario revenue budget and capital budget

These are stress scenarios for assurance purposes and are not forecast pressures. If all modelled risks materialised in full, the impact could be managed in the short term but would require further reporting to members because the General Reserve could fall below the Authority's approved minimum level.

Financial Implications
As outlined in the report.

Legal Implications
The recommendation is within the Committee's delegated financial authority and will be managed in accordance with the Authority's financial regulations.

Business Risk Implications
The financial and delivery risks identified in the report are being managed through established budget monitoring, programme governance and risk management arrangements. Material changes will be reported to members.

Environmental Impact
None.

Equality and Diversity Implications
None.

Human Resource Implications
The forecast includes pay variances arising from vacancies and recruitment profiles. Staffing plans are being monitored alongside operational and organisational delivery requirements.

Local Government (Access to Information) Act 1985
List of background papers
Paper: None
Date: None
Contact: None

Appendix 1

Directorate Finance Management Budget Monitoring Statement July 2026	Revised Annual Budget £000	Year to Date Budget £000	Year to Date Total * £000	Year to Date Variance £000	Year to Date Variance Pay £000	Year to Date Variance Non-Pay £000	Forecast Outturn Variance Overspend (Underspend) £000	Forecast Outturn Variance Pay £000	Forecast Outturn Variance Non-Pay £000
Service Delivery									
Service Delivery	45.030	15.415	15.502	0.087	0.134	(0.047)	0.412	0.470	(0.057)
Prevention and Protection	4.226	1.458	1.154	(0.305)	(0.254)	(0.050)	(0.536)	(0.495)	(0.041)
Control	2.378	1.189	1.139	(0.050)	0.000	(0.050)	(0.100)	0.000	(0.100)
Youth Engagement (including King's Trust)	0.057	0.153	0.149	(0.004)	0.002	(0.006)	(0.012)	0.006	(0.017)
Special Projects (International Search and Rescue)	0.002	0.001	(0.007)	(0.007)	0.000	(0.007)	0.000	0.000	0.000
Strategy and Planning									
Service Improvement	2.743	0.946	0.942	(0.004)	0.004	(0.008)	0.099	0.103	(0.004)
Leadership and Development Centre	4.857	1.737	1.647	(0.089)	(0.085)	(0.004)	(0.295)	(0.230)	(0.065)
Fleet and Technical Services	3.790	1.275	1.320	0.046	0.016	0.030	0.136	0.085	0.051
Digital Data and Technology (DDAT)	4.630	1.881	1.855	(0.027)	(0.024)	(0.003)	(0.053)	(0.040)	(0.013)
People and Development									
Human Resources	1.074	0.370	0.373	0.003	0.004	(0.002)	0.039	0.034	0.005
Occupational Health Unit	0.390	0.130	0.088	(0.041)	(0.012)	(0.029)	(0.112)	(0.054)	(0.057)
Corporate Communications	0.507	0.168	0.147	(0.021)	(0.019)	(0.002)	(0.062)	(0.056)	(0.006)
Safety Health and Environment	0.343	0.110	0.121	0.011	0.002	0.010	0.032	0.014	0.018
Corporate Services									
Executive Board	1.256	0.468	0.480	0.011	0.011	0.001	0.033	0.035	(0.002)
Central Admin Office	0.798	0.261	0.218	(0.043)	(0.039)	(0.004)	(0.122)	(0.113)	(0.009)
Finance and Procurement	1.352	0.405	0.347	(0.058)	(0.023)	(0.035)	(0.061)	(0.062)	0.001
Property	3.471	1.015	1.050	0.035	0.016	0.019	0.081	0.059	0.022
Subtotal	**76.905**	**26.980**	**26.524**	**(0.456)**	**(0.267)**	**(0.189)**	**(0.520)**	**(0.245)**	**(0.275)**
Non Directorate Finance									
Pensions Expenditure	1.507	0.467	0.467	0.000	0.000	0.000	0.000	0.000	0.000
Other Non-Directorate Finance Management Expenditure	2.113	(1.377)	(1.375)	0.002	(0.006)	0.008	(0.004)	(0.014)	0.010
Total	**80.525**	**26.070**	**25.616**	**(0.454)**	**(0.273)**	**(0.180)**	**(0.524)**	**(0.258)**	**(0.266)**

Table 6 - Directorate Finance Management Budget Monitoring Statement

Appendix 2

Capital Budget 2026-27 £ million	2026-27 Budget agreed at Resources June 2026	Slippage to 2027-28 to be approved	Revised Programme	Actual Spend as at end of July 2026	Projected Year End Outturn
Vehicles	-	-	-	-	-
Operational Vehicles	3.470	-	3.470	0.734	3.470
Support Vehicles	0.550	-	0.550	0.110	0.550
Subtotal	**4.020**	**-**	**4.020**	**0.844**	**4.020**
Operational Equipment	-	-	-	-	-
Operational Equipment	1.959	-	1.959	0.067	1.959
Subtotal	**1.959**	**-**	**1.959**	**0.067**	**1.959**
Buildings Modifications	-	-	-	-	-
Blackpool Dormitory	0.047	-	0.047	0.019	0.047
Drill tower replacements	0.217	-	0.217	-	0.217
Update to Preston Facilities	0.184	-	0.184	0.015	0.184
Estate Improvement Provision	1.107	-	1.107	0.047	1.107
Subtotal	**1.555**	**-**	**1.555**	**0.081**	**1.555**
DDaT	-	-	-	-	-
IT Systems	2.611	(0.480)	2.131	0.359	2.131
Subtotal	**2.611**	**(0.480)**	**2.131**	**0.359**	**2.131**
Grand Total	**10.145**	**(0.480)**	**9.664**	**1.351**	**9.664**
Funding	-	-	-	-	-
Revenue Contributions	2.500		2.500	1.351	2.500
Capital Reserves	7.645	(0.480)	7.164	-	7.164
Total Capital Funding	**10.145**	**(0.480)**	**9.664**	**1.351**	**9.664**

Table 7 – Capital Budget 2026-27

Appendix 3

Potential significant risks have been quantified as assurance stress scenarios. They are not included in the current forecast because they have not materialised.

	Revenue or Capital	**Worst Case (Full Year) £ million**
Industrial Action (Risk 1a) – Costs based on reported figures from other fire authorities adjusted for inflation and size of authority.	Revenue	2.5
Pandemic (Risk 1d) – Based on direct costs of COVID19, this was funded but this scenario assumes no funding provided.	Revenue	1.3
Inflation and cost pressures affecting the Medium Term Financial Strategy (Risk 2b) – based on the highest one-year CPI increase experienced of 13.5%.	Revenue	2.0
As above	Capital	1.3
Loss of Utilities (Risk 3) and ICT (Risk 4) – Includes additional repair costs, overtime, hire costs etc	Revenue	0.2
Operational Event (Risk 11) – large scale incidents and events can be significant however there are funding mechanisms such as Bellwin in place. This cost assumes a prolonged period of overtime that would not be met from national funding schemes.	Revenue	0.5
Revenue Total	-	**6.5 (residual risk in 2026-27 4.3)**
Capital Total	-	**1.3 (residual risk in 2026-27 0.9)**

Table 8 – Worst case scenario of potential significant risks

Glossary

CAD – Computer Aided Design
CFA – Combined Fire Authority
CPI – Consumer Price Index
DDAT – Digital, Data and Technology
LFRS – Lancashire Fire and Rescue Service
NWFC – Northwest Fire Control
PPE – Personal Protective Equipment
UPS – Uninterrupted power supply