

# Lancashire Combined Fire Authority Resources Committee

Meeting to be held 26 November 2025

## Financial Monitoring 2025/26

(Appendices 1 and 2 refer)

Contact for further information:

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### Executive Summary

The report sets out the budget position to the end of September in respect of the 2025/26 revenue and capital budgets.

### Recommendation

The Committee is asked to:

- Note and endorse the financial position.
- Approve slippage in the capital programme of £0.100m to 2026/27.

## Information

### Revenue Budget

Lancashire Fire and Rescue Service's 2025/26 revenue budget has been set at £77.511m. The budget profiled to the end of September 2025 is £37.475m and expenditure for the same period is £37.648m, which is essentially breaking even. Both pay and non-pay budgets are showing a small year to date overspend totalling £0.173m; £0.057m on pay budgets and £0.117m on non-pay budgets.

The budget included £0.5m of savings to be delivered through effective deployment of resources and effective management of overtime, whilst the profile of overtime is higher over the summer period, management information shows that overtime has been avoided and therefore we are forecasting that these savings will be met.

Overall, a small overspend is forecast of £0.250m, which is just 0.3% of our net budget, this largely reflects the higher than budgeted pay awards of 3.2% for all staff compared to the 3% budgeted. The year-to-date and forecast positions within all departmental budgets are set out in Appendix 1, with the major variances of note shown separately in the table overleaf.

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

Area	Year to Date	Forecast	Reason
Prevention and Protection - Pay	(£0.150m)	(£0.201m)	Several vacant posts exist in the current staffing establishment for which recruitment is planned long term. Challenges continue to persist in recruitment and retention due to competition from the private sector.
Fleet – Non-Pay	£0.105m	£0.122m	Vehicle repair and maintenance costs remain high due to inflationary pressures and demand for parts across the industry, this is however projected to reduce during the year.

### Future Developments

As previously outlined a pay award of 3.2% was agreed for both Grey Book and Green Book employees, this was above the 3% increase originally included in the budget.

As of September 2025, the UK Consumer Prices Index (CPI) inflation rate stands at 3.8%, continuing an upward trend from earlier in the year. This level of inflation is notably higher than the 2% general inflation assumption included in the budget and is placing pressure on both revenue and capital non-pay budgets.

Utility costs are also higher than the 2% inflation assumption at over 6% which is largely due to geopolitical instability. Longer-term projections suggest energy bills will remain at this high level into 2026 placing pressure this year and into the period of the next Budget.

Since January 2025, the Bank of England base rate has gradually declined from 4.75% to 4.00%, with forecasts suggesting a further drop to 3.75% by the end of 2026. £0.5m of additional investment returns are assumed to be transferred to the capital reserve due to higher cash balances, delays in the capital programme, and higher interest rates, this will assist towards inflationary pressures on the capital programme in future years.

At the last meeting the Committee received an update on the 'Fair Funding 2.0 Consultation' that potentially reduces future funding by an estimated £3.6m by the end of the spending review period in 2029. Whilst no further information has been received extensive lobbying has taken place with Government in recent weeks.

## **Savings Targets**

Over the period of the Medium Term Financial Strategy (MTFS) £5m of savings is required to be delivered; £0.5m in 2025/26, £1.0m in 2026/27, £1.5m in 2027/28 and 2028/29 and £0.5m in 2029/30. The £0.5m required in 2025/26 to balance the budget this will be delivered by using the Dynamic Cover Tool, for the effective deployment of resources and effective management of overtime.

To deliver the £0.5m savings required for 2025/26 the Dynamic Resource Management (DRM) policy came into effect on 1 July which provides steps which can be taken prior to using overtime to fill shortfalls, including using the fifth crew member from the Urban Search and Rescue (USAR) stations and redistributing the crew from second pumps at two pump wholtime stations where there is adequate fire cover in the area. The initial data shows that the policy so far has been effective in reducing overtime costs whilst maintaining response standards. This monitoring report assumes the success of this policy will be maintained for the year.

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

## **General Reserve**

The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. In February the Authority approved the minimum level of General Reserve as advised by the Treasurer at £3.850m. The General Reserve at 31 March 2025 was £5.556m and with the forecast overspend this is set to reduce to £5.306, this remains above the minimum level of General Reserve set by the Authority.

## **Capital Budget**

The revised Capital Programme for 2025/26 approved by the September's Resources Committee is £12.652m and to date £2.280m has been spent. A summary of the programme is set out in the table below and in more detail in Appendix 2.

<b>Area</b>	<b>Budgeted Items</b>	<b>Budget</b>	<b>Year to Date</b>
Operational Vehicles Budget	The budget includes the initial costs of six large Type B pumping appliances, two smaller Type A pumping appliances. All are on target for delivery this financial year.	£2.911m	£0.0m
Other vehicles Budget	This budget allows for the replacement of various operational support vehicles including several cars, vans and a welfare unit. All are on target for delivery this financial year.	£1.284m	£0.379m

Area	Budgeted Items	Budget	Year to Date
Operational Equipment Budget	This budget allows for operational equipment purchases including Breathing Apparatus, CCTV cameras for appliances, ballistic vests and helmets, flow meters and hose reel, cutting and extrication equipment.	£1.855m	£0.105m
Building Modifications Budget	This budget includes the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£3.348m	£1.301m
IT systems Budget	This budget includes various projects including upgraded Firewalls, network upgrades, Retained Duty System Alerts, North West Fire Control (NWFC) Dispatch System and replacement of each protection, pooled PPE and stock management systems, and a Firefighting Robot.	£3.254m	£0.495m
		<b>£12.652m</b>	<b>£2.280m</b>

A detailed review of the Capital Programme has identified areas where expenditure will slip into 2026/27, the table below sets out the main item of slippage:

Area	Slippage to 2026/27	Reason
IT Systems	(£0.100)	A cloud solution is now being considered for the Geographic Information System.
	<b>(£0.100)</b>	

### Potential Financial Risks

There are several potential scenarios that have not been reflected in this monitoring report that, if they materialise, may give rise to an increase in revenue and capital expenditure. To provide some information about potential significant financial risks these have been quantified to provide an estimated worst case scenario, these are set out in Appendix 3. Taking all these risks overall and adjusted for the remainder of the year, a potential worst-case scenario would impact the Revenue Budget and Capital Budget accordingly:

£m	Worst Case
Revenue Budget - unbudgeted costs	3.25
Capital Budget – Additional Expenditure	0.65

The potential worst-case scenario could be funded from available budgets but would reduce the general fund balance to below the minimum acceptable level agreed by the CFA.

**Financial Implications**

As outlined in the report.

**Legal Implications**

None.

**Business Risk Implications**

None.

**Environmental Impact**

None.

**Equality and Diversity Implications**

None.

**Human Resource Implications**

None.

**Local Government (Access to Information) Act 1985****List of background papers**

Paper:

Date:

Contact:

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

## Appendix 1

<b>BUDGET MONITORING STATEMENT SEPTEMBER 2025 DFM Expenditure</b>	<b>Revised Annual Budget</b>	<b>Year to Date Budget</b>	<b>Year to Date Total *</b>	<b>Year to Date Varianc e</b>	<b>Year to Date Variance Pay</b>	<b>Year to Date Variance Non-Pay</b>	<b>Forecast Outturn Variance O/Spend (U/Spend)</b>	<b>Forecast Outturn Variance Pay</b>	<b>Forecast Outturn Variance Non-Pay</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Delivery</b>									
Service Delivery	44.231	22.713	23.001	0.288	0.275	0.013	0.349	0.309	0.040
Prevention & Protection	3.865	1.935	1.764	(0.172)	(0.150)	(0.022)	(0.203)	(0.201)	(0.002)
Control	2.237	1.118	1.100	(0.018)	0.000	(0.018)	0.000	0.000	0.000
Youth Engagement (inc Princes Trust)	0.022	0.311	0.312	0.001	0.002	(0.002)	(0.001)	0.003	(0.003)
Special Projects (ISAR)	0.002	0.001	(0.008)	(0.008)	0.000	(0.008)	(0.031)	0.000	(0.031)
<b>Strategy &amp; Planning</b>									
Service Improvement	2.592	1.336	1.348	0.012	0.020	(0.008)	(0.012)	0.013	(0.025)
Leadership and Development Centre	4.529	2.364	2.384	0.021	0.058	(0.037)	0.103	0.077	0.025
Fleet & Technical Services	3.401	1.986	2.103	0.117	0.012	0.105	0.155	0.032	0.122
Digital Data and Technology (DDAT)	4.561	2.839	2.867	0.028	(0.000)	0.029	(0.026)	0.000	(0.026)
Digital Transformation	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>People &amp; Development</b>									
Human Resources	1.011	0.510	0.528	0.019	0.023	(0.005)	0.023	0.042	(0.019)
Occupational Health Unit	0.372	0.154	0.113	(0.041)	(0.035)	(0.006)	(0.060)	(0.060)	0.000
Corporate Communications	0.503	0.251	0.210	(0.041)	(0.026)	(0.014)	(0.036)	(0.030)	(0.006)
Safety Health & Environment	0.335	0.160	0.187	0.027	0.018	0.009	0.053	0.062	(0.009)
<b>Corporate Services</b>									
Executive Board	1.197	0.632	0.653	0.022	0.028	(0.007)	0.062	0.067	(0.005)
Central Admin Office	0.766	0.383	0.299	(0.084)	(0.071)	(0.012)	(0.119)	(0.110)	(0.010)
Finance and Procurement	1.284	0.735	0.732	(0.003)	(0.020)	0.017	0.021	(0.013)	0.034
Property	3.476	1.591	1.575	(0.016)	(0.076)	0.060	(0.047)	(0.131)	0.084
External Funding	0.000	0.007	0.000	(0.007)	0.000	(0.007)	(0.000)	0.000	(0.000)
<b>TOTAL DFM EXPENDITURE</b>	<b>74.384</b>	<b>39.025</b>	<b>39.170</b>	<b>0.145</b>	<b>0.058</b>	<b>0.087</b>	<b>0.230</b>	<b>0.060</b>	<b>0.170</b>
<b>Non DFM Expenditure</b>									
Pensions Expenditure	1.452	0.542	0.542	(0.000)	0.000	(0.000)	0.000	0.000	0.000
Other Non-DFM Expenditure	1.675	(2.092)	(2.064)	0.028	(0.002)	0.030	0.020	(0.005)	0.025
<b>NON-DFM EXPENDITURE</b>	<b>3.126</b>	<b>- 1.550</b>	<b>- 1.522</b>	<b>0.028</b>	<b>- 0.002</b>	<b>0.030</b>	<b>0.020</b>	<b>- 0.005</b>	<b>0.025</b>
<b>TOTAL BUDGET REQUIREMENT</b>	<b>77.511</b>	<b>37.475</b>	<b>37.648</b>	<b>0.173</b>	<b>0.057</b>	<b>0.117</b>	<b>0.250</b>	<b>0.055</b>	<b>0.195</b>
Use of Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>NET BUDGET</b>	<b>77.511</b>	<b>37.475</b>	<b>37.648</b>	<b>0.173</b>	<b>0.057</b>	<b>0.117</b>	<b>0.250</b>	<b>0.055</b>	<b>0.195</b>

## Appendix 2

<b>Capital Budget Monitoring Month Ending September 2025</b>					
<b>CAPITAL BUDGET 2025/26</b>	<b>Revised Programme</b>	<b>Slippage to be approved at November resources</b>	<b>Revised Programme</b>	<b>Actual as at September 2025</b>	<b>Projected Year End Outturn</b>
<b>Vehicles</b>					
Operational Vehicles	2.911	-	2.911	-	2.911
Support Vehicles	1.284	-	1.284	0.379	1.284
	4.195	-	4.195	0.379	4.195
<b>Operational Equipment</b>					
Operational Equipment	1.855	-	1.855	0.105	1.855
	1.855	-	1.855	0.105	1.855
<b>Buildings Modifications</b>					
Update Preston Facilities	0.433	-	0.433	0.102	0.433
Development & Land Acquisition	-	-	-	-	-
Blackpool Dormitory	0.498	-	0.498	0.494	0.498
Drill tower replacements	1.381	-	1.381	0.369	1.381
Wylfa Prop	0.175	-	0.175	0.100	0.175
Estate Improvement Provision	0.861	-	0.861	0.236	0.861
	3.348	-	3.348	1.301	3.348
<b>ICT</b>					
IT Systems	3.254	(0.100)	3.154	0.495	3.154
	3.254	(0.100)	3.154	0.495	3.154
	0.000				
<b>Total Capital Requirement</b>	<b>12.652</b>	<b>(0.100)</b>	<b>12.552</b>	<b>2.280</b>	<b>12.552</b>
<b>Funding</b>					
Revenue Contributions	2.500		2.500	2.280	2.500
Capital Reserves	10.152	(0.100)	10.052	-	10.052
<b>Total Capital Funding</b>	<b>12.652</b>		<b>12.552</b>	<b>2.280</b>	<b>12.552</b>
<b>Fleet</b>	<b>4.195</b>	<b>0.000</b>	<b>4.195</b>	<b>0.379</b>	<b>4.195</b>
<b>Equipment</b>	<b>1.855</b>	<b>0.000</b>	<b>1.855</b>	<b>0.145</b>	<b>1.855</b>
<b>Property</b>	<b>3.348</b>	<b>0.000</b>	<b>3.348</b>	<b>1.261</b>	<b>3.348</b>
<b>ICT</b>	<b>3.254</b>	<b>(0.100)</b>	<b>3.154</b>	<b>0.495</b>	<b>3.154</b>
	<b>12.652</b>	<b>(0.100)</b>	<b>12.552</b>	<b>2.280</b>	<b>12.552</b>

## Appendix 3

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

	Rev / Cap	Worst Case (Full Year) £m
Industrial Action (Risk 1a) – Costs based on reported figures from other fire authorities adjusted for inflation and size of authority.	Rev	2.5
Pandemic (Risk 1d) – Based on direct costs of COVID19, this was funded but this scenario assumes no funding provided.	Rev	1.3
Overspending and future financial pressures on MTFS due to increase in costs of goods and services and pay (Risk 2b) – based on highest one year CPI increase experienced of 13.5%	Rev	2.0
As above	Cap	1.3
Loss of Utilities (Risk 3) and ICT (Risk 4) – Includes additional repair costs, overtime, hire costs etc	Rev	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.	Rev	0.5
<b>Revenue Total</b>		<b>6.5 (part yr 3.25)</b>
<b>Capital Total</b>		<b>1.3 (part yr 0.65)</b>