

Lancashire Combined Fire Authority

Resources Committee

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

Minutes

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

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

In attendance
K Wilkie, Fire Brigades Union

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

	confirmed as a correct record and signed by the Chair.										
24-25/26	Financial Monitoring 2025/26										
	The Chair updated members that he along with the Chair of the Fire Authority, Vice-Chair of the Fire Authority, County Councillor M Clifford, Chief Fire Officer (CFO), Director of Corporate Services (DoCS) and Fire Brigades Union (FBU) had recently met with the Fire Minister, Samantha Dixon to discuss the fair funding review to ensure that Northern Fire Services were not overlooked. Additionally, they met and lobbied Lancashire MP's. The DoCS advised that this report set out the current budget position in respect of the 2025/26 revenue and capital budgets. Revenue Budget Lancashire Fire and Rescue Service's (LFRS's) 2025/26 revenue budget had been set at £77.511m. The budget profiled to the end of September 2025 was £37.475m and expenditure for the same period was £37.648m, which was essentially breaking even. Both pay and non-pay budgets were showing a small year to date overspend totalling £0.173m; £0.057m on pay budgets and £0.117m on non-pay budgets. The budget included £0.5m of savings to be delivered through effective deployment of resources and effective management of overtime, whilst the profile of overtime was higher over the summer period, management information showed that overtime had been avoided and therefore the service was forecasting that these savings would be met. Overall, a small overspend was forecast of £0.250m, which was just 0.3% of the net budget, this largely reflected the higher than budgeted pay awards of 3.2% for all staff compared to the 3% budgeted. The year-to-date and forecast positions within all departmental budgets were set out in Appendix 1 of the report, with the major variances of note shown separately in the table below. <table border="1"> <thead> <tr> <th>Area</th><th>Year to Date</th><th>Forecast</th><th>Reason</th></tr> </thead> <tbody> <tr> <td>Service Delivery - Pay</td><td>£0.275m</td><td>£0.309m</td><td>The variance was largely due to two factors; the pay award of 3.2% from July 2025 was 0.2% above the budgeted assumptions, and higher than budgeted activity levels for on call staff. This pressure would need to be reflected in the 2026/27 budget.</td></tr> </tbody> </table>			Area	Year to Date	Forecast	Reason	Service Delivery - Pay	£0.275m	£0.309m	The variance was largely due to two factors; the pay award of 3.2% from July 2025 was 0.2% above the budgeted assumptions, and higher than budgeted activity levels for on call staff. This pressure would need to be reflected in the 2026/27 budget.
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Prevention and Protection - Pay	(£0.150m)	(£0.201m)	Several vacant posts existed in the current staffing establishment for which recruitment was planned long term. Challenges continued to persist in recruitment and retention due to competition from the private sector.
Fleet – Non-Pay	£0.105m	£0.122m	Vehicle repair and maintenance costs remained high due to inflationary pressures and demand for parts across the industry, this was however projected to reduce during the year.

Future Pressures

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

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

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

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

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

Savings Targets

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

To deliver the £0.5m savings required for 2025/26 the Dynamic Resource Management (DRM) policy came into effect on 1 July which provided steps which could be taken prior to using overtime to fill shortfalls, including using the fifth crew

member from the Urban Search and Rescue (USAR) stations and redistributing the crew from second pumps at two pump wholtime stations where there was adequate fire cover in the area. The initial data showed that the policy so far had been effective in reducing overtime costs whilst maintaining response standards. This monitoring report assumed the success of this policy would be maintained for the year.

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

General Reserve

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

Capital Budget

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

Area	Budgeted Items	Budget	Year to Date
Operational Vehicles Budget	The budget included the initial costs of six large Type B pumping appliances, two smaller Type A pumping appliances. All were on target for delivery this financial year.	£2.911m	£0.0m
Other vehicles Budget	This budget allowed for the replacement of various operational support vehicles including several cars, vans and a welfare unit. All were on target for delivery this financial year.	£1.284m	£0.379m
Operational Equipment Budget	This budget allowed for operational equipment purchases including Breathing Apparatus, CCTV cameras for appliances, ballistic vests and helmets, flow meters and hose reel, cutting and extrication equipment.	£1.855m	£0.105m
Building Modifications Budget	This budget included the continued programme of Drill Tower Replacements and upgrades to Preston and Blackpool stations.	£3.348m	£1.301m

IT systems Budget	This budget included various projects including upgraded Firewalls, network upgrades, Retained Duty System Alerts, North West Fire Control (NWFC) Dispatch System and replacement of each protection, pooled PPE and stock management systems, and a Firefighting Robot.	£3.254m	£0.495m
		£12.652m	£2.280m

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

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

Potential Financial Risks

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

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

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

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

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

Resolved: That the Committee;

	1. Noted and endorsed the financial position; and 2. Approved slippage in the capital programme of £0.100m to 2026/27.
25-25/26	Treasury Management Mid-Year Report 2025/26 The Director of Corporate Services (DoCS) advised that the report set out the Authority's borrowing and lending activities during 2025/26. In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and to strengthen Members' oversight of the Authority's treasury management activities, the Resources Committee received a treasury management mid-year report and a final outturn report. Reports on treasury activity were discussed on a quarterly basis with Lancashire County Council Treasury Management Team and the Authority's DoCS and the content of these reports were used as a basis for this report to the Committee. Economic Overview The first half of 2025/26 saw: • A 0.3% pick up in Gross Domestic Product (GDP) for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth. • The 3-month comparison to the same three months last financial year rate of average earnings growth excluding bonuses had fallen from 5.5% to 4.8% in July. • Consumer Prices Index (CPI) inflation had ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%. • The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August. • The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%. From a GDP perspective, the financial year got off to a bumpy start with the 0.3% monthly fall in real GDP in April as front-running of US tariffs in quarter one (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% compared to the previous quarter. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November would remain a drag on GDP growth. GDP growth for 2025 was forecast by Capital Economics to be 1.3%. With the November Budget edging nearer, the public finances position looked weak. Public net sector borrowing of £18.0bn in August meant that after five months of the financial year, borrowing was already £11.4bn higher than the Office for Budget Responsibility's (OBR) forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget was even greater with a cumulative deficit of £15.3bn. This was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts had fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure had overshoot by a total of £3.7bn (partly due to social benefits and departmental spending).

Furthermore, what mattered now was the OBR forecasts and their impact on the current budget in 2029/30, which was when the Chancellor's fiscal mandate would bite. As a general guide, Capital Economics forecasted a deficit of about £18bn, meaning the Chancellor would have to raise £28bn, mostly through higher taxes, if she wanted to keep her buffer against her rule of £10bn.

CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, inflation pressures had resurfaced, although the recent upward march in CPI inflation did pause in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. The Bank of England did not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the Monetary Policy Committee vote 7-2 for keeping rates at 4%.

The Authority's treasury advisors MUFG Corporate Markets assisted the Authority to formulate a view on interest rates. The Public Works Loans Board (PWLB) rate forecasted were based on the Certainty Rate (the standard rate minus 20 base points (bps)) which had been accessible to most authorities since 1 November 2012.

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

Treasury Management position and policy

The underlying need to borrow for capital purposes was measured by the Capital Financing Requirement (CFR), while usable reserves and working capital were the underlying resources available for investment. The treasury management activity was influenced both by the position at the beginning of the year and the plans in year. The position at the start of the financial year is summarised in the Table below:

	Balance 31/3/25
	£m
Capital Finance Requirement	12.440
Less other debt liabilities	(12.440)
Borrowing Requirement	0.000
External borrowing	2.000

The table showed that the level of loans was above the borrowing requirement. This was the result of the Authority adopting a policy of setting aside additional Minimum Revenue Provision (MRP) to generate the cash to repay loans either on maturity or as an early repayment.

It was not anticipated that the new capital expenditure would be funded from borrowing in the year while it was anticipated that there would be some reduction in the level of reserves held.

Borrowing

There had been no new borrowing in the first six months of the financial year. This was consistent with the position that the current borrowing was already above the CFR and that the capital programme did not include any expenditure to be financed from borrowing.

The long-term debt outstanding of £2m had been borrowed from the Public Works Loan Board (PWLB). A table included within the report showed the maturity profile of the Authority's borrowings, along with an interest rate paid.

If the loans were to be repaid early there would be an early repayment (premium) charge. At the reporting date the Authority could achieve an interest saving of £2k for early repayment of the loans above however, with the Authority budgeting a borrowing requirement to fund the capital programme from 2026/27, the additional interest on new loans would outweigh the £2k saving from early repayment.

Investments

Both the CIPFA Code and government guidance required the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money was to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving low investment returns and having the value of reserves eroded by inflation.

In the period the Authority had invested funds in the Debt Management Office's (DMO) Debt Management Account Deposit Facility (DMADF) overnight facility and other local authorities. Each working day the balance on the Authority's current account was invested in this to ensure that interest was received on surplus balances within an acceptable risk framework.

At 30 September, there was a balance of £12.385m invested in DMADF overnight facility while the average for the period for DMADF deposits was £18.757m. The current rate for these investments was 3.95% 25bps below the Bank of England base rate.

To increase the rate earned, the authority had placed fixed term investments with other local authorities. To attract a higher rate of interest than was available on the call account these investments would need to be fixed for a longer period of time. During the year the following investments had been in place:

Start	Finish	Principal £m	Interest Rate	Annual interest	Interest in 2025/26
29-Aug-24	28-Aug-25	5	4.80%	239,342	97,973
03-Feb-25	30-Sep-25	5	5.65%	184,979	140,863
02-Oct-24	01-Oct-25	5	4.70%	234,356	117,822
19-Feb-25	18-Feb-26	5	5.50%	274,247	243,356
22-Apr-25	21-Apr-26	5	4.50%	224,384	212,055
30-Apr-25	29-Apr-26	5	4.75%	236,849	218,630

30-Jul-25	29-Jul-26	5	4.15%	206,932	139,281
29-Sep-25	28-Sep-26	5	4.15%	206,932	104,603
30-Sep-25	29-Sep-26	5	4.25%	211,918	106,541

At 30 September, there was £35.0m fixed term investment in place, therefore the total investment held at 30 September was £47.385m.

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

All investments were made in accordance with the current Treasury Management Strategy and the CIPFA Treasury Management Code of Practice.

Current interest rates available for lending to other Local Authorities were detailed within the report.

Prudential Indicators

In order to control and monitor the Authority's treasury management functions, a number of prudential indicators were determined against which performance may be measured. The indicators for 2025/26 were approved by the Authority on 17 February 2025 which were detailed in the report alongside the current actual.

Revenue Budget Implications

The 2025/26 revenue budget for treasury management activity showed that anticipated income would exceed expenditure by £1.295m. Considering the activity for the first six months of the year and estimated cash-flow for the remainder of the year the latest forecast was as below:

	2024/25 Budget £m	2025/26 Forecast £m	2026/27 Variance £m
Interest payable	0.090	0.090	0.000
MRP	0.000	0.000	0.000
Interest receivable	(1.385)	(2.144)	(0.759)
Net budget	(1.295)	(2.054)	(0.759)

The interest receivable was above budget as the investment balances and interest rates were higher than anticipated when setting the budget. The forecast assumed interest rates achieved through deposits with the DMADF the call account averaged 3.87% for the remainder of the financial year.

Resolved: That the Committee noted and endorsed the report.

26-25/26 Date and Time of Next Meeting

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

	Further meeting dates were noted for 29 June 2026 and 30 September 2026.
27-25/26	Exclusion of Press and Public
	Resolved: That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.
28-25/26	High Value Procurement Projects
	(Paragraph 3) Members considered a report that provided an update on all contracts valued above £175,000. Resolved: That the Committee noted and endorsed the report.
29-25/26	Pensions Update
	(Paragraphs 4 and 5) Members considered a report that provided an update on the various issues which had arisen in respect of the changes to the pension schemes applying to the uniformed members of the Fire Sector. Resolved: That the report be noted.
30-25/26	Internal Disputes Resolution Procedure (IDRP) - Stage 2
	(Paragraphs 1, 4 and 5) Members considered a report regarding an IDRP Stage 2 application under the Internal Disputes Resolution Procedure. The report outlined the facts of the case. Resolved: That the stage one decision in relation to this application was upheld.

M Nolan
Clerk to CFA

LFRS HQ
Fulwood