

Lancashire Combined Fire Authority Resources Committee

Meeting to be held 25 March 2026

Financial Monitoring 2025/26

(Appendices 1 - 3 refer)

Contact for further information:

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Executive Summary

The report sets out the budget position to the end of January 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 £0.019 million to 2026/27

Information

Revenue Budget

Lancashire Fire and Rescue Service's 2025/26 revenue budget has been set at £77.511 million. The budget profiled to the end of January 2026 is £61.604 million and expenditure for the same period is £61.403 million which is 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 shows that overtime has been avoided and therefore we are forecasting that these savings will be met.

Overall, a small underspend is forecast of £0.184 million, which is just 0.2% of our net budget. 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 table 1.

Area	Year to Date	Forecast	Reason
Service Delivery - Pay	£0.274 million	£0.359 million	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.

Area	Year to Date	Forecast	Reason
Prevention and Protection - Pay	(£0.316 million)	(£0.361 million)	As previously reported to the Committee vacant posts have remained throughout the year. Successful recruitment campaigns have been offset by leavers. Challenges continue 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 continues to be managed by our insurers. During the year, costs associated with this claim have progressed to the point where the Service has become liable for the insurance excess. This has resulted in payments being made in-year in accordance with the policy terms. There will be no further costs associated with this claim for Lancashire Fire and Rescue Service (LFRS).

Table 1 – Major variances of note

Future Developments

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

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

The Productivity and Efficiency Plan for 2025/26 includes £0.572 million of savings to be delivered in 2025/26; the delivery of £0.5 million has been explained above. The balance of £0.072 million 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 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 is 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 has been spent to the end of January. 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 four Type B pumping appliance Chassis.	£0.719 million	£0.149 million
Other vehicles Budget	This budget allows for the replacement of various operational support vehicles including several cars, vans and a welfare unit.	£1.120 million	£0.706 million

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.	£1.061 million	£0.506 million
Building Modifications Budget	This budget includes the continued programme of Drill Tower Replacements, upgrades to Preston and Blackpool stations.	£3.173 million	£2.460 million
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 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 is requested to be transferred to the 2026/27 capital programme.

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:

£ 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.

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

Directorate Finance Management Budget Monitoring Statement January 2026 £ million	Revised Annual Budget	Year to Date Budget	Year to Date Total *	Year to Date Variance	Year to Date Variance Pay	Year to Date Variance Non-Pay	Forecast Outturn Variance Overspend (Underspend)	Forecast Outturn Variance Pay	Forecast Outturn Variance Non-Pay
Service Delivery	-	-	-	-	-	-	-	-	-
Service Delivery	44.487	37.352	37.684	0.331	0.274	0.058	0.397	0.359	0.038
Prevention and Protection	3.914	3.271	2.955	(0.316)	(0.316)	0.000	(0.350)	(0.361)	0.011
Control	2.237	2.237	2.201	(0.036)	0.000	(0.036)	(0.036)	0.000	(0.036)
Youth Engagement (including Princes Trust)	0.022	(0.041)	(0.042)	(0.001)	0.008	(0.009)	0.002	0.010	(0.008)
Special Projects (ISAR)	0.002	0.002	(0.004)	(0.006)	0.000	(0.006)	(0.009)	0.000	(0.009)
Strategy and Planning	-	-	-	-	-	-	-	-	-
Service Improvement	2.607	2.165	2.149	(0.016)	0.013	(0.030)	(0.013)	0.015	(0.028)
Leadership and Development Centre	4.638	3.794	3.664	(0.130)	(0.090)	(0.040)	(0.128)	(0.095)	(0.033)
Fleet and Technical Services	3.582	2.912	2.926	0.014	(0.000)	0.014	0.024	0.000	0.024
Digital Data and Technology (DDAT)	4.576	3.416	3.369	(0.047)	(0.003)	(0.045)	(0.068)	(0.000)	(0.067)
People and Development	-	-	-	-	-	-	-	-	-
Human Resources	1.007	0.841	0.839	(0.001)	0.009	(0.011)	0.025	0.031	(0.006)
Occupational Health Unit	0.372	0.310	0.220	(0.090)	(0.023)	(0.067)	(0.072)	(0.038)	(0.034)
Corporate Communications	0.479	0.399	0.357	(0.042)	(0.023)	(0.019)	(0.027)	(0.026)	(0.000)
Safety Health and Environment	0.335	0.281	0.288	0.007	0.017	(0.010)	0.050	0.018	0.032
Corporate Services	-	-	-	-	-	-	-	-	-
Executive Board	1.197	1.009	1.046	0.037	0.038	(0.001)	0.054	0.059	(0.005)
Central Admin Office	0.716	0.596	0.492	(0.104)	(0.086)	(0.018)	(0.107)	(0.101)	(0.006)
Finance and Procurement	1.352	1.037	1.017	(0.020)	(0.017)	(0.003)	(0.015)	(0.019)	0.004
Property	3.414	2.412	2.424	0.012	(0.075)	0.087	(0.010)	(0.087)	0.077

Subtotal	74.939	61.993	61.585	(0.408)	(0.273)	(0.135)	(0.283)	(0.236)	(0.047)
Non Directorate Finance	-	-	-	-	-	-	-	-	-
Pensions Expenditure	1.552	1.210	1.204	(0.006)	-	(0.006)	-	-	-
Other Non-DFM Expenditure	1.021	(1.599)	(1.386)	0.213	(0.016)	0.229	0.099	(0.005)	0.105
Subtotal	2.572	(0.389)	(0.182)	0.207	(0.016)	0.223	0.099	(0.005)	0.105
Grand Total	77.511	61.604	61.403	(0.201)	(0.289)	0.088	(0.184)	(0.241)	0.057

Table 5 - Directorate Finance Management Budget Monitoring Statement

Appendix 2

Capital Budget 2025/26 £ million	Revised Programme	Actual as at January 2026	Slippage to be approved at March 2026 Resources	Over or (Under) Spend as at January 2026	Projected Year End Outturn	Projected Year End Over or (Under) Spend
Vehicles	-	-	-	-	-	-
Operational Vehicles	0.719	0.149	0.000	(0.570)	0.719	0.000
Support Vehicles	1.120	0.706	0.000	(0.414)	1.086	(0.034)
Subtotal	1.839	0.855	0.000	(0.984)	1.805	(0.034)
Operational Equipment	-	-	-	-	-	-
Operational Equipment	1.061	0.506	0.000	(0.555)	0.883	(0.178)
Subtotal	1.061	0.506	0.000	(0.555)	0.883	(0.178)
Buildings Modifications	-	-	-	-	-	-
Update Preston Facilities	0.433	0.139	0.000	(0.294)	0.433	0.000
Development and Land Acquisition		0.000	0.000	0.000	0.000	0.000
Blackpool Dormitory	0.498	0.516	0.000	0.018	0.516	0.018
Drill tower replacements	1.381	1.005	0.000	(0.376)	1.381	0.000
Wylfa Prop	0.175	0.153	0.000	(0.022)	0.192	0.017
STC Props		0.111	0.000	0.111	0.135	0.135
Estate Improvement Provision	0.686	0.537	0.000	(0.149)	0.653	(0.033)
Subtotal	3.173	2.460	0.000	(0.713)	3.310	0.137
ICT	-	-	-	-	-	-
IT Systems	1.117	0.549	0.019	(0.549)	1.046	(0.052)
Subtotal	1.117	0.549	0.019	(0.549)	1.046	(0.052)
Grand Total	7.190	4.371	0.019	(2.800)	7.044	(0.127)
Funding	-	-	-	-	-	-
Revenue Contributions	2.500	2.501	0.019	0.020	2.354	(0.127)
Capital Reserves	4.690	1.870	0.000	(2.820)	4.690	0.000
Total Capital Funding	7.190	4.371	0.019	(2.800)	7.044	(0.127)

Table 6 – Capital Budget 2025/26

Appendix 3

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

	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
Overspending and future financial pressures on the medium term financial strategy (MTFS) due to increase in costs of goods and services and pay (Risk 2b) – based on highest one year consumer price index (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 1.1)
Capital Total	-	1.3 (residual risk in 2026/27 0.2)

Table 7 – Worst case scenario of potential significant risks