



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

BUDGET PROPOSALS FOR 2025/26 TO 2028/29 AND OPTIONS FOR COUNCIL TAX 2025/26

Report of the Chief Fire Officer

Date: 17 January 2025

Purpose of Report:

To enable Members to consider the options for Council Tax to recommend to Fire Authority for acceptance.

Recommendations:

It is recommended that Members:

- Consider the contents of this report and make recommendations to the Fire Authority in respect of Council Tax increases between a Council Tax freeze and an increase in Council Tax up to the maximum of £5.
- Provide a view on the pay award assumptions for the final 2025/26 budget.

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1. BACKGROUND

- 1.1 The Finance and Resources Committee is charged with considering the financial position of the Authority and proposing revenue and capital budgets to the Fire Authority for approval. The Fire Authority will decide upon levels of Council Tax for the coming year and will consider the recommendations of the Finance and Resources Committee in doing so.
- 1.2 The provisional finance settlement for 2025/26 was released on 18 December 2024. The final settlement for 2025/26 will be laid before Parliament in February 2025.
- 1.3 The Fire Authority approved the Medium-Term Financial Strategy (MTFS) 2025/26 to 2028/29 on 13 December 2024. The strategy considers the current financial position of the Authority and looks at the estimated budgetary position over the next four years against a backdrop of both national and local financial positions, including the levels of reserves that the Authority holds.
- 1.4 The revenue and capital budgets have been developed to ensure that the Community Risk Management Plan (CRMP) is adequately resourced. The financial implications of high-level risks identified in the Corporate Risk Register are also addressed.

2. REPORT

IMPACT OF THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 The MTFS and budget guidelines approved by Fire Authority on 13 December 2024 projected that it would be difficult to set a balanced budget in 2025/26 without the use of reserves. This is largely due to the impact of increased inflation and uncertainty around income streams.
- 2.2 At the time of writing the MTFS report, it was anticipated that there would be a £1.248m deficit in the 2025/26 budget if a 2.95% increase in Council Tax was approved, or £471k if a £5 increase was approved. Since the MTFS was written, the Government has released the Provisional Local Government Finance Settlement for 2025/26. There have been no material movements in the funding assumptions for 2025/26 as detailed in Table 1 below.

Table 1 – Changes in Funding Assumptions for 2025/26

| | Medium Term Financial Strategy | Local Government Provisional Settlement | Difference £'000 |
|---------------------------------|---------------------------------------|--|-------------------------|
| RSG | £9.088 | £9.095m | £0.007m |
| Business Rates Income | £3.818m | £3.818m | £0.000m |
| NNDR Top up Grant | £8.078m | £8.080m | £0.002m |
| Council Tax (£5 increase) | £33.115m | £33.115m | £0.000m |
| Total increase in budget | | | £0.009m |

- 2.3 The MTFs included commentary regarding a new Recovery Grant announced, the grant was to be highly targeted towards authorities with the highest levels of deprivation and the MTFs noted the Fire Sector expected to receive a nominal amount or nothing from this funding. The Provisional Local Government Finance Settlement included the provisional allocations for the Recovery Grant and the Fire Sector have not received any of this funding stream.
- 2.4 The MTFs also reported on the changes to the Employers National Insurance Contributions noting it had been confirmed that the direct costs of this are to be funded for public sector. However, the funding will be through a formula which may result in the costs not being fully funded. The Provisional Local Government Finance Settlement contained information regarding the proposed distribution formula with the actual allocations being given at the Final Settlement. Further clarification is needed regarding the distribution formula as there are several ways for it to be interpreted. Our Funding Advisors have modelled a number of interpretations, and this shows our expected funding to be between £214k to £938k depending on the interpretation of the formula, this is against the budgeted cost of the NIC changes of £714k.
- 2.5 As expected, the Provisional Local Government Finance Settlement was a one-year settlement. It commenced a consultation on Local Authority Funding Reforms. The funding reforms will build on “the previous government’s” Fair Funding Review, and there will also be a full business rates baseline reset, the reforms will be the start of a multi-year settlement from 2026/27. As identified in the MTFs, this is an area of uncertainty and adds risk that we could lose funding from 2026/27.

REVENUE BUDGET AND MEDIUM -TERM FINANCIAL PLAN FOR 2025/26 TO 2028/29

- 2.6 Detailed expenditure budgets have been prepared the four years from 2025/26 to 2028/29, which can be found in Appendix A. The main budgets assumptions and changes to budgets are detailed below, in the main these remain the same as in the budget requirement position reported in the December Medium Term Financial Plan (MTFP) contained within the MTFs:

PAY AWARD

- 2.7 The firefighter pay award was agreed at 4% for 2024/25. Negotiations for 2025/26 are in their very early stages. A 2% increase has been included for 2025/26 onwards based on the award being in line with the government's inflation target. Any increase above these assumptions will create a cost pressure (a 1% increase relates to approximately £320k ongoing costs per year).
- 2.8 The 2024/25 pay award for support staff was flat increase of £1,280. This equates to an approximate increase of 3% in green book costs. A 3% increase has been included in the for 2025/26 to allow for a similar flat increase, the assumption has then reduced to 2% for future years, in line with the inflation target. Any increase above these assumptions will create a cost pressure (a 1% increase results in a £80k additional costs).
- 2.9 The new Government elected in July 2024 moved to offer above-inflation pay rises for workers in a number of public sectors, aimed at resolving long-running strikes. Government departments have recommended 2.8% increase in pay for 2025/26 for a number public sector pay bodies, the recommendations are to be considered by the public sector pay review bodies (PRBs). In November 2024, CPI (Consumer Price Index) inflation rose to 2.6% from 2.3% in October and the lowest point of 1.7% in September 2024. The Bank of England inflation forecast expects inflation to average around 2.6% in 2025 and be at 2.2% by the end of 2026 before dropping back to 1.8% in 2027.
- 2.10 Members may wish to consider the pay awards being built into the final budget presented to Fire Authority in February 2025.

EMPLOYERS NATIONAL INSURANCE CONTRIBUTIONS

- 2.11 As identified in section 2.4 of this report the impact of the changes to Employers' National Insurance Contributions announced in the Chancellor's Budget Statement on 30 October 2024 have been calculated at £714k, the level of funding assumed is currently £214k (30%). This is a change in assumption from the MTFP position included in the December MTFs. The actual funding will be confirmed in the Final Local Government Finance Settlement in February 2025 and be reflected into the final budget presented to Fire Authority in February 2025.

WHOLETIME PAY – DEVELOPMENT RATES

- 2.12 The wholetime pay budget has been reviewed and reduced to reflect there are a number of wholetime employees who are on development rates of pay and not full competency rates of pay. This has enabled £456k to be moved from the budget in 2025/26. The level of employees on development rates of pay has then been forecast for future years and the future years budget have been aligned.

ON-CALL PAY BAND CHANGES

2.13 The agreed pay settlement for 2024 included changes to the level of retaining fee received by On-Call staff. These changes will take effect from 1 January 2025 and will result in retaining fees increasing by between 33% and 50%, depending on the individual's contracts. The impact of this for 2025/26 has been calculated as £246k, this has been built in as an on-going budget pressure.

NON-UNIFORM VACACNY FACTOR

2.14 The 2024/25 base budget position assumes a vacancy factor of 10%, the actual vacancy factor for 2024/25 is below this level. The vacancy factor for 2025/26 onwards has been reduced to reflect the actual current level to 8.5%, increasing the budget by £106k.

ENERGY COSTS

2.15 The Service procures both gas and electric from a not-for-profit public sector framework which purchases energy in bulk, and usually outperforms market averages on our behalf. The gas and electricity budgets have been reset for 2025/26 as the budgets were underspent in 2023/24 and are forecasting similar levels of underspend for 2024/25. The excess budget is the result of gas and electricity costs being volatile in recent years and budgets being set to ensure the forecast volatility had been allowed for. The budgets for 2025/26 have been re-set based on the 2025/26 rates provided by the energy supplier and budgets have been increased by 3% in 2026/27 and 1.7% 2027/28. Work is ongoing to improve the efficiency of buildings and minimise usage of energy.

2.16 The Service's fuel budget has also been reset in 2025/26 due to the budget being underspent in 2023/24 and forecasting an underspend for 2024/25. Some of the reduction in the budget is off-set by a reduction in income receivable from the police for the fuel recharges as there has been a reduction in the amount of fuel being used by Nottinghamshire Police. However, there is also an additional reduction to the budget to reflect current forecast prices and usage. The 2025/26 budget has been reduced accordingly.

PENSIONS

2.17 The remedying legislation for the McCloud judgement became law in October 2023. This addresses the transition arrangements into the 2015 firefighters' pension scheme which were found to be discriminatory.

2.18 Another pensions case, Matthews and O'Brien, identified discriminatory conditions against part time workers. Remedying legislation similarly became law in October 2023. This legislation allows further backdating of the modified pension scheme from 2006 to when on-call firefighters first joined the fire service.

- 2.19 The remedying legislation is expected to increase the overall costs of the firefighters' pension scheme. These are expected to be largely funded by Central Government, but additional costs falling to Fire Authority cannot be ruled out.
- 2.20 The Service has a £200k earmarked reserve to mitigate against any costs that have to be met internally. It is also included in the General Fund reserves risk assessment.
- 2.21 Both of these remedies are having a large impact on the workload of staff dealing with the cases and additional resources were allocated in 2023/24 and 2024/25 and will continue to be required into 2025/26. The additional costs are being met from a specific pension administration grant. Any further allocation of this grant for 2025/26 has not yet been confirmed.
- 2.22 The 2016 Government Actuaries Department (GAD) revaluation of the firefighter's pension fund resulted in a headline rate increase of 12.4% of employer pension costs, which equated to £2.5m for the Service. The Home Office agreed to fund £2.3m of this pressure in 2019/20 but it had been kept at the same cash value, leaving increases in costs due to pay inflation to be met by the Service. The £2.3m grant was rolled into Revenue Support Grant in 2024/25, which means it is increased annually by September Consumer Price Index, an increase of 1.7% will be applied for 2025/26.
- 2.23 An additional standalone Pension Grant was received in 2024/25 for the results of the 2020 valuation of the Firefighters' Pension Scheme following a delay to allow the McCloud remedy costs to be included in the valuation. The change in employer costs is effective from 2024. The increased cost is substantial and has been fully funded via the £1.6m government grant in 2024/25, there was no commitment to the grant beyond 2024/25 and this remains an area of uncertainty. The current budget assumption is the Pension Grant continues remains flat in cash terms at £1.6m

MINIMUM REVENUE PROVISION (MRP)

- 2.24 Minimum Revenue Provision (MRP) is the amount required to pay debt costs relating to prior year capital programmes. The amount of MRP required in 2025/26 has increased from the level in 2024/25 in line with the forecast 2024/25 Capital Programme.

INTEREST PAYABLE AND INTEREST RECIVEABLE

- 2.25 The interest payable budget is calculated based on our existing external debt and our forecast level of new debt required to fund the capital programme. The budget requirement has been reviewed based on the capital programme reported within this report and also taking account cash balances to enable internal borrowing and interest rates forecasts. This has resulted in a reduction in budget of £139k in 2025/26.

2.26 The interest receivable budget has been reviewed to reflect forecast cash levels and interest rate forecasts. This has resulted in an increase in budget of £157k in 2025/26

CORPORATE CONTINGENCY

2.27 A corporate contingency budget has been established at £236k to enable unforeseen costs and pressures that arise in the year to be managed. The use of the contingency budget will require agreement of the Chief Fire Officer and Head of Finance/Treasurer.

COUNCIL TAX

2.28 The Council Tax base is calculated on the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwellings in the council's area, after allowing for dwelling demolitions and completions during the year, Council Tax exemptions, discounts, disabled reliefs and premiums, and the estimated collection rate. It is usual for the Council Tax base to increase year on year by an average of 1.35% to reflect new build properties, thus providing additional income to the Service. The increase in Council Tax base will be confirmed by the billing authorities at the end of January 2025.

2.29 The Authority is entitled to a proportionate share of any surplus or deficit Council Tax and Business Rates income from the City and District Council Tax Collection Funds. As these positions are difficult to forecast and fluctuate year to year a net nil position has been forecast within the budget. The surplus or deficit in the Council Tax Collection Funds for 2025/26 will be notified by the billing authorities at the end of January 2025 and reflected in the final budget presented to Fire Authority in February 2025.

BUSINESS RATES

2.30 Business rates legislation requires that rates increase in line with CPI inflation, which means that this element of the Authority's income is largely protected. The baseline funding and top up grant that Authority receive that are impacted on by the CPI inflation were confirmed in the Local Government Finance Settlement and as reported in Table 1 there was minimal change from the MTFS assumptions.

2.31 As part of the Budget Statement on 30 October 2024, the Chancellor announced the following changes to the compensations to businesses:

- The small business rates multiplier will be frozen, and the standard multiplier indexed by September Consumer Price Index.
- Retail, Hospitality and Leisure (RHL) discounts will continue but at a lower level.

The Authority will be compensated for lost income from these measures by way of additional Section 31 grant.

- 2.32 The Service will receive information from billing authorities at the end of January regarding the business rate collection figures from local businesses, including business rate growth, revaluation estimates, related appeals, expected Section 31 grant and surplus or deficit on the Business Rates Collection Fund. The impact of this will be reflected in the final budget presented to Fire Authority in February 2025.
- 2.33 The funding reforms to be implemented from 2026/27 will include a business rates baseline reset creating additional uncertainty regarding this funding stream from 2026/27 onwards.
- 2.34 A Summary of all budget movement between 2024/25 and 2025/26 is included at Appendix B.
- 2.35 The budget for 2025/26 will not be finalised until February 2025, when the surplus or deficit on the collection fund and the tax base are confirmed by the billing authorities and the final finance settlement is released. Budget setting work is also continuing with the Strategic Leadership Team to identify and prioritise any further growth to support the CRMP and any further savings.

RESERVES

- 2.36 Taking account of the spending position reported in the budget monitoring report elsewhere on this agenda, total reserve levels held at 1 April 2025 are expected to be £10.6m.
- 2.37 The general fund reserve is predicted to be £5.1m at 1 April 2025. This remains above the minimum level set by the Fire Authority in December 2024 of £4.3m.
- 2.38 The earmarked reserves are expected to be in the region of £5.5m by 1 April 2025. These reserves are earmarked for known projects or items of one-off expenditure. They include reserves of £1.125m to provide budget pressure support and £0.5m to deliver the Efficiency Strategy to create future years savings.

OPTIONS FOR COUNCIL TAX AND THE IMPACT ON THE OUTLOOK 2025/26 TO 2028/29

- 2.39 At its meeting on 13 December 2024, the Fire Authority recommended that the Finance and Resources Committee provides guidance to the Fire Authority in respect of the options for Council Tax. The options considered should be a Council increase of 2.95% or £5 within the referendum limit for 2025/26. To aid this Committee in this task, figures for three options have been prepared:
- A Council Tax Freeze for 2025/26 to 2028/29.
 - A 2.95% increase in Council Tax for 2025/26 to 2028/29; and
 - A £5 increase in Council Tax for 2025/26 and 2.95% increase for 2026/27 to 2028/29.

2.40 The budget requirement included in the scenarios is as per the budget breakdown included at Appendix A. This has been updated since the MTFP in December. The main change is to reflect the changes in assumption for the Employer National Insurance Contribution funding. The funding has also been updated to reflect the minor changes resulting from the Provisional Local Government Finance Settlement.

2.41 The key assumptions are:

- That the firefighter pay award for 2025/26 is settled at 2%. A 1% additional increase in pay would result in an increase in the budget requirement of approximately £235k in 2025/26 (part year impact) and an ongoing cost of approximately £320k each year after (full year impact).
- The 2025/26 pay award for non-uniformed staff will be agreed at 3%. The effect of a 1% additional increase in pay would be approximately £80k ongoing costs per year from 2025/26.
- Government funding Revenue Support Grant (RSG) and Business Rates top up grant increase by Sept CPI of 1.7% for 2025/26 and 2% for all future years.
- Pension Grant remains flat in cash terms at £1.639m.
- The 2024/25 tax base will increase annually by 1.35%.
- The actual settlement is the same as the provisional settlement.

2.42 Clearly there remain several uncertainties around both the pay award and funding.

2.43 The impact of a nil increase in Council Tax in each of the four years 2025/26 to 2028/29 is set out in Table 2.

Table 2 – Budget Deficit with Nil Council Tax Rise

| | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Estimated Spend/ Budget Requirement | 52,688 | 54,995 | 56,492 | 58,440 | 59,566 |
| Revenue Support Grant (RSG) | (8,939) | (9,095) | (8,148) | (7,988) | (7,813) |
| Business Rate (BR) Income | (3,892) | (3,818) | (4,619) | (4,681) | (4,747) |
| BR Top up Grant | (7,988) | (8,080) | (7,441) | (7,540) | (7,647) |
| Funding Guarantee | (738) | 0 | 0 | 0 | 0 |
| Council Tax (0%) | (30,993) | (31,411) | (31,835) | (32,265) | (32,700) |
| To be met from Reserves | 138 | | | | |
| Budget Deficit | | 2,591 | 4,449 | 5,966 | 6,659 |

2.44 The above table shows that the estimated deficit position for 2025/26 would be £2.591m in 2025/26. This will rise to £4.45m in 2026/27 and to £5.97m by 2027/28.

2.45 Table 3 below shows the impact of a 2.95% increase in Council Tax across all years:

Table 3 – 2.95% Council Tax Increase in all years

| | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Estimated Spend/ Budget Requirement | 52,688 | 54,995 | 56,492 | 58,440 | 59,566 |
| Revenue Support Grant (RSG) | (8,939) | (9,095) | (8,148) | (7,988) | (7,813) |
| Business Rate (BR) Income | (3,892) | (3,818) | (4,619) | (4,681) | (4,747) |
| BR Top up Grant | (7,988) | (8,080) | (7,441) | (7,540) | (7,647) |
| Funding Guarantee | (738) | | 0 | 0 | 0 |
| Council Tax (2.95%) | (30,993) | (32,338) | (33,741) | (35,204) | (36,733) |
| To be met from Reserves | 138 | | | | |
| Budget Deficit | | 1,664 | 2,543 | 3,027 | 2,626 |

2.46 Table 3 shows that even with 2.95% increase in Council Tax there would be a significant deficit of £1.664m in 2025/26, rising to £2.5m in 2026/27 and to £3.0m in 2027/28.

2.47 A significant level of savings would need to be implemented in order to balance the budget this year and over the coming years, even with a 2.95% increase in Council Tax.

2.48 Finally, Table 4 shows the impact if Council Tax is increased by £5 in 2025/26 and then 2.95% each year thereafter:

Table 4 – £5 Council Tax Increase 2025/26 and 2.95% in all following years

| | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Estimated Spend/ Budget Requirement | 52,688 | 54,995 | 56,492 | 58,440 | 59,566 |
| Revenue Support Grant (RSG) | (8,939) | (9,095) | (8,148) | (7,988) | (7,813) |
| Business Rate (BR) Income | (3,892) | (3,818) | (4,619) | (4,681) | (4,747) |
| BR Top up Grant | (7,988) | (8,080) | (7,441) | (7,540) | (7,647) |
| Funding Guarantee | (738) | | 0 | 0 | 0 |
| Council Tax (£5 2025/26, 2.95% after) | (30,993) | (33,115) | (34,553) | (36,051) | (37,616) |
| To be met from Reserves | 138 | | | | |
| Budget Deficit | | 887 | 1,731 | 2,180 | 1,743 |

2.49 The above table shows that the estimated deficit position for 2025/26 would reduce to £887k should a £5 increase in Council Tax be approved in February. This increases to £1.731m in 2026/27 and £2.180m by 2027/28.

BUDGET OPTIONS

2.50 The Fire Authority has a legal obligation to set a balanced budget for 2025/26 and will need to use a blend of savings from the Efficiency Strategy, income from Council Tax and the use of reserves to do this.

2.51 A Council Tax increase of £5 raises £777k additional funding compared to 2.95%. Furthermore, if this increase were to be approved for 2025/26 it remains in the base and provides security of funding for future years.

2.52 The Authority holds £1.126m of earmarked reserves set aside for budget pressure support. This is not sufficient to cover the projected deficit should Council Tax be frozen or increased by 2.95%. Both options would require significant additional savings to be made.

2.53 For a Band D household, a £5 increase would see Council Tax rise to £97.21 per annum. The impact of increases on other bands and of 2.95% increases are given in the table below:

Table 5 – Impact of 2.95% and £5.00 increase in Council Tax

| Band | Annual Council Tax 2024/25 £ | 2.95% Increase 2025/26 £ | £5.00 Increase 2025/26 £ |
|----------|---------------------------------|-----------------------------|-----------------------------|
| A | 61.47 | 63.28 | 66.47 |
| B | 71.72 | 73.84 | 76.72 |
| C | 81.96 | 84.38 | 86.96 |
| D | 92.21 | 94.93 | 97.21 |
| E | 112.70 | 116.02 | 117.70 |
| F | 133.19 | 137.12 | 138.19 |
| G | 153.68 | 158.21 | 158.68 |
| H | 184.42 | 189.86 | 189.42 |

2.54 At its meeting on 13 December 2024, the Fire Authority recommended that the Finance and Resources Committee work within the following guidelines in making its recommendations to the Fire Authority in February:

- The options for Council Tax to be recommended to the Fire Authority will be limited to either a Council Tax increase of 2.95% or an increase of £5.
- Options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget as required by law.

2.55 The effect of 0%, 2.95% and £5% increases in Council Tax are set out in Tables 2 to 4 above and show a significant deficit for the three years.

2.56 A comparison of the deficit if Council Tax is increased by 0%, 2.95% and £5 in 2025.26 and then 2,95% in each of the four years of the budget strategy is shown in the table below:

Table 6 – Comparison Between Council Tax Options

| | 2025/26 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 |
|---|------------------|------------------|------------------|------------------|
| Budget Requirement | 54,995 | 56,492 | 58,440 | 59,566 |
| Total External Funding | (20,993) | (20,208) | (20,209) | (20,207) |
| Balance to be met locally | 34,002 | 36,284 | 38,231 | 39,359 |
| | | | | |
| Council Tax Yield (0%) | (31,411) | (31,835) | (32,265) | (32,700) |
| Council Tax Yield (2.95%) | (32,338) | (33,741) | (35,204) | (36,733) |
| Council Tax Yield (£5 2025/26, 2.95% after) | (33,115) | (34,553) | (36,051) | (37,616) |
| | | | | |
| Budget Shortfall (0%) | 2,591 | 4,449 | 5,966 | 6,659 |

| | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|
| Budget Shortfall (2.95%) | 1,664 | 2,543 | 3,027 | 2,626 |
| Budget Shortfall (£5) | 887 | 1,731 | 2,180 | 1,743 |

2.57 If Fire Authority were to approve a 0% or 2.95% increase in Council Tax a significant level of savings would be required, which is likely impact on the delivery of front-line services. A £5 increase would provide a more manageable deficit.

CAPITAL BUDGET PROPOSALS 2025/26 TO 2028/29

2.58 The Authority maintains a sustainable capital programme which reflects and supports the CRMP. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme which will ensure that property remains fit for purpose and is appropriately located.

2.59 The proposed capital programme for 2025/26 to 2028/29 is attached at Appendix C. The 2025/26 programme totals £6.506m. This will increase to reflect any further slippage from the 2024/25 programme at the end of the year. Future year programmes will be kept under review.

2.60 The major capital investment schemes for 2025/26 are:

- Aerial Ladder Platform Appliances
- Stockhill Fire Station
- Replacement Mobilising System

These schemes have been previously approved in the indicative Capital Programme presented for the previous year.

2.61 Two new areas of investment were approved by the Fire Authority 13 December 2024 for inclusion in the 2025/26 Capital Programme.

- Access and Inclusion Programme – The contracted supplier has gone into administration with the project being incomplete and remedial works required at some sites. The Service is currently assessing the impact with a view of engaging with a new contractor to complete the project. The Capital Programme includes an additional budget of £500k for 2025/26.
- Access Control System Replacement – The current site access system is becoming obsolete with the contractor confirming it is not intending to provide replacement parts and / or support the system. This project is considered high risk due to its complexities as it is required to be completed by March 2026. The budget identified for this project is £400k for 2025/26.

2.62 As Committee members are aware the Service is making significant investment in the Service's pumping appliances in line with the renewal programme, with 17 new appliances due into Service. The budget for this investment is currently in 2024/25, although as noted in the 2024/25 Capital

Monitoring update (a separate report to this Committee Meeting) there is a request for some slippage on this scheme into 2025/26, this is not reflected in the Capital Programme 2025/26 yet do to approval being required. Further investment in pumping appliances has been included in the indicative programme from 2026/27, this allows for an evaluation of the new appliances during 2025/26 to identify future requirements.

- 2.63 The capital programme can be funded from capital receipts, grant funding, contributions from revenue, reserves and borrowing.
- 2.64 **CAPITAL RECEIPTS** – these are received from the sale of assets and can be used to fund either the revenue cost of transformational projects, to fund capital expenditure or to reduce borrowing. The flexible use of capital receipts strategy was approved at Fire Authority on 13 December 2024. It is not proposed to fund any transformational projects using capital receipts during 2025/26.
- 2.65 **GRANT FUNDING** – there is no anticipated capital grant funding available at present to support the 2025/26 capital programme, although the Service does sometimes use revenue grants to help fund capital projects.
- 2.66 **REVENUE AND RESERVES** – the 2025/26 to 2028/29 programme does not propose the use of funding from revenue or reserves.
- 2.67 **BORROWING** – the proposed 2025/26 capital programme set out in Appendix A will be largely funded from borrowing. The related costs will be tested for affordability as part of the Prudential Code for capital finance to be considered by the Fire Authority on 28 February 2025. Estimated costs have been built into the revenue programme considered in this report.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full in the body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report, although the achievement of budgetary savings in future years will undoubtedly have an impact.

5. EQUALITIES AND ETHICAL IMPLICATIONS

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

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

The Authority must set a balanced budget for 2025/26 but may acknowledge potential budget shortfalls for future years.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes be incorrect. Changes involving contraction of activities may not be made on the envisaged timescales, public consultation may vary policy and external issues such as national pay awards may not align with the assumptions.
- 8.2 Council Tax base figures used for this report are only estimates at present and the grant settlement details are only provisional. It is possible that both or either of these could change.
- 8.3 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Consider the contents of this report and make recommendations to the Fire Authority in respect of Council Tax increases between a Council Tax increase in Council Tax, up to the maximum of 2.99%.
- 10.2 Provide a view on the pay award assumptions for the final 2024/25 budget.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Craig Parkin
CHIEF FIRE OFFICER

APPENDIX A

BUDGETS 2025/26 TO 2028/29

| | Budget 2025/2026 £000's | Budget 2026/2027 £000's | Budget 2027/2028 £000's | Budget 2028/2029 £000's |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Employees</u> | | | | |
| Direct Employee Expenses | 43166 | 44357 | 45299 | 46205 |
| Indirect Employee Expenses | 680 | 718 | 718 | 732 |
| Pension | 971 | 988 | 1036 | 1057 |
| | 44817 | 46063 | 47053 | 47994 |
| <u>Premises</u> | | | | |
| Repairs Alterations and Maintenance of Buildings | 975 | 996 | 1013 | 1033 |
| Energy Costs | 750 | 772 | 785 | 801 |
| Rents | 453 | 466 | 474 | 483 |
| Rates | 1114 | 1133 | 1152 | 1175 |
| Water | 96 | 100 | 103 | 105 |
| Fixture and Fittings | 2 | 2 | 2 | 2 |
| Cleaning and Domestic Supplies | 533 | 547 | 556 | 567 |
| Grounds Maintenance Costs | 58 | 58 | 58 | 59 |
| Premises Insurance | 30 | 33 | 36 | 37 |
| Refuse Collection | 39 | 39 | 39 | 40 |
| | 4050 | 4146 | 4218 | 4302 |
| <u>Transport</u> | | | | |
| Direct Transport Cost | 1740 | 1550 | 1550 | 1581 |
| Recharges | 3 | 3 | 3 | 3 |
| Public Transport | 5 | 5 | 5 | 5 |
| Transport Insurance | 210 | 231 | 254 | 259 |
| Car Allowances | 263 | 263 | 263 | 268 |
| | 2221 | 2052 | 2075 | 2117 |
| <u>Supplies and Services</u> | | | | |
| Equipment Furniture and Materials | 791 | 792 | 792 | 808 |
| Catering | 40 | 40 | 40 | 41 |
| Clothes Uniforms and Laundry | 561 | 576 | 576 | 588 |
| Printing Stationery and General Office Expenses | 29 | 29 | 29 | 30 |
| Services | 706 | 744 | 785 | 801 |
| Communications and Computing Expenses | 2652 | 2567 | 2644 | 2697 |
| | 50 | 50 | 50 | 51 |
| Grants and Subscriptions | 100 | 101 | 102 | 104 |
| Miscellaneous Expenses | 458 | 461 | 461 | 470 |
| | 5387 | 5360 | 5479 | 5589 |
| <u>Third Party Payments</u> | | | | |
| Other Local Authorities | 1330 | 1349 | 1369 | 1396 |
| Private Contractors | 0 | 0 | 0 | 0 |
| | 1330 | 1349 | 1369 | 1396 |
| <u>Support Services</u> | | | | |
| Finance | 114 | 112 | 116 | 118 |
| Corporate Services | 27 | 28 | 29 | 30 |

APPENDIX A

| | 141 | 140 | 145 | 148 |
|--|---------------|---------------|---------------|---------------|
| <u>Sales Fees and Charges</u> | | | | |
| Customer and Client Receipts | -315 | -318 | -318 | -324 |
| | -315 | -318 | -318 | -324 |
| <u>Other Income</u> | | | | |
| Government Grants | -5067 | -5642 | -5682 | -5839 |
| Other Grants/Reimbursements and Contributions | -672 | -672 | -672 | -685 |
| Interest | -407 | -407 | -407 | -415 |
| | -6146 | -6721 | -6761 | -6939 |
| <u>Capital Financing Costs</u> | | | | |
| Interest Payments | 1186 | 1453 | 1803 | 1839 |
| Debt Management Expenses | 2324 | 2968 | 3377 | 3445 |
| | 3510 | 4421 | 5180 | 5284 |
| BUDGET | 54,995 | 56,492 | 58,440 | 59,566 |

APPENDIX B

ANALYSIS OF BUDGET CHANGES 2025/26

| | | £'000 |
|--|---|---------------|
| 2024/25 Revised Budget | | 52,688 |
| <u>Pay</u> | | |
| Growth | | |
| | Pay award | 1,147 |
| | Increments | 101 |
| | Employer NIC | 500 |
| | On-call banding changes | 246 |
| | On-call pay other adjustments | 32 |
| | Non-uniformed pay - reduction in vacancy rate | 106 |
| | Annual Delivery Plan to support the CRMP | 16 |
| | Substantiate ICT structure | 130 |
| Savings | | |
| | Wholetime pay - development rate | -457 |
| | Non-uniformed restructure savings | -134 |
| | Non-uniformed other staffing changes | -135 |
| <u>Non-pay</u> | | |
| Growth | | |
| Contingency | Contingency | 234 |
| Correction | Government Grant | 20 |
| Reduction in funding | Services Grant | 76 |
| | Council Tax Surplus | 313 |
| Decreased demand | Fees & charges | 135 |
| Demand/pay inflation | Third party payments | 89 |
| Earmarked reserve funded | Replacement mobilising system | 533 |
| Increased demand | Employee expenses | 16 |
| | MRP | 523 |
| | Premises | 121 |
| | Supplies & services | 7 |
| | Training | 102 |
| | Transport | 20 |
| Increased demand (regulatory) | Supplies & services | 12 |
| Non-pay inflation | ICT | 4 |
| | Premises | 145 |
| | Supplies & services | 16 |
| | Training | 1 |
| | Transport | 118 |
| Pension inflation | Pensions | 14 |
| Reduced income | Fees & charges | 62 |
| Reduction in earmarked reserve funding | Supplies & services | 3 |
| Support the CRMP | Annual Delivery Plan | 135 |

| | | |
|--------------------------------|-------------------------------------|---------------|
| Technical adjustment | Removal of 2023/24 savings target | 200 |
| | | |
| Savings | | |
| Base budget review | Support services | -21 |
| Decreased demand | Employee expenses | -1 |
| | ICT | -35 |
| | Pensions | -167 |
| | Premises | -125 |
| | Supplies & services | -15 |
| | Training | -84 |
| | Transport | -134 |
| Efficiency | ICT | -23 |
| | Training | -1 |
| Earmarked reserve funding | Earmarked reserve funding - pay | -42 |
| | Earmarked reserve funding - non-pay | -592 |
| Removal of surplus budget | Employee expenses | -2 |
| | ICT | -7 |
| | Interest payable | -139 |
| | Supplies & services | -12 |
| | Transport | -6 |
| Increased income | Fees & charges | -1 |
| | Government grant | -42 |
| | Interest receivable | -157 |
| Change in service delivery | Support services | -3 |
| Reduction in market prices | Gas | -150 |
| | Electricity | -318 |
| | Fuel | -66 |
| | | |
| 2025/26 Proposed Budget | | 54,995 |

APPENDIX C

Capital Programme 2025/26 to 2028/29

| CAPITAL PROGRAMME | Budget 2025-26 £'000 | Budget 2026-27 £'000 | Budget 2027-28 £'000 | Budget 2028-29 £'000 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| TRANSPORT | | | | |
| Pumping Appliances | 0 | 2,007 | 1,605 | 1,605 |
| Special Appliances | 200 | 750 | 800 | 200 |
| Light Vehicle Replacement | 420 | 485 | 486 | 260 |
| Aerial Ladder Appliances | 1,050 | | | |
| | 1,670 | 3,242 | 2,891 | 2,065 |
| EQUIPMENT | | | | |
| Structural PPE | | | | 1,200 |
| Fire Helmets | | | | 280 |
| Fire Gloves | | | | 150 |
| Fire Boots | | | | 250 |
| Coveralls | 230 | | | |
| Fire Hood – Contaminants | | 150 | | |
| Radios | | 300 | | |
| RTC Equipment (Holmatro) | 900 | | | |
| Gas Monitoring | 40 | | | |
| | 1,170 | 450 | 0 | 1880 |
| ESTATES | | | | |
| Access and Inclusion | 500 | | | |
| Station-end Training | 150 | | 150 | 150 |
| Stockhill Fire Station | 1500 | 3,875 | 135 | |
| Wholetime Fire Station B | | 30 | 1,500 | 2,875 |
| Estate energy reduction decarbonisation | 125 | | 125 | |
| Access management system | 400 | | | |
| | 2,675 | 3,905 | 1,910 | 3,025 |
| I.T. & COMMUNICATIONS | | | | |
| ICT Replacement Equipment | 180 | 200 | 250 | 391 |
| Mobile Computing | | | 90 | |
| HQ Core Switch Upgrade | | 50 | | |
| Payroll, Finance and Occupational Health Upgrade | 30 | | 30 | |
| | 210 | 250 | 370 | 391 |
| EMERGENCY SERVICES MOBILE COMMUNICATIONS | | | | |
| Tri-Service Control & mobilisation | 781 | 300 | | |
| | 781 | 300 | 0 | 0 |
| | 6,506 | 8,147 | 5,171 | 7,361 |

| To be Financed By: | Budget | Budget | Budget | Budget |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2025-26 £'000 | 2026-27 £'000 | 2027-28 £'000 | 2028-29 £'000 |
| Capital Receipts | -10 | -210 | -110 | -10 |
| Borrowing | -6,496 | -7,937 | -5,061 | -7,351 |
| Revenue / Earmarked Reserves | | | | |
| TOTAL | -6,506 | -8,147 | -5,171 | -7,361 |