

2025/26 and Later Years Budget Summary

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

This report summarises the budgets that are proposed by the Strategy and Resources Committee. The results are put forward to the Fire Authority for approval as the basis for consultation, leading to a final decision at the Fire Authority meeting in February 2025.

2 Recommendations

The Fire Authority is recommended to:

- a) Note the report;
- b) Agree the recommendations on expenditure for 2025/26 and later years, set out in report 6 of the Appendix;
- c) Agree the recommendations on Reserves and Provisions, set out in report 7 of the Appendix, and
- d) Request the Strategy and Resources Committee to prepare a final budget package in January 2025, for final decision by the Fire Authority in February 2025.

3 Background

At Strategy and Resources Committee in November, members noted changes to the revenue budget for 2025/26 and future years, and that officers were reviewing the announcements in the Autumn Budget in October, and anticipating individual authority settlements in late December. Full details are set out in the reports which were agreed by the Committee and are attached at the Appendix to this report.

The Committee reviewed expenditure budgets, and also received a report which detailed the Authority's reserves. The reserves currently total £14.7m.

4 Current Position

Autumn Budget 2024/25

On 30 October 2024, the Chancellor of the Exchequer outlined aspects of the Local Government Finance Settlement for 2025/26, as follows:

- An inflationary increase based on September 2024 CPI (1.7%) is anticipated for local government
- Inflation expected to fall from 2.6% in 2025 to 2.1% in 2027
- Core spending power for the Fire sector, which includes precept, will increase in real terms by approximately 3.2%
- No announcement has yet been made on referendum spending limits for the Fire sector.

A provisional settlement is expected prior to Christmas. The settlement will be a one-year settlement for 2025/26, with a multi-year spending review for subsequent years expected in Spring 2025. Scenario planning has been carried out on a settlement based on the information provided to date, with modelling for later years assuming an inflationary 2% increase.

Fire Pension Scheme Revaluation

As the budget was set for 2019/20, members of the Strategy & Resources Committee were informed about the impact of the 2016 revaluation of Fire pension schemes. For each financial year following, around ninety per cent of the increase in employer contributions has been covered by grant from the Treasury. This was rolled into the settlement from 2024/25.

Increases in employer contributions following the 2020 valuation have also been confirmed, with an additional £800k in costs for the Fire Authority. This increase was funded by government grant in 2024/25 and this is also anticipated for the 2025/26 financial year. It has not yet been confirmed if this grant contribution will continue into the next spending review.

In order to test the Authority's financial resilience and ability to adapt to changing conditions, a number of scenarios have been developed which test the sensitivity to changes in planning assumptions. The numbers in the table represent the amount of the revenue budget that will require a contribution from reserves or the identification of further savings, or is available for investment and growth in the Service.

Expenditure and Income

The table below shows the expenditure proposed by Strategy & Resources Committee and the projected surplus or deficit using current assumptions for income.

	2025/26 £000	2026/27 £000	2027/28 £000
Expenditure budget proposed by the Committee	-29,596	-30,177	-30,727
Income	30,237	31,472	32,736
Balance available for investment and growth	641	1,295	2,009

Income shown is based on current assumptions:

- Grant increased by 1.7% in 2025/26 and 2% thereafter; continuation of Services Grant, 1.7% increase in rates income from 2025/26
- Precept increase of 2.99% for 2025/26 and later years
- Council tax base increase of 1.87% from 2025/26
- Pay award of 2% from 2025/26

The Fire sector and Government departments have continued to lobby the Treasury for a precept increase of £5 or 3%, whichever is higher. This is in line with referendum limits that were set in 2023/24 for fire authorities.

5 Items for Consideration

Capital Programme

The charges associated with the capital programme will be added to revenue expenditure following approval in February.

Revenue implications of the capital programme will be added to the revenue budget, following consideration of the programme by the Strategy & Resources Committee in January. Indicative figures are shown in the following table, although this is for illustration only.

2025/26 £'000	2026/27 £'000	2027/28 £'000
177	72	80

Community Risk Management Plan – Outcomes

The Community Risk Management Plan (CRMP) forms the basis of the contract between Shropshire and Wrekin Fire and Rescue Authority and the communities and individuals it serves. The plan underpins the Service

strategy for the next 3 years and sets out how it plans to ensure the right people and equipment are in the right place at the right time.

A consultation exercise is currently underway on the CRMP objectives for 2025-2029 and these include using data to determine where our assets are located to meet risk. Technology will be essential to enable the Service to meet its CRMP objectives, and it is proposed that investment is made in the Service's systems.

Areas for this investment are being considered but could include

- Health & safety management
- Project management
- Data collection

Consultancy services may also be required to support achievement of the CRMP objectives.

Investment of £250,000 is proposed from 2025/26 to support these strategic aims; further information around this growth will be presented to Strategy & Resources Committee in January.

Collection Fund and Council Tax Base

The Authority does not currently account for a surplus or a deficit as part of its planning; information is currently being gathered from the constituent authorities on the potential balance on the collection funds at the end of 2024/25. This will be factored into the budget modelling process when available.

The planning assumption for council tax base is that the combined base will increase by 1.87% per year. Constituent authorities have also been asked for assumptions around base growth, and this will be included in scenario planning.

6 Financial Implications

These are detailed in the main body of the report.

7 Legal Comment

There are no direct legal implications arising from this report.

8 Initial Impact Assessment

An Initial Impact Assessment has been completed.

9 Appendices

Appendix A Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee, 27 November 2024, Report 7 2025/26
and Later Years Revenue and Capital Budgets

Appendix B Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee, 27 November 2024, Report 8 Reserves
and Funds

10 Background Papers

The background papers associated with this report are attached as an appendix.

