



Item No. 7i on ETAP Agenda

Report to the Police Fire and Crime Panel

10th February 2025

Fire Revenue Budget Report (incl. MTFS and Precept)

Report of the Staffordshire Commissioner

Introduction

The purpose of this report is to set out the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2025/26.

This report delivers one of the Commissioner's key responsibilities as laid out within the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net revenue budget requirement for 2025/26
- Proposed precept for the fire element of the council tax 2025/26
- Updated Medium Term Financial Strategy (MTFS)
- Outline Capital Budget for 2025/26 to 2027/28

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Capital Strategy and Capital Programme Report
- Reserves Strategy Report

Recommendations

The Police, Fire and Crime Panel is asked to:

- a) Examine the information presented in this report, including:
 - The Total 2025/26 net revenue budget requirement of £51.996m, including
 - A council tax requirement for 2025/26 of £33.914m before collection fund surplus/deficits are taken into account (**see Appendix 6**)
- b) Note that the funding for 2025/26 is based upon the Provisional Local Government Finance Settlement, and includes the estimated business rates information for the nine billing authorities.

- c) Support the Commissioner's proposal to increase the 2025/26 precept for the fire element of the council tax bill by 5.8% or £5 per annum which is equivalent to 10p per week, increasing the council tax to £91.77 for a Band D Property (**see Appendix 6**).
- d) To note that the Council Tax base has increased to 369,558 properties (**see Appendix 5**) equivalent to an increase of 1%. The Council Tax collection fund has also been finalised delivering a deficit of £87k (**see Appendix 4**).
- e) To note the MTFS summary financials (**Appendix 7**) and MTFS assumptions contained within the report (see page 15)
- f) To note the MTFS shows a savings requirement into the medium term and includes the use of reserves in 2025/26, £1.3m, and 2026/27, £0.5 (See Appendix 7).
- g) Support the proposed three year Capital Investment Programme (**see Appendix 8**). Note there is a Capital Strategy to accompany the programme.
- h) To note the business rates for 2025/26 is based upon the Provisional Local Government Finance Settlement. This will be adjusted within the Earmarked Business Rates adjustment reserve (£0.2m) when compared to the actual Non-Domestic Rates Income Returns (NNDR returns) from the nine billing authorities.
- i) Note the outcome of The Staffordshire Commissioner's budget consultation.
- j) Support the delegation to the S151 Officer for the Staffordshire Commissioner Fire and Rescue Authority to make any necessary adjustments to the budget as a result of late changes to central government funding (including changes due to the final funding settlement being announced) via an appropriation to or from the general fund reserve .
- k) To note the proposed fees and charges for 2025/26 (**see Appendix 10**).
- l) To note the Statement from the S151 Officer for the Staffordshire Commissioner Fire and Rescue Authority on the robustness of the Budget and adequacy of the proposed financial reserves.

Ben Adams
Staffordshire Commissioner

Contact Officer: David Greensmith
Telephone: 01785 898690
Email: david.greensmith@staffordshirefire.gov.uk

Commissioner's Foreword



This is my first budget and council tax precept proposal following my re-election in May 2024 as Police, Fire & Crime Commissioner. I continue to be impressed with the progress that Staffordshire Fire & Rescue Service has made in recent years, recognised in the most recent inspection report by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The improvement in nearly all the areas assessed is testament to the hard work and dedication of the service's staff, firefighters, leaders and Chief Fire Officer. I would like to thank them for this. I am certain that they will continue to fulfil the ambitions set out in my refreshed Local Fire & Rescue Plan and the new Community Risk Management Plan issued by the Chief Fire Officer in December 2024.

This 2025/26 budget and Medium Term Financial Strategy (MTFS) is set against a backdrop that includes some significant uncertainties and new financial pressures. Even when increasing the council tax precept by the maximum permitted without a local referendum, a £1 million reduction in Government grant coupled with a material shortfall in funding to cover the increase in employers National Insurance Contributions means that Staffordshire, along with other standalone Fire and Rescue services, are having their total funding cut in cash terms. I also remain very concerned about the impact of future pay awards should nationally negotiated pay agreements continue to exceed our budget assumptions.

Staffordshire Fire & Rescue Service has developed specialist capabilities to enable it to meet new operational challenges, some of which are a consequence of climate change or new battery and energy storage technologies that are rapidly developing in response to it. To support this, I have invested in new appliances to equip the service at the most challenging incidents.

I remain very supportive of the service's ambition to help other agencies to keep people safe, even outside the traditional parameters of Fire & Rescue. Working across Staffordshire with local NHS partners and West Midlands Ambulance Service to respond when people have fallen or need assistance returning home from hospital has helped to keep hundreds of people out of hospital and freed up valuable health resources.

My office has worked with the Service to address budget challenges over the past two years which has culminated in over £1 million of recurring cash savings as part of a comprehensive transformation programme. However, there is more to do as we look at options to improve efficiency and productivity so the Service is now scoping a further £1m of new savings.

This budget must ensure that the Chief Fire Officer has the resources needed to deliver on his updated Community Risk Management Plan, national government and local priorities. With this and inflation and wage pressures in mind, I have concluded that the

2025/26 Fire and Rescue council tax precept should increase by 5.8%, equivalent to £5 per year or 10p per week for a band D property. This is in line with the referendum limit which was set at £5 for Fire & Rescue Authorities in 2025/26.

This proposed increase, alongside the updated transformation work, is essential to protect our Fire & Rescue Service from service reductions. I am acutely aware that household budgets are tight so I will always aim to keep council tax as low as possible without compromising the safety of our firefighters or the communities they serve.

Staffordshire Fire and Rescue Service continue to perform well and with your support and the continued investment set out in this MTFS it is my expectation that they will continue to keep us safe.

https://staffordshire-pfcc.gov.uk/wp-content/uploads/Fire-and-Rescue-Plan_AW4.pdf

Executive Summary

This report advises the Panel on the revenue budget for 2025/26, and the proposed level of council tax for the Staffordshire Commissioner Fire and Rescue Authority. It also presents an updated Medium Term Financial Strategy for the following four year period to 2029/30.

The Government, as part of the Autumn Budget, issued on 30 October 2024 announced over £4 billion in additional funding for local government services, £1.3 billion of which will go through the Settlement. Overall, the provisional Settlement delivered on 18 December set out a commitment that local government would receive a real-terms increase in Core Spending Power of c.3.2%.

As part of the provision settlement the government also announced that it “is taking difficult decisions to improve the value for money and efficiency of the grant funding we provide. We will repurpose a number of grants in order to target more funding towards authorities that have weak tax bases, and high levels of need and service demand.”

The settlement included the loss of around £0.9m of grant funding for 2025/26 which has been reallocated to other authorities within the public sector, in addition to the continued reduction of the Airwave grant funding resulting in £1m of reduced grant funding for 2025/26. The budget also includes the National Insurance increase included within the budget and based upon information received from the Home Office assumes that 52% of the additional £575k will be funded through additional grant.

The Settlement Funding Assessment for 2025/26 includes an inflationary increase in Revenue Support Grant (RSG) set at 1.7%, increasing by £132k. The business rates and business rates top-up have been increased by 1.1%. The total reported increase in Settlement Funding is £252k or 1.4%.

The budget process for 2025/26 involved full consultation with all budget holders and calculated from a zero base. Where possible all recurring efficiencies and savings achieved to date have been incorporated into the base budget.

Following the receipt of the provisional local government finance settlement which included the referendum limits increasing to £5 (5.8% for this authority) for Council Tax increases, the Commissioner has considered; current and future funding requirements, together with the factors included within his Fire and Rescue Plan, the results of the survey with local residents, as well as actual and expected cost pressures, including the loss of grant funding, and expected efficiency savings available to the Service as part of its updated transformation programme.

The Commissioner is proposing a 5.8% increase in Council Tax equivalent to an additional £5 per annum (10 pence per week) and will increase the Band D Council Tax for the Staffordshire Commissioner Fire and Rescue Authority to £91.77.

In summary, when considering the settlement funding position, the proposed increase in Council Tax of £5 and the updated transformation plan from the Commissioner a balance budget position is presented for the budget year 2025/26 and into the medium term, however this will require the support of the Authority's Reserves. The financial position is not helped by a further single year settlement which continues to make financial planning very challenging.

Background

1. The budget proposals contained within this report are based upon the provisional 2025/26 Local Government Finance Settlement received on 18 December 2024.
2. Settlement Funding comprises of three funding streams shown below. The Revenue Support Grant (RSG), Business Rates top-up the 1% share of local business rates shown as extracted from the Provisional Local Government Finance Settlement.

	2024/25 £m	2025/26 £m	Movement £m
1% share of Local Business Rates	3.935	3.980	0.045
Business Rates Top-up	6.493	6.568	0.075
Revenue Support Grant (RSG)	7.489	7.621	0.132
Total Settlement Funding	17.917	18.169	0.252 (+1.4%)

3. The Total Settlement Funding for 2025/26 includes the £1.7m Firefighters' Pension Grant which was rolled into the RSG from 2024/25.

Business Rates / Business Rates Top-up

4. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. The Panel should note that the 1% share of local business for 2025/26 has been estimated based upon the Provisional Local Government Finance Settlement.
5. The actual 1% share of the district/boroughs and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits), will be calculated with any surplus/deficit transferred to the business rates earmarked reserve which is currently set at £0.2m (surplus).
6. Dialogue with the nine billing authorities will be undertaken during the year to ensure any impact of the future business rates reset is understood and included within future updates of the MTFS.
7. S31 grants are also received as part of the NNDR1 returns and have been included as estimates within the budget for 2025/26 and maintained at this level for the MTFS period. The S31 Grants are shown as income for the Authority. This is in addition to the tariff/top-up adjustment that is applied to the Business Rates Top-up and again shown as income for the Authority. S31 Grants have been held at the same level as the 2024/25 actual.
8. The S31 grants included within the district/boroughs and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits) have been estimated; any surplus/deficit for S31 grants will be transferred to the Business Rates Earmarked Reserve.

9. In the event of any significant shortfall in the 1% share of business rates or S31 Grant in excess of the Earmarked Reserve a budget adjustment may be required as delegated to the S151 Officer.

Council Tax

10. The setting of Council Tax is under the control of the Staffordshire Commissioner. The process for issuing the precept is aligned to the setting of the Staffordshire Police precept following the change in governance arrangements in 2018. This process is laid out within Schedule 5 of the Police Reform and Social Responsibility Act 2011.
11. From 1 August 2018, the Staffordshire Commissioner assumed the functions of the former Stoke-on-Trent and Staffordshire Fire and Rescue Authority, including the power to issue a fire precept from 2019/20.
12. The Band D Council Tax for the Authority was approved at £86.77 for 2024/25, this report includes the proposal by the Commissioner to increase Council Tax by 5.8% or £5 to £91.77 in 2025/26.
13. The relevant basic amount of council tax for a fire and rescue authority is excessive if the authority's relevant basic amount of council tax for 2025/26 is more than £5 greater than its relevant basic amount of council tax for 2024/25 and sets the referendum limit for the Authority. This is for a single year as announced within the settlement. The MTFS assumes an increase of 1.99% for 2026/27 and for each year thereafter.
14. The Council Tax base shown in **Appendix 5** has increased to 369,558 from 365,868 properties in 2024/25, which is equivalent to an increase of 1%. The Council Tax collection fund is deficit by £87k, shown in **Appendix 4**. Both the Council Tax base and the deficit on the collection fund have been finalised and agreed with the billing authorities.
15. A 1% sensitivity in precept for the Staffordshire Commissioner is equivalent to £0.32m.
16. Based upon a 5.8% increase, the total budgeted precept (including collection fund) has increased by £1.680m, as follows:

Council Tax Amount 2024/25	£32.148m
Increase in Council Tax Base by 1%	£0.320m
Movement in Council tax Surplus	(£0.488m)
Increase in Council Tax by £5	£1.848m
Council Tax Amount 2025/26	£33.828m

17. The total funding for the Staffordshire Commissioner for 2025/26 is shown below:

	<u>2024/25</u>	<u>2025/26</u>	<u>Change</u>
Settlement Funding	£17.917m	£18,169m	£0.252m
Council Tax (Precept)	£32.148m	£33,828m	£1.680m
Total Funding	£50,065m	£51,996m	£1,932m

18. The table below illustrates the financial impact of the precept changes on the Council Band D rate and increase in funding for the Staffordshire Commissioner Fire and Rescue Authority:

Council Tax (Fire Element)	2024/25	2025/26
Band D Council Tax Proposed	£86.77	£91.77
Increase on Prior Year	£2.52	£5
Percentage increase on Prior Year	2.99%	5.8%
Council Tax Increase*	£1,376,901	£2,167,952
Total Precept Levied (Band D)	£31,746,378	£33,914,330
Council Tax surplus (Deficit)	£401,125	(£86,616)
Total Council Tax	£32,147,503	£33,827,714
Weekly Increase	£0.05p	£0.10p

**This includes changes in the tax base as well as precept rate changes*

Revenue Budget 2025/26

19. The Revenue Budget sets out to support the new Community Risk Management Plan (CRMP) and revised Fire and Rescue Plan issued by the Staffordshire Commissioner.
20. **Appendix 1** sets out the proposed revenue budget of £51.996m for 2025/26 based upon a proposed Council Tax Increase of £5 and the provisional Local Government Finance Settlement and the estimated 1% share of local business rates from the nine billing authorities within Staffordshire and Stoke-on-Trent.
21. The key features of the budget, are as follows:

Pay costs

The overall pay costs budget for 2025/26 at £36.2m, shows an increase of £1.9m more than last year's budget.

The budget for 2025/26 assumes that the pay award for 2025/26 will be at 3%, despite overall levels of key inflation measures stabilising during 2024 there remains significant pressure on public sector pay.

There is, therefore, some risk associated with the assumed level of pay award for 2025/26 and the assumptions included within the updated MTFS. The representative bodies supporting Fire Service employees are already demanding above inflation pay awards.

The following bridge explains the net increase in pay costs:

	<u>£m</u>
Pay Budget – 2024/25	34.3
Pay Award Provision (2025/26 at 3%)	0.9
National Insurance (NIC) increase	0.6
Other Employee Costs	0.1
New Posts (ICT, Project Mgr and re-grades)	0.3
Restructure and efficiency savings – new savings	(0.3)
Non Recurring Pay Funded (e.g. Secondments, Falls Response, Home from Hospital)	0.2
Pension – Firefighters’ Pension Grant shortfall	0.1
Pay Budget – 2025/26	36.2

Non-pay costs

Non-pay costs are budgeted to increase by over £0.5 million year on year. Some of the main movements in non-pay costs are as follows:

- Premises costs have reduced by £0.4m. The costs for electricity and gas has now stabilised enough to extend the savings seen in year (2024/25) into the budget year
- Transport costs are showing an increase in the budget year of £0.1m which reflects the additional costs for fuel, oil, tyres and external repairs experience in year
- Non-Pay includes a charge of £1.7m payable to West Midlands Fire Service (£0.4m increase), this represents 30% of the budgeted cost of running the Joint Fire Control. Costs have increased by £0.1m and reflects the additional pay rates. In addition investment of £6m is now required to procure and install a new mobilisation system for Fire Control. This is estimated to increased costs by £0.3m per annum for 5 years reflecting the contribution required by the Staffordshire Commissioner
- Non-pay includes impact of contract renewals etc. reflecting the general increase in prices for goods and services, and additional requirements for response equipment purchased by the Emergency Response Team. Total increase £0.4m
- Firelink/Airwave costs (Emergency Services network) have also increased significantly based upon the current contractual arrangement with the Home Office. In addition, all grant funding for Airwave will be removed in 2025/26, representing a cash reduction of £0.1m per annum
- A saving target of £0.1m has been introduced into the 2025/26 budget for non-pay which forms part of the transformation programme into the medium term.

Income

Income for 2025/26 is budgeted to reduce by £0.8m to £6.0m

- The Commissioner is has been notified that the Special Services Grant, Funding Guarantee Grant and the reduced Airwave Grant. Total reduction c.£1m of grant funding from these three areas
- The assumption for the multiplier used for the S31 grant receivable has now been corrected resulting in a reduction in grant of £0.3m
- The budgeted income also reflects the income received to support the Falls Response initiative and also Home from Hospital trial, in addition to secondment opportunities that have been supported by the Chief Fire Officer, £0.2m
- The returns received from cash invested by the Authority (see Treasury Management Strategy), are now headlining interest returns averaging 5%, driving a further £0.1m benefit
- Income of £0.3m is expected to cover 52% of the National Insurance increase

Capital Charges

Total capital charges are budgeted to remain steady at £7.1m

- The £1.68m minimum revenue provision requirement for 2025/26 is in line with the MRP Policy. This is based upon the capital investment programme and strategy and has increased by £0.1m year on year
- The budgeted level of interest on the existing long terms loans of £16.150m is 4.22% (Budget 2025/26, £0.723m). No long term loans are due for repayment during 2025/26
- The budget includes a proportion of direct funding for the replacement of operational vehicles (including appliances) cars and vans
- The unitary charge for the PFI contracts increase by RPIx applied to the variable elements of both PFI contracts. The RPIx rate led to increases of 8.2% in 2022/23 and 12.9% for 2023/24, 3.5% for 2024/25 and is estimated at 2.6% for 2025/26. Total impact of high inflation in the last four years is £1.2m by March 2026 (cumulative impact c.40% increase). The increase in 2025/26 is c.£0.1m

Budget Monitoring 2025/26

22. A budget monitoring report will be considered by the Strategic Governance Board on a quarterly basis. A monthly Finance Report will be issued to members of the Service Delivery Board (SDB) and all budget holders. In addition, the Finance System (Integra) issues automated monthly reports to budget holders.
23. The Finance Panel, which is a sub-group of the Ethics, Transparency and Audit Panel (ETAP) will continue to review the budget monitoring reports on a quarterly basis with a summary report submitted to ETAP by the Finance Panel Chair.

Service Transformation Programme

24. Ongoing Service Transformation has been necessary to ensure that Staffordshire Fire and Rescue Service can continue to deliver 'a modern, efficient, and sustainable level of service to the public' that prioritises the safety of both our staff and our communities. The Deputy Chief Fire Officer oversees the Service's Transformation Programme that will consider how transformation can best support our priorities of **our communities, our people and our environment**.
25. The Transformation Board was formed in Feb 2022, with representatives from various areas of the Service. Its purpose is to investigate ways to transform the Service and ensure its financial sustainability. The Board has met regularly to monitor and evaluate progress through an action plan, while also providing recommendations through the relevant governance channels.
26. A majority of work streams that are aligned with the current Service's Medium-Term Financial Strategy (MTFS) have already been considered and completed which included; a high-level management restructure, the change to a minimum of four staff on whole-time fire engines, a review of operational exercises, review of incident command and outreach training and the 'On-call Nine-Point Plan' to improve availability of fire engines and crews.
27. The delivery of this transformation programme has achieved a recurring saving of over £1 million per annum for the Service.
28. Service Transformation has also taken into account additional work streams. For instance, working on a 'Clean Concept' initiative to minimise operational staff's exposure to contaminants from fires. Additionally, a project to review the standards and accreditation for fire investigation officers.
29. The Transformation Board has now moved into the next phase and will be reviewing options to further transform the Service in order to increase productivity and drive efficiency. A review by an external partner has now been completed utilising up to date and historic risk and demand data in order to objectively review existing station locations and current shift patterns.
30. In order to balance the updated MTFS and meet the additional financial challenges the Commissioner has tasked the Service to deliver a further £1m on new recurring savings over this next four year period as part of the next phase of transformation. A saving target of £0.4m has been incorporated into the 2025/26 budget (of which £0.3m is pay, £0.1m non-pay)

Firefighters' Pension Schemes

31. Pensions Grant

Following the results of the 2016 Valuation of the Firefighter's Pension Schemes employer contribution rates were increased by an average of 12.6% (to an average 30.2%), resulting in additional costs for Staffordshire of around £1.8m per year. A pension grant received for the last five years' from the Home Office covering 90% of this increase was finally rolled into the Revenue Support Grant during 2024/25.

The Home Office announced that there will be a further £85.3m Fire Pensions Grant in 2024/25, and £6m towards the admin costs, to compensate for the increased Firefighters' Pension Scheme employer contribution rate. This is following the results of the actuarial valuation of the Firefighters' Pension Schemes (England) (the 'scheme') as at 31st March 2020 undertaken by the Government Actuarial Department (GAD). The results have incorporated changes in the economic and demographic factors and mortality rates in addition to incorporating the estimated impact of Sargeant/McCloud remedy and also the second options exercise following the Matthews ruling.

This resulted in a 8.5% increase in employer pension contributions into the scheme with rates rising from 28.8% to 37.6% implemented from 1 April 2024.

A separate grant allocation of £1.25m was received during 2024/25 to cover the additional annual employer pension contributions into the Scheme, and was £147k less than the budget which assumed 90% of the increase would be funded.

The Home Office have only guaranteed to fund the additional costs for one further year 2025/26 and the Commissioner has adjusted the earmarked pension grant to £1.25m should this grant not be made available for 2026/27. There is therefore a significant risk into the medium term should this grant not be maintained.

32. Firefighters' Pension Scheme Update – impact of Sargeant/McCloud judgement

The Police Fire and Crime Panel will be aware that as a result of legal cases brought in respect of the Firefighters Pension Reforms, it has been found that the implementation of the Firefighters Pension Scheme 2015 was discriminatory as outlined in the McCloud/Sargeant judgement.

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA) provided an overarching framework to allow public service pension schemes to remedy the impact of this unlawful age discrimination. That discrimination arose due to certain transitional arrangements put in place when public service pension schemes (including the fire schemes) were reformed between 2014 and 2016. Secondary legislation has been laid to amend the rules of each affected public service pension scheme to implement the remedy for their members. The remedy was designed to be delivered in two stages: the first, to bring the discrimination to an end (the prospective remedy) from 1 April 2022, and the second, to be implemented by 1 October 2023, to remedy the discrimination that had taken place

between 1 April 2015 and 31 March 2022 (the retrospective remedy). The legislation to remedy this discrimination was enacted in October 2023 and Authorities have 18 months to implement and remedy members who have suffered the impact of this unlawful discrimination.

As individual members' circumstances will differ, the impact of implementing the remedy will vary. The firefighters' pension scheme manager must provide all eligible members and member representatives with information about the benefits available to them under the remedy and to enable them to make a choice of benefits with a Remedial Services Statement (RSS) by March 2025. This will provide the member with an option to take benefits based upon the legacy pension scheme or the reformed pension scheme for the remedy period 1 April 2015 to 31 March 2022.

33. Firefighters' Pension Scheme Update – Matthews second option exercise

The Panel may be aware of the category of members of the Firefighters' Pension Scheme 2006 (FPS 2006) known as "special members" was introduced in 2014, following *Matthews v Kent and Medway Towns Fire Authority & others*, which allowed retained firefighters employed between 1 July 2000 and 5 April 2006 to join the 2006 Scheme with retrospective effect to 1 July 2000.

This judgment was later challenged at the European Court of Justice in relation to fee-paid judges (*O'Brien v Ministry of Justice*). The Court ruled in that case that service going back to the start of employment could be taken into account. The government accepted that the same principles apply to certain retained firefighters, whether they have made a legal claim or not.

A second options exercise is now taking place allowing those who have retained service between 7 April 2000 and 30 June 2000 to backdate their membership to 7 April 2000 and before (to the start of their employment), providing that the retained service is continuous.

The Service has issued formal notification to over 400 current and deferred on-call firefighters who are eligible for the second options exercise.

The Home Office have been approached and £6.2m of upfront funding for this exercise and also the Sargeant/McCloud remedy has now been received

Reserves and Balances

34. The Authority holds two reserves, a Specific/Earmarked Reserve which is built up through any surplus within the Income and Expenditure account. The utilisation of this fund has been established with the approved Reserves Strategy that was last updated in February 2024; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3)**.
35. At 1 April 2024 the Authority held £1.9m in General Reserves and a risk assessment for this reserve was undertaken as part of the budget setting process for 2025/26 and the overall

provision of £1.9m has remained unchanged for a number of years and represents less than 4% of the proposed revenue budget for the year.

36. At 1 April 2024 the Authority held £7.1m in Earmarked Reserves. **Appendix 2** demonstrates the impact on Earmarked Reserves for the Council Tax proposal included within this paper. The schedule also assumes utilisation of capital spend as incorporated within the Reserves Strategy. It does not assume use of reserves for other contingency areas that are incorporated within the Reserves Strategy.
37. The Earmarked Reserved is forecast to reduce to £3.6m by 2029/30 in line with the MTFS assumptions
38. The forecast balance on the Earmarked Reserves is detailed within the Reserves Strategy update paper and shown below (**see Appendix 2**).

Medium Term Financial Strategy

39. The MTFS has been updated to reflect the budget proposals for 2025/26 and incorporates the assumptions contained with the Provisional Local Government Settlement, which includes the assumed increase in Council Tax of £5. A summary of the financials covering the medium term period 2025/26 to 2029/30 are included within **Appendix 7**.
40. Should the overall funding for the Authority not be in line with the assumptions incorporated within this report following the Final Settlement, saving targets and use of reserves will need to be re-visited.
41. The budget for 2025/26, 2026/27 and 2027/28 includes the use of £2.1m of earmarked reserves, and shows a surplus position by 2028/29.
42. There remains a significant level of financial uncertainty regarding the funding position for the Authority beyond and including 2025/26, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.
43. The main areas of uncertainty must be considered when reviewing this MTFS:
 - The likely impact of pay awards for 2025/26 and beyond above the budgeted 3% and MTFS levels – see paragraph 45 below
 - The Impact of Inflation on all costs which could be impacted upon events outside of the control of the Authority
 - The impact on Firefighter pension costs after 2025/26, should funding not be included within the next Comprehensive Spending Review
 - The impact of economic and political uncertainty into the medium term
 - Delivery of the £1m savings target as per the new transformation programme over the MTFS period
 - The potential impact of the business rates reset and review of the fire funding formula

44. A 1% sensitivity across key budget areas is reflected below:

Cost / Income Area	Change	£000s
Pay Costs	+/- 1%	317
Premises Costs (incl utilities)	+/- 1%	24
Vehicles	+/- 1%	10
Supplies and Services	+/- 1%	94
Employer Pension Contributions	+/- 1%	233
Business Rates	+/- 1%	22
Revenue Support Grant	+/- 1%	58
Precept	+/- 1%	321
Council Tax Base	+/- 1%	317

45. A summary of the main MTFS assumptions are shown below for consideration:

	2025/26 Budget	2026/27 Plan	2027/28 Plan	2028/29 Plan	2029/30 Plan
<u>PAY COSTS</u>					
Pay Award Operational Staff	3.0%	2.0%	2.0%	2.0%	2.0%
Pay Award Non Operational Staff	3.0%	2.0%	2.0%	2.0%	2.0%
Other Pay Costs	3.0%	2.0%	2.0%	2.0%	2.0%
Pension Costs - Firefighters' Pension Schemes	+£1.4m	+£1.4m	+£1.4m	+£1.4m	+£1.4m
Pension Costs - Fire Fighters Pension Grant (Est)	(£1.2m)	(£1.2m)	(£1.2m)	(£1.2m)	(£1.2m)
<u>NON PAY COSTS</u>					
Electricity	0.0%	2.0%	2.0%	2.0%	2.0%
Gas	0.0%	2.0%	2.0%	2.0%	2.0%
Business Rates	3.0%	2.0%	2.0%	2.0%	2.0%
Water and Sewerage	3.0%	2.0%	2.0%	2.0%	2.0%
General Supplies and Services	3.0%	2.0%	2.0%	2.0%	2.0%
<u>INTEREST RATES</u>					
Interest on Investments	4.0%	3.0%	3.0%	3.0%	3.0%
Interest on Debt	4.4%	4.4%	4.4%	4.4%	4.4%
<u>GENERAL FUNDING</u>					
Council Tax Increases	5.8%	1.99%	1.99%	1.99%	1.99%
Council Tax Base Growth	1.01%	1.00%	1.00%	1.00%	1.00%
Revenue Support Grant	1.8%	2.0%	2.0%	2.0%	2.0%
Local Business Rates	1.1%	2.0%	2.0%	2.0%	2.0%
Business rates Top-up grant	1.1%	2.0%	2.0%	2.0%	2.0%

Capital Programme

46. The three year Capital Programme and Capital Strategy for 2025/26 to 2027/28 has been developed and is reviewed within the Capital Strategy.
47. The Capital Programme has been developed by the operational budget holders with all plans submitted to the Capital Review Group chaired by the Director of Finance.
48. The total programme of £5.8m for 2025/26 includes an element of carry-over from the current year. Whilst this delay has not impacted upon service delivery to date, it has culminated in a challenging but deliverable programme.
49. The revenue consequences of the proposed programme have been considered in the development of the revenue budget and the required prudential indicators are set out within the Treasury Management Strategy.
50. As part of the capital programme for 2025/26 the Commissioner has committed the use of £0.5m of reserves to support the station refurbishment work at Brewood
51. The summary capital programme for the next three years is shown within **Appendix 8**.
52. The detailed programme for 2025/26 is shown within **Appendix 9**.

Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves

53. The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Chief Financial Officer / Treasurer for the Staffordshire Commissioner Fire and Rescue Authority to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Financial Officer and the report must be given to the Police Fire and Crime Panel.
54. I can confirm that the budget for 2025/26 is balanced and has been produced on a robust basis. Whilst there remains some uncertainty with regard to future settlement funding, increased pay awards and the costs of Firefighter's pensions, estimates have been included within the Medium Term Financial Strategy and appropriate provision made within Earmarked Reserves.

Report Author: - David Greensmith ACMA CGMA
Telephone: - 01785-898690
Email:- d.greensmith@staffordshirefire.gov.uk

Revenue Budget Summary 2025/26

	Budget 2024/25	Budget Proposal 2025/26	Year on Year Change
	£000s	£000s	£000s
Pay			
Pay Costs	31,653	33,520	1,866
Other Employee Costs	2,600	2,666	66
Total Pay	34,253	36,185	1,932
Non Pay			
Premises Costs	5,092	4,687	(404)
Transport Costs	1,044	1,139	96
Supplies & Services Costs	9,050	9,865	815
CFS Costs and Initiatives	340	320	(20)
Total Non Pay	15,525	16,012	486
Income			
Income - General	(6,226)	(5,423)	803
Interest Receivable	(541)	(608)	(67)
Total Income	(6,767)	(6,031)	736
Capital charges	2,343	2,217	(126)
Interest Payable	720	723	3
PFI Unitary Charge	4,114	4,220	107
Total Capital Charges	7,176	7,160	(16)
Total Revenue before Reserves	50,188	53,326	3,139
Transfer to/(from) Reserves	(123)	(1,330)	(1,207)
Budget Gap in Year			
Total Revenue Budget	50,065	51,996	1,932
FINANCED BY:			
<u>Settlement Funding</u>			
Revenue Support Grant	7,489	7,621	133
Local Business Rates (1%)	3,935	3,980	45
Government Top-up (business rates)	6,494	6,568	74
Total Settlement Funding	17,917	18,169	252
<u>Council Tax</u>	32,148	33,828	1,680
Total Financing	50,065	51,996	1,932

Earmarked and General Reserves Summary to 2029/30

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Est.	Est.	Est.	Est.	Est.	Est.
	£m	£m	£m	£m	£m	£m	£m
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<u>Earmarked Reserves</u>							
PFI Reserve (Project Reserve Deductions)	0.7	0.8	0.8	0.8	0.8	0.3	0.3
Reserve - Brewood Refurbishment	0.5	0.5					
Operational Budget Holder Reserves	0.7	0.8	0.9	0.6	0.5	0.4	0.4
Insurance Reserve	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Budget and MTFs Support Reserve	0.8						
Business Rates reserve	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Capital Reserves	0.3						
Pension Reserve	1.5	1.5	1.2	1.2	1.2	1.2	1.2
Collaboration Reserve	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Future Funding reserve	1.7	2.0	0.9	0.4	0.2	0.4	0.8
Total Earmarked Reserve	7.1	6.5	4.7	3.9	3.6	3.2	3.6
Total Reserves Available (Useable)	9.0	8.4	6.6	5.8	5.5	5.1	5.5
Percentage of Revenue Budget							
General Reserve	4.0%	3.8%	3.7%	3.5%	3.5%	3.4%	3.3%
Earmarked Reserve	14.7%	13.0%	9.0%	7.3%	6.5%	5.7%	6.2%
Total	18.7%	16.8%	12.7%	10.8%	10.0%	9.0%	9.5%

Risk Assessment of General Reserves for 2025/26

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that chief financial officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment for general reserves was undertaken as part of the budget setting process for 2025/26 and the overall provision of £1.9m has remained unchanged for a number of years and represents 3.7% of the revenue budget set for the year.

Whilst not a complete list of all the financial risks, the assessment focused on those most likely (High and Medium risks) to have a significant impact on the budget year.

Area of Expenditure	Level of Risk *	Explanation of risk/justification of reserves	2025/26 Provision £000
Loss of Employees / additional pay costs	High	Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc.	650
Insurance loss / impact of data breach	Medium	Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR	550
Ill health retirement costs	Medium	Risk of the number of ill health retirements being greater than anticipated due to ageing workforce	300
Other unforeseen costs	Medium	Risk of unforeseen event: emergency incident, waste fires / tipping	300
Other costs	Medium	Risk of failure of strategic partnership / collaboration initiatives	100
TOTAL			1,900

Council Tax Report 2025/26**Council Tax Surplus / (Deficit) by Authority**

	2024/25	2025/26	Variation
	£	£	£
Cannock Chase	(12,031)	(48,069)	(36,038)
East Staffordshire	20,909	31,444	10,535
Lichfield	35,000	470	(34,530)
Newcastle	2,364	150	(2,214)
South Staffordshire	55,514	45,166	(10,349)
Stafford	(6,416)	(43,813)	(37,397)
Staffordshire Moorlands	(3,760)	36,850	40,610
Stoke	297,961	(123,000)	(420,961)
Tamworth	11,584	14,187	2,603
Total (per budget paper)	401,125	(86,616)	(487,741)

Council Tax Report 2025/26**Taxbase by Authority**

	2024/25	2025/26	Variance	YOY %
Cannock Chase	30,015	29,999 -	16	-0.05%
East Staffordshire	40,935	41,575	640	1.56%
Lichfield	41,116	41,523	407	0.99%
Newcastle	38,738	39,807	1,069	2.76%
South Staffordshire	39,914	40,191	277	0.69%
Stafford	49,303	49,634	331	0.67%
Staffordshire Moorlands	33,737	34,382	645	1.91%
Stoke	68,632	68,851	219	0.32%
Tamworth	23,479	23,596	117	0.50%
Total	365,868	369,558	3,690	1.01%

Council Tax Report 2025/26**Council Bands for Each Band and District Precepts****Based upon a Band D Increase of £5****Council Tax Band Figures**

	2024/25	2025/26	Increase	Per Week
Band	£	£	£	Pence
A	57.85	61.18	3.33	6.4
B	67.49	71.38	3.89	7.5
C	77.13	81.57	4.44	8.5
D	86.77	91.77	5.00	9.6
E	106.05	112.16	6.11	11.8
F	125.33	132.56	7.22	13.9
G	144.62	152.95	8.33	16.0
H	173.54	183.54	10.00	19.2

Precept Payable

	2024/25	2025/26	Variation	
	£	£	£	%
Cannock Chase	2,604,381	2,753,015	89,430	3.78%
East Staffordshire	3,551,930	3,815,356	176,875	5.64%
Lichfield	3,567,618	3,810,538	152,595	4.78%
Newcastle	3,361,296	3,653,088	151,456	5.00%
South Staffordshire	3,463,341	3,688,328	126,283	4.02%
Stafford	4,277,998	4,554,926	161,244	4.14%
Staffordshire Moorlands	2,927,359	3,155,236	115,600	4.29%
Stoke	5,955,181	6,318,438	349,852	6.68%
Tamworth	2,037,273	2,165,405	67,845	3.68%
Total	31,746,378	33,914,330	1,391,178	4.88%

MTFS Summary Financials to 2029/30

	2025/26 Budget £000s	2026/27 Plan £000s	2027/28 Plan £000s	2028/29 Plan £000s	2029/30 Plan £000s
Pay					
Pay Costs	33,520	33,681	34,001	34,328	34,863
Other Employee Costs	2,665	2,705	2,746	2,787	2,829
Total Pay	36,185	36,387	36,747	37,115	37,692
Non Pay					
Premises Costs	4,687	4,781	4,877	4,974	5,074
Transport Costs	1,139	1,162	1,185	1,209	1,233
Supplies & Services Costs	9,865	9,814	9,963	10,167	10,374
CFS Costs and Initiatives	320	326	333	340	346
Total Non Pay	16,011	16,084	16,358	16,690	17,027
Income					
Income - General	(5,423)	(5,514)	(5,603)	(5,744)	(5,837)
Interest Receivable	(608)	(300)	(225)	(150)	(107)
Total Income	(6,031)	(5,814)	(5,828)	(5,894)	(5,944)
Capital charges	2,217	2,617	2,974	3,233	3,533
Interest Payable	723	723	803	863	953
PFI Unitary Charge	4,220	4,262	4,305	4,348	4,392
Total Capital Charges	7,160	7,602	8,082	8,444	8,877
Total Revenue	53,326	54,259	55,359	56,354	57,652
Use of Reserves	(1,330)	(539)	(218)	248	453
Total Revenue	51,996	53,721	55,142	56,603	58,105
FINANCED BY:					
Settlement Funding					
Revenue Support Grant	7,621	7,774	7,929	8,088	8,249
Local Business Rates (1%)	3,980	4,059	4,141	4,223	4,308
Government Top-up (business rates)	6,568	6,699	6,833	6,970	7,109
Total Settlement Funding	18,169	18,532	18,903	19,281	19,666
Council Tax	33,828	35,188	36,239	37,322	38,439
Total Financing	51,996	53,721	55,142	56,603	58,105

Capital Programme Summary 2025/26 to 2027/28

	2025/26 Budget	2026/27 Plan	2027/28 Plan
	£	£	£
Building & Infrastructure Works			
Station Refurbishment	486,677		
Improvement Works	870,000	720,000	830,000
Total	1,356,677	720,000	830,000
Operational Equipment	879,000	469,000	390,000
Appliances & Vehicles			
Appliances & Specialist Vehicles	1,425,000	1,600,000	850,000
Vans & Cars	880,000	640,000	470,000
Total	2,305,000	2,240,000	1,320,000
Information Technology			
ICT Hardware, Software Systems & Installations	1,260,000	675,000	840,000
Total	1,260,000	675,000	840,000
Total Capital Programme	5,800,677	4,104,000	3,380,000
Funding			
Direct Revenue Funding	535,000	410,000	470,000
Unsupported Borrowing	4,779,000	3,694,000	2,910,000
Earmarked Reserves	486,677		
Total Funding	5,800,677	4,104,000	3,380,000

Capital Programme Detail - 2025/26

Scheme Description	Detail	PROPOSED CAPITAL PROGRAMME
<u>Building Works - Improvements</u>		
Brewood Refurbishment	Revised refurbishment options are under development by the Estates Team	486,677
Eccleshall - Gym Area Refurb	Improvements to Gym facilities in order to maintain firefighter wellbeing and fitness	40,000
L&D Remodelling Phase 3	Remodel BA Training Room and Gym	150,000
Stafford Fire Station External Lighting replacement	Replace and install new lighting to rear year and frontage	60,000
Stafford Fire Station Fire Alarm	Replace existing fire alarm system with L1/L2 system	80,000
PV Panel Installation	Installation of PV system to Jets subject to business case	180,000
Tutbury - External Portakabin	Portacabin solution for gym facilities	70,000
EV Rollout	Install EV charging points across the Estate - WOM, LEE, CAN, HAN, NEW, BOT, TAM, LTN	180,000
Lighting replacement with LED	LED Wombourne, Eccleshall, BAM, Barn, Generator room, Plant rooms, Cheadle, Barton	60,000
HQ - FBT clean concept	Design work - Clean concept provisions	50,000
		1,356,677
<u>Operational Equipment</u>		
Operational Equipment Pool		25,000
Working at Height Equipment	Replacement of all Level 1 WAH equipment	45,000
Confined Space Equipment	Equipment required to complete confined space procurement	25,000
Air Tracks / Ice Paths	Replacement due to age	45,000
Appliance Equipment (PRL 3-5)	Equipment for new PRL	180,000
Cylinder Replacement	Phase 1	125,000
BA compressors x 2	Planned replacement of existing compressors	50,000
Boat	Replace spare boat 20 years old	10,000
Body Worn Cameras	Equipment is due for replacement - Cameras will be upgraded	45,000
Animal Rescue	Animal rescue equipment required for training	26,000
Equipment For Marked 4x4 Response Vehicles	Pumps and equipment for 4x4 Response Vehicle 1 and 2	20,000
Asset Tracking	Software and Hardware	80,000
E-PPV	Procure more E-PPV inline with plan	25,000
Robotics / ROV / Cobra / Smoke Curtains	ERT including Purchase of robotic unit for operations/ Cobra System development / Smoke Curtains	178,000
		879,000
<u>Appliances & Vehicles</u>		
Cobra System Vehicle	Vehicle to support ERT Cobra project	50,000
Unmarked and Marked Response Cars x 4	Group and Station Manager Response Vehicles	100,000
Marked 4x4 Response Vehicles x 2	Replacing 63 plate Ford Rangers at 13 years old	70,000
Utility Van x 3	For Estates - Large - £30k per vehicle - replace Full EV vans that were leased	90,000
Utility van - small/medium x2	Station vans - also used by CSO's - £20k per vehicle	40,000
Marked non-response van x 2	Two Van to be replaced	40,000
Hydrant Technician Van	New Hydrant Technician van fitted out	40,000
Mobile Workshop (JETS)	£45k - used by JETS for safety inspections and on station repairs - includes fitting of shelves, benches and electrics. Price based on fit of mobile workshop 2024/25	45,000
Welfare Support Unit x 1	Vehicle will be known as Personal Hygiene Unit (PHE)	60,000
Appliances PRL (Pump Rescue Ladder)	PRL 3 / PRL 4 / PRL 5 - Body Build Payments	825,000
Appliances PRL (Pump Rescue Ladder)	PRL 6 / PRL 7 / PRL 8 / PRL 9 - Chassis Payments	600,000
Water carriers	Chassis Payment	150,000
2 x Water Rescue Units	Mercedes Sprinters	180,000
Appliance Sensors	'Dr Air Brake' - kit to automatically brake appliances before they bump and cause damages. Trial for new aerial ladder platform vehicle before wider rollout	15,000
		2,305,000
<u>Information Technology</u>		
Stations / L&D Teams Room Enablement		50,000
MDT Replacement - Software		225,000
Station End		225,000
ICT Rolling Programme - Desktop	Rolling program for officers and admin laptop replacement plus desktop solutions such as igels.	150,000
ICT Rolling Programme - Infrastructure	Citrix Server 5 year replacement/Station Alerter Equipment (Depending on work carried out in 22/23)	200,000
ICT additional infrastructure		100,000
MS Enablement		50,000
Mobile Phone Replacement		35,000
Wireless Access Points		100,000
Alerter Replacement		25,000
PSN & PSTN Network Refresh		100,000
		1,260,000
Overall Total		5,800,677

	Current (Net of VAT) £	Charges from 1st April 2025 (Net of VAT) £	VAT Status
(a) Special Service Charges			
Attendance per Appliance per hour* (Including crew) <i>*£400 for the first hour and £100 per ¼ hour thereafter. e.g. between 1-6 mins round down, or 7-15 mins round up to the nearest ¼ hour interval.</i>	388.31	400.00	Standard
Professional services per hour <i>e.g. Officer interviews, provision of advice</i>	102.07	105.00	Standard
Fire investigation Interviews <i>£100.10 per hour or part hour</i>	130.64	134.00	Standard
Fire Investigator detailed Fire report	457.22	470.00	Standard

(b) Other charges

Extract of Fire reports	103.73	106.00	Out of scope
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Some information retrieval may incur an additional administration charge of £50 ex VAT per search.

Photographic/digital images	Price on Application	P.O.A	Standard
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c) Conference Suite
Scale of Charges from 1st April 2025

	Room Hire Only Monday – Friday Whole-day £
Conference Suite	
Room 1	322.88
Room 2	220.56
Room 3 - break out area	138.26
Room 4 (VDR)	220.56
Rooms 1 and 2	454.76
Rooms 1, 2 and 3	568.44

Catering Charges

Prices will be quoted to clients on request taking into account their requirements, location and current food costs.

Charges quoted are subject to VAT at prevailing rates

A 50% charge of the total cost of the Room Hire Booking will be made if a cancellation is not received within 10 working days of the date of the hire.

Half day rates will be charged on a 25% reduction on a whole day rate.

The full charge for catering will be made if a cancellation is not received within 48 hours of the date of the hire. A charge of 25% of the total food cost will be made if the cancellation falls in the period of 5 working days to 48 hours prior to the booking.

The full cost of any damage or breakages inclusive of any consequential financial losses which such damage may incur whilst repairs or replacement of equipment is arranged, will be charged to the hirer