Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
22 January 2026

Capital Programmes 2026/27 to 2030/31, Treasury Management Statement and Capital Strategy

Report of the Treasurer

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

1 Purpose of Report

This report presents the capital programmes for 2026/27 to 2030/31, for consideration by the Committee in the context of Prudential Guidelines.

2 Recommendations

The Strategy and Resources Committee recommends that the Fire Authority:

a) Approve the Capital Strategy for 2026/27 – 2030/31, set out in Appendix A;
b) Confirm the 2026/27 onward programmes, set out in Appendix B as part of its final precept deliberations, and
c) Approve the Treasury Strategy Statement for 2026/27

3 Background

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities is a framework which requires a local authority to look at its capital expenditure and investment plans in the light of overall organisational strategy and resources and ensures that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority.

The Code deals with three elements:

- Capital expenditure and investment plans
- External debt
- Treasury management.

These elements are considered within this report.

4 Capital Strategy

The latest revision to the Code states that an Authority must produce a capital strategy, which shows how the Authority sets out its priorities for capital investment, including links to existing plans and strategy documents. It also considers the way in which capital expenditure may be financed.

The main elements of the capital strategy are to support a capital programme that:

- Ensures that Authority assets are used to support the delivery of the Service's Community Risk Management Plan (CRMP) and associated priorities;
- Is affordable, financially prudent and sustainable;
- Ensures the most cost-effective use of existing assets and new capital investment, and
- Supports the other key strategies of the Authority.

The Authority's capital strategy is attached at Appendix A for consideration and recommendation to the Fire Authority. The document has been reviewed, and a small number of minor changes have been made. Deletions are struck through, and additions are shown in bold italics.

5 The Capital Programme

Consideration of the future capital programmes must be in the context of producing a balanced budget. This means that the increases in capital expenditure must be limited by increases in debt charges, caused by increased borrowing and increases in running costs from new capital projects.

Members must also have regard to the Prudential Code and must set Prudential Indicators for the next three years to ensure that its capital investment plans are affordable, prudent and sustainable.

The Capital Programme for 2026/27 and later years has been reviewed by officers, and the schemes that require approval are shown at Appendix B. The schedule also provides some background to the proposed schemes, some of which require reviews before any expenditure is undertaken, and others, which are replacement items. Further information on the schemes proposed for 2026/27 is available from officers.

The majority of the proposed schemes in 2026/27 are to be funded from borrowing, following depletion of the Earmarked Capital Reserve on existing approved schemes. Therefore, there will be some revenue consequences to consider. Borrowing will then be built into the prudential guidelines and will be undertaken by our Treasury advisors at the most opportune time.

The revenue costs associated with the Capital Programme in later years are shown at Appendix B. These costs will be added to the final revenue package presented to the Fire Authority later in the month.

The Fire Authority agreed in October 2014 that future savings would be contributed to the Unearmarked Capital Reserve, now the Major Projects Reserve, to fund future capital development. At the approval of the Authority, contributions have also been made to other reserves, depending on Service priority. It should be noted that borrowing, when undertaken, will be allocated to the most appropriate schemes in the programme for the calculation of capital charges.

6 Treasury Management Strategy Statement

Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting requirements

The Authority is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital programme (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, the Authority will receive quarterly update reports.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Strategy & Resources Committee.

Treasury Management Strategy for 2026/27

The Treasury Management Strategy for 2026/27 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Authority;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy; and
- creditworthiness policy.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training
The CIPFA Code requires that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Treasury Management Consultants
The Fire Authority employs Shropshire Council to manage its treasury functions, who in turn have appointed Link Asset Services Treasury Solutions as their independent advisor. It is recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

7 Prudential Guidelines

Capital Prudential Indicators
The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure
This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle

	2024/25 Actual £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Capital expenditure	3,748	1,364	4,718	5,112	3,356	4,470
Capital expenditure - Telford	2,414	-	-	-	-	-

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
Reserves	150	-	-	-
Capital Receipts	120	120	120	-
Revenue	46	46	46	50
Borrowing	4,402	4,946	3,360	4,420

The indicators below demonstrate the affordability of the capital programmes proposed by the Authority, by showing the impact of the programmes on its overall finances.

	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Ratio of financing costs to net revenue stream – current	1.78%	1.71%	1.64%	1.19%
Ratio of financing costs to net revenue stream – additional	2.74%	4.18%	5.40%	6.51%
Impact of capital investment decisions on Band D council tax	4.52%	5.89%	7.03%	7.70%

The Authority's borrowing need (the Capital Financing Requirement)
The Capital Financing Requirement (CFR) is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

	2024/25 Actual £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2029/30 Estimate £000
Capital Financing Requirement	14,447	15,200	24,263	28,317	30,204

Borrowing
The Authority must ensure that sufficient cash is available to meet its service activity. Treasury management officers at Shropshire Council manage the Authority's cash, which includes the Authority's capital strategy. This will involve both the monitoring of cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

	2024/25 Actual £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
External Debt	5,045	5,045	24,263	28,317	30,204

Treasury Indicators: limits to borrowing activity

The operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Operational Boundary	5,045	24,263	28,317	30,204

The authorised limit for external debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Authorised Limit	5,045	27,263	31,317	33,204

8 Treasury Strategy 2026/27

Economic Background

Tepid growth, falling inflation and a November budget that will place more pressure on the majority of households income, provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 22 December.

Although it is not unexpected that rates would continue on a gradual downward path, members of the MPC will want to assess evidence on labour market activity and wage growth.

Forecasts have been revised to price in a rate decrease in quarter 2 of 2026/27 to 3.5%, likely to take place in the wake of a significant fall in CPI inflation from 3% in March to 2% in April.

In terms of Public Works Loan Board (PWLB) rates, these are forecast to reduce between now and the fourth quarter of 2026/27.

Borrowing Strategy
It is anticipated that any borrowing will continue to be made through the Public Works Loan Board (PWLB).

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs and to manage cash flow.

While the Authority will not be able to avoid borrowing to finance new capital expenditure, there may be a *cost of carry*, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

External versus Internal Borrowing
The Fire Authority's approach to borrowing has continued to be the use of cash surpluses and reserves to finance new capital expenditure, to run down cash balances and minimise counterparty risk incurred on investments. However, some borrowing will be necessary during the planning period.

Investment Strategy
The Fire Authority's investment policy will have regard to

- Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Investments (the Guidance)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (the Code
- CIPFA Treasury Management Guidance Notes 2021.

The Fire Authority's investment priorities are:
a) Firstly, the security of capital; and
b) Secondly, the liquidity of its investments.

The Fire Authority will also aim to achieve the optimum return on its investments within the primary objectives of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and will not be undertaken.

This is the initial strategy for 2026/27 and will only be revised by approval of the Fire Authority, should there be significant improvement in the position of current lending uncertainties.

The Fire Authority will only lend to bodies of high credit quality, that is, the UK Government, local authorities or counter parties with a credit rating acceptable to Shropshire Council and endorsed by the Treasurer, or which effectively take on the creditworthiness of the UK Government itself.

The Fire Authority employs Shropshire Council to manage its investments, and they:

- Use three credit rating agencies;
- Are advised by investment consultants;
- Monitor and review creditworthiness regularly; and
- Provide appropriate training to Treasury Management staff.

The Treasurer is updated regularly on all changes to acceptable borrowers and may be more restrictive to ensure that security of capital is prioritised. It has been agreed that investments with any one borrower will be limited to £2.0m, except the UK Government through the Debt Management Office (DMO). In the current period of uncertainty, and to ensure liquidity, no loans will be made for a period of more than 12 months.

Investments will be sterling denominated. Funds available for investment are cash flow derived, but there is a core balance available through the Fire Authority's reserves.

At the end of the financial year, the Fire Authority will report on its investment activity as part of its Annual Treasury Report and will also provide quarterly updates throughout the year.

The Authority will not invest any funds with a counterparty for more than 365 days.

9 Minimum Revenue Provision 2026/27

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. These regulations introduced several changes to the capital finance regime for local authorities (including fire authorities) in England. The most significant of these was the new provision for dealing with the calculation of Minimum Revenue Provision (MRP), which is the amount that an authority charges to its revenue account in respect of the financing of capital expenditure.

Under these regulations, an authority is required to set aside an amount of MRP, which it considers prudent. Interpretation within the guidance states:

"Provision for the borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service."

Essentially, this means that provision charged to the revenue account in respect of borrowing must reflect the lives of the assets, for which funds have been borrowed.

Authorities are required to produce an annual statement on their policy for MRP for each financial year. This statement is being submitted for the financial year 2026/27, prior to the start of the financial year.

10 Options

The guidance on prudent provision contains four options for calculating MRP. Authorities may choose an alternative method but must demonstrate that it is prudent. The policy set out below is recommended to Members for use by the Fire Authority:

- For all borrowing incurred during or before 2006/07, the MRP applied in 2007/08 will be calculated on the basis of 4% of the Capital Financing Requirement (CFR).

  This method was used for the 2007/08 financial year and will continue to be used in future years for all capital expenditure incurred before 31 March 2007. In addition, a voluntary revenue provision of 4% has been made on all assets, other than land and buildings, from schemes starting in 2005/06, to align financing costs to the lives of those assets.

- For all borrowing incurred in 2007/08 and subsequently, the MRP applied has been calculated on the basis of the Asset Life method. This method was selected, because it charges the financing costs of assets over the lives of those assets in equal instalments each year, and follows the same principles as the provisions made by the Fire Authority from 2006/07. This method will be continued into the coming year.

11 Treasury Management Policy

The Treasurer has responsibility for Treasury Management, and as such carries out operations in accordance with the Authority's Treasury Strategy, above. This responsibility includes the preparation of the Treasury Management Practices, and the schedules specifying the systems and routines to be employed.

The main principles of the Treasury Management Practices have been reviewed by officers at Shropshire Council, who carry out the Authority's treasury management services in line with these practices.

12 Financial Implications

Financial implications are as set out within this report.

13 Legal Comment

The Local Government Act 2003 requires the Fire Authority to "determine and keep under review how much money it can afford to borrow". In doing so, it "shall have regard to the Prudential Code for Capital Finance in Local Authorities".

14 Initial Impact Assessment

An Initial Impact Assessment form has been completed.

15 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment is not, therefore, required.

16 Appendices

Appendix A
Capital Strategy 2026/27 to 2030/31

Appendix B
Capital Programmes 2026/27 to 2030/31

17 Background Papers

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services

Shropshire and Wrekin Fire Authority

Capital Strategy 2026/27 to 2030/31

Background

The Authority must have regard to the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), as part of its wider treasury management objectives,

An Authority must produce a capital strategy, which shows how the Authority sets out its priorities for capital investment, including links to existing plans and strategy documents. It also considers the way in which capital expenditure may be financed.

The main elements of the capital strategy are to support a capital programme that:

- Ensures that Authority assets are used to support the delivery of the Service's Integrated Risk Management Plan (IRMP) and associated priorities;
- Is affordable, financially prudent and sustainable;
- Ensures the most cost effective use of existing assets and new capital investment, and
- Supports the other key strategies of the Authority.

Links between the Capital Strategy and other strategic plans

The Capital Strategy is an integrated part of the Authority's strategic planning process and works in conjunction with the Community Risk Management Plan, Medium Term Financial Plan and Reserves Strategy.

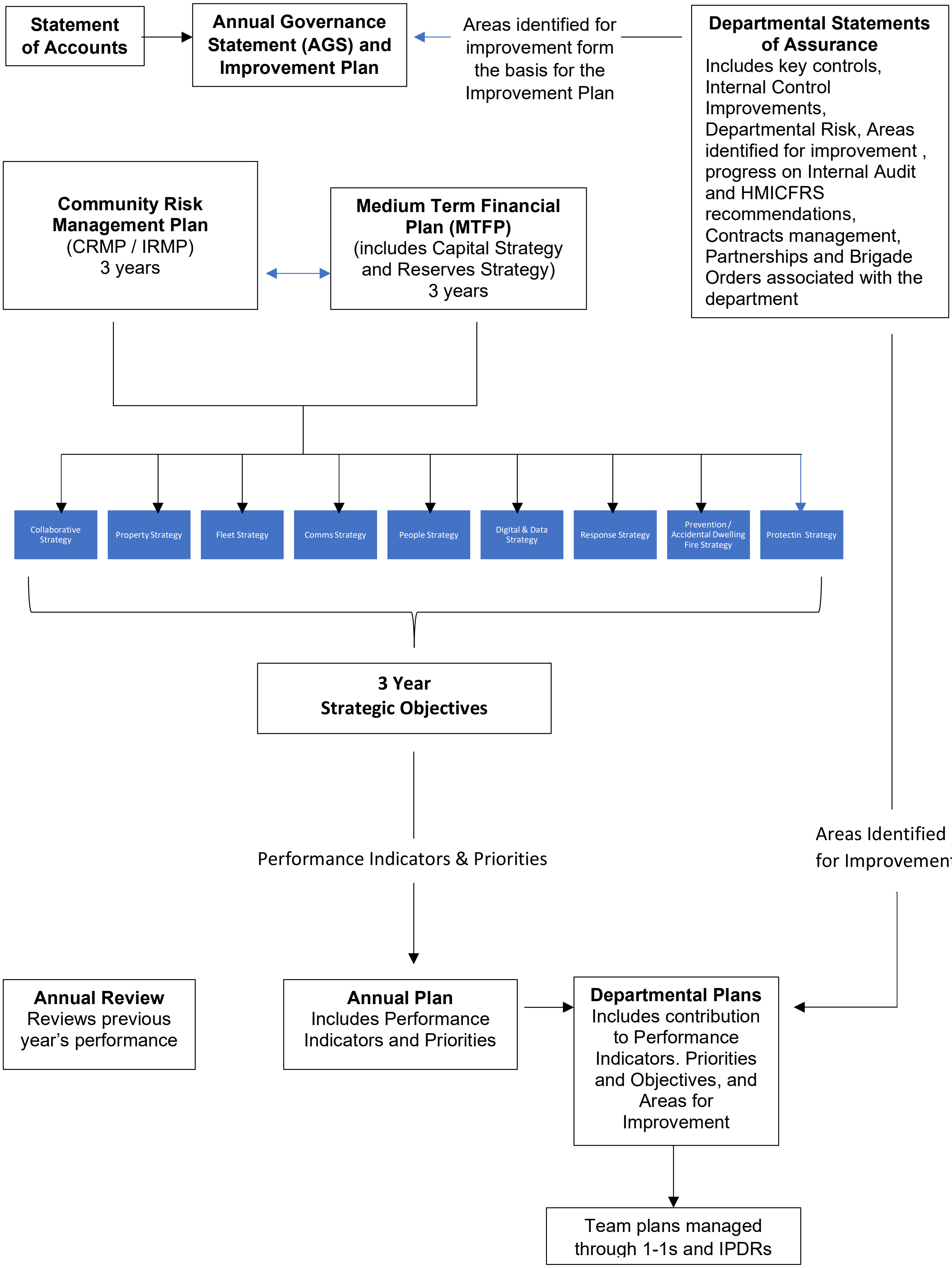
The **Community Risk Management Plan** - establishes the means by which the Authority intends to meet the challenging needs and risks within the community for which it has responsibility. The plan will determine

- The risk that is present in the community
- The capabilities that are required to manage the risk
- The resources that are required to deliver the capability

The **Medium Term Financial Plan and Reserves Strategy -** designed to demonstrate that the Authority has considered the funding streams available into future years and has plans in place to deliver the priorities identified by its CRMP.

These overarching plans form the basis of a number of strategies across the Service, illustrated in the diagram below. The resulting strategic objectives form the basis of a four year Service Plan, with an action plan that is updated annually and forms part of the Annual Plan.

The Departmental plans support the Annual Plan and demonstrate how these strategies are actioned at an operational level.


Statement of Accounts
Annual Governance Statement (AGS) and Improvement Plan
Areas identified for improvement form the basis for the Improvement Plan
Departmental Statements of Assurance
Includes key controls, Internal Control Improvements, Departmental Risk, Areas identified for improvement , progress on Internal Audit and HMICFRS recommendations, Contracts management, Partnerships and Brigade Orders associated with the department
Community Risk Management Plan (CRMP / IRMP) 3 years
Medium Term Financial Plan (MTFP) (includes Capital Strategy and Reserves Strategy) 3 years
Collaborative Strategy
Property Strategy
Fleet Strategy
Comms Strategy
People Strategy
Digital & Data Strategy
Response Strategy
Prevention / Accidental Dwelling Fire Strategy
Protectin Strategy
3 Year Strategic Objectives
Performance Indicators & Priorities
Areas Identified for Improvement
Annual Review
Reviews previous year's performance
Annual Plan
Includes Performance Indicators and Priorities
Departmental Plans
Includes contribution to Performance Indicators. Priorities and Objectives, and Areas for Improvement
Team plans managed through 1-1s and IPDRs

Governance Arrangements

Consideration, approval and monitoring of the capital programme takes place as part of the Authority's strategic planning timetable.

Formulation of the Capital Programme:

- Property, fleet, operational equipment and digital & data requirements are incorporated into the capital programme based on the priorities identified in the respective strategies.
- As part of its strategic planning cycle, annual workshops are held to ensure that the scheme will accurately address service priorities.
- Each of the Service's strategic goals (primary impacts) are reviewed on an annual basis in strategic planning workshops, where the benefits the service is trying to achieve are validated including the size of the gap from the future state.
- Several secondary impacts are aligned to each goal and capital or revenue projects applied.
- Change mapping in this way provides a clear link between the areas that matter to the service most and the critical activities that will help deliver them. It provides greater clarity and easier decision making.

Example Strategic Change Mapping:

Response goal primary impact: We will respond quickly, safely and effectively to emergency incidents with competent, prepared and well-informed teams.

Secondary impact examples: We will improve response times (urban, town and fringe, rural) and right people, right place and right tools

Levers examples: workforce planning and capabilities for stored energy, wildfire, working from heights and flooding (CRMP).

- The levers are evaluated by the Portfolio Management Office (PMO), who size and risk assess the delivery, and make structured project governance or 'business as usual' recommendation.
- The governance recommendation is combined with a strategic alignment priority score, benefits index and complexity index to support SMT agreeing the contents of the capital programme.
- The capital programme is put together in the last quarter of the year, with final review by Service Management Team.
- Officers may also submit additional change requests to the Service Management Team and Portfolio Board, these are evaluated in terms of priority and resources by the PMO and prioritised. If there is agreement that these projects should go ahead, these will be added to the capital programme.

- The capital programme, capital strategy and treasury management strategy are taken to Strategy & Resources Committee in January for consideration and recommendation to the Fire Authority.
- The capital programme is approved by the Fire Authority later in February as part of the budget and precept setting process.

Performance Management

- Spend on the capital programme is monitored by officers on a monthly basis.
- Portfolio Board meetings are held on a bi-monthly basis, where project performance, capital schemes and associated spend are reviewed.
- Quarterly reviews are taken to Strategy & Resources Committee, to ensure member overview and scrutiny. Service heads are present to provide further information about the change portfolio and schemes within the programme.

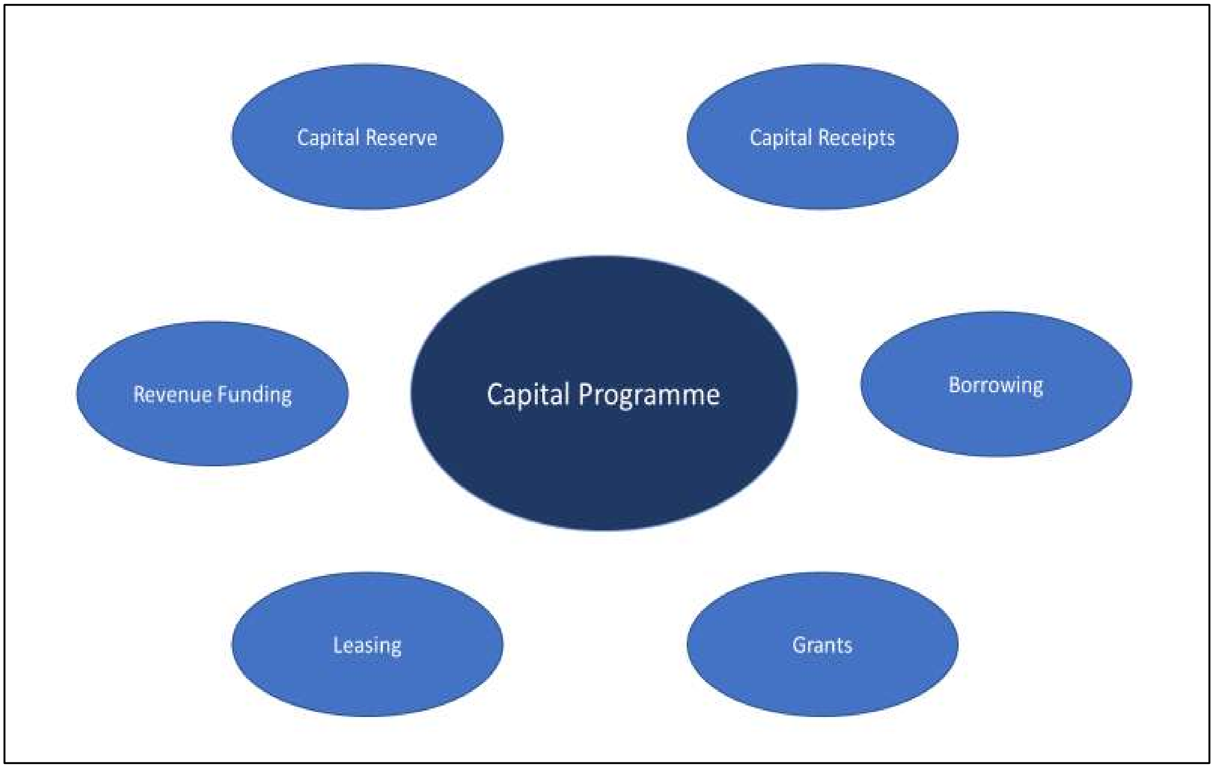
In Year Capital Decisions

Proposals for capital schemes may also be brought to Programme Board or Service Management Team outside of the capital programme planning process. Following consideration of a business case, approval will be sought from officers or members in line with the Authority’s Financial Regulations, and the scheme can be added to the existing capital programme.

Financing the Capital Programme

Funding for capital schemes must be identified prior to the capital programme being put forward for consideration and approval. It should be clear to those charged with governance that the programme is affordable, sustainable and prudent, prior to approval.

The Authority has a number of funding sources that can be used to finance capital expenditure:



Capital Reserves

Reserves are set aside from revenue resources and earmarked for particular purposes.

The Major Projects Reserve ~~is~~ has been used for larger, major refurbishments such as the headquarters, fire station and workshops in Shrewsbury, ~~or the~~ and was replenished for improvements at the training centre and fire station in Telford.

Although this is earmarked for major schemes, an efficient funding decision will take into account debt charges and minimum revenue provision payments.

The asset life method of calculating minimum revenue provision has been used, and costs are clearly higher for those schemes with a short life. For example, a replacement fire appliance costing £350,000 would have its MRP calculated over 15 years, and costs for replacement firekit at over £1m would be calculated across 10 years.

With a useful life of 40 years, it is more efficient to apply future funding against the major refurbishments at Telford, as the annual MRP costs would be greatly reduced and the cost of capital spread over a longer timeframe, thereby reducing the financial burden on current taxpayers (for an asset for which future taxpayers will also be gaining the benefit).

Capital Receipts

The sale of assets with a value of more than £10,000 generates income known as capital receipts. Legislation requires that these are spent on either new capital investments or the repayment of existing debt.

Leasing

Leasing can also be used to acquire capital assets and should be considered alongside other sources of funding. A full business case is still required to determine if leasing is the Authority's preferred method of funding, in terms of value for money.

Revenue Funding

The Authority can also use contributions from the revenue budget to fund capital expenditure. In the last six years, planned surpluses in the revenue budget, achieved through efficiencies and budget cuts made alongside retirement planning, have been used successfully by the Authority. This has resulted in debt charge savings into the long term and has helped control precept increases.

Borrowing

Capital projects that cannot be funded from any other source can be funded from prudential borrowing. The Authority is able to borrow money from the Public Works Loan Board (PWLB) to fund its capital programmes, and will need to fund a replacement provision and interest costs from its revenue budget.

The Authority must ensure that its borrowing is affordable, sustainable and prudent, and this is demonstrated through its set of prudential indicators that are approved by the Authority alongside the capital programme.

'Internal borrowing' occurs when the Authority will use its cash balances to fund capital schemes rather than taking out long term loans with PWLB. This should be managed alongside the Authority's cash flow projections and also its Capital Financing Requirement, which indicates the Authority's need to borrow.

Revenue Consequences of Capital Programme

As well as funding the asset in a capital scheme, the Authority must also consider and take account of the ongoing implications of the scheme on the revenue budget.

- If the scheme is to be funded from prudential borrowing, there will be an interest charge and a provision towards the asset's replacement
- The asset may have running costs such as a maintenance charge or a support agreement, that need to be added to the revenue budget.

Debt, Borrowing and Treasury Management

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Authority's Treasury Management Strategy Statement demonstrates how it has processes in place to set and monitor its prudential indicators and treasury management practices.

This strategy is approved by the Fire Authority alongside its capital programme.

Knowledge and Skills

The Authority has a service level agreement in place with Shropshire Council to undertake its treasury management activities, which are run by experienced and knowledgeable Council officers.

In addition, the Authority, along with Shropshire Council, also engage with Link Asset Services for more specialist treasury advice.

Members and officers of the Authority are able to participate in Treasury Management training held at Shropshire Council.

Proposed scheme	Estimated Cost £'000	Service Requirement	Project / Plan	Funding source	Revenue Consequences Interest £'000	MRP £'000
2026/27						
Training facilities improvements	***3,000***	Implementation of recommendations following review of training facilities undertaken in 2025/26		Borrowing		
Wholetime and on call station building works	***300***	Continued investment in property to ensure it remains in good condition and continues to meet evolving needs. Future development will consider welfare facilities, fitness buildings and enhanced station security measures		Borrowing		
Holmatro Replacement	***50***	As per replacement schedule		Borrowing		
Off Road Vehicle Replacements	***500***	Replacing ISU x5		Borrowing		
Emergency response vehicles replacement - will spread across 3 batches	***352***	Replaces 8 of the Service's fleet of emergency response vehicles - hybrid		Borrowing Capital Receipts Revenue		
Digital & Data Infrastructure	***150***			ICT Reserve		
Gas Monitors	***116***	Replaces gas monitors to aid in firefighter safety, contamination monitoring and operational effectiveness.		Borrowing		
Station Access	***250***					
Total 2026/27	***4,718***				366	314

					Revenue Consequences	
Proposed scheme	**Estimated Cost £'000**	**Service Requirement**	**Project / Plan**	**Funding source**	**Interest £'000**	**MRP £'000**
2027/28						
Training facilities improvements	***2,000***	Implementation of recommendations following review of training facilities undertaken in 2025/26		Borrowing		
Wholetime and on call station building works	***300***	Continued investment in property to ensure it remains in good condition and continues to meet evolving needs. Future development will consider welfare facilities, fitness buildings and enhanced station security measures		Borrowing		
Appliance Replacement	***1,080***	Replacing 4 fire appliances DX12 x3		Borrowing		
Rescue Tender Replacement	***500***	Replacing DX57 at WL				
Holmatro Replacement	***90***	As per replacement schedule		Borrowing		
Light vehicle replacements	***210***	Replacing GST vehicles x7 - EV Vans		Borrowing		
Light Vehcile Replacments	***180***	Replacing Stores Vans x2 and Workshops Van				
Emergency response vehicles replacement	***352***	Replaces 8 of the Service's fleet of emergency response vehicles - hybrid		Borrowing Capital Receipts Revenue		
Digital & Data Infrastructure	***150***			Borrowing		
Station Access	***250***					
Total 2027/28	**5,112**				182	370
2028/29						
CRMP outcomes	***1,000***	Potential recommendations and outcomes of 28/29 3yr plan		Borrowing		
Wholetime and on call station building works	***300***	Continued investment in property to ensure it remains in good condition and continues to meet evolving needs. Future development will consider welfare facilities, fitness buildings and enhanced station security measures		Borrowing		
Holmatro Replacement	***220***	As per replacement schedule		Borrowing		
Light vehicle replacements	***40***	Replacing GST vehicle x1 (WWB)		Borrowing Revenue		
Off Road Vehicle Replacements	***500***	Replacing ISU x5		Borrowing		
Emergency response vehicles replacement	***396***	Replaces 9 of the Service's fleet of emergency response vehicles - hybrid		Borrowing Capital Receipts Revenue		
BA Replacement / Upgrade	***750***	15yr full replacement		Borrowing		
Digital & Data Infrastructure	***150***			Borrowing		
Total 2028/29	**3,356**				81	302

Proposed scheme	Estimated Cost £'000	Service Requirement	Project / Plan	Funding source	Revenue Consequences Interest £'000	 MRP £'000
2029/30						
Wholetime and on call station building works	***300***	Continued investment in property to ensure it remains in good condition and continues to meet evolving needs. Future development will consider welfare facilities, fitness buildings and enhanced station security measures		Borrowing		
Holmatro Replacement	***50***	As per replacement schedule		Borrowing		
Light vehicle replacements	***50***	Ford Ranger SY Station vehicle x1		Revenue		
Thermal imaging cameras replacement	***140***	Full replacement of cameras		Borrowing		
Appliance replacement	***1,080***	Replacing 3 fire appliances DX14 x3		Borrowing		
Water Carrier Replacement	***400***	Replaces OS water carrier		Borrowing		
Aerial Ladder Platform - SY	***800***	Replaces Shrewsbury ALP EAG		Borrowing		
Firekit replacement	***1,500***	7yr full replacement		Borrowing		
Digital & Data Infrastructure	***150***			Borrowing		
Total 2029/30	***4,470***				117	364
2030/31						
Wholetime and on call station building works	***300***	Continued investment in property to ensure it remains in good condition and continues to meet evolving needs. Future development will consider welfare facilities, fitness buildings and enhanced station security measures		Borrowing		
Holmatro Replacement	***50***	As per replacement schedule		Borrowing		
Emergency response vehicles replacement	***352***	Replaces 8 of the Service's fleet of emergency response vehicles MB - hybrid, replacing 26/27 cars, 4 year life		Borrowing Capital Receipts Revenue		
Light vehicle replacements	***70***	Replace 2 Group Support Vans WTG/OWH		Borrowing		
Digital & Data Infrastructure	***150***			Borrowing		
Total 2029/30	**922**				0	119
Total Schemes	***18,578***				746	1,468
				Debt charges	**Total**	2,214

SR 22.1.2026
CFA 17.2.2026