

Revenue Budget 2026/27

Report of the Treasurer

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1 Purpose of Report

This report incorporates the recommendations made by Strategy and Resources Committee on 22 January 2026, in relation to the revenue budget for 2026/27. The report also confirms the use of assumptions for medium-term financial planning.

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Recommendations

The Fire Authority is recommended to:

- a) approve a revenue budget for 2026/27 and a forward financial projection to 2028/29, as set out in section 7;
- b) approve the Medium-Term Financial Plan 2026/27 to 2028/29, and
- c) delegate any amendments following debate in Parliament to the S151 Officer in consultation with the Chair and the Vice Chair.

3 Strategy and Resources Committee

At its meeting on 22 January 2026, the Fire Authority's Strategy and Resources Committee were informed of a number of developments that had taken place since the last consideration of the revenue budget for 2026/27:

- The provisional finance settlement was announced on 17 December 2026, providing numbers for 2026/27 to 2028/29. The settlement confirmed the following:
 - For standalone Fire Authorities, government have provided a funding floor which protects 2025/26 income in real terms.
 - Council tax referendum principles are set at £5 for standalone Fire Authorities for the duration of the multi-year settlement.
 - Support for increased National Insurance employer contributions costs is rolled into revenue support grant.

- Council tax base was confirmed at 181,868.28, an increase of 1.3% on 2025/26.

Officers informed the Committee about an efficiency of £100,000 which was identified in the business rates budget, and £100,000 additional funds to provide for commitments in digital and data.

Members were informed that there was no capacity within the budget for planned investment in the second year of the Service's structure review. This was designed to create growth in people and technology to ensure delivery of its statutory responsibilities and strategic goals. To achieve planned investment, compensating efficiencies will need to be identified.

Prior to capital charges being added to the revenue budget, the financial position after applying these changes is shown in the following table:

	2026/27 £000	2027/28 £000	2028/29 £000
Revenue expenditure budget proposed by the Committee	-31,289	-32,096	-32,921
Funded by:			
Fair Funding Assessment	8,347	8,096	7,807
Council tax	22,632	23,978	25,366
Collection Fund	0	0	0
Total income	30,979	32,074	33,173
Surplus / -Deficit	-310	-22	252

This was based on a precept increase of 4.18% (£4.99) in 2026/27, 4% (£4.98) in 2027/28 and 3.85% (£4.98) in 2028/29, which remains the current planning assumption.

Members were presented with a range of precept increases for consideration, ranging from no increase to 2% to 4.18% (£4.99).

Members were advised to consider the impact on income streams, bearing in mind the lack of investment available to the Authority in 2026/27 and the pressures facing the Service over the coming years.

The impact of the removal of the funding floor after the multi-year settlement and the proposed review of the Fire Formula were also factors for consideration when setting a precept strategy.

The Committee considered the options presented and recommended a precept increase of 4.18%, or 10p per week.

4 Further Developments

Capital Programme

Capital charges have been added to the revenue budget following recommendation from Strategy & Resources Committee and approval by the Fire Authority of the Service's capital programme from 2026/27 to 2030/31.

A review of current debt charges demonstrated that further charges for 2025/26 programme and the charges for the 2026/27 programme can be contained within the current budget. In line with a recommendation from the Authority's external auditors, a full review will be held of the existing schemes within the current programme, which is likely to reduce anticipated debt charges.

In addition, it is proposed that a proportion of anticipated underspends in relation to borrowing costs for 2026/27 is used to make a revenue contribution to capital. This will provide funds for the replacement of emergency response vehicles and removes the need for borrowing, saving £95,000 per year.

Business Rates and Collection Fund

Business rates income figures have now been confirmed by Shropshire Council and Telford & Wrekin Council, although they are subject to revision in the last two months of the financial year.

Collection fund balances for council tax and business rates have been confirmed:

	2026/27 £000
Council Tax Surpluses receivable	109
Business Rates Deficits payable	-13

5 Precept Increase 2026/27

Following the recommendation from Strategy & Resources Committee, the Authority's planning model incorporates a precept increase of 4.18% for 2026/27, in line with the referendum spending limit. The current Band D precept is £119.45, and a precept increase of 4.18% would raise this to £124.44, an increase of £4.99 per year.

The table below exemplifies options for two different increases, as outlined in section 3.

	-Surplus / Deficit £000		
Precept Increase	2026/27	2027/28	2028/29
2% across settlement	583	1,375	2,077
4.18% (£4.99), 4%, 3.85%	110	423	635

6 Government Finance Settlement

The finance settlement is yet to be debated in Parliament.

Should any changes occur to the revenue budget being approved, members are asked to delegate the necessary amendments to the S151 Officer, in consultation with the Chair and the Vice Chair.

Section 4.2 of the Authority's Scheme of Delegations states:

"In agreement with the Chief Fire Officer, and after consultation with the Chair and the Vice Chair, in cases of urgency to approve virement, supplementary revenue and capital votes not otherwise covered by the Treasurer's delegated authority. Action taken under this delegation must be reported to the next meeting of the Authority."

7 Proposed Final Budget Package

The position for 2026/27 and into the medium-term can now be summarised as follows:

	2026/27 £000	2027/28 £000	2028/29 £000
Expenditure:			
Budget	-31,193	-32,496	-33,808
-Surplus / deficit	110	423	634
Total budget	-31,083	-32,073	-33,172
Funded by:			
Fair funding assessment	8,355	8,096	7,807
Business rates collection fund	-13	0	0
Council tax	22,632	23,977	25,365
Council tax collection fund	109	0	0
Total	31,083	32,073	33,172

Where financial modelling indicates that the proposed budget will not be covered by anticipated funding in the medium-term, it is important that officers have plans in place to mitigate these losses through efficiencies or changes in service delivery. This will be considered as part of the Authority's medium-term financial planning.

8 Medium Term Financial Plan and Reserves Strategy

The Medium-Term Financial Plan (MTFP) is a crucial part of the Service's suite of integrated strategies and demonstrates the Authority's financial stability and resilience.

The MTFP is appended to the report.

Assumptions currently in place for medium term planning from 2027/28 are based around the multi-year settlement provided in the finance settlement, as well as the following:

- Pay awards at 3% across the planning period
- Inflation price increase (non-pay) at 2.5% across the planning period

The Authority is asked to consider and approve the Medium-Term Financial Plan.

Officers are currently undertaking a full review of the Authority's reserves, following a request from Strategy & Resources Committee. This will be presented to the Authority upon completion.

9 Financial Implications

There are no financial implications arising from this report other than those discussed within the report.

10 Legal Comment

There are no legal implications arising directly from this report.

11 Appendix

Medium Term Financial Plan 2026/27 to 2028/29

12 Background Papers

There are no background papers associated with this report.

Shropshire and Wrekin Fire and Rescue Authority

Medium Term Financial Plan 2026/27 to 2028/29

Introduction

The Medium-Term Financial Plan (MTFP) provides a financial framework which aims to achieve and sustain financial sustainability in the medium-term, to deliver the Fire Authority's vision, strategic goals and priorities.

The MTFP provides a focus on both revenue expenditure (day-to-day running costs) and capital expenditure (long term investment in infrastructure) as well as setting out the Authority's overall financial strategy. It forecasts the Authority's financial position, taking into account known pressures and external economic factors, as well as local priorities.

Background

Setting the revenue budget for 2026/27 to 2028/29 has taken place alongside the central Government Fair Funding Review and the resulting Local Government Finance Settlement.

The Fair Funding Review introduced a new system of allocating grant funding to local authorities, with the Government also planning to change how business rates revenue was redistributed between authorities.

The Government released its policy statement relating to the Fair Funding Review on 20 November 2025. The statement set out its plans for reforming local government finance, with local authority allocations being announced in the provisional settlement in December 2025.

The statement confirmed that for standalone fire authorities, a funding floor would be provided which protected 2025/26 income in real terms across the multi-year settlement. It also confirmed that a core council tax principle would apply to fire and rescue authorities across the multi-year settlement.

Provisional Finance Settlement 2026/27 to 2028/29

The provisional finance settlement was announced on 17 December 2025, providing numbers for three years.

Protection of 2025/26 income in real terms (using GDP deflator) assumed an increased taxbase and a precept increase of £5 in line with referendum principles.

Core spending power, which includes council tax income, increased by 4%, 3.6% and 3.5% across the multi-year settlement. This increase is predominantly council tax income rather than increase in grant.

Revenue Funding	2026/27 £000	2027/28 £000	2028/29 £000
Fair Funding Assessment:			
Revenue Support Grant (RSG) and National Insurance grant	-4,779	-4,446	-4,083
Business rates and top up grant	-3,576	-3,650	-3,724
Collection Fund surplus / deficit – business rates	13		
Precept (council tax)	-22,632	-23,977	-25,365
Collection Fund surplus / deficit – council tax	-109		
Total Funding	-31,083	-32,073	-33,172

Funding assumptions – Current	2026/27	2027/28	2028/29
Precept	4.18%	4.0%	3.85%
Council tax base growth	1.30%	1.87%	1.87%
Business rates and top up grant increase / - decrease*	-1.74%	-6.96%	-8.14%
RSG increase / -decrease*		2.0%	2.0%
Pension grant (2020 valuation)	y	y	y

*In line with multi – year settlement

The Revenue Budget

Budget Pressures

Pay awards and inflation continue to be the major pressures for the Authority on the revenue budget, and realistic assumptions are factored into the medium-term. Scenario planning has been undertaken to gauge the effects of settlements which are higher or lower than anticipated.

Current budget planning assumptions for pay award are set at 3% in 2026/27 and future years. This is based on current awards being over and above previous provision but also considers affordability based on current Service pressures.

Cost assumptions	2026/27	2027/28	2028/29
Pay award - brigade managers (Gold book conditions)	3.0%	3.0%	3.0%
Pay award – operational and Control staff (Grey book conditions)	3.0%	3.0%	3.0%
Pay award - support staff (Green book conditions)	3.0%	3.0%	3.0%
Inflation (non-pay costs)	2.5%	2.5%	2.5%

Review of the base budget also identified pressures in utilities and estates management costs, which are under review and will be assessed over the coming year. Funds have also been allocated to the establishment of procurement and portfolio management functions within the Authority, and the replacement of the Service's Command & Control system.

The Authority's capital programme will commit debt charges to the revenue budget as borrowing will be required to fund schemes within the programme.

Revenue budget pressures included in costed plan	2026/27 £000	2027/28 £000	2028/29 £000
Pay award at 3%	634	652	671
Inflation at 2.5%	147	150	154
Estates costs	346	0	0
Consultancy – CRMP / Procurement	50	5	0
Digital & Data	128	0	0
Mobilising – C&C System replacement	108	0	0
Capital programme debt charges	0	496	487
Other	20	0	0

Growth and Investment

In June 2025, the Authority received a report which provided details of the Service's structure review. This was developed in response to feedback from staff, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection report, and the Service Management Team, and was designed to ensure delivery of its statutory responsibilities and strategic goals.

The revenue budget included an addition of £400,000 in 2026/27, for permanent staff, and this was to be followed by additions of £250,000 for staff and £150,000 for technology over the next two years. Members were informed that this phased approach to recruitment would allow for ongoing budget monitoring and flexibility, ensuring alignment with current financial allocations and a reassessment of strategic goals.

The medium-term approach to this investment, with some areas being addressed in years 2 and 3 of the planning period, also needed to consider the multi-year settlement from 2026/27. Now that multi-year funding has been confirmed, there is reduced capacity for growth within the budget for further staff or technology without identifying compensating efficiencies.

Risk and Scenario Planning

The Authority undertakes scenario planning to reflect and mitigate changes in financial assumptions. This assists members in quantifying the effects of an increased pay award or a reduction in funding and provides clarity when considering options for precept levels.

Where financial modelling indicates that the proposed budget will not be covered by anticipated funding in the medium-term, it is important that officers have plans in place to mitigate these losses through efficiencies or changes in service delivery.

Efficiencies

The 24/25 Budget outlined that an annual productivity, efficiency and savings target of 2% had been issued to all government departments.

Efficiency and Productivity Plans are submitted to the Home Office on an annual basis, with recurring cashable efficiencies removed from the revenue budget as part of the budget setting process. Reductions in budget areas can be reinvested into new areas or those that require improvement. They can also be utilised to meet cost pressures such as increases in pay and inflation.

The following efficiencies have been reported and incorporated into future years where appropriate:

	2023/24 £000	2024/25 £000	2025/26 £000
Transport costs	-50		
Local procurement costs	-111		-13
Indirect employee costs – career pathway		-30	
Decreased usage (laundry, vehicle services)		-50	
Net borrowing costs		-130	-100
Wholetime overtime			-94
Total	-161	-210	-207

It is recognised that some of the efficiencies and productivity improvements will be identified through the introduction of technology into areas that support frontline delivery. Therefore, it is essential that investment is made into technological improvements to continue the Service's transformation.

Service delivery changes

The Service's Community Risk Management Plan (CRMP) for 2025-2028 details how the Service will keep communities - and those that visit - safe. This includes reduction of risk and commitment to firefighter safety.

The CRMP also outlines how the Service will meet Government expectations of fire and rescue authorities, as detailed in the Fire and Rescue National Framework 2018.

Additionally, the document explores the main risks to communities and how available resources will be used to efficiently reduce those risks.

Where medium term planning identifies that cost reductions are required to produce a balanced budget, the CRMP should be central to any decision making to ensure that fire cover is maintained.

The Revenue Budget 2026/27 to 2028/29

The following table sets the Authority's revenue budget for 2026/27 to 2028/29 and its sources of funding

Revenue Budget	2026/27 £000	2027/28 £000	2028/29 £000
Executive and Resources			
Executive and Resources Pay	1,436	1,436	1,436
Executive	108	113	113
Finance	695	695	695
Income	-1,437	-1,437	-1,437
Pensions	453	453	453
Technical Services	2,205	2,205	2,205
Workshops	625	625	625
<u>Total Executive</u>	4,085	4,090	4,090
Service Delivery			
Service Delivery Pay	18,487	18,487	18,487
Area Command	5	5	5
Operational Response	38	38	38
Training	204	204	204
Health and Safety	4	4	4
Prevention	68	68	68
<u>Total Service Delivery</u>	18,806	18,806	18,806
Corporate Support			
Corporate Support Pay	2,621	2,621	2,621
Digital & Data	1,708	1,708	1,708
Programme Office	10	10	10
Corporate Support	621	621	621
Human Resources	381	381	381
Development	171	171	171
<u>Total Corporate Support</u>	5,512	5,512	5,512
Capital borrowing costs	1,634	2,130	2,616
Pay and price pressures	1,156	1,958	2,783
Contributions / Savings / Efficiencies	-110	-423	-635
Total Revenue Budget	31,083	32,073	33,172

Revenue Funding	2026/27 £000	2027/28 £000	2028/29 £000
Fair Funding Assessment:			
Revenue Support Grant (RSG) and National Insurance grant	-4,779	-4,446	-4,083
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Collection Fund surplus / deficit – council tax	-109		
Total Funding	-31,083	-32,073	-33,172
Council tax base	181,868.28	185,269.21	188,733.75
Council tax base growth	1.30%	1.87%	1.87%
Band D precept	£124.44	£129.42	£134.40
Increase in Band D precept	4.18%	4.0%	3.85%

The Capital Programme

As part of the budget setting process, the Authority have considered and approved a capital programme for 2026/27 and indicative programmes for the following four years. These programmes are set considering CIPFA's Prudential code, to ensure that the schemes approved are affordable, sustainable and prudent.

The programmes and proposed funding are shown in the table below.

Capital Programme	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Training facilities improvements	3,000	2,000	0	0	0
Station building works	300	300	300	300	300
Hydraulic equipment replacement	50	90	220	50	50
Off road vehicle replacements	500	0	500	0	0
Emergency response vehicle replacements	352	352	396	0	352
Digital & data infrastructure	150	150	150	150	150
Gas monitor replacements	116	0	0	0	0
Station access	250	250	0	0	0
Appliance replacement	0	1,080		1,080	0
Aerial ladder platform replacement	0	0	0	800	0
Water carrier replacement	0	0	0	400	0
Rescue tender replacement	0	500			
Light vehicle replacements	0	390	40	50	70
CRMP outcomes – service delivery	0	0	1,000	0	0
BA replacement / upgrade	0	0	750	0	0
Thermal imaging camera replacement	0	0	0	140	0
Fire kit replacement	0	0	0	1,500	0
Capital expenditure plan	4,718	5,112	3,356	4,470	922
Proposed financed by:					
Reserve	150	0	0	0	0
Revenue	46	46	46	50	70
Capital receipts	120	120	120	0	120
Borrowing	4,402	4,946	3,190	4,420	732
Total funding	4,718	5,112	3,356	4,470	922

The Planning Cycle

The Authority continues to monitor and review its strategic planning options and is well placed to react to future funding decisions. Financial planning is reviewed and considered by officers and members in Strategy & Resources Committee, before being recommended to the Fire Authority for decision. There is also opportunity for further discussion at the Authority's Strategic Advisory Group.

The Authority prepares short- and medium-term revenue budgets and a longer-term capital programme, leading in February each year to the setting of the precept (council tax) for the year ahead.

The detailed process for budget planning is agreed, and the leading factors are service planning, government grant settlement and precept strategy. Effective strategic planning demands that all service plans are consistent with the budgets as agreed each February.

To be successful, strategic planning must ensure that the Service's ambitions are quantified in the revenue budget and capital programme, both now and in the medium term. Attention must also be paid to long-term budget requirements and the resources likely to be available. Exact budgets cannot be formulated in such uncertain circumstances and so the Authority should have a range of options available to redesign service delivery according to varying levels of budget reduction.

The Revenue Budget

There are several stages to the review of the revenue budget, and they are outlined in the table below.

Review of the base budget	Individual budget areas are reviewed by officers and amended where necessary
Committed costs	Changes to expenditure are made where decisions have already been taken i.e. pension scheme increases, leasing costs, debt charges for approved capital scheme
Pay and prices	Assumptions are made around likely pay awards and inflationary pressures, and adjustments are made to the budget
Efficiencies	Reductions to the budget will be made where more efficient ways of working are identified
Capital programme	Where capital schemes are to be funded from borrowing, the associated debt charge will be reflected in the revenue budget