Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
16 September 2026

Revenue and Capital Financial Performance to August 2026

Report of the Head of Finance

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1 Purpose of Report

This report provides information on the financial performance of the Service, and seeks approval for action, where necessary.

2 Recommendations

The Committee is asked to recommend that the Fire Authority:

a) Review the year-to-date revenue position;
b) Approve the Quarter 1 revenue reforecast;
c) Review the capital programme position;
d) Approve the proposed updates to the capital programme.

3 Background

This report presents a review of financial performance to date for 2026/27, covering revenue budget monitoring and setting out an updated Quarter 1 reforecast for approval.

The Service is broadly on track at Month 5, with a small favourable year-to-date variance against budget. Although some adverse variances have arisen, these are largely linked to timing and budget profiling, rather than indicating a sustained pressure at this stage. The Quarter 1 reforecast will improve the accuracy of ongoing budget monitoring and support earlier identification of risks and opportunities, while leaving the overall base budget unchanged.

4 Revenue year-to-date spend

The table below provides the year-to-date financial position at the end of August 2026 (Month 5). At this stage of the financial year, expenditure of around 42% of the full-year budget would be expected.

In-Month and Year-to-date (YTD) Spend – By CIPFA Spend Category:

£'000	In Month			YTD			% of full Yr Spend	Full Year Budget
	Actual	Budget	Variance	Actual	Budget	Variance		
Employees	2,187	2,074	(113)	10,488	10,369	(119)	42%	24,885
Premises	41	135	93	1,185	673	(512)	73%	1,615
Transport	40	64	24	369	318	(51)	48%	763
Supplies & Services	99	252	154	1,393	1,262	(131)	46%	3,029
Third Party Payments	19	9	(10)	105	47	(58)	93%	113
Support Services	25	21	(4)	15	107	93	6%	257
Transfer Payments	49	32	(16)	160	162	2	41%	390
Capital Financing Costs	46	136	91	90	681	591	5%	1,635
Gross Expenditure	**2,506**	**2,724**	**218**	**13,804**	**13,619**	**(185)**	**42%**	**32,686**
Income	0	(134)	(134)	(789)	(534)	254	49%	(1,603)
Net Cost of Service	**2,506**	**2,590**	**84**	**13,015**	**13,085**	**70**	**42%**	**31,083**

The 'In-month Budget' is assumed at 1/12th of the full year total. As we improve financial planning and reporting we will adopt forecast spend by month more accurately, and report against this in future.

The Service is reporting a £70k favourable variance against its year-to-date net budget (assuming the original budget was flat phased), with expenditure of £13.015m compared to a budget of £13.085m.

Overall spend represents 42% of the full-year budget, indicating that expenditure remains broadly in line with expectations.

While the overall position remains favourable, there have been fluctuations in spending during the first five months, with the most significant adverse variances arising in Premises (£512k), Supplies and Services (£131k), and Employee costs (£119k). Annual Insurance, domestic rates and IT licences have been paid in one month, rather than spread over the year.

Income is also £254k below budget year to date.

There are YTD underspends within Capital Financing Costs (£591k favourable) and Support Services (£93k favourable), resulting in the overall favourable position.

While the current financial position remains manageable, we have reset the budget through a Quarter 1 reforecast (Q1R) and rephased budget, shown in section 6.

Costs incurred - Phasing

Some expenditure incurred during the year is currently recognised in a single month rather than being profiled evenly across the financial year.
Material examples include IT licences, Business Rates (NNDR) and insurance premiums.

As a result, expenditure in these budget lines may appear higher than expected at this stage of the year when compared to a straight-line budget profile.

Work is underway to improve the monthly profiling of costs through the increased use of prepayments and accruals, ensuring expenditure is recognised in the period to which it relates. This will provide a more accurate reflection of service performance and align reporting more closely with the accrual's basis of accounting.

5 Staff Costs

Of the £10.2m of direct payroll-related expenditure incurred year to date, the distribution by resource type is shown below:

Resource Type	Spend to Date £'000
Firefighters	4,355
Retained/ On Call	2,060
Green Book - Non Unifor	1,742
Operational Officer	1,016
Control	500
Exec Officers	315
Workshops/ Mechanics	100
Other	57
Members	40
Associate Trainers	12

Year-to-Date Payroll Expenditure by Resource Type:
- Firefighters (43%)
- Retained/On Call (20%)
- Green Book Non-Uniform (17%)
- Operational Officers (10%)
- Other employee groups (10%)

The payroll profile is broadly consistent with wider sector trends, with most expenditure attributable to operational staffing groups that support the delivery of frontline emergency response and community safety activities.

6 Quarter 1 Reforecast (Q1R)

A review was undertaken across all cost centres to develop a forecast by month, rather than relying solely on the annual budget process traditionally used by the Fire Service.

As part of this exercise, a contingency previously held within the non-pay base budget is now allocated across the relevant service areas. Most of this contingency relates to staffing costs, including a provision for in-year pay awards.

These changes will enable more effective budget monitoring, allowing risks and opportunities to be identified at an earlier stage and providing budget holders with improved information to support forward planning and decision-making.

The overall base budget remains unchanged at £31.083m.

Budget vs Q1R – By CIPFA Spend Category (negative variance values represent reduced forecast / additional funds):

£'000	Full Year		
	Budget	Q1R	Variance
Employees	24,885	25,427	542
Premises	1,615	1,843	229
Transport	763	682	(81)
Supplies & Services	3,029	2,723	(306)
Third Party Payments	113	195	82
Support Services	257	190	(67)
Transfer Payments	390	392	2
Capital Financing Costs	1,635	1,634	(1)
Transfer from Reserves	0	(427)	(427)
Gross Expenditure	**32,686**	**32,658**	**(27)**
Income	(1,603)	(1,576)	27
Net Cost of Service	**31,083**	**31,083**	**(0)**

Assumptions Made:

Pay Costs:

- A 3.8% Grey Book uplift has been applied from July 2026, following union approval
- A Green Book uplift of an estimated 3.2% has been applied from April 2026, final percentage uplift to be confirmed.

Non-Pay Costs:

- Non-BAU, exceptional and one-off items are to be funded from reserves

Variance Commentary:
- A shortfall in the original Area Command allowances budget, where contracted rates are updated.
- There was a shortfall in Maintenance and Utilities budget, latest estimates updated for Q1R.
- Current trends suggest a lower than expected Vehicle Fuel outturn, now reflected in Q1R
- Savings on Radio and Mobilising Equipment are now added in

Heads of Departments now have updated cost trackers, supported by monthly accounts meetings to review performance and manage costs. Material risks and opportunities will be tracked and reviewed by SMT regularly.

Split by Directorate:

£'000	Full Year		
	Budget	Q1R	Variance
Executive & Resources			
Pay	1,890	2,056	166
Non Pay	4,242	3,544	(698)
Subtotal:	**6,132**	**5,600**	**(532)**
Service Delivery			
Pay	18,683	19,828	1,145
Non Pay	418	509	91
Subtotal:	**19,101**	**20,336**	**1,236**
Corporate Services			
Pay	2,786	2,778	(8)
Non Pay	2,786	2,484	(302)
Subtotal:	**5,573**	**5,262**	**(311)**
TOTAL	**30,805**	**31,198**	**393**
Capital Financing Costs	1,634	1,634	0
Income	(1,356)	(1,322)	0
	31,083	**31,510**	**0**
Contribution from Reserves		**427**	
TOTAL REVENUE BUDGET	**31,083**	**31,083**	**0**

Key Commentary:
- Exec Non-Pay: Movement primarily related to staff costs uplift moved from contingency to each respective area.
- Service Delivery Pay: Linked to realigning budgets to effectively cover pay uplift and contracted allowances, with most of this related to Area Command.
- Corporate Services Non-Pay: Linked to reduced spend in Radio and Mobilising Equipment.

7 Reserves and Virements

The Fire Authority's reserves position is an integral part of the financial planning and capital strategy. Virements have been approved within the Service Scheme of Delegation.

The table below outlines the year-to date Reserves position and movements that have happened through 2026/27.

Reserves Categories	01-Apr-26 Balance £'000	YTD Movement £'000	31-Aug-26 Balance £'000
General Reserve	500	-	500
Pensions and Other Staff Issues Reserve	1,817	-	1,817
Extreme Weather Reserve	219	-	219
Earmarked Capital Reserve	-	-	-
Major Projects Capital Reserve	4,552	-	4,552
Information, Comms and Technology Reserve	614	99	515
Usable Capital Receipts Reserve	225	-	225
Income Volatility Reserve	687	-	687
Service Transformation Programme Staff Reserve	484	228	256
Service Delivery Reserve	29	-	29
Training Reserve	89	100	- 11
Operational Equipment Reserve	279	-	279
Buildings Maintenance Reserve	387	-	387
General Fund Balance	- 112	-	- 112
TOTAL RESERVES	**9,771**	**427**	**9,344**

The balance against the Training Reserve has been depleted due to costs incurred for interim training facilities for new on-call recruits whilst the Telford Training Facilities are being re-developed and will be aligned within the Reserves strategy.

8 Capital programme

Members approved the 2026/27 capital programme in February 2026. A value of £4.718m for Financial Year 2026/27 was approved.

These schemes have been added to the schemes approved in prior financial years which have not yet been completed which had a balance of £11.527m.

Following a review of the capital programme it is requested project funding be released where no longer required totalling £4.299m. This will enable anticipated borrowing costs to be reduced.

New projects have been identified, not included on prior capital programmes totalling £283k for approval. Appendix A shows progress on the programme to August 2026.

9 Financial Implications

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

10 Legal Comment

There are no direct legal implications arising from this report.

11 Initial Impact Assessment

An Initial Impact Assessment has been completed, with no issues identified.

12 Appendix

Capital Programme as at August 2026.

13 Background Papers

There are no background papers associated with this report.