

Report title: 2025/26 Proposed Fire and Rescue Precept	
Report to: Essex Police, Fire and Crime Panel	
Report author: Roger Hirst – Police, Fire and Crime Commissioner Fire and Rescue Authority	
Date: 4 February 2024	For: Review and endorsement
Enquiries to: Neil Cross – Chief Financial Officer	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To recommend for endorsement the fire and rescue precept for 2025/26.
- 1.2 To set out the overall level of resources in the proposed budget for 2025/26. The budget has been set in line with the objectives included within the new Fire and Rescue Plan 2024 – 2028.

2. Recommendations

- 2.1 That the Police, Fire and Crime Panel endorses the PFCC's decision to increase the fire and rescue precept by 5.99%, equivalent to an increase of £4.95 a year, from £82.62 to £87.57 for a Band D property, raising an additional £3.3m of council tax receipts.

3. Context / Summary

- 3.1 Essex County Fire and Rescue Service (ECFRS) has an ambitious and exciting improvement programme with the aim of providing the most efficient and effective services to meet the needs of the people of Essex. The new Fire and Rescue Plan 2024 – 2028, under the vision that “Safe and secure communities are the bedrock on which we build success and well-being for all” sets out the priorities for the service alongside a clear description of what good looks like.
- 3.2 These priorities will be delivered through our Community Risk Management Plan 2025-2030 and five strategic goals, which in turn identify the key improvement activities the service needs to deliver. The strategic goals are:

Preventing fires and other emergencies

The service continues to increase **the amount of prevention activity** it undertakes, specifically the number of home safety checks it delivers to the most vulnerable by operational crews. This activity is likely to increase throughout 2025/26 in response to the risk across the county, alongside investment in working in partnership with the East of England Ambulance Service Trust to reach those most vulnerable through Community Wellbeing Officers.

Reducing the impact of fire in the built environment

Over the last three years, the service has invested heavily in the resources, skills and competencies required to make sure it can meet increases in demand on legislative fire safety. The service has **committed to embed the investment made in Fire Protection** to ensure it has sufficient resources to meet the needs of the Risk Based Inspection Programme, support business and take proportionate interventions or enforcement action where required.

Responding effectively to emergencies

To respond to a range of emergencies, the service needs to actively manage the resources it has available to meet the day-to-day demand of incidents as well as the ability to respond to prolonged and sustained periods of high demand as was seen in the summer of 2022. This has resulted in the service **making better use of the resources it has at its disposal on a risk basis**. Despite this, the movement of appliances across the county (stand bys) has seen an increased cost to the service, and the service has identified a need to increase the number of fire engines available during the day to meet peak demand. The service will implement a dynamic cover solution within 2025/26, which will mean appliance movements will be more efficient.

Inclusive and high performing culture

Resourcing is key. The current economic situation, alongside planned retirements, creates pressure on the service to be able to recruit ahead of time. As well as this, the service needs sufficient time to develop the skills of new staff to replace those that have been lost.

The service anticipates the need to recruit a minimum of 48 firefighters into our wholtime duty system and 72 into our on-call duty system in the next year. Recruitment is a significant pressure in terms of cost and time. The skills and risk critical specialisms of our emergency responders can take years to train and can be costly to develop. As those officers may apply to any other services in the country, we need to work hard to be an employer of choice to attract and retain in this field. As a result, the service is investing an additional £0.2m in training resources to support this process.

A resilient and sustainable future

Investment is needed in our property portfolio to make sure that it is fit for purpose and able to meet the well-being and professional needs of our workforce. A £0.2m investment will be made in 2025/26 to conduct a condition survey across the estate, which will aid the prioritisation of future asset protection works.

The Authority is looking to make an investment in fire training facilities at its headquarters at Kelvedon Park which will deliver crucial safety critical specialist training alongside a shared fleet workshop at Boreham with Essex Police. The fire training facilities project is expected to progress to full business case within 2025/26.

The Authority will make a £0.1m investment in a new telematics capability in

2025/26 to improve the monitoring of its fleet. This is expected to drive efficiencies in fleet assets, some of which have been anticipated and included within the capital programme.

The service will **continue the delivery of its Digital and Data Strategy**. This investment in systems and hardware will improve productivity and connectivity. There are some cost pressures arising within the year resulting from this transformation programme, which relate to additional licensing and costs associated with using modern technology.

3.3 These improvement activities, alongside those identified through external assurance processes such as His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspections, internal audit, and our internal assurance processes will be detailed in our annual Service Delivery Plan. The investment and funding to undertake these activities are managed through our Medium-Term Financial Strategy, and specifically for this year the 2025/26 budget.

3.4 During the 2025/26 budget setting process, the Authority made several changes to its plans in response to the changing financial environment. These include:

- The funding of operational training roles through earmarked reserves. This has resulted in offering fixed term contracts as opposed to building these roles permanently into the base establishment.
- The removal of certain posts which include the Head of Change Delivery and an Area Manager.
- To pause the Joint Fleet Workshop collaboration project with Essex Police. This has resulted in the removal of £9m investment from the Capital Plan.
- To pause the Wholetime Station Modernisation Programme. This included plans for inclusive workspaces, new training rooms and updated breathing apparatus (BA) and PPE servicing areas. £8m had been included within the Capital Programme.
- A revised Capital Programme has extended the life of key fleet assets, such as the Aerial Ladder Platform (ALPs) which are typically replaced at 15 years. Any extension beyond this period has been rigorously risk assessed to ensure they meet critical safety standards, involving more frequent servicing, maintenance, and part replacements.

3.5 The Authority is also taking steps to understand the cost and feasibility of the fire training facilities project.

Figure 1 – Funding

Core Funding	2025/26 Budget	2024/25 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s	£'000s	
Government Grants	8,789	6,185	2,603	42.09%
Revenue Support Grant	14,065	13,835	230	1.66%
National Non-Domestic Rates	18,127	17,921	206	1.15%
Council Tax Collection Account	300	300	0	0.00%
Council Tax Precepts	58,857	54,795	4,062	7.41%
Council Tax Base	630	603	26	4.35%
Total	100,767	93,639	7,128	7.61%

Figure 2 - Reconciliation of Movement in Council Tax

Council Tax Precept	2025/26 Budget	2024/25 Budget	Variance Favourable / (Adverse)	% change
	£'000s	£'000s		
Tax Base	679,302	670,520	8,783	1.31%
Council Tax (Band D)	£ 87.57	£ 82.62	£ 4.95	5.99%
Total Council Tax	59,487	55,398	4,088	7.38%

The summary budget for 2025/26 is set out in Figure 3.

Figure 3 - Budget Summary

	2025-26 Core Budget	2025-26 Earmarked Reserve	2025-26 Total Budget	2024-25 Core Budget	2024-25 Earmarked Reserve	2024-25 Total Budget	Total Budget Variance Favourable / (Adverse)	Total Budget Variance % Favourable / (Adverse)	Core Budget Variance Favourable / (Adverse)	Core Budget Variance % Favourable / (Adverse)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000	%
Wholetime Firefighters	42,844	284	43,128	39,134	0	39,134	(3,994)	(10.2%)	(3,710)	(9.5%)
On-Call Firefighters	11,332	0	11,332	9,544	0	9,544	(1,788)	(18.7%)	(1,788)	(18.7%)
Control	2,142	0	2,142	2,304	0	2,304	163	7.1%	163	7.1%
Support Staff	20,717	0	20,717	19,353	71	19,424	(1,294)	(6.7%)	(1,365)	(7.1%)
Employment Costs	77,035	284	77,319	70,335	71	70,406	(6,913)	(9.8%)	(6,700)	(9.5%)
III Health Pension costs	2,600	0	2,600	2,581	0	2,581	(20)	(0.8%)	(20)	(0.8%)
III Health Pension Costs	2,600	0	2,600	2,581	0	2,581	(20)	(0.8%)	(20)	(0.8%)
Total Employment Costs	79,636	284	79,920	72,916	71	72,987	(6,933)	(9.5%)	(6,720)	(9.2%)
Support Costs	2,004	100	2,104	1,884	250	2,134	30	1.4%	(120)	(6.4%)
Premises & Equipment	12,490	0	12,490	11,980	374	12,354	(136)	(1.1%)	(510)	(4.3%)
Other Costs & Services	3,647	1,012	4,659	3,460	431	3,891	(769)	(19.8%)	(187)	(5.4%)
Financing Items	5,291	0	5,291	5,459	150	5,609	319	5.7%	169	3.1%
Non Pay Costs	23,432	1,112	24,544	22,783	1,205	23,988	(556)	(2.3%)	(649)	(2.8%)
Gross Expenditure	103,067	1,396	104,463	95,699	1,276	96,974	(7,489)	(7.7%)	(7,369)	(7.7%)
Operational income	(2,300)	0	(2,300)	(2,059)	0	(2,059)	241	11.7%	241	11.7%
Total Operational Income	(2,300)	0	(2,300)	(2,059)	0	(2,059)	241	11.7%	241	11.7%
Net Expenditure	100,767	1,396	102,163	93,639	1,276	94,915	(7,248)	(7.6%)	(7,128)	(7.6%)
Government Grants	(8,789)	0	(8,789)	(6,185)	0	(6,185)	2,603	42.1%	2,603	42.1%
Revenue Support Grant	(14,065)	0	(14,065)	(13,835)	0	(13,835)	230	1.7%	230	1.7%
National Non-Domestic Rates	(18,127)	0	(18,127)	(17,921)	0	(17,921)	206	1.1%	206	1.1%
Council Tax Collection Account	(300)	0	(300)	(300)	0	(300)	0	0.0%	0	0.0%
Council Tax	(59,487)	0	(59,487)	(55,398)	0	(55,398)	4,088	7.4%	4,088	7.4%
Total Funding	(100,767)	0	(100,767)	(93,639)	0	(93,639)	7,128	7.6%	7,128	7.6%
Contributions to/(from) Earmarked Reserves	0	(1,396)	(1,396)	0	(1,276)	(1,276)	120	9.4%	0	0.0%
Contributions to/(from) General Reserves	0	0	0	0	0	0	0	0.0%	0	0.0%
General Fund Deficit / (Surplus)	0	0	0	(0)	(0)	(0)	(0)		(0)	

3.4 The Authority produced a balanced budget for 2024/25, which included 3% pay inflation for all staff.

The operational pay settlement has created a £1.4m financial pressure which includes:

- A 4.0 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2024.
- An increase in retainer fee for those on the Retained Duty System (On-Call) effective from 1 January 2025. This also created a restructure of the retainer fee bandings available to services.
- Maternity pay at full pay for 26 weeks (inclusive of all allowances and CPD) followed by 13 weeks at SMP. Our maternity policy was already in line with this so there would be no impact on the service for this part of the pay settlement.

The following pay agreement was reached on 22nd October 2024 for non-operational staff and created an additional £0.1m financial pressure:

- £1,290 (pro rata for part-time employees) on NJC pay scale points 2 to 43 inclusive.
- An increase of 2.5% on NJC pay scale points above 43.

This follows on from the prior year, when the Authority had a £1.2m financial pressure resulting from the final pay settlements in 2023/24.

There has been additional financial pressure in 2024/25, resulting from an 8.5% increase in employer contribution rates for firefighters' pension schemes which came into effect from 1st April 2024. The financial pressure in 2025/26 is £3.1m.

A pension grant of £2.6m has been provided by government in recognition of the increase in employer contributions but, as the grant does not cover the full cost, a financial pressure of £0.5m remains.

3.5 The current economic conditions have also created uncertainty on council tax and non-national domestic rate collections within the county. The billing authorities across Essex have submitted provisional council tax figures for both the tax base and collection account. These have been shared with the service and have been used to inform the budget process.

3.6 The provisional Local Government Finance Settlement was published on 18th December 2024. The headlines from this announcement were:

- The Services Grant and Funding Guarantee will be removed for 2025/26. The Authority received a total of £1.5m within the 2024/25 financial year in respect of this funding.
- Fire and rescue authorities will be able to increase council tax bills by up to £5 without the need to hold a referendum for 2025/26.
- The Settlement Funding Assessment will be £32.19m for 2025/26 (compared with £31.75m for 2024/25). This increase of £0.44m is a result of:

- An inflationary increase being applied to the Revenue Support Grant which amounted to £0.23m.
- An increase in the Baseline National Non-Domestic Rates (NNDR) funding of £0.2m, resulting in the Baseline Funding level being set at £18.1m in 2025/26

3.7 The budget process has involved the Service Leadership Team and direct budget holders working alongside Finance Business Partners to determine the staffing and resource requirements for 2025/26. In the preparation of the budget, various scenarios and models were prepared to take account of assumption changes or new information that has come to light during the process.

3.8 The Section 151 Officer has considered the robustness of the estimates within the budget and the adequacy of the reserves allowed for in the budget proposal.

3.9 When considering the adequacy of reserves the following has been considered:

- Estimates and the level and timing of capital receipts
- Treatment of demand led pressures and savings
- Track record on budget management
- Capacity to manage any in year budget pressures
- Adequacy of insurance arrangements
- The level of reserves

3.10 The analysis of the key income and expenditure headings for the service's budget are:

- **Local Government Finance Settlement** - The provisional local government finance settlement for 2025/26 was announced on 18 December 2023. The amounts of the Revenue Support Grant and National Non-Domestic Rates (NNDR) set out in the settlement are set out in Figure 1.
- **Council Tax** - The Commissioner's precept survey was live between 25th October 2024 and 9th December 2024. A total of 1,579 residents responded to the questions relating to the fire and rescue precept. Of those who responded and gave a view, 76% were prepared to increase their investment into the fire and rescue service. 66% of respondents who gave a view were prepared to pay an increase £5 or more.

The budget for 2025/26 includes an increase in the precept of £4.95 (5.99%) for a Band D property. The precept payable for a Band D Council tax property will increase from £82.62 to £87.57. This generates additional council tax funding of £4m which comprises of £3.3m from additional council tax receipts resulting from the precept increase and £0.7m from an increase in the council tax base.

Council tax income would normally grow year on year as a result of an increase in the tax base. The 2025/26 council tax base has increased by 1.3% as compared to the prior year budget, which is shown in Figure 1 and 2.

All tax base information based on the latest information provided by the districts.

ECFRS has aligned itself with the County Council and agreed with the billing authorities to share the precepting authorities' gains from resourcing a dedicated team to improve council tax collection performance.

Specific Government Grants Income is budgeted at £8.7m for 2025/26. Comparatives against the 2024/25 forecast and budget are shown in Figure 4.

Figure 4 – Summary of Specific Government Grants

	2025/26 Budget	2024/25 Forecast	Variance Favourable /	% change	2024/25 Budget
	£'000	£'000s	£'000s		£'000s
Business Rates Relief and Compensation from Multiplier Freeze	4,265	4,021	244	6.08%	4,021
FPS Grant - Employer Pension Rate	2,600	2,671	(71)	(2.66%)	0
Funding Guarantee	0	1,459	(1,459)	(100.00%)	633
Urban Search & Rescue	825	825	0	0.00%	857
Compensation for Employer NI Increase	720	0	720	0.00%	0
Services Grant	0	115	(115)	(100.00%)	105
Protection Uplift	205	0	205	0.00%	196
Firelink	122	244	(122)	(50.00%)	293
Pension Support Grant	0	53	(53)	(100.00%)	59
Other Grants	52	35	17	48.43%	20
Total Government Grants	8,789	9,424	(635)	(6.73%)	6,185

The Business Rate Relief Support Grant has been budgeted at £4.2m in 2025/26. This has increased by £0.2m from the 2024/25 budget as a result of the government compensating the service for freezing the business rate multiplier.

There has been additional financial pressure in 2024/25 resulting from an 8.5% increase in employer contribution rates for firefighters' pension schemes which came into effect from 1st April 2024. The financial pressure in 2025/26 is £3.1m. A pension grant of £2.6m has been provided by government in recognition of the increase in employer contributions and has been included within the 2025/26 budget. The grant does not cover the full cost, and there is a net financial pressure of £0.5m resulting from this change.

As announced in the provisional local government finance settlement for 2025/26, the Services Grant and Funding Guarantee will be removed for 2025/26. The Authority received a total of £1.5m within the 2024/25 financial year in respect to this funding.

In the October 2024 budget statement by the Chancellor, it was announced that there will be an increase in the Employers National Insurance Rate of 1.2% effective from April 2025, which has created an additional pressure of £0.72m. A government grant has been included to compensate the Authority in full for this increase.

Other Operational Income - The budget for 2025/26 is £2.3m. Comparatives against the 2024/25 budget are shown in Figure 5.

Figure 5 – Summary of Other Operational Income

	2025/26 Budget	2024/25 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s	£'000s	
Other Recoverable Charges - Payroll	46	66	(20)	(30.51%)
Income - Catering	119	119	(0)	(0.00%)
Sales of Vehicle Spares	120	95	25	26.32%
Aerial Sites	127	127	0	0.00%
Solar Panel Income	60	60	0	0.00%
Hydrant Tests	112	106	6	5.66%
Secondments	138	179	(41)	(22.80%)
Community Safety Income	65	35	30	87.02%
Fleet Services Income	120	120	0	0.00%
Section 13/16 - Income	111	111	0	0.00%
Rent Income	63	0	63	0.00%
Interest Received	600	500	100	20.00%
Community Safety Youth Work	80	50	30	60.00%
Shared Services Income	394	377	17	4.39%
Other Miscellaneous Income	146	115	32	27.51%
Total Operational Income	2,300	2,059	241	11.71%

3.11 Employment costs equate to approximately 76% of the service's core budget, with the numbers of firefighters employed being the most significant element. The budget reflects further recruitment and planned retirements of firefighters in the year. Analysis of the staff establishment is shown in Figure 6, specific analysis of the movements in wholetime firefighters and Green Book staff being shown in Figures 7 and 8.

Figure 6 – Staff Numbers

		Movements in 2024-25		2025-26 Budget		
Staff Budget (Full Time Equivalent)	2024-25 Budget	Role Reprioritisations	Role Investments	Role Investments	Budget Savings	2025-26 Budget
Wholetime Firefighters	632	(1)	2	-	(3)	630
On-Call Firefighters	461	-	-	-	-	461
Control Staff	43	(4)	-	-	-	39
Support Staff	331	5	5	-	(3)	338
Total	1467	0	7	0	(6)	1,468

Figure 7 – Wholetime Firefighter Establishment

		Movements in 2024-25		2025-26 Budget		
Wholetime Firefighter Budget	2024-25 Budget	Role Reprioritisations	Role Investments	Role Investments	Budget Savings	2025-26 Budget
Watch Based Wholetime	480	-	-	-	-	480
Watch Based Day Crewed	0	-	-	-	-	0
Wholetime Protection	19	1	2	-	-	22
Wholetime Prevention	6	2	-	-	-	8
Wholetime Operational Training	40	-	-	-	(2)	38
Wholetime USAR	19	-	-	-	-	19
Wholetime Other Non Watch Based	68	(4)	-	-	(1)	63
Total Wholetime Firefighter Budget	632	(1)	2	0	(3)	630

Figure 8 – Green Book Establishment

		Movements in 2024-25		2025-26 Budget		
Support Staff Budget	2024-25 Budget	Role Reprioritisations	Role Investments	Role Investments	Budget Savings	2025-26 Budget
Prevention	39	6	-	-	-	45
Protection	40	-	2	-	-	42
Human Resources	36	1	-	-	-	37
Workshops Management & Engineering	37	-	1	-	(1)	37
ICT	26	4	1	-	-	31
Finance & Pay	19	(1)	-	-	-	18
Operational Training	11	(1)	-	-	-	10
Performance & Improvement	13	(2)	-	-	-	11
Property Services	13	-	-	-	(1)	12
Station Group Management	8	(8)	-	-	-	0
Innovation & Change	14	1	-	-	(1)	14
Technical Services	12	-	-	-	-	12
Water Services	9	-	-	-	-	9
Emergency Preparedness	6	-	-	-	-	6
Procurement	5	-	-	-	-	5
Operations	4	-	-	-	-	4
Police Collaboration	5	(2)	-	-	-	3
Control	-	4	-	-	-	4
Health & Safety	5	1	-	-	-	6
Organisational Assurance	-	-	1	-	-	1
Safeguarding*	6	-	-	-	-	6
Other Admin Support Green Book Roles	23	2	-	-	-	25
Total Support Staff Budget	331	5	5	0	(3)	338

Wholetime staff - The proposed budget shows an increase of £3.9m as compared to the prior year. This includes:

- £2.4m as a result of the increase in the employer's pension contribution rate of 8.5%.
- £1.3m pay pressures (impact of the unbudgeted pay award from 2024/25 and a 2% pay increase in 2025/26).
- £0.3m resulting from the increase in the employer's national insurance rate.

On Call staff - The proposed budget shows an increase of £1.8m in the core budget compared to the prior year. This includes:

- £0.9m pay pressures (impact of the unbudgeted pay award (including uplift to retainer bandings) from 2024/25 and a 2% pay increase in 2025/26).
- £0.7m as a result of the increase in the employer's pension contribution rate of 8.5%.
- £0.2m resulting from the increase in the employer's national insurance rate.

Control staff - The 2025/26 budget shows a reduction of £0.2m in the core budget compared to the prior year. This is a result of changing the way we staffed the Resource Management Unit (RMU), with four roles being transferred to Green Book roles.

Support staff - The proposed budget shows an increase of £1.3m in the core budget compared to the prior year which comprises of:

- £0.4m pay pressure (impact of the 2024/25 pay award and a 2% pay increase in 2025/26).
- £0.3m resulting from the investment in five roles from 2024/25 which include:
 - Two Building Safety Regulator Officers of which 1.5 FTE of funding is provided by the Home Office. These roles are part of a national piece of work which, once these staff are trained, will be looking at regulating high rise residential premises.
 - Investment in a new Head of Professional Standards role.
 - Investment in an ICT Application Analyst role. This role was filled on a fixed term contract and has now been substantiated through the Digital and Data Strategy Earmarked Reserve funding.
 - Investment in a Fleet Services Manager role which has been created, and temporarily funded, during 2024/25 using vacant posts within the department.

As part of the 2025/26 budget, there is a saving of £0.2m due to reduction of three support staff posts. This, combined with the funding for the Building Safety Regulator Officers roles, has negated any overall cost pressure.

- £0.3m resulting from the reallocation of resources between employee groups – Four RMU Coordinators previously budgeted within Control and one Health and Safety Risk Advisor which was previously budgeted as Wholetime.
- £0.2m resulting from the increase in the employer's national insurance rate.
- £0.1m resulting from an increase in overtime / secondary contract rates.
- £0.1m resulting from an increase in the local government pension scheme costs.

Firefighter Pension Schemes - The budget for firefighters' pension costs is based on the current run rates of contribution. These average at 35.5% for wholetime and on-call firefighters.

Local Government Pension Scheme (LGPS) – The LGPS pension contribution rate is based on the current run rate of contribution, which is 20.6%.

Non-pay costs – The proposed core budget baseline non-pay costs for 2025/26 are £23.4m. The prior year budgeted baseline non pay cost budgets were £22.8m, and therefore there is an increase of £0.6m. The key movements are:

- £0.1m increase in support costs. Key drivers are a £0.14m increase in operational training, a £0.03m increase in other employee costs and a £0.03m increase in travel and subsistence.
- £0.5m increase in premises and equipment costs driven by contractual increases in ICT and premises maintenance contracts.
- £0.1m increase in costs and services which is driven by cost increases in a number of areas (External and Internal Audit / recruitment costs / subscriptions)
- £0.2m decrease in financing items, primarily driven by the Minimum Revenue Provision and reduction in interest payable due to the repayment of debt to the PWLB.

4. Medium Term Financial Strategy (MTFS)

- 4.1 The Medium-Term Financial Strategy presented at the December 2024 Police, Fire and Crime Panel meeting is shown in Figure 9a and the latest updated is shown in Figure 9b.

Figure 9a – Summary MTFS presented at the December 2024 EPFCP

Medium Term Financial Strategy 2025/26 to 2028/29						
	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total
	£m	£m	£m	£m	£m	£m
Net budget requirement (before appropriations to/from reserves)	102.7	104.6	107.5	110.3	112.9	538.1
Net appropriations to/(from) reserves	0.0	0.0	0.0	0.0	0.0	0.0
Net budget requirement (after appropriations to/from reserves and before savings and efficiencies)	102.7	104.6	107.5	110.3	112.9	538.1
Savings and Efficiencies Plan- Recurring	(0.6)	0.0	0.0	0.0	0.0	(0.6)
Savings and Efficiencies Plan- One off	0.0	0.0	0.0	0.0	0.0	0.0
Net budget requirement (after appropriations to/from reserves and savings and efficiencies)	102.1	104.6	107.5	110.3	112.9	537.5
Total funding	(97.7)	(99.8)	(101.8)	(104.0)	(106.2)	(509.5)
Annual (shortfall)/surplus	(4.4)	(4.8)	(5.6)	(6.3)	(6.7)	(27.9)

Figure 9b – Summary MTFs presented to the February 2025 EPFCP

Medium Term Financial Strategy 2025/26 to 2028/29						
	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total
	£m	£m	£m	£m	£m	£m
Net budget requirement (before appropriations to/from reserves)	103.6	103.5	105.6	107.7	109.8	530.3
Net appropriations to/(from) reserves	(1.4)	(0.2)	(0.2)	0.0	0.0	(1.8)
Net budget requirement (after appropriations to/from reserves and before savings and efficiencies)	102.2	103.3	105.4	107.7	109.8	528.5
Savings and Efficiencies Plan- Recurring	(1.4)	(0.5)	(0.5)	(0.6)	(0.4)	(3.4)
Savings and Efficiencies Plan- One off	0.0	0.0	0.0	0.0	0.0	0.0
Net budget requirement (after appropriations to/from reserves and savings and efficiencies)	100.8	102.8	104.9	107.1	109.4	525.1
Total funding	(100.8)	(102.8)	(104.9)	(107.1)	(109.4)	(525.1)
Annual (shortfall)/surplus	0.0	0.0	0.0	0.0	0.0	0.0

4.2 The key movements in the MTFs for 2025/26 since the version presented at the December 2024 Police, Fire and Crime Panel meeting are as follows:

- £0.7m increase in pay costs resulting from the employers' national insurance rate increase.
- £3m additional funding which comprises of:
 - £1.7m additional council tax receipts due to an increase in the council tax precept
 - £0.7m for the compensation for the employers' national insurance rate increase.
 - £0.2m increase in National Non-Domestic Rates baseline funding as published in the provisional Local Government Finance Settlement
 - £0.2m increase in the business rates relief grant.
 - £0.2m council tax receipts following the final submission of district council returns for the calculation of the tax base.
- £0.8m additional cashable savings identified.
- £0.4m reduction in the Minimum Revenue Provision due to a re-prioritisation of the capital programme.
- £0.3m reduction in non-pay costs following further budget holder reviews.
- £0.2m removal of budget bids relating to permanent staffing increases.
- £0.2m increase in National Non-Domestic Rates baseline funding as published in the provisional Local Government Finance Settlement.

- £0.2m reduction in secondary contract and overtime bids.

4.3 The table at figure 9c shows the latest detail of the MTFS and the impact of the changes since December 2024.

Figure 9c – Detailed MTFS for February 2025 EPFCP and changes since December 2024 EPFCP

Published Budget	Medium Term Financial Strategy 2025/26 to 2029/30							Change since Dec 24	
2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	5 Year total £m	2025/26 £m	(reduction) / increase £m
88.4	Opening net budget requirement	93.7	100.8	102.8	104.9	107.1	509.3	93.7	0.0
0.0	Firefighters' Pension Scheme -Employer Contribution Impact	3.1	0.0	0.0	0.0	0.0	3.1	3.1	0.0
3.5	Pay Pressures	3.4	1.6	1.6	1.6	1.7	9.8	3.7	(0.3)
0.0	Employers NI Increase	0.7	0.0	0.0	0.0	0.0	0.7	0.0	0.7
0.6	Investment in On Call	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.1	Investment in New Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.2	(0.2)
0.4	Firefighters' Pension Scheme Pressure	0.0	0.1	0.2	0.2	0.2	0.6	0.0	0.0
0.2	Non Pay Pressure - Support Costs	0.3	0.1	0.1	0.1	0.1	0.7	0.3	(0.0)
0.8	Non Pay Pressure - Premises & Equipment	0.7	0.4	0.3	0.3	0.4	2.0	0.9	(0.2)
0.4	Non Pay Pressure - Other Costs & Services	0.4	0.0	0.0	0.0	0.0	0.4	0.4	(0.1)
0.0	Revenue Impact of Capital Programme	(0.0)	0.4	0.3	0.5	0.4	1.5	0.4	(0.4)
0.0	Finance Costs resulting from Capital Program	0.0	0.0	0.2	0.1	0.0	0.3	0.0	0.0
1.3	One Off Investment through Earmarked Reserves	1.4	0.2	0.2	0.0	0.0	1.8	0.0	1.4
(1.3)	Contributions (from) Earmarked Reserves	(1.4)	(0.2)	(0.2)	0.0	0.0	(1.8)	0.0	(1.4)
94.5	Net budget requirement (before savings and efficiencies)	102.2	103.3	105.4	107.7	109.8	528.5	102.7	(0.5)
(0.8)	Savings and efficiencies (cashable - recurring)	(1.4)	(0.5)	(0.5)	(0.6)	(0.4)	(3.4)	(0.6)	(0.8)
0.0	Savings and efficiencies (cashable - one-off)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
93.7	Net budget requirement (after savings and efficiencies)	100.8	102.8	104.9	107.1	109.4	525.1	102.1	(1.3)
(88.4)	Opening funding	(93.7)	(100.8)	(102.8)	(104.9)	(107.1)	(509.4)	(93.7)	0.0
2.2	Government funding	(2.6)	0.0	0.0	0.0	0.0	(2.6)	(1.6)	(1.0)
(4.2)	Revenue Support Grant	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(1.4)	(0.2)	0.0
(0.8)	National Non Domestic Rates	(0.2)	0.0	0.0	0.0	0.0	(0.2)	0.0	(0.2)
(0.6)	Tax base increase	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(3.1)	(0.6)	0.0
(1.5)	Council Tax - Precept increase	(3.5)	(1.2)	(1.2)	(1.3)	(1.3)	(8.5)	(1.6)	(1.9)
(0.3)	Collection fund change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(93.7)	Total funding	(100.8)	(102.8)	(104.9)	(107.1)	(109.4)	(525.1)	(97.8)	(3.0)
0.0	Annual (shortfall) / surplus	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(4.4)	4.4

4.4 During the 2025/26 budget setting process, the Authority made several changes to its plans in response to the changing financial environment.

There will be a multi-year spending review which we understand will conclude in Spring 2025. The Authority will be submitting an Essex County Fire and Rescue Service specific Spending Review case. The intention will be to illustrate the funding challenges and opportunities in Essex as a case study. This will also be shared with the National Fire Chiefs Council (NFCC) Lead, who is preparing a Spending Review submission on behalf of the sector. This submission will include those key investments that the Authority would like re-introduce and invest into from 2026/27:

- Operational training staff – The permanent recruitment of additional operational training staff.
- Professional Standards – An investment to further develop a Professional Standards capability within the Authority in 2026/27, which follows on from the appointment of a Head of Professional Standards in 2024/25.
- Training Budget – The uplift of the department training budget in 2026/27 following the budget reduction made in 2025/26.
- Live Fire Training running costs – The Authority is looking to invest in a new Live Fire Training Facility to be located at its Headquarters at Kelvedon Park. There is expected to be an increase in its running costs, given the modern

technology that will be required to operate such a facility. These costs are not known at this stage, but an estimate of £300,000 per year has been included within the MTFS.

- Joint Fleet Workshop – The Authority would like to invest in a new Joint Fleet Workshop with Essex Police. The MTFS is based on a £9m investment by ECFRS and has assumed this would be funded by external borrowing.
- Wholetime Station Modernisation – The Authority would like to invest in the modernisation of its Wholetime Fire Stations. The MTFS reflects an £8m investment over four years starting in 2026/27 which would be fully funded by external borrowing.

The table below shows the financial impacts of these investments.

	2026/27	2027/28	2028/29	2029/30
Trainers	£ 140,000			
Professional Standards Capability	£ 140,000			
Departmental Training Budget	£ 77,000			
Fire Training Facilities -Running Costs		£ 150,000	£ 150,000	
Joint Fleet Workshop - MRP		£ 112,500	£ 112,500	
Joint Fleet Workshop - Interest		£ 265,000	£ 265,000	
Wholetime Station Modernisation - MRP	£ 100,000	£ 100,000	£ 100,000	£ 100,000
Wholetime Station Modernisation - Interest	£ 118,000	£ 118,000	£ 118,000	£ 118,000
	£ 575,000	£ 745,500	£ 745,500	£ 218,000

The table at figure 9d shows an MTFS scenario should these investments have been reflected within it.

Figure 9d – MTFS Scenario

Medium Term Financial Strategy 2025/26 to 2028/29						
	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total
	£m	£m	£m	£m	£m	£m
Net budget requirement (before appropriations to/from reserves)	103.6	104.1	106.8	109.6	112.0	536.2
Net appropriations to/(from) reserves	(1.4)	(0.2)	(0.2)	0.0	0.0	(1.8)
Net budget requirement (after appropriations to/from reserves and before savings and efficiencies)	102.2	103.9	106.6	109.6	112.0	534.4
Savings and Efficiencies Plan- Recurring	(1.4)	(0.5)	(0.5)	(0.5)	(0.5)	(3.4)
Savings and Efficiencies Plan- One off	0.0	0.0	0.0	0.0	0.0	0.0
Net budget requirement (after appropriations to/from reserves and savings and efficiencies)	100.8	103.4	106.1	109.1	111.5	531.0
Total funding	(100.8)	(102.8)	(104.9)	(107.1)	(109.4)	(525.1)
Annual (shortfall)/surplus	0.0	(0.6)	(1.2)	(2.0)	(2.1)	(5.9)

- 4.4 **Savings** - £1.4m of core revenue budget savings have been identified in 2025/26 which are shown in figure 9e below.

Table 9e

Pay Costs	£451,396
Ill health pension costs	£22,000
Non Pay - Other Costs & Services	£105,982
Non Pay - Premises Equipment	£285,083
Non Pay - Support Costs	£172,860
Non Pay - Financing Items	£168,600
Operational Income	£239,317
	£1,445,238

The service has a good track record of generating savings and efficiencies in recent years and these are tracked through its Productivity and Efficiency Board. Since 2020/21, the service has driven budgetary savings in excess of £6m and has generated £7m of capital receipts from the sale of surplus assets.

The MTFS also includes between £0.4m to £0.6m of unidentified cashable savings in future years.

5. Capital Expenditure Budget

5.1 The proposed capital budget for 2025/26 is set out in Figure 10.

Figure 10 - Capital Expenditure Budget and Programme

Summary Capital Programme	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Forecast 2031/32	Forecast 2032/33	Forecast 2033/34	Forecast 2034/35	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
New Premises												
Fleet Workshops Relocation	-	-	-	-	-	-	-	-	-	-	-	-
Existing Premises												
Asset Protection	1,569	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,569
WT Modernisation	-	-	-	-	-	-	-	-	-	-	-	-
Asset Improvement Works												
Training works/BA Chambers	502	-	-	-	-	-	-	-	-	-	-	502
Live Fire Training Replacement	-	-	5,000	5,000	-	-	-	-	-	-	-	10,000
Total Property	2,071	1,000	6,000	6,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	22,071
Equipment	1,089	2,380	1,595	1,640	149	285	110	50	50	50	-	7,398
Information Technology	1,336	1,245	396	480	208	630	408	468	260	340	508	6,274
Vehicles												
New Appliances	3,780	-	1,400	1,400	1,400	1,400	-	-	1,400	1,400	1,400	13,580
Other Vehicles	555	1,549	1,546	969	1,109	1,899	3,029	3,414	1,394	814	814	17,092
Total Vehicles	4,335	1,549	2,946	2,369	2,509	3,299	3,029	3,414	2,794	2,214	2,214	30,672
Total Capital Expenditure	8,831	6,174	10,936	10,489	3,865	5,214	4,547	4,932	4,104	3,604	3,722	66,414
Funded By:												
Capital Receipts Funding	-	1,302	5,000	5,000	-	-	-	-	-	-	-	11,302
Earmarked Reserves	150	-	-	-	-	-	-	-	-	-	-	150
Revenue Funded	8,681	4,872	5,936	5,489	3,865	5,214	4,547	4,932	4,104	3,604	3,722	54,962
Total Capital Expenditure	8,831	6,174	10,936	10,489	3,865	5,214	4,547	4,932	4,104	3,604	3,722	66,414

5.2 The most significant capital projects are:

- £2.3m investment in operational equipment, which includes £1.1m relating to the first year of a two-year programme for the rollout of new hydraulic cutting equipment with battery operated rescue tools.

£0.5m investment in foam replacement. Our current foam is end of life and we will be moving to environmentally friendly, non-toxic 'fluorine free' foams.

£0.2m investment in Tech Rescue Helmets. Following the 2022 heatwave period a de-brief was conducted that indicated the benefit of using a much lighter helmet for our firefighters during wildfire incidents. In addition, this type of helmet could be utilised for RTCs and any non-compartment fire related incident.

- £1.5m investment in vehicles. This includes £1.1m relating to the replacement of end-of-life vehicles, £0.25m for the hose layer replacement and £0.2m investment in a replacement animal rescue vehicle. The service will be investing in a new telematics capability in 2025/26 to improve the monitoring of its fleet. This is expected to drive efficiencies in fleet assets, some of which have been anticipated and included within the capital programme.
- £1.2m investment in information technology. This includes £0.6m for the replacement of Station End Equipment which is now approaching end of life status. An investment of £0.4m is required in the year relating to the replacement programme for laptops / desktops. This also includes the replacement of T4A tablets which are carried on fire appliances.
- £1m investment in asset protection works relating to maintenance programme of the estate.

5.3 The service will utilise its Capital Receipts Reserve to fund a number of key capital projects. The Minimum Revenue Provision (MRP) for the year is £4.1m.

5.4 Any further strategic capital investments or key amendments to the capital plan will be presented at future Strategic Boards.

6. Reserves

6.1 Useable Reserves are those that the service has set aside to provide services. The service has the following useable reserves:

General Reserves - These are held by the service and managed to balance funding and spending priorities and to manage risks. These are established as part of the medium-term financial planning process.

The service needs to hold an adequate level of general reserves to provide:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events.
- A means of smoothing out large fluctuations in spending requirements and / or funding available.

The current level of general reserves usage is shown in Figure 11 and is reflective of the MTFS positions shown in Figure 9.

Figure 11 - Movements in General Reserves

	Actual Balance at 31 March 2024* £'000s	Projected Balance at 31 March 2025 £'000s	Projected Balance at 31 March 2026 £'000s	Projected Balance at 31 March 2027 £'000s	Projected Balance at 31 March 2028 £'000s	Projected Balance at 31 March 2029 £'000s	Projected Balance at 31 March 2030 £'000s
General Reserves - Opening Year Balance	3,882	4,157	4,157	4,157	4,157	4,157	4,157
Surplus / (Deficit) In Year **	275	-	-	-	-	-	-
Transfer from / (to) Earmarked Reserves	-	-	-	-	-	-	-
General Reserves - Closing Year End Balance	4,157	4,157	4,157	4,157	4,157	4,157	4,157
General Reserve Closing Balance as a % of Net Budget	4.53%	4.44%	4.12%	4.04%	3.96%	3.88%	3.80%

*Per Unaudited Financial Statements

6.2 **Earmarked Reserves** - The service has established specific reserves to manage key financial risks and to support the transformation of the service to ensure it is fit for the future and will deliver on the priorities in the Fire and Rescue Plan. Figure 12 shows the current and future planned level of each earmarked reserve:

Figure 12 - Movements in Earmarked Reserves

	Actual Balance at 31 March 2024*	Forecast Addition	Forecast (Use)	Projected Balance at 31 March 2025	Transfer Between Reserves	Forecast (Use)	Projected Balance at 31 March 2026	Forecast Addition / (Use)	Projected Balance at 31 March 2027	Forecast Addition / (Use)	Projected Balance at 31 March 2028
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Earmarked Contingency Reserves											
Demand Pressures	600	0	0	600	0	0	600	0	600	0	600
Taxbase & Collection Account Reserve	200	0	0	200	0	0	200	0	200	0	200
National Non Domestic Rates Collection Reserve	433	0	0	433	0	0	433	0	433	0	433
Rolling Budgets Reserve	0	0	0	0	0	0	0	0	0	0	0
Risk Protection	285	0	0	285	0	(200)	85	0	85	0	85
Business Continuity	0	0	0	0	0	0	0	0	0	0	0
	1,518	0	0	1,518	0	(200)	1,318	0	1,318	0	1,318
Earmarked Reserve - Productivity											
On Call - Support	392	0	0	392	0	0	392	0	392	0	392
Invest to Save	523	0	0	523	0	(200)	323	0	323	0	323
Innovation & Transformation	1,273	0	(1,146)	127	0	(127)	0	0	0	0	0
	2,188	0	(1,146)	1,042	0	(327)	715	0	715	0	715
Earmarked Reserve - Specific Purpose											
Unspent Government Grant - Covid 19	121	0	(121)	0	0	0	0	0	0	0	0
Unspent Government Grant - Pension	4	0	0	4	0	0	4	0	4	0	4
Unspent Government Grant - Protection Uplift	265	0	(265)	0	0	0	0	0	0	0	0
Unspent Government Grant - Building Risk Review	46	0	0	46	0	0	46	0	46	0	46
Unspent Government Grant - Grenfell Grant	151	0	(20)	131	0	0	131	0	131	0	131
Operational Training Reserve	489	500	(150)	839	30	(869)	0	0	0	0	0
Learning & Development Programme	1,031	0	(150)	881	(30)	0	851	(200)	651	(200)	451
Community Safety Programme - Sprinkler Support	419	0	0	419	0	0	419	0	419	0	419
LGPS Deficit	0	0	0	0	0	0	0	0	0	0	0
	2,526	500	(706)	2,320	0	(869)	1,451	(200)	1,251	(200)	1,051
Total Earmarked Reserves	6,232	500	(1,852)	4,880	0	(1,396)	3,484	(200)	3,284	(200)	3,084

*Per Unaudited Financial Statements

£1.39m of earmarked reserves is planned to be utilised in 2025/26, with the key allocations being:

- £0.5m from the Operational Training Reserve will be allocated for the progression the Live Fire Training Project. This will specifically include obtaining planning permission and accurate costings for the project.
- £0.3m investment in temporary training resources for 12 months, ensuring delivery of the Strategic Workforce Plan.
- £0.2m investment to conduct a condition survey throughout the service's estate, which will aid the prioritisation of the future asset protection works. This is being funded from the Risk Protection Reserve.
- £0.2 million from the Invest to Save Reserve, which is primarily related to the implementation of telematics across our vehicle fleet.

6.3 Capital Receipts Reserve - Capital receipts are generated from the sale of surplus assets. The use of the Capital Receipts Reserve is governed by regulations, and they can only be spent on certain expenditure, which includes:

- Capital Financing of new expenditure.
- Repayment of Debt
- Funding the costs of disposals

Figure 13 shows the current and future planned level of the Capital Receipts Reserve, which takes into account the funding of the Capital programme as per

Figure 10.

The projected sale of assets relates to the remaining housing sales which are part of the day crew conversion project.

Figure 13 - Movements in Capital Receipts Reserves

	Actual Balance at 31 March 2024* £'000s	Projected Balance at 31 March 2025 £'000s	Projected Balance at 31 March 2026 £'000s	Projected Balance at 31 March 2027 £'000s	Projected Balance at 31 March 2028 £'000s	Projected Balance at 31 March 2029 £'000s	Projected Balance at 31 March 2030 £'000s
Capital Receipts Reserve - Opening Year Balance	15,740	13,290	13,609	12,307	7,307	2,307	2,307
Projected Sale of Assets	396	319	0	0	0	0	0
Utilised in Year	(2,846)	0	(1,302)	(5,000)	(5,000)	0	0
Capital Receipts Reserve - Closing Year End Balance	13,290	13,609	12,307	7,307	2,307	2,307	2,307

*Per Unaudited Financial Statements

7. Risks

7.1 The main risk areas associated with the budget are:

- **National Pay Settlements** - Pay costs for 2025/26 are budgeted based on a 2% pay award. Negotiations on the pay settlement will take place at the NJC and agreements made in excess of this amount would create further unfunded year on year pressures.
- **Inflation** – In addition to our pay costs, there are inflationary impacts and potential supply chain issues that are impacting upon non-pay costs. Although the service is continuing to monitor its non-pay costs closely, there are risks that ongoing pressures within the supply chain could impact future pricing.

The rate of inflation in September 2024 was 1.7%, and this is used to determine the level of increase in some of our grant funding such as the Revenue Support Grant. Inflation has since risen and is currently at 2.6%.

- **Firefighters' Pension Schemes** - The employer contribution rates for firefighters' pension schemes increased by 8.5% to 37.6% of pensionable pay with effect from 1st April 2024. This is expected to create an in year financial pressure of £3.1m. A pension grant of £2.6m has been provided by government in recognition of the increase in employer contributions. The Home Office has advised that there may be an opportunity for additional funding to cover full extent of the increase. There is, however, currently no certainty that additional funding will be provided or that it would continue into 2025/26. However, it is our working assumption that, given the magnitude of the grant required, funding will be continued to at least this year's rate.

These employer contribution rates are expected to be set for the period 1st April 2024 to 31st March 2027.

- **Local Government Finance Settlement** – Under the new Labour government, the Chancellor has announced that there will be a multi-year spending review, which will conclude in Spring 2025. Therefore, there will be a one-year finance settlement

for 2025/26, whilst this spending review is undertaken. Further spending reviews will then be conducted every two years.

The 2025/26 provisional local government finance settlement is expected to be finalised in February 2025.

- **Council Tax and National Non-Domestic Rate Collections** - Given the current economic pressures, there is a high risk that business and Council Tax collection rates will be impacted. This follows on from the Covid 19 pandemic which impacted the collection accounts. Furthermore, if housing construction begins to slow down as a result of the current economic situation, this would impact future council tax base increases. Regular communication and meetings are held with the districts so, should any key collections issues arise, the Authority is informed early of such events.
- **Section 31 Grants** – These grants are allocated on an annual basis and no commitment has been made to their continuation.

In 2024/25, the Authority budgeted £0.8m in funding in respect of the Funding Guarantee and Services Grant, which was in line with the Provisional Local Government Finance Settlement published in December 2023. An amount of £1.4m will be received in 2024/25 for these grants, which will be in line with the Final Local Government Finance Settlement that was published in February 2024.

The Provisional Local Government Finance Settlement published on 18 December 2024 confirmed that this funding would not continue and therefore the Funding Guarantee and Services Grant has been fully removed in the 2025/26 budget.

Effective from 1st April 2024, there was an increase of 8.5% (to 37.6%) in the employer contribution rates for the firefighters' pension schemes. This has created an additional cost pressure of £3.1m. A pension grant of £2.6m has been awarded in 2024/25 and the 2025/26 budget reflects the continuation of this grant.

Other S31 Grants that have been included are:

£4.2m Business Rates Relief – A £0.2m increase has been applied to this grant, based on the expected change in the business rate multiplier.

£0.8m Urban Search and Rescue Capability – The service has received confirmation that this will continue for the current financial year and is awaiting a further decision around the continuation of funding. There has been no indication at this time that our USAR is no longer required and therefore the 2025/26 budget is projecting the funding to continue on a flat cash basis.

- £0.7m Compensation for Employers' NI Increase – In the October 2024 budget statement by the Chancellor, it was announced that there will be an increase in the Employers' National Insurance Rate of 1.2% effective from April 2025, which has created an additional pressure of £0.7m. The budget for 2025/26 includes funding to cover this increase in the employers' national insurance rate, on the basis that the policy objective ([Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance contributions rate,](#)

[and the Employment Allowance from 6 April 2025 - GOV.UK](#)) for the increase is to “help fix the foundations of the public finances and invest in public services.”

The Provisional Local Government Finance Settlement did not provide any allocation in respect of this funding and neither did it confirm that this will be fully funded. The allocation of funding is expected to be published as part of the final settlement which is due early in February 2025. If the amount of funding the Authority is allocated is below the amount budgeted, this will create an additional financial pressure on the Authority.

- £0.2m Protection Uplift Grant – The 2025/26 budget has assumed continuation of this grant on a flat cash basis. This funding has been used to substantiate Protection posts within the service.
- £0.1m Firelink Grant - A letter from the Home Office in 2022/23 confirmed that this is being phased out by 2026/27.
- **Capital Program** – The current economic situation will impact the Capital Program, and particularly the cost of the capital projects. The Authority has developed a 10-year capital plan, and it will be important to keep the Capital Program under close review to ensure its affordability.

In the event that further borrowing is required, changes in the interest rates could also impact affordability.

- **Council Tax and National Non-Domestic Rate Collections** - Given the current economic pressures, there is a risk that Business and Council Tax collection rates will be impacted. The Authority is expected to get regular updates through the year on the performance of the collection account and will monitor this position. The Authority has a specific purpose Earmarked Reserve should there be a negative movement in the either / both of the collection accounts.

8. Next Steps

- 8.1 I am seeking the Panel's endorsement for this precept increase, which recognises the challenging financial environment we face and at the same time acknowledges the importance of delivering on objectives included within the Fire and Rescue Plan.
- 8.2 With the Panel's endorsement of the precept increase, the proposed budget for 2025/26 will be approved through the PFCC's usual governance process.