

**MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2026/27 TO 2028/29****JOINT REPORT OF THE CHIEF FIRE OFFICER AND  
TREASURER****For Approval****1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to provide an update on the issues impacting on the Authority's Medium Term Financial Strategy.

**2. RECOMMENDATIONS**

- 2.1 The Executive Committee has recommended that:

1. Members note the report and the phasing of the net forecast three-year budget deficit of £2.973m detailed in paragraph 7.4.
2. Approve the proposed strategy for managing the forecast net deficit as detailed in paragraph 7.6.
3. Approve the proposal to bring forward the replacement of 6 Fire Appliances and to approve
  - a. The revised phasing of £2.280m of capital expenditure
  - b. The allocation of £0.308m to meet rephased loan repayment costs from the earlier replacement of fire appliances from either (a) revenue budget underspend achieved in the current year, or if this is insufficient (b) forecast investment income.
  - c. Note the recurring revenue cost of £0.139m of approving this proposal from 2028/29 is reflected in the updated MTFS forecasts.
  - d. Note this position will be reviewed when the provisional settlement is received.

**3. BACKGROUND**

- 3.1 Previous MTFS reports highlighted the significant changes in funding available to fund Fire and Rescue Authorities (FRAs). It is important to reflect on where the Authority is starting from before considering future financial challenges.
- 3.2 In this context it is important to recognise that all FRAs face the same financial pressures from national pay awards and inflation. However, the ability of individual FRAs to manage these financial pressures varies significantly depending on the percentage of resources funded from:
- Council Tax – which is the most robust recurring resource as it reflects an individual FRA Council Tax base and current level of Council Tax; and

- Government grant (including Business Rates income) – grant funding is currently subject to annual allocations by the Government and Business Rates income determined annually by the four local authorities.

3.3 The impact of these issues is highlighted in the following table, which shows this Authority has the least recurring resources resilience of any FRA. As the table highlights the Authority's Band D Council Tax is only 1.5% below the FRA average, but the percentage of the Authority's Core Spending Power (CSP) funded from Council Tax is only 43%, compared to an FRA average of 60% - which highlights the impact of the Authority's low Council Tax base.

#### **FRA - Recurring Resources Resilience**

	Percentage of CSP funded from: - <b>Council Tax</b>	Percentage of CSP funded from: - <b>Government Funding</b> (including Business Rates income)	2025/26 Band D Council Tax
FRA with <b>Most</b> Recurring Resources Resilience	73%	27%	£119.45
Average FRA	60%	40%	£95.94
FRA with <b>Least</b> Recurring Resources Resilience - <b>Cleveland</b>	43%	57%	£94.46

3.4 If Government funding for 2026/27 and future years does not keep pace with national pay awards and inflation; the Authority will continue to face significant annual budget deficits. Increases in Council Tax will not be sufficient to fund budget pressures arising from national pay awards and inflation. This highlights the importance of the current funding mix and the need for funding reform and multi-year financial settlements.

3.5 This situation will be particularly challenging for the Authority as our ability to make further changes needs to take account of previous reductions, the most significant being:



**a 33% reduction** in the number of **wholetime firefighter posts** from 494 to 331. Compared to national reduction of **25%**.



The 2025/26 budget measure to permanently only budget for 97% of the pay budget to save £0.9m on a recurring basis. This proposal avoided direct services cuts but requires careful management of the staffing establishment.

3.6 To provide service context to the above issues:

- National figures for “All Incidents” show the Authority had the highest number of incidents per 100,000 of population for 2024/25; and the second highest number for 2023/24;
- Local “All Incidents” figures for April to June 2025 show a 64% increase on the same period for 2024, which indicates continued increasing demands on the Authority.

3.7 The 2025/26 Local Government Finance Settlement was predicated on increases in FRAs Core Spending being funded from increased Council Tax flexibility through a Band D Council Tax Referendum Limit of £5.00. There are 30 FRAs (including 4 controlled by Police and Fire Commissioners) which set their own Council Tax and increases for 2025/26 are summarised below:

Summary of 2025/26 FRAs Band D Council Tax Increases

Number of Fire Authorities	Band D Council Tax increase
1	£24.00
22	£5.00
7	£4.95 to £4.99

3.8 Comparative information for neighbouring FRAs Council Tax levels is summarised below. As most households in Cleveland are not in a Band D property the table includes the Band A Council Tax levels (45% of Cleveland households).

Neighbouring FRAs 2025/26 Council Tax Levels

2025/26 Band A Council Tax	Authority	2025/26 Band D Council Tax	2025/26 Band D Council Tax increase
<b>£82.08</b>	Durham and Darlington	£123.12	£5.00
<b>£71.35</b>	North Yorkshire (note 1)	£107.02	£24.00
<b>£66.74</b>	Tyne and Wear	£100.11	£5.00
<b>£65.46</b>	Cumbria	£98.19	£4.95
<b>£62.97</b>	Cleveland	£94.46	£5.00

**Note 1-** North Yorkshire Fire is the responsibility of the Mayor of York and North Yorkshire. Council Tax referendum limits were not set for Mayoral Authorities, which enabled North Yorkshire Fire to determine their own Band D Council Tax increase.

#### 4. NATIONAL POLICY ISSUES IMPACTING ON MTFS

#### 4.1 Spending Review

- 4.2 The Spending Review statement (published 12 June 2025) detailed the Government's spending priorities up to 2028/29, which prioritise health and defence spending. There was no specific mention of Fire and Rescue in the Spending Review document.
- 4.3 Figures within the Spending Review document for Local Authorities (which includes Fire and Rescue) indicate a continued reliance on Council Tax to fund Core Spending Power (CSP) increases. This included the early indication of a 3% core Council Tax referendum principle and 2% for the adult social care precept. There was no indication of the referendum principle for Fire and Rescue, which will be determined as of part of the provisional 2026/27 Local Government Finance Settlement.
- 4.4 As highlighted in the following table the Spending Review indicates that over the period 2025/26 to 2028/29 total CSP will increase by £9.9 billion – BUT £7 billion i.e. 71% assumes Council Tax will increase in line with Council Tax referendum principles.

#### Spending Review - Summary of CSP changes 2025/26 to 2028/29

	2025/26	2028/29	CSP increase 25/26 to 28/29
CSP funded from Council Tax	£38.3 billion (55%)	£45.3 billion (57%)	£7 billion (71%)
CSP funded from other sources	£31.1 billion (45%)	£34.0 billion (43%)	£2.9 billion (29%)
Total CSP	£69.4 billion (100%)	£79.3 billion (100%)	£9.9 billion (100%)

- 4.5 **The Fair Funding Review 2 – A consultation on the government's proposed approach to local authority funding reform through the Local Government Finance Settlement from 2026/27.**
- 4.6 These proposals are of greater financial significance to the Authority and were published on 20<sup>th</sup> June 2025 and will implement delayed reforms of the national funding system (which commenced under the previous Government). The proposals will be implemented from 2026/27 and provide a 3-year settlement.
- 4.7 The consultation proposals are comprehensive (running to 125 pages plus supporting spreadsheets and 45 consultation questions) and cover the following key areas:
- Ministerial foreword – attached at **Appendix A**
  - Chapter 1 - Summary of proposed approach
  - Chapter 2 - Determining local authority funding allocations
  - Chapter 3 - Funding simplification
  - Chapter 4 - Measuring differences in demand for services
  - Chapter 5 - Measuring differences in the cost of delivering services
  - Chapter 6 - Measuring differences in locally available resources
  - Chapter 7 - Running the Business Rates Retention system
  - Chapter 8 - The New Homes Bonus
  - Chapter 9 - Transitional arrangements and keeping allocations up to date

- Chapter 10 - Devolution, local government reorganisation and wider reforms
- Chapter 11 - Sales, fees and charges
- Chapter 12 - Design of relative needs formulae
- Chapter 13 - Equalities impacts

4.8 The proposals to reform the national funding system need to address significant complexities and financial challenges, including:

- Local authorities delivering around 800 services – including Adult and Children’s Social Care and rising demand/cost of these services which in 2023/24 accounted for 68% of Core Spending Power – compared to 55% in 2015/16
- The impact of government funding reductions in previous years and low tax bases to raise income
- Scope to mainstream over 300 individual grants.

4.9 To support the assessment of the potential impact of the proposed funding reforms we engaged Pixel Financial Management as they have a detailed financial model and have regular meetings with MHCLG (Ministry of Housing, Communities and Local Government), which is leading these proposed changes. At this stage, the position continues to evolve, and significant decisions will be made by the Government after the consultation responses have been considered. Therefore, the actual impact on individual authorities will not be known until the provisional 2026/27 settlement announcement, expected late November/early December 2025. This analysis has also been supported by figures provided by the National Fire Chief’s Council (NFCC), which shows broadly the same impacts on individual Fire Authorities as the Pixel analysis.

4.10 As things currently stand there are three key impacts for FRAs and this Authority:

- **Fire and Rescue – Relative Needs Formula (RNF)**

RNF calculates ‘need’ of a local authority compared to other local authorities for a particular service or group of services. The formula does not calculate the amount of money required, instead each authority is given a ‘share’ of need.

The number of RNF’s will reduce from 15 to 8. A specific RNF will be retained for Fire and Rescue and will use the same structure as the existing one – details are provided in **Appendix B**.

An analysis of current information indicated the total Fire and Rescue RNF has reduced from 4.9% to 4.3%. If this is confirmed this means the size of the Fire and Rescue funding pot has reduced.

Further analysis of the Fire and Rescue RNF indicates that the updating of data will have a detrimental impact on this Authority as this reduction is the highest of all FRAs. This position links directly to the issue of Council Tax equalisation.

- **Council Tax Equalisation**

The consultation proposals state “The Government has an important role as an equaliser for local government income, directing funding towards places that are less able to meet their needs through locally raised income.”

This is a concern identified in previous MTFs reports as the Authority only funds **43%** of CSP from Council Tax, compared to an FRA average of **60%** and **73%** for the most financially resilient FRA.

It is currently not possible to assess the impact of Council Tax equalisation proposals on the Authority, although it is hoped this will be positive and at least partly mitigate the impact of the detrimental impact of RNF changes. However, as detailed later in the report there is a risk this is not the case.

- **Transitional Support**

The Government is proposing to phase the impact of changes in funding (i.e. gains or reductions) over 3 financial years.

#### 4.11 **NFCC Response to consultation**

- 4.12 Officers welcomed the NFCC response to the consultation and engaged in the process for preparing the response. The NFCC response is attached at **Appendix C**, and the following extracts highlight the key concerns facing FRAs, including this Authority:

Extract 1 - from NFCC Consultation response

*Based on our forecasts even with £5 council tax increases for all standalone FRAs over the next few years: -*

- *At an individual service level, a number of services would see their overall funding frozen for three years and larger number of services would see cuts in real terms – they would inevitably face reductions in firefighter numbers and largescale service cuts.*
- *Nationally funding for the FRS would not keep pace with the cost of living when around 80% of our costs are staff related.*
- *There would be no capacity to modernise, improve, or address very real issues associated with its capital infrastructure (inclusive workplaces / contamination risk).*
- *We also have significant concerns about the resilience of FRS within county council arrangements which face their own pressures and competing demands.*

*We do not believe this is the intention of government, but on the basis of the funding arrangements and Review proposals cuts in frontline fire and rescue services are inevitable.*

Extract 2 - from NFCC Consultation response

*Our modelling suggests that the changes to the funding formula significantly redistributes funding between FRAs. Some services see increases in CSP of over 14% over three years whilst at the same time other FRAs will face freezes in their core spending power even after factoring in potential £5 increases in council tax for each of the next three years. A large number of local FRS will face cuts in firefighter*

*numbers and reductions in service. NFCC Position - NFCC cannot support the Fair Funding Review principles in their current state. Fire funding should be excluded from the Review, and Government should instead consider remaining with the current allocation methodology in the absence of a better solution. At a time of scarce local government funding, it seems illogical to choose now as the right time to redistribute limited FRA resources.*

4.13 The Chief Fire Officer also wrote to the Deputy Prime Minister and the Minister of State for Local Government and English Devolution setting out our specific concerns regarding future funding as detailed in **Appendix D**.

4.14 A response to the above letter was received from Alex Norris MP, Parliamentary Under-Secretary of State for Building Safety, Fire and Local Growth, which:

- Thanked the Chief Fire Officer for the response to the consultation.
- Referred to the 2025/26 increase in Core Spending Power. The Minister did not acknowledge the reliance of this increase on using the £5 Council Tax referendum limit.

The letter also referred to the Authority receiving a 23.4% increase in Core Spending Power for 2025/26 – this was a typographical error as the actual increase was only 3.4%.

- Indicated that due to current diary pressures it would not be possible to accept the invitation to meet to discuss our concerns and the challenges facing the area.

4.15 The Chief Fire Officer then wrote to Samantha Dixon MP, the new Under-Secretary of State (Minister for Building Safety, Fire and Democracy), on 22 September 2025 to outline concerns regarding the funding position as detailed in **Appendix E**.

4.16 In summary based on information currently available the proposed Fair Funding Review will have an adverse financial impact on the Authority and further details are provided in the next section.

## **5. FINANCIAL FORECASTS 2026/27 TO 2028/29**

### **5.1 Resources Update**

5.2 The NFCC analysis of the Fair Funding Review 2 indicates a cash freeze in total resources for the Authority over three years. This is effectively a real term cut when account is taken of forecast national pay awards and inflation.

5.3 The NFCC forecast reflects two key factors and this position is also supported by the Pixel analysis:



- Authorities will make use of available Council Tax referendum limits to mitigate the impact of Government funding reductions.
- The new formula will reduce grant funding in each of the next three years.

5.4 The local resources update reflects the above position and also updates local resource forecast (which the NFCC are not aware of) and confirms a broadly cash freeze in total funding. This position is based on Government funding cuts being offset by Council Tax increases, as summarised below:

#### **Forecast Resources 2026/27 to 2028/29**

2025/26 Actual £'m		2026/27 Forecast £'m	2027/28 Forecast £'m	2028/29 Forecast £'m	Increase / (decrease) 2025/26 to 2028/29 £'m
15.681	Council Tax	16.676	17.689	18.722	3.041
21.739	Government funding	20.993	20.157	19.323	(2.416)
37.420	Sub Total	37.669	37.846	38.045	0.625
0.480	2025/26 Non-recurring Funding **	0.000	0.000	0.000	(0.480)
0.250	Investment Income	0.250	0.250	0.250	0.000
38.150	Total Forecast Funding	37.919	38.096	38.295	0.145
Increase / (decrease) on previous year		(0.231)	0.177	0.199	0.145

\*\* Non-recurring funding consists of Budget Support Fund income (£0.294m) and Collection Fund Surplus (£0.186m).

#### **5.5 Budget Required**

5.6 External factors continue to impact on the MTFs, with the main financial pressures arising from forecast national pay awards and non-pay inflation. These forecasts are based on the Bank of England's interest rate policy reducing inflation from the current level to 2% from 2026/27, which should then reduce national pay awards and non-pay inflation. This position is not guaranteed and will need to be kept under review.

#### **Forecast Budget Required**



2025/26 Approved Budget  £'m		2026/27 Forecast Budget  £'m	2027/28 Forecast Budget  £'m	2028/29 Forecast Budget  £'m	Total 2026/27 to 2028/29 £'m
29.707	Pay (includes employers National Insurance and Pension costs)	30.576	31.307	31.931	2.224
7.962	Non Pay Running costs	8.201	8.447	8.700	0.738
(0.603)	Service income	(0.621)	(0.640)	(0.659)	(0.056)
1.083	Interest and Loan Repayments	1.107	1.131	1.294	0.211
38.149	Total Budget Required	39.263	40.245	41.266	3.117
Increase on previous year's budget		1.114	0.982	1.021	3.117

## 5.7 Risks to Budget Required Forecasts

5.8 There are two risks to the current forecasts:

- **Inflation and national pay awards** - if these exceed the current MTFS forecasts each additional 1% would increase costs by approximately £0.380m per year. If this situation is repeated for three-years, the cumulative impact by 2028/29 would be an additional budget pressure of approximately £1m.
- **Interest Rates** – interest rates (i.e. gilt yields) for Government Borrowing continue to be volatile. The UK is not alone in seeing interest rates for Government borrowing increasing, with the US and France also suffering notable increases. The effect has been most pronounced in long-term bonds (borrowing), where the longer duration to maturity means investors are considered to be at more risk of high inflation damaging their returns. As a result, interest rates for 30-year Government borrowing have recently increased to the highest level since 1998, before the falling back slightly. The level of Government interest rates then determines the interest rate for Public Works Loan Board borrowing used by local authorities and FRAs. This issue will be addressed in the Treasury Management Strategy for 2026/27, which will outline a strategy for managing this risk. For each 1% increase in interest rates there is a revenue pressure of £80,000 for the current Asset Management Plan.

## 5.9 Summary of forecast financial position

5.10 The following table summarises the forecasts detailed in the previous sections and highlights the following key impact by 2028/29:

- The cumulative impact of forecast national pay awards (£2.224m) and inflation (£0.738m) – this is a total forecast pressure of **£2.962m** by 2028/29.
- The forecast cumulative reduction in Government funding - which by 2028/29 is a forecast cut of **£2.416m** – a reduction from 2025/26 of **11%**.

- The forecast gross budget deficit by 2028/29 if no increases in Council Tax are implemented of **£6.014m** - which is **15%** of the 2025/26 budget.
- The forecast net budget deficit by 2028/29 of **£2.973m** if annual Band D Council Tax increases of £5 are implemented.

### **Forecast Deficits 2026/27 to 2028/29**

	2026/27 Forecast Budget £'m	2027/28 Forecast Budget £'m	2028/29 Forecast Budget £'m	Total 2026/27 to 2028/29 £'m
Forecast pay and inflation increases	1.090	0.958	0.858	2.906
Interest and Loan Repayments increase	0.024	0.024	0.164	0.212
Forecast reduction in Government funding	0.746	0.836	0.834	2.416
Deficit deferred from 2025/26 **	0.480	0	0	0.480
Gross Budget Deficit	2.340	1.818	1.856	6.014
Forecast increase in Council Tax	(0.995)	(1.013)	(1.033)	(3.041)
Forecast budget deficits	1.345	0.804	0.823	<b>2.973</b>
Forecast annual budget deficits as percentage of 2025/26 budget	3.5%	2.1%	2.2%	<b>7.8%</b>

\*\* Deficit deferred from 2025/26 reflects non-recurring funding consisting of Budget Support Fund income (£0.294m) and Collection Fund Surplus (£0.186m).

## **6. ASSET MANAGEMENT PLAN (AMP)**

- 6.1 The AMP covers capital expenditure on assets (including operational properties, fire appliances and other operational equipment). The current plan covers 2026/27 to 2029/30. The AMP will be updated as part of the budget process and details will be reported in future MTFS reports.
- 6.2 There is an issue which needs to be considered before the full AMP review in relation to six fire appliances scheduled to be replaced in 2028/29. These appliances are based on chassis' provided by Dennis. This company has ceased

trading, as a result it is increasingly difficult to source spare parts to ensure these appliances remain operational.

- 6.3 It is therefore recommended that the replacement of these six fire appliances is brought forward to 2026/27.
- 6.4 As summarised in the following table the early replacement of six fire appliances has the following financial impacts:
- A recurring revenue pressure of **£139,000** from 2028/29 as the annual loan repayment and interest costs will exceed the existing revenue budget. This pressure is reflected in the MTFS forecasts.
  - A one-off revenue pressure of **£293,000** (£223,000 plus £70,000) to fund additional repayment costs in 2027/28 and 2028/29. This amount will need to be a first call in the forecast 2025/26 revenue budget underspend.

Capital Cost £'m		Annual loan repayment and interest costs	
		2027/28 £'000	2028/29 £'000
1.683	Current Appliances (includes £1.263m funded from Prudential Borrowing)	84	70
2.280	Replacement appliances	223	223
	Total Annual Revenue cost	307	293
	Less Existing Revenue Budget	(84)	(84)
	<b>Revenue Pressures 2028/29 budget</b>		(139)
	Revenue Pressure to be funded from one off resources	223	70

## 7. **CONCLUSION AND RECOMMENDED STRATEGY FOR MANAGING FORECAST BUDGET DEFICIT**

- 7.1 The Authority has made significant budget reductions in previous years, which cannot be repeated and fundamentally reduce the scope to achieve further efficiencies and cuts. The key issues include:



**a 33% reduction** in the number of **wholetime firefighter posts** from 494 to 331.



The 2025/26 budget measure to permanently only budget for 97% of the pay budget to save £0.9m on a recurring basis. This proposal avoided direct services cuts but requires careful ongoing management of the staffing establishment.

7.2 The resources side of the budget equation is also extremely challenging as the Authority only funds 43% of CSP from Council Tax – compared to an FRS average of 60%. This means the Authority has much less ability than the average FRS to manage the impact of national pay awards and inflation.

7.3 Based on information currently available the proposed Fair Funding Review 2, which will determine funding for 2026/27 onwards, will have an adverse financial impact on the Authority. This position reflects comments made by the NFCC in their consultation response, including the statement:

- Our modelling suggests that the changes to the funding formula significantly redistributes funding between FRAs. Some services see increases in CSP of over 14% over three years whilst at the same time other FRAs will face freezes in their core spending power even after factoring in potential £5 increases in council tax for each of the next three years. A large number of local FRS will face cuts in firefighter numbers and reductions in service. NFCC Position - NFCC cannot support the Fair Funding Review principles in their current state. Fire funding should be excluded from the Review, and Government should instead consider remaining with the current allocation methodology in the absence of a better solution. At a time of scarce local government funding, it seems illogical to choose now as the right time to redistribute limited FRA resources.*

7.4 As detailed in the report the Authority faces significant budget deficits over the next three years depending on the level of Council Tax increase, of between **£6.014m** and **£2.973m** respectively **14.8%** and **7.8%** of the existing budget, as summarised below:

**Forecast Deficits 2026/27 to 2028//29**

Forecast Deficits
-------------------

	<b>Without Council Tax increase</b>	<b>With £5 annual Band D Council Tax increase</b>
	£'m	£'m
2026/27	2.340	1.345
2027/28	1.818	0.805
2028/29	1.856	0.823
<b>Total</b>	<b>6.014</b>	<b>2.973</b>
% of 2025/26 Budget	15.8%	7.8%

- 7.5 The actual level of Government funding for 2026/27 onwards will not be known until late November/early December 2025. This means there will be limited time later in the year to develop a strategy to manage the forecast deficits. It is clear from Government announcements that Council Tax will continue to play a key role in funding local services. This include FRAs, where a £5 Band D Council Tax referendum limit is expected. For the majority of our households, the increase is less £3.33 for Band A (45% of households) and £3.89 for Band B (19% of households).

- 7.6 To enable the Authority to address the budget position the following proposed strategy is recommended and is based on three interdependent proposals:

#### **Proposal 1 – Council Tax**

The strategy is based on using available Council Tax flexibility to secure recurring local income to reduce the forecast deficit to the lower figure of £2.973m.

The actual decisions regarding the 2026/27 Council Tax level will be made in January / February 2026.

The Authority needs to recognise that not using available Council Tax flexibility reduces recurring resources and the only viable option for replacing this income is **additional** recurring service cuts.

### **Proposal 2 – Use of Budget Support Fund**

The Authority has previously earmarked a Budget Support Fund to manage the impact of national funding reforms. In previous years use of the funding has been limited, with £0.294m approved to support the 2025/26 Revenue Budget, leaving **£2.563m** currently uncommitted.

As reported previously using the Budget Support Fund is only a temporary solution to a permanent reduction in recurring funding and simply defers a budget deficit to a later year.

Therefore, use of the Budget Support Fund should only be used in the context of also implementing proposals 1 and 3. On the basis of Members approving both these proposals the Treasurer will be able to support the use of **£1.345m** of this reserve (i.e. 53%) to support the 2026/27 revenue budget.

Adopting both these principles will enable the Treasurer to also discharge his statutory responsibility and confirm to the Authority when the final budget proposals are approved that they are robust.

### **Proposal 3 – Development of robust savings plan**

Adoption of proposal 1 and 2 will enable the 2026/27 budget to be set without requiring service cuts to be implement from April 2026.

However, to ensure a robust budget can then be approved for the following financial year i.e. 2027/28 the following budget timetable will need to be adopted:

Responsibility of	Action	Deadline
Chief Fire Officer	Develop savings plan to address £2.973m deficit – with £2.150m of saving proposal implemented from April 2027 and remaining £0.823m from April 2028	July 2026 Reports to Executive Committee then full Authority meeting

Executive Committee	Consider above report from CFO and approve recommendations to be referred to full Authority	July 2026
Full Authority	Consider recommendations referred from Executive Committee and approve any necessary consultation proposals	July 2026
Chief Fire Officer	Undertake any necessary public consultation of savings plan	12 weeks period
Chief Fire Officer	Report back on consultation and either (a) confirm initial savings plan can be implemented or (b) modification required (which may then require further consultation and revision of this timescale)	November/December 2026 Reports to Executive Committee then full Authority meeting
Executive Committee	Consider above report from CFO and approve recommendations to be referred to full Authority	November 2026
Full Authority	Consider recommendations referred from Executive Committee	December 2026
Chief Fire Officer	Mobilisation period to implement 2027/28 saving of £2.150m	January 2027 to March 2028

7.7 If the Authority does not wish to support using available Council Tax flexibility in 2026/27 the reduction on recurring income of **£0.995m** will need to be replaced by identifying recurring savings from 1<sup>st</sup> April 2026 to ensure the budget position does not become unmanageable.

7.8 In summary the proposed Fair Funding Review 2 changes are extremely disappointing and mean that the Authority is facing total budget cuts of **£2.973m**, assuming Council Tax is increased in line with forecast referendum limits. This includes the impact of a forecast Government funding reduction of **£2.416m** which is **81%** of the forecast deficit. Managing further cuts of this scale will be extremely challenging.

7.9 At this early stage the forecasts in the report do not include any budget pressures which may emerge as part of the detailed budget review which has not yet commenced. Details of any emerging issues will be reported in the next MTFS update, although given the scale of the forecast deficit every effort will be made to minimise any unavoidable net budget pressures.

**PETER RICKARD**



Chief Fire Officer

**KRISTINE WARD**

ACFO - Director of Strategic Planning, People & Resources

**SIMON WEASTELL**

ACFO - Director of Service Delivery