

## APPENDIX A

### BACKGROUND INFORMATION REPORTED IN MTFS REPORT TO FULL AUTHORITY 17.10.25

- 1.1 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.
- 1.2 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.
- 1.3 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

- 1.4 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.
- 1.5 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.

- 1.6 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.
- 1.7 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

- 1.8 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

<b>2025/26 Band A Council Tax</b>	<b>Authority</b>	<b>2025/26 Band D Council Tax</b>	<b>2025/26 Band D Council Tax increase</b>
<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.