

POLICE, FIRE AND CRIME PANEL REPORT

Meeting Date	21 st January 2026
Report Title	The Draft 2026/27 Fire Budget and Medium-Term Financial Plan (MTFP) Proposal

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1 Purpose

- 1.1 The purpose of this report is to inform panel members of the proposed budget for North Yorkshire Fire and Rescue Service (NYFRS) for 2026/27 and the updated medium term financial plan.
- 1.2 The precept proposals for NYFRS for 2026/27 will form part of the Mayoral general budget and precept proposals report, which will be reported to the York and North Yorkshire Combined Authority (YNYCA) on 6th February 2026.
- 1.3 Legislation requires that before the date on which the Combined Authority determines whether to approve my annual budget in relation to the following financial year; and at a time which permits the Police, Fire and Crime Panel a reasonable amount of time to review the proposed allocation of budget before the Combined Authority makes its determination:

That I must, notify the Police, Fire and Crime Panel of my proposed allocation of the draft budget for fire and rescue functions, including the proposed allocation of the element of the general precept attributable to fire and rescue functions, in relation to the following financial year.

2 Recommendations

The Panel is asked to:

- 2.1 Review the proposed allocation of budget to North Yorkshire Fire and Rescue Service for 2026/27.
- 2.2 Note and comment on my proposal to set the Band D Fire Element of the Mayoral General Precept within the City of York and North Yorkshire for 2026/27 at £116.62. This is an increase of £9.60, or 80 pence per month, over the 2025/26 level.
- 2.3 Note that in setting out this proposed allocation of budget I have considered the responses from the public including the 3 precepting principles which I considered when setting the precept were:
 - Minimum Burden on Local Taxpayers
 - Public Services that keep people safe and give value for money
 - Delivering on local public priorities
- 2.4 I have additionally written to the Chief Fire Officer seeking assurances around value for money delivery from NYFRS and the impact the different options from the precept consultation would have and in view of my Mayoral Principles to inform my decision. The response I have received has been included in the balance of the weight of the decision taken about the final precept amount.
- 2.5 Note that I have also considered the challenging financial settlement that was received for the Fire Service as part of the Local Government Finance Settlement for both 2026/27 and the following 2 financial years. I have made representations to Ministers about this separately and that the Combined Authority has responded more widely on the local government funding consultation. This will include the need for the Government to better consider the impact of climate change and the threat to life this poses to the public and specifically to fire fighters and the need for great national resilience to respond to this growing risk.
- 2.6 Note that the proposal today aims to protect the precept decision from last year that injected significant funding into North Yorkshire Fire and Rescue Service; to put the Service on a secure and sustainable financial footing, it also underpins both the Community Risk Management Plan and the Fire and Rescue Plan and upholds the Mayoral principles as set out in the public consultation.
- 2.7 Note that I have consulted with the public specifically in relation to the Fire Element of my precept proposal and have received significant support from the public for an increase in the funding to be provided to the Fire Service, with 57% of the 2,637 people who responded willing to pay up to an extra £10 more (or higher) towards their Fire Precept, and the proposed precept increase is 40 pence, or 4%, lower than this.

3 Reasons

- 3.1 The purpose of this report is to inform panel members of the proposed budget for North Yorkshire Fire and Rescue Service (NYFRS) for 2026/27 and the updated medium term financial plan.
- 3.2 The following information provides details supporting the NYFRS Revenue and Capital Budgets, setting out the overall financial context, the pressures from both a pay and non-pay perspective and the financial plans of the Service for both 2026/27 and beyond.

Current Financial Position and Context

3.3 Local Government Finance Settlement 2026/27

3.4 On 17 December 2025, Minister of State for Local Government and Homelessness, Alison McGovern MP announced the Provisional Local Government Settlement in a Written Ministerial Statement alongside the publication of the provisional local government finance report 2026 to 2027 and supporting settlement documents

3.5 The Settlement, for the first time in a decade, is a multi-year settlement and covers the next three financial years. This supports greater certainty around future government funding, allowing for greater context in longer-term financial planning and decision making around precepting.

3.6 It is important to note that many smaller grants have not been announced as part of the Provisional Settlement and are announced separately. The Government is expected to announce a series of Fire and Rescue grants in January and February 2026.

3.7 Headlines

3.8 The 2018 Hudson Review included a recommendation that the Final Local Government Finance Settlement should be announced no later than 31st January each year, and the Provisional Settlement around 5th December the year prior. However, the government has not achieved this target in any year since. Instead, in recent years the Ministry of Housing, Communities and Local Government (MHCLG) has published policy statements containing information about the Government's plans for the upcoming settlement, without containing the settlement allocations for individual authorities.

3.9 In line with this, on 20 November 2025, Minister of State Alison McGovern announced the publication of the Government's 2026-27 to 2028-29 Local Government Finance Policy Statement in a Written Ministerial Statement, marking the start of the Settlement process. Alongside the Policy Statement, the Government published its response to the Fair Funding Review 2.0 consultation and the Business Rates Reset Delivery document.

3.10 Whilst Policy Statements provide useful indications, they do not answer all the questions about methodologies and how big some top-slices or transfers might be and so the Fire Service had to wait until the 17th December to fully understand what the financial allocations would be for 2026/27.

3.11 The provisional Settlement went on to confirm much of the policy statement and provided the following headlines:

- Precept Referendum Thresholds – A £5 limit for standalone fire and rescue authorities (FRAs) will apply.
- Confirmed there would be no limits for Mayoral Combined Authorities

- For standalone Fire and Rescue Authorities, “we will provide a funding floor which protects their 2025-26 income in real-terms across the multi-year Settlement.”
- Commitment to review Fire Funding Formula ahead of next Spending Review,

3.12 The New Funding Formula

3.13 In 2026-27 the new formula is implemented on a one-thirds basis. With any changes as a result of the new funding formula, whether this results in additional funding or reductions in funding, being phased in over the 3-year settlement period.

3.14 For FRAs as a whole, council tax income is forecasted to rise by 22% over the 3-year period, while non-Council Tax Core Spending Power rises by just 4.1%.

3.15 However, individual FRAs see very differing changes in their non-council tax Core Spending Power, ranging from:

- A **24% reduction** for Hereford and Worcester (which sees a GDP Deflator (6.25%) rise in Core Spending Power including council tax across the 3 years)

to

- A **24% increase** in Avon (which sees a 23% increase in Core Spending Power including Council Tax across the 3 years)

3.16 Of the 31 Standalone Fire and Rescue Authority’s (which includes North Yorkshire) **19 will see reductions in Government Funding** across the next 3 years (of which 1 is North Yorkshire), whereas 12 will see increases.

3.17 Funding Floor

3.18 The Government are proposing to “provide a real terms funding floor to all standalone fire and rescue authorities across the multi-year Settlement. This reflects that standalone fire and rescue authorities have a unique place within the funding structures of the Settlement. As we assess their relative need for one service area only, their funding position is more sensitive to wider changes to the needs assessment, and they have fewer flexibilities to manage budgetary pressures available to them. A real terms funding floor will support standalone fire and rescue authorities to continue providing their life-saving services”

3.19 This funding floor has been set using a ‘GDP deflator’ which equates to a 6.25% increase across 3 years.

3.20 The impact of the funding formula on North Yorkshire Fire is a reduction in Government Funding of £3,372k, in cash terms, across the 3 years. This equates to a **reduction in Government Grant of almost 25%** across the 3 years.

3.21 This has clearly had a significant impact on our financial plans and is the reason for the precept proposal for 2026/27 being higher than was included within our financial plans a year ago, which was for a £6 increase.

3.22 What does this mean for North Yorkshire Fire in 2026/27 in terms of Funding?

3.23 Based on the Fire Element of the precept being proposed, of £116.62 for a Band D property, then the overall impact on the Core Spending Power for the organisation is set to increase by 4.9%, or just under £2.4m, as set out in the table below:

Local and Government Funding				
	2026/27	2025/26 Revised	(Increase)/ Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Total Settlement Funding	(12,666)	(11,185)	(1,481)	13.2%
National Insurance Grant	0	(265)	265	-100.0%
Compensation for Underindexing of Business Rates	0	(2,120)	2,120	-100.0%
Total Government Funding	(12,666)	(13,570)	904	-6.7%
Impact of a £9.60 increase in Band D Precept				
Net Surplus on Collection Funds	50	(166)	216	
Council Tax Requirement	(38,197)	(34,699)	(3,497)	
Total Local Funding	(38,147)	(34,865)	(3,282)	9.4%
Total Government + Local Funding	(50,812)	(48,435)	(2,377)	4.9%

3.24 These numbers are subject to potential changes when the final settlement figures are provided during February.

3.25 Funding now included within Core Spending Power

3.26 National Insurance Compensation Funding

3.27 The 2024 Autumn Budget included an increase to employer's National Insurance contributions and corresponding compensation for the Public Sector.

3.28 The additional costs to the Fire Service of these increases were around £600k with only £265k provided as compensation for these additional costs.

3.29 In the 2026/27 Settlement this funding has been rolled into the main Government Settlement grant, and therefore this recurring pressure has also been rolled into the underlying funding position.

3.30 Compensation for Under-indexing of Business Rates

The funding for decisions made by the Government when they do not pass on the full costs of Business Rates are compensated to those Authority's that are funded through the receipt of Business Rates through an additional grant.

3.31 This grant for 'under-indexing' has now been rolled into the main Government Settlement too.

3.32 Funding that sits outside of the Core Spending Power calculation

3.33 Within this financial settlement the Government has indicated that "we intend to consolidate the Fire Pensions and Uplift Protection grants into the Settlement in the future"

3.34 As this has not happened at this stage, we continue to make assumptions about the level of these Grants going forward as we haven't been informed of the exact values at this stage.

3.35 Fire Pensions Grant

3.36 The Service currently receives a grant of £1,336k to compensate for an increase in the Employers Pension Contribution Rate into the Fire Pension Fund of 8.8%.

3.37 This Grant has not yet been confirmed for 2026/27 and hasn't increased by inflation in previous years. We have therefore assumed that it will be frozen at this level again.

3.38 Uplift Protection Grants

3.39 As with previous years we have made no assumptions that this funding will continue however as this funding delivers additionality, we also have not included the costs of this work continuing if the funding is not received.

3.40 Flooding and Water Rescue

3.41 There continues to be no funding provided to Fire Services in relation to Flooding and Water Rescue, this is because in England, fire and rescue authorities do not have a statutory duty to respond to water rescue or flooding incidents. The only possible exception is a road traffic incident involving water, which is a specified duty. Alongside the Deputy Mayor for Policing, Fire and Crime, I have lobbied government to introduce such a duty and reflect this within fire authority funding.

3.42 Therefore, while this work clearly is undertaken within North Yorkshire the Fire Service is not funded to provide these resources.

Funding for 2027/28 and beyond

3.43 The 3-year settlement provided in December 2025 provides clarity on what will happen to Government Funding for the next 2 years in addition to 2026/27.

3.44 The impact for North Yorkshire Fire is a further reduction of £1,200k, or 9.5% in 2027/28 versus the 2026/27 Government Funding level.

3.45 This is then followed by a further reduction in 2028/29 of £1,267k, or 11% versus the 2027/28 Government Funding level.

3.46 The current plan also assumes that Mayoral Combined Authorities will continue to be afforded precept flexibility with no capping, and that the Fire element of the Mayoral General Precept will increase by £7.20 in 2027/28 and £4.80 in 2028/29.

3.47 MTFP Assumptions

A review of the assumptions within the MTFP has been undertaken, these will remain under review and are updated with the best information available, the current assumptions incorporated into the MTFP for 2026/27 and beyond are as follows:

- Pay Awards: Firefighter Pay Increases of 3.5% in 2026/27, with staff increases of 2.5%
- Precept: Increases of £9.60 in 2026/27, £7.20 in 2027/28 and then £4.80 in 2028/29
- Tax Base increases of 1% to 1.3% each year
- Government Grants: Are reduced in line with the announcements made in December 2025 and included within this report.
- Nil impact from Business Rates Reset
- Inflation: 2% for most non-pay areas from 27/28 onwards.
- Any pensions changes are fully funded by the Government.

3.43 **Income Forecasts**

3.44 Based on these revised assumptions and the information received and forecast around other areas of funding then the entire funding expected to be available for the Fire Service for the next 4 years, in comparison to 2025/26, is as follows:

	Approved Budget	Forecasts			
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Funding					
Total Settlement Funding	(13,570)	(12,666)	(11,466)	(10,198)	(10,402)
Council Tax Precept	(34,699)	(38,197)	(41,082)	(43,229)	(45,359)
Collection Fund Surplus/Deficit	(112)	50	(130)	(130)	(130)
Funding for the Net Budget Requirement	(48,381)	(50,813)	(52,678)	(53,558)	(55,891)
%age change in Net Budget Requirement	27.2%	5.0%	3.7%	1.7%	4.4%
S31 NDR Grants and Specific Grants	(2,281)	(2,074)	(1,581)	(1,521)	(1,522)
General Income	(937)	(1,067)	(1,067)	(1,091)	(1,114)
TOTAL FUNDING	(51,599)	(53,955)	(55,326)	(56,170)	(58,528)
%age change in Total Funding	15.1%	4.6%	2.5%	1.5%	4.2%

3.45 Once all funding sources have been factored in then we currently forecast that Total Funding will increase by just over **£2.35m**, or 4.6% in 2026/27.

3.46 **Pay Increases and Inflation Pressures**

3.47 While the overall increase in Total Funding seems reasonable in 2027/28 it is important to reflect that the following 2 years become more challenging as the impact of significant reductions in Government funding continue to create a challenging financial position.

3.48 In terms of 2026/27 it is important to reflect on the additional costs that need to be funded from this increase.

Movements on Pay

3.49 Over half of the increase in Income in 2026/27 is required to fund movements in pay, which total £1,210k, as set out below.

Forecast additional Pay Costs	2026/27
	£000s
Impact of 25/26 Support Staff Pay Award	45
Impact of 25/26 Firefighter Pay Award	(230)
Reduction in LGPS Pension Contribution Rate	(150)
Assume 3.5%/2.5% Pay Awards in 26/27	1,075
Incremental Drift and Other sundry movements	205
Total Forecast Additional Pay Costs	1,210

3.50 Lower than budgeted pay awards for Firefighters in 2025/26, plus a reduction in the Employer's Contribution Rate into the Local Government Pension Scheme for Support Staff has partly mitigated a higher than budgeted Support Staff Pay award in 2025/26, and the forecast costs associated with pay awards for 2026/27.

3.51 In addition to pay pressures, there are a significant number of non-pay pressures in 2026/27.

Impact of Inflation and Pressures/Growth on Non-pay Budgets:	
	2026/27
	<u>£000s</u>
Training/Indirect Staff Costs	120
Authority Costs	(10)
Premises	365
Transport	190
Supplies and Services	(45)
External Service Agreements	10
PFI (inc. capital element)	100
Injury/Medical Pensions	125
Total Forecast Additional Non-Pay Costs	855

3.52 The areas of significant increase are as follows:

3.53 **Training/Indirect Staff Costs** are forecast to increase by £120k, after savings, predominantly because of increased need for operational training.

3.54 **Premises Costs** are forecast to increase by £365k after savings, mostly as a result a new contract to improve maintenance of the Fire Estate that continues to need significant investment, higher utilities costs, higher business rates costs and general inflationary pressures.

3.55 **Transport Costs** are forecast to increase by £190k, resulting from higher Vehicle Insurance Costs, higher third-party maintenance and parts costs, and general inflation

3.56 **Supplies and Services Costs** are forecast to reduce by £45k, as the Service continues to drive out savings and efficiencies.

3.57 **PFI Costs** are forecast to increase by £100k as the contract price is linked to RPI increases.

3.58 **Injury and Medical Retirements Pensions** are forecast to increase by £125k due to several Medical/Injury Retirements agreed during 2025/26 along with pay inflation impacting on the level of injury and medical pension payments.

3.59 **Capital and Reserves Movements**

3.60 In 2025/26 we allocated around £2.5m to stabilise the financial position of the Fire Service through increasing reserves and providing for Change.

3.61 Now that this has been done this money can be redirected to the next part of the plan which was to bolster the amount of funding that would be set aside to support and fund the Capital Programme.

3.62 Almost £2.3m of this £2.5m has now been set aside to increase the contribution to the Capital Programme in 2026/27, this will reduce the need to constantly have to borrow to fund shorter life assets such as vehicles, ICT and general equipment.

3.63 Putting together all of the cost increases, results in potential additional costs and pressures of just under £2.1m as set out within the table below, in addition to this the capital and reserve movements described above are shown in the summary below, which shows how the overall increase in funding of £2,355k has been allocated within the budget.

Forecast additional Pay Costs	
	2026/27
	<u>£000s</u>
Impact of 25/26 Support Staff Pay Award	45
Impact of 25/26 Firefighter Pay Award	(230)
Reduction in LGPS Pension Contribution Rate	(150)
Assume 3.5%/2.5% Pay Awards in 26/27	1,075
Incremental Drift and Other sundry movements	205
Total Forecast Additional Pay Costs	1,210
Impact of Inflation and Pressures/Growth on Non-pay Budgets:	
	2026/27
	<u>£000s</u>
Training/Indirect Staff Costs	120
Authority Costs	(10)
Premises	365
Transport	190
Supplies and Services	(45)
External Service Agreements	10
PFI (inc. capital element)	100
Injury/Medical Pensions	125
Total Forecast Additional Non-Pay Costs	855
Capital Charges and Contributions	2,402
Changes to Reserve Movements	(2,112)
Potential Additional Costs and Pressures	2,355

3.64 These costs are **after including savings of £380k** to be delivered during 2026/27.

3.65 The projected increases in income in future years are now expected to be lower than inflation and pay awards, will continue to highlight the importance and focus on delivering further savings.

3.66 As stated last year, and in line with the results of precept survey and the strong support from the public to deliver the 'Minimum Burden on Local Taxpayers', the continued need for the Service to become more efficient to be able to deliver an improving service to the public of North Yorkshire will continue to be firmly held.

3.67 **Savings Plans**

3.68 The search for savings and efficiencies continues to receive a lot of focus and a further **£380k of non-pay savings/reductions** (equivalent to around 3.2% of our Indirect staff and non-staff costs) have been factored into the 2026/27 Budget, these are summarised below:

- Supplies and Services - £285k
- Indirect Staff Costs - £45k
- Premises Costs - £25k
- Transport - £15k

- Other - £10k
- 3.69 **Fire and Rescue Plan and the Community Risk Management Plan (CRMP)**
- 3.70 On the 11th December 2025 I [approved](#) the new North Yorkshire Fire and Rescue Service Community Risk Management Plan 2025-29, subject to additional stipulations placed on some proposals.
- 3.71 The new CRMP aligns with the [Fire and Rescue Plan](#) which was widely consulted upon and published in April 2025. This financial plan underpins both the Fire and Rescue Plan and the Community Risk Management Plan.
- 3.72 There are 6 priorities within the Fire and Rescue Plan:
- **Targeted Prevention**
Deliver targeted prevention activities to keep people in York and North Yorkshire safe from fires, road traffic collisions, water hazards and other emergencies.
 - **Protected Built Environment**
Provide targeted support and advice to protect people and properties from fires through safer buildings in York and North Yorkshire.
 - **Effective Emergency Response**
Provide an effective response to incidents across York and North Yorkshire, as quickly as possible.
 - **Stronger Communities**
Prepare for major disruptions, working in collaboration with our partners to support communities across York and North Yorkshire to effectively prepare for emergencies and recover from them when they occur.
 - **Supported, Safe and Skilled Staff**
Foster a culture of excellence and belonging in North Yorkshire Fire and Rescue Service. Invest in training, safety and welfare to maintain a skilled and resilient Workforce.
 - **Financial Stability**
Ensure the long-term financial sustainability of North Yorkshire Fire and Rescue Service and be transparent in our spending.
- 3.73 While this financial plan underpins all the above priorities it is perhaps important to set out how last year's plan and this year's proposed financial plans aim to deliver improved long-term financial stability for the Fire Service.
- 3.74 General Reserves – will increase from £1.1m as at 31st March 2025 to £2.8m by the 31st March 2030.
- 3.75 Overall Reserves – these are forecast to increase from £4.3m as at the 31st March 2025 to £7.0m by the 31st March 2030
- 3.76 Borrowing – In 2024/25 almost 85% of the Capital Programme was funded through borrowing, this is expected to reduce to around 50% by 2028/29, and more importantly this borrowing is planned only for investment into the Estate. All other Capital Expenditure will be funded from revenue contributions to the Capital Programme. This is only possible due to the significantly improved financial stability of the Fire Service.
- 3.77 **Community Risk Management Plan – Areas of Focus**
- 3.78 The new Community Risk Management Plan includes over 80 'Areas of Focus' which are all aligned to the Fire and Rescue Plan priorities. This financial plan, and future financial plans, will be focused on prioritising funding and resources to deliver against these.

- 3.79 The Areas of Focus cover Prevention, Protection, Response, On-Call, Resilience, Operational Preparedness, Collaboration, People, Culture and Values, Estates, Fleet, and Data, Digital and Technology.
- 3.80 A number of these Areas of Focus are referred to within this report, including at section 4 which described some of the investments to be made within the Capital Programme.
- 3.81 In addition to the Capital Programme the Fire Service has a comprehensive Change Pipeline to oversee and manage many of these Areas of Focus.
- 3.82 What does this mean for the overall Financial Position in 2026/27?
- 3.83 There are several areas that remain outstanding at this point in the development of the 2026/27 budget and the MTFP however a summary of the current position is shown below:

	Approved Budget	Forecasts			
	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
Funding					
Total Settlement Funding	(13,570)	(12,666)	(11,466)	(10,198)	(10,402)
Council Tax Precept	(34,699)	(38,197)	(41,082)	(43,229)	(45,359)
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General Income	(937)	(1,067)	(1,067)	(1,091)	(1,114)
TOTAL FUNDING	(51,599)	(53,955)	(55,326)	(56,170)	(58,528)
%age change in Total Funding	15.1%	4.6%	2.5%	1.5%	4.2%
Expenditure					
Wholetime Firefighters	21,900	22,450	22,624	23,418	24,122
On Call Firefighters	5,221	5,341	6,082	6,295	6,484
Support Staff - Fire	3,091	2,993	3,063	3,169	3,311
Support Services Staff	2,833	3,364	3,412	3,537	3,626
Control Room Staff	1,039	1,147	1,156	1,137	1,172
Direct Staff Costs	34,084	35,295	36,336	37,556	38,715
Indirect Staff Costs	767	886	899	918	936
Authority Costs	125	113	119	151	131
Premises	2,642	3,009	3,108	3,166	3,225
Transport	1,086	1,277	1,194	1,212	1,230
Supplies and Services	4,421	4,398	4,351	4,445	4,506
Operating Leases	2	0	0	0	0
External Service Agreements	286	296	297	303	309
PFI (inc. capital element)	1,939	2,037	1,374	1,278	1,278
TLT Budget	40	20	20	20	20
Total Indirect Staff and Non Staff Costs	11,308	12,036	11,362	11,493	11,635
PENSIONS	1,144	1,268	1,234	1,165	1,196
TOTAL EXPENDITURE BEFORE CAPITAL CHARGES	46,536	48,599	48,932	50,214	51,546
Provision for Debt Repayment	1,090	1,291	1,351	1,378	1,357
External Interest	798	745	930	1,313	1,510
Revenue Contribution to Capital	707	2,960	3,649	2,949	3,450
Total Capital Charges	2,594	4,996	5,930	5,640	6,317
TOTAL EXPENDITURE BUDGET	49,130	53,595	54,862	55,855	57,863
(Surplus)/Deficit before Reserves	(2,469)	(360)	(464)	(315)	(665)
Planned Transfers to/(from) Earmarked Reserves:					
New Developments and Change Reserve	1,000	165	165	165	165
Pensions, Pay & Price Reserve	910				
Home Office ESMCP Reserve			194		
Home Office Protection Uplift Grant Reserve	(141)				
Planned Transfers to/(from) General Fund	700	195	105	150	500
(Surplus)/Deficit After Reserves	0	0	0	0	0

- 3.84 The Service is projecting a surplus before Reserves in each year of the MTFP.

- 3.85 This surplus is being used to continue to strengthen the General Reserve position and increase this from 3% of the Net Budget Requirement to 5% between 2025/26 and the end of this planning period.
- 3.86 There is also some funding set aside specifically for new developments and change of £165k. It is expected that this will be focused on Road Safety within 2026/27. This aligns to the 'Targeted Prevention' priority within the Fire and Rescue Plan and aligns with one of the Areas of Focus within the Community Risk Management Plan which refers to 'Delivering consistent early intervention and youth engagement initiatives, working with our partners around fire, road and water safety. We will also explore opportunities where we can support interventions around the serious violence duty'
- 3.87 Fire Reserves
- 3.88 While the Fire Budget is part of the wider Combined Authority Budget the Fire Reserves are still separately identifiable and will continue to be used solely for investment in the Fire Service.
- 3.89 Attached at Appendix 3 is a forecast on the levels of Reserves within North Yorkshire Fire over the period of the Medium-Term Financial Plan.
- 3.90 Overall reserves are forecast to increase from £4.3m at the start of 2025/26 to around £7.0m by the end of 2029/30.
- 3.91 As previously set out Reserves were low within North Yorkshire Fire and the plans set out within this report will continue to ensure that these Reserves are bolstered and that the Service is on a much more secure financial footing going forward.
- 3.92 The lower reserves are also now mitigated, to some extent, by the additional precept flexibility that I as Mayor now have. Should unexpected costs for higher pay awards, for example, materialise within the next financial year then these pressures could be funded from Reserves in the short term and then addressed as part of any future precept proposals, as/if needed.
- 3.93 The impact of the proposed Fire Element of the Mayoral General precept, and the savings and efficiency plans, has enabled the Service to meet the significant financial pressures from reducing levels of government funding.
- 3.94 As well as this the Service has incorporated into its balanced MTFP its plans for continuing its improvement journey and continuing to transform the Service.
- 3.95 It is important to recognise that there will be some changes to these financial plans, and these will be confirmed as part of the budget setting process during February.

4 CAPITAL

4.1 Capital Investment Plans

- 4.2 As previously mentioned there continues to be a need for some significant investment within the Estate from which the Fire Service operates. Some of this required immediate attention to ensure that the buildings were both accessible to a more diverse workforce and the public, where needed. Funds were set aside to address this and the work was completed in 2024/25.
- 4.3 In addition to this a complete refurbishment of Ripon Fire Station, to make it a joint base for Fire and Police was officially opened in March 2025.
- 4.4 As with Ripon, there is a need to assess entire buildings and determine whether they are suitable for the delivery of modern-day services. While affordability will remain a key challenge, plans to refresh the estate continue to be developed. The current Capital plans are set out at Appendix 2.
- 4.5 These plans continue to incorporate the outcomes from the findings of the 2024/25 stock condition surveys (of the Fire Estate) and set out the need to spend around £2.5m across the life of plan to address the highest areas of need identified within those surveys.
- 4.6 Aligned to the CRMP £250k is set aside within the Capital Programme to invest in fitness equipment to help with fitness and availability of Firefighters, which in turn leads to better availability, reduced sickness and improvements in operational performance.
- 4.7 Building on the allocation of £75k of funding to Fire from my 'Mayoral Renewables Fund' in 2025/26 to fit Solar Panel to both York Fire Station and the Transport Hub, the Fire Service is continuing to invest in these 'invest to save' measures with £1.2m set aside across the plan to support this.
- 4.8 In addition to the above and aligned to the CRMP almost £14m has been set aside within the Capital Programme to "prioritise redevelopments at Northallerton, Malton and Scarborough stations"
- 4.9 Beyond investment in Estates and aligned to the CRMP the Capital Plan provides funding for significant investment and replacement of the Fire Fleet, including:
- Investment in a replacement Aerial Ladder Platform
 - Investment in a replacement Water Bowser
 - Capacity to continue to renew/replace Fire Appliances in future years.
- 4.10 This follows on from the Service ordering 16 new Fire Appliances, delivery of which is expected to be complete in 2025/26.
- 4.11 Beyond Estates and Fleet, the delivery and roll out of new Breathing Apparatus will be complete during 2025/26, concluding a £1.6m investment in this area which brings this vital piece of equipment fully up to date.
- 4.12 All these plans will be refreshed, refined, prioritised and kept under close review to ensure that they are both affordable and necessary.

5 Public Consultation

- 5.1 To further inform the decision around the Fire Element of the proposed precept for 2026/27 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 5.2 Between 17 November 2025 and 5 January 2026, an online, self-completion survey was open to the public of York and North Yorkshire with paper copies offered on request or available to download. The survey combined questions relating to both Police and Fire areas into a single questionnaire. The order of the questions was rotated: half of respondents answered the policing precept question first, while the other half began with the fire and rescue precept question.
- 5.3 To achieve a more representative sample, targeted community engagement activities were undertaken to boost participation. These included outreach events on high streets and at leisure centres, engagement with local businesses, and email communications to seldom-heard communities.
- 5.4 During the consultation period, responses were reviewed and targeted social media posts and adverts were used to increase responses from underrepresented areas and communities.
- 5.5 Full details on the consultation are attached at Appendix 4.
- 5.6 The public were asked the following:
- 5.7 North Yorkshire Fire and Rescue Service has an annual budget of £51.6 million. Around £35 million of this (67 per cent), comes from your council tax and the remaining 33 percent is funded mainly by the Government and Business Rates.
- 5.8 Last year's council tax increase provided much needed financial stability and allowed for important investment in North Yorkshire Fire and Rescue Service. I would like to see this work continue and to invest in road safety in line with agreed public priorities.
- 5.9 In 2026-27 it is estimated £3-4.5 million more is needed to maintain current service levels and deliver planned improvements, depending on the final funding formula which determines the level of Government funding we receive. £2-3 million of this would need to come from council tax, with the rest from savings and increased Government funding.
- 5.10 Each £1 raises approximately £325k. An increase of £6 for a Band D property would raise about £2 million.
- 5.11 The following options are based on an average Band D property currently paying £107.02 each year for Fire and Rescue. How much more do you think it is reasonable to pay each year for fire and rescue services in York and North Yorkshire?

Up to £6 a year (50 pence per month)

- *Raises around £2 million*
- *Any changes to the current funding formula will risk current levels of service delivery and the financial security of the service*
- *No scope for additional service investment*

Up to £8 a year (67 pence per month)

- *Raises around £2.6 million*
- *May allow limited investment in road safety if no changes to the funding formula*
- *Any changes to the current funding formula will result in increases in debt and reduce future capital investments*

Up to £10 a year (83 pence per month)

- *Raises around £3.3 million*
- *Allows for investment in road safety*
- *Minimises impact of significant changes to the funding formula*
- *Maintain current levels of service delivery and the financial security of the service*

Up to £12 a year (£1 per month)

- *Raises around £3.9 million*
- *Allows for investment in road safety*
- *Minimises impact of significant changes to the funding formula*
- *Allows limited investment in other areas of service delivery. For example, in operational training and equipment*

- 5.12 In total 2,637 responses were received to the financial aspects of the survey from a Fire perspective; this is an increase of nearly 28% in comparison to last year.
- 5.13 A summary of the overall results is shown below:
- Up to £6 increase – 32%
 - Up to £8 increase – 11%
 - Up to £10 increase – 20%
 - Up to £12 increase – 37%
- 5.14 Given the proposed precept increase of £9.60 then the consultation result shows support for this level of increase by 57% of the people who completed the survey.

6. Financial Implications

6.1 The Tax Base

The two local Councils have provided their tax bases for 2026/27 as set out in the table below:

Tax Base		
	2026/27	2025/26
	Net Tax Base	Net Tax Base
North Yorkshire Council	257,552	254,805
York City Council	69,979	69,426
Total	327,531	324,231
Annual Increase/(Decrease)	3,299	
Percentage Increase/(Decrease)	1.02%	

6.2 The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties. The decision by both City of York Council and North Yorkshire Council to charge a 100% council tax premium on second homes is also factored into calculations.

6.3

6.4 The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.

6.5 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2026-27, in comparison to 2025-26, by 3,299 – this equates to an increase of 1.02%.

6.6 **The 2026/27 tax base is therefore 327,530.86 Band D Equivalent properties**

6.7 Setting the Council Tax

6.8 The precept calculation needs to take account of any net surplus or deficit on the billing authority collection funds. Projected surplus/deficits on the individual funds, relating to Fire are shown in the table below.

Collection Funds Surplus/ (Deficit)	
	£
North Yorkshire Council	(20,000)
York City Council	87,470
Net Surplus/(Deficit) on Collection Fund	67,470

6.9 The surpluses/deficit that have arisen need to be returned through the precept. The final precept to be levied will reflect the position on each council's collection fund.

6.10 Precept Calculations for the Fire Element of the Mayoral General Precept

The precept calculations for the Fire Element of the Mayoral General Precept are set out in the tables below based on a £9.60 increase:

Proposed Fire element of Mayoral General Precept - £9.60 Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
North Yorkshire Council	30,015,745	(20,000)	30,035,745
York City Council	8,248,374	87,470	8,160,904
Total Precept	38,264,119	67,470	38,196,649

6.11 The 'basic amount' of council tax is the rate for a Band D property. It is calculated by dividing the Council Tax Requirement by the total tax base i.e. £38,196,649 by 327,530.86 giving a council tax rate for Band D properties of £116.62.

6.12 The proposed council tax rate for each property band is determined in accordance with the statutory proportions and is set out in the table below, it also shows the increases for each Band in comparison to 2025/26 for the Fire Element of the Mayoral General Precept. It is advised that the tax rates should be calculated to more than 2 decimal places.

Fire Element of Mayoral Council Tax Precept Band Amounts and Increases				
Property Band	£9.60 increase			
	2026/27	2025/26	Increase per Annum	Increase per Week
	£	£	£	£
A	77.747	71.347	6.40	0.12
B	90.704	83.238	7.47	0.14
C	103.662	95.129	8.53	0.16
D	116.620	107.020	9.60	0.18
E	142.536	130.802	11.73	0.23
F	168.451	154.584	13.87	0.27
G	194.367	178.367	16.00	0.31
H	233.240	214.040	19.20	0.37

7 Conclusion

7.1 I have considered various options and various factors in deliberating on my Fire budget for 2026/27. I have considered the need for the continued improvement and delivery of high levels of Fire and Rescue Services within North Yorkshire, many years of previous underinvestment in the service, I have spoken with the Chief Fire Officer and have consulted with the public.

7.2 The Panel is therefore asked to note and comment, as appropriate, on

- The overall budget proposed for NYFRS.
- The proposed £9.60 increase in the level of the Mayoral Fire Precept.
- The improved position on reserves and how this is going to significantly improve the stability of the finances of North Yorkshire Fire and Rescue Service
- The proposed fire service capital programme and proposals for funding.
- The medium-term financial position for NYFRS covered by the Mayoral precept.

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a £9.60 Fire Precept Increase
- Appendix 2 – Draft Capital Budget
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Precept Consultation Report

	APPENDIX 1				
	Approved Budget	Forecasts			
	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
Funding					
Total Settlement Funding	(13,570)	(12,666)	(11,466)	(10,198)	(10,402)
Council Tax Precept	(34,699)	(38,197)	(41,082)	(43,229)	(45,359)
Collection Fund Surplus/Deficit	(112)	50	(130)	(130)	(130)
Funding for the Net Budget Requirement	(48,381)	(50,813)	(52,678)	(53,558)	(55,891)
%age change in Net Budget Requirement	27.2%	5.0%	3.7%	1.7%	4.4%
S31 NDR Grants and Specific Grants	(2,281)	(2,074)	(1,581)	(1,521)	(1,522)
General Income	(937)	(1,067)	(1,067)	(1,091)	(1,114)
TOTAL FUNDING	(51,599)	(53,955)	(55,326)	(56,170)	(58,528)
%age change in Total Funding	15.1%	4.6%	2.5%	1.5%	4.2%
Expenditure					
Wholetime Firefighters	21,900	22,450	22,624	23,418	24,122
On Call Firefighters	5,221	5,341	6,082	6,295	6,484
Support Staff - Fire	3,091	2,993	3,063	3,169	3,311
Support Services Staff	2,833	3,364	3,412	3,537	3,626
Control Room Staff	1,039	1,147	1,156	1,137	1,172
Direct Staff Costs	34,084	35,295	36,336	37,556	38,715
Indirect Staff Costs	767	886	899	918	936
Authority Costs	125	113	119	151	131
Premises	2,642	3,009	3,108	3,166	3,225
Transport	1,086	1,277	1,194	1,212	1,230
Supplies and Services	4,421	4,398	4,351	4,445	4,506
Operating Leases	2	0	0	0	0
External Service Agreements	286	296	297	303	309
PFI (inc. capital element)	1,939	2,037	1,374	1,278	1,278
TLT Budget	40	20	20	20	20
Total Indirect Staff and Non Staff Costs	11,308	12,036	11,362	11,493	11,635
PENSIONS	1,144	1,268	1,234	1,165	1,196
TOTAL EXPENDITURE BEFORE CAPITAL CHARGES	46,536	48,599	48,932	50,214	51,546
Provision for Debt Repayment	1,090	1,291	1,351	1,378	1,357
External Interest	798	745	930	1,313	1,510
Revenue Contribution to Capital	707	2,960	3,649	2,949	3,450
Total Capital Charges	2,594	4,996	5,930	5,640	6,317
TOTAL EXPENDITURE BUDGET	49,130	53,595	54,862	55,855	57,863
(Surplus)/Deficit before Reserves	(2,469)	(360)	(464)	(315)	(665)
Planned Transfers to/(from) Earmarked Reserves:					
New Developments and Change Reserve	1,000	165	165	165	165
Pensions, Pay & Price Reserve	910				
Home Office ESMCP Reserve			194		
Home Office Protection Uplift Grant Reserve	(141)				
Planned Transfers to/(from) General Fund	700	195	105	150	500
(Surplus)/Deficit After Reserves	0	0	0	0	0
General Reserves					
General Fund Balance b/f	1,150	1,850	2,045	2,150	2,300
Proposed (use of)/contribution to General Fund	700	195	105	150	500
Current Year Forecast	0	0	0	0	0
General Fund Balance c/f	1,850	2,045	2,150	2,300	2,800
% of NBR	3.8%	4.0%	4.1%	4.3%	5.0%
Employee Numbers (Budgeted as at 1st April)					
FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
Wholetime Firefighters	286.0	285.0	274.0	274.0	274.0
On Call Firefighters	342.0	304.0	304.0	304.0	304.0
Support Staff - Fire	64.5	64.3	61.3	61.3	61.3
Support Staff - Enable	51.8	52.8	52.8	52.8	52.8
Control Staff	17.5	20.0	20.0	20.0	20.0
Assumptions					
Staff Pay Increase	4% / 2.5%	3.5% / 2.5%	3.5% / 2.5%	3.5% / 2.5%	3% / 2.5%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increase	28.9%	9.0%	6.2%	3.9%	3.9%
Council Tax Base Increase	2.9%	1.0%	1.3%	1.3%	1.0%

FIRE AND RESCUE SERVICE**APPENDIX 2****CAPITAL PROGRAMME 2026/27 TO 2030/31**

	Estimated 2026/27 £000	Estimated 2027/28 £000	Estimated 2028/29 £000	Estimated 2029/30 £000	Estimated 2030/31 £000	Totals across 5 years £000
FUNDING						
Reserve Brought Forward	855	2,090	1,129	417	750	0
Revenue Contribution to Capital Reserve	2,960	3,649	2,949	3,450	3,800	16,808
Borrowing	970	993	1,015	1,063	852	4,893
Estates Replacement Borrowing	1,783	4,232	2,666	2,630	2,489	13,800
TOTAL FUNDING	5,713	8,874	6,630	7,143	7,141	35,501
EXPENDITURE						
Transport	1,476	2,420	1,614	2,072	1,533	9,115
Estates	970	993	1,015	1,063	852	4,893
ICT	249	320	157	1,046	467	2,239
Control System		1,870	1,890			3,760
TOTAL APPROVED CAPITAL PROGRAMME	2,695	5,603	4,676	4,181	2,852	20,007
ESTATES REPLACEMENT PROGRAMME	1,783	4,232	2,666	2,630	2,489	13,800
TOTAL CAPITAL PROGRAMME	4,478	9,835	7,342	6,811	5,341	33,807
Reserve Carried Forward	2,090	1,129	417	750	2,549	

Reserves Forecasts

	Balance	Transfers	Transfers	Balance												
	at 31 March	In	Out	at 31 March												
	2025	2025/26	2025/26	2026	2026/27	2026/27	2027	2027/28	2027/28	2028	2028/29	2028/29	2029	2029/30	2029/30	2030
	£000	£000	£000	£000												
Pensions, Pay & Price	464	910	(120)	1,254			1,254			1,254			1,254			1,254
New Development and Change Reserve	132	1,000	(369)	763	165		928	165		1,093	165		1,258	165		1,423
Insurance	80			80			80			80			80			80
Recruitment	175		(127)	48			48			48			48			48
Hydrants	100			100			100			100			100			100
Collection Fund	22		(22)	0			0			0			0			0
RRM	206		(206)	0			0			0	0		0	0		0
HO Grant - ESMCP/LTR	0	206		206			206	194		400			400			400
HO Grant - Protection Uplift	251	63	(141)	173			173			173			173			173
Total Earmarked Reserves	1,429	2,179	(985)	2,623	165	0	2,788	359	0	3,147	165	0	3,312	165	0	3,477
Earmarked Capital Reserve	1,759	861	(1,765)	855	2,960	(1,725)	2,090	3,649	(4,610)	1,129	2,949	(3,661)	417	3,450	(3,118)	749
General Reserves	1,150	700		1,850	195		2,045	105		2,150	150		2,300	500		2,800
Total Usable Reserves	4,339	3,740	(2,750)	5,329	3,320	(1,725)	6,924	4,113	(4,610)	6,427	3,264	(3,661)	6,030	4,115	(3,118)	7,027

