



## Strategic Oversight Board

2<sup>nd</sup> June 2026

### **Budget Monitoring Outturn Report to the year ended 31st March 2026 – Fire**

#### **Report of the Assistant Director of Resources**

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- 1.0 **Purpose of the Report**
- 1.1 On the 7<sup>th</sup> February 2025 the Combined Authority (CA) approved the overall budget for the Fire and Rescue Service for 2025/26 as set out by the Mayor, as well as the Mayoral precept and the medium-term financial position for the Fire and Rescue Service.
- 1.2 This report is to provide the Deputy Mayor with the final position of the financial performance against both the Revenue and Capital budgets for the financial year 2025/26 in relation to Fire.
- 1.3 The financial information contained in the report could be subject to change because of the annual audit, if any changes are required an update will be provided to the Deputy Mayor.

## 2. Recommendations

The Deputy Mayor is asked to **note** that:

**Excluding** the impact of Langdale and the Bellwin Claim

- 2.1 The **total income** received in year was £52,467k. This was £856k higher than budget and led to an **under spend of £856k** in this area.
- 2.2 The total allocated **revenue expenditure budget**, of £49,130k was **overspent by £232k**.
- 2.3 There was £63k more than budgeted transferred to reserves – creating a pressure (**overspend**) **against the original budget of £63k**.
- 2.4 The total revenue outturn at the end of 2025/26, **before Langdale/Bellwin** is that there was an **overall underspend of £561k** in comparison to the original budget.
- 2.5 The impact of the **Fire at Langdale** and the subsequent Bellwin claim and funding was a **pressure of £89k** to the Fire Service.
- 2.6 **The total revenue outturn at the end of 2025/26 is that there was an overall underspend of £471k in comparison to the original budget.**
- 2.7 The original **Capital** budget of £7,067k, was increased by £3,972k to leave a total budget of £11,039k for 2025/26. However total slippage of £4,388k has been requested into future years to leave a **final Capital Budget of £6,651k**.
- 2.8 **There was an underspend of £433k against the significantly lower Capital budget.**
- 2.9 Despite the approval to borrow £5,063k during 2025/26 to fund the Capital Programme, **no external borrowing was undertaken** with £3,314k of Capital expenditure funded from internal cash balances.
- 2.10 The Reserve Strategy approved in February 2025 forecast that there would be Reserves of £5,501k at the end of 2025/26. The **actual Reserves** at the end of 2025/26 was in line with this at **£5,469k**.

The Deputy Mayor is asked to **approve** that:

- 2.11 The £471k year-end Revenue Underspend is added to the Capital Reserve to reduce the need to borrow which will result in lower Capital Charges in future years than would otherwise be the case.
- 2.12 An urgent review is currently being undertaken of Wholetime Firefighter numbers to ensure that the organisational, operational and recruitment plans align with the approved financial plans, and that this is **reported back to this meeting at the end of June**.

### 3 Background

3.1 At the time of setting the budget for 2025/26, the CA also approved a balanced MTFP, based on the plans proposed by the Service and the assumptions that underpinned these plans at that time.

3.2 The budget for 2025/26 was based on the receipt of income totalling £51,599k, this was allocated to be spent in the following areas:

- £34,084k for Direct Staff Costs
- £11,318k for non-direct staff costs and non-pay costs
- £1,144k for Injury and Medical Pensions
- £2,585k for Asset Management/Capital Charge costs

3.3 The Service projected a surplus in year before reserves in 2025/26, of £2,469k. This was budgeted to increase by £141k, to £2,610k, through the release of £141k from the Protection Grant reserves, with this surplus being used to:

- Increase the general reserve by £700k and start to increase the overall reserve from 3% of the 'Net Budget Requirement' to 5%.
- Replace funding from the Pay, Price and Pensions Reserve used during 2024/25 to pay for higher than budgeted pay awards and increase the reserve to support any additional costs that might arise in this area in 2025/26 and beyond, through adding £910k to this reserve.
- Add £1,000k into the Change and New Developments Reserve to enable investment and continuous improvement within the Service.

3.4 The following sections will look at each area of the budget in more detail and discuss the outturn for each area.

### 3.5 Income and Funding

The 2025/26 budget was based on receiving income and funding of £51,599k from the areas summarised in the table below. The actual levels of income received, of £54,970k, and variances are shown below:

	2025/26 Approved Budget £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000	2025/26 Of which Langdale £'000	exc. Langdale 2025/26 Forecast Variance £'000
<b>Funding</b>					
Funding for Net Budget Requirement	(45,996)	(46,067)	(72)		(72)
Specific Grants	(4,666)	(7,756)	(3,090)	(2,515)	(575)
General Income	(938)	(1,147)	(209)		(209)
<b>Total Funding</b>	<b>(51,599)</b>	<b>(54,970)</b>	<b>(3,371)</b>	<b>(2,515)</b>	<b>(856)</b>

3.6 Excluding the impact of Landgale and the subsequent Bellwin Grant claim, which is referred to elsewhere within this report, the total income received in 2025/26 was £856k (or 1.7%) higher than the original 2025/26 budget.

3.7 This is a significant amount of additional income and therefore it is important to understand where it was received from and how it was spent.

Net Budget Requirement Funding (Government Funding, Business Rates and Precept)

3.8 At the time of budget approval, confirmation was awaited on the level of Business Rates which would be payable to the Mayor in 2025/26 from the local councils. It was communicated during the year that the values would be £72k higher than the assumption within the original budget.

Specific Grants

3.9 While the overall variance on Specific Grants is quite high at £575k, the table below breaks down why each variance occurred and what it was received for.

3.10 None of these could have been predicted/more accurately known at the point of setting the budget for 2025/26 and most are matched to additional expenditure.

<b>Specific Grants:</b>	<b>£000</b>	<b>Commentary</b>
Grants confirmed at different values after budget setting	124	Predominantly National Rates Funding and End of Firelink Grant
Protection Uplift grant	(242)	This is matched to expenditure elsewhere within the report
Firefighters Remedy Compensation Grant	(195)	This is matched to expenditure elsewhere within the pensions section
Seconded Officer (Control) - ESMCP Grant	(31)	Funds Staff costs within Control Pay
Building Risk Review Grant	(50)	This offsets costs captured within the Budget
Mayoral Renewables Grant - Solar Panel	(126)	This is to fund Capital Expenditure and has been transferred to Capital
Local Remediation Acceleration Grant	(50)	Funds Analyst costs within Staff Pay
Other	(5)	
<b>Total Additional Specific Grants</b>	<b>(575)</b>	

### General Income

- 3.11 As reported throughout the year there were a few areas where additional income was being forecast, these are set out within the table below, resulting in £209k more 'general' income received during 2025/26 than originally budgeted for.

<b>General Income:</b>	<b>£000</b>	<b>Commentary</b>
Interest Receivable	(189)	Higher cash balances
ESMCP Transition central fund	(60)	Admin Fee from government to manage ESMCP money
NFCC Funding	(44)	This paid for NFCC consultancy costs with Supplies and Services
Secondment ended due to retirement	80	This is offset by lower costs within Wholetime Pay
Other	4	A number of income variances that broadly net off
<b>Total Additional General Income</b>	<b>(209)</b>	

- 3.12 As can be determined from the descriptions above, most of the additional income would have been difficult to have forecast at the point of setting the 2025/26 budget and/or the income was provided with additional expenditure resulting from it.

## **4 Pay Budgets**

- 4.1 Almost 70% of the overall revenue budget, or £34,085k, was allocated to be spent on Pay and associated costs such as Pensions and National Insurance. Excluding the impact of Langdale, the pay budgets overspent by £161k as per the below:

	<b>2025/26</b>	<b>2025/26</b>	<b>2025/26</b>	<b>2025/25</b>	<b>exc. Langdale</b>
	<b>Approved</b>	<b>Actual</b>	<b>Actual</b>	<b>Of which</b>	<b>Actual</b>
	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Langdale</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wholetime Firefighters	21,900	22,644	744	244	500
On Call Firefighters	5,221	5,386	165	336	(171)
Support Staff - Fire	3,091	2,867	(224)	0	(224)
Support Staff - Enable	2,833	2,888	55	0	55
Control Room Staff	1,039	1,046	7	6	1
<b>Total Direct Staff Costs</b>	<b>34,085</b>	<b>34,831</b>	<b>747</b>	<b>586</b>	<b>161</b>

- 4.2 While overspending by only £161k across the total pay budgets is a very good outturn, there are several areas within the overall forecast that are worth further understanding.

4.3 **Wholetime Firefighters**

4.4 The Service spends 45% of its overall budget on the direct employment costs of Wholetime Fire Fighters.

4.5 This is a complex area of budget management and forecasting, with multiple lines that have underspent/overspent. Excluding Langdale, Wholetime Firefighter pay has overspent by £500k (or 2.3% against the original budget)

4.6 The table below breaks this down into areas that have overspent and underspent to provide more context to this area of expenditure:

Wholetime Staff Variances (excluding Langdale)	£000	Commentary
Over establishment (includes recruits)	1,150	Wholetime FTEs have been significantly above the budgeted strength of 286 throughout 2025/26
Turnout and Attendance	127	
Overtime	124	
Bear Scotland payment relating to holiday pay	92	The final collective agreement was made late in 24/25 and included higher than budgeted uplift rates and additional qualifying payments
Protection Grant Spend	76	Funded by Grant
Other	48	
<b>Total Additional Wholetime Pay Costs</b>	<b>1,617</b>	<b>7.4%</b>
<b>Offset by:</b>		
Employers Pension Contributions	(330)	Not all Wholetime Staff are in the Pension Scheme
Employers Pension Contributions	(290)	Refund of previously paid contributions into the Pension Scheme on non-pensionable pay elements
Vacancy Cover	(121)	Underspend versus the additional £417k provided to cover vacancies from sickness/abstractions
Pay Award	(168)	Pay Award of 3.2% was lower than budget of 4%
Reduction in FTEs due to Retirement of Seconded	(80)	This is offset by reduced income
Continued Professional Development	(60)	
Bank Holidays	(21)	
Unsocial Hours	(15)	
Other	(32)	
<b>Lower than budgeted Wholetime Pay Costs</b>	<b>(1,117)</b>	<b>-5.1%</b>
<b>Overall Overspend against Wholetime Pay Budgets</b>	<b>500</b>	<b>2.3%</b>

4.7 The Outturn Report for 2024/25 referred to the following:

4.8 *The Service continues to have significantly more Wholetime Firefighters than it was budgeting to have (which was 286 FTEs).*

4.9 *As at 31<sup>st</sup> March 2025, there were just under 303 FTEs on the payroll.*

4.10 *The Service therefore had 17 FTE more Wholetime Firefighters at the end of financial year than it can afford.*

4.11 *While it is recognised that staffing and crewing is fluid and that for a number of reasons people will not be available for work, the level of ‘over’ strength, in terms of people being paid - versus the budget available, continues to be a significant financial concern.*

4.12 *The latest forecast from People Services predicts that the figure as at 31<sup>st</sup> March 2026 could be as high as 307 FTE, depending on the number of retirements in year. The budget for 2025/26 remains at 286 FTE.*

4.13 SLB need to continue to closely monitor this area, and take corrective action to ensure the Service operates within the financial parameters as set out in the medium-term financial plan.

4.14 The above commentary (in 4.8 to 4.13) from a year ago is reflective of what happened during 2025/26. The year end position at 31<sup>st</sup> March 2026 on Wholetime Firefighters was 316 FTEs. This is now 31 higher than the budgeted Establishment for 2026/27.

4.15 While much of the overspend of £1.15m from being significantly over the established strength throughout 2025/26 has been mitigated by underspends on other areas of the Wholetime pay budget, several of these are non-recurring savings and will not materialise again in 2026/27.

4.16 **It is therefore vital that this area is reviewed urgently to ensure that the organisational, operational and recruitment plans align with the approved financial plans.**

4.17 **On-Call Firefighters**

4.18 As forecast throughout 2025/26 the On-Call budget did underspend. With the final underspend being £171k.

4.19 The below table shows where the various overspends and underspend occurred within this overall area of budget:

On-Call Pay Budget variances (excl Langdale)	£000	Commentary
Vacancies - lower retaining fees and drill nights	(646)	On-Call vacancies resulting in lower retainer fees and drill nights
Changes in availability since budget setting	(192)	Lower levels of contractual availability provided since changes to terms and conditions
3.2% Pay award	(41)	Pay Award lower than the 4% included within the original budget
Vacancy cover	346	
Turnout & Attendance (exc. Langdale)	201	Higher volume of callouts versus previous years
Pension	90	More Staff in the Pension Scheme than previously forecast
National Insurance	81	Changes to National Insurance rates and bandings
Other	(10)	
<b>Total On-Call Underspend</b>	<b>(171)</b>	

4.20 The above themes have been discussed throughout the year, with many self-explanatory and in line with previous forecasts.

4.21 While the Pension, National Insurance and some of the Turnout and Attendance pressures were picked up as part of the 2026/27 budget setting process, it is also important to reflect that the Service made the decision to budget for a higher level of vacancies within this area also for 2026/27.

4.22 Any vacancies above the budgeted level in 2026/27 is therefore likely to be absorbed by vacancy cover.

4.23 **Support Services Collaboration Staff**

- 4.24 During the year the new staffing structures for Support Service were agreed and the process to implement them has begun.
- 4.25 The full cost of the additional resources to improve the services for Fire was expected to cost around £500k, being funded from the Change reserve, as necessary, however given the overall financial position a contribution from this reserve has not been required.
- 4.26 A final outturn report was provided to the Support Services Steering Board in May for this area, showing a total cost of Support Services to Fire of £3,001k.
- 4.27 Only £2,888k has been charged against the Staff Pay line, leading to a small overspend of £55k.
- 4.28 The remaining £113k has been incurred through third party contract costs to cover the staff vacancies in relation to the Vehicle Technicians.
- 4.29 As mentioned above this overspend would have been covered from the Change Reserve had it been necessary to do so.
- 4.30 The report to the Support Services Steering Board showed that there were 38 FTEs vacancies at the end of the financial year – which equates to around 15% of the overall staffing.
- 4.31 Unless there is a significant reduction in the vacancies during 2026/27 then it is highly likely that there will be a significant underspend on the Support Services Staffing budget in 2026/27.
- 4.32 **Staff Pay (excluding Support Services)**
- 4.33 Despite additional costs from the higher than budgeted pay award in 2025/26, of £22k, there was an underspend of £224k due to in year vacancies against this area of Staff Pay.
- 4.34 At the end of the 2025/26 financial year there were 4 vacancies.
- 4.35 The **Control Staff** actual spend was in line with budget and there were no vacancies at the end of the financial year.

4.36 **Non-pay Budgets**

4.37 Overall, non-pay budgets underspent by £388k in the year as per the table below:

	2025/26 Approved Budget £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000	2025/26 Of which Langdale £'000	exc. Langdale 2025/26 Forecast Variance £'000
Indirect Staff Costs	767	448	(319)		(319)
PFCC Staff Expenses	125	160	35		35
Premises	2,652	2,645	(6)		(6)
Transport	1,107	1,446	339	33	306
Supplies and Services	4,390	5,434	1,044	1,385	(341)
Operating Leases	2	0	(2)		(2)
External Service Agreements	286	900	614	600	14
PFI	1,939	1,905	(34)		(34)
TLB Budget	40	0	(40)		(40)
<b>Total Indirect Staff and Non Staff Costs</b>	<b>11,308</b>	<b>12,938</b>	<b>1,630</b>	<b>2,018</b>	<b>(388)</b>

4.38 The main areas of variance on the Non-Pay costs were in the following areas:

4.39 **Indirect Staff Costs – £319k underspend**

4.40 The overspend in this area was predominantly driven by significant underspends on the training budget.

4.41 Of the £530k that was budgeted for Training, just under 50% of this budget was spent during 2025/26, with an **underspend of £270k** across these codes, most of which was within Assurance, where the budget of £438k underspent by £225k.

4.42 Other underspends of note were within Staff Advertising, £26k, and Apprenticeship Levy £20k.

4.43 **Transport – £306k overspend (excluding Langdale)**

4.44 The overspend on Transport was in line with the reporting throughout the year and was predominantly driven by the following:

- Insurance premiums across the Service's policies for 2025/26 increased by £73k since budget setting. Most notably within Transport whereby the Vehicle policy premiums increased by £55k.
- Mileage claims/allowances overspent of £22k mainly to do with claims from the Operational Staffing Reserve.
- The vehicle maintenance budget, net of vehicle parts and tools is overspent by £238k due to the need for more work to be undertaken by external garages due to vacancies within the transport staffing structures.

- Increased fuel costs of £28k based on recent slightly elevated volumes and increased prices due to geopolitical tensions in the Middle East.
- The above were slightly offset due to no costs in 2025/26 for the implementation of Telematics, saving £21k.

4.45 **Supplies and Services – £341k underspend (excluding Langdale)**

4.46 There over 100 different budget lines under the area of Supplies and Services, with an overall initial budget for 2025/26 of £4,390k.

4.47 Given the number of separate budget lines there are therefore many overspends and underspends, however this report picks out the areas of most interest and groups areas together to provide an ease of reporting.

4.48 The areas of most interest, and those that have been discussed in detail throughout the year are as follows:

Supplies and Services Budget variances (excl Langdale)	£000	Commentary
Airwaves	(267)	Impact on Competition and Markets Authority ruling on pricing
Microsoft Subscriptions	(117)	No 'True-up' required in 2025/26
IT Software and Internet	(101)	Recurring underspends highlighted in 2024/25 closedown
Vision Upgrade	114	In year decision with £149k to be spent in 2026/27
New Financial Management System and Oracle Costs	187	Transition onto the Police System
Airbus	114	3 year contracts payments fell due in one year including 2 previous years
Clothing and Uniforms	(100)	
Equipment	(300)	Fire Hydrants, Smoke Detectors, Respirators and Filters, BA Equipment, Gas Monitor Equipment and Operational Equipment
NFCC Consulting Costs	44	Offset with additional income
Pension Costs	55	Scheme sanction charges
Other	30	
<b>Total On-Call Underspend</b>	<b>(341)</b>	

4.49 As with last year the budgets in Supplies and Services are under review for 2026/27 to ensure that the under spends and savings that materialised in 2025/26 are fully captured in 2026/27 and beyond. This will inform the Q1 report for 2026/27.

4.50 **Pensions - overspend £320k**

4.51 Under the financial arrangements for Firefighter Pensions, costs of Ill Health retirements (IHR) are charged to the Revenue budget and are not grant funded, unlike pension costs charged to the separate Pension Fund.

4.52 Costs associated with IHR include monthly injury allowances paid to Pensioners, injury gratuities (lump sums) paid upon retirement and the employer contributions payable towards the costs.

4.53 The contribution is payable at a rate dependent upon the salary earned in the 12 months prior to leaving and the tier of retirement awarded. The contribution is charged over three years in annual instalments starting in the year of retirement.

4.54 Revised information and costs relating to the Ill Health Retirements since budget setting has resulted in an overspend of £125k being incurred. This is due to cases budgeted at the lower tier of payment but being subsequently confirmed at the higher tier.

4.55 The remainder of the overspend (£195k) relates to unbudgeted costs associated with the McCloud Remedy Compensation Arrangements. These costs are funded by grant (see paragraph 3.10 above).

4.56 **Capital Charges - overspend £139k**

4.57 The main reasons for the overspend in this area were:

- Interest payable was lower than budget by £70k as a decision was made during the year to use internal borrowing to fund the 2025/26 capital programme.
- In addition to this the amount that is required to be set aside to repay previous borrowing (known as Minimum Revenue Provision) was lower than budgeted by £27k because of lower borrowing at the end of 2024/25 than budgeted for to fund the Capital Programme for that year.
- The Revenue Contribution to Capital was £236k higher than budget, because of the following:
  - £126k being transferred into Capital given the income received from the Mayor's Renewable Fund for Solar Panels.
  - £110k contribution to fund the capital costs relating to archiving data from the old finance system.

## 5 Overall Financial Summary for 2025/26

5.1 The following table summarises the finances of Fire for 2025/26 showing the original budget, spend against the revised budget and ultimately the (under) and overspends against the original budget.

	2025/26 Approved Budget £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000	2025/26 Of which Langdale £'000	exc. Langdale 2025/26 Forecast Variance £'000
<b>Funding</b>					
Funding for Net Budget Requirement	(45,996)	(46,067)	(72)		(72)
Specific Grants	(4,666)	(7,756)	(3,090)	(2,515)	(575)
General Income	(938)	(1,147)	(209)		(209)
<b>Total Funding</b>	<b>(51,599)</b>	<b>(54,970)</b>	<b>(3,371)</b>	<b>(2,515)</b>	<b>(856)</b>
<b>Expenditure</b>					
Wholetime Firefighters	21,900	22,644	744	244	500
On Call Firefighters	5,221	5,386	165	336	(171)
Support Staff - Fire	3,091	2,867	(224)		(224)
Support Staff - Support Services	2,833	2,888	55		55
Control Room Staff	1,039	1,046	7	6	1
<b>Total Direct Staff Costs</b>	<b>34,084</b>	<b>34,831</b>	<b>747</b>	<b>586</b>	<b>161</b>
Indirect Staff Costs	767	448	(319)		(319)
PFCC Staff Expenses	125	160	35		35
Premises	2,652	2,645	(6)		(6)
Transport	1,107	1,446	339	33	306
Supplies and Services	4,390	5,434	1,044	1,385	(341)
Operating Leases	2	0	(2)		(2)
External Service Agreements	286	900	614	600	14
PFI	1,939	1,905	(34)		(34)
TLB Budget	40	0	(40)		(40)
<b>Total Indirect Staff and Non Staff Costs</b>	<b>11,308</b>	<b>12,938</b>	<b>1,630</b>	<b>2,018</b>	<b>(388)</b>
<b>Pensions</b>	<b>1,144</b>	<b>1,464</b>	<b>320</b>		<b>320</b>
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGE</b>	<b>46,536</b>	<b>49,233</b>	<b>2,697</b>	<b>2,604</b>	<b>93</b>
Provision For Debt Repayment	1,090	1,063	(27)		(27)
External Interest	798	728	(70)		(70)
Revenue Contribution to Capital	707	943	236		236
<b>Total Capital Charges</b>	<b>2,595</b>	<b>2,734</b>	<b>139</b>	<b>0</b>	<b>139</b>
<b>TOTAL EXPENDITURE</b>	<b>49,130</b>	<b>51,967</b>	<b>2,837</b>	<b>2,604</b>	<b>232</b>
<b>(Surplus)/Deficit before Reserve Transfers</b>	<b>(2,469)</b>	<b>(3,002)</b>	<b>(533)</b>	<b>89</b>	<b>(623)</b>
<u>Transfers to/(from) Earmarked Reserves:</u>					
HO Protection Uplift Grant	(141)	(56)	85		85
Change and New Developments	1,000	1,000	0		0
Collection Fund Reserve	0	(22)	(22)		(22)
Pay, Price & Pension Reserve	910	910	0		0
Planned transfer to/(from) General Fund	700	700	0		0
<b>Final Forecast Over/(Under) Spend</b>	<b>(0)</b>	<b>(471)</b>	<b>(471)</b>	<b>89</b>	<b>(561)</b>

5.2 The overall underspend before reserves transfers and Langdale was **£623k** versus the original budget.

5.3 **Langdale and the Subsequent Bellwin Claim**

5.4 As reported during the year the Service incurred significant additional expenditure because of the Fire and Major Incident at Langdale. This incident incurred additional expenditure of £2,604k in 2025/26.

5.5 A successful claim against the Bellwin scheme was made which resulted in the maximum possible level of financial support being awarded to the Service against the costs of this incident.

5.6 The claim was fully paid, less the required contribution to the costs of the incident that are applicable to the scheme (which is 0.2% of the overall budget of the organisation) which resulted in the receipt of a grant of £2,515k, resulting in a net cost to the Service of £89k.

5.7 This reduces the overall level of underspend for the Service, prior to Reserve movements to £533k.

## 6 Reserves

6.1 The original and approved 2025/26 budget included a net transfer to reserves of £2,469k made up from the transactions in the table below. This table also includes the actual transfers to reserves either budgeted or needed, which totalled £2,532k.

6.2 This was £63k higher than the original budget and has therefore resulted in **a total year end revenue underspend of £471k.**

	2025/26 Approved Budget £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000
<b>(Surplus)/Deficit before Reserve Transfers</b>	<b>(2,469)</b>	<b>(3,002)</b>	<b>(533)</b>
<u>Transfers to/(from) Earmarked Reserves:</u>			
HO Protection Uplift Grant	(141)	(56)	85
Change and New Developments	1,000	1,000	0
Collection Fund Reserve	0	(22)	(22)
Pay, Price & Pension Reserve	910	910	0
Planned transfer to/(from) General Fund	700	700	0
<b>Final Forecast Over/(Under) Spend</b>	<b>(0)</b>	<b>(471)</b>	<b>(471)</b>

6.3 **It is recommended** that this underspend is transferred into the Capital Programme and applied against Capital Expenditure to reduce the need for borrowing. This will result in lower capital charges in future years than otherwise would have been the case.

6.4 When setting the 2025/26 Budget in February 2025 it was forecast that **Total Reserves as at the end of 2025/26** would be £5,501k, **the actual outturn position is £5,469k.**

6.5 Total Reserves at the end of 2025/26, of £5,469k, are also in line with the forecast when setting the budget in February 2026, of £5,329k.

6.6 **Overall reserves have increased by £1,130k** during 2025/26 as per the summary included below, which shows all reserves held by the Mayor for Fire purposes:

	Balance at 31 March 2025 £000	Transfers In 2025/26 £000	Transfers Out 2025/26 £000	Balance at 31 March 2026 £000
Pensions, Pay & Price	464	910		1,374
New Development and Change Reserve	132	1,000		1,132
Insurance	80			80
Recruitment	175			175
Hydrants	100			100
Collection Fund	22		(22)	0
RRM	206		(206)	0
HO Grant - ESMCP/LTR	0	206		206
HO Grant - Protection Uplift	251		(56)	195
<b>Total Earmarked Reserves</b>	<b>1,429</b>	<b>2,116</b>	<b>(284)</b>	<b>3,261</b>
<b>Earmarked Capital Reserve</b>	<b>1,759</b>	<b>1,414</b>	<b>(2,816)</b>	<b>358</b>
<b>General Reserves</b>	<b>1,150</b>	<b>700</b>		<b>1,850</b>
<b>Total Usable Reserves</b>	<b>4,339</b>	<b>4,230</b>	<b>(3,100)</b>	<b>5,469</b>
<b>Capital Receipts Reserve</b>	<b>16</b>	<b>54</b>	<b>(70)</b>	<b>0</b>

## **7 Capital**

7.1 The MCA approved a capital programme in February 2025 of £7,067k for 2025/26.

7.2 There was additional Slippage at the end of 2024/25 which resulted in £1,646k being added to the programme. Of this amount:

- £523k related to Fleet. Mostly relating to stage payment costs that were incurred in 2024/25 but will be charged to 2025/26 due to the technical accounting requirements for assets under construction.
- £370k in respect of Breathing Apparatus of which £300k was due to delays in the initial contract being awarded (due to necessary due diligence), which added to the £102k that was already agreed for carry forward.
- £175k slippage related to Ripon and £100k in relation to Malton.
- £478k of IT projects primarily due to procurement delays last year.

7.3 The total overall Capital budget for 2025/26 therefore **started the year as £8,713k.**

7.4 The following changes have been made for new approved items and revisions to the budget since approval:

- A reduction of £105k following the decision by SLB in June not to purchase second hand appliances from South Yorkshire FRS.
- An additional £126k for solar panels, with this ultimately all being funded from the Mayoral Renewable Fund.
- £123k has been added to the Capital Programme relating to the transition to the Police financial management system and the mechanism for archiving the data to be transferred from the old system hosted by North Yorkshire Council. This cost will be funded from an in-year Revenue Contribution to Capital.
- £68k of additional budget increases across Appliances, Gym equipment and 4x4 vehicles.
- As reported there have been staged payments relating to the appliances, these staged payments started in 2023/24 and were included within the 2023/24 capital outturn reports for that year. However, due to these being payments in advance they were not capitalised at this point. They are therefore being included within this year and will be capitalised and financed within the 2025/26 financial year. This adds £2,164k to the capital budget. This is broadly an accounting mechanism and there is no impact on the wider finances as these payments were expected.

7.5 This resulted in a **total approved Capital Programme for 2025/26 of £11,039k.**

7.6 Performance against this capital programme is summarised in the table below showing:

- Total Expenditure of £6,218k was delivered.
- Total Slippage of £4,388k (or 40%) from the final budget was requested.
- Underspends and budgets returned as no longer required was £433k.

<u>2025/26 Capital Programme Summary</u>	Original Budget	Slippage from 24/25	Total 25/26 at Mar25	In Year Adjs	Total 2025/26 Budget	Slippage approved when setting the 2026/27 Budget	Further Slippage identified as part of year end closedown	Total Slippage	Budget 2025/26 Remaining after Slippages	Actuals Spend in 2025/26	2025/26 Actual Over/ (Under) Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ICT	381	478	859	123	982	0	(429)	(429)	553	539	(14)
Fleet	3,481	2,687	6,168	(55)	6,113	(750)	(423)	(1,173)	4,940	4,656	(283)
Operational Equipment	102	370	472	0	472	0	0	0	472	388	(84)
Estates	1,290	175	1,465	94	1,559	(147)	(738)	(885)	674	622	(52)
Estates Replacement Programme	1,813	100	1,913	0	1,913	(1,813)	(88)	(1,901)	12	12	0
<b>Total Programme 2025/26</b>	<b>7,067</b>	<b>3,810</b>	<b>10,877</b>	<b>162</b>	<b>11,039</b>	<b>(2,710)</b>	<b>(1,678)</b>	<b>(4,388)</b>	<b>6,651</b>	<b>6,218</b>	<b>(433)</b>

7.7 Further financial details of all the Capital Schemes are set out within Appendix B to this report.

7.8 Of note within the overall underspends, was that Fleet underspent by £283k. However, within this overall underspend, were overspends from the price pressures for the appliances of £173k.

7.9 This was offset by £457k of budgets for vehicles that are no longer required.

7.10 Of note within Estates is an underspend of £49k on the Capital Works budget and that only 50% of the overall original £740k capital works budget was spent in year.

## 8 Conclusions

### 8.1 Revenue Budget

8.2 The revenue position reported throughout the first half of the financial year was that there would be a breakeven position. By quarter 3 a small underspend was being forecast, and therefore the **year end position of £471k underspent** is more underspent than expected.

8.3 As with any financial year there are areas of over and underspend that will inform both 2026/27 and beyond to further improve and capture the best possible financial information and forecasts.

8.4 In relation to the higher underspend than expected, most of the increase was due to the significant discount on the Airwaves contract (£267k), that was notified in the final quarter of the financial year because of the Competition and Market Authority judgement in relation to the current providers pricing practices.

8.5 Building on the outturn for 2025/26 there is a piece of work required now to ascertain whether the budgets set for 2026/27 contain recurring underspends that need to be captured and removed.

8.6 A Quarter 1 monitoring report will pick up the learning from the 2025/26 outturn and report this into SLB, with a subsequent report to the Deputy Mayor being produced.

8.7 In addition to this learning, it is vital that Wholetime Firefighter staffing is reviewed urgently to ensure that the organisational, operational and recruitment plans align with the approved financial plans for 2026/27.

### Capital Budget

8.8 As with previous years there was significant slippage on the Capital Programme.

8.9 As highlighted throughout the year there were challenges in delivering the overall capital programme, the slippage on the Capital Programme for the last 3 years has been as follows:

- 2025/26 - £4,388k
- 2024/25 - £3,601k
- 2023/24 - £3,425k

8.10 The carry forward for 2025/26 of £4,388k was **£1,678k higher than expected** when setting the 2026/27 Capital Programme. This is a significant level of additional slippage that occurred in the final couple of months of the financial year.

8.11 This is the second year in a row when this has happened as the carry forward in 2024/25 was **£1,672k higher than expected** when setting the 2025/26 Capital Programme.

- 8.12 There are still improvements that could be made in this area to ensure that the Service is achieving the benefits of the Capital investment as soon as possible.
- 8.13 The net position on the Capital Programme was an underspend of £433k.
- 8.14 In overall terms the Fire Services finances continue to improve and move into 2026/27 in line with the expected position that was included within the 2026/27 financial plans. The Service is therefore financially well positioned to deliver on the plans set out by the Mayor and Deputy Mayor in the Fire and Rescue Plan and the Community Risk Management Plan that aligns with this.

Michael Porter  
Assistant Director of Resources

## Appendix A – Revenue

### NORTH YORKSHIRE FIRE AND RESCUE SERVICE

#### REVENUE BUDGET 2025/2026 - PROVISIONAL OUTTURN

	2025/26 Approved Budget £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000
<b><u>Funding</u></b>			
Funding for Net Budget Requirement	(45,996)	(46,067)	(72)
Specific Grants	(4,666)	(7,756)	(3,090)
General Income	(938)	(1,147)	(209)
<b>Total Funding</b>	<b>(51,599)</b>	<b>(54,970)</b>	<b>(3,371)</b>
<b><u>Expenditure</u></b>			
Wholetime Firefighters	21,900	22,644	744
On Call Firefighters	5,221	5,386	165
Support Staff - Fire	3,091	2,867	(224)
Support Staff - Support Services	2,833	2,888	55
Control Room Staff	1,039	1,046	7
<b>Total Direct Staff Costs</b>	<b>34,084</b>	<b>34,831</b>	<b>747</b>
Indirect Staff Costs	767	448	(319)
PFCC Staff Expenses	125	160	35
Premises	2,652	2,645	(6)
Transport	1,107	1,446	339
Supplies and Services	4,390	5,434	1,044
Operating Leases	2	0	(2)
External Service Agreements	286	900	614
PFI	1,939	1,905	(34)
TLB Budget	40	0	(40)
<b>Total Indirect Staff and Non Staff Costs</b>	<b>11,308</b>	<b>12,938</b>	<b>1,630</b>
<b>Pensions</b>	<b>1,144</b>	<b>1,464</b>	<b>320</b>
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGES</b>	<b>46,536</b>	<b>49,233</b>	<b>2,697</b>
Provision For Debt Repayment	1,090	1,063	(27)
External Interest	798	728	(70)
Revenue Contribution to Capital	707	943	236
<b>Total Capital Charges</b>	<b>2,595</b>	<b>2,734</b>	<b>139</b>
<b>TOTAL EXPENDITURE</b>	<b>49,130</b>	<b>51,967</b>	<b>2,837</b>
<b>(Surplus)/Deficit before Reserve Transfers</b>	<b>(2,469)</b>	<b>(3,002)</b>	<b>(533)</b>
<u>Transfers to/(from) Earmarked Reserves:</u>			
HO Protection Uplift Grant	(141)	(56)	85
Change and New Developments	1,000	1,000	0
Collection Fund Reserve	0	(22)	(22)
Pay, Price & Pension Reserve	910	910	0
Planned transfer to/(from) General Fund	700	700	0
<b>Final Forecast Over/(Under) Spend</b>	<b>(0)</b>	<b>(471)</b>	<b>(471)</b>

## Appendix B – Capital Programme

### NORTH YORKSHIRE FIRE AND RESCUE SERVICE

#### CAPITAL PROGRAMME 2025/2026 - PROVISIONAL OUTTURN

	2025/26 Approved Budget £'000	Additional Slippage from 2024/25 £'000	2025/26 Approved changes budgets £'000	2025/26 Approved slippage at 26/27 budget £'000	2025/26 Additional into future years £'000	2025/26 Revised Estimate £'000	2025/26 Forecast Outturn £'000	2025/26 Forecast Variance £'000
<b>Vehicles</b>								
Fire Appliances - Standard	1,398	1,403	11	0	0	2,812	2,946	134
Fire Appliances - Narrow	362	1,037	0	0	0	1,399	1,438	39
Fire Appliances - SYFRS	0	105	(105)	0	0	0	0	0
Vans & Support Vehicles	148	101	0	0	0	249	0	(249)
4x4 Vehicles (Landrover or equivalent)	321	(21)	39		(335)	4	0	(4)
Aerial Appliances	100	0		(100)	0	0	0	0
Pool Cars	32	12	0	0	0	44	12	(33)
Response Cars	360	0	0		(58)	302	229	(73)
Prevention & Protection (P&P) investment	36	5	0	0	0	41	0	(41)
ICU	0	13	0	0	0	13	8	(5)
Trailers	13	2	0	0	0	15	0	(15)
Water Rescue Boats	60	0	0	0	0	60	24	(36)
Water Bowser	100	0		(100)	0	0	0	0
ISU	550	0		(550)	0	0	0	0
Telematics	0	30	0		(30)	0	0	0
<b>Sub Total Vehicles</b>	<b>3,481</b>	<b>2,687</b>	<b>(55)</b>	<b>(750)</b>	<b>(423)</b>	<b>4,940</b>	<b>4,656</b>	<b>(283)</b>
<b>Operational Equipment</b>								
<b>Breathing Apparatus replacement</b>	<b>102</b>	<b>370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>472</b>	<b>388</b>	<b>(84)</b>
<b>Estates</b>								
Capital Works (Based on SCS Information)	740	0	(50)		(274)	416	368	(49)
Solar Panels (Thirsk T&L)	0	0	126		0	126	130	4
Ripon Alterations	0	175	0	(147)	0	28	28	(0)
Training Towers Renewal Programme	150	0	0		(145)	5	5	(0)
Training Centre (Easingwold)	350	0	0		(300)	50	43	(7)
Gym Equipment	50	0	18		(20)	49	49	(0)
<b>Sub Total Estates</b>	<b>1,290</b>	<b>175</b>	<b>94</b>	<b>(147)</b>	<b>(738)</b>	<b>674</b>	<b>622</b>	<b>(52)</b>
<b>Information Technology:</b>								
Mobilising, Telephony & Bearers	131	138	0		(146)	123	154	31
Major IT Schemes	0	60	123		(58)	125	125	0
Ancillary Hardware & Software	250	280	0		(225)	305	260	(45)
<b>Sub Total Information Technology</b>	<b>381</b>	<b>478</b>	<b>123</b>	<b>0</b>	<b>(429)</b>	<b>553</b>	<b>539</b>	<b>(14)</b>
<b>Estates replacement programme</b>								
Scarborough - New Station	60	0	0	(60)		0	0	0
Malton - New Station	1,753	100	0	(1,753)	(88)	12	12	0
<b>Sub Total Estates Replacement Programme</b>	<b>1,813</b>	<b>100</b>	<b>0</b>	<b>(1,813)</b>	<b>(88)</b>	<b>12</b>	<b>12</b>	<b>0</b>
<b>APPROVED CAPITAL EXPENDITURE</b>	<b>7,067</b>	<b>3,810</b>	<b>162</b>	<b>(2,710)</b>	<b>(1,678)</b>	<b>6,651</b>	<b>6,218</b>	<b>(433)</b>