Lancashire Combined Fire Authority

Meeting to be held on 17 February 2025

2025/26 Budget

(Appendices A, B, C, D, E and F refer)

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Executive Summary

The purpose of this paper is to allow the members to agree the 2025/26 Council Tax Precept and Budget, and to approve the associated documents, including;

- The five-year Medium Term Financial Strategy (MTFS).
- The Capital Strategy (including the ten-year capital programme).
- The Reserves Strategy.
- The Treasury Management Strategy.

Recommendation

The Authority is requested to:

- Agree the 2025/26 budget, including the net budget requirement of £77.5m (as set out in table 2 paragraph 14) which takes account of adjustments set out and detailed in Appendix A;
- Agree the proposed Council Tax increase of £5 for a Band D Council tax precept of £89.73 for 2025/26;
- Agree the levels of Council Tax precept set out in Table 3, paragraph 17;
- Approve the capital programme and associated funding for 2025/26 set out in table 5, paragraph 24;
- Approve the MTFS set out in Appendix A;
- Approve the Capital Strategy set out in Appendix B;
- Approve the Reserves Strategy set out in Appendix C;
- Approve the Treasury Management Strategy in Appendix D, this includes the Prudential Indicators and Minimum Revenue Provision;
- Note the results of the Council Tax Precept Consultation set out in paragraph 19 and Appendices E and F; and
- Note the Statement of Robustness of Estimates set out in paragraph 35.

Information

1. The Authority is required to set a balanced budget and council tax precept for the next financial year by 1 March 2025. This paper presents the necessary information in a single report to ensure the Authority:

    - Considers the link between capital investment decisions and the revenue implications.
    - Considers the results of the Council Tax Precept Consultation.
    - Considers the Treasury Management implications of revenue and capital decisions.
    - Provides value for money.

- Reflects best practice.

2. The Budget and associated documents in this report form our financial strategies, they are part of our strategic planning activity and governance framework which sets out the direction of the Service and how we will achieve our aim of making Lancashire safer. These financial strategies are one of six core strategies that set out how we will provide services in line with the following priorities in our five-year Community Risk Management Plan (CRMP):

   - Valuing our people.
   - Preventing fires.
   - Protecting people and property.
   - Responding to fires and other emergencies.
   - Delivering value for money.

Financial Context

3. The outlook for the UK economy in 2025 is mixed. Modest improvements in Gross Domestic Product (GDP) are expected, but still below pre pandemic levels and inflation is expected to stabilise at 2% by then end of 2025, but there could be temporary increases due to factors like rising gas prices. Interest rates are expected to continue to reduce gradually and whilst personal finances remain relatively strong, employers have raised concerns about job creation due to rises in National Insurance contributions. Overall, while there are positive signs of recovery, challenges such as geopolitical issues and global trade frictions could impact the UK's economic performance.

4. Nationally the Fire Service continues to face financial pressures from increasing legislative demands, environmental and societal changes, inflationary pressures, particularly on capital projects, above inflation pay settlements and increasingly more complex demands on resources.

Funding

5. Funding for the fire sector has changed in the last 15 years. The 2008 banking crisis was followed by a period of austerity in the sector. During this period government grants for the fire sector reduced. Changes to the funding methodology during this period also meant that changes in the economy, that impact on benefits claimant numbers or business rates, now impact on funding levels. With Council Tax and Business Rates representing 81% of our funding these changes have presented an additional risk. For context the main sources of funding in 2024/25 are set out below:

Table 1 – Sources of Funding	£m	%
Council Tax	39.4	53%
Business Rates	21.3	28%
Revenue Support Grant	13.5	18%
Other Grants	1.0	1%
Total	**75.2**	**100%**

6. Funding for capital schemes has also changed over this period, with the sector now almost exclusively funding new capital schemes from local sources of funding such as revenue contributions, reserves, capital receipts and borrowing (that is repaid from revenue budgets).

7. Prior to the Autumn Budget and finance settlement the National Fire Chiefs Council (NFCC) and Lancashire Fire and Rescue Service (LFRS) asked Government to consider increased council tax precept flexibility, protect grant funding in real terms, and providing suitable capital grant funding.

8. The Autumn 2024 Budget announced the Government's intention to pursue a comprehensive set of reforms to place local government in a more sustainable position, and the Autumn Budget promised a deprivation-based approach in 2025/26, followed by broader reform through a multi-year settlement from 2026/27. On 18 December 2024, the Minister of State (Minister for Local Government and English Devolution) released the provisional local government finance settlement for 2025/26. The main headlines for the 2025/26 budget are:

   - Fire and Rescue Authorities (FRA) will be able to raise council tax (for a band D property) by up to £5 (for information the threshold for Police will rise to £14).
   - The Funding Guarantee Grant received in 2023/24 will not continue (for LFRS this was £0.9m in 2023/24). For information this grant was designed to ensure that no local authority would see a reduction in their Core Spending Power compared to the previous year.
   - Standalone FRAs are not eligible for the one-off Recovery Grant; this grant is designed to support local authorities in managing financial pressures and ensuring the continuity of essential services.
   - The September Consumer Price Index (CPI) figure of 1.7% has been applied to increase business rates grants and Revenue Support grant funding; last year this was an increase of 6.7%. The 2025/26 increase is below the current CPI rate which is 2.5% at the time of writing.
   - The Autumn Budget included an increase to employer's National Insurance contributions with a commitment that additional funding will be provided for the public sector to help manage the increased costs. The provisional finance settlement provided guidance on this additional funding and for LFRS there is a funding shortfall that results in an unfunded pressure of £0.7m.
   - No capital grant funding was provided for in the provisional settlement.

9. Government measure the resources available to local authorities to fund service delivery through a mechanism called Core Spending Power (CSP), it does not exactly mirror spending but is a useful measure when considering spend across the sector. Following the settlement, and assuming all fire authorities increase council tax by £5, Government has confirmed that CSP for the fire sector has

increased by 2.8%, which is broadly in line with current CPI inflation, for LFRS the increase is 3.2%. After taking into account the shortfall in national insurance funding this results in an increase of just 2.2%, which is below inflation and creates additional financial strain for the Authority.

10. Against the NFCC and LFRS budget asks of government; for increased council tax precept flexibility, to protect grant funding in real terms, and providing suitable capital grant funding, only the precept flexibility has been delivered (assuming the £5 precept is agreed by the CFA), and ultimately this settlement represents a real term reduction in funding for LFRS.

Funding Reform

11. For almost a decade local government funding reform has been on the horizon and presented both a risk and an opportunity for authorities. The recent national election has brought about some renewed momentum in this area:

- Alongside the Provisional Settlement Government published a consultation on funding reform. The local government funding formula has not been updated since 2013/14 and there is consensus amongst independent voices and across the political spectrum that it no longer reflects need, and reform is necessary. The aim of this reform is to allocate funding efficiently to reflect an updated assessment of local need and revenues and build on the previous government's proposed 'Fair Funding' reforms. It is expected that 2026/27 will be the first multi-year funding settlement for local government. Initial projections indicate that funding for individual fire authorities may increase or decrease by as much as 15%, although there will likely be a phasing in of these changes.
- Whilst developing and implementing funding reforms Government also intends to implement the proposals in the English Devolution White Paper published on the 16 December 2024.
- The business rates reset for local authorities is also scheduled to take place in the 2026/27 financial year. For those authorities that have experienced a real term growth in business rates, as part of the business rates retention system, there is a risk that the reset may result in the redistribution of the growth to those authorities that have experienced a reduction. LFRS benefits from the growth experienced across Lancashire and therefore there is a risk that business rates funding may reduce by approximately £1m per year; again, we would expect a phasing in of these changes.

12. Certainty of funding is essential for long term planning and whilst a one-year settlement was expected, progress with funding reform is beneficial for the sector.

13. Council Tax income is based on the precept approved by the Authority and the estimated taxbase; this is the number of band D equivalent properties in the area. Factors influencing the taxbase include changes to property numbers, collection rates in each local authority, local authority discounts and changes in benefit claimants. The estimated taxbase for 2025/26 increased by 1.43% compared with 1.38% in 2024/25. Table 3 paragraph 17 sets out the taxbase and proposed Council Tax precept for 2025/26.

Proposed Revenue Budget 2025/26

14. The 2025/26 budget proposals are based on the latest funding assumptions set out in this report and a maximum increase in the council tax precept allowed of £5 at Band D is assumed to give total funding of £77.5m. The net expenditure budget takes account of inflation, previous commitments, required permanent and one-off increases and decreases in resources to give a net budget requirement of £77.5m. The following table sets out the proposed 2025/26 budget and subsequent paragraphs set out the key changes underpinning the net budget requirement:

	Table 2 – Budget Proposals 2025/26	**£'m**
Budget	Base Budget*	75.2
	Inflation	2.7
	Commitments	(0.7)
	Permanent increases in Resourcing	0.6
	One-off items	0.1
	Permanent decreases in Resourcing	(0.5)
	Proposed Net Budget Requirement	**77.5**
Funding	Council Tax	(42.3)
	Business Rates	(21.6)
	Revenue Support Grant	(13.7)
	Other Grants	0.0
	Total Funding	**(77.5)**

Precept (Council Tax – Band D) per annum	**£89.73**
Precept (Council Tax – Band D) per week	**£1.73**
Increase from 2024/25 Band D of £84.73	**£5.00**
Increase per week Band D	**10p**

15. As the above table shows, this proposal delivers a balanced budget as required by law. If the precept is reduced additional savings would be required, for example, a reduction of 1% would reduce funding by £0.4m which equates to a loss of £4m in funding over 10 years.

16. The main elements that make up the Proposed Budget Requirement for 2025/26 are set out below and detailed in the MTFS in Appendix A:

- Economic changes
  - Pay - An allowance of 3% for pay awards in 2025/26 has been included with 2% thereafter. If pay awards are higher than assumed they will need to be met from reserves or in year savings in 2025/26 with additional savings made in future years. Each 1% increase results in an additional £0.5m and £0.1m for Grey book and Green book staff respectively.
  - Inflation – Government Grants are updated by the September Office of Budget Responsibility (OBR) CPI figures which was 1.7%. Non-pay budgets have been increased by 1.7% in line with grant increases in 2025/26 and 2% thereafter. Specific increases in price inflation for known areas has been assumed. At the time of writing the latest CPI rate (December 2024) is 2.5%.

  - Interest earned – The interest earned on cash balances in the MTFS is updated to reflect the amended use of reserves and gradual reduction in interest rates. The budget in 2025/26 is expected to increase to £1.4m and then reduce over the period of the MTFS to £0.3m by 2029/30.

- Commitments – These reflect the impact of previous decisions that have a financial consequence in 2025/26 or are due to policy, legal or regulatory changes. The main adjustment in 2025/26 relates to one off funding of £0.4m was provided in 2024/25 to support pressures in support services which has been reversed in 2025/26, resulting in a (£0.4m) adjustment.
- Permanent increases in Resourcing - Several growth proposals totalling £0.7m are included in the budget for 2025/26; £0.3m relates to initiatives to continue to improve the availability and future sustainability of the retained duty system and £0.3m relate to an increase to support services to provide additional capacity.
- Permanent decreases in Resourcing – A reduction of £0.5m is required in 2025/26 to balance the budget; this will be delivered by using the Dynamic Cover Tool, for the effective deployment of resources and effective management of overtime, and delivery of changes to resources agreed as part of the previous Emergency Cover Review.

Council Tax Precept

17. Council Tax funding is based on the estimated taxbase (band D equivalents) provided by each local authority. Compared to 2024/25, the overall taxbase has increased by 1.43% (6,633 properties), last year the increase was 1.38%. The following table shows the number of Band D equivalents and proposed precept for each local authority based on the band D precept increase of £5.

Table 3 – Proposed Precepts 2025/26	**Number of Band D Equivalents**	**Precept on Collection Fund**
Burnley Borough Council	24,104	2,162,852
Chorley Borough Council	38,752	3,477,218
Fylde Borough Council	32,665	2,931,030
Hyndburn Borough Council	22,163	1,988,686
Lancaster City Council	43,702	3,921,380
Pendle Borough Council	25,118	2,253,838
Preston City Council	44,182	3,964,469
Ribble Valley Borough Council	25,649	2,301,485
Rossendale Borough Council	21,152	1,897,969
South Ribble Borough Council	38,233	3,430,669
West Lancashire District Council	39,038	3,502,840
Wyre Borough Council	39,784	3,569,834
Blackburn with Darwen Borough Council	37,503	3,365,133
Blackpool Council	38,856	3,486,549
Total	**464,268**	**42,253,952**

Band	Proposed 2025/26 £	Actual 2024/25 £	Change per year £	Change per week £p
A	59.82	56.49	3.33	0.06
B	69.79	65.90	3.89	0.07
C	79.76	75.32	4.44	0.09
D	89.73	84.73	5.00	0.10
E	109.67	103.56	6.11	0.12
F	129.61	122.39	7.22	0.14
G	149.55	141.22	8.33	0.16
H	179.46	169.46	10.00	0.19

18. The increase for a Band D property per year is £5; that is 10 pence per week.

Council Tax Precept Consultation

19. The legal requirements for council tax increases are primarily governed by the Local Government Finance Act 1992, as amended by the Localism Act 2011. A consultation with the public was launched on 7 January 2025 on a £5 increase in the council tax precept for the year ahead. The consultation ended at 5pm on Monday 3 February 2025 and the results are set out in Appendix E along with the response from the Fire Brigade Union to the budget in Appendix F.

20. 602 responses were received, 76% supported the increase in the precept, 6% neither supported nor opposed the increase and 17% did not support the increase.

Medium Term Financial Strategy (MTFS)

21. The purpose of the MTFS is to provide the Authority, staff, the public and other stakeholders with information on the financial outlook and the estimated available funding over the next five years. It takes into account future estimates on funding and potential high level revenue and capital expenditure over the period. A summary of the MTFS Revenue budget is set out below:

Table 4 – Revenue MTFS	**25/26 £m**	**26/27 £m**	**27/28 £m**	**28/29 £m**	**29/30 £m**
Base Budget	75.2	77.5	79.8	82.1	84.3
Inflation	2.7	2.3	1.7	2.0	1.8
Commitments	(0.7)	1.0	0.6	0.6	(0.3)
Increases in Resourcing	0.6	0.4	1.4	1.3	0.7
One-off items	0.1	(0.4)	0.0	(0.2)	0.6
Decreases in Resourcing	(0.5)	(1.0)	(1.5)	(1.5)	(0.5)
Net Budget	**77.5**	**79.8**	**82.1**	**84.3**	**86.6**
Council Tax	(42.3)	(43.8)	(45.5)	(46.9)	(48.4)
Business Rates	(21.6)	(22.1)	(22.5)	(22.9)	(23.4)
Revenue Support Grant	(13.7)	(13.9)	(14.2)	(14.4)	(14.7)
Other Grants	0.0	0.0	0.0	0.0	0.0
Funding	**(77.5)**	**(79.8)**	**(82.1)**	**(84.3)**	**(86.6)**

Note that Council Tax increases are assumed at 2.5% in 2026/27 reducing to 2% per annum from 2028/29.

22. Some of the key financial assumptions and estimates over the period of the MTFS are set out below:

- Inflation – The pay awards for 2025/26 are estimated at 3% then 2% thereafter. Non-pay budgets have increased by the latest Office of Budget Responsibility (OBR) CPI figures; 1.7% in 2025/26 and 2% thereafter. Income earned on investments is expected to reduce as cash balances reduce and interest rates reduce from 4.25% to 3.5% over the period of the MTFS.
- Commitments – The 2026/27 budget allows for an £0.5m increase in Local Government Pension Scheme (LGPS) contributions and increase in revenue contribution to Capital of £0.5m which is also budgeted for in 2027/28 and 2028/29. By the end of the MTFS the revenue contribution to capital will be £4m.
- Increases in Resourcing:
  - 32 of LFRS's 58 Fire Engines are crewed by firefighters working the on-call duty system. There are national challenges in relation to on-call Fire Engine availability and LFRS is facing similar challenges. An extensive work programme is underway and there are signs of improvement in the emergency cover provided by our On-Call crews. It is anticipated that additional revenue costs will be required in order to continue to improve the availability and future sustainability of this duty system, therefore it would be prudent to assign up to £0.5m additional revenue costs across the 32 On-Call appliances.
  - Investment in support services in 2025/26 and capital financing costs from 2026/27 to meet the costs associated with borrowing to largely fund the major projects in the capital programme; by the end of the capital programme borrowing costs are forecast at £3.8m per annum.
- Decreases in resourcing are required to balance the budget and meet the costs associated with funding the borrowing costs. Over the period of the MTFS £5m of savings is required to be delivered; £0.5m in 2025/26, £1.0m in 2026/27, £1.5m in 2027/28 and 2028/29 and £0.5m in 2029/30. To deliver the savings a review of services will commence in 2025.
- Funding – Detailed assumptions are included in the MTFS, in broad terms the funding is expected to increase between 2% to 3% however, the outcome of the comprehensive spending review and review of the funding formula is likely to impact on these assumptions which is expected to be determined during late 2025.

23. The key variables within the budget are inflation assumptions, in particular pay awards, and funding levels. The MTFS in Appendix A considers a range of risks and scenarios that impact on the MTFS. The analysis shows that whilst the general reserve is sufficient to meet all the worst-case risks in 2025/26 and 2026/27, with reliance on earmarked reserves, major structural changes would be required alongside government support beyond year two of the MTFS.

Capital Strategy

24. In addition to the revenue budgets a programme of capital investment is proposed from 2025/26, this is set out in detail in the Capital Strategy in Appendix B. The purpose of the Strategy is to provide the Authority, staff, the public and other

stakeholders with information on the Capital plans. Capital plans need to be affordable, prudent and sustainable and treasury management decisions taken in accordance with good professional practice and in full understanding of the risks involved. A summary of the capital programme and funding is set out below:

Table 5 – Capital Programme	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**2029/30 £m**
Vehicles	4.5	2.8	2.0	2.5	2.9
Operational Equipment	1.6	1.2	0.1	0.6	0.6
Buildings	3.9	9.4	27.8	9.6	11.0
ICT	2.8	1.3	0.1	0.6	0.6
	12.8	**14.8**	**30.1**	**13.1**	**15.1**
Funding					
Revenue Contributions	2.5	3.0	3.5	4.0	4.0
Capital Reserve	10.3	6.6	0.0	0.0	0.0
Capital Receipts	0.0	0.0	0.0	0.0	1.6
Grants	0.0	1.0	0.0	0.0	0.0
Borrowing	0.0	4.2	26.6	9.1	9.5
	12.8	**14.8**	**30.1**	**13.1**	**15.1**

25. The 2024/25 five-year capital programme approved by the Authority in February 2024 included four major projects; Leadership and Development Centre Training Facilities (£10m), Headquarters and Stores relocation (£18m), Fulwood replacement station (£7m) and Preston replacement station (£10m). Together with the Member Capital Working Group officers have been reviewing the scope of the projects, costings to reflect changes in prices, timings for these three major capital projects and the Masterplan for the Leadership and Development Centre in Chorley. The key changes considered by the working group is reflected in the updated 2025/26 capital programme proposed, these include:

- Leadership and Development Centre Training Facilities – A modern and progressive service requires high quality facilities to help in the initial training and ongoing maintenance of competency requirements across a broad spectrum of operational activities. The existing facilities were reviewed alongside more modern facilities in the region. The review identified that greater investment is required to meet our requirements and an estimate of £18m is included in the programme between 2026/27 and 2027/28.
- Headquarters and Stores relocation – This project combines the Headquarters and Training Facility and relocates the Stores at the Leadership and Development Centre, replacing the current Headquarters at Fulwood and office / training / catering space in Lancaster House. This will provide modern office and training facilities that meet current environmental and design requirements. It will also ensure that our people have the best facilities to support health and wellbeing by providing a safe and positive work environment. The costings were updated during the year to reflect the latest inflation forecast and an estimate of £18m is included in the programme between 2028/29 and 2030/31.
- The relocation of Headquarters considered below necessitates the need to invest in a new station to replace Fulwood either on the existing site or at an

alternative location. This forms part of the Preston review and is included in the programme at an estimate of £7m in 2026/27 and 2027/28.

- Preston replacement station – A review of emergency cover in the Preston area has commenced. The aim of the review is to create a new, modern station for Preston and consider the impact on other stations in the area, either in the same place or another location, that serves both our staff and the local community well. The budget is £10m, which assumes any cost of new land (if the station is relocated) is offset by capital receipts from the sale of the existing site and is programmed for 2027/28.

26. Whilst we have sequenced the projects as detailed, the Authority should remain flexible, and the years that the projects are delivered may change due to opportunities of land and other matters, details of which will be discussed with the Working Group and approvals sought as required.

27. To fund the Capital Programme table four shows that in addition to utilising the Capital Reserve and revenue contributions, £49m of new borrowing is required. The long-term revenue costs of this borrowing, based on the latest borrowing forecasts, is over £4m per annum which is included in the MTFS.

28. Following the capital investment set out above the Authority's reserves and borrowing levels would be commensurate with similar sized fire services based on current levels across services.

Reserves Strategy

29. Section 25 of the Local Government Act 2003 places a requirement on the Section 151 Officer to formally report on the adequacy of the reserves. The Director of Corporate Services assesses this in the context of the strategic, operational and financial risks and opportunities facing the Authority.

30. While holding reserves is a recognised and recommended financial management tool, the levels of such reserves must remain prudent, appropriate to the level of risk and opportunity and not excessive. This is set out within the Reserves Strategy attached at Appendix C, which includes details of the reserves held and their proposed usage over the next five years.

31. It is good practice for an Authority to review its reserves on a regular basis to consider each reserve. This is to ensure that the level that is both prudent and adequate for the current climate, but not excessive. A review has been undertaken based on historical analysis and the current environment and future forecasts; this review has not resulted in any material change.

32. The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. The minimum level of General Reserve advised by the Treasurer for the 2024/25 budget was £3.75m. A generally accepted level is one that is equivalent to 5% of the net revenue budget but that must be considered alongside specific Authority risks; 5% of the net revenue budget is approximately £3.85m. Considering the risks facing the Authority the Treasurer recommends increasing the minimum level for 2025/26 to £3.85m. The level of the General Reserve at 1st April 2025 is estimated at £5m, this is above the minimum level of General Reserve recommended. Over the period of the MTFS the level of the General Reserve remains above this minimum level.

Treasury Management

33. Treasury Management covers the cashflow, investment and borrowing activities together with the impact of budgetary decisions on such activities. The Treasury Management Strategy is included as Appendix D to this report, it is comprised of four main elements:

- Capital Expenditure Plans and Prudential Indicators.
- Borrowing Strategy and Prudential Limits.
- Annual Investment Strategy.
- Minimum Revenue Provision (MRP) Statement.

34. The Strategy reflects the revenue and capital estimates contained in the MTFS and Capital Strategy within this report. Treasury Management in the public sector is heavily regulated and transparency with the Authority on its activities is paramount. The Resources Committee oversee Treasury activities, but it is a legal requirement that the Authority approve the Strategy.

Statement of Robustness of Estimates

35. Section 25 of the Local Government Act 2003 places a requirement on the "Chief Finance Officer" of an Authority to report on the robustness of the estimates used in preparing the budget. There is then a requirement for the Authority to have regard to the report of the Chief Finance Officer when making decisions on its budget. At Lancashire Fire Authority, the Chief Finance Officer is the Director of Corporate Services (DoCS).

36. The statutory requirement is reinforced by the Prudential Code, which requires authorities to have regard to affordability when considering recommendations about future capital programmes.

37. The Authority has a medium term planning process that takes account of service demands and the financial scenario covering a 5-year period to 2030. The aim of the Medium Term Financial Strategy is to provide a realistic and sustainable plan that reflects the Authority's priorities and anticipates the future impact of current decisions. Alongside this, future capital programmes are planned taking into account forecast Government funding, borrowing limits and council tax.

38. For 2025/26, full consideration of these issues had led to:

- Policy and expenditure proposals that reflect the Local Government Finance
- Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
- A proposed capital financing budget based on the 2025/26 capital programme.

39. In assessing the robustness of the 2025/26 proposals and the estimates on which they are based, the DoCS has been assured that:

- The budget proposals are based on the advice of service managers (supported by finance staff) or are based upon or supported by information that the DoCS considers reasonable to accept.

- The budget proposals have been fully reviewed and endorsed by the Executive Board and the implications on performance, if any, have been identified and assessed.
- The proposed budget provides for all known future developments either within the revenue budget itself or as part of the Reserves Strategy.

40. When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to-date-data. There is, however, always the potential for the actual impact to vary from the estimates used in setting the budget, particularly as a result of:

    - Variations in the rate of price inflation, pay awards and pension increases;
    - Service financial performance (i.e. variances on budgets);
    - Ability to deliver policy proposals and/or achieve projected savings; and
    - Unforeseen additional operational demands and activities.

41. The potential for unanticipated events to occur that may impact on the budget, reinforce the importance of prudent financial management including:

    - Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take early action in reporting and responding to projected variances;
    - Regular reporting of the projected budgetary outturn supplemented by exception reports to prompt remedial action if necessary; and
    - Maintaining an appropriate and proportionate contingency, as part of the General Reserve, to cushion the impact of unexpected events and emergencies.

42. Based on the advice and assurance set out above and the process by which the budget has been constructed, the DoCS is satisfied that the estimates are robust and can be relied upon for approval as part of the proposed budget.

Financial Implications

43. These are set out in the report.

Legal Implications

44. The Authority is required to approve a balanced budget and set its precept charge on the council tax by 1 March 2025.

Business Risk Implications

45. The final approved budget forms a key element of the Authority’s risk management process, as it is designed to minimise any financial risks which the Authority may face.

Environmental Impact

46. This is a strategic report that does not contain detailed proposals that have any environmental implications. A particular proposal may have such implications but will be identified as each is assessed.

Equality and Diversity Implications

47. This is a strategic report that does not contain detailed proposals that have any equality and diversity implications. a particular proposal may have such implications but will be identified as each is assessed.

Human Resource Implications

48. None.

Local Government (Access to Information) Act 1985

List of background papers
Paper: 2024/25 Budget
Date: 17 February 2025
Contact: Steven Brown

Reason for inclusion in Part 2 if appropriate: N/A

Appendix A: The Medium Term Financial Strategy (MTFS)
Appendix B: The Capital Strategy
Appendix C: The Reserves Strategy
Appendix D: The Treasury Management Strategy
Appendix E: Council Tax Precept Consultation
Appendix F: Response from the Fire Brigade Union to the Council Tax Precept Consultation