

Lancashire Combined Fire Authority

Meeting to be held on 23 February 2026

2026/27 Budget

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

Contact for further information: Steven Brown - Director of Corporate Services

Tel: 01772 866804

Executive Summary

The purpose of this paper is to allow the Members to agree the 2026/27 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.
- Pay Policy Statement.

Recommendation

The Authority is requested to:

- Agree the 2026/27 budget, including the Net Budget Requirement of £80.5 million (as set out in Table 2 paragraph 16) 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 £94.73 for 2026/27.
- Agree the levels of Council Tax precept set out in Table 3, paragraph 21.
- Approve the capital programme and associated funding for 2026/27 set out in table 5, paragraph 28;
- Approve the Medium Term Financial Strategy 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 23 and Appendix E; and
- Note the Statement of Robustness of Estimates set out in paragraph 40.
- Approve the Pay Policy Statement in Appendix F.

Information

1. The Authority is required to set a balanced budget and council tax precept for the next financial year by 1 March 2026. 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.
 - Ensures consistency between financial planning and pay policy.
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 so they can focus on making Lancashire safer.
 - Preventing fires and other emergencies from happening.
 - Protecting people and properties when fires happen.
 - Responding to fires and other emergencies quickly and competently.
 - Delivering value for money in how we use our resources.

Service Review

3. The government's Fire and Rescue National Framework for England requires each fire and rescue service to produce a high-level Community Risk Management Plan (CRMP), which explains how they will use their resources to respond to and reduce the risks they have identified in their local area.
4. The CRMP considers the way we operate, and evolve as risks to public safety change, it is our job to make sure we are equipped to deal with changing risk and demand by adapting our services and skills to prevent, protect and respond effectively. At the same time, we must address operational and financial challenges so that we can continue to deliver high standards of services across Lancashire in the most efficient way.
5. In January the Combined Fire Authority (CFA) approved the 'Community Risk Management Plan Pre-Consultation'. As set out in the January CFA report the development of the CRMP will include a Service Review and develop options for how services are delivered in the future. This will enable the scope and timing of some of our major projects to be finalised, such as the new Preston and Fulwood Stations, new Stores and combined Headquarters and Training Facility.

Financial Context

6. At the time of writing, UK inflation (CPI) stands at 3.4% following a slight rise in December 2025. Looking ahead, leading public-sector forecasters, including the Office of Budget Responsibility and Bank of England, expect inflation to continue easing through 2026, moving closer to over 2% by the end of the year. Economic growth is forecast to remain modest but steady at around 1.2–1.4%, broadly in line with long-term trend levels. Overall, 2026 is expected to bring gradually

improving conditions, with lower inflation helping stabilise household finances despite continuing subdued economic growth.

7. Nationally, the Fire and Rescue Service continues to face significant financial pressures driven by funding pressures, rising legislative requirements, environmental and societal changes, persistent inflationary pressures, particularly affecting major capital projects, and above-inflation pay awards, alongside increasingly complex demands on resources.

Funding

8. 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. As government grants fell sharply after 2010, the fire and rescue sector was forced to adapt through a combination of workforce, operational, and financial measures. Nationally, firefighter numbers were reduced significantly, with England losing around 25% of its wholtime firefighters since 2008. In addition, latest comparison figures for On-call firefighter (full time equivalent) numbers show a decline from 10,768 in March 2014 to 7,967 in March 2024, representing a 26% reduction across England. 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.
9. 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). During this period the Service has funded its capital schemes primarily from revenue resources and has not utilised any borrowing, unlike most of the fire and rescue services.

Fair Funding Review

10. In June of 2025 the Spending Review set out government departmental budgets for the next three years, confirmed a full reset of business rates baselines from April 2026 and a review of the Funding Formula which allocates funding amongst each fire authority; the Fair Funding Review (FFR) consultation, launched with the spending review, updated the funding formula for the first time since 2013. Initial assessments undertaken on behalf of the National Fire Chiefs Council (NFCC) identified cuts for the sector and Lancashire Fire and Rescue Service (LFRS); estimated at between £3 million and £4 million were modelled.
11. All Fire and Rescue Services (FRS) resource to risk which is driven by a range of other risks, most notably deprivation. Unfortunately, the new funding review, rather than increasing funding to match increasing risk, is mainly being redistributed towards areas with higher population growth. There is a perversity in the result, LFRS is experiencing cuts in its share of funding and yet has one of the highest levels of deprivation. If the funding formula continues at this level, revenue resources will continue to decline.
12. Following a period of significant lobbying both nationally and locally through MPs, locally elected members and the Fire Brigades Union, Government protections were put in place to ensure no FRS lost funding providing a Council Tax increase of £5 is agreed by the respective authorities for each of the next 3 years; note the

£5 precept in each year 2026/27, 2027/28 and 2028/29 has been assumed in the MTFs. There was also a promise of a fundamental review of the funding formula for the next Spending Review, effective from April 2029. Whilst the £5 precept flexibility is welcome; it is unfortunately offsetting Government grant cuts rather than an opportunity to invest in the Service.

Settlement

13. The Provisional Settlement announced in mid-December 2025 provided estimated funding levels for the next three years from 2026/27. Revenue funding levels in the provisional settlement, alongside local planning assumptions suggest that funding levels will be broadly in line with the previously set MTFs for 2026/27; an increase of circa 3%. Whilst this is an improvement compared to earlier planning assumptions, due to higher than budgeted inflation in 2025, 3.8% actual in September compared to 2% assumed in the MTFs, the settlement will represent a real term cut. Unfortunately, no capital grant funding was provided again for in the provisional settlement despite continuous lobbying from the sector.
14. The only change in the Final Settlement announced on the 9 February included protection funding; LFRS was one of a few fire services receiving this funding due to the cut in its share of funding, this totalled just £0.150 million in 2026/27 only and will be earmarked to meet potential in year pressures and future deficits.

Council Taxbase

15. 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 2026/27 increased by 0.83% compared with an average of 1.54% over the previous three years, consequently having another negative impact on the Authority's funding. If the taxbase continues at this level, below the national average, the Authority's revenue resources will continue to decline. Table 3 paragraph 21 sets out the taxbase and proposed Council Tax precept for 2026/27.

Proposed Revenue Budget 2026/27

16. The 2026/27 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, this is assumed to give total Council Tax funding of £45.1 million.
17. The proportion of the budget that is now funded by Council Tax has increased again as the percentage of funding from other sources such as government grants reduces.
18. The net expenditure budget takes account of general inflation, assumed pay awards, previous commitments, required permanent and one-off increases and decreases in resources to give a net budget requirement of £80.5 million. The following table sets out the proposed 2026/27 budget and subsequent paragraphs set out the key changes underpinning the net budget requirement:

Table 2 – Budget Proposals 2026/27		£ million
Budget	Base Budget*	77.511
	Inflation	3.176
	Commitments	1.305
	Permanent increases in Resourcing	0.571
	One-off items	(0.194)
	Permanent decreases in Resourcing	(1.844)
	Proposed Net Budget Requirement	80.525
Funding	Council Tax	45.064
	Business Rates	15.481
	Revenue Support Grant	19.980
	Total Funding	80.525

Precept (Council Tax – Band D) per annum	£94.73
Precept (Council Tax – Band D) per week	£1.82
Increase from 2025/26 Band D of £89.73	£5.00
Increase per week Band D	10p

19. As the table shows, this proposal delivers a balanced budget as required by law. The £5 increase equates to a 5.57% increase in the council tax precept, if the precept is reduced additional savings would be required, for example, a reduction of 1% would reduce funding by £0.4 million which equates to a loss of £4 million in funding over 10 years.
20. The main elements that make up the Proposed Budget Requirement for 2026/27 are set out below and detailed in the MTFS in Appendix A:
- Economic changes
 - Pay - An allowance of 4% for pay awards in 2026/27 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 2026/27 with additional savings made in future years. Each 1% increase results in an additional £0.5 million and £0.1 million for Grey book and Green book staff respectively.
 - Inflation – Non-pay budgets have been increased by 3.8% in line with CPI and 2% thereafter. Specific increases in price inflation for known areas have been assumed.
 - 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 2026/27 is £1.4 million and then reduce over the period of the MTFS to £0.2 million by 2030/31.
 - Commitments – These reflect the impact of previous decisions that have a financial consequence in 2026/27 or are due to policy, legal or regulatory changes. The main adjustment in 2026/27 relates to a planned £1 million increase in revenue funding for the capital programme from £2.5 million to £3.5 million. Whilst a comprehensive review of the Capital programme has taken place, and asset life extended where possible, significant inflationary pressures for vehicles, property and ICT means that without dedicated

central Government capital grants, revenue to capital contributions must increase.

- Permanent increases in Resourcing – An increase of £0.5 million is required in 2026/27 to reflect the loss of the National Insurance grant; Government have confirmed this has been rolled into Grants now.
- Permanent decreases in Resourcing - In 2026/27 £1.8 million of savings will be realised from optimising crewing arrangements; reducing wholetime crewing levels from 13 to 12 (on 2 pump Wholetime, Flexible Day Crewed and Day Crewing Plus stations [excluding Urban Search and Rescue units]) as the next step in meeting financial challenges, improving efficiency, and aligning Lancashire with sector- equivalent crewing models. This will result in the reduction of the grey book establishment from 636 to 608. The £0.5 million overtime savings realised in 2025/26 from Dynamic Resourcing is built into the base budget and thus assumed to continue.

Council Tax Precept

21. Council Tax funding is based on the estimated taxbase (Band D equivalents) provided by each local authority. Compared to 2025/26, the overall taxbase has increased by 0.83% (3,912 properties), last year the increase was 1.43%. 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 2026/27	Number of Band D Equivalents	Precept on Collection Fund
Burnley Borough Council	24,497.00	2,320,601
Chorley Borough Council	39,157.93	3,709,431
Fylde Borough Council	33,067.00	3,132,437
Hyndburn Borough Council	22,183.00	2,101,396
Lancaster City Council	43,832.69	4,152,271
Pendle Borough Council	25,164.44	2,383,827
Preston City Council	45,222.90	4,283,965
Ribble Valley Borough Council	25,853.00	2,449,055
Rosendale Borough Council	21,350.00	2,022,486
South Ribble Borough Council	38,816.17	3,677,056
West Lancashire District Council	38,756.88	3,671,439
Wyre Borough Council	40,088.94	3,797,625
Blackburn with Darwen Borough Council	38,246.03	3,623,046
Blackpool Council	39,477.00	3,739,656
Total	475,712.98	45,064,291

Band	Proposed 2026/27 £	Actual 2025/26 £	Change per year £	Change per week £
A	63.15	59.82	3.33	0.06
B	73.68	69.79	3.89	0.07
C	84.20	79.76	4.44	0.09
D	94.73	89.73	5.00	0.10
E	115.78	109.67	6.11	0.12
F	136.83	129.61	7.22	0.14
G	157.88	149.55	8.33	0.16
H	189.46	179.46	10.00	0.19

22. The increase for a Band D property per year is £5; that is 10 pence per week. The precept received from each collection authority is adjusted to reflect any surplus or deficit on the collection fund. This year there is a small surplus of £0.294 million which will be earmarked to meet in year pressures and future deficits on the collection fund. The MTFs includes the adjusted precept from each collection authority.

Council Tax Precept Consultation

23. 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 11 December 2025 for a £5 increase in the council tax precept for the year ahead. The consultation ended at 5pm on 4 February 2026 and the results are set out in Appendix E along with the response from the Fire Brigade Union to the budget.
24. 970 responses were received, 75% supported the increase in the precept, 6% neither supported nor opposed the increase and 18% did not support the increase. Less than 1% responded with 'Don't know'.

Medium Term Financial Strategy

25. 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 considers 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 £ million	26/27 £ million	27/28 £ million	28/29 £ million	29/30 £ million	30/31 £ million
Base Budget	77.511	80.525	82.804	84.999	87.351
Add:					
Inflation	3.176	2.162	2.027	2.046	2.013
Commitments	1.305	0.817	0.157	(0.026)	(0.096)
Increases in Resourcing	0.571	0.143	0.932	1.507	1.553
One-off items	(0.194)	0.158	0.079	(0.175)	(0.050)
Decreases in Resourcing	(1.844)	(1.000)	(1.000)	(1.000)	(1.000)
Net Budget	80.525	82.804	84.999	87.351	89.770
Council Tax	(45.064)	(48.036)	(51.075)	(52.747)	(54.475)
Business Rates	(15.481)	(15.843)	(16.169)	(16.493)	(16.822)
Revenue Support Grant	(19.980)	(18.925)	(17.755)	(18.111)	(18.473)
Funding	(80.525)	(82.804)	(84.999)	(87.351)	(89.770)

Note that Council Tax increases are assumed at £5 in 2026/27, 2027/28 and 2028/29 and 2% thereafter.

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

- Inflation – The pay awards for 2026/27 are estimated at 4% then 2% thereafter. Non-pay budgets have increased by the September Office of Budget Responsibility (OBR) CPI figures; 3.8% in 2026/27 and 2% thereafter. Income earned on investments is expected to reduce as cash balances reduce and interest rates reduce from 3.7% to 3% over the period of the MTFS.
- Commitments – The MTFS includes for increases in revenue contributions to Capital, rising from £3.500 million in 2026/27 to £4.592 million by 2029/30, thus ensuring the capital programme is financially sustainable in the long term.
- Increases in Resourcing - The 2026/27 increase reflects the loss of the National Insurance grant; Government have confirmed this has been rolled into Grants now. Increases thereafter relate to borrowing repayment and interest costs to fund the major projects in the capital programme; by the end of the MTFS total interest and repayment costs are forecast at £4.1 million per annum.
- Decreases in Resourcing – These are required to balance the budget. In 2026/27 £1.8 million of savings will be realised from the optimising crewing changes; reducing wholtime crewing levels from 13 to 12 (on 2 pump Wholtime, Flexible Day Crewed and Day Crewing Plus stations (excluding USAR units) as the next step in meeting financial challenges, improving efficiency, and aligning Lancashire with sector-equivalent crewing models. New savings are required from 2027/28 of £1 million per annum, each year through to 2030/31, so by 2030/31 cumulatively £4 million of recurring new savings will be required to balance the budget.
- 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 next spending review and review of the funding formula is

likely to impact on these assumptions which is expected to be determined during late 2028. This year there is a small surplus on the business rates collection fund of £0.151 million which will be earmarked to meet in year pressures and future deficits on the collection fund.

27. 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 the next three years, with reliance on earmarked reserves, major structural changes would be required alongside government support beyond year three of the MTFS.

Capital Strategy

28. In addition to the revenue budgets a programme of capital investment is proposed from 2026/27, 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	2026/27 £ million	2027/28 £ million	2028/29 £ million	2029/30 £ million	2030/31 £ million
Vehicles	4.046	2.933	2.650	3.455	2.338
Operational Equipment	1.753	0.174	0.123	0.523	0.109
Buildings	1.066	5.600	14.600	18.500	18.500
ICT	2.376	1.200	0.333	0.723	1.853
Inflation	0.000	0.106	0.166	0.349	0.437
	9.241	10.012	17.873	23.550	23.236
Funding					
Revenue Contributions	3.500	4.500	4.500	4.569	4.592
Capital Reserve	5.741	0.912	(0.227)	1.481	1.144
Capital Receipts	0.000	0.000	0.000	0.000	0.000
Borrowing	0.000	4.600	13.600	17.500	17.500
	9.241	10.012	17.873	23.550	23.236

29. The 2025/26 five-year capital programme approved by the Authority in February 2025 included four major projects; Leadership and Development Centre Training Facilities (£18 million), Headquarters and Stores relocation (£18 million), Fulwood replacement station (£7 million) and Preston replacement station (£10 million). The focus during 2025/26 has been to obtain planning approval for the Chorley Masterplan. Due to new Biodiversity Net Gain (BNG) planning legislation requirements, additional studies, which can only be undertaken during Spring, and changes to the designs are required. The result is that the masterplan has been delayed by approximately one year with planning approval now sought in late summer / early autumn 2026.
30. Progress with the Leadership and Development Centre Training Facilities will continue in tandem with the masterplan application to ensure development is not unduly delayed. The Preston, Fulwood and Headquarters and Stores relocation

projects have been programmed for years four and five of the capital programme so the scope can be considered as part of refreshed CRMP and supporting the Service Review during 2026.

31. A summary of the major projects is reflected in the updated 2026/27 10-year capital programme, 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 £18 million is included in the programme between 2027/28 and 2028/29.
 - The following major projects are programmed for 2029/30 to 2030/31, however the scope and timing of these major schemes will be considered as part of the CRMP and Service Review that is due to be consulted on and finalised in early 2027.
 - The Preston replacement station is the busiest station in Lancashire and is in a very poor condition, the budget is £10 million.
 - The Headquarters and Stores relocation 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 (Reinforced Autoclaved Aerated Concrete (RAAC) which requires a resolution). The budget is £18 million.
 - The relocation of Headquarters necessitates the need to invest in a new station to replace Fulwood either on the existing site or at an alternative location. The budget is £7 million.
32. To fund the Capital Programme table four shows that in addition to utilising the Capital Reserve and revenue contributions, also £51.2 million of borrowing is required to fund the major schemes. The long-term revenue costs of this borrowing is £4.1 million per annum, this will need to be met from revenue resources. The scope and timing of these major projects will be considered as part of the CRMP and Service Review.
33. 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

34. 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.
35. 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.

36. 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 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.
37. The General Reserve exists to one off cover unforeseen risks and expenditure that may be incurred outside of planned budgets such as major flooding or wildfire events or costs associated with Industrial Action, the General Reserve may not be used to offset annual revenue budget pressures. The minimum level of General Reserve advised by the Treasurer for the 2025/26 budget was £3.85 million. 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 £4 million. Considering the risks facing the Authority the Treasurer recommends increasing the minimum level for 2026/27 to £4 million. The level of the General Reserve estimated at 1 April 2025 is estimated at £6 million, 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

38. 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.
39. 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

40. 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.

41. The statutory requirement is reinforced by the Prudential Code, which requires authorities to have regard to affordability when considering recommendations about future capital programmes.
42. The Authority has a medium term planning process that takes account of service demands and the financial scenario covering a 5-year period to 2031. 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.
43. For 2026/27, 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 2026/27 capital programme.
44. In assessing the robustness of the 2026/27 proposals and the estimates on which they are based, the Director of Corporate Services (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.
45. 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 (such as variances on budgets);
 - Ability to deliver policy proposals and/or achieve projected savings; and
 - Unforeseen additional operational demands and activities.
46. 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.
47. Based on the advice and assurance set out above and the process by which the budget has been constructed, the Director of Corporate Services is satisfied that the estimates are robust and can be relied upon for approval as part of the proposed budget.

Pay Policy Statement

48. In accordance with the provisions of the Localism Act 2011 a pay policy statement for 2026/27 has been prepared. The pay policy publishes data on senior salaries and the structure of the workforce and demonstrates the principles of transparency. The pay policy statement sets out the Authority's policies for the financial year relating to:
- The remuneration of its chief officers.
 - The remuneration of its lowest paid employees.
 - The relationship between the remuneration of its chief officers and that of other employees who are not chief officers.
49. The statement is included in Appendix F:
- The level and elements of remuneration for each chief officer.
 - Remuneration range for chief officers on recruitment.
 - Methodology for increases and additions to remuneration for each chief officer.
 - The use of performance-related pay for chief officers.
 - The use of bonuses for chief officers.
 - The approach to the payment of chief officers on their ceasing to hold office under, or be employed by, the authority.
 - The publication of and access to information relating to the remuneration of chief officers.
50. It also includes the Authority's policies for the financial year relating to other terms and conditions applying to its chief officers.

Financial Implications

51. These are set out in the report.

Legal Implications

52. The Authority is required to approve a balanced budget and set its precept charge on the council tax by 1 March 2026.

Business Risk Implications

53. 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

54. 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

55. 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

56. Future appointments to the Authority's chief officer positions have to be made in compliance with the pay policy statement, which potentially reduces flexibility. Although the document has been produced in line with the requirements of the Act and accompanying guidance, the Authority's employment obligations are not superseded by the Act's requirements and have to be considered.

Local Government (Access to Information) Act 1985

List of background papers

Paper: 2025/26 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: Pay Policy Statement