

**TO:** Cambridgeshire and Peterborough Fire Authority

**FROM:** Chief Fire Officer (CFO) – Matthew Warren

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## **DRAFT FINANCIAL STRATEGY 2025/26 TO 2028/29**

### **1. Purpose**

- 1.1 The purpose of this report is to provide the Fire Authority with a draft medium term financial plan for review and agree the proposed draft budget and precept for consultation.

### **2. Recommendation**

- 2.1 The Authority is asked to review and approve the proposed strategy and summary medium-term financial plan for consultation (Appendix 1).

### **3. Risk Assessment**

- 3.1 **Economic** – the significant risk to the Authority budget is if the budgeted inflation of 2% increases significantly above that forecast. This will be particularly relevant in relation to pay budgets. The other risk is that the level of government grant funding has not yet been confirmed for 2025/26 and beyond, so the funding assumed in the forecasts are best estimates at this time.

### **4. Background**

- 4.1 The Fire Authority has developed its medium-term financial strategy and plan over several financial years.
- 4.2 The Authority's ambition is to not only be financially sustainable in the medium-term but also be resilient to growing pressures. The Community Risk Management Plan (CRMP) is pivotal in driving all the other strategies and plans across the Service. It is the strategic plan that prioritises how the money is spent. However, it must be highlighted that many factors will influence this plan and it may need to be amended to reflect the changing environment.

- 4.3 The Service has a financial business continuity plan to ensure that it can respond to significant changes in the financial climates. It provides options for making savings across the Service in a managed way where the impact of any such change is understood. The annual update of this plan will be presented alongside the detailed budget in February 2025.

## **5. Funding Update**

- 5.1 Given that we have a new government in power, there is an indication that the way we will be funded will change in 2026/27 and we also expect to then receive a three-year funding agreement. We have assumed, for the purposes of establishing a medium-term financial plan, that funding will remain in-line with that currently in place. For 2025/26 the funding is a one-year agreement. The lack of certainty is a risk for the medium-term financial strategy.

## **5.2 New Pressures**

5.2.1 As we enter 2025/26 our contract with Suffolk Fire and Rescue Service comes to an end. The loss of the Suffolk control room collaboration is significant in that it is an additional burden to Cambridgeshire and Peterborough Fire Authority of £1.1m.

5.2.2 From January 2025 the unions have agreed a new pay scale structure for all On-Call operational employees. Assuming contracted hours are not reduced, the estimated increase in pay related costs amount to circa £435k and this has been built into the plan.

5.2.3 For 2024/25 and into 2025/26 the Service is having to deal with a significant amount of additional administrative work relating to the pension remedies. In addition to this we are experiencing an increase in reporting requirements for various government bodies, putting further pressure on a lean professional and support establishment.

5.2.4 Having looked at our current establishment, expected retirements as well as the natural churn, and the fact that the county has grown significantly over the last decade, we need to start to build in some resilience, both in operational and professional management and support to ensure we maintain a level of service. The £5.00 increase in precepts over the medium-term allows us to do this, helping us ensure we are a service fit for the future.

- 5.3 It is hoped that the Authority will receive its financial settlement before Christmas where indicative figures for Section 31 grants are included. Final information relating to these will not be received until late January 2025. For this draft financial strategy, we have had to use estimated values.

## 6. Council Tax

- 6.1 On 28 November 2024, Government announced the amount fire authority council tax levels can be increased by is £5.00. This replaces the previous limit of 2.99% (this equates to an increase of £2.43 per band D equivalent property for 2025/26).
- 6.2 The attached draft strategy details a forecast budget requirement for 2025/26 and includes a council tax increase of £4.95 (6%).

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Budget Preparation Papers 2025/26	Hinchingbrooke Cottage Brampton Road Huntingdon	Deb Thompson Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

**MEDIUM TERM FINANCIAL PLAN 2025/26 TO 2028/29**

<b>2025/26</b> Description	Prior Year Budget £000's	Inflation £000's	Adjustments £000's	2025/26 Budget £000's
Wholetime Firefighters Pay	17,210	250	930	18,390
Retained Firefighters Pay	3,558	54	568	4,180
Fire Control Pay	2,016	30	(194)	1,852
Management & Support Pay	8,227	158	632	9,017
Training & Other Personnel Related Costs	522	4	57	583
<b>Total Staffing Costs</b>	<b>31,533</b>	<b>496</b>	<b>1,993</b>	<b>34,022</b>
		2%		
Premises Running Costs	2,217	(145)	38	2,110
Insurances, Supplies and Services Costs	5,525	37	96	5,658
Transport Costs	720	(38)	25	707
Service Charges	183	1	30	214
Capital Financing Costs	469	0	79	548
<b>Total Supplies, Servicing and Financing costs</b>	<b>9,114</b>	<b>(145)</b>	<b>268</b>	<b>9,237</b>
		-2%		
<b>Total Costs</b>	<b>40,647</b>	<b>351</b>	<b>2,261</b>	<b>43,259</b>
		1%		
Shared Services Income	(1,343)	0	1,036	(307)
Other income	(450)	0	56	(394)
Non-NNDR Grants	(1,927)	0	210	(1,717)
Revenue Support Grant (RSG)	(4,737)	0	(80)	(4,817)
National Non-domestic Rates	(5,004)	0	(118)	(5,122)
NNDR top-up Grants	(3,793)	0	(18)	(3,811)
Transfers to/(from) Reserves	1,850	0	(1,850)	0
<b>Total Income before Fire Authority Precepts</b>	<b>(15,404)</b>	<b>0</b>	<b>(764)</b>	<b>(16,168)</b>
		0%		
<b>Funded by Fire Authority Precept</b>	<b>25,243</b>	<b>351</b>	<b>1,497</b>	<b>27,091</b>
Tax Base and growth	306864	1.23%	3773	310637
Band D Tax	£ 82.26	6.02%	£ 4.95	£ 87.21
<b>Total Precept £000's</b>	<b>£ 25,243</b>	<b>7.3%</b>	<b>£ 1,848</b>	<b>£ 27,091</b>

Appendix 1 cont.

<b>Future Years +1</b>	2025/26	Inflation	Adjustments	2026/27
	Budget			
Wholetime Firefighters Pay	18,390	368	531	19,289
Retained Firefighters Pay	4,180	84	0	4,264
Fire Control Pay	1,852	37	1	1,890
Management & Support Staff Pay	9,017	180	(8)	9,189
Training & Other Staff Related Costs	583	12	69	664
<b>Total Staffing Costs</b>	<b>34,022</b>	<b>681</b>	<b>593</b>	<b>35,296</b>
		<b>2%</b>		
Premises Running Costs	2,110	42	8	2,160
Insurances, Supplies and Services Costs	5,658	113	40	5,811
Transport Costs	707	14	0	721
Service Charges	214	4	0	218
Capital Financing Costs	548	0	501	1,049
<b>Total Supplies, Servicing and Financing costs</b>	<b>9,237</b>	<b>173</b>	<b>549</b>	<b>9,959</b>
		<b>2%</b>		
<b>Total Costs</b>	<b>43,259</b>	<b>854</b>	<b>1,142</b>	<b>45,255</b>
		<b>2%</b>		
Shared Services Income	(307)	(6)	0	(313)
Other income	(394)	(8)	74	(328)
Non-NNDR Grants	(1,717)	0	15	(1,702)
RSG	(4,817)	(96)	0	(4,913)
National Non-domestic Rates	(5,122)	(102)	0	(5,224)
NNDR top-up Grants	(3,811)	(76)	38	(3,849)
Transfers to/from Reserves	0	0	0	0
<b>Total Income before Fire Authority Precepts</b>	<b>(16,168)</b>	<b>(288)</b>	<b>127</b>	<b>(16,329)</b>
<b>Funded by Fire Authority Precept</b>	<b>27,091</b>	<b>566</b>	<b>1,269</b>	<b>28,926</b>
		<b>2%</b>		
Tax Base and growth	310637	1.04%	3233	313,870
Band D Tax £ per house	£ 87.21	5.68%	£ 4.95	£ 92.16
<b>Total Precept £000's</b>	<b>£ 27,091</b>	<b>6.8%</b>	<b>£ 1,835</b>	<b>£ 28,926</b>

Appendix 1 cont.

<b>Future Years +2</b>	<b>2026/27</b>	<b>Inflation</b>	<b>Adjustments</b>	<b>2027/28</b>
Wholetime Firefighters Pay	19,289	386	542	20,217
Retained Firefighters Pay	4,264	85	0	4,349
Fire Control Pay	1,890	38	0	1,928
Management & Support Staff Pay	9,189	184	(8)	9,365
Training & Other Staff Related Costs	664	13	(70)	607
<b>Total Staffing Costs</b>	<b>35,296</b>	<b>706</b>	<b>464</b>	<b>36,466</b>
		<b>2%</b>		
Premises Running Costs	2,160	43	(18)	2,185
Insurances, Supplies and Services Costs	5,811	116	13	5,940
Transport Costs	721	14	1	736
Service Charges	218	4	0	222
Capital Financing Costs	1,049	21	700	1,770
<b>Total Supplies, Servicing and Financing costs</b>	<b>9,959</b>	<b>198</b>	<b>696</b>	<b>10,853</b>
		<b>2%</b>		
<b>Total Costs</b>	<b>45,255</b>	<b>904</b>	<b>1,160</b>	<b>47,319</b>
		<b>2%</b>		
Shared Services Income	(313)	(6)	0	(319)
Other income	(328)	(7)	34	(301)
Non-NNDR Grants	(1,702)	0	45	(1,657)
RSG	(4,913)	(98)	(1)	(5,012)
National Non-domestic Rates	(5,224)	(104)	(1)	(5,329)
NNDR top-up Grants	(3,849)	(77)	30	(3,896)
Transfers to/from Reserves	0	0	0	0
<b>Total Income before Fire Authority Precepts</b>	<b>(16,329)</b>	<b>(292)</b>	<b>107</b>	<b>(16,514)</b>
<b>Funded by Fire Authority Precept</b>	<b>28,926</b>	<b>612</b>	<b>1,267</b>	<b>30,805</b>
Tax Base and growth	313870	1.07%	3344	317,214
Band D Tax £ per house	£ 92.16	5.37%	£ 4.95	£ 97.11
<b>Total Precept £000's</b>	<b>£ 28,926</b>	<b>6.5%</b>	<b>£ 1,879</b>	<b>£ 30,805</b>

Appendix 1 cont.

<b>Future Years +3</b>	<b>2027/28</b>	<b>Inflation</b>	<b>Adjustments</b>	<b>2028/29</b>
Wholetime Firefighters Pay	20,217	404	554	21,175
Retained Firefighters Pay	4,349	87	0	4,436
Fire Control Pay	1,928	39	(1)	1,966
Management & Support Staff Pay	9,365	187	(8)	9,544
Training & Other Staff Related Costs	607	12	70	689
<b>Total Staffing Costs</b>	<b>36,466</b>	<b>729</b>	<b>615</b>	<b>37,810</b>
		<b>2%</b>		
Premises Running Costs	2,185	44	11	2,240
Insurances, Supplies and Services Costs	5,940	119	3	6,062
Transport Costs	736	15	0	751
Service Charges	222	4	0	226
Capital Financing Costs	1,770	35	585	2,390
<b>Total Supplies, Servicing and Financing costs</b>	<b>10,853</b>	<b>217</b>	<b>599</b>	<b>11,669</b>
		<b>2%</b>		
<b>Total Costs</b>	<b>47,319</b>	<b>946</b>	<b>1,214</b>	<b>49,479</b>
		<b>2%</b>		
Shared Services Income	(319)	(6)	0	(325)
Other income	(301)	(6)	2	(305)
Non-NNDR Grants	(1,657)	0	0	(1,657)
RSG	(5,012)	(100)	0	(5,112)
National Non-domestic Rates	(5,329)	(107)	0	(5,436)
NNDR top-up Grants	(3,896)	(78)	31	(3,943)
Transfers to/from Reserves	0	0	0	0
<b>Total Income before Fire Authority Precepts</b>	<b>(16,514)</b>	<b>(297)</b>	<b>33</b>	<b>(16,778)</b>
<b>Funded by Fire Authority Precept</b>	<b>30,805</b>	<b>649</b>	<b>1,247</b>	<b>32,701</b>
Tax Base and growth	317214	1.01%	3197	320,411
Band D Tax £ per house	£ 97.11	5.10%	£ 4.95	£ 102.06
<b>Total Precept £000's</b>	<b>£ 30,805</b>	<b>6.2%</b>	<b>£ 1,896</b>	<b>£ 32,701</b>

## Appendix 1 cont

### MEDIUM TERM CAPITAL PROGRAMME 2023/24 TO 2026/27

	Forecast £ 2025/26	Forecast £ 2026/27	Forecast £ 2027/28	Forecast £ 2028/29
<b>Vehicle Replacement Programme</b>				
Emergency Fleet	1,137,780	1,098,810	856,170	873,300
Silver Fleet	563,730	399,020	1,162,460	1,212,150
Other	-	-	-	-
<b>Vehicles capital expenditure</b>	<b>1,701,510</b>	<b>1,497,830</b>	<b>2,018,630</b>	<b>2,085,450</b>
<b>Capital Equipment Programme</b>	<b>277,960</b>	<b>280,430</b>	<b>228,730</b>	<b>219,983</b>
<b>Land and Buildings Capital Programme</b>				
Property Refurbishments and Upgrades	1,948,200	2,156,130	985,180	1,589,000
New Land and Buildings	-	-	-	-
<b>Land and Buildings capital expenditure</b>	<b>1,948,200</b>	<b>2,156,130</b>	<b>985,180</b>	<b>1,589,000</b>
<b>IT and Communications Capital Programme</b>				
Tangible Assets	161,670	551,410	795,900	54,120
Intangible Assets	255,000	260,100	-	216,490
<b>ICT capital expenditure</b>	<b>416,670</b>	<b>811,510</b>	<b>795,900</b>	<b>270,610</b>
<b>Total Capital Expenditure</b>	<b>4,344,340</b>	<b>4,745,900</b>	<b>4,028,440</b>	<b>4,165,043</b>
<b>Financed By:-</b>				
Loan	2,723,340	3,531,900	906,440	2,507,043
Capital Receipts	221,000	1,014,000	2,422,000	408,000
Revenue Contribution to Capital Outlay (RCCO)		200,000	700,000	1,250,000
Transfers (to)/from Capital Reserves	1,400,000			
Capital Grants				
<b>Total Resources</b>	<b>4,344,340</b>	<b>4,745,900</b>	<b>4,028,440</b>	<b>4,165,043</b>