



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 25/51

MEETING	Finance & Audit Committee
DATE OF MEETING	3 December 2025
SUBJECT OF THE REPORT	Financial Monitoring Report - Quarter 2 2025-26
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	To note and comment upon
EXECUTIVE SUMMARY	<p>This report provides an analysis of the current financial position for the 2025-26 financial year, reflecting actual spending to 30 September 2025.</p> <p>The revenue budget shows a forecast negative position of £622k at the current time due to three main factors. The impact of the higher than budgeted national pay awards, further grant reductions confirmed by central Government after the budget had been set by the Fire Authority and significant levels of additional operational activity in Q2 2025-26.</p> <p>The forecast capital expenditure position totalling £10.33m is outlined in Section 5.</p>
RISK ASSESSMENT	<p>Financial sustainability remains a key focus as a strategic risk and as such the monitoring of the financial position is a critically important factor in financial planning and decision making for the Authority. Any anticipated financial outcome arising will therefore influence medium-term financial planning and the budget setting process.</p>
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report

ENVIRONMENTAL IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATION	Members are asked to note and comment upon the current financial position as at 30 September 2025.
BACKGROUND PAPERS	Medium Term Finance Plan 2025-26 to 2028-29 – Fire Authority, February 2025.
APPENDICES	Appendix A – Revenue Monitoring Statement 2025-26 Appendix B – Reserves and Unused Grants Statement 2025-26 Appendix C – Capital Monitoring Statement 2025-26 Appendix D – Treasury Management Prudential Indicators 2025-26 Appendix E – Treasury Management Statement 2025-26
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**1. Introduction**

- 1.1 This report provides an update on the budget position for the 2025-26 financial year, covering the period to 30 September 2025. At Fire Authority in February 2025 a net revenue budget for the financial year of £76.4m was approved, alongside a capital programme for the year of £10.7m.
- 1.2 Further financial updates were provided to Members at Fire Authority in June 2025, where planned reserve usage was outlined, and Finance & Audit Committee in July 2025, where approval was given for £3.3m of funding for ongoing capital projects to be carried forward from 2024-25 into 2025-26. The quarter one monitoring position reported to Finance and Audit Committee in September 2025 outlined a forecast negative revenue position of £480k and planned capital expenditure of £13.1m.
- 1.3 Appendices A, B and C show the summary revenue, reserves and capital projections for the financial year. Appendices D and E provide information on treasury management prudential indicators, borrowing and investment activity for the quarter.

## 2. Revenue Monitoring

### 2.1 Employees (note 1)

2.1.1 The report shows an overall projected overspend of £863k for Employee costs, representing 1.4% of the employee budget amount. This is based on actual costs to date and projected costs based on previous spend profiles and anticipated staffing numbers for the remainder of the financial year. The variance will also fluctuate depending on levels of operational activity and through vacancy management.

2.1.2 The employee budget for the year included provision for a 2% pay award for all staffing groups. This aligned to historical financial principles; inflation targets set by central Government and ultimately reflected what the Service could afford based on its wider financial position. The national pay award subsequently agreed for both staffing groups was 3.2%, creating an estimated £670k budget pressure in 2025-26.

2.1.3 On-call employee costs will significantly impact overall performance in this area, with an element of the cost fluctuating based on activity levels. Costs totalled £2,374k in the first quarter and incident numbers increased by 19.1% compared to the same period in 2024-25. Quarter two continues to show a significant increase in the number of incidents attended, with spend totalling £2,805k.

<b>On-call Attendance</b>	July – Sept 2024	July – Sept 2025	Difference
Fires	456	684	50.00%
Non-Fire Incidents	432	409	-5.32%
False Alarms	720	778	8.06%
<b>Total Incidents attended</b>	<b>1,608</b>	<b>1,871</b>	<b>16.36%</b>

2.1.4 The year-to-date position provides further evidence of the exceptionally quiet year that was experienced in 2024-25. Fire attendance has increased by 47.95%.

<b>On-call Attendance</b>	Apr – Sept 2024	Apr – Sept 2025	Difference
Fires	880	1,302	47.95%
Non-Fire Incidents	869	861	-0.92%
False Alarms	1,330	1,460	9.77%
<b>Total Incidents attended</b>	<b>3,079</b>	<b>3,623</b>	<b>17.67%</b>

2.1.5 Whilst the year-on-year number of incidents has shown a major increase, the long-term trend over multiple years is downward which was reflected in the on-call budget allocation for 2025-26 being set at £9.3m. A negative variance of £528k is

now forecast for the year. This is due to not only the increase in incidents but also the severity of some of those incidents. The financial burden of the major incidents that the Service experienced during the Summer, which forms part of this forecast, is outlined in Section 3.

- 2.1.6 The Service is aiming to absorb the financial pressures caused by the additional pay award within the financial year across its wider revenue budget. Significant progress has been made in achieving this within the employee budgets itself, with the total overspend across the staffing groups excluding on-call forecast to be £335k. This has been achieved by the management of staffing vacancies, recruitment and the associated time periods. These temporary vacancies do add additional workload pressures to existing teams and can't be maintained on a permanent basis but do provide some financial benefit via reduced costs for a short-term period.
- 2.2 Other non-pay related costs (notes 2 – 6)
- 2.2.1 Several small positive budget variances are forecast across the premises budget allocations. In addition to the business rate refunds from our stations in Hamworthy and Swindon received in the quarter, small underspends are also now forecast on building maintenance, utility bills, cleaning and waste management.
- 2.2.2 Additional vehicles costs were incurred repairing accidental damage to an appliance by a third party. The Service is looking to recover this cost via insurance arrangements, but this will show as income received within the monitoring statement if successful.
- 2.2.3 Various small budget variances are forecast across our supplies and services budget allocations. The quarter one update outlined the reduction in expected Airwave system charges, which are now expected to total £95k. In addition to this, the SDWAN infrastructure upgrade project, which has progressed during 2025-26, was expected to bring increased line rental costs from September 2025. These will now only be incurred once the full installation has been completed, generating an estimated saving prior to this of £125k.
- 2.2.4 The agency and contracted out services budget allocation is forecast to overspend by £210k. This is reflective of the additional costs incurred utilising other Fire and Rescue Services in response to the major incidents declared. These costs are outlined further in Section 3.
- 2.2.5 Section 6 of the report outlines ongoing treasury management performance during 2025-26. The planned expenditure levels and current cashflow position suggest that there will not be a requirement to undertake additional external borrowing during the current financial year. The original budget assumed there would be a need, so an in-year saving of £75k in interest costs will occur.

2.3 Income (notes 7 - 9)

2.3.1 Current investment performance has also remained strong, with levels maintained for longer than previously expected. With interest rates also reducing at a slower than anticipated rate, investment returns are expected to be £100k higher than initially forecast in the budget for the year.

2.3.2 Following the budget being formally approved by Fire Authority in February, the Home Office confirmed the final allocations of several further grants the Service has historically received. The budget was based on the assumption that the pension grant of £2.118m received in 2024-25 to support additional pension costs would be maintained at the same level, but it was reduced by £149k to £1.969m. Additionally, the Service has received a Firelink grant for a number of years and confirmation had been provided historically that this would be £110k in 2025-26. This was not honoured, and the funding was removed completely.

2.3.3 The final allocations and confirmed income the Service receives from business rates via the Local Authorities across the Service area and central Government is not formally confirmed until after the budget is set and can be subject to small fluctuations. The Service will receive an additional £49k.

**3. Major Incidents**

3.1 The major incidents which occurred over the summer period has had a significant financial impact on the Service. Holt Heath saw 47 of our 50 stations mobilised and 43 were utilised in response to Newton Heath.

3.2 The Service has formally raised this issue with The Ministry of Housing, Communities and Local Government (MHCLG) and submitted a Bellwin claim in early October requesting additional financial support. Members have been kept updated throughout this process, and the document submitted to MHCLG was shared by the Chief Fire Officer via email on 16 October 2025.

3.3 The claim totalled £597k, and a summarised breakdown is provided below. This represents the additional costs that the Service incurred in response to the incidents. This included the response of on-call staff, which significantly exceeded typical levels, but excludes wholtime Station costs which would have been incurred regardless. Once the major incident was declared, support from 17 other Fire and Rescue Services (FRS's) from across the country was also received, and their costs also formed part of the claim.

Item	Amount
Additional crewing and staffing costs	£290,929

Cost of support from other FRS's	£227,251
Food & welfare at incident ground for all crews and agencies	£23,096
Incidental costs for supplies, damaged equipment, vehicles etc.	£55,762
<b>TOTAL</b>	<b>£597,038</b>

3.4 The Bellwin claim was submitted to MHCLG on 13 October 2025 and the Service is awaiting a decision on whether the incidents meet the requirements to be considered for Bellwin support. MHCLG confirmed on 10 November 2025 that they have all the required information and will confirm the outcome shortly.

3.5 Appendix A includes all the major incidents expenditure that was incurred, but does not include any reimbursement from MHCLG.

#### **4. Reserves and Unused Grants**

4.1 Appendix B details the reserve and unused grant balances that the Service currently holds and their planned usage in 2025-26.

4.2 The general reserve balance stood at £3.157m on 1 April 2025. This is planned to increase to £3.212m this year, in line with the risk-based assessment completed as part of the budget setting process.

4.3 Earmarked reserves (£19.125m) and grants (£0.745m) stood at £19.870m on 1 April 2025. Appendix B provides a full breakdown of the reserves brought forward and their planned usage in 2025-26. At the end of 2024-25 a number of budget carry forward requests were made by departmental budget owners for revenue projects that were ongoing but not complete on 31 March 2025. These funds have been released back to the relevant departments in 2025-26 to enable the projects to complete.

4.4 Various other earmarked reserves will be released in-year reflecting their usage for the specific purposes that they were created. The capital replacement reserve, ring-fenced for key strategic projects, and the service control system replacement reserve will also be released later in the year to reflect their planned capital usage.

4.5 Unused grant reserves with specific conditions, will be utilised wherever permissible in accordance with their terms and conditions.

#### **5. Capital Programme**

5.1 The original Capital Programme for 2025-26 totalled £10.7m. Projects totalling £3.3m have been carried forward from 2024-25. £2.8m of amendments linked mainly to the timing of planned expenditure have subsequently been made in-year.

5.2 Appendix C details the revised Capital Programme for 2025-26, which is currently £11.18m. Planned expenditure is £10.33m.

5.3 Estates (note 10)

A full update on the progression of the training centre projects will be provided as part of agenda item 25/54. The cost of the projects will be incurred over multiple financial years as work is completed. A sum of £2.685m was an estimate of the sum that will be incurred in 2025-26 at the point of budget setting, but any remaining budget will be rolled forward into 2026-27 where necessary. Currently a sum of £1m has been left in the 2025-26 budget allocation, with the rest carried forward for future financial years. This will be closely monitored and amended where necessary throughout the remainder of the year.

Various cyclical maintenance projects are due to be completed in 2025-26 aligned to ongoing estates review work. Works have already been completed at Sherborne, Gillingham and Wareham. Further projects at Bridport, Beaminster, Blandford, Salisbury, Trowbridge, Devizes and Calne are also progressing. The project at Calne had originally suggested the need for a new roof, but further investigative work has now identified that this is not necessary. Instead, repairs will be made and a saving of £53k will be generated. Plans for expenditure at Christchurch Fire Station are also under review, with a significantly reduced scope likely. Plans have also been paused for works at Charminster Workshops whilst the long-term viability of the site is clarified.

The installation of AMR Water monitors is also progressing across our sites to enhance our monitoring processes to identify issues and efficiencies. The audit of eight sites to identify possible environmental enhancements has completed and £97k of expenditure is estimated in this financial year.

5.4 Fleet and Equipment (note 11)

5.4.1 Our planned fleet replacement programme is progressing, with sixteen pumping appliances ordered. The first four were delivered in early 2025-26 with the last four due to be delivered by Summer 2027. Several other vehicles have been ordered and will be delivered in this financial year. A number of efficiencies have been achieved as part of the ordering process, with wider review work also identifying the option to delay or in some cases cease planned expenditure.

A review of wildfire capability and requirements is underway following the major incidents over the Summer, and some elements of planned expenditure in this financial year have been paused whilst this work is completed.

5.5 ICT and Operational Communications (note 12)

Various ICT projects are active including scheduled laptop replacements, back-up system and office 365 replacements and the upgrade to Windows 11. Further laptop ordering processes based on scheduled replacements are also progressing. Server upgrade, cyber security and firewall replacement projects will progress in the second half of the financial year. The planned route for firewall provision is aligned to the SD WAN project completion.

The command & control system replacement project, procured through the Networked Fire Services Partnership (NFSP), is progressing but some of the planned milestone payments totalling £327k originally scheduled for 2025-26 will now be delayed into 2026-27. The budget will be carried forward to meet this commitment. The system implementation date is early 2027-28.

Expenditure on operational communications is largely linked to the provision of replacement vehicles and ensuring they have the required functionality. A screen mirror system for utilisation within the control room to assist with vehicle mobilisation has recently been purchased and was cheaper than previously expected.

## **6. Treasury Management**

6.1 The Treasury Management Strategy for 2025-26 was approved by Fire Authority at the meeting in February 2025. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and Treasury Management Code require that treasury management activity is reported quarterly as part of an authority's general revenue and capital monitoring.

6.2 The Authority has a statutory duty to determine and keep under review the affordable borrowing limits. During the quarter the Authority has operated within the treasury and prudential indicators set out in the approved strategy. No difficulties are envisaged for the current or future years in complying with these indicators.

6.3 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

6.4 The Treasury Management Prudential Indicators are shown in Appendix D. Appendix E outlines the current borrowing and investment position at the end of quarter 1 2025-26.

### **6.5 Borrowing**

6.5.1 At the start of the financial year, the Authority had outstanding external borrowing totalling £16.15m. The Treasury Management Strategy written prior to the year commencing estimated that £6.2m of new borrowing would need to be undertaken during 2025-26, based on planned capital expenditure of £10.7m. Revenue interest costs of £550k for the year were forecast based on that forecast borrowing need.

- 6.5.2 The current forecast capital expenditure for the year is £10.33m, with £1m of expenditure included for the training centre projects. The likelihood of this and the exact timings will be confirmed in Q4 2025-26, alongside the likely financial milestones for payments being due.
- 6.5.3 Cashflow activity is closely managed on a daily basis to ensure ongoing liquidity. No additional borrowing has been undertaken to date in 2025-26. Existing cash balances will be fully utilised prior to entering new long-term borrowing arrangements, due to the current interest rates available.
- 6.5.4 It is now anticipated that further external borrowing can be avoided in 2025-26. Borrowing costs for the year will total £475k, as outlined in Appendix E.

## 6.6 Investments

- 6.6.1 Investment balances totalled £11.520m on 1 April 2025 and reduced slightly to £11.517m by the end of quarter 2. Officers continue to work with our appointed treasury advisors to identify investment opportunities aligned to our Treasury Management Strategy. A total fixed-term investment balance of £4.5m, split between a Local Authority and an overseas bank, were in place at the end of September.
- 6.6.2 An income interest target of £400k was forecast for the year as part of the budget setting process. These fixed term investments are key to achieving this, with the intention to maximise the return from this source as much as possible, particularly in the first half of the financial year when cashflow levels permit.
- 6.6.3 This has proven to be a successful approach, with an expectation that the annual income target will now be exceeded by £100k. This will continue to be monitored in conjunction with planned capital expenditure timings.
- 6.6.4 Alongside the fixed term investments, daily cashflow is managed via instant access 'Money Market Funds' and 'On-Call Deposits'. The return generated on these is slightly less but does enable immediate liquidity to be maintained as required.

## 7. **Summary and key points**

- 7.1 The revenue budget shows a forecast outturn overspend of £622k at the current time.
- 7.2 The impact of the higher than budgeted pay award and further grant reductions confirmed after the budget had formally been set by Fire Authority have largely been absorbed, as planned. This has been achieved via vacancy management of staffing roles, underspends on several non-pay budget lines across premises, supplies and services and positive treasury management performance and management.

- 7.3 The financial impact of the major incidents in Q2 2025-26 is outlined in Section 3. The total additional cost of £597k is largely responsible for the current forecast year-end revenue outturn variance. A further update on the outcome of the Bellwin Scheme claim to MHCLG will be confirmed to Members once known.
- 7.4 The forecast capital programme expenditure for the year is £10.33m. This has been revised in-year to reflect carry forward requests from 2024-25 and slippage on some projects.