



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 25/38

MEETING	Finance & Audit Committee
DATE OF MEETING	10 September 2025
SUBJECT OF THE REPORT	Financial Monitoring Report - Quarter 1 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 June 2025.</p> <p>The revenue budget shows a forecast negative position of £480k at the current time, due to the impact of a higher than budgeted national pay award and further grant reductions confirmed by central Government after the budget had been set by Fire Authority.</p> <p>Forecast performance against a revised Capital Programme total of £13.45m is outlined in Section 4, reflecting carry forwards from last year and some further in-year changes.</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 June 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 June 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.
- 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 £490k for Employee costs, representing 0.78% 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 The Service will be looking to absorb this pressure within the financial year across its revenue budget. Staffing vacancies, the associated recruitment periods and subsequent notice periods for new employees to fill these positions does provide one opportunity to do this. During the first quarter of the year, there have been 20 vacancies across corporate departments, including fleet and equipment, assets, procurement and ICT. This has significantly contributed to the reduction in forecast overspend compared to the initial projection. 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.
- 2.1.4 On-call employee costs will also 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, against an annual budget allocation of £9.3m. Prior year costs have totalled £9m in 2023-24 (6,748 incidents) and £8.8m in 2024-25 (6,172 incidents).
- 2.1.5 The start of 2025-26 has seen a significant increase in the number of incidents attended compared to the same period in 2024-25. This is often weather dependent, so part of the increase can be attributed to the good weather conditions that were experienced in the period.

On-call Attendance	Apr – June 2024	Apr - June 2025	Difference
Fires	424	618	45.75%
Non-Fire Incidents	437	452	3.43%
False Alarms	610	682	11.80%

Total Incidents attended	1,471	1,752	19.10%
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- 2.1.6 Whilst the year-on-year number of incidents has shown a major increase, the long-term trend over multiple years is downward, once again highlighting the exceptionally quiet year that was experienced in 2024-25. It is believed that the budget allocation made for 2025-26 is sufficient, and this area will be monitored closely in the coming months.
- 2.1.7 The forecast budget position outlined in this report does not include the anticipated large financial impact of the two major incidents declared in Dorset in August. The full cost of these is not expected to be known until late September, once all pay claims from staff internally have been processed and reimbursement requests have been received from the seventeen other Services from across the country that supported us.
- 2.1.8 Shortly after the Holt Heath fire, Officers contacted central Government outlining our intention to submit a Bellwin scheme claim. Whilst there is no automatic entitlement for financial assistance, the Service believes the incident does meet the underlying qualifying criteria and will be looking to recover the additional costs incurred. A further update to Members will be provided in due course.
- 2.1.9 Across our other staffing group (Wholetime and Control) small overspends linked to the higher pay award are being forecast. During the quarter seventeen new wholetime firefighters formally started with the Service. Following the completion of their relevant training they were allocated to their designated stations.
- 2.2 Other non-pay related costs (notes 2 – 3)
 - 2.2.1 Historically the Service has worked closely with an external partner to challenge the underlying rateable value assessments for each of our stations, which are the basis for the annual business rate charges that we are required to pay. A total of £781k in refunds was received by the Service in the period 2017 – 2022. We continue to look for further opportunities to challenge wherever possible and recent work has resulted in successful challenges linked to our stations in Hamworthy and Swindon. Refunds totalling £39k will be received imminently.
 - 2.2.2 Various small budget variances are forecast across our supplies and services budget allocations. In March 2025 the Service was informed by the Home Office of the outcome of the recent legal challenge made by Motorola about historic and ongoing Airwave system charges. The original decision to reduce these by around 50% was upheld following appeal. The estimated impact of this was built into the final budget allocations for 2025-26, but a further underspend of around £70k is anticipated to develop as the year continues and final charges are known.

2.3 Income (notes 4-5)

- 2.3.1 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.
- 2.3.2 The protection uplift grant of £226k has been maintained at the same level as 2024-25, and the Service received 50% of this in quarter one. The same will be due in the second half of the financial year but will require the Service to evidence its planned usage prior to it being paid.
- 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. Reserves and Unused Grants

- 3.1 Appendix B details the reserve and unused grant balances that the Service currently holds and their planned usage in 2025-26.
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 Unused grant reserves with specific conditions, will be utilised wherever permissible in accordance with their terms and conditions.

4. Capital Programme

4.1 The original Capital Programme for 2025-26 totalled £10.7m. Projects totalling £3.3m have been carried forward from 2024-25, although £207k of this for fleet and equipment costs is now no longer required. The timescales for the replacement command control system, procured through the Networked Fire Services Partnership (NFSP), have also been subject to some minor delays which will mean that the payments due within 2025-26 will reduce by £327k.

4.2 Appendix C details the revised Capital Programme for 2025-26, which is currently £13.45m.

4.3 Estates (note 6)

The training centre projects are out to tender and a further update will be provided to Members in the autumn. 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.

Various cyclical maintenance projects are due to be completed in 2025-26 aligned to ongoing estates review work. Works will be completed at Bowerhill, Calne, Devizes, Amesbury, Blandford, Charmouth and Salisbury. Some of the works at these sites will also include environmental enhancements and a further eight sites are being audited by an external partner to identify possible improvements. The impact of this is not currently built into the budget forecast. The planned plant and equipment budget allocation is for door, boiler and plant replacements and will be fully utilised.

4.4 Fleet and Equipment (note 7)

4.4.1 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 small 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.

The new Unimog vehicle was made available for operational activity in June 2025 and will particularly provide additional support and capacity during the wildfire season. A review project of the ongoing need for specialist vehicles such as this is underway and will be used to plan future budget requirements.

4.5 ICT and Operational Communications (note 8)

Various ICT projects are active including scheduled laptop replacements, back up system and office 365 replacements and the upgrade to Windows 11, with support ceasing for Windows 10 by the supplier in October 2025. 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 wide area network project which will be completed in Autumn 2025.

The command & control system replacement project, procured through the Networked Fire Services Partnership (NFSP), is progressing but some of the planned milestone payments 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.

The procurement process for a new Service website is due to commence in quarter 2 2025-26 and replacement health and safety and operational effectiveness database (OED) systems are also planned for 2025-26.

Expenditure on operational communications is largely linked to the provision of replacement vehicles and ensuring they have the required functionality.

5. Treasury Management

- 5.1 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.
- 5.2 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.
- 5.3 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.
- 5.4 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.
- 5.5 Borrowing
 - 5.5.1 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.

5.5.2 The current forecast capital expenditure for the year is £13.1m, although £2.685m of that is linked to the progression of the training centre projects. The likelihood of this and the exact timings will be confirmed in Autumn 2025 as the tender process completes, and contracts are signed.

5.5.3 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.

5.5.4 If further additional external borrowing can be avoided in 2025-26 then total borrowing costs for the year will total £475k, as outlined in Appendix E.

5.6 Investments

5.6.1 Investment balances totalled £11.52m on 1 April 2025 and reduced slightly to £10.40m by the end of quarter 1. Officers continue to work with our appointed treasury advisors to identify investment opportunities aligned to our Treasury Management Strategy. A total investment balance of £5m with other Local Authorities has been maintained throughout the quarter.

5.6.2 An income interest target of £400k was forecast for the year as part of the budget setting process. The fixed term investments with other local authority bodies are key to achieving this, with the intention to maximise the return from this source as much as possible in the first half of the financial year.

5.6.3 Based on current knowledge it is expected that the £400k annual income target will be achieved, but this will be monitored in conjunction with planned capital expenditure timings.

5.6.4 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.

6. **Summary and key points**

6.1 The revenue budget shows a forecast outturn overspend of £480k at the current time. The confirmed national pay award of 3.2% for all staffing groups is higher than the 2% budget provision and created an estimated annual budgetary pressure of £670k. Central Government also confirmed further grant reductions totalling £259k after the budget had been formally set by Fire Authority in February 2025.

6.2 Work is ongoing across the Service looking to absorb this pressure within the budget available for 2025-26. Good progress has been made, largely due to vacancy management of corporate staffing roles. Non-pay budgets are also being actively reviewed to identify further possible efficiencies.

- 6.3 The forecast outturn position does not include the financial impact of the significant heath fires that have occurred across the service in quarter 2 2025-26. The full cost of these will not be known until the end of quarter 2. Officers are liaising with central Government to confirm whether financial support will be available to support the significant additional costs incurred.
- 6.4 The overall Capital Programme budget for 2025-26 has increased to £13.45m. This has increased from the original £10.69m approved by Fire Authority in February 2025 due to the carry forward requests from 2024-25 approved by this Committee in July 2025.