



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 26/06

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	10 February 2026
SUBJECT OF THE REPORT	Revenue Budget and Precept Implications 2026-27
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For consideration and approval
EXECUTIVE SUMMARY	<p>This report sets out the revenue budget requirements for 2026-27 and the associated precept implications.</p> <p>The Provisional Local Government Finance Settlement was the first multi-year settlement in a decade. Our assessed core spending power for 2026-27 is £79.478m, increasing to £82.410m in 2027-28 and £85.352m in 2028-29.</p> <p>The actual funding position for the Authority is then reliant on local factors. The Government's forecast Council tax income is based on £5 Band D precept increases being approved by this Authority for each respective year and annual tax base growth of 1.57%. The four billing authorities across the area have subsequently confirmed the tax base growth for 2026-27 is only 0.94%.</p> <p>Retained business rate income is also ultimately based on local factors. The Government's forecast is annual growth averaging 2.08% over the three-year period. This does not seem unreasonable at the current time, but this will be monitored closely by Officers.</p> <p>Small surpluses have been confirmed by the four billing authorities on both the Council tax and business rate elements of the collection fund, but there is no guarantee that these will continue in future years.</p>

	<p>£5 precept flexibility per year has been offered to all Fire and Rescue Authorities across the multi-year settlement period. This would mean that the Band D Fire Precept for this Authority can be increased to a maximum of £96.95 (5.44%) in 2026-27. The Authority is recommended to approve this increase.</p>
<p>RISK ASSESSMENT</p>	<p>The Authority, through its Medium-Term Finance Plan, needs to achieve a balanced budget position, within the context of the Government’s fiscal policy.</p> <p>Despite a strong track record of finding savings and demonstrating high levels of value for money, the future funding position is critical with a need to deliver immediate ongoing efficiencies to ensure financial sustainability.</p> <p>Continued uncertainty surrounding the wider economy and the continuing impact of pay and price inflation are also significant concerns.</p>
<p>COMMUNITY IMPACT ASSESSMENT</p>	<p>None for the purposes of this report.</p>
<p>BUDGET IMPLICATIONS</p>	<p>These are contained within the body of the report.</p>
<p>RECOMMENDATIONS</p>	<p>It is recommended that the Authority:</p> <ol style="list-style-type: none"> 1. Approve the basic amount of Band D Fire Precept for the Dorset & Wiltshire Fire and Rescue Authority at £96.95 for 2026-27. 2. Approve the revenue budget of £79.503m for 2026-27, based on the total funding available. 3. Note the requirement to find in-year savings totalling £1.206m in 2026-27 to balance the budget. 4. Authorise the Treasurer to issue precept notices on Bournemouth, Christchurch and Poole Council, Dorset Council, Swindon Borough Council and Wiltshire Council.
<p>BACKGROUND PAPERS</p>	<p>Provisional local government finance settlement 2026-27, Ministry of Housing, Communities and Local Government. Published 17 December 2025:</p> <p>https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2026-to-</p>

	2027/provisional-local-government-finance-settlement-2026-to-2027
APPENDICES	Appendix A - Precept requirement 2026-27 Appendix B - Medium Term Finance Plan 2026-27 to 2028-29
REPORT ORIGINATOR AND CONTACT	Name: Ryan Maslen, Director of Financial Services & Treasurer to the Fire Authority Email: ryan.maslen@dwfire.org.uk Telephone No: 07500 669442

1. Introduction

- 1.1 This report outlines the revenue budget requirement for 2026-27. The budget and Band D Fire Precept recommendations are based on the financial principles previously approved by the Authority.
- 1.2 There are several financial implications presented to the Authority in this report, and these are based on best available information and professional forecasts.
- 1.3 Appendix B to this report provides a detailed analysis of the Medium-Term Financial Plan for the period 2026-27 to 2028-29. The key elements are detailed below.

2. Funding

2.1 Provisional Local Government Finance Settlement 2026-27

- 2.1.1 The Provisional Local Government Finance Settlement for 2026-27, providing details of our assessed Core Spending Power (CSP), was published on 17 December 2025, with a 4-week consultation period closing on 14 January 2026. The Final Settlement is expected to be announced in early February 2026, and Members will be kept informed of any significant changes from the Provisional Settlement.
- 2.1.2 The settlement for 2026-27 is the first multi-year settlement in a decade. Provisional allocations have been provided for a three-year period. Final funding allocations for 2027-28 and 2028-29 will be consulted on and confirmed in their respective years. The Government plan to complete another Spending Review before the end of this multi-year settlement, which may impact allocations for 2028-29 and which will determine arrangements for 2029-30 and beyond.
- 2.1.3 Alongside the Government's commitment to deliver a multi-year settlement, several other amendments were made to the funding process outlined in the Local Government Finance Policy Statement released in November 2025. This included a desire to simplify income streams delivered via grants and a reset of the business rates retention system from 1 April 2026.
- 2.1.4 An adjusted baseline CSP figure for 2025-26 of £76.374m for the Service was outlined in the settlement, providing a starting point for the multi-year settlement. This has been successfully reconciled back to the confirmed income allocations for the 2025-26 financial year from Council tax, business rates, the Revenue Support Grant and the National Insurance Grant. At a time of change this has provided clarity and assurance on what funding streams form the assessed CSP.

2.1.5 The breakdown of the assessed CSP for the multi-year settlement period is shown below:

Table 1 – Assessed CSP	2026-27 £m	2027-28 £m	2028-29 £m
Council Tax Requirement (CTR)	57.746	61.677	65.719
<i>Fair Funding Assessment:</i>			
- Revenue Support Grant (RSG)	12.758	11.553	10.268
- Baseline Funding Level (BFL)	8.974	9.180	9.365
Core Spending Power (CSP)	79.478	82.410	85.352

2.1.6 The initial analysis of the settlement provides a relatively positive position – an increase of 4.06% for 2026-27 and an increase of 11.76% over the three-year period.

2.1.7 However, only the RSG allocation is formally set by central Government. The BFL reflects an assumed level of business rates income that is collected locally. The actual amount of business rates income that is received is always subject to uncertainty and is only confirmed in late January by the local billing authorities. Similarly, the level of Council tax income collected via local precepting arrangements is also outside of the direct control of the Government.

2.1.8 The settlement did confirm the option for ongoing precept flexibility of £5 per year over the multi-year period. This will enable the Authority to increase the Fire Precept to £96.95 for 2026-27, and the income figures above assume that £5 increases are approved per year and the tax base (the number of Band D equivalent households in the Authority area) grows by 1.57% per year.

2.1.9 Crucially, the benefit this increase brings is once again offset by reductions to the RSG allocation over the multi-year period. The settlement outlines how this will decrease by £1.2m per year, and by 19.5% in total over the three-year period. A similar approach from central Government was experienced in the 2025-26 budget setting process where £1.79m of stand-alone grants ceased completely.

2.1.10 The assumed tax base growth is also an area of significant concern. The tax base increased by 2.35% in 2025-26, but this was significantly boosted by the adoption of the 100% council tax premium on second homes by Dorset Council and Bournemouth, Christchurch and Poole Council. The table below illustrates the growth in the standard tax base over the last three financial years.

Table 2 – Historical tax base growth, excluding the impact of second homes	%
2025-26	0.81
2024-25	0.84
2023-24	1.43

2.2 Actual Funding Position

2.2.1 Data received from the billing authorities across the area has now confirmed the actual Council tax base growth in 2026-27 is 0.94%. This will result in a £0.357m reduction in actual Council tax income in 2026-27 compared to the Government’s assessed amount in the CSP, even if the maximum precept of £5 is approved by this Authority.

2.2.2 With this latest tax base number, the adjusted figure of 0.81% in 2025-26 and the 0.84% growth in 2024-25, future funding projections being made locally must reflect the historical trends, and the forecast CSP over the three-year period shown below includes growth of 0.90% in 2027-28 and 2028-29.

Table 3 – Actual & Forecast CSP	2026-27 £m	2027-28 £m	2028-29 £m
Council Tax Requirement (CTR)	57.389	60.892	64.453
<i>Fair Funding Assessment:</i>			
- Revenue Support Grant (RSG)	12.758	11.553	10.268
- Baseline Funding Level (BFL)	8.959	9.180	9.365
Core Spending Power (CSP)	79.106	81.624	84.086

2.2.3 The BFL figures included in the settlement for 2026-27 did accurately forecast the level of business rate income that will be retained locally, with the actual amount being only £14k lower. The forecast numbers have therefore been left unchanged for 2027-28 and 2028-29 and reflect what was originally included in the settlement. Growth of 2.47% (27-28) and 2.02% (28-29) will be required in local business rate income to achieve this, and this position will be monitored closely over the period in question. It does not seem unreasonable based on current knowledge.

2.2.4 The revised actual growth in CSP is 3.58% in 2026-27 and 10.10% over the three-year period. Actual CSP income is £0.371m lower in 2026-27 than the figure

forecast in the settlement. This gap will continue to grow over the three-year settlement period and is projected to be £1.266m lower by 2028-29.

2.3 Funding summary

2.3.1 Based on the position outlined above and the wider financial outlook, Members are asked to approve increasing the Band D Fire Precept by £5 to £96.95 for 2026-27. This is the maximum increase possible without triggering the need to hold a referendum.

2.3.2 Assuming that this approach is taken, and is also replicated for 2027-28 and 2028-29, the total funding projection for each of the three financial years is shown below.

Table 4 – Total funding projection over three-year period	2026-27 £m	2027-28 £m	2028-29 £m
Taxbase	591,943	597,270	602,645
Band D Fire Precept (£)	£96.95	£101.95	£106.95
Fire Precept (£m)	£57.389m	£60.892m	£64.453m
Council tax Collection Fund Surplus/Deficit (-) (£m)	£0.216m	£0.250m	£0.250m
Revenue Support Grant (RSG) (£m)	£12.758m	£11.553m	£10.268m
Business rates retention (£m)	£8.959m	£9.180m	£9.365m
Business rates Collection Fund Surplus/Deficit (-) (£m)	£0.181m	£0.170m	£0.170m
Total Funding (£m)	£79.503m	£82.045m	£84.506m

2.3.3 Whilst the Government has attempted to simplify grant arrangements, some do still currently remain outside of the assessed CSP. The provisional settlement did outline that the Fire Pensions and Protection Uplift grant, which have generated £1.969m and £0.226m in 2025-26, have been identified for future simplification. These income streams have currently been built into future projections at a flat rate for the three-year period, and form part of the income line in the budget requirement section below.

3. Budget requirement

3.1 In determining the 2026-27 budget requirement there are several influencing factors, outside of the issues around precepts and Government funding. The main factors, concerns and risks are outlined in detail in Appendix B.

3.2 The net revenue budget requirement for each of the three financial years is summarised in the table below.

Table 5 – Revenue Budget requirement over three-year period	2026-27 £m	2027-28 £m	2028-29 £m
- Employees	66.032	68.300	70.653
- Premises	4.880	4.977	5.077
- Transport	1.572	1.603	1.635
- Supplies & services	5.879	5.996	6.116
- Agency & contracted out	2.391	2.352	2.310
- Democratic representation	0.122	0.124	0.127
- Capital financing/leasing	6.113	6.371	6.532
- Income	-6.273	-6.206	-6.240
- Transfers to/from Reserves	-0.006	-0.002	0.001
Net budget requirement	80.710	83.515	86.211

3.3 As evidenced above, staffing costs represent a significant element of the overall budget requirement. Based on previously agreed financial principles we have historically assumed year-on-year pay awards of 2% for all staff groups, aligned to the Government's target for inflation.

3.4 With actual inflation being at a much higher level in recent years, and pay awards reflecting this, a change of approach has been taken to forecasting future pay awards in the table above. With a multi-year settlement now in place, a pay award aligned to the actual growth in CSP that will be experienced locally has been built into the net budget requirement for each year. This equates to 3.58% in 2026-27, 3.18% in 2027-28 and 3.02% in 2028-29.

4. Medium Term Finance Plan (MTFP)

4.1 Combining the income and expenditure positions above, the MTFP for the three-year settlement position is shown below.

Table 6 Budget Deficit	2026-27 £m	2027-28 £m	2028-29 £m
Total funding	79.503	82.045	84.506
Estimated net service budget	80.710	83.515	86.211
Budget surplus (+)/deficit (-)	-1.207	-1.470	-1.705

4.2 The MTFP supports the delivery of the Community Safety Plan, which sets out the key challenges and risks facing the Authority, along with how we intend to meet and reduce them. This is further supported by our Strategic Assessment of Risk, which is updated every two years. The MTFP is also based on a series of financial

assumptions, information from our constituent authorities and Service spending proposals.

- 4.3 With a multi-year settlement now in place, and the ongoing budget deficits being forecast for this period, the message from this Authority to all that are involved in the pay negotiation process needs to be clear - pay awards that exceed the actual funding allocation growth the Authority receives from central Government will increase the forecast budget deficits and will drive the need for further efficiencies.
- 4.4 The budget deficits outlined in point 4.1 need to be addressed, specifically the amount in 2026-27. Table 5 above has been amended in Appendix B to include the in-year savings requirement and shows a balanced budget position for 2026-27 of £79.503m.
- 4.5 **Resourcing and Savings Programme**
- 4.5.1 The resourcing and savings programme work and the ongoing need to deliver financial sustainability has been well documented in previous budget reports. In February 2024 the Service outlined that it faced some difficult choices to achieve a sustainable budget and medium-term finance plan after 2024-25. Officers set a target of saving a further £2.5m annually by 2026.
- 4.5.2 Following the approval of our Community Safety Plan 2024-2028 and the completion of a comprehensive fire cover review, the Service continues to assess the allocation and productivity of its operational resources, taking account of the changing picture of risk and demand in the Service area and the desire to utilise opportunities to better match our resources to the risks we face.
- 4.5.3 Work completed in 2024-25, that was approved under the Chief Fire Officer scheme of delegation, generated annual revenue budget savings of just under £1m. A Members working group focused on station reviews also commenced and the progression of this work is outlined in a later paper at this meeting.
- 4.5.4 The actions from that paper and any associated decisions are a matter purely for this Authority. But the need to deliver ongoing financial sustainability remains, whether that be efficiencies via the station review work or other options, that will need to be assessed and approved.
- 4.5.5 As a last resort, purely to ensure a balanced budget position is reached for 2026-27, earmarked reserves could be utilised for that financial year only. Section 5 of this report outlines the current and planned reserves position over the medium-term. There are insufficient balances available to utilise this option as an ongoing route to balancing the budget.

5. Reserves and balances

- 5.1 The Service will need to use its reserves and balances to help support a sustainable long-term financial position. As Members are aware, a general reserve is set aside as a safety net to cover unplanned and unbudgeted costs. The Authority needs to maintain separate reserves and balances to help deal with unexpected contingencies and specific risks that cannot be managed within the annual revenue budget, and to provide a working balance to help manage cash flow fluctuations arising from their normal business activities.
- 5.2 Earmarked reserves are held and maintained for specific purposes and are utilised accordingly, as are unused grant reserves which often have terms and conditions attached to them which dictate how they can be used. Full details of our Reserves and Balances strategy and planned usage is included in Appendix B.

Table 7 Projected Reserves Balances	Balance 1 Apr 25	Forecast spend 25-26	Forecast Balance 31 Mar 26	Forecast spend 26-27 to 28-29	Forecast Balance 31 Mar 29
	£m	£m	£m	£m	£m
General reserves	3.157	0.055	3.212	0.180	3.392
Earmarked reserves	19.125	-0.631	18.494	-15.370	3.124
Unused grants reserves	0.745	-0.112	0.633	-0.300	0.333
TOTAL	23.027	-0.688	22.339	-15.490	6.849

6. Statutory declarations

6.1 Robustness of the estimates

6.1.1 Under Section 25 of the Local Government Act 2003, the Treasurer, as designated under Section 151 of the Local Government Act 1972 and Section 112 of the Local Government Finance Act 1988, is required to report to the Authority when setting its Band D Fire Precept on two issues:

- the robustness of the estimates included in the budget: and,
- the adequacy of the financial reserves in the budget.

6.1.2 There are also a range of other safeguards aimed at ensuring local authorities do not over commit themselves financially. These include:

- The Chief Financial Officer’s powers under Section 114 of the Local Government Act 1988, which requires a report to the Authority if there is or is likely to be unlawful expenditure or an unbalanced budget
- The Local Government Finance Act 1992 which requires a local authority to calculate its budget requirement for each financial year, including the revenue

costs which flow from capital financing decisions. The Act also requires an Authority to budget to meet its expenditure after considering other sources of income. This is known as the 'balanced budget requirement'; and,

- The Prudential Code, introduced under the Local Government Act 2003, which applies to capital financing and treasury management decisions.

6.1.3 Whilst budgets are based on realistic assumptions, some budgets are subject to a degree of estimation error as actual expenditure can be affected by factors outside of the Authority's control. The estimates have been prepared to reflect existing commitments, the anticipated impact of inflation, increments and other unavoidable cost-drivers.

6.1.4 The revenue and capital budgets can be regarded as robust. Although there are risks in the 2026-27 budget, as with any budget, those risks are manageable and have been considered in advising on the level of general reserves at this time.

7. Summary & key messages

7.1 The Service's revenue budget requirement for 2026-27 is £79.503m.

7.2 To meet this budget requirement Members are asked to approve a Band D Fire Precept of £96.95 for 2026-27. This is the maximum amount possible without undertaking a local referendum, based on the recent Local Government Finance Settlement.

7.3 This increase in fire precept is recommended in consideration of the financial challenges the Authority currently faces. The ability to maximise the funding available is fundamental to ensuring financial sustainability.