



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 26/09

MEETING	Finance & Audit Committee
DATE OF MEETING	24 February 2026
SUBJECT OF THE REPORT	Financial Monitoring Report - Quarter 3 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 31 December 2025.</p> <p>The revenue budget shows a forecast negative position of £38k at the current time. The impact of the higher than budgeted national pay awards and further grant reductions post budget setting has largely been absorbed due to temporary factors across the Service.</p> <p>The major incidents and spike in operational activity experienced in Q2 2025-26 saw significant costs incurred. Central Government and the Ministry of Housing, Communities and Local Government (MHCLG) have recently confirmed that they will provide funding via the Bellwin Scheme for this additional expenditure. Their support is gratefully received and appreciated.</p> <p>The forecast capital expenditure position totalling £8.68m is outlined in Section 4.</p>
RISK ASSESSMENT	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.
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 31 December 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 31 December 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 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. The quarter two update provided in December 2025 forecast a £622k revenue overspend and capital expenditure totalling £10.3m.
- 1.4 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.
- 1.5 A significant change in the forecast revenue budget position is outlined in this report. Following the major incidents that were declared in the summer, the Service informed central Government of its intention to submit a Bellwin claim for the costs that exceeded standard budget allocations due to its extraordinary nature. Documents outlining the full claim totalling £597k were submitted to MHCLG in October 2025 and Officers have maintained dialogue since to enable an outcome to be reached.
- 1.6 On 3 February 2026, confirmation was received from MHCLG that Ministers had approved the claim. Officers are now working with MHCLG to provide evidence of the additional expenditure incurred to enable the funding to be paid to the Service. It is expected that this process will complete prior to the end of the financial year.

## **2. Revenue Monitoring**

- 2.1 Employees (note 1)
  - 2.1.1 The report shows an overall projected overspend of £761k for Employee costs, representing 1.2% 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 a forecast £670k budget pressure in 2025-26.
- 2.1.3 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; forecast overspends have been reduced to £183k on wholetime staff costs and £53k on control staff costs. The corporate staff forecast has now moved to a small underspend position of £9k due to 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.
- 2.1.4 On-call employee costs also significantly impact overall performance in this area, with an element of the cost fluctuating based on activity levels. Costs totalled £2,242k in the third quarter, the lowest quarterly amount of the year. Spend totalled £2,374k in Q1 and peaked in Q2 when costs totalled £2,805k mainly due to the well documented heath fires.
- 2.1.5 Whilst Q3 was the quietest quarter of 2025-26, total incident numbers were still marginally higher than the same period in Q3 2024-25.

<b>On-call Attendance</b>	Oct – Dec 2024	Oct – Dec 2025	Difference
Fires	341	361	5.87%
Non-Fire Incidents	459	467	1.74%
False Alarms	805	790	-1.86%
<b>Total Incidents attended</b>	<b>1,605</b>	<b>1,618</b>	<b>0.81%</b>

- 2.1.6 The year-to-date position provides evidence of the significant increase in operational activity that has been experienced. This is largely due to the heath fires over the summer period, although 2024-25 does appear to have been an exceptionally quiet year.

<b>On-call Attendance</b>	Apr – Dec 2024	Apr – Dec 2025	Difference
Fires	1,221	1,662	36.12%
Non-Fire Incidents	1,328	1,329	0.08%
False Alarms	2,135	2,250	5.39%
<b>Total Incidents attended</b>	<b>4,684</b>	<b>5,241</b>	<b>11.89%</b>

- 2.1.7 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 £347k 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.
- 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. Members have previously been updated on the one-off business rate refunds received for our stations in Hamworthy and Swindon. Further small underspends totalling £100k are also forecast on building maintenance, utility bills, cleaning and waste management.
- 2.2.2 Additional vehicles repair and maintenance costs were incurred earlier in the financial year, linked to the spike in operational activity. Spend in this area can be volatile and monthly costs have subsequently reduced but are being closely monitored.
- 2.2.3 Various small budget variances are forecast across our supplies and services budget allocations. Expenditure on scrap cars, which are used for planned training exercises, is lower than budgeted and further underspends on operational and non-operational equipment are also forecast. The quarter one budget update outlined the reduction in expected Airwave system charges, which are 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 Whilst the agency and contracted out services budget allocation is forecast to overspend by £342k, over a quarter of a million of this was incurred reimbursing other Fire and Rescue Services for their support in response to the major incidents declared in the summer.
- 2.2.5 Section 5 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 The forecast outturn position for grants and contributions income is influenced by two factors. Firstly, the positive outcome of the Bellwin claim that is detailed in section one of this report is expected to see the Service receiving additional income totalling £597k, offsetting the additional expenditure costs incurred.
- 2.3.3 However, this is partly offset by the reduction in grants confirmed by the Home Office after the budget for 2025-26 had been approved by Fire Authority in February 2025. 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.
- 2.3.4 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.
- 3.4 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.
- 3.5 Various other earmarked reserves will be released in-year reflecting their usage for the specific purposes that they were created. The service control system replacement reserve will also be partly released later in the year to reflect its planned capital usage.
- 3.6 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. Projects with budget allocations totalling £4.66m were identified as slippage for the purposes of finalising the capital programme for 2026-27 and have been removed from 2025-26.
- 4.2 Appendix C details the revised Capital Programme for 2025-26, which is currently £9.32m. Planned expenditure is £8.68m.
- 4.3 Estates (note 10)

A full update on the progression of the training centre projects and contract award will be provided as part of agenda item 26/11. The cost of the projects will be incurred over multiple financial years as work is completed, with minimal spend now expected within 2025-26. A sum of £2.685m was an estimate of the expenditure that will be incurred in 2025-26 at the point of budget setting, but this was based on a greater amount of work being completed at each site within the financial year. The budget allocation remaining at the end of the year will be rolled forward into 2026-27. The project is still on track to be delivered within the £14m budget approved by the Fire Authority and this will be closely monitored and scrutinised in the coming months.

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, Charmouth, Lyme Regis, Trowbridge, Swindon and Wareham. Refurbishment works at Calne, Blandford, Bridport, and Devizes are due to be completed in the next three months. The exact timing and completion of works will dictate whether costs are recognised in 2025-26 or 2026-27 and further budget carry forwards may be necessary to reflect this.

The project at Calne is an example of how planned works can change. Initial advice 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.

The need for a new roof at Salisbury Fire Station remains and this project will commence imminently. Refurbishment works at Westlea Fire Station have recently been completed. Following consultation with station staff, plans for expenditure at Christchurch Fire Station have also been revised with a significantly reduced scope now likely. Plans have also been paused for works at Charminster Workshops whilst the long-term viability of the site is clarified.

#### 4.4 Fleet and Equipment (note 11)

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. The specification for three command vehicles which have recently become operational was reviewed after the original budget was approved and significantly reduced. This has generated a saving of £150k. Other vehicles delivered over the winter period include large fleet vans and response cars. Six crew vans are also due to be delivered before the end of the financial year.

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. An additional Unimog vehicle formed part of the capital programme approved by Fire Authority in February 2026 and the procurement process for the provision of this vehicle will start in the coming months.

#### 4.5 ICT and Operational Communications (note 12)

Various ICT projects have been active throughout the year including the scheduled replacement of laptops. Back-up system replacement, Windows 11 upgrades and Office 365 back-up systems work has been completed. Server upgrade work has been completed and will cost £35k less than originally forecast. Cyber security and wireless refresh projects are progressing, but timescales may require some budget to be rolled into 2026-27 at year-end.

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. In the last three months good progress on data cleansing has been made in preparation for the new system to be built. The Dorset and Wiltshire testing environment will be built in Q1 2026-27 and will enable site acceptance testing and user acceptance testing to be completed individually and collectively across all 4 control rooms within the NFSP. The projected go-live date for the new system here is February 2027.

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.

## **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 3 2025-26.

### **5.5 Borrowing**

5.5.1 At the start of the financial year, the Authority had outstanding external borrowing totalling £16.2m. 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 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.

5.5.3 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.

### **5.6 Investments**

5.6.1 Officers continue to work with our appointed independent treasury advisors to identify investment opportunities aligned to our Treasury Management Strategy. An income interest target of £400k was forecast for the year as part of the budget setting process.

- 5.6.2 Investment balances totalled £11.520m on 1 April 2025. That balance reduced to £6.285m at the end of quarter 3. This is aligned to the approach described above, and the desire to avoid borrowing funds from external sources whilst borrowing rates are inflated.
- 5.6.3 The Service has utilised several fixed-term investment opportunities earlier in the financial year with the aim of maximising investment returns. The last of these matured in January 2026. Total investment returns are forecast to reach £500k in 2025-26, so will exceed the target return by £100k.
- 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 £38k at the current time.
- 6.2 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.
- 6.3 The financial impact of the major incidents in Q2 2025-26 have been negated now that MHCLG have confirmed that they will provide additional one-off funding.
- 6.4 The forecast capital programme expenditure for the year is £8.68m. This has been revised in-year to reflect carry forward requests from 2024-25 and slippage on some projects into 2026-27.