

Status of Report: Public

Meeting: Combined Fire Authority

Date: 23 January 2025

Subject: Learning and Development Facility Update and Stage 2 Funding Implications

Report By: Collette Sutton, Treasurer

Author: Collette Sutton, Treasurer

For: Discussion

Purpose

1. The purpose of this report is to provide an update on the proposed new Learning and Development Facility and to seek to identify funding options for the remaining Stage 2 funding requirements of £7 million in 2026/27, subject to the satisfactory progression of the project in Stage 1.
2. As this is a large-scale programme, funding for the facility is being considered separately at this stage to the main budget setting, however, recommendations for funding will feed into the Budget/Medium-Term Financial Plan 2025/26, and overall financial implications for the CFA, which will be presented to LLR Combined Fire Authority Committee on 5 February 2025.

Recommendation

3. It is recommended:
 - a) That the Committee notes:
 - i) the programme update on the Learning and Development Facility;
 - ii) the update on the financial implications of funding the required £7 million funding for Stage 2;
 - b) That the CFA considers the funding options, as detailed in the body of this report and Appendix 1, and the proposed source of funding for the Stage 2 requirement of £7 million in Appendix 6, and provides feedback to support the development of the MTFP/Budget 2025/26;
 - c) That it is noted that a Stage 2 report will be presented to the CFA in due course, detailing the £7 million estimated costs and funding for the proposed build; and
 - d) That a quarterly finance update is presented to the CFA Corporate Governance Committee, given that this is a major project.

Executive Summary

4. At its meeting on 8 February 2023, the Combined Fire Authority (CFA) approved the site at Billesdon, a 4.4 acre brownfield site owned by the County Council and formerly used as a Highways Depot, for progression to purchase for the construction of a new learning and development training centre and combined vehicle workshops.
5. The new Learning and Development Facility Programme was then split into two stages and discussed at an extraordinary meeting of the LLR CFA on 18 September 2024. Stage 1 activity was approved at this meeting as follows:

Stage 1

- i) Permission to proceed with planning application
 - ii) Permission to purchase the land from Leicestershire County Council, conditional upon satisfactory planning permission being granted otherwise the sale does not proceed
 - iii) Permission to incur appropriate additional expenditure for the above, for example planning fees/consultancy fees and site security fees if required
 - iv) Permission to release the required funding to complete stage 1
6. Stage 1 costing £7.6 million has been funded by £6.4 million already CFA approved sitting in reserves plus £1.2 million in 2025/26 Draft Budget 3, following a £234k per annum saving on the Motorola contract.
 7. At this meeting, it was noted that subject to satisfactory progression of the programme in Stage 1 above, a follow up report would be presented for decision as follows:

Stage 2

- i) Permission to proceed to tender for the build if planning permission is gained and the purchase of the land completed. This next stage will be presented as a separate report to the CFA for approval in due course and with relevant cost and funding recommendations.

The cost of the programme and current funding is shown below in Table 1:

Table 1: Learning and Development Facility Programme Costs

	Stage 1	Stage 2	Total
Cost	£ 7.6 million	£7.0 million	£ 14.6 million

Funding approved	£6.4 million	n/a	£6.4 million
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Proposed funding in Draft 3 Budget 2025/26 (from Motorola contract negotiation savings £234k p.a.)	£1.2 million	n/a	£1.2 million
Remaining Funding to be identified	Zero	£7.0 million	£7.0 million

8. Progress to date for the programme is shown in paragraphs 15 to 21 below.
9. This report seeks to identify potential funding options for the remaining funding required in table 1 above of £7 million for Stage 2, required in 2026/27 (year 2).
10. Stage 2 will only proceed if the purchase of land and granting of planning permission is successful for Stage 1.
11. The Medium-Term Financial Plan/Budget 2025/26 is currently being developed showing the forthcoming three-year outlook for CFA finances. Whilst Stage 1 purchase of land and granting of planning permission remains to be progressed, it is prudent to plan ahead for Stage 2 funding of £7 million.
12. Should Stage 1 be unsuccessful, for the planning permission and purchase of land, then any funding ear-marked for the programme in the Medium-Term Financial Plan 2025/26 will be written back.

Background

13. The CFA has previously accepted the need to secure a new site and develop a training facility on that site for dirty training. The CFA has further accepted that maximising the use of its existing estate and the technological embracement, brought on by the Covid-19 pandemic through the use of the existing estate and virtual training, has led to a reduced demand for the new facility.
14. At its meeting on 30 November 2022, the CFA approved the recommendation to progress the acquisition of land at Billesdon for the construction of a new learning and development facility.

Progress to Date

15. At its meeting on 18 September 2024, the CFA approved that the Chief Fire and Rescue Officer be authorised to submit a planning application to develop the preferred site at Billesdon.
16. Design plans and a planning application pack have been drafted in preparation for submission to Harborough District Council for planning permission.
17. Engagement with Billesdon Parish Council has been undertaken and further engagement with the community and council is underway.
18. A Head of Terms has been agreed between the County Council (the seller) and Leicestershire Fire and Rescue Service on behalf of the Fire Authority (the buyer).

19. The legal contract has been drafted and is currently under review with the respective solicitors of the seller and the buyer.
20. The planning permission application was submitted on 11 December 2024.
21. The planning process is expected to take between 14 and 16 weeks. Therefore, the purchase of the land (subject to planning approval) is likely to be undertaken in the first quarter of the 2025/26 financial year.

Next Steps - Finance

22. Feedback from this meeting for the remaining funding requirements for the programme (£7 million for Stage 2) will be incorporated into the three-year Medium-Term Financial Plan 2025/26, which will be presented to CFA for consideration/approval on 5 February 2025.

Next Steps – Programme of Works

23. Once the purchase of the land is confirmed, a primary contractor will be appointed via a procurement frameworks/process.
24. Phase 1 of the project will be to complete the ground works, facilitate the mechanical and electrical requirements, purchasing and erecting the fire training rigs and live-fire buildings and ancillaries.
25. This phase includes providing temporary buildings to be used as welfare, briefing, dirty classroom, breathing apparatus cleaning/servicing and decontamination facilities.

Financial Implications

Table 2: Learning and Development Facility Programme Costs (as above)

	Stage 1	Stage 2	Total
Cost	£ 7.6 million	£7.0 million	£ 14.6 million
Funding approved	£6.4 million	n/a	£6.4 million
Proposed funding in Draft 3 Budget 2025/26	£1.2 million	n/a	£1.2 million
Remaining Funding to be identified	Zero	£7.0 million	£7.0 million

26. Stage 1 requires £7.6 million funding. £6.4 million has already been approved and is earmarked for availability in the Estates Strategy Reserve. A further £1.2 million has now been identified in the 2025/26 Draft Budget 3, largely from re-negotiated savings on the Motorola contract of £234k per annum.

27. Stage 2 requires a further £7 million which has not yet been identified. Options to secure this amount are detailed in Appendix 1 but can be summarised in Paragraphs 30 to 39 below.
28. Expenditure to date on Stage 1 to date is approximately £300k for consultancy and professional fees. These would be sunk costs if the planning permission is unsuccessful and the land purchase does not then take place.
29. The profile of the required funding is as follows for the 2025/26 three-year Medium-Term Financial Plan.

Table 3: Learning and Development Facility Programme-MTFP Profiling

	2025/26	2026/27	2027/28
Additional funding requirement	£ 1.2 million	£7.0 million	n/a
	Now in Draft 3 Budget 2025/26	Options to be considered	

30. Options* to fund the remainder of the Learning and Development Facility Programme include:

1. Utilise/allocate some of the existing surplus forecast in Draft Budget/MTFP Version 3 Revenue Budget
2. Identify savings through a Transformation Programme
3. Review/reduce revenue and capital growth bids
4. Review/reduce the existing Capital Programme and investigate large-scale slippage
5. Disposal of assets
6. Introduce a vacancy factor on all staff pay
7. Introduce an optimism bias factor on the capital programme
8. Review Fleet Strategy
9. Review 5 Year estates Strategy
10. Review Equipment purchasing
11. Borrowing (subject to affordability) External
12. Borrowing (subject to affordability) Internal
13. Use of existing Reserves
14. Investigate Corporate Sponsorship (with caution as regards potential risks)

*These options are discussed in more detail in Appendix 1.

31. Other options that were investigated but were not considered to be appropriate included:
- Income generation
 - Reduction in the number of fire stations
 - Further changes in shift patterns (potentially as part of transformation review)

32. Use of existing reserves is limited as they are largely ear-marked, and the organisation is required to maintain an appropriate level of revenue reserves as a matter of prudence.
33. Any borrowing will need to be affordable, sustainable and prudent. As the CFA currently holds circa £20 million in liquid funding, internal borrowing may be an option. External borrowing is also an option.
34. External borrowing has been modelled using Public Works Loan Board (PWLB), a Government low cost borrowing option for public bodies, certainty interest rates; the model is based on a Stage 2 funding requirement of £7 million as follows.

**Table 4: Borrowing Model based on Stage 2 Requirement £ 7 million
(for illustration only, see Appendix 2 for detail)**

	£7 million 40 years 5.44%	£7 million 25 years 5.52%		£7 million 10 years 5.07%	£7 million 5 years 4.82%
Total Interest	15,232,000	9,660,000		3,549,000	1,687,000
MRP* cost	8,190,000	5,040,000		1,890,000	840,000
Total cost	23,422,000	14,700,000		5,439,000	2,527,000
Plus repayment of principal sum	7,000,000	7,000,000		7,000,000	7,000,000
Total	30,422,000	21,700,000		12,439,000	9,527,000

*MRP represents the **minimum amount that must be charged to an authority's revenue account each year for financing of capital expenditure**, which will have initially been funded by borrowing. The CFA rate for MRP is 3.00%.

35. Borrowing £7 million is deemed to be unaffordable, as discussed and agreed with the Senior Leadership Team. The table below shows the cost of borrowing a lesser sum, for example £3.5 million.

**Table 5: Borrowing Model based on Stage 2 Requirement £ 3.5 million (50%)
(for illustration only)**

	£3.5 million 40 years 5.44%	£3.5 million 25 years 5.52%	£3.5 million 10 years 5.07%	£3.5 million 5 years 4.82%
Total Interest	7,616,000	4,830,000	1,774,500	843,500
MRP* cost	4,095,000	2,520,000	945,000	420,000
Total cost	11,711,000	7,350,000	2,719,500	1,263,500
Plus repayment of principal sum	3,500,000	3,500,000	3,500,000	3,500,000
Total	15,211,000	10,850,000	6,219,500	4,763,500

36. As shown in Table 5 above, the total cost of borrowing £3.5 million over, for example, five years is £4,763,500, requiring £952,700 repayment each year, which is not deemed to be affordable.

37. Internal borrowing on £7 million, or a lesser sum, for Stage 2 will mean loss of interest on balances. At this point in time, the cash flow for the CFA indicates that some internal borrowing may be feasible but would need to be monitored quarterly.
38. The £7 million for Stage 2 currently excludes the running costs of the new facility. The anticipated day to day running costs of the existing Loughborough site in comparison with the potential new site is estimated to be neutral.
39. Therefore, it is likely that the required funding will come from a combination of the options listed above and shown in more detail in Appendix 1.

Report Implications/Impact

40. Legal (including crime and disorder)
 - a) Section 7(2)(b) Fire and Rescue Services Act 2004 places a statutory duty on the CFA to make provision for training personnel in firefighting.
 - b) In accordance with usual practice and to ensure a sustainable decision, it would then be expected that the transaction proceeds as follows:
 - Heads of Terms agreed setting out the commercial terms of the transaction and the agreement in principle to proceed. These are not legally binding and do not compel the parties to conclude the transaction on those terms or even at all but are evidence of serious intent and have moral force;
 - Concurrently the application for planning permission to be submitted and a conditional contract to purchase is entered into. The condition will be that the purchase will only proceed if satisfactory permission is successfully obtained. The contract would usually contain an obligation on the purchasing party to submit the application within a set time period and to use reasonable endeavours to obtain the grant of satisfactory planning permission;
 - The contract becomes unconditional once satisfactory planning permission is obtained and the parties are legally bound to complete the transaction usually within a period of time set out in the contract.
 - In the event that satisfactory planning permission is not obtained the transaction will not proceed, however the contract will also contain long stop dates for completion to allow for the possibility of appeal if permission is refused or challenge if permission is not satisfactory
 - Completion of the transaction involves a formal transfer of the site to the CFA at the agreed price.
 - c) The procurement of the services to support Stage 2 of the project will be required to comply with the Procurement Act 2023 once implemented in February 2025.
 - d) The Constitution of the CFA delegates to the Chief Fire and Rescue Officer authority to make such decisions and to initiate such action as deemed necessary in the interests of the efficient running of the Fire and Rescue Service.

- e) This authority is limited however so that the power to incur expenditure must be in line with the approved capital programme and the power to acquire property is subject to such acquisition having been agreed by the CFA.
- f) Since the transaction relates to land currently owned by the County Council it has been agreed that the legal advice and support to complete Stage 1 will be undertaken by Leicester City Council legal services to address issues to do with the conflict of interest arising.

41. Financial (including value for money, benefits and efficiencies)

These are included throughout the report.

42. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

- a) LFRS current resource expertise in this area is limited, therefore the entire programme of works is being led by the Estates and Building Services (EBS) department of Leicester City Council.
- b) There are legal requirements under the Fire and Rescue Services Act 2004 for the CFA to secure the provision of training for personnel, and under the Health and Safety at Work etc. Act 1974 to provide training to ensure as far as reasonably the health and safety of employees.
- c) The organisational risk register identifies several risks associated with operational competence; this includes an on-going risk for firefighters to maintain competence for basement firefighting. The provision of in-service facilities will mitigate this and all associated risks.
- d) The current Government has made a commitment to build one and a half million new homes within the first five years of government.
<https://labour.org.uk/updates/stories/labours-housing-plan-how-well-protect-our-natural-spaces-and-free-up-grey-belt-land-for-building>
- e) An option in the Billesdon Neighbourhood Plan to allocate the former Highway Depot for mixed-use commercial and housing
<https://www.billesdonparishcouncil.org.uk/neighbourhood-plan>
creates a risk that the site will no longer be affordable or available if it is to be offered on the open market.
- f) There is a risk that planning permission will not be granted and, should this be the case, the land purchase for £1.63 million will not proceed. This would result in sunk costs that have already been incurred and cannot be recovered. Actual expenditure incurred up to 31 December 2024 amounts to £300k.

43. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

- a) In accordance with the LFRS People Strategy there has been early engagement with staff and representative bodies regarding user requirements and subsequent design specifications within the programme of works.
- b) All changes will be subject to a People Impact Assessment and transport plans within Project methodology. i.e. identify impact on travel for staff/environment.

44. Environmental

- a) Following completion of the build, environmental issues will potentially be improved based on the use of modern building techniques and materials (subject to the identified risks on the complexity of building services).
- b) Design and build of the Fire Behaviour Unit will include engagement with the Environment Agency to ensure emissions are within prescribed limits.
- c) All re-development and refurbishments will consider sustainability and the use of technologies and methods of construction that reduce the impact on the environment.
- d) The profile of staff movements will be assessed with a view to achieving these in the most environmentally friendly way including electric vehicles and different ways of working.

45. Impact upon "Our Plan" Objectives

- a) An improved estate should contribute towards LRFS aims to 'respond effectively to incidents' and having 'an engaged and productive workforce'. Improvements should also present 'value for money' as running costs and ongoing maintenance costs should reduce.
- b) The provision of blended learning and realistic scenarios further supports the purpose of delivering Safer People Safer Places in the workplace; ensuring that there are the right people in the right place doing the right thing in the right way.

Appendices

- 1 Options to fund the remainder of the Learning and Development Facility Programme (detailed)
- 2 Cost of Borrowing Illustration - Learning and Development Facility
- 3 Capital and Revenue Growth Bids – Second Review – Draft Budget 3
- 4 Salary Budgets – Last 5 Years Underspends
- 5 Capital Programme – Last 5 Years Slippage
- 6 Stage 2 Requirement £ 7 million - Currently Proposed Funding Source

Related documents

Organisational Risk Register 2024 - [Organisational Risk Register 2024 | Leicestershire Fire and Rescue Service \(leics-fire.gov.uk\)](#)

Officers to Contact

Collette Sutton, Treasurer
Collette.Sutton@leics-fire.gov.uk
07800 709924

Paul Loveday, Chief Accountant
paul.loveday@leics-fire.gov.uk
07929 060648

Options to fund the remainder of the Learning and Development Facility Programme

No	Option	Description	Notes
1	Utilise/allocate some of the existing surplus forecast in Draft Budget/MTFP Version 3 Revenue Budget	Draft 3 of the Budget/MTFP is currently showing a revenue budget surplus for the 3 years of c. £3 million. Some of this surplus could be allocated to the L&D Facility Programme	
2	Identify savings through a Transformation Programme	In the 2024/25 MTFP that went to CFA in February 2024, on page 1 the report said: 'Recognising the pressures the Authority faces there will be a significant transformation and efficiency programme taking place over the next 18 months. In the future, it is expected that any growth will only be affordable if commensurate savings can be demonstrated'	This will be progressed in 2025/26 onwards and include feedback from the recent HMICFRS Inspection
3	Reduce the proposed Revenue & Capital Growth Bids	Draft 3 Budget shows the current capital programme for at £8.811 million for the 3 years as shown in table below (this excludes £1.2m for L&D Stage 1 shortfall). The Senior Leadership Team undertook a thorough second review to reduce the capital and revenue bids from £11.586 million to the revised £8.811 million.	
4	Reduce the existing Capital Programme and investigate large-scale slippage	We should consider the importance and necessity of existing capital programme and priorities/risks -v- the new L&D Facility	The current capital programme for 2024/25 is £8.8 million and this includes slippage from the previous year of £4.8m. A strategic review with project

			officers has now taken place to establish if £4.8m is still valid, with a view to writing these monies back to the budget if no longer required/other priorities take precedent
5	Disposal of assets	We should consider if there are any assets we could potentially dispose of	
6	Introduce a vacancy factor on all staff pay	Local authorities very commonly set a vacancy factor of x% of staff pay as during the year many posts are unfilled. This % is taken off the annual salary budget across the organisation. For LFRS salary budget of c.£37.5 million, a 2% vacancy factor would equate to £750k write back to the budget.	An analysis of the last 5 years Out-Turn Reports for salaries shows underspends in each year averaging 1.732% in Appendix 4. At period 7 budget monitoring, salaries are showing an underspend of £225k (0.6%) which is reduced by the high number of interims in support services.
7	Introduce an 'Assumed X% Optimism Bias' factor on the capital programme	Local/Fire authorities commonly underspend their capital budgets resulting in millions of pounds of slippage that could be directed to other budgetary pressures and requirements. For instance, LFRS capital budget for 2024/25 is £8.88m and includes £4.8m slippage from the previous year. The NAO National Audit Office Good Practice Guide to Financial management in government: strategic planning and budgeting supports limiting over-optimism to result in realistic planning.	An analysis of the last 5 years Out-Turn Reports for the capital programme shows slippage in every year ranging from 39% to 69% and averaging at 57.8%. Based on the Budget Draft 3 Capital Programme: <ul style="list-style-type: none">• 10% factor would save £ 881,100 over 3 years i.e. a write back to the budget as revenue contributions to capital would need to be less

		Othe fire services have recently introduced an 'assumed % optimism bias factor' in their planning (e.g. 10% factor at a large Fire & Rescue Service).	
8	Review Fleet Strategy	All current strategies should be reviewed for potential savings. This might be as part of a wider transformation and efficiency programme.	
9	Review 5 Year Estates Strategy	All current strategies should be reviewed for potential savings. This might be as part of a wider transformation and efficiency programme.	
10	Review Equipment Strategy	All current strategies should be reviewed for potential savings. This might be as part of a wider transformation and efficiency programme.	
11	Borrowing – External (subject to affordability)	The borrowing of £7 million has been modelled in paragraph 34 above and appendix 2. Borrowing of £7m is not deemed to be affordable so £3.5m has also been modelled in paragraph 35. Even over a short time frame of 5 years, borrowing £3.5m results in total repayment costs of £4,763,500 (£952,700 per annum)	
12	Borrowing – Internal (subject to affordability)	Borrowing from existing internal funds may be feasible to some extent but is not a preferred option	
13	Use of existing Reserves (General Fund Reserve and Budget Strategy Reserve only)	Revenue Reserves are forecast in Draft 3 Budget to be £5.4m at end of year 3 (31/3/28)	Based on General Fund Reserves of £ 5.4 million, a

		for General Fund £3.4m and Budget Strategy Reserve £2.0m. This equates to c 10% of the revenue budget. Most local authorities/FRS's hold what they consider to be prudent as a reserve, 10% is high and 5% is more usual, it is considered some of these reserves could be repurposed	reduction to 5% would release £2.7 million CIPFA recommend a minimum of 5%
14	Investigate Corporate Sponsorship	This is an option; however, it would need to be approached with caution and risk assessment	

MTFP 2025/26 - Currently proposed 3 Year Capital Programme (excludes £1.2m L&D Stage 1)

Bids	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Vehicles	2,600	500	400	3,500
Premises	1,921	1,788	561	4,270
Equipment	219	100	100	419
ICT	322	200	100	622
Total	5,062	2,588	1,161	8,811

Cost of Borrowing Illustration - Learning and Development Facility

Amount	£7,000,000		
		Interest Cost Per Annum	Total Interest Cost
Years	Rate	£	£
40	5.44	£380,800	£15,232,000
25	5.52	£386,400	£9,660,000
10	5.07	£354,900	£3,549,000
5	4.82	£337,400	£1,687,000
Amount	£3,500,000		
		Interest Cost Per Annum	Total Interest Cost
Years	Rate	£	£
40	5.44	£190,400	£7,616,000
25	5.52	£193,200	£4,830,000
10	5.07	£177,450	£1,774,500
5	4.82	£168,700	£843,500

Total Capital Financing Cost

Amount £7,000,000

	Interest Cost	MRP Cost	Total Finance Cost	Total Interest Cost	Total MRP Cost	Total Finance Cost
Years	Per Annum	Per Annum	Per Annum	Cost	Cost	Cost
	£	£	£	£	£	£
40	£380,800	£210,000	£590,800	£15,232,000	£8,190,000	£23,422,000
25	£386,400	£210,000	£596,400	£9,660,000	£5,040,000	£14,700,000
10	£354,900	£210,000	£564,900	£3,549,000	£1,890,000	£5,439,000

Amount £3,500,000

	Interest Cost	MRP Cost	Total Finance Cost	Total Interest Cost	Total MRP Cost	Total Finance Cost
Years	Per Annum	Per Annum	Per Annum	Cost	Cost	Cost
	£	£	£	£	£	£
40	£190,400	£105,000	£295,400	£7,616,000	£4,095,000	£11,711,000
25	£193,200	£105,000	£298,200	£4,830,000	£2,520,000	£7,350,000
10	£177,450	£105,000	£282,450	£1,774,500	£945,000	£2,719,500
5	£168,700	£105,000	£273,700	£843,500	£420,000	£1,263,500

Per Annum over 5 Years

3,500,000

£4,763,500

£952,700

Notes

Interest rates are taken as at 5th December 2024 on Public Works Loan Board fixed rate loans based on repayment of full principal sum on maturity.

The interest rates used are the Certainty Rate which is 0.2% under the standard rates.

Minimum Revenue Provision is provided as per the authority's policy at 3% per annum, commencing in the year following the year of commencement of the loan.

Capital and Revenue Growth Bids – Second Review – Draft Budget 3

Summary Capital Bids (Excludes L & D Stage One £1.2m)

Bids	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Vehicles	2,600	500	400	3,500
Premises	1,921	1,788	561	4,270
Equipment	219	100	100	419
ICT	322	200	100	622
Total	5,062	2,588	1,161	8,811

Vehicles

2025/26	2026/27	2027/28
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No. of Vehicles	Quantity	Quantity	Quantity	Total
Fire Appliances	3	-	-	3
Station/Department Vans	4	-	10	14
TRV's	5	2	-	7
Fire Protection Cars	9	-	-	9
Hydrant Technician Vans	-	1	-	1
Total Vehicles	21	3	10	34

Capital Expenditure	£000	£000	£000	Total
Total Budget Required	2,600	500	400	3,500

Estates

Location	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Ashby	-	-	100	100
Southern	1,000	-	-	1,000
Central	370	-	-	370
Oakham	-	75	-	75
Market Harborough	-	-	65	65
Workshops	-	-	80	80
Loughborough	-	300	-	300
Melton	-	-	70	70
Coalville	-	-	95	95
Uppingham	200	-	-	200
Kibworth	60	-	-	60
Birstall HQ	116	-	-	116
Billesdon	-	250	-	250
Occupational Health	-	-	100	100
EV Chargers	-	-	-	-
Flat Roof Replacement	-	500	-	500
Station Aprons/Yards	-	500	-	500
Contingency (10%)	175	163	51	389
Total	1,921	1,788	561	4,270

Equipment

Equipment Type	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Body Worn Video Cameras	41	-	-	41
Gas Monitors	51	-	-	51
Water rescue capability	90	-	-	90
Firefighting Branches	-	-	-	-
E-draulic/hydraulic rescue tools	-	-	-	-
Rope rescue equipment	10	-	-	10
MD4 Decontamination Equipment	12	-	-	12
Hose Reel Hoses	5	-	-	5
Hose Layer Equipment	5	-	-	5
Promove Slings	5	-	-	5
General Equipment	-	100	100	200
Total	219	100	100	419

ICT

Item	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Fortinet firewalls	62	-	-	62
Fleet Connectivity	40	-	-	40
LAN Refresh	100	100	-	200
MDT Replacement	120			120
General Provision	-	100	100	200
Total	322	200	100	622

Summary Revenue Bids

	2025/26 £000	2026/27 £000	2027/28 £000
Operational Response	736	811	811
Business Support	370	405	1,305
People and Organisational Development	172	72	72
Estates	501	476	476
Total Revenue Budget Requested	1,780	1,764	2,664

Operational Response

Operational Response	2025/26 £000	2026/27 £000	2027/28 £000
Water Rescue Capability Uplift	8	38	38
Mobilising System - Motorola	(68)	(23)	(23)
DCP	790	790	790
Manchester Arena Inquiry Response	7	7	7
Total Operational Response	736	811	811

Business Support

Business Support	2025/26 £000	2026/27 £000	2027/28 £000
Maintenance Costs for Operational Equipment and Breathing Apparatus	104	88	88
ICT - Skype to Teams Transition, Ipad Refresh and Related Training.	22	22	22
ICT - Digital Transformation and Datawarehouse Development	15	15	15
ICT - RMS Phase 2	0	0	0
ICT - Cyber Improvements in Line With NFCC	35	35	35
ICT - Support for New RMS System	65	65	65
ICT - Firewatch Migration (7.7 to 7.8)	40	40	40
Fleet Monitoring System Replacement	15	15	15
Finance Team - New structure	25	25	25
Finance Team - Pensions Support	50	50	50
Estimated Growth for years 2026/27 and 2027/28		50	950
Total Business Support	370	405	1,305

People & OD

People Organisational & Development	2025/26 £000	2026/27 £000	2027/28 £000
L&OD - Learning and Organisational	25	25	25
Finance Team - Training and Development	5	5	5
HR – Outsourced Promotion Process	42	42	42
Recruitment and Whole-time training	100	0	0
Total POD	172	72	72

Estates

Estates	2025/26 £000	2026/27 £000	2027/28 £000
Estates and Facilities Management	501	476	476
Total Estates	501	476	476

Salary Budgets – Last 5 Years Underspends (for consideration of introducing a Vacancy Factor in 2025/26 Budget)

After adjusting for higher than anticipated pay awards, the past 5 years Final Out-turn Reports have consistently reported an underspend each year on salaries which would support the introduction of a vacancy factor. The 5-year average is 1.732% and a vacancy factor of 2.00% is recommended.

Financial Year	Expenditure			Income			Overall Position	Over/Under Spend
	Annual Budget	Outturn	Variance	Annual Budget	Outturn	Variance		
	£0	£0	£0	£0	£0	£0		
2023/24	47,813	49,173	-1,360	-47,813	-49,102	-1,289	71	Overspend
2022/23	43,438	44,387	-949	-43,438	-43,992	-554	395	Overspend
2021/22	40,438	40,182	256	-40,438	-40,616	-178	-321	Underspend
2020/21	39,513	39,153	360	-39,512	-39,804	-291	-1,336	Underspend
2019/20	38,848	38,559	289	-1137	-1742	-605	-894	Underspend
Employees								
Financial Year	Annual Budget	Outturn	Variance	Adjustments	Revised Variance	Comments		
	£0	£0	£0					
2023/24	33,641	34,258	-617	712	95	Adjusted for Pay awards		
2022/23	31,062	31,246	-184	511	327	Adjusted for Pay awards (Budgeted 3%, Actual 7%)		
2021/22	30,111	29,329	782	0	782			
2020/21	29,283	28,469	814	0	814			
2019/20	28,382	27,759	623	0	623			
	£152,479	£151,061	£1,418		2,641	1.732%		

Capital Programme – Last 5 Years Slippage (for consideration of introducing an Optimism Bias Factor in 2025/26 Budget)

The past 5 years Final Out-turn Reports have consistently reported high levels of slippage each year which would support the introduction of an Optimism Bias Factor. The 5-year average is 57.8% and a vacancy factor of c. 10.00% is normal.

2023/24 Capital Programme	Programme	Actual Outturn	Variance	Slippage	Saving	
	£'000	£'000	£'000	£'000	£'000	
Vehicles	3,030	1,741	-1,343	1,343	0	
Property	3,957	1,314	-2,643	2,643	0	
ICT	573	548	-25	25	0	
Equipment	817	30	-727	727	0	
Fire Control	244	170	-74	74	0	
Life Safety Sprinkler	50	0	-50	50	0	
TOTAL	8,731	3,863	-4,868	4,868	0	55.76%
	5171 Slippage + 3560					
2022/23 Capital Programme	Programme	Actual Outturn	Variance	Slippage	Saving	
	£'000	£'000	£'000	£'000	£'000	
Vehicles	3,390	1,436	-1,954	1,754	-200	
Property	3,082	830	-2,252	2,252	0	
ICT	739	266	-473	473	0	
Equipment	606	208	-398	398	0	
Fire Control	301	57	-244	244	0	
Life Safety Sprinkler	50	0	-50	50	0	
TOTAL	8,168	2,797	-5,371	5,171	-200	63.31%
	3609 Slippage + 4559					
2021/22 Capital Programme	Programme	Actual Outturn	Variance	Slippage	Saving	
	£'000	£'000	£'000	£'000	£'000	
Vehicles	3,228	1,678	-1,550	1,550	0	
Property	958	193	-759	759	0	
IT and Equipment	1,321	372	-949	949	0	
Fire Control	318	17	-301	301	0	
Life Safety Sprinkler	50	0	-50	50	0	
TOTAL	5875	2266	-3609	3609	0	61.43%
	3372 Slippage + 2503					
2020/21 Capital Programme	Programme	Actual Outturn	Variance	Slippage	Saving	
	£'000	£'000	£'000	£'000	£'000	
Vehicles	2586	1045	-1541	1541	0	
Property	630	30	-540	540	0	
IT and Equipment	1303	297	-1006	923	-83	
Fire Control	318	0	-318	318	0	
Life Safety Sprinkler	50	0	-50	50	0	
TOTAL	4887	1432	-3455	3372	-83	69.00%
	2092 Slippage + 2795					
2019/20 Capital Programme	Programme	Actual Outturn	Variance	Slippage	Saving	
	£'000	£'000	£'000	£'000	£'000	
Vehicles	3,034	2,297	-737	748	49	
Property	347	155	-192	130	0	
Fire Control Project	318	0	-318	318	0	
IT and Equipment	1,532	393	-1,133	836	237	
TOTAL	5,291	2,851	-2,440	2,092	286	39.54%
	1416 Slippage + 3875					
					5 Year total	283.03%
					5 Year Average Slippage	57.81%

Learning and Development Facility
Stage 2 Funding Requirement of £ 7 million
Currently Proposed Funding Source

Table 6: Proposed funding of L&D Stage 2 Requirement of £7 million

Funding Source	£ million	Notes
Revenue Budget Surplus	2.0	V3 Budget Surplus over 3 years is c. £3.0m This proposal is to release £2m of the c. £3m surplus.
Reduction in Revenue Reserves	2.7	Forecasts in V3 Budget: General Fund Reserve £3.4m Budget Strategy Reserve £2.0m Total £5.4m These two General Fund Reserves currently stand at c.10% of the Revenue Budget, this proposal will reduce them to 5% of the Revenue Budget
Capital slippage brought forward into 2024/25 write back to budget no longer required	0.6	£4.8 million of capital slippage was brought forward into 2024/25. Four items of capital slippage have been identified as no longer required relating to Fire fighting equipment, Fire Control Tri-service contract, Life Safety Sprinkler, ICT equipment.
Vacancy Factor	0.75	2% Vacancy Factor to be introduced
Capital Optimism Bias	0.88	3 Year Capital Programme commencing 2025/26 is £8.811 million Optimism Bias Factor introduced to reflect ongoing underspends (10%)
Total	6.93	£70k shortfall to be met from Revenue Budget

As detailed in this report, Stage 1 funding of £7.6 million has been secured.

Stage 2 requires an additional £7.0 million funding.

Having considered a variety of options, the current Draft Budget/MTFP (version 3) seeks to fund the £7.0 million as shown in the above Table 6.

Key Points to realising £7m Stage 2 L&D Funding

- 1 Without internal/external borrowing, LFRS can identify £6.93 million funding for L&D Stage 2.
- 2 This still leaves c. £1 million surplus in the Revenue Budget for the 3-year period and £2.7 million in General Fund Reserves (total circa £3.7 million).
- 3 Capital slippage is still being investigated and may result in a larger write back of capital spend no longer required.
- 4 A Capital Review has commenced which will include strengthening capital programme management and monitoring.
- 5 Capital Optimism bias target of 10.0% will be introduced (generally accepted factor is around 10%), to limit being overly optimistic in spending the full year's capital programme. For 2024/25 the Capital Budget was £8.8 million, and this included capital slippage from the previous year of £4.8 million.
- 6 Vacancy factor to be introduced at 2% (currently underspending on salary budgets in current year at period 7).
- 7 Version 3 Budget includes £200,000 in each year for the risk of a potential shortfall in the Government funding the full increase in employer national insurance contributions.
- 8 Funding the L&D Programme will require tight control of both revenue and capital expenditure. The recent restructure in Finance added two new permanent posts in Strategic Finance for a Strategic Accountant and Accounting Technician to be dedicated to both budget setting and budget monitoring, including improving budget management and monitoring and acting as finance business partners to support and train budget holders.