

Medium Term Financial Outlook 2023/24 – 2025/26

1. A three-year budget has been presented as part of this report. However, after March 2024, there is (at the time of writing) limited certainty about funding arrangements or the future economic outlook. As a result, medium-term planning continues to be a somewhat precarious exercise.
2. The Treasurer's central forecasts for the period up to 2025/26 are set out in the table below. The key assumptions (and the associated risks and uncertainties) are further explained below.

	2023/24 £m	2024/25 £m	2025/26 £m
Expenditure total	47.2	48.5	49.9
Business rates income	5.4	5.4	5.4
Top-up payment	6.5	6.5	6.5
Revenue Support Grant	4.9	4.9	4.9
Service Grant	0.4	0.4	0.4
Council Tax	26.9	28.1	29.1
Actuarial Review Compensation Grant	1.8	2.0	2.0
Other Grant	1.1	1.0	0.9
Fire Authority Income	0.2	0.2	0.2
Income Total	47.2	48.5	49.4
Budget gap	0	0	0.5

Expenditure

3. The expenditure budgets include the permanent growth detailed as part of this report and assumptions around pay inflation going forward, along with an inflation contingency and a planning provision in 2024/25 onwards. The 2024/25 forecast includes the additional cost to the Authority of removing the Day Crewing Plus shift system.
4. The main area of risk for the Authority's budget is in relation to the assumptions around pay awards, pay being a large proportion of the total budget.

Income

5. Council tax estimates assume that after 2025/26 tax increases will again be restricted to 2% per year.
6. The business rates forecasts presented above assume no substantial changes to the funding we receive from 2024/25 onwards. In practice the income is likely to rise by CPI again in 2024/25, albeit this may be significantly lower than recent

CPI However there is sufficient uncertainty in the wider system to merit a cautious approach.

7. The planned review of local government funding allocations “the “fair funding review” is now likely to be delayed until 2025. We do not know the outcome of any review and are therefore unclear what the impact will be on Fire Authorities.

Summary of Medium-Term Projections.

8. The projections above show a funding gap in 2025/26 onwards. This is manageable for the CFA initially using the budget strategy reserve. This will enable time to plan the best approach to be taken by the CFA without having to make in year budget cuts.