

Medium Term Financial Outlook 2024/25 – 2026/27

1. A three-year budget has been presented as part of this report. However, after March 2025, 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 2026/27 are set out in the table below. The key assumptions (and the associated risks and uncertainties) are further explained below.

	2024/25 £m	2025/26 £m	2026/27 £m
Expenditure total	49.9	51.3	52.6
Council Tax	28.0	29.0	30.0
Revenue Support Grant	7.1	7.1	7.1
Business rates income	6.2	6.3	6.4
Top-up payment	6.8	7.0	7.1
Actuarial Review Compensation Grant	0.5	0.5	0.5
Fire Authority Income	0.2	0.2	0.2
Service Grant	0.1	0.1	0.1
Other Grant	1.0	0.9	0.9
Income Total	49.9	51.1	52.3
Budget gap	0	0.2	0.3

Expenditure

3. The expenditure budgets include the permanent growth detailed as part of this report and assumptions around pay and price inflation going forward, along with a planning provision in 2025/26 onwards.
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. It is assumed tax increases will again be restricted to 2% per year after 2024/25.
6. The business rates forecasts presented assume that they will continue to increase in line with CPI from 2025/26. An estimated 2% increase has been used for both 2024/25 & 2025/26.
7. The planned review of local government funding allocations "the "fair funding review" is now likely to be delayed until at least 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 from 2025/26 & 2026/27 onwards. Both budget gaps are manageable through the use of the budget strategy reserve. However, a transformation programme will be developed to address future budget gaps rather than relying on the use of reserves.

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