

Enquiries to: Mrs L Curran
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Our reference: LC

Date: 6th February 2026

CUMBRIA POLICE, FIRE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference will take place on **Thursday 12 February 2026, at 13.00.**

The purpose of the Conference is to enable the Police, Fire and Crime Commissioner to hold the Chief Fire Officer to account for operational performance.

If you would like to join the meeting as a member of the public or press, please contact Louisa Curran on Louisa.Curran@cumbria.police.uk. Following the meeting papers will be uploaded on to the Commissioner's website.

G Shearer
Chief Executive

Attendees:

Police, Fire & Crime Commissioner	- Mr David Allen (Chair)
OPFCC Chief Executive	- Ms Gill Shearer
Finance Lead	- Mr Kieran Timmins
Chief Fire Officer	- Mr Paul Hancock

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. QUESTIONS FROM THE PUBLIC

An opportunity (not exceeding 20 minutes) to deal with any questions which have been provided in writing within at least three clear working days before the meeting date to the Chief Executive.

4. DISCLOSURE OF PERSONAL INTERESTS

Attendees are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual should not participate in a discussion of the matter and must withdraw from the room unless a dispensation has previously been obtained.

5. MINUTES OF MEETING

To receive and approve the minutes of the Public Accountability Conference held on 5th November 2025.

6. DECISION PAPERS – CAPITAL STRATEGY 2026/27

To receive, note and approve the Capital Strategy 2025/26, comprising:

A) CAPITAL STRATEGY 2026/27 (inclusive of prudential indicators 2026/27 to 2030/31 and including the CAPITAL PROGRAMME 2026/27 TO 2035/36.

B) TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27 (inclusive of Investment Strategy, Borrowing Strategy, MRP Statement).

7. DECISION PAPERS - BUDGET AND MEDIUM-TERM FINANCIAL FORECAST 2026/2027 to 2030/2031.

To receive, note and approve the Budget and Medium-Term Financial Forecast reports:

A) BUDGET 2026/27 AND FINANCIAL FORECASTS 2027/28 TO 2030/31 (including Reserves Strategy and Local Government Act 2023 Requirements Report).

B) CHARGING REPORT 2026/27.

8. PERFORMANCE

To receive a report detailing the latest performance position of Cumbria Fire & Rescue Service.

9. FIRE CADETS

To receive a report detailing how Cumbria Fire & Rescue Service is expanding its Fire Cadets programme in 2026.



**CUMBRIA POLICE, FIRE & CRIME COMMISSIONER
PUBLIC ACCOUNTABILITY CONFERENCE**

Minutes of the Public Accountability Conference held on
Wednesday 5th November 2025
at 13:00 in the Community Room, FRS HQ

PRESENT

Police, Fire & Crime Commissioner – David Allen (Chair);

Also present:

Chief Fire Officer (Paul Hancock);

Assistant Chief Fire Officer (Lauren Woodward);

Assistant Chief Fire Officer (Ben Ryder);

CFRS Head of Performance & Assurance (Mark Clement)

CFRS ???? (Lauren Kirkbride)

OPFCC Chief Executive (Gill Shearer);

OPFCC Blue Light Collaboration Manager (Steph Stables);

OPFCC Communications Officer (Laura Milligan)

OPFCC Administration Support Officer (Louisa Curran) - taking minutes

Apologies: None

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

001. APOLOGIES FOR ABSENCE

No apologies for absence had been received ahead of the meeting.

002. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There were no items of urgent business to be considered by the Committee.

003. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

004. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the agenda.

005. MINUTES

The Chair presented the minutes of the CFRS Public Accountability Conference held on the 22nd July 2025 which had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.



The only open action regarding the Grenfell enquiry has been incorporated into internal governance and will be addressed at the Executive Board Fire meeting at the end of the month. This action is now closed.

RESOLVED, that, the

- (i) Minutes of the CFRS Public Accountability Conference held on the 22nd July 2025 be confirmed as a correct record and signed by the Chair;

006. PERFORMANCE

Mark Clement, Head of Performance & Assurance, reviewed the CFRS Performance Report (Appendix A) detailing performance against all KPIs. Key points discussed included:

Operational response and response times: Targets set at 10 minutes for fire response and 15 minutes for on-call. Year-to-date performance met these targets (9m46s and 12m59s respectively). Two months in April-May fell short due to increased incidents during hot weather.

On-call response: Coming in under internal target, which is particularly positive considering the seasonal influx of visitors (30–40 million) and complex geography of the county. Recruitment and retention challenges were noted, particularly in rural and holiday areas, as eligibility requires being able to reach the station within a short timeframe.

The response to the train derailment at Shap earlier in the week highlighted effective multi-agency collaboration and rapid response by on-call crews, who were able to attend quickly and effectively. It was fortunate that there were no major casualties and the assistance the crews were able to render was very valuable.

Following a review of operational cover, a business case will be brought to invest in software to extend on-call catchment areas and improve turnout times, with anticipated benefits for recruitment and retention. This may not be required at all stations, for example Patterdale is fully-crewed and does not require extra flexibility, but others do. Lots of work is ongoing in the background to ensure that the FRS will retain and improve capacity and capability in the coming years.

The Commissioner recorded thanks to the on-call crews across the county, recognising their dedication and resilience.

Service availability: CFRS ranks in the top 50% nationally and 6th among services with on-call cohorts. Current availability at 78%, with seasonal dips explained by summer holidays and Christmas.



Protection activity: High-risk building audits ongoing, with temporary reduction due to system migration (CFMIS) and staffing issues. Manual data checks indicate a smaller gap than reported. Recruitment and restructure planned for early next year which will bring the risk-based inspection program back on track, in time for the next HMICFRS visit.

Commercial false alarms reduced to 6.3%, exceeding targets. This is down to hard work within the team, including identifying repeat customers and implementing different prevention mechanisms. Collaborative work with NWFC and Cumbria Constabulary continues to address fire-setting behavior in commercial premises.

Statutory compliance: Processing building regulations (96.6%) and licensing (100%) applications target of 95% exceeded. Thanks were expressed by the Commissioner to the Protection Team for their efforts in meeting and exceeding these targets.

Additional thanks recorded for HR teams and managers for sustained improvements in sickness and absence rates.

Prevention activities were also discussed, including wildfire prevention campaigns, youth engagement programs funded by the OPFCC, and cadet group expansion thanks to a grant received by ACFO Woodward, who is now the NFCC National lead for Fire Cadet programs. Despite recent challenges, CFRS remains among the highest performing nationally for Home Fire Safety Visits. The drop in numbers is due to staff sickness and maternity leave within the team. 70% of visit recipients currently meet Home Office vulnerability criteria, and the outstanding 30% are judged as being vulnerable in other regards. Reassurance was received that the FRS anticipate hitting the 8000 visit target for 2025-26.

As there is very little the FRS can do to control the number of domestic false alarms and other incidents, the decision was taken not to set targets for reduction.

Service Absence figures – the FRS has consistently hit the target of 6% or less absence for the last 15 months. Lots of that is down to the hard work of HR teams and line management in reviewing policies and procedures and ensuring that managers are empowered to implement them. Data was enclosed in the attached documents around the absence rates in different teams and it was noted that three long-term absences are due to be resolved in the whole-time contingent in the coming weeks. The Community Scrutiny Panel are also assisting with independent scrutiny of policies and absence management.

Additional thanks were recorded for the hard work HR teams and managers for sustained improvements in sickness and absence rates.

The Commissioner and Chief Executive acknowledged the commitment and passion of teams, expressing gratitude for their work in keeping communities safe.



RESOLVED, that

- (i) The PFCC was **assured** by the contents of the report and actions taken for future improvement. Performance updates will continue to be provided at each Public Accountability Conference.

008. HMICFRS

The HMICFRS Improvement Plan and inspection findings were presented by ACFO Woodward. Key points included:

CFRS rated 'Good' in five areas and 'Requires Improvement' in six, primarily relating to process and policy rather than operational delivery. This was praised as being a good report, indicating that CFRS is an improving service, based on real change and good practice by staff. This is not sudden, drastic changes but a gradual improvement based on integrating and embedding good governance and best practice over time.

Positive recognition was noted for Penrith day crew model, which will be publicised on the NFCC Good Practice dashboard. Action plan to address AFIs will be implemented from January, transitioning improvements into business as usual.

Significant progress noted since inspection, including filling senior management posts and beginning the process of moving DDAT functions to shared services with the Constabulary (for 1/4/27).

The Commissioner expressed approval at the outcome, noting the achievement of five 'Good' ratings as extraordinary for a small, rural service, particularly given the level of improvement delivered since the previous inspection.

Emphasis was placed on sustained improvement and governance ahead of the next inspection, ensuring that the improvements are embedded into business-as-usual practice.

The Service's positive culture of continuous improvement was highlighted, particularly the meaningful involvement of operational staff in shaping, reviewing and enhancing policies and practices by drawing on their frontline knowledge and experience.

The Workforce Plan has been drafted and went through Community Scrutiny Panel on 4/11, their feedback was positive and the draft report will be brought to Exec Board Fire in November. The OD Manager post will hopefully be filled in January subject to pre-employment checks, and their feedback will also be important.



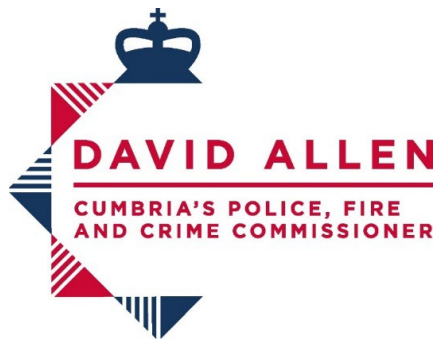
RESOLVED, that

- (i) The PFCC was **assured** by the contents of the report and actions taken for future improvement. Oversight of progress against the HMICFRS recommendations will continue to be monitored through Executive Board Fire.

The meeting was concluded at 14:15.

Signed: _____ Date: _____

DRAFT



Request for a Police, Fire & Crime Commissioner Decision

SECTION 1

Please identify who is requesting the decision:			
OPFCC Decision		Decision Number:	
CCFRA Decision	Y	Decision Number:	CF 009/2026
Constabulary Decision		Decision Number:	

(Please indicate whether this is a PART 1 or PART 2 decision (For Part 2 decisions, only the Section 1 is to be published))

PART 1 Decision:	Y	PART 2 Decision:	
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DECISION TITLE: 2026/27 Capital Investment Strategy, Treasury Management Strategy Statement

Executive Summary: (no more than 100 words)
 The Commissioner is asked to approve the Capital Investment Strategy for 2026/27 and the Treasury Management Strategy Statement for 2026/27.

Recommendation:

The Commissioner is asked to:

- approve the Capital Investment Strategy for 2026/27 and the Treasury Management Strategy Statement for 2026/27.

Police, Fire & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police, Fire & Crime Commissioner. Any such interests are recorded below.

I hereby:

approve

do not approve

the recommendations as set out above.

Delete as appropriate:

Police, Fire & Crime Commissioner / Chief Executive (delete as appropriate)

Signature:

Date:

For OPFCC Office Use only:

Date of publication of decision:

Each section below must be completed prior to submission to the Commissioner for decision.

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group / OPFCC Executive Team / CCFRA Executive Team and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.	
Signed:	Date:

CHIEF OFFICER APPROVAL (where applicable)

Chief Constable / Chief Fire Officer (delete as appropriate)	
I have been consulted about the proposal and confirm that I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner.	
Signature:	Date:

OPFCC CHIEF OFFICER APPROVAL

Chief Executive (Monitoring Officer) / Chief Finance Officer (Deputy Chief Executive) (delete as appropriate)	
I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner / Chief Executive (delete as appropriate).	
Signature:	Date:

Media Strategy	
The decision taken by the Police, Fire & Crime Commissioner may require a press announcement or media strategy.	
Will a press release be required following the decision being considered?	YES
If yes, has a media strategy been formulated?	YES
Is the media strategy attached?	NO
What is the proposed date of the press release:	

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PFCC website within 5 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead in the Part 2 section of the form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred?	NO
Until what date (if known):	
If yes, for what reason:	
If this is a Part 2 Decision , has the Part 2 element of this form been completed	n/a

SECTION 2 BELOW IS ONLY TO BE PUBLISHED IF THE DECISION IS PART 1

SECTION 2

PLEASE COMPLETE ALL SECTIONS BELOW WITH FACTS AND ADVICE FOR THE PFCC

1. Introduction & Background

- 1.1 It is a legal requirement for the Police, Fire and Crime Commissioner to annually set a balanced budget and to allocate funds to the Chief Fire Officer to secure the maintenance of the Fire and Rescue Service for Cumbria. The attached reports set out the proposed budgets and the advice of the CCFRA Chief Finance Officer regarding their approval. This decision is in relation to the Capital Investment Strategy and the Treasury Management Strategy Statement.

2. Issues for Consideration

- 2.1 Please see attached reports.

3. Implications

(List and include views of all those consulted, whether they agree or disagree and why. Must be completed prior to submission).

3.1. Financial

As set out in the attached reports

3.2. Legal

It is a legal requirement to annually set a balanced budget and determine the police precept.

3.3. Risk

The Local Government Act 2003 report documents the risks to the financial forecasts. Specific operational reserves and contingencies and general balances have been set at a level that in the view of the CCFRA Chief Finance Officer is reasonable in the context of those risks that it is possible to provide for.

3.4. HR / Equality

The proposed budget provides resources used by the Fire and Rescue Service. The Commissioner has arrangements in place to hold the Chief Fire Officer to account in respect of the Public Sector Equality Duty. The budget is subject to an equality impact assessment. The 2026/27 budgets for the Fire and Rescue Service provide resources to maintain establishment numbers.

3.5. I.T.

The budgets and capital programme are supported by a comprehensive Digital Data and Technology strategy. There are significant implications for ICT following from the investment proposed for both capital and revenue to support the delivery of the strategy.

3.6. Procurement

There are significant procurement implications arising from the budgets in respect of both revenue supplies and services expenditure and procurement of large capital estate and ICT schemes. Procurement regulations require procurement business partners to lead and/or support business managers in any significant or complex procurement activity.

4. Backgrounds / supporting papers

(List any relevant business case, EIA, PID, Media Strategy and append to this form; list persons consulted during the preparation of the report)

Add link to Police, Fire and Crime Plan, CRMP, Commissioning Strategy, etc

SECTION 3 BELOW MUST BE COMPLETED FOR ALL PART 2 DECISIONS AND WILL NOT BE PUBLISHED.

SECTION 3

PART 2 DECISIONS ONLY – CONFIDENTIAL DECISION, FACTS AND ADVICE

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult your Information Advisor for advice.

Please indicate under which section the decision is to be taken in Part 2:

Not for publication by virtue of paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

Please provide a full explanation as to why the exemption should apply

(e.g. – legal advice; commercially confidential information)

This information is not for publication until the stated date because:

Information will cease to be confidential or when the confidentiality should be reviewed:
(insert date and reasons)

Name:

Date:

Part 2 Decision:

Confirmation by the Office of the Police, Fire & Crime Commissioner that they accept the reasons for the decision to be made in Part 2 for the reasons stated.

Name:

Date:



Cumbria Commissioner Fire and Rescue Authority

Public Accountability Conference

TITLE:	Cumbria Commissioner Fire and Rescue Authority (CCFRA): Capital Investment Strategy 2026/27
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DATE OF MEETING:	12 February 2026
REPORT OF:	The Chief Finance Officer
REPORT ITEM:	6a

Executive Summary:
The attached report provides proposed Capital Investment Strategy for 2026/27 to 2035/36.

Recommendations:
The Commissioner is **RECOMMENDED** to:

- a. Approve the Capital Investment Strategy as set out in this report
- b. Approve the capital projects that will require a business case or decision paper before they can proceed (as outlined at 4.2).

1.0 Introduction

1.1 The Capital Investment Strategy (CIS) is a key policy document for the Service and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Service plans and is based on the guidance in the Medium-Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2021) and reflects the new CIPFA Capital Strategy Guidance 2021 'A whole organisation approach'.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
 - Provide a longer-term view of capital expenditure plans;
 - Provide an overview of asset management planning;
 - Provide expectations around debt and use of internal borrowing to support capital expenditure;
 - Define the authority's approach to commercial activities including due diligence and risk appetite;
 - Defines the available knowledge and skills to the authority in relation to capital investment activities.
- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Service's policy on capitalisation is included in the Financial Regulations and in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £10,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits is deemed to be a revenue cost.

1.3 Evaluation and Monitoring of Capital Projects

The evaluation and monitoring of capital projects is important to enable the Service to determine:

- If projects have met their individual objectives for service provision,
 - If projects have been delivered on time and to budget, or whether lessons need to be learned to improve processes in the future,
 - If projects have contributed to the overall aims and objectives of the Service.
- 1.4 To assist with these processes, the Service has a series of procedures in place as a capital project develops. These consist of: -
- Consideration of all aspects of a capital project by the Executive Board - Fire, comprising senior officers of the Service and the OPFCC, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted for consideration as part of the normal budget process.

- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.
- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to the Commissioner.
- The Senior Leadership Team and Commissioner receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and objectives have been met and makes recommendations where necessary to improve the delivery of similar projects in the future.

1.6 Current Asset Portfolio

The Service holds a modest asset portfolio that supports its operational activities. The balance sheet valuations are shown below:

Asset Category	Valuation 31/03/2025 £000
Land & Buildings	43,219
Vehicles and Plant	9,121
TOTAL	52,340

Land & Buildings (Operational)

These are operational properties that are used to deliver services and for the Service primarily relate to Fire Stations.

Vehicles, Plant and Equipment (Operational)

These assets are used in the delivery of Services and include owned vehicles, IT equipment, and other equipment

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As of 31 March 2025, this totalled £21.008million (which included £13.508million of PFI liabilities and £7.500million in PWLB debt).

2.0 Financial Principles supporting the Capital Investment Strategy.

2.1 Capital expenditure is to be incurred in line with Financial Regulations as follows:

- The Chief Finance Officer (s.151) is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Commissioner and covers at least the current and forthcoming three financial years’;

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Fire Plan (i.e. there is no automatic ring-fencing of resources for specific purposes);
- Capital receipts will be allocated in accordance with Service priorities;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Service will seek to maximise the use of grants and external funding;
- The Service is committed to deliver capital investment with partners to maximise benefits where this fits with Service priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance (e.g., borrowing costs);
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g., through re-profiling of capital receipts and borrowing);
- In order to reduce the exposure of the service to a borrowing requirement the following steps should continue to be examined:
 - o Review of existing capital programme to ensure that schemes are still required and are accurate;
 - o Maximisation of the use of grants and contributions from external sources;
 - o Providing a recurring revenue contribution to the capital programme;
 - o Invest to save schemes that can repay the capital investment over a period of time.

2.3 Links to other Strategies

The Medium-Term Financial Plan takes account of other Strategies, which have a potential impact on the use of resources by the Service. Particularly consideration is given to the following key strategies: -

- The Police, Fire and Crime Plan
- The Community Risk Management Plan (CRMP)
- The Medium-Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Estates Strategy, which provides forecasts of necessary investment in the estate's portfolio.
- The Fleet Strategy, which provides information on the investment, maintenance, and aspirations of the Service's fleet.
- The Asset Disposal Strategy.
- The Productivity and Efficiency Strategy
- The Procurement and Commissioning Strategy.
- The ICT Strategy.
- People Strategy

3.0 Strategic Vision / Long Term ambitions

3.1 The Service recognises the vital contribution its Capital Investment Strategy (CIS) and its asset portfolio play in the delivery of an effective and efficient fire service for Cumbria. To achieve that the CIS needs to reflect and inform other key strategic documents, namely, the Estates Strategy and Asset Management Plan and the Fleet Strategy.

3.2 External and Partner Influences

Capital investment decisions will be influenced by both internal and external factors.

Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these are summarised as follows:

Internal Factors

- Service Priorities
- Investment identified in strategies, policies and plans
- Work needed to maintain Property assets
- Vehicles, Plant and Equipment replacement needs
- ICT Investment and replacement
- Invest to save projects

External Factors

- Government sponsored programmes
- Unforeseen emergency works, e.g. RAAC
- Works required to comply with legislation e.g. disabled access, health & safety
- Projects resulting from partnership activity
- Availability of external funding
- Public expectation that works should be carried out

The Service works with a wide range of partners from the public, private, voluntary and community sectors, all of which may have an influence over its spending priorities. These include, but are not limited to:

- Central Government
- Other Local Authorities
- Health sector
- Further and Higher education sector
- Charity, social and not for profit sector
- Private sector
- Community Projects

4.0 Capital Expenditure

4.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Fire Plan. The Service is at a point where it has limited capital resources and as such any investment in assets will have implications on the revenue budget (either through direct revenue contributions or borrowing costs).

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Service priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in replacement fleet vehicles and includes allowances for work to estates and ICT and replacement of equipment and PPE.

Other capital investment opportunities may present themselves over the lifetime of the MTFP; each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

All business cases are subject to due diligence to ensure that they afford the best value for money for the Service, align with its core priorities and do not expose the Service to unnecessary risk that could put future delivery of services in jeopardy.

The table below shows the current capital resources before any new decisions around capital investment are made. These forecasts have been updated with a detailed programme of capital expenditure as part of the 2025/26 MTFP and budget setting process.

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Opening Borrowing Requirement (Excl PFI)	11,910				
Estimated resources available in year (Table 3)	0	0	0	0	0
Agreed Programme (Table 2)	4,049	4,104	3,061	4,040	3,053
In-Year Borrowing Requirement (Excl PFI)	4,049	4,104	3,061	4,040	3,053
MRP And Repayment of Debt	(811)	(1,297)	(1,646)	(1,814)	(2,147)
Cumulative Borrowing Requirement (Excl PFI)	15,148	17,956	19,371	21,597	22,503

The Service also has a borrowing liability arising from the PFI contracts in place. The Borrowing position including PFI is as follows:

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Opening Borrowing Requirement (Incl PFI)	24,885				
Estimated resources available in year (Table 3)	0	0	0	0	0
Proposed Programme (Table 2)	4,049	4,104	3,061	4,040	3,053
In-Year Borrowing Requirement (Incl PFI)	4,049	4,104	3,061	4,040	3,053
MRP And Repayment of Debt	(1,389)	(1,923)	(2,325)	(2,551)	(2,947)
Cumulative Borrowing Requirement (Incl PFI)	27,545	29,726	30,462	31,952	32,058

4.2 Current Expenditure Forecast

The table below shows the current projected expenditure forecasts for capital investment. A full breakdown of the 10-year plan is shown in **Appendix A**.

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Vehicles - Appliances	0	990	990	1,450	1,650
Vehicles - Other	865	609	253	695	270
Property Enhancements	1,452	1,363	1,224	1,216	390
Equipment & ICT	1,732	1,142	594	679	743
Total Original Programme	4,049	4,104	3,061	4,040	3,053

In accordance with Financial Regulation B3 – Capital Programme, capital projects are split into three categories, Indicative, Delegated and Firm as outlined below

- **Indicative** – Where a scheme requires a full detailed business case to be submitted to the Commissioner for formal approval. The information requirements for schemes will be subject to OPFCC CFO approval.
- **Delegated** – where a scheme is approved in principle but there are fine details with regard to procurement and costs that have been delegated to the OPFCC CFO, for final approval. The OPFCC CFO may vire from capital reserves to fund any balance for the scheme within the delegated limit.
- **Firm** - where a firm scheme is approved, procurement can commence without delay. They will typically relate to cyclical replacement programmes and maintenance works. They will either be supported by the relevant capital strategy or a business case, at or before the approval of the capital programme.

Therefore, the following categories will be applied to the main areas of the capital programme. Where decision papers and business cases are required these will be considered by SLT and Executive Board – Fire for approval.

Indicative

- **Estates**

projects will be subject to a business case where individual projects are over £100,000. A CCFRA decision paper is required before expenditure can be incurred for all other estates projects.

- **ICT**

projects will be subject to a business case where individual projects are over £30,000. A CCFRA decision paper is required before expenditure can be incurred for all other ICT projects.

- **Equipment and PPE**

projects will be subject to a business case where individual projects are over £30,000. A CCFRA decision paper is required before expenditure can be incurred for all other Equipment and PPE projects.

Delegated

- **Fleet**

schemes will be categorised as delegated, but a CCFRA decision paper must be completed prior to procurement beginning outlining the preferred procurement route and options for fleet replacements.

4.3 Current Resource Forecasts

The Service's capital programme can be financed, (or paid for), through a variety of sources and the Chief Finance Officer (s.151) will make recommendations on the most effective and efficient way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process.

4.3.1 Capital Grants

The Service does not receive any specific capital grants, however, one-off grants linked to applications for particular projects could provide external funding.

4.3.2 Revenue Contributions and Reserves

The capital programme can also be financed using reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget. Revenue contributions will have to be found from existing revenue budgets but may be more cost effective than incurring borrowing costs. A £1m revenue contribution will be made in 2025/26 utilising funding provided by the Home Office in 2024/25.

4.3.3 Capital Receipts

Capital Receipts arise principally from the sale of capital assets.

The sale of assets, particularly from fleet replacement can be utilised to support the Capital Programme in the Capital Strategy. Capital receipts will be used to finance capital expenditure as and when they arise.

4.3.4 Borrowing Requirement

The cumulative in-year borrowing requirement identifies a potential need to borrow an additional £12.146million to fund the capital programme over the next five years. The brought forward borrowing requirement (excluding PFI liabilities) of £11.910million compares to actual brought forward external debt of £7.500million. The balance of £4.410million represents internal borrowing.

The Medium-Term Financial Plan includes an expectation of incurring borrowing in each year from 2026/27. The revenue cost of the borrowing will need to be paid for from the revenue budget and

although allowance is included in the MTFP, this will be subject to market factors when borrowing is required (e.g., interest rates).

Consideration has been given to the level of debt being built up by the service and the cost of this borrowing as well as the future risk around credit and interest rate volatility in setting a capital programme. There is a need to balance the requirement for investment in assets with the impact debt financing can have on the revenue budget. At present, borrowing costs on the proposed programme are set to reach 10% of the net revenue budget by 2030/31 and debt as a proportion of assets will be 39%. These should be viewed as the maximum threshold for sustainable capital investment and borrowing.

5.0 Debt, Borrowing and Treasury Management

5.1 Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004 with authorities now able to borrow as much as it wishes provided that it can afford the repayments from its revenue budget.

The Service has identified that it will need to undertake additional borrowing to fund the current and forecast capital programme. The cost of this borrowing is included in the Medium-Term Financial Plan however, the cost of borrowing will be subject to the underlying interest rates

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLB), or can be undertaken by utilising internal resources, i.e. cash and investment balances. This is known as internal borrowing. Using internal borrowing still requires provision for Minimum Revenue Provision (MRP) to be made and will result in the loss of investment income interest.

The Chief Finance Officer (s.151) is delegated with responsibility for the financing of the capital programme and as such may make borrowing decisions based upon interest rates, the Service's cash flow projections and other economic factors, in order to optimise the overall use of resources. External advice will be sought from the Service's Treasury advisors, MUFG, if necessary.

To reduce the exposure of the Service to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

- Review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Service will attempt to minimise the use of any debt financing for capital projects, however, it is recognised that this is will not be possible with no other forms of capital resource available. Where debt financing is unavoidable, the Service will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery or taxpayers. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Service has at the point in time it is taken out.

5.2 The Capital Financing Requirement

The Capital Financing Requirement (CFR) represents the Service's underlying need to borrow. This is different to any actual borrowing. If the Service generates the same amount of capital resources (excluding borrowing) in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Service spends more than the resources it generates in year, the CFR will increase as the Service has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

The CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e., internal borrowing.

Where the Service has a positive CFR, i.e., an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as **Minimum Revenue Provision (MRP)**. The Service's current policy, as set out in the MRP Strategy is to charge MRP on an **asset life basis**. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Service that will then allow debt to be repaid.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Total Capital Expenditure	4,049	4,104	3,061	4,040	3,053
Capital Resources applied in year	0	0	0	0	0
MRP & Other Repayment of Debt	(1,389)	(1,923)	(2,325)	(2,551)	(2,947)
Change in Underlying need to borrow	2,660	2,181	736	1,489	106
CFR Brought Forward	24,885	27,545	29,726	30,462	31,952
CFR Carried Forward	27,545	29,726	30,462	31,952	32,058
CFR for PFI	12,397	11,770	11,091	10,354	9,555
CFR For Prudential Borrowing Purposes	15,148	17,956	19,371	21,597	22,503

5.3 Investment and Reserve Balances

An important consideration to understand when making capital investment decisions, especially when a borrowing requirement exists is the relationship between the Service's available cash investment balances and its reserves.

On 1 April 2025, the Service had cash and investments of £20.105million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then on 31 March 2026, investment balances are expected to be approximately £11million.

The surplus monies / internal investments position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2030/31. Where there is an internal investment shown this represents the use of the Service's own cash balance to support the borrowing requirement, i.e., internal borrowing. If interest rates were extremely low at present, there is little value added by holding cash in investments whilst undertaking external borrowing at

higher rates. However, this position also must be balanced by the Service having enough cash to pay for day-to-day expenditure. The need to borrow externally at the most appropriate time is constantly reviewed and updated to ensure that the Service borrows at the best available rates and at the most appropriate time.

This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
CFR (Underlying Need to borrow)	27,545	29,726	30,462	31,952	32,058
Total External Borrowing	13,150	15,958	17,373	19,599	20,505
Other Long Term Liabilities (PFI)	12,397	11,770	11,091	10,354	9,555
(Over)/Under Borrowing Position	1,998	1,998	1,998	1,998	1,998

The forecasts for external borrowing above have been adjusted so ensure no under or over borrowing position should occur and that actual borrowing matches the CFR.

Before undertaking further external debt, consideration will be given to whether the Service has sufficient cash resources to minimise the externalisation of debt. This consideration will look at the investment return potential of retaining cash balances against the potential cost of borrowing. Consideration will also be given to the longer term strategic outlook, interest rate forecasts and the benefits of securing external debt at the most appropriate rates.

As the figures shown above are based on forecast levels of expenditure linked to current budgets and anticipated receipts, actual figures will vary in each year depending upon actual expenditure and income levels.

5.4 Debt Financing Costs

The table below shows the actual and forecast debt financing costs (Interest) for actual and forecast debt and compares to the Service's budget requirement. Interest and MRP are charges against the Service's revenue budget and any changes to the profiling of external borrowing or changes to interest rate assumptions are included in the Treasury Management forecasts when the budget is set.

Forecasts					
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Total External Borrowing	13,150	15,958	17,373	19,599	20,505
Interest	315	492	578	607	628
Capital Financing Cost (MRP)	1,389	1,923	2,325	2,551	2,947
Total Capital Financing Cost	1,704	2,415	2,903	3,158	3,575
Revenue Budget Requirement	31,979	32,811	33,433	34,632	35,853
% Financing Costs to Budget Requirement	5%	7%	9%	9%	10%

The estimates included above for interest payable on debt use the forecasts provided by the Treasury Management advisors, MUFG. These are as follows:

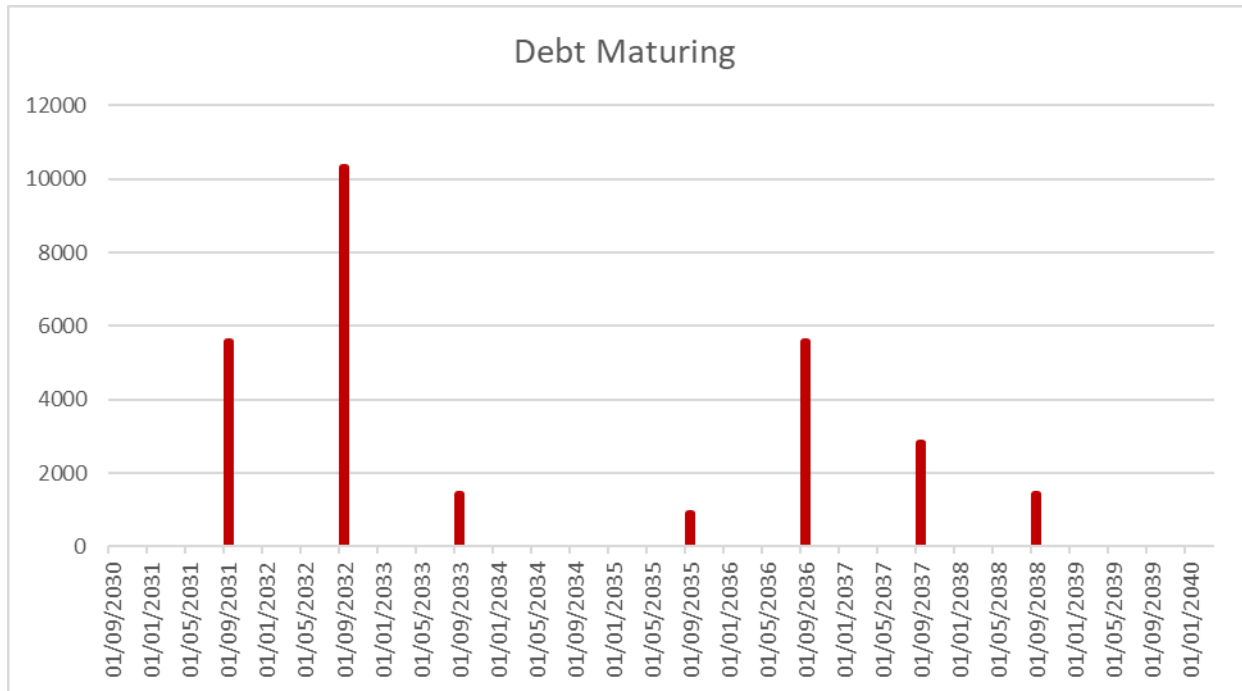
Forecasts					
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
5 year PWLB	4.30%	4.10%	4.10%	4.10%	4.10%
10 Year PWLB	4.90%	4.75%	4.65%	4.60%	4.60%
25 Year PWLB	5.65%	5.40%	5.25%	5.20%	5.20%

The estimates for interest payments currently assume short term borrowing as the most affordable, but recognise that this has potential risks to future interest rate and credit and market exposure. Any debt that is required to be undertaken will be assessed with advice from the Treasury advisors as to the best maturity profile and affordability.

A 1% increase in forecast interest rates shown above would increase interest payments by:

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
1% Change in Interest Rate Forecast	64	104	124	132	137

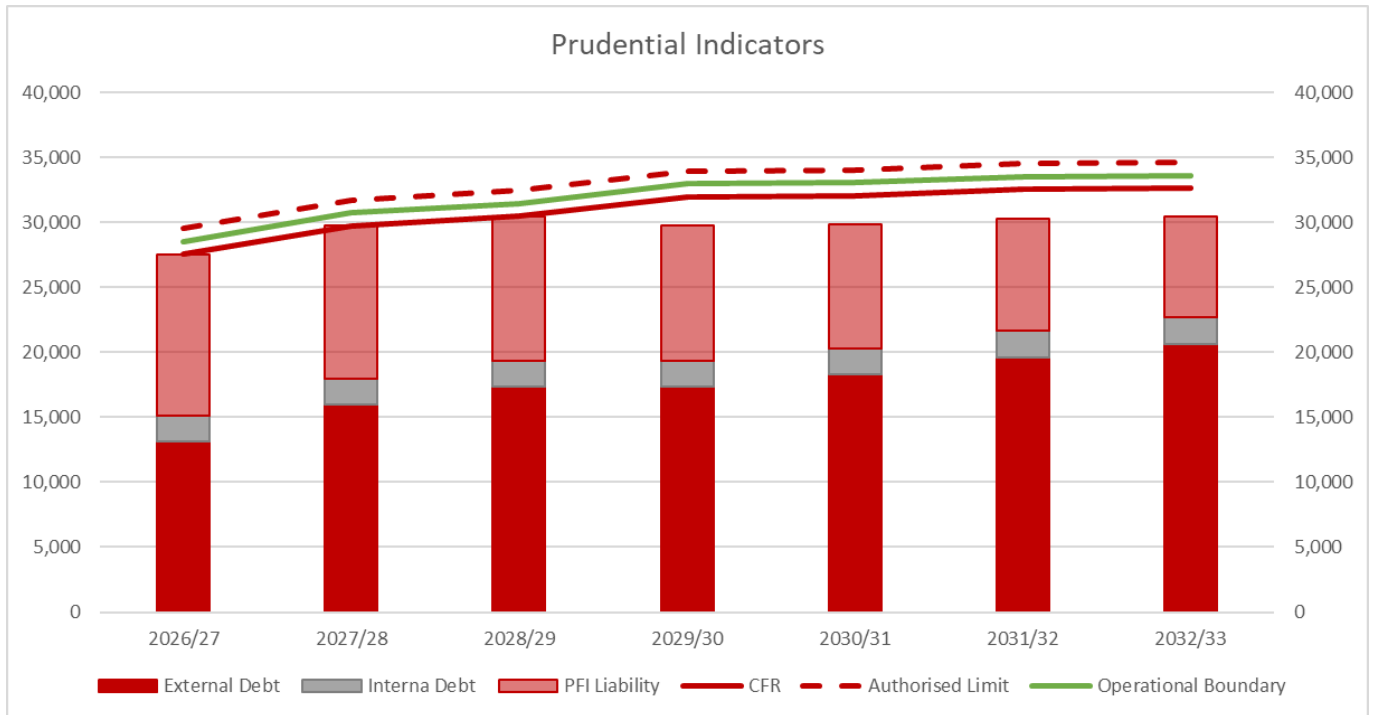
The repayment profile of the Service's actual and forecast external debt is as follows:



The following table shows the overall movement on external debt:

	Forecasts				
	2026/27 €000	2027/28 €000	2028/29 €000	2029/30 €000	2030/31 €000
External Debt B/Fwd	7,585	13,150	15,958	17,373	19,599
New External Debt	5,565	2,807	1,415	2,226	906
External Debt C/Fwd	13,150	15,958	17,373	19,599	20,505

The graph below shows the forecast overall level of external debt compared to the Capital Financing Requirement (Borrowing requirement).



5.5 Authorised Limit and Operational Boundary

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by the PFCC in February each year.

The Authorised Limit is consistent with the authority’s current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit should not be exceeded without prior approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the PFCC is asked to delegate authority to the Chief Finance Officer (s.151) to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior approval providing that it remains within the authorised limit.

The limits shown below have been reviewed during the budget process and adjusted in line with the projections for the CFR.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2026/27 estimate £000	2027/28 estimate £000	2028/29 estimate £000	2029/30 estimate £000
Authorised Limit for External Debt:				
- Borrowing	17,148	19,956	21,371	23,597
- Other Long Term Liabilities	12,397	11,770	11,091	10,354
TOTAL	29,545	31,726	32,462	33,952
Operational Boundary for external debt:				
- Borrowing	16,148	18,956	20,371	22,597
- Other Long Term Liabilities	12,397	11,770	11,091	10,354
TOTAL	28,545	30,726	31,462	32,952

6.0 Commercial Activity

The Service does not use its asset portfolio to operate in a commercial manner. It does not hold any investment property portfolio. Any commercial activity would require the Service to be compliant with the Prudential Code.

6.1 Prudential Code Considerations

- 6.1.1 The Prudential Code states, “Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the Prudential Code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes and must not use internal borrowing to temporarily support investments purely for yield.”
- 6.2.2 Having any “commercial activity” could hinder wider PWLB borrowing to support the capital programme.
- 6.2.3 Local authorities are to be required to submit their high-level capital and financing plans to DLUHC and will be required to split these into the following categories to ensure that capital projects are not being used to buy investments for yield:
- Service Spending
 - Housing
 - Regeneration
 - Addressing economic or social market failure
 - Making a significant investment in the asset beyond its purchase price
 - Projects that generate significant additional activity that would not happen without the local authorities intervention
 - Rental income generated are recycled within the project or applied and related to regeneration projects rather than applied to wider services
 - Preventative Action
 - Prevents a negative outcome
 - No realistic prospect of support from a source other than the local authority
 - The local authority has an exit strategy
 - The intervention generates a balance sheet asset
 - Treasury Management
- 6.2.4 The guidance issued by HM Treasury states that assets bought primarily for yield would usually have one of the following characteristics:
- Buying land or existing buildings to let out at market rate
 - Buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
 - Buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly.

7.0 Knowledge and Skills

- 7.1 The Service utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Service employs professionally qualified finance officers who are able to offer advice and guidance when considering any capital investment decisions and obtains specialist legal and property advice from external partners.

7.3 **Finance**

Finance staff are professionally qualified to advise the Service on all financial aspects of capital decisions. Finance staff also undertake Continuous Professional Development. The Service could look into becoming accredited for CPD with CIPFA. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.4 **External Advice**

The Service uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Service uses are as follows:

- **MUFG Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing

Appendix A – Full Detailed Capital Programme 2026/27 – 2035/36

Summary Capital Programme 2026/27 – 2035/36

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
	£	£	£	£	£	£	£	£	£	£	£
Appliances	-	990,000	990,000	1,450,000	1,650,000	1,650,000	1,980,000	660,000	990,000	-	10,360,000
Other Fleet	865,000	609,000	253,000	695,000	270,000	242,000	890,000	180,000	-	320,000	4,324,000
Estates	1,452,124	1,363,394	1,224,000	1,216,000	390,000	470,000	250,000	193,000	357,000	600,000	7,515,518
Equipment & PPE	721,860	513,500	243,500	329,000	392,500	1,077,500	371,000	189,500	229,500	241,200	4,309,060
ICT	1,009,500	627,500	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	4,437,000
Total	4,048,484	4,103,394	3,060,500	4,040,000	3,052,500	3,789,500	3,841,000	1,572,500	1,926,500	1,511,200	30,945,578

Estates Capital Programme – 2026/27 – 2035/36

Estates Capital Programme	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
Asset Name	£	£	£	£	£	£	£	£	£	£	£
Alston	-	87,394	35,000	-	-	-	-	-	100,000	-	222,394
Ambleside	60,000	-	-	60,000	-	-	-	-	100,000	-	220,000
Appleby	-	104,000	-	-	-	-	-	-	-	-	104,000
Arnside	-	-	110,000	-	-	-	-	-	-	-	110,000
Aspatia	-	90,000	-	-	-	-	-	-	-	-	90,000
Barrow	98,786	-	100,000	282,000	-	-	-	-	157,000	-	637,786
Bootle	-	90,000	-	-	-	-	-	-	-	-	90,000
Brampton	-	130,000	-	52,000	-	-	-	-	-	-	182,000
Broughton in Furness	-	117,000	-	-	60,000	-	-	-	-	-	177,000
Cockermouth	-	150,000	-	-	-	-	-	-	-	-	150,000
Coniston	58,946	-	-	-	-	-	-	-	-	-	58,946
Egremont	85,000	-	20,000	17,000	-	-	-	-	-	-	122,000
Estates Capital Pot	-	-	-	-	-	-	-	-	-	400,000	400,000
Estates Contingency Fund	100,000	100,000	100,000	100,000	-	-	-	-	-	-	400,000
Fire Behaviour Units	-	-	-	150,000	-	-	-	-	-	-	150,000
Frizington	90,000	-	-	-	-	-	-	-	-	-	90,000
Grange over Sands	-	20,000	20,000	10,000	-	60,000	-	-	-	-	110,000
Keswick	128,196	-	-	80,000	-	-	150,000	-	-	-	358,196
Kirkby Lonsdale	30,000	-	90,000	-	-	25,000	-	-	-	-	145,000
Kirkby Stephen	-	115,000	150,000	-	-	-	-	-	-	-	265,000
Longtown	-	-	-	-	-	20,000	-	-	-	-	20,000
Maryport	204,196	-	-	50,000	-	-	-	-	-	-	254,196
Millom	-	-	79,000	80,000	-	-	-	-	-	-	159,000
Milnthorpe	-	90,000	-	35,000	-	-	-	-	-	-	125,000
Seascale	-	90,000	-	-	60,000	65,000	-	-	-	-	215,000
Sedburgh	-	50,000	150,000	50,000	-	-	100,000	-	-	-	350,000
Shap	-	-	95,000	30,000	120,000	-	-	-	-	-	245,000
Silloth	-	-	-	20,000	-	-	-	193,000	-	-	213,000
Training Towers	485,000	130,000	130,000	130,000	-	300,000	-	-	-	-	1,175,000
Ulverston	-	-	-	-	50,000	-	-	-	-	-	50,000
Walney	80,000	-	25,000	-	-	-	-	-	-	-	105,000
Whitehaven	-	-	50,000	-	100,000	-	-	-	-	100,000	250,000
Wigton	32,000	-	70,000	-	-	-	-	-	-	-	102,000
Windermere	-	-	-	70,000	-	-	-	-	-	100,000	170,000
Total £	1,452,124	1,363,394	1,224,000	1,216,000	390,000	470,000	250,000	193,000	357,000	600,000	7,515,518

Fleet Capital Programme – 2026/27 – 2035/36

Fleet Capital Programme	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
Asset Name	£										
ArgoCat ATV	-	-	-	-	-	-	-	-	-	30,000	30,000
ERU	260,000	-	-	-	-	-	-	-	-	-	260,000
Ford Fiesta 1.5 TDCI Econetic Van	-	69,000	-	-	-	-	-	-	-	-	69,000
Ford Focus 1.5 Eco Blue Zetec Estate Race Red	150,000	-	-	-	-	-	-	150,000	-	-	300,000
Ford Ranger Utility Vehicle	-	-	-	-	60,000	-	405,000	-	-	-	465,000
Ford Transit Custom 1.0 Fox Limited PHEV	-	-	-	-	-	-	35,000	-	-	-	35,000
Isuzu D-Max 1.9 DL40 Automatic Double Cab Pick Up	30,000	-	-	-	-	-	-	-	-	30,000	60,000
Joint Incident Command Unit	-	500,000	-	-	-	-	-	-	-	-	500,000
Kawazaki Mule	-	-	-	-	-	-	-	-	-	30,000	30,000
Land Rover 110	135,000	-	-	-	-	-	-	-	-	-	135,000
Land Rover Defender with Wildfire response.	-	-	-	315,000	-	-	-	-	-	-	315,000
Mitsubishi Outlander 2.4PHEV Exceed Auto Estate	-	-	-	-	-	23,000	-	-	-	-	23,000
Peugeot Expert Professional Bluehdi 115 1000kg	-	-	30,000	-	-	-	-	-	-	-	30,000
Peugeot Expert S 1.6 BHDI 115	30,000	-	-	-	-	-	-	-	-	-	30,000
Peugeot Partner 1000 1.6 Bluehdi Professional Van	-	-	23,000	-	-	-	-	-	-	-	23,000
Peugeot Partner C/Van HDI 92	230,000	-	-	-	-	-	-	-	-	-	230,000
Peugeot Van	-	-	-	-	-	69,000	-	-	-	-	69,000
Ranger ERU	-	-	-	-	60,000	-	-	-	-	-	60,000
Renault Master 14st Minibus	-	40,000	-	-	-	-	-	-	-	-	40,000
Skoda Karoq 2.0 SEL TDI SCR 4X4 S-A	-	-	-	-	30,000	150,000	-	-	-	-	180,000
Skoda Karoq 2.0 TDI Se L 150Ps 4X4 DSG	-	-	-	60,000	-	-	-	-	-	-	60,000
Skoda Karoq SportLine Edition 2.0 TDI 150 PS 4x4	-	-	-	-	-	-	450,000	-	-	-	450,000
Skoda Kodiaq 2.0 TDI Se L 190 4X4 DSG	30,000	-	-	-	-	-	-	30,000	-	-	60,000
Unimog	-	-	200,000	-	-	-	-	-	-	-	200,000
Volvo Fire Appliance - Type A	-	-	-	1,450,000	-	330,000	-	-	-	-	1,780,000
Volvo Fire Appliance - Type B	-	990,000	990,000	-	1,650,000	1,320,000	1,980,000	660,000	990,000	-	8,580,000
Volvo XC60	-	-	-	90,000	120,000	-	-	-	-	-	210,000
Water Bowser	-	-	-	230,000	-	-	-	-	-	230,000	460,000
Total £	865,000	1,599,000	1,243,000	2,145,000	1,920,000	1,892,000	2,870,000	840,000	990,000	320,000	14,684,000

ICT Capital Programme – 2026/27 – 2035/36

ICT Capital Programme	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
Asset Name	£	£	£	£	£	£	£	£	£	£	£
Break / FIX	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	180,000
DDaT and Payroll Project	750,000	-	-	-	-	-	-	-	-	-	750,000
Gartan to Cloud Consultancy	5,000	-	-	-	-	-	-	-	-	-	5,000
General Allowance	50,000	50,000	184,500	229,500	170,500	123,500	118,500	123,500	53,500	98,500	1,202,000
Laptops	-	-	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	300,000
Lone Working	5,000	-	-	5,000	-	-	5,000	-	-	5,000	20,000
Meeting Room Kit Large	-	-	20,000	20,000	20,000	-	-	-	20,000	20,000	100,000
Meeting Room Kit On call	-	-	30,000	-	-	-	-	-	30,000	-	60,000
Mobile Phones	-	-	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	100,000
Monitors	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	80,000
Network Switches and Wifi	100,000	-	-	-	-	-	-	-	-	-	100,000
Pagers / Alerters	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	75,000
Phones	-	-	20,000						20,000		40,000
PSTN Upgrade 38 stations & Network Replacement	68,000	-	-	-	-	-	-	-	-	-	68,000
Radios ESN	-	-	-	-	64,000	-	-	-	-	-	64,000
SDWAN / LAN / WIFI / CALLOUT		-	-	-	-	75,000	75,000	75,000	75,000	75,000	375,000
Small Printers	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	24,000
Station End Equipment	-	200,000	-	-	-	-	-	-	-	-	200,000
Tablets	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	40,000
Windows 11 - general devices (not laptops)	14,000	-	-	-	-	-	-	-	-	-	14,000
Windows 11 - New MDT	-	350,000	-	-	-	56,000	56,000	56,000	56,000	56,000	630,000
Yubikey Security Devices	10,000	-	-	-	-	-	-	-	-	-	10,000
Total £	1,009,500	627,500	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	4,437,000

Equipment & PPE Capital Programme – 2026/27 – 2035/36

Equipment & PPE Capital Programme	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
Asset Name	£	£	£	£	£	£	£	£	£	£	£
Air Bag/Regulators Replacement Programme	29,360	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	150,860
BA Compressors Replacement Programme	15,000	-	-	15,000	-	-	15,000	-	-	16,200	61,200
BA Sets, cylinders and ancillary equipment	-	-	-	-	-	750,000	-	-	-	-	750,000
Chemical Protective Clothing	-	-	-	118,000	48,000	-	-	-	-	-	166,000
Defibrillators (Response Stock)	15,000	15,000	15,000	1,000	1,000	1,000	1,000	1,000	1,000	15,000	66,000
Enhanced Rescue Unit Equipment (IVECO)	200,000	-	-	-	-	-	-	-	-	-	200,000
Fire Helmets	-	70,000	-	-	-	-	-	-	-	-	70,000
Gas Monitoring Equipment	6,500	-	-	6,500	-	18,000	6,500	-	-	6,500	44,000
General allowance for growth / unexpected capital costs	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Hose Inflation Equipment	-	-	-	-	-	-	-	-	-	20,000	20,000
JICU/ IC Replacement Programme	-	240,000	-	-	-	-	-	-	-	-	240,000
TIC Replacement Programme	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	200,000
Type B appliance fit out and equipment	361,000	80,000	120,000	80,000	200,000	200,000	240,000	80,000	120,000	40,000	1,521,000
Water Rescue PPE Replacement Programme	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Working at Height Replacement Programme	-	-	-	-	35,000	-	-	-	-	35,000	70,000
Total £	721,860	513,500	243,500	329,000	392,500	1,077,500	371,000	189,500	229,500	241,200	4,309,060



Cumbria Commissioner Fire and Rescue Authority

Public Accountability Conference

TITLE:	Cumbria Commissioner Fire and Rescue Authority (CCFRA): Borrowing, Treasury Management, Investment and MRP Strategies 2026/27 (including Prudential Indicators)
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DATE OF MEETING:	12 February 2026
REPORT OF:	The Chief Finance Officer
REPORT ITEM:	6b

Executive Summary:

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in the Public Services (the CIPFA TM Code) and the Prudential Code require Local Authorities (including PFCCs) to determine the Treasury Management Strategy Statement (TMSS) on an annual basis.

The TMSS presented here complies with the latest code and accompanying guidance notes. The TMSS also incorporates the Investment Strategy.

This report proposes a strategy for the financial year 2026/27.

Treasury Management in Local Government continues to be a highly important activity. The Cumbria Commissioner Fire and Rescue Authority (CCFRA) adopts the CIPFA definition of Treasury Management which is as follows:

Treasury Management Definition

'the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

Recommendations:

The Commissioner is **RECOMMENDED** to:

- Approve the Borrowing Strategy for 2026/27.
- Approve the Investment Strategy for 2026/27.
- Approve the Treasury Management Prudential Indicators.
- Approve the other Prudential Indicators.

- e. Approve the Minimum Revenue Provision Policy Statement for 2026/27.
- f. Note that the detailed Treasury Management Practices (TMPs) have been reviewed and updated as required by the Code of Practice and will be published alongside the TMSS on the Commissioner's website.
- g. Delegate to CCFRA's Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

The Joint Audit Committee will be asked to review the Treasury Management Strategy Statement and Treasury Management Practices to be satisfied that controls are satisfactory and provide advice as appropriate to the CCFRA.



Borrowing, Treasury Management, Investment, and MRP Strategies 2026/27 (Including Prudential Indicators)

Treasury Management Strategy Statement 2026/27

Contents

Treasury Management Strategy Statement - General Principles	Page 3
Treasury Management Cash Flow Forecast	Page 5
Interest Rate Forecast	Page 8
Borrowing Strategy	Page 9
Investment Strategy	Page 11
Treasury Risk and Treasury Management Practices	Page 15
Treasury Management Indicators	Page 16
Other Prudential Indicators	Page 19
Minimum Revenue Provision (MRP) Strategy	Page 24
Appendix A – Creditworthiness policy and Counterparty Criteria	Page 26

Key Messages

Approval of an annual Treasury Management Strategy is a statutory requirement of the CCFRA.

This Strategy aims to provide the CCFRA with a low risk, yet suitably flexible, approach to Treasury Management.

General Principles

The Cumbria Commissioner Fire and Rescue Authority (CCFRA) is required to approve an annual Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management, which also incorporates an Investment Strategy as required by the Local Government Act 2003 and which is prepared in accordance with the Ministry of Housing, Communities and Local Government's Investment Guidance 2018 (MHCLG). Together, these cover the financing and investment strategy for the forthcoming financial year.

The Treasury Management Strategy has been prepared in line with the model guidance produced by Link Treasury Services Ltd, who provide specialist treasury management advice to the CCFRA. However, it should be noted that all treasury management decisions and activity are the responsibility of the CCFRA and any such references to the use of these advisors should be viewed in this context.

Treasury management activities involving, as they do, the investment of large sums of money and the generation of potentially significant interest earnings have inherent risks. The CCFRA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks. The main risks to the CCFRA's treasury activities are outlined below:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in interest rate levels)
- Re-financing Risks (impact of debt maturing in future years)
- Legal and Regulatory Risk
- Fraud, Error and Corruption Risk

Details of the control measures the CCFRA has put in place to manage these risks are contained within the separate Treasury Management Practices (TMPs).

Key Messages

The CCFRA's priority for investments will **always** be ranked in the order of:



General Principles (Continued)

The CCFRA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management. However, the high profile near failure of major banks in 2008 highlighted that this objective must be sought within a context of effective management of counterparty risk. Accordingly, the CCFRA will continue to search for optimum returns on investments, but at all times the **security** of the sums invested will be paramount. This is a cornerstone of the CIPFA Code of Treasury Management Practice which emphasises “**Security, Liquidity, Yield** in order of importance at all times”. The security of the sums invested is managed by tight controls over the schedules of approved counterparties, which are continually reviewed to take account of changing circumstances, and by the setting of limits on individual and categories of investments as set out at **Appendix A**.

The strategy also takes into account the impact of treasury management activities on the CCFRA's revenue budget. Forecasts of cash balances, interest receipts and financing costs are regularly re-modelled. The revenue budget for 2026/27 and forecasts for future years have been updated in light of the latest available information as part of the financial planning process.

The guidance under which this strategy is put forward comes from a variety of different places. Principally, however, the requirement to produce an annual Treasury Management Strategy is set out in the CIPFA Code of Practice on Treasury Management published in 2011, 2017 and 2021. There is, in addition, a further requirement arising from the Local Government Act 2003 (Section 15) and the 2018 MHCLG Investment Guidance, to produce an investment strategy as part of the wider Treasury Strategy. This is set out below, starting at page 11. Finally, the CCFRA's current treasury advisors, Link Treasury Services Ltd, have provided some advice about possible future trends in interest rates and advice on best practice in relation to the format of the TMSS.

In accordance with The Code of Practice for Treasury Management, the CCFRA will approve the Annual TMSS, receive a quarterly summary of treasury activity, a mid-year update on the strategy and an annual report after the close of the financial year.

Key Messages

Scrutiny of the CCFRA's treasury activities is the responsibility of the Joint Audit Committee, including:

- Quarterly Reports
- Year End Report
- Treasury Risk Management
- Review of Assurances

As a minimum a rolling 12-month cash flow forecast is maintained and is audited as part of the statutory accounts to support the principle that the CCFRA is operating as a 'going concern'.

General Principles (Continued)

The Joint Audit Committee will be responsible for the scrutiny of treasury management policy and processes. The Joint Audit Committee terms of reference in relation to treasury management are:

- Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory.
- Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity.
- Review the treasury risk profile and adequacy of treasury risk management processes.
- Review assurances on Treasury Management (for example, an internal audit report, external or other reports).

The MHCLG Guidance on investments states that publication of strategies is now formally recommended, this document will be published on the CCFRA's website once approved.

The CCFRA complies with the provisions of section 32 of the Local Government Finance Act 1992 to set a balanced budget. This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and MHCLG Guidance.

Treasury Management Cash Flow Forecast

Treasury Management activity is driven by the complex interaction of expenditure and income flows, but the core drivers within the CCFRA's balance sheet are the underlying need to borrow to finance its capital programme, as measured by the capital financing requirement (CFR), which is explored in detail on page 9 of this report, and the level of reserves and balances. In addition, day-to-day fluctuations in cash flows due to the timing of grant and council tax receipts and outgoing payments to employees and suppliers have an impact on treasury activities and accordingly are modelled in detail. The CCFRA's level of debt and investments is linked to the above elements, but market conditions, interest rate expectations and credit risk considerations all influence the CCFRA's strategy in determining exact borrowing and lending activity.

Key Messages

Investment returns and borrowing rates have peaked, they started to fall in 2024 and further rate cuts are expected through 2026. However, many factors can impact that forecast.

The CCFRA will need to borrow to fund the capital programme.

Treasury Management Cash Flow Forecast (continued)

The estimated treasury position at 31st March 2026 and for the following financial years are summarised below:

Estimated Treasury Position	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
External Borrowing	7.585	7.585	13.150	15.957	17.372	19.598
Interest Payments	0.195	0.195	0.315	0.492	0.578	0.607
Investments (Average)	18.312	20.225	16.000	16.000	16.000	16.000
Interest Receipts	-0.882	-0.820	-0.520	-0.520	-0.520	-0.520

The figures in the table above are based on the approval of the proposed revenue budget and capital programme presented to the Commissioner elsewhere on this agenda and are based on the interest rate assumptions as outlined on page 7 below. The estimate for interest receipts in 2026/27 is £520k (latest forecast for 2025/26 is £820k). Interest receipts are higher this year due to higher than anticipated average cash balances and higher interest rates for investments than forecast when the 2025/26 budget was set. The balances still include some of the 2024/25 pension grant received from the Home Office, relating to provision of funding for the Sargeant/Matthews pension remedy payments. The exact timing of future external borrowing is currently not known.

The CCFRA inherited a capital financing requirement in relation to historic assets bought by Cumbria County Council which reflects the underlying need to borrow. The Capital Financing Requirement (CFR) is estimated to be £24.885m at the start of the 2026/27 financial year. This includes £12.975m, which is the capital value of the PFI contract as required by changes to proper accounting practices introduced in The Code of Practice on Local Authority Accounting 2009. The capital programme indicates that the CCFRA will need to borrow to deliver the agreed capital programme.

Upon transfer from Cumbria County Council, on the 01 April 2023, the outstanding debt in relation to that capital financing requirement was a PWLB loan of £7.500m (£7.586m including outstanding interest at 31 March). That loan has an interest rate of 2.6% and will mature on the 22 October 2032.

Treasury Management Cash Flow Forecast (continued)

Cumbria County Council was part of the Northwest PFI project, which replaced sixteen fire stations across Merseyside, Lancashire and Cumbria. Cumbria acquired 5 new fire stations including its HQ at Penrith. The new CCFRA inherited the “debt” relating to those assets. The building programme started in April 2011, with the first station opening in 2012 and the last station opening in 2013.

The contract for building and running the new stations is with Balfour Beatty Fire and Rescue NW Limited. The contract runs for 25 years from completion and hand over of the last station and includes both the service and maintenance of the stations. The stations will be recognised on the Authority’s Balance Sheet from the initial handover date. The stations and any plant or equipment installed on them will be transferred to the Authority for nil consideration at the end of the contract.

Advice will continue to be sought from our treasury advisors as to the most opportune time and interest rate to undertake external borrowing.

Key Messages

Core CPI inflation remained high during 2025 (currently 3.2%), somewhat above the 2% target. Inflation is expected to fall to 2% by April 2026.

The Bank Rate is forecast to slowly reduce to 3.25% from 3.75% in 2026 .

Treasury Management Interest Rate Forecast

- GDP has posed tepid growth in 2025 (0.2% q/q for Q2 and 0.1% q/q for Q3). Inflation is currently falling (CPI 3.2%) and the November Budget placed more pressure on the majority of households' income. This provided an opportunity for the Bank of England's Monetary Policy Committee to reduce the Bank Rate from 4% to 3.75% on 18 December.
- UK CPI inflation fell to 3.2% in November. Both services and core inflation are currently at rates clearly above those with the 2.0% target (3.2% and 4.4%). The current shape of the yield curve suggests that bank rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates.
- The MUFG Corporate Markets currently forecast a rate cut in Q2 2026 to 3.5%, this is likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April , followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4 .

The Monetary Policy Policy Committee (MPC) has reduced the Bank Rate on 4 occasions over the past twelve months (February, May, August & December), taking rates to 3.75%. At the December meeting a 5-4 majority voted to cut rates to 3.75%. The Bank of England governor made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

Base Rate Estimates	2025/26	2026/27	2027/28	2028/29
Quarter 1	4.50%	3.75%	3.25%	3.25%
Quarter 2	4.00%	3.50%	3.25%	3.25%
Quarter 3	3.75%	3.50%	3.25%	3.25%
Quarter 4	3.75%	3.25%	3.25%	3.25%

Key Messages

The CCFRA has an increasing Capital Financing Requirement due to the capital programme, but has modest investments (after deducting the pension grant receipt), and will therefore likely need to borrow in the near future.

Borrowing Strategy

Long Term Borrowing

The CCFRA's underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement (CFR), which is one of the Prudential Indicators and represents the cumulative capital expenditure of the CCFRA that has not been financed from other sources such as capital receipts, capital grants, revenue contributions or reserves. To ensure that this expenditure will ultimately be financed, authorities are required to make a provision from their revenue accounts each year for the repayment of debt. This sum known as the Minimum Revenue Provision (MRP) is intended to cover the principal repayments of any loan over the expected life of a capital asset. The CFR together with Usable Reserves, are the core drivers of CCFRA's Treasury Management activities.

Actual borrowing may be greater or less than the CFR, but in order to comply with the Prudential Code, the CCFRA must ensure that in the medium term, net debt will only be for capital purposes. Therefore, the CCFRA must ensure that except in the short term, net debt does not exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. In compliance with this requirement CCFRA does not currently intend to borrow in advance of spending need.

The table below shows the CCFRA's projected capital financing requirement for 2026/27 and beyond.

Capital Financing	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Balance B/fwd	24.302	23.092	24.885	27.545	29.726	30.462
Plus Capital Expenditure financed from borrowing	0.000	2.965	4.049	4.104	3.061	4.040
Less MRP for Debt Redemption	-1.210	-1.172	-1.389	-1.923	-2.325	-2.551
Balance C/Fwd	23.092	24.885	27.545	29.726	30.462	31.951

Details of the capital programme can be found within the CCFRA's budget papers, more specifically the Capital Investment Strategy.

Key Messages

Diversification of investments continues to provide a level of liquid cash that is suitable for the CCFRA's expenditure profile whilst total investment balances remain relatively modest. This will continue to be monitored as levels of investments fall and if necessary, a minimum level of liquid cash to be maintained will be set.

Short term borrowing from other Local Authorities may be needed in the future to manage short term cash flow shortfalls.

Borrowing Strategy (Continued)

The CCFRA inherited external borrowing of £7.586m from the former Cumbria County Council on 01/04/2023. Given that the CFR is forecast to be £27.545 by the end of 2026/27 this effectively means that the CCFRA will be funding over £15.148m of capital spend from internal resources (CFR £27.545m less £12.397m in relation to the PFI). Moving forward it is assumed currently that all capital expenditure will be funded by prudential borrowing. The scope for supporting capital expenditure through internal resources will be limited as the Authority begins life with a relatively low level of reserves/cash balances.

Medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity) and short-dated fixed LA to LA monies. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts. Consequently, undertaking long-term borrowing at this time is likely to fix higher costs into the revenue account and commit the Commissioner to costs for many years in the future. It is critical that a long-term view is taken regarding the timing of such transactions.

It should also be recognised that there is an exposure to interest rate risk at the point that actual borrowing is undertaken. Accordingly, the CCFRA, in conjunction with its treasury advisor, will continue to monitor market conditions and interest rate prospects on an ongoing basis, in the context of the CCFRA's capital expenditure plans, with a view to minimising borrowing costs over the medium to long term.

The CCFRA's is inheriting long-term borrowing from the PWLB (Public Works Loans Board) but other sources of finance are now available and will be investigated, such as local authority loans and bank loans, that may be available at more favorable rates.

Short Term Borrowing

Short term loans will be used to manage day to day movements in cash balances, or over a short-term period to enable aggregation of existing deposits into longer and more sustainable investment sums. Short term borrowing would probably be from another Local Authority.

Key Messages

The updated investment guidance emphasises “Security, Liquidity, Yield in order of importance at all times”.

The appropriate balance between risk and return is sought but with returns relatively low there is little to be gained from exposing the CCFRA to extra risk.

Investment Strategy

Local Authorities (which include the CCFRA) invest their money for three broad purposes:

- because they have surplus cash as a result of their day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

The Local Government Act 2003, Section 15(1) (a) requires the CCFRA to approve an investment strategy which must also meet the requirement in the statutory investment guidance issued by the DLUHC in January 2018. The CCFRA does not currently have, and does not intend to invest in, service investments or commercial investments so the detail below focuses on a Treasury Management Investment Strategy. The CIPFA Code requires funds to be invested prudently, and to have regard for:



The generation of yield is distinct from these prudential objectives. Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities. The objective when investing surpluses is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the aim would be to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The treasury management investment strategy operates criteria based on credit ratings to determine the size and duration of investments it is willing to place with particular counterparties. The credit worthiness of counterparties is reviewed on an ongoing

basis in conjunction with the CCFRA's treasury advisors.

Key Messages

In accordance with guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the CCFRA applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

The key ratings used to monitor counterparties are the Long Term ratings.

Investment Strategy (Continued)

The CCFRA holds balances of invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2025/26, the investment balance has ranged between £11.512m and £27.327m. The larger sum was due to the receipt in July 2025 of £4.352m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. The balance at the start of the year was higher than normal due to a one-off grant paid in 2024/25 for Sargeant/ Matthews pension remedy payments. Payments were made to Fire Officers during 2024/25, the remaining balances in 2025/26 are slowly reducing, as further pension remedy payments are made.

Credit Rating - Investment decisions are made by reference to the lowest published long-term credit rating from credit agencies such as, Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In addition to credit ratings, the CCFRA and its advisors, select countries and financial institutions after analysis and ongoing monitoring of:

- Economic fundamentals (e.g., net debt as a % of GDP)
- Credit default swap prices (a CDS is a financial derivative or contract that allows an investor to "swap" or offset credit risk with that of another investor)
- Sovereign support mechanisms
- Share prices
- Corporate developments, news, articles, market sentiment and momentum
- Subjective overlay – or, put more simply, common sense.

The decision to enter into an approved class of investment is delegated to the CCFRA Chief Finance Officer. The strategy allows for investments in pooled funds such as money market funds, ultra-short dated bond funds, short dated bond funds or property funds. The use of bond funds/property funds would further diversify the CCFRA's portfolio, provide a longer-term investment and potentially increase yield. However, given current economic volatility it is unlikely that they will be pursued.

A full explanation of each class of asset is provided in **Appendix A** together with a schedule of the limits that will be applied.

Key Messages

The PFCC Chief Finance Officer (subject with consultation with the CCFRA) will be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

No plans to use derivatives – this would require explicit approval.

Investment Strategy (Continued)

The Treasury Management Strategy is designed to be a dynamic framework which is responsive to prevailing conditions with the aim of safeguarding the CCFRA's resources. Accordingly, the CCFRA and its advisors will continuously monitor corporate developments and market sentiment with regards to counterparties and will amend the approved counterparty list and lending criteria where necessary. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy. It is proposed that the CCFRA Chief Finance Officer, subject to consultation with the CCFRA, be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

The Joint Audit Committee will be updated on any changes to policy. The performance of the CCFRA's treasury advisors and quality of advice provided is evaluated prior to the triennial renewal of the contract. Meetings with the advisors to discuss treasury management issues are held on a regular basis.

The use of Financial Instruments for the Management of Risks

Currently, Local Authorities (including the CCFRA) legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the localism act is not sufficiently explicit.

In the absence of any explicit legal power to do so, the CCFRA has no plans to use derivatives during 2026/27. Should this position change, the CCFRA may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require explicit approval. A derivative is a financial security with a value that is reliant upon or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties, and the derivative derives its price from fluctuations in the underlying asset.

Liquidity of investments

The investment strategy must lay down the principles which are to be used in determining the amount of funds which can prudently be committed for more than one year i.e. what MHCLG defines as a long-term investment.

Key Messages

The cash flow forecast is maintained for a minimum rolling 12 months. This allows assessment of the ability to invest longer term and identifies areas where short term borrowing may be required.

Investment Strategy (Continued)

The CCFRA Chief Finance Officer will maintain a cash flow forecast to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the CCFRA being forced to borrow on unfavourable terms to meet its financial commitments. For the CCFRA, the total of investments over one year in duration are limited to £1m with a maximum duration of three years. This policy balances the desire to maximise investment returns, with the need to maintain the liquidity of funds.

Under current market conditions there is still little opportunity to generate significant additional investment income by investing in longer time periods over one year. However, as always, investment plans should be flexible enough to respond to changing market conditions during the year. The estimate of investment income for 2026/27 amounts to £520K (£820K 2025/26) and investment performance will be reported regularly to the CCFRA and will be provided to members of the Joint Audit Committee as background information to provide guidance and support when undertaking scrutiny of Treasury Management procedures.

Key Messages

The 'Treasury Management Practices' statement is updated for each year, scrutinised by the Joint Audit Committee and published on the CCFRA's website alongside this strategy.

Treasury Risk and Treasury Management Practices

The CCFRA's approach to risk is to seek optimum returns on invested sums, taking into account at all times the paramount security of the investment. The CIPFA Code of Practice and Treasury Management Practices sets out in some detail defined treasury risks and how those risks are managed on a day to day basis. The CIPFA Code of Practice on Treasury Management recommends the adoption of detailed Treasury Management Practices (TMPs). As outlined above, the Treasury Management Code and Prudential Code were updated and additional guidance notes have now been received. The TMP's have been updated. The guidance from CIPFA recommends that TMPs should cover the following areas:

- Risk Management
- Performance Management
- Decision Making and Analysis
- Approved Instruments
- Organisation, Segregation of Duties and Dealing Arrangements
- Reporting and Management Information Requirements
- Budgeting, Accounting and Audit
- Cash and Cash Flow Management
- Money Laundering
- Training and Qualifications
- Use of External Service Providers
- Corporate Governance

Treasury Management is a specialised and potentially risky activity, which is currently managed on a day-to-day basis by the Financial Services Team under authorisation from the CCFRA Chief Finance Officer as part of a shared service arrangement for the provision of financial services. The training needs of treasury management staff to ensure that they have appropriate skills and expertise to effectively undertake treasury management responsibilities is addressed on an ongoing basis. Specific guidance on the content of TMPs is contained within CIPFA's revised code of Practice for Treasury Management. Accordingly, the TMPs have been reviewed in detail and where necessary amendments have been made to bring the TMPs into line with The Code.

The CCFRA inherited £7.5m of external debt from the former County Council.

Treasury Management Prudential Indicators

The key objectives of The Code are to ensure, within a clear framework, that Capital investment plans are affordable, prudent and sustainable (or to highlight, in exceptional cases, that there is a danger this will not be achieved so that the Commissioner can take remedial action). To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out the Indicators that must be used. The indicators required by The Code are designed purely to support local decision making and are specifically not designed to represent comparative performance indicators.

The treasury management Indicators are not targets to be aimed at but are instead limits within which the treasury management policies of the CCFRA are deemed prudent. These cover three aspects:

1. Maturity Structure of Borrowing

It is recommended that upper and lower limits for the maturity structure of borrowings are calculated as follows:

Period of Maturity	Upper Limit %	Lower Limit %
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10years	100%	0%
10 years and above	100%	0%

This indicator is primarily applicable to organisations, which have undertaken significant levels of borrowing to finance their capital programmes in which case it is prudent to spread the profile of repayments to safeguard against fluctuations of interest payments arising from having to refinance a large proportion of the debt portfolio at any point in time. The CCFRA inherited £7.586m of external PWLB debt on 01/04/23 with less than 10 years to maturity and as such has a requirement to apply limits to the maturity profile of existing debt. The maturity date of this loan is October 2032.

Key Messages

Compliance with the indicators will be presented to the CCFRA and the Joint Audit Committee in the quarterly Treasury Activities report.

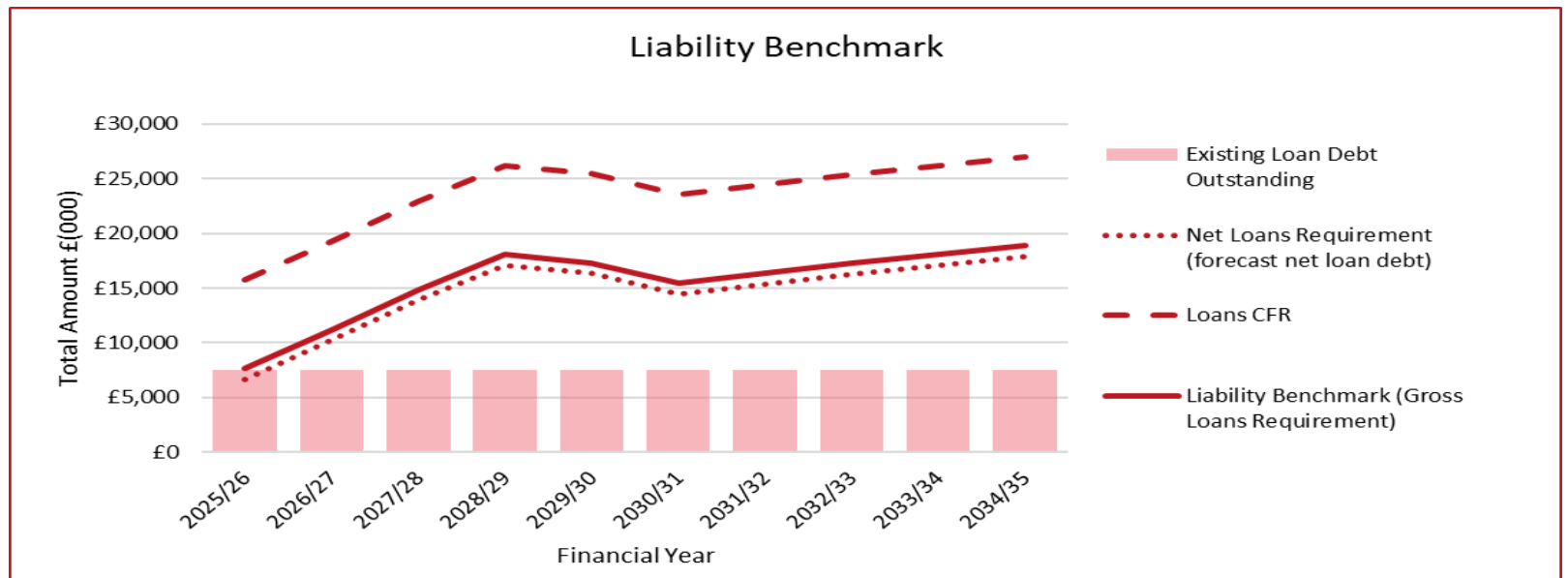
2. Principal sums invested for periods longer than a year

The purpose of this indicator is to contain the CCFRA's exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or losses by seeking early repayment of its investments.

Price Risk Indicator	2025/26	2026/27	2027/28	2028/29
Limit on principal invested beyond one year	£1m	£1m	£1m	£1m

3. Liability Benchmark

The 2021 code requires Authorities to define their own 'Liability Benchmark' which looks at the net management of the CCFRA's overall treasury position. The aim of the indicator is to support in the management of treasury risks, namely refinancing risk, interest rate and credit risk. It does this through profiling the borrowing portfolio close to the plotted liability benchmark position.



Prudential Indicators, other than those using actual expenditure taken from audited statements of accounts must be set prior to the commencement of the financial year to which they relate. Indicators may be revised at any time, and must, in any case, be revised for the year of account when preparing indicators for the following year. The CCFRA Chief Finance Officer has a prescribed responsibility under The Code to ensure that relevant procedures exist for monitoring and reporting of performance against the indicators. The Prudential Indicators when initially set and whenever revised, must be approved by the body which approves the budget, i.e. The Commissioner in the role of CCFRA.

Other Prudential Indicators 2026/27

As per the 2021 CIPFA Prudential Code for Capital Finance and the accompanying guidance notes the CCFRA is required to produce a number of indicators to assist understanding and to evaluate the prudence and affordability of the capital expenditure plans and the borrowing and investment activities undertaken in support of this.

Capital Expenditure and Capital Financing

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on council tax.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital Expenditure	Actual £m	Forecast £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Expenditure	2.131	3.965	4.049	4.104	3.061	4.040

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital Financing	Actual £m	Forecast £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Receipts	0.218	0.000	0.000	0.000	0.000	0.000
Government Grants	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Contributions	1.913	1.000	0.000	0.000	0.000	0.000
Total Financing	2.131	1.000	0.000	0.000	0.000	0.000
Borrowing	0.000	2.965	4.049	4.104	3.061	4.040
Total Funding	0.000	2.965	4.049	4.104	3.061	4.040
Total Financing and Funding	2.131	3.965	4.049	4.104	3.061	4.040

Key Messages

Capital Finance Requirement – ‘The mortgage you are yet to take’.

Minimum Revenue Provision – ‘Annual Mortgage repayments (excluding interest)’.

The Authorised Limit is a statutory limit (Local Government Act 2003) above which the CCFRA has no authority to borrow.

Other Prudential Indicators 2026/27 (Continued)

Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the capital expenditure and the revenue or capital resources set aside to finance that spend. The CFR will increase where capital expenditure takes place and will reduce with the Minimum Revenue Provision (MRP) made each year from the revenue budgets.

Capital Financing	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Balance B/fwd	24.302	23.092	24.885	27.545	29.726	30.462
Plus Capital Expenditure financed from borrowing	0.000	2.965	4.049	4.104	3.061	4.040
Less MRP for Debt Redemption	-1.210	-1.172	-1.389	-1.923	-2.325	-2.551
Balance C/Fwd	23.092	24.885	27.545	29.726	30.462	31.951

Authorised Limit

This represents a control on the maximum level of external debt. Whilst not desired it could be afforded by the authority in the short term but is not sustainable in the longer term. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary. The Authorised Limit must not be breached.

Authorised Limit for External Debt	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
External Borrowing	11.583	17.148	19.955	21.370	23.596
Other Long Term Liabilities	12.975	12.397	11.771	11.092	10.355
Total Authorised Limit	24.558	29.545	31.726	32.462	33.951

Key Messages

The Operational Boundary limit is not an absolute limit of external debt and may be exceeded temporarily.

The CCFRA inherited £7.500m of external PWLB borrowing from the former Cumbria County Council on 01/04/23.

Other Prudential Indicators 2026/27 (Continued)

Operational Boundary

The Operational Boundary is a limit beyond which external debt is not normally expected to exceed. This limit is not an absolute limit but it reflects the expectations of the level at which external debt is not normally expected to exceed.

Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together. Consistent with the Authorised Limit, the PFCC Chief Financial Officer has delegated authority, within the total Operational Boundary, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long-term Liabilities. Any such changes will be reported to the CCFRA and the Joint Audit Committee meeting following the change.

Operational Boundary for External Debt	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
External Borrowing	10.583	16.148	18.955	20.370	22.596
Other Long Term Liabilities	12.975	12.397	11.771	11.092	10.355
Total Operational Boundary	23.558	28.545	30.726	31.462	32.951

Actual External Debt

The CCFRA's actual external debt as at 31 March 2026 will be £7.585m (including accrued interest) along with other long-term liabilities of £12.975m in relation to the PFI. In constructing this strategy, a prudent approach has been taken. In practice it is likely that some internal resources will be available to support a strategic approach to the timings and interest rate structure of future borrowing.

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Gross External Debt 31 March	7.585	7.585	13.150	15.957	17.372	19.598

Other Prudential Indicators 2026/27 (Continued)

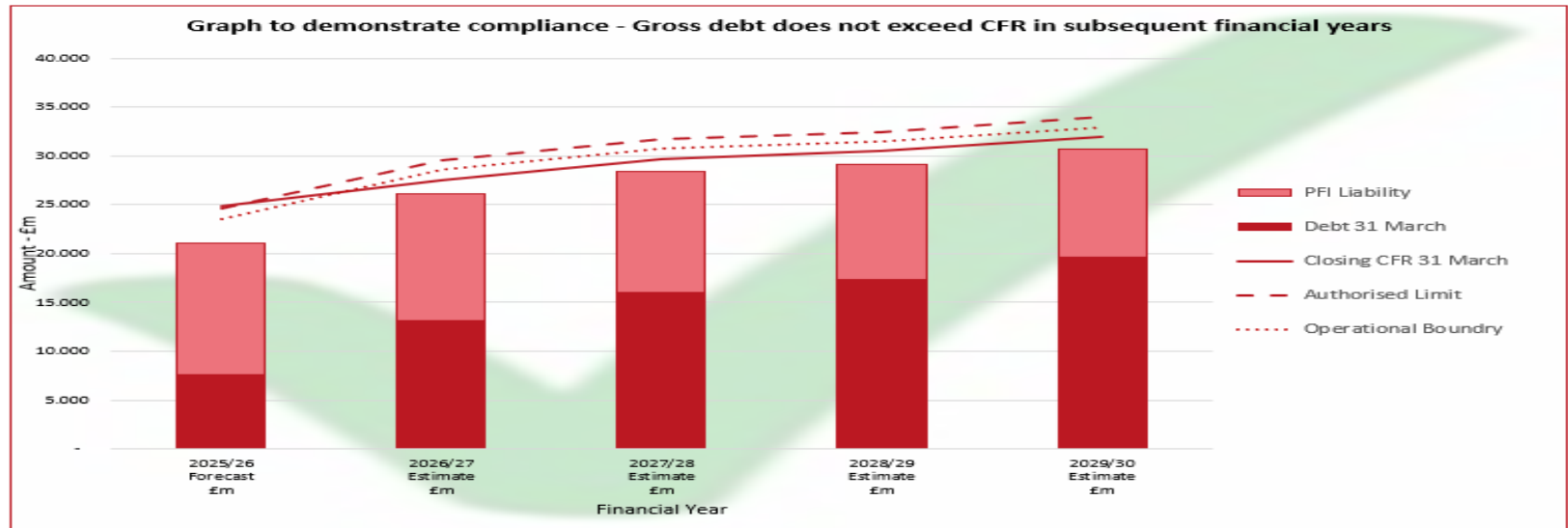
Gross Debt and the Capital Financing Requirement

The CCFRA should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. Gross debt, except in the short term, should not exceed CFR in the preceding year plus the estimates for CFR for the three subsequent years.

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Closing CFR 31 March	23.092	24.885	27.545	29.726	30.462	31.951
Gross External Debt 31 March	7.585	7.585	13.150	15.957	17.372	19.598

For the purposes of this strategy, it has been assumed that the CCFRA will borrow to the capital financing requirement. In practice the Authority may have some reserves and internal resources available to support the approach to capital funding.

Using the figures from the above stated indicators the graph below demonstrates compliance as gross debt remains below CFR, authorised and operational limits for all years presented:



Other Prudential Indicators 2026/27 (Continued)

Ratio of financing costs

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

Financing Costs include the amount of interest payable in respect of borrowing or other long-term liabilities and the amount the CCFRA is required to set aside to repay debt, less interest and investments income. The CCFRA's financing costs can be both positive and negative dependent on the relative level of interest receipts and payments.

The actual Net Revenue Stream is the 'amount to be met from Non-specific government grants and local taxation' taken from the annual Statement of Accounts, budget, budget proposal and medium-term financial forecast. These figures are purely indicative and are in no way meant to indicate planned increases in funding from Council Tax.

Ratio of Financing Costs to Net Revenue Stream (Non PFI)	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Investment income	-0.660	-0.820	-0.520	-0.520	-0.520	-0.520
MRP	0.670	0.638	0.811	1.297	1.646	1.814
Interest	0.195	0.195	0.315	0.492	0.578	0.607
Financing Costs	0.205	0.013	0.606	1.269	1.704	1.901
Net Revenue Stream	27.825	31.381	31.979	32.811	33.433	34.632
Ratio	0.74%	0.04%	1.89%	3.87%	5.10%	5.49%

Key Messages

The broad aim of the Minimum Revenue Provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

In relation to the CCFRA this would normally be over 60 years for buildings, 15 years for vehicles and an appropriate life for other assets.

Calculation will be based on option 3.

The CCFRA is also permitted to make additional voluntary payments if required (voluntary revenue provision VRP) although there are no plans to make any in the medium-term forecasts.

Annual MRP Statement for 2026/27

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on authorities to make a prudent provision for debt redemption, this is known as the Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the Authority to “have regard” to The Ministry of Housing, Communities and Local Government’s Guidance on Minimum Revenue Provision most recently issued in 2018. This sum known as the MRP is intended to cover the principal repayments of any loan over the expected life of a capital asset.

The Ministry of Housing, Communities and Local Government’s Guidance recommends that before the start of the financial year, the CCFRA approves a statement of MRP policy for the forthcoming financial year. This is now by agreement encompassed within the TMSS. The broad aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure, which gave rise to the debt, provides benefits.

The four options available for calculating MRP are set out below:

- Option 1 – Regulatory Method based on 4% of the CFR after technical adjustments.
- Option 2 – CFR Method, based on 4% of the CFR with no technical adjustments.
- Option 3 – Asset Life Method, spread over the life of the asset being financed.
- Option 4 – Depreciation Method, based on the period over which the asset being financed is depreciated.

It is proposed that CCFRA’s MRP policy utilises option 3. The Authority will have no pre 2008/09 borrowing. This policy establishes a link between the period over which the MRP is charged and the life of the asset for which borrowing has been undertaken. MRP in respect of PFI and leases brought on to the balance sheet under the 2009 accounting requirements will match the annual principal repayment for the associated deferred liability. This will not result in an additional charge to the CCFRA’s revenue budget as this is part of the capital repayment element of the PFI unitary charge. Although it is permitted to make overpayments of MRP no such overpayments are planned for 2026/27.

Key Messages

A new International Financial Reporting Standard 16 (IFRS16) was implemented in the 2024/25 financial year, introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value. This has resulted in an increase to the Capital Financing Requirement, external debt (other long-term liabilities), the Authorised Limit and the Operational Boundary, allowing for those leases, which were previously off-balance sheet, being brought onto the balance sheet. The related assets and liabilities have been brought onto the balance sheet increasing long-term liabilities, and as a result has increased the debt liability, this will reduce with annual MRP charges.

Creditworthiness Policy

The lending criteria set is designed to ensure that, in accordance with The Code of Practice, the security of the funds invested is more important than maximising the return on investments. Following consultation with the Commissioner's treasury advisors there are no amendments to the criteria used in determining approved investment counterparties for 2026/27 compared to those in operation for 2025/26.

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A below. The individual, group and category limits are based on a percentage of the potential maximum sums available for investment during the year of up to £20m. The counterparty limits, for banks and Local Authorities, for 2026/27 have been increased from £1m to £2m to allow for increasing cashflow balances and permit flexibility within investments. The methodology used in applying the matrix for the placement of investments has been fully aligned with MUFU Treasury Services methodology. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Commissioner to determine the suggested duration for investments. The CCFRA will, therefore, use counterparties within the following durational bands;

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour - not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the CCFRA uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

UK Government is considered the safest place to invest as it has never defaulted and therefore minimum credit ratings do not apply. All investments are Sterling; therefore, the Commissioner is not exposed to any foreign exchange / currency risk. The CCFRA has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA.

All credit ratings are monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, Link Treasury Services Ltd, who provide timely updates and advice on the standing of counterparties. The CCFRA is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy and at the time when individual investment decisions are made. If this ongoing monitoring results in a significant change to counterparty selection during the year, the CCFRA and the Joint Audit Committee will be advised through the quarterly activities report.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively by Link. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the CCFRA will also use market data and market information, as well as information on any external support for banks to help its decision-making process.

Schedule A – Counterparty Groupings and Associated Limits

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Category	Colour (and long-term rating where applicable)	Money limit	Transaction limit	Time limit
Banks *	Yellow	£10m	£2m	3yrs
UK Banks	Purple		£2m	2yrs
UK Banks	Orange		£2m	1yr
UK Banks – part nationalised	Blue		£2m	1yr
UK Banks	Red		£2m	6mths
UK Banks	Green		£2m	100 days
UK Banks	No Colour	Not to be used	0	0
Non-UK Bank**	Orange/Blue/Purple	£3m	£1m	1yr
Non-UK Bank**	Red	£3m	£1m	6mths
Commissioner's banker (where "No Colour")	No Colour	£1m	£1m	1 day
DMADF	UK sovereign rating	unlimited	unlimited	6 months
Local authorities	n/a	unlimited	£2m	1yr
Housing associations	Colour bands	£2m	£2m	As per colour band
Category	Fund rating***	Money limit	Transaction limit	Time limit
Money Market Funds CNAV	AAA	£10m	£2m	liquid
Money Market Funds LVNAV	AAA	£10m	£2m	liquid
Money Market Funds VNAV	AAA	£10m	£2m	liquid

* The yellow colour category is for UK Government, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

** Non-Uk Bank (£3m) is within the total category limit of £10m for all banks.

*** Please note: "fund" ratings are different to individual counterparty ratings; Pooled funds are in essence the same as AAA money market funds but they require 3 days' notice for the return of our funds. This slight reduction in cash flow is rewarded by a slightly increased interest rate. Link Treasury Services Ltd suggest that these funds are used for longer term investments and the ordinary money market funds to manage cash flow

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Commissioner will not set a minimum rating for the UK.

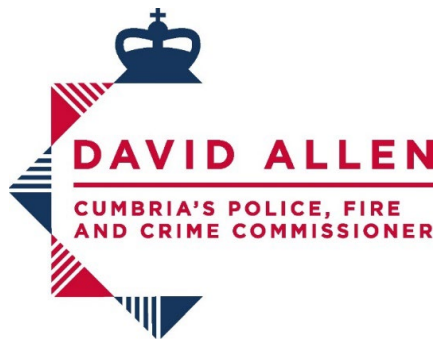
CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the CCFRA has access to this information via its Link-provided Passport portal.

Limits

Due care will be taken to consider the exposure of the CCFRA's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. Non-specified treasury management investment limit. The CCFRA has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being a total of £1m in the treasury management investment portfolio.
- b. Country limit. The CCFRA has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA from Fitch.
- c. No more than £3 Million (15% at full capacity) will be placed with any non-UK country at any time;
- d. Sector limits will be monitored regularly for appropriateness.
- e. Whilst these limits also apply to the CCFRA's own bankers in the ordinary course of business if that bank's lowest rating falls below 'A-' balances will be maintained for operational purposes only and minimised on a daily basis. A non-investment limit of £1m will apply in such circumstances.



Request for a Police, Fire & Crime Commissioner Decision

SECTION 1

Please identify who is requesting the decision:			
OPFCC Decision		Decision Number:	
CCFRA Decision	Y	Decision Number:	CF 010/2026
Constabulary Decision		Decision Number:	

(Please indicate whether this is a PART 1 or PART 2 decision (For Part 2 decisions, only the Section 1 is to be published))

PART 1 Decision:	Y	PART 2 Decision:	
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DECISION TITLE: 2026/27 Budget, Medium Term Financial Forecast, Reserves Strategy and Charging Policy

Executive Summary: (no more than 100 words)
 The Commissioner is asked to approve the revenue budget, capital budget, reserves strategy and charging policy for 2026/27 and the level of council tax to support the budget, having taken into account the advice of the CCFRA Chief Finance Officer in his report on the robustness of the proposed budgets. The papers provide provisional financial information for the years 2027/28 to 2030/31 and for 10 years in respect of the capital programme and reserves.

Recommendation:

The Commissioner is asked to:

- note the CCFRA Chief Financial Officer's report on the robustness of the budget 'the Local Government Act 2003 Requirements' report (appendix A to Item 9A), taking into account his advice in respect of his decisions on the proposed budgets.

- Approve Appendix B of the attached report ‘Cumbria Commissioner Fire and Rescue Authority (CCFRA) Budget 2026/27, Proposed Precept Level and Financial Forecasts 2026/27 to 2030/31 which sets out the budget resolution for decision by the Commissioner in order to formally approve the level of council tax precept. In the context of the budget resolution, it is recommended that:
 - a) The revenue budgets outlined in the report and appendices be approved, having regard to the Local Government Act 2003 Requirements report
 - b) That the budget requirement for 2026/27 be set on the basis of the amount within the budget resolution at appendix B
 - c) The council tax for Band D properties be approved at £103.14 for 2026/27, an increase of £4.95 or 5.04%, being the amount within the budget resolution
- Approve the Reserves Strategy for 2026/27 which is provided within item 7A.
- Approve the Charging Report for 2026/27 which is provided as a separate report

Police, Fire & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police, Fire & Crime Commissioner. Any such interests are recorded below.

I hereby:

approve

do not approve

the recommendations as set out above.

Delete as appropriate:

Police, Fire & Crime Commissioner / Chief Executive (delete as appropriate)

Signature:

Date:

For OPFCC Office Use only:

Date of publication of decision:

Each section below must be completed prior to submission to the Commissioner for decision.

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group / OPFCC Executive Team / CCFRA Executive Team and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.	
Signed:	Date:

CHIEF OFFICER APPROVAL (where applicable)

Chief Constable / Chief Fire Officer (delete as appropriate)	
I have been consulted about the proposal and confirm that I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner.	
Signature:	Date:

OPFCC CHIEF OFFICER APPROVAL

Chief Executive (Monitoring Officer) / Chief Finance Officer (Deputy Chief Executive) (delete as appropriate)	
I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner / Chief Executive (delete as appropriate).	
Signature:	Date:

Media Strategy	
The decision taken by the Police, Fire & Crime Commissioner may require a press announcement or media strategy.	
Will a press release be required following the decision being considered?	YES
If yes, has a media strategy been formulated?	YES
Is the media strategy attached?	NO
What is the proposed date of the press release:	

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PFCC website within 5 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead in the Part 2 section of the form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred?	NO
Until what date (if known):	
If yes, for what reason:	
If this is a Part 2 Decision , has the Part 2 element of this form been completed	n/a

SECTION 2 BELOW IS ONLY TO BE PUBLISHED IF THE DECISION IS PART 1

SECTION 2

PLEASE COMPLETE ALL SECTIONS BELOW WITH FACTS AND ADVICE FOR THE PFCC

1. Introduction & Background

- 1.1 It is a legal requirement for the Police, Fire and Crime Commissioner to annually set a balanced budget and to allocate funds to the Chief Fire Officer to secure the maintenance of the Fire and Rescue Service for Cumbria. The attached reports set out the proposed budgets and the advice of the CCFRA Chief Finance Officer regarding their approval.

2. Issues for Consideration

- 2.1 Please see attached reports. The Local Government Act 2003 report sets out the primary issues for consideration in approving the proposed budgets.

3. Implications

(List and include views of all those consulted, whether they agree or disagree and why. Must be completed prior to submission).

3.1. Financial

As set out in the attached reports

3.2. Legal

It is a legal requirement to annually set a balanced budget and determine the police precept.

3.3. Risk

The Local Government Act 2003 report documents the risks to the financial forecasts. Specific operational reserves and contingencies and general balances have been set at a level that in the view of the CCFRA Chief Finance Officer is reasonable in the context of those risks that it is possible to provide for.

3.4. HR / Equality

The proposed budget provides resources used by the Fire and Rescue Service. The Commissioner has arrangements in place to hold the Chief Fire Officer to account in respect of the Public Sector Equality Duty. The budget is subject to an equality impact assessment. The 2026/27 budgets for the Fire and Rescue Service provide resources to maintain establishment numbers.

3.5. I.T.

The budgets and capital programme are supported by a comprehensive Digital Data and Technology strategy. There are significant implications for ICT following from the investment proposed for both capital and revenue to support the delivery of the strategy.

3.6. Procurement

There are significant procurement implications arising from the budgets in respect of both revenue supplies and services expenditure and procurement of large capital estate and ICT schemes. Procurement regulations require procurement business partners to lead and/or support business managers in any significant or complex procurement activity.

4. Backgrounds / supporting papers

(List any relevant business case, EIA, PID, Media Strategy and append to this form; list persons consulted during the preparation of the report)

Add link to Police, Fire and Crime Plan, CRMP, Commissioning Strategy, etc

SECTION 3 BELOW MUST BE COMPLETED FOR ALL PART 2 DECISIONS AND WILL NOT BE PUBLISHED.

SECTION 3

PART 2 DECISIONS ONLY – CONFIDENTIAL DECISION, FACTS AND ADVICE

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult your Information Advisor for advice.

Please indicate under which section the decision is to be taken in Part 2:

Not for publication by virtue of paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

Please provide a full explanation as to why the exemption should apply

(e.g. – legal advice; commercially confidential information)

This information is not for publication until the stated date because:

Information will cease to be confidential or when the confidentiality should be reviewed:
(insert date and reasons)

Name:

Date:

Part 2 Decision:

Confirmation by the Office of the Police, Fire & Crime Commissioner that they accept the reasons for the decision to be made in Part 2 for the reasons stated.

Name:

Date:



Cumbria Commissioner Fire and Rescue Authority

Public Accountability Conference

TITLE:	Cumbria Commissioner Fire and Rescue Authority (CCFRA) Budget 2026/27, Proposed Precept Level and Financial Forecasts 2026/27 to 2030/31
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DATE OF MEETING:	12 February 2026
REPORT OF:	The Chief Finance Officer

Executive Summary:

The attached report provides the draft budget and Medium-Term Financial Forecasts for the period 2026/27 to 2030/31 along with the proposed level of Council Tax precept for 2026/27.

Recommendations:

The Commissioner is **RECOMMENDED** to:

- Approve the revenue and capital budgets outlined in this report, having regard to the Statutory report of the Chief Finance Officer outlined in Appendix A.
- Set the budget requirement for 2026/27 on the basis of the amount included within the Budget Resolution at Appendix B.
- Approve the Council Tax for a Band D property at **£103.14** for 2026/27, an increase of £4.95 (5.04%).
- Approve the Reserves Strategy outlined in paragraph 5 of Section 2.

Section 1 - Precept, Budget Proposals and Summary Capital Programme 2026/27 – 2030/31

1.0 Executive Summary

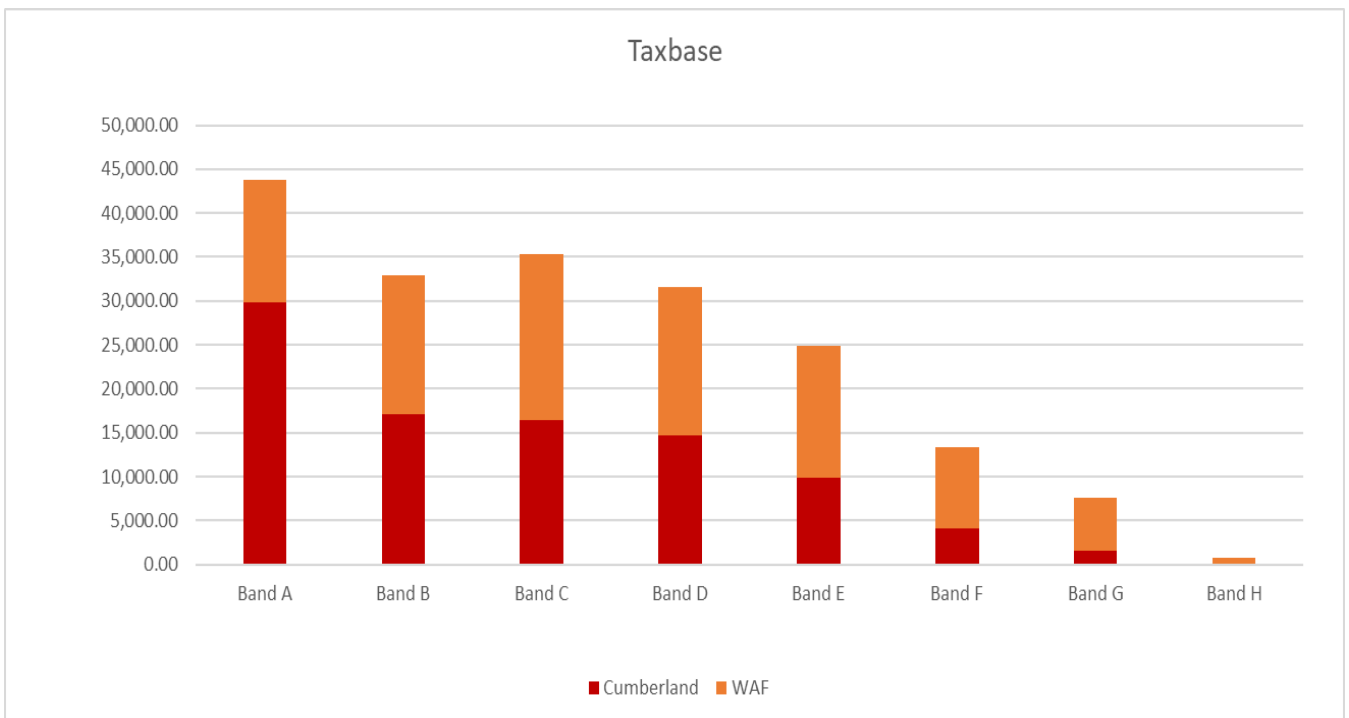
- 1.1. This report considers the base estimates for 2026/27 together with the estimates for 2027/28 onwards. The report also sets out any known revisions to the Medium-Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the following Policy documents:
 - Medium Term Financial Plan
 - Capital Investment Strategy
- 1.3. The Service has made progress in building up its unallocated general fund reserves since disaggregation, but there are no additional free reserves over and above the prudent minimum level, and ***this budget and MTFP is predicated on trying to maintain those minimum levels of reserve to a sustainable and resilient level, whilst maintaining service investment and delivery.*** Further information on reserves is given at Section 10.
- 1.4. Decisions have needed to be made to ensure budget increases are affordable and directed at unavoidable and high priority issues, together with maximising savings and efficiencies, so that contributions can be made to reserves to increase the financial resilience of the Service, and that they also complement the requirements of the Community Risk Management Plan (CRMP) to enable a balanced budget position to be recommended by the Commissioner in February 2026.

2.0 Resource Assumptions

- 2.1 The current resource projections assume:
 - A 5.04% (£4.95) (Band D equivalent) Council Tax increase for 2026/27 (subject to public consultation) with a £5 per year increase from 2027/28 onwards.
 - A nil Council Tax surplus/deficit for 2027/28 to 2030/31.
 - For 2026/27, deficits are expected to be declared by the two unitary Council's with the shares applicable to Fire being:
 - £101,105.34 deficit for Westmorland and Furness Council
 - £71,279.13 deficit for Cumberland Council
 - Retained business rates for 2026/27 reflect the amounts shown in the draft Local Government Finance Settlement for 2026/27 and will need updating once the final LGFS is announced. The calculation of the Business Rates surplus/deficit will also need to be taken into consideration. Figures are still to be provided by the unitary councils for this.
 - A tax base of 190,209.71 for 2026/27. The taxbase is an increase 0.21% from 2025/26 and is primarily as a result of a fallback of council tax levies on 2nd homes.

Council Tax Income 2026/27	Tax Base
Cumberland Council	93,883.21
Westmorland & Furness Council	96,326.50
Total	190,209.71

- As can be seen from the chart below, the majority of properties within Cumbria fall within Bands A-C (59%).



2.2 Staffing Establishment

Staffing estimates included in the budget and MTFP include provision for the following:

Grey Book (Operational)	FTE	HEADCOUNT
Chief Fire Officer	1.00	1.00
Assistant Chief Fire Officer	2.00	2.00
Station Managers	15.00	16.00
Watch Managers	24.13	23.00
Crew Managers	34.00	38.00
Firefighters	125.20	129.00
Total Wholetime	210.33	219.00
On-Call	368.50	447.00
Green Book (Corporate)	FTE	HEADCOUNT
Corporate Staff	72.36	79.00
Total Service Establishment	649.79	737.00

2.3 For information, broadly:

- Each 1% (£1.03) movement in Council Tax impacts on the Service by £190,000

3.0 Funding

Local Government Finance Settlement

3.1 The provisional Local Government Finance Settlement was announced on 18 December 2025. The final settlement is expected in late January or early February. Any changes to the settlement will be adjusted as an appropriation to or from reserves.

Draft Settlement	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Fair Funding						
Revenue Support Grant	(4,765)	(7,286)	(6,668)	(6,004)	(6,004)	(6,004)
Business Rates Baseline	(7,906)	(5,247)	(5,368)	(5,476)	(5,476)	(5,476)
Total	(12,671)	(12,533)	(12,036)	(11,480)	(11,480)	(11,480)
Change		138	497	556	0	0
		-1%	-4%	-4%	0%	0%

The provisional settlement shows the results of the Fair Funding Review 2.0 and also the reset of the retained business rates retention scheme. The settlement also assumes that Council Tax will be increased by the maximum £5 per year.

3.2 The figures contained in this report are currently based on the provisional settlement and include any known changes that have been announced so far.

Council Tax

- 3.8 The 2026/27 Draft Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued on 28 November in the MHCLG Policy Statement and these included the draft referendum threshold for Fire and Rescue Authorities be set at **£5 for a Band D property**.
- 3.9 As a consequence of the details set out in this report and having made the appropriate calculations required under Section 32 of the Local Government Finance Act 1992, the Commissioner is recommending an increase in Band D Council Tax of **5.04% or £4.95** for 2026/27.

2025/26		Property Band	2026/27			
Annual Bill £	Weekly Bill £		Annual Increase £	Weekly Increase £	Annual Bill £	Weekly Bill £
65.46	1.26	Band A	3.30	0.06	68.76	1.32
76.37	1.46	Band B	3.85	0.07	80.22	1.54
87.28	1.67	Band C	4.40	0.08	91.68	1.55
98.19	1.88	Band D	4.95	0.09	103.14	1.98
120.01	2.30	Band E	6.05	0.12	126.06	2.13
141.83	2.72	Band F	7.15	0.14	148.98	2.52
163.65	3.14	Band G	8.25	0.16	171.9	2.90
196.38	3.77	Band H	9.90	0.19	206.28	3.48

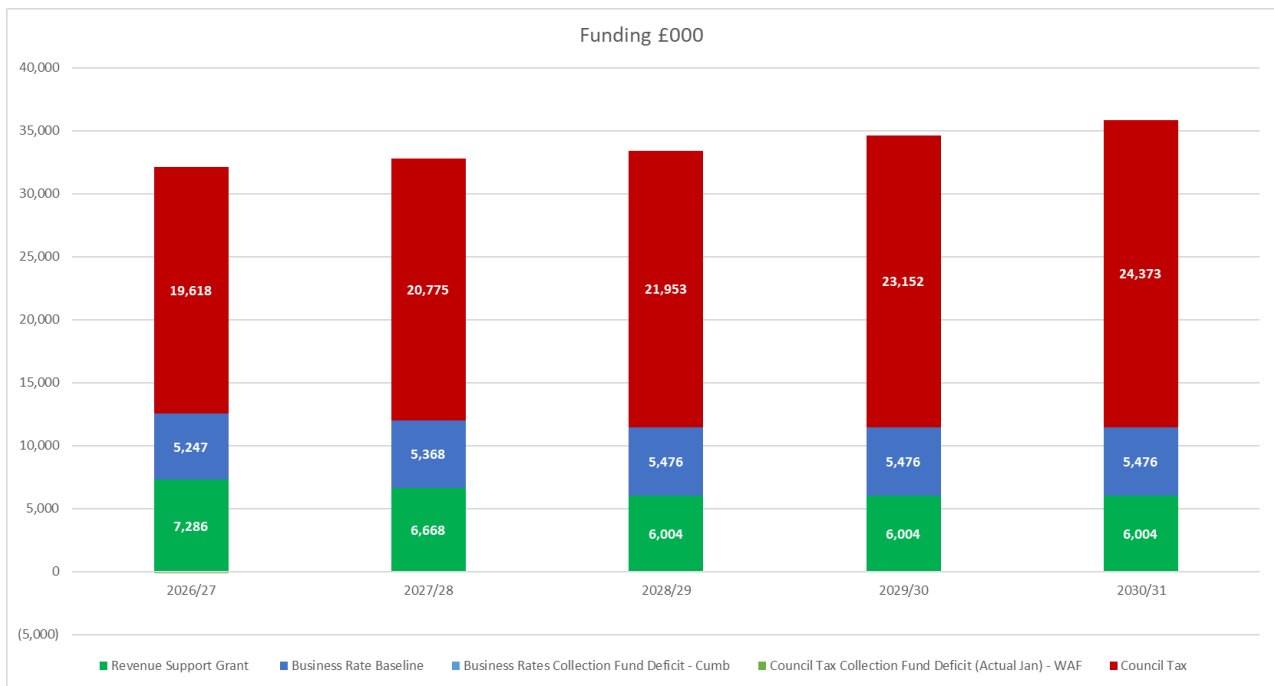
- 3.10 With an assumed taxbase of 190,209.71, the above Band D precept would generate an overall Council Tax yield of **£19,618,229.49**.
- 3.11 The Band D precept for Cumbria Commissioner Fire and Rescue Authority represents approximately 4% of the overall Band D Council Tax paid by residents.

Consultation

- 3.12 The Commissioner launched the public consultation through a survey on his website which closed at the end of January 2026. The final responses were 58% (186 responses) in favour of the increase and 42% against (135 responses).

Council Tax Collection Fund / Business Rates Collection Fund

- 3.13 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the Collection Fund by 15 January. There will also be a surplus / deficit in relation to Business Rates collection, however this is not provided until after 31 January. The known figures are included in this report.
- 3.14 Overall funding is therefore estimated to be as follows:



3.16 The above estimates of funding assume the following for future years beyond 2026/27:

- £5 increase in Council Tax Band D Precept
- 1% increase in Council Tax base

4.0 Grants and Income

4.1 As well as core funding, the Service receives income from specific government grants as well as small amounts of generated income. The settlement position on grants provided by Home Office will be announced in mid to late January at which point the current allocations shown below will be updated if required and any change will be met by an appropriation to or from reserves.

Income	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Fire PFI	(1,654)	(1,654)	(1,654)	(1,654)	(1,654)
Fire Revenue Grant – New Dimensions	(27)	(27)	(27)	(27)	(27)
Pensions Grant (increase in Rate)	(995)	(995)	(995)	(995)	(995)
Salary Costs Recovered	(87)	(87)	(87)	(87)	(87)
Rents and Leases	(71)	(71)	(71)	(71)	(71)
	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)

5.0 Summary of Base Budget Estimates

5.1 The base estimates are calculated on the assumption that core services will continue at approved levels incorporating decisions agreed by the Commissioner during the current year.

6.0 Summary Net Budget Requirement for Council Tax Purposes

2025/26 Revised £000	Summary Net budget Requirement	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000	2029/30 Proj £000	2030/31 Proj £000
31,508	Total Net Recurring Expenditure	32,181	32,462	33,232	33,946	34,750
257	Total Non Recurring Revenue Expenditure	559	0	0	0	0
31,765	Total Net Revenue Expenditure	32,740	32,462	33,232	33,946	34,750
	Less Contributions (from)/to Reserves					
(128)	Recurring Commitments	(202)	349	201	686	1,104
(257)	Non-Recurring Commitments	(559)	0	0	0	0
31,381	Total CFRS Budget Requirement for Council Tax purposes	31,979	32,811	33,433	34,632	35,853

The proposed draft budget, based on the achievement of savings as outlined in 9.3, will see a contribution from reserves in 2026/27 with these being replenished over the rest of the MTFP period.

7.0 Total Funding and Provisional Council Tax Projections

2025/26 Revised £000	Total Funding and Council Tax Impact	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000	2029/30 Proj £000	2030/31 Proj £000
	Projected Net Budget Requirement for Council Tax purposes	31,979	32,811	33,433	34,632	35,853
(18,642)	Funded by: Council Tax Income	(19,618)	(20,775)	(21,953)	(23,152)	(24,373)
(67)	Estimated Council Tax Deficit	172	0	0	0	0
(7,906)	Retained Business Rates	(5,247)	(5,368)	(5,476)	(5,476)	(5,476)
(4,765)	Revenue Support Grant	(7,286)	(6,668)	(6,004)	(6,004)	(6,004)
(31,381)	Total Funding	(31,979)	(32,811)	(33,433)	(34,632)	(35,853)
189,857.46	Estimated Tax Base	190,209.71	192,111.81	194,032.93	195,973.25	197,932.99
£ 98.19	Band D Council Tax	£ 103.14	£ 108.14	£ 113.14	£ 118.14	£ 123.14
£ 93.24	Increase over previous year	£ 4.95	£ 5.00	£ 5.00	£ 5.00	£ 5.00
5.31%	%	5.04%	4.85%	4.62%	4.42%	4.23%

8.0 New spending pressures

- 8.1 The budget includes areas where new spending pressures have arisen. The most significant of these is the additional cost required to meet inflationary pressures (£1.051m) with provision included for a 3% pay award in 2026/27 followed by 2% thereafter.
- 8.2 Other pressures arising in the Service are increased costs for North-West Fire Control (£145,000), Service level agreements and bringing services in-house (£227,000), a new on-call management system (£18,000) and additional business rates (£17,000).
- 8.3 It is recognised that there may be future pressures in the future that are currently not funded with the MTFP. As decisions are made on these at the appropriate time, they will be included in the relevant MTFP and will require consideration of how they are to be funded in any business cases presented. This could include looking at additional savings.

9.0 Proposals for savings and efficiencies

- 9.1 In order to bridge the use of reserves outlined above, additional savings will be required and will be included in the final budget to be agreed in mid-February.
- 9.2 **Other Savings and Efficiencies**
Savings of £275,000 will result from the triennial revaluation of the Local Government Pension Scheme with Employers contribution rate falling from 18.4% to 15.9% and also includes a distribution of the accumulated surplus on the fund. This saving is already included in the net budget requirement presented above.

9.3 Future Savings Requirement

In order to set a balanced budget there is a requirement to find additional savings. The deficit position without additional savings would be as follows:

	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Deficit (Before Savings)	1,541	399	597	121	(374)

The forecast deficit position reduces in future years, so a savings target needs to be set to reflect the improving position in future. Additionally, achieving £1.5m of savings for 2026/27 on a budget of £32m would be severely restrictive.

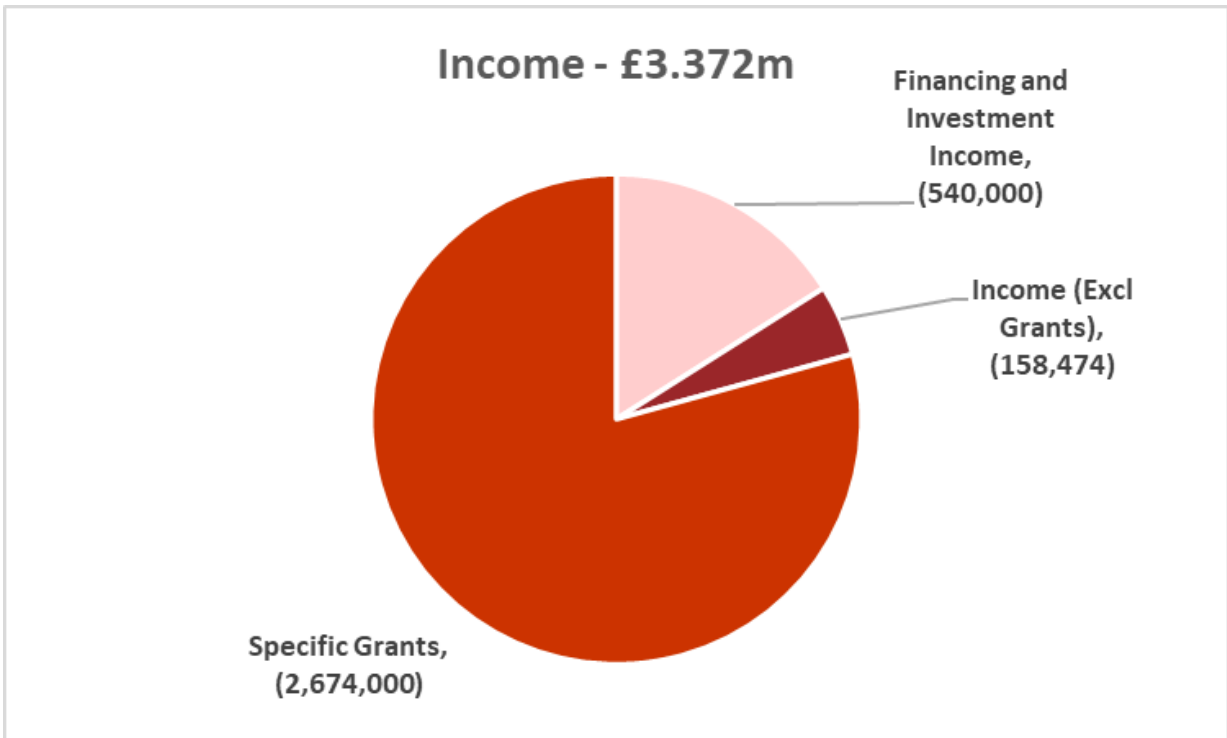
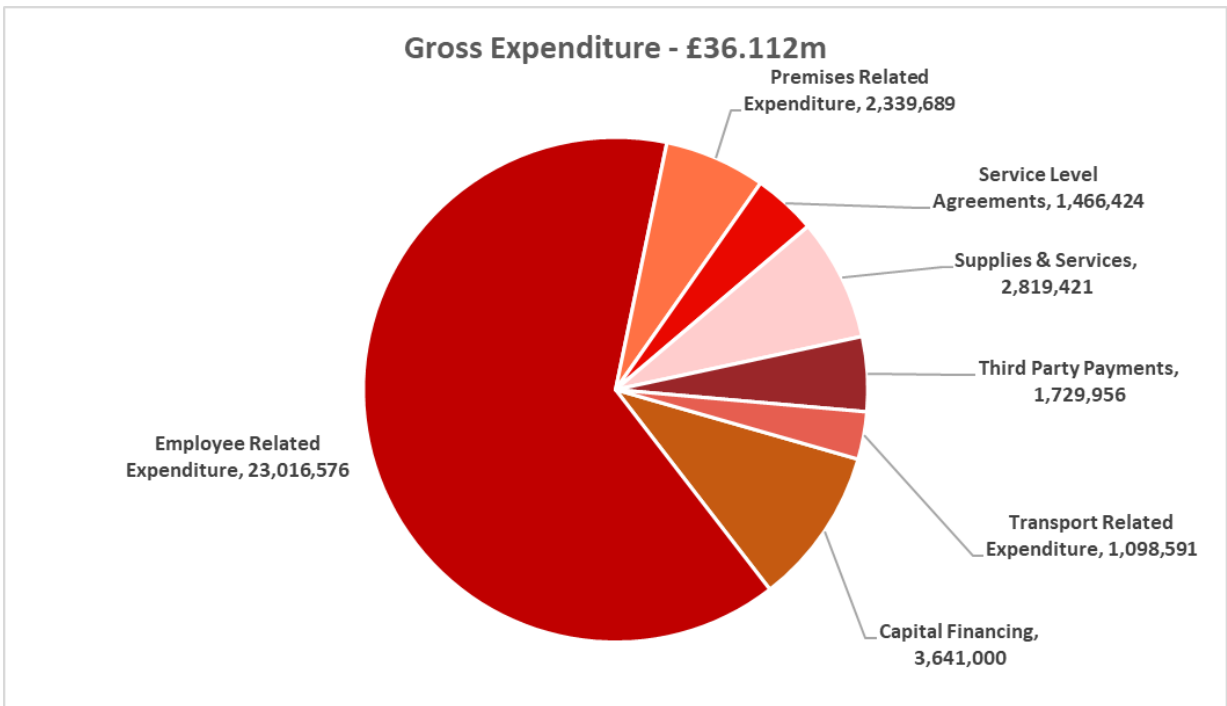
Therefore, in setting a balanced budget and an achievable and prudent savings target, the use of reserves for 2026/27 has been considered. The service has worked extremely hard over the past two and a half years to improve its 'free' reserves position and has now met the prudent minimum level of reserves deemed to be required. This provides it the capacity to use these reserves to a limited extent and for a short period to support the budget.

Therefore, an efficiency target of £780,000 has been included in the budget as presented, which reduces the contribution from reserves to £761,000 for 2026/27 and then builds those reserves back up in future years.

	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Deficit/(Surplus) after savings	761	(349)	(201)	(686)	(1,104)

In order to achieve the savings of £780,000 from 2026/27, a financial Strategy and savings Board as been established to look at all aspects of the service and where savings can be achieved. A savings strategy has also been developed and will be approved by the Commissioner at the same time as approving the budget. This strategy ensures that savings will be considered alongside risk and sets a risk appetite and acceptance policy.

Achieving these savings from 2026/27 will enable reserves to be maintained at minimum prudent levels whilst potentially allowing revenue funds to be ringfenced for capital purchases, thus minimising the use and cost of borrowing and would provide some headroom in case of future funding reductions. A 1% reduction in Fair Funding support would equate to £125,000.



10.0 Projected impact on Reserves and Balances

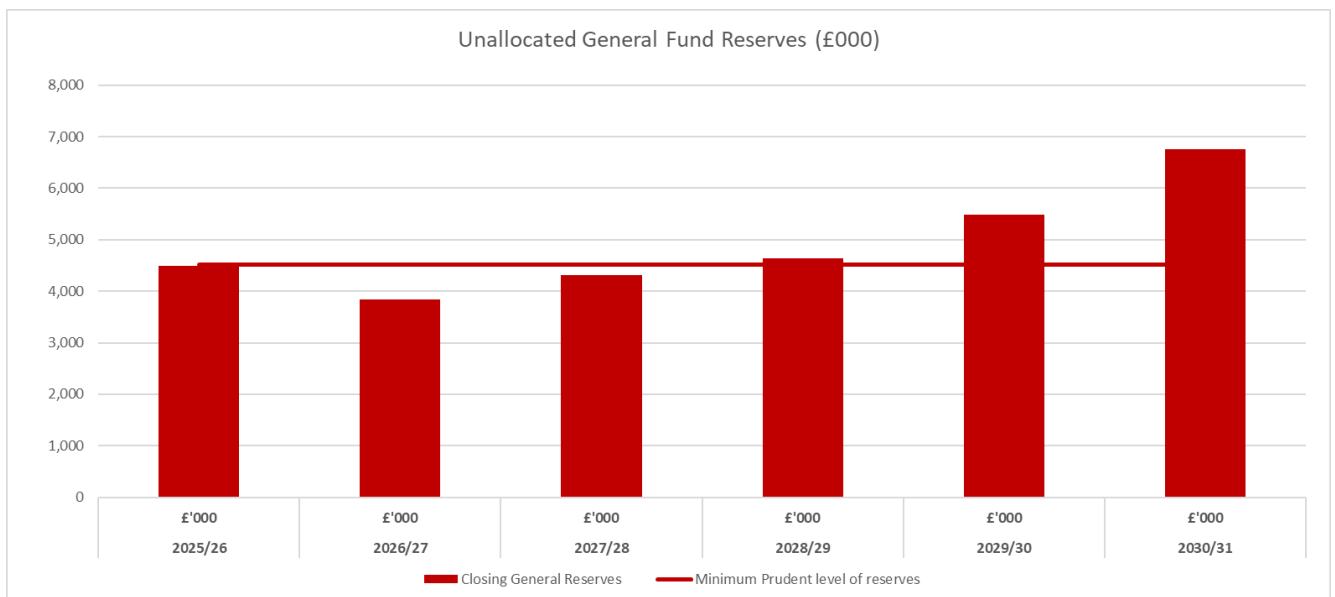
- 10.1 It should be noted that without the achievement of additional savings as outlined in 9.3, reserves **will not** be maintained at prudent acceptable minimum levels.
- 10.2 The general principles on each of the reserves are set out in the Medium-Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle is that:

“Wherever possible, reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years”.

10.3 The current levels of reserves are set out below and include any impact of the proposed pressures and savings outlined in this report. A risk-based review of prudent unallocated reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should be **£4.518m**.

10.4 The PFI reserve is used for smoothing the increases in the PFI payments compared to the amount of grant received. The reserve is being released to match the budget requirement for the PFI contract which is contained in the base budget.

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Opening Balance - General Fund Reserve (Estimated)	4,491	3,837	4,306	4,642	5,478
In Year Contribution to/(from) GF Reserves (MTRP)	(761)	349	201	686	1,104
Transfers (to)/from Earmarked Reserves	106	120	135	150	166
Closing Balance - General Fund Reserve (Estimated)	3,837	4,306	4,642	5,478	6,748
Estimated Prudent Minimum Level of Reserves	4,518	4,518	4,518	4,518	4,518
Excess / (Shortfall)	(681)	(212)	124	960	2,230
<u>Earmarked Reserves</u>					
PFI	1,783	1,677	1,557	1,422	1,272
Insurance	437	437	437	437	437
Other Earmarked Reserves	1,103	1,103	1,103	1,103	1,103
Total Earmarked Reserves	3,323	3,217	3,097	2,962	2,812
Total Reserves	7,160	7,523	7,739	8,440	9,560



11.0 Sensitivity Analysis and Scenario Planning

11.1 The tables below show the impact on the estimated prudent minimum levels of reserves and the forecast level of reserves as 31 March 2026, under different scenarios of losses of grant income, other income and increases in gross expenditure. The Service only receives approximately 12% of its overall income from grants and other income, so is therefore less susceptible to losses from these income sources. However, given the low level of reserves, there would still be an impact on the Service in terms of financial sustainability.

% Change in Other Income			% Change in Grant Income			% Change in Gross Expenditure		
	Minimum Reserves (£000)	Forecast Reserves at 31/03/27 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/27 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/27 (£000)
-25%	4,479	3,798	-25%	2,697	2,015	-25%	13,411	12,730
-10%	4,503	3,821	-10%	3,789	3,108	-10%	8,075	7,394
-5%	4,510	3,829	-5%	4,154	3,472	-5%	6,297	5,615
-1%	4,516	3,835	-1%	4,445	3,764	-1%	4,874	4,192
0%	4,518	3,837	0%	4,518	3,837	0%	4,518	3,837
1%	4,520	3,838	1%	4,591	3,909	1%	4,162	3,481
3%	4,523	3,841	3%	4,737	4,055	3%	3,451	2,769
5%	4,526	3,844	5%	4,882	4,201	5%	2,739	2,058
10%	4,534	3,852	10%	5,247	4,565	10%	961	279
25%	4,557	3,875	25%	6,340	5,658	25%	(4,375)	(5,057)

12.0 Capital Programme and Capital Financing

12.1 In accordance with the Capital Investment Strategy, the Chief Finance Officer (S.151 Officer) will make recommendations on the most effective way of financing the capital programme to optimise the overall use of resources.

12.2 It should be noted that capital resources can only be used to fund capital expenditure and cannot, except for the Service's own Reserves, be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.

12.3 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent on how successful the Service has been in generating Capital Receipts from the sale of assets against its target i.e., the more capital receipts generated, the less is required to be taken from Borrowing and

12.4 Potential Capital Resources available

The capital programme will be funded through borrowing requirement unless any external grants can be obtained, or capital receipts generated from sale of surplus assets. Any surplus assets will be sold at best consideration as per the Financial Regulations and any receipts generated will be utilised for future capital financing. The borrowing costs (interest and MRP) of the proposed programme have been included in the estimates of revenue expenditure outlined above. **Any increases to the capital programme above the levels outlined in the revised programme above, would have implications on the revenue budget in terms of affordability and borrowing costs.** All significant capital investment decisions should have consideration to the borrowing costs, and how these can be funded.

12.5 Summary Provisional Capital Programme 2026/27 – 2030/31

The summary provisional programme and financing impact on the borrowing requirement is set out below:

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Vehicles - Appliances	0	990	990	1,450	1,650
Vehicles - Other	865	609	253	695	270
Property Enhancements	1,452	1,363	1,224	1,216	390
Equipment & ICT	1,732	1,142	594	679	743
Total Original Programme	4,049	4,104	3,061	4,040	3,053

12.6 Borrowing and Treasury Management

12.6.1 The Prudential Code gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst these freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Service is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process.

12.6.2 The estimates in the Medium-Term Financial Plan for borrowing assumes most of the borrowing requirement is external borrowing (actual debt with PWLB). However, decisions around borrowing are made by the S.151 Officer and will be made considering appropriate timing and requirements of borrowing for cash-flow purpose and interest rate forecasts.

12.6.3 The Medium-Term Financial Plan includes the following assumptions around Capital Financing and borrowing.

	Forecasts				
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Total Capital Expenditure	4,049	4,104	3,061	4,040	3,053
Capital Resources applied in year	0	0	0	0	0
MRP & Other Repayment of Debt	(1,389)	(1,923)	(2,325)	(2,551)	(2,947)
Change in Underlying need to borrow	2,660	2,181	736	1,489	106
CFR Brought Forward	24,885	27,545	29,726	30,462	31,952
CFR Carried Forward	27,545	29,726	30,462	31,952	32,058
CFR for PFI	12,397	11,770	11,091	10,354	9,555
CFR For Prudential Borrowing Purposes	15,148	17,956	19,371	21,597	22,503

Section 2 - Medium-Term Financial Planning

- 1.1 The above budget estimates provide forecasts for the forthcoming 5-year period.
- 1.2 The overarching policy guidelines of the Medium-Term Financial Plan (MTFP) are that resources will be directed in priority areas via the budget process within the overall caveats that:
 - Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
 - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
 - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
 - Partnership working and funding opportunities will be explored wherever feasible.
- 1.3 The Medium-Term Financial Plan provides the corporate financial planning framework to provide strategic direction for CFRS for the next five years and to ensure that the financial resources of CFRS are directed to achieving the Service's key priorities.

2.0 Financial Principles supporting the MTFP.

- 2.1 The key principles to be applied to the MTFP are as follows:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Fire Plan and CRMP to ensure that spending decisions contribute to the achievement of priorities.
- Forecast a minimum five-year corporate and financial planning horizon, with longer periods developed where necessary.
- Manage performance management and decision-making procedures to help achieve the best use of available resources.
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained.
- Review the Reserves Strategy in line with CIPFA and other best practice guidance to ensure that all the reserves held are still applicable and relevant.
- Achieve a minimum level of General Fund Reserves over the life of the MTFP as set by an annual risk assessment.
- Consider the impact of any other Government Budget initiatives e.g., Fair Funding Review and any Comprehensive Spending Review implications.
- Develop and implement a robust savings and income plan to achieve the savings targets.
- Undertake and continually review a full base budget review.
- Limit revenue budget pressures to those which are unavoidable, and which cannot be accommodated within existing base budgets.

Financial Principle 2 – Council Tax & Business Rates Policy

- Determine Council Tax levels that are prudent and retain stability for the Services financial strength.
- Assessment of the impact of business rates retention including impact on Section 31 grants.

Financial Principle 3 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions.
- Consider the appropriate levels of prudential borrowing that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to priorities.
- Undertake an annual review of the Service's Minimum Revenue Provision policy and its impact on the revenue budget.
- Have a Treasury Management Strategy, which is compliant with the revised Prudential Code and Treasury Management Code to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Financial Principle 4 – Capital Investment

- As set out in the Capital Investment Strategy.
- Review of capital financing decisions which will have a revenue budget impact due to lack of capital resources (E.g., through generation of capital receipts and borrowing).

3.0 Links to other Strategies

3.1 The Medium-Term Financial Plan takes account of other Strategies, which have a potential impact on the use of resources by the Service. Particularly consideration is given to the following key strategies: -

- The Commissioner's Police, Fire and Crime Plan
- The Community Risk Management Plan (CRMP)
- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Estates Strategy, which provides forecasts of necessary investment in the estate's portfolio.
- The Fleet Strategy, which provides information on the investment, maintenance, and aspirations of the Service's fleet.
- The Asset Disposal Strategy.
- The Productivity and Efficiency Plan
- The Procurement and Commissioning Strategy.
- The ICT Strategy.
- The People Strategy
- The Savings Strategy
- The Prevention and Protection Strategy
- The EDI Strategy

4.0 Assumptions & Issues Arising

4.1 The following assumptions are included in the MTFP.

Budget Area	Sensitivity Analysis	2026/27	2027/28	2028/29	2029/30	2030/31
Pay Inflation	Current Assumption in MTFP (%)	3.00%	2.00%	2.00%	2.00%	2.00%
	Impact in £000's of 1% change	240	245	249	255	260
General Inflation	Current Assumption in MTFP (%)	2.00%	2.00%	2.00%	2.00%	2.00%
	Impact in £000's of 1% change	68	69	70	72	73
Fire Pensions	Current Assumption in MTFP (%)	37.60%	37.60%	37.60%	37.60%	37.60%
	Impact in £000's of 1% change	134	137	140	143	145
LGPS Pensions	Current Assumption in MTFP (%)	15.90%	15.90%	15.90%	15.90%	15.90%
	Impact in £000's of 1% change	27	28	28	29	29
Investment Rates	Current Assumption in MTFP (%)	3.63%	3.50%	3.50%	3.50%	3.50%
	Impact in £000's of 1% change	100	74	72	62	62
Council Tax Precept	Current Assumption in MTFP (%)	5.04%	4.85%	4.62%	4.42%	4.23%
	Impact in £000's of 1% change	(192)	(198)	(204)	(210)	(216)
Council Tax Base	Current Assumption in MTFP (%)	1.00%	1.00%	1.00%	1.00%	1.00%
	Impact in £000's of 1% change	(190)	(192)	(193)	(195)	(197)
RSG/BRR (Govt Funding)	Current Assumption in MTFP (%)	2.00%	2.00%	2.00%	2.00%	2.00%
	Impact in £000's of 1% change	69	249	278	0	0
Capital Programme	Current Assumption in MTFP (£000's)	4,437	4,640	2,637	2,645	3,053
	Impact in £000's of 1% change	44	46	26	26	31
Revenue Budget	Current Assumption in MTFP (£000's)	32,755	32,460	33,280	34,003	34,730
	Impact in £000's of 1% change	328	325	333	340	347

4.2 Economic Risks - Assumption Risks

4.2.1 The impact of a different inflation assumptions to that estimated in the MTFP are as follows:

- Every 1% in Council Tax equates to circa £190,000 per annum.
- Every £1 in Council Tax equates to £190,000 per annum.

4.3 Funding

4.3.1 CFRS receives core funding from Government each year as part of the Fair Funding Assessment which comprises of the Business Rates baseline funding level and information on tariffs and top ups. Although the Government set the Business Rates Baseline, the actual funding is received via the Non-Domestic Rates income the Unitary Council's collect.

4.3.2 As well as the core funding as agreed in the Fair Funding Assessment, the Service is also the recipient of other support from central government in the form of specific grants. These are included in the budget as income rather than funding and are linked to specific schemes or services.

4.3.3 The MTFP includes an inflationary increase at the current maximum allowable for Council Tax and an estimate for Business Rates Baseline. The MTFP includes estimations for the forthcoming years up to 2028/29 as announced in the draft local government finance settlement in December 2025.

4.3.4 The MTFP does not include any provision for any surplus/deficit on the Collection Fund for either Council Tax or Business Rates. Any deficit's declared by the Unitary Authorities would reduce the level of funding the Service would receive in the future.

4.4 Stand Alone Service Risks

4.4.1 As a standalone fire authority that is still in its infancy, both the PFCC and the Chief Fire Officer recognise that it will take time to gain a better understanding of operational and budgetary pressures facing CCFRA. These pressures are likely to require investment to ensure resources, premises and equipment is at an appropriate level.

4.4.2 Several of the larger support services such as ICT and Payroll are currently being provided by the Unitary Councils, however, projects are underway to transfer these to be provided by Cumbria Constabulary from April 2027.

4.5 Major Incidents

4.5.1 Around 50% of operational cover is provided by the On-call firefighting service. Costs can be significantly affected by major incidents with recent cost surges being caused by flooding and wildfire incidents. Costs pressures could be as much as £0.5m in a single year. If any major incidents were declared, then CFRS would lobby government for support through the Bellwin scheme. If any unexpected costs were to arise they would be considered for how they could be met from the existing budget prior to a supplementary call on unallocated reserves if required. Reserves would then need to be replenished.

4.6 Litigation and Insurance Claims

4.6.1 The service is responsible for its own insurance cover for the first time and the profile of insurance, excesses, self-insured elements, and any limitations on cover are not known. The nature of the service provided by fire and rescue means that there is always the potential for insurance claims and unexpected litigation costs. Although there is a self-insurance reserve, this will need to be maintained at a suitable level for any potential future claims that are not covered by the insurance excesses in place.

4.7 Pensions

4.7.1 The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to unlawful discrimination based on age. In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.

4.7.2 It is expected that the on-going cost of higher pension benefits will arise from two main areas:

- Costs arising from the above case, and
- The yet unknown results of the next actuarial valuations for unfunded schemes such as Firefighters which will be built into the scheme valuation process and reflected in the employer and employee contribution rates.

4.8 Industrial Action

4.8.1 Any potential for industrial action requires contingency arrangements which were previously managed within County budgets for the year or from reserves. That position remains and any alternative options would need to be costed, determined and funding set aside.

4.9 Capital Programme

4.9.1 Whilst a capital programme has been developed and included in the budget assumptions, it is largely funded from borrowing requirement. Consideration needs to be given to the following areas:

- Aligning the capital programme to the Fleet Strategy and undertaking a full review of vehicle aspirations, current fleet stock condition and undertaking a full option appraisal around the most appropriate financing options.
- There has been little investment in the fire service estate for a significant period and many stations are not equipped for the needs of a modern service. The capital

programme will therefore need to reflect a level of investment in the estate that will address these issues.

- There may be an increased need to invest in ICT and provision may be under pressure. Both in replacement systems for the NW regional control centre and in systems to support new more efficient ways of working.

4.9.2 Further in-depth consideration of capital investment opportunities is given in the Capital Investment Strategy.

4.10 Environmental and Climate

The Service will need to consider new and existing Environmental regulations and the need to meet sustainability targets. This could require investment in new sustainable technologies, for example, EV charging points, solar panels, sustainable fuels and other investment to meet national and organisational targets.

The Wildfire fleet is currently well positioned, but with increases in extreme weather conditions, between this and flooding the risk model for the Service will change and may need continued investment. For example, development and implementation of additional training for a burns team.

4.11 Technology and Infrastructure

The Service will need to invest in infrastructure and technology to enable it to maintain and improve on an efficient and productive service. As it moves away from hosted services with the Unitary authorities, investment in new systems and new infrastructure will be required. These will need to be considered in the Capital Investment Strategy, with any revenue implications included in the MTFP.

4.12 Other Considerations

The MTFP will also need to address how the Service can work collaboratively with the Constabulary or other bodies to achieve efficiencies.

The Service will need to look at how it can generate external grants and contributions to support both its capital and revenue expenditure.

5.0 Reserves Strategy

5.1 CFRS holds balances to meet future commitments. The policy on the use of reserves is as follows:

- Reserves will not be used to fund recurring items of expenditure, but where it does steps will be need taken to replenish to minimum levels (i.e. through recurring savings).
- Reserves will not become overcommitted.

5.2 General Fund

5.2.1 Having undertaken a risk assessment considering the risks and working balances required, the balance on the General Fund reserve indicates that this should broadly equal **£4.5m** as a minimum prudent level. The risk-based assessment of the appropriate level of this reserve is conducted as part of the budget process. The prudent level of reserves may need to be revised in the medium term to take account of any amounts that can be set aside in earmarked reserves to mitigate specific risks identified in the risk assessment.

5.3 Earmarked Reserves

5.3.1 Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.

5.3.2 For each earmarked reserve there will be a clear protocol in place setting out:

- The purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the management and control of the reserve.
- Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Service.

PFI Reserve

The PFI reserve will be used over the remaining length of the PFI contract to meet the differences in the annual service charges and the PFI grant received. The PFI contract will be regularly reviewed to ensure it remains consistent with the Service's needs.

Insurance Reserve

The insurance reserve will be used to meet those uninsured and below excess costs for any insurance liabilities. The MTFP agreed in February 2023 assumed this reserve would be fully used in two years. This will need to be reviewed and a plan will be required to ensure this reserve is maintained at an adequate level to meet potential future liabilities.

Donations

This reserve holds the balance of amounts received in donations.

Estates

This reserve holds a balance that can be utilised for future estates work.

HMICFRS Inspection Reserve

This reserve holds a balance that can be used to fund additional costs that may arise as part of the HMICFRS inspection regime.

ESMCP

This reserve holds the balance of the amount set aside for Emergency Services Communication Project (ESMCP).

Efficiency and Transformation Reserve

This reserve holds a balance to be utilised for efficiency and transformation projects.

Home Office Grants

This reserve holds the balance of Home Office Grants that were received in 2023/24. It is anticipated that these will be fully utilised in 2025/26.

5.4 Future Earmarked Reserves

5.4.1 The following areas are considered for future earmarked reserves once the General Fund and Insurance Reserves are at an acceptable level.

- Industrial action contingency reserve
- Large operational equipment purchases.
- Transformation or invest to save reserve.

- Ill health pension reserve.
- Pension remedies reserve.

5.5 Capital Reserves

5.5.1 CFRS hold no capital reserves at the current point in time.

5.6 The Responsibilities of the Chief Finance Officer (s.151)

5.6.1 The Chief Finance Officer (s.151) will review each reserve and its use annually and produce a report as part of the annual budget process detailing: -

- Compliance with the use of reserves,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the budget requirement,
- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Medium-Term Financial Plan.

5.6.2 The Chief Finance Officer (s.151) will review this policy at least annually and will obtain the approval of the PFCC for any change required to either the policy or protocols associated with specific reserves.

Section 3 - Statutory Requirements

1.0 Robustness of the Budget – Statement of the S151 Chief Finance Officer

- 1.1 Section 25 of the Local Government Act 2003, places a duty on the S151 to make a report to the authority on:
 - The robustness of the estimates included within the budget.
 - The adequacy of the reserves and balances/
- 1.2 The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.
- 1.3 In his considerations, the S151 Officer is mindful of other associated statutory safeguards designed to support the authority:
 - Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration.
 - Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget.
 - The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates.
 - The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money').
- 1.4 To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report in consultation with the Monitoring Officer if there is or is likely to be unlawful expenditure or an unbalanced budget.
- 1.5 This report has set out the detailed budget setting process that has taken place and the work undertaken to ensure the budget is as realistic, deliverable and achievable as possible.
- 1.6 The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.
- 1.7 The Section 25 Statement of the S151 Chief Finance Officer for CFRS is included at **Appendix 1**.

Human Rights Implications

None identified

Race Equality / Diversity Implications

The budget has been subject to a detailed Equality Impact Assessment.

Risk Management Implications

There is a legal requirement to set a balanced budget. The Commissioner's strategic risk register recognises the importance of sound financial planning. There are significant risks associated with the budget, particularly around hosted services and SLA's and uncertainty around costs for these services. The budget also assumes a borrowing requirement for capital investment and assumptions have been made around borrowing costs which will be dependent upon economic conditions at the time the borrowing is required. Significant savings are required to be achieved and if these are not achieved by the start of the financial year, these could have an impact on in-year performance.

Financial Implications

The main financial impacts are described in the paper.

HR Implications

As identified in the report. There is a significant savings requirement to be found from staffing savings and unless vacant posts are removed from the establishment, there may be a required change management process to achieve this.

Contact points for additional information

Steven Tickner – Chief Finance Officer (S.151)
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Appendix 1

STATUTORY REPORT OF S.151 OFFICER

1. In setting its Budget Requirement, the Service is required under the Local Government Act 2003 (Section 25) to consider:
 - (i) The formal advice of the statutory responsible financial officer (Chief Finance Officer (S.151 Officer)) on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides;
 - (ii) The Service has to determine what levels of borrowing, if any, it wishes to make under the Prudential Code that governs local authority borrowing.

2. Robustness of the Estimates

Whilst relevant budget holders are responsible for individual budgets and their preparation, all estimates are scrutinised by the finance team, the Senior Leadership Team and Executive Board - Fire prior to final submission to the PFCC.

The Service's revenue and capital budgets are integrated in that the financial impact of the proposed capital programme is reflected in the revenue estimates.

The Service has no history of overspending against budget. The Service has in place robust budget management procedures and has moved to its own finance system that gives greater control and opportunities for ensuring financial reporting is accurate and robust.

2026/27 will be the fourth year of the Service's governance arrangements under the PFCC stewardship and as such this continues to bring increased risk exposure. However, the provisional Local Government Finance Settlement sees a significant reduction in core government funding which will present significant challenges in the medium term.

It must be recognised that there are always risks involved in projecting and forecasting budgets, particularly over the medium term, and the year-end position will never exactly match the estimated position in any given year. Areas of specific risk in the current five-year period under consideration are:

- Although the proposed LGFS outlines a 3-year settlement, that settlement, even when applying the maximum council tax increase of £5, will see funding support from government reduce by 9% from 2025/26 levels by 2028/29. This then puts significant pressure on the service to make savings in order to set a balanced budget and not use reserves, which are only at prudent minimum levels.
- The disaggregation of hosted services from the Unitary Council's will present challenges both operationally and financially. The Service will have to carefully consider how it procures these services in the future and ensure costs are maintained within the current budgetary allocations
- Capital Financing will be undertaken by increasing the borrowing requirement of the Service; therefore, consideration needs to be given to the cost of borrowing and the impact on the revenue budget. Estimates have been made for the overall treasury management budget, including borrowing costs and interest receipts, however, return on treasury management activities are subject to market rates. This risk is advised upon every year, and it should be noted that in the current economic climate with higher than usual inflation and higher base rates than have been experienced over the past 15-years, investment income returns in the medium term may fluctuate.

The provision of a draft 3-year settlement by MHCLG goes some way to reducing the risk around the robustness of the estimates, however, there still remains a risk that funding from Council Tax and Business Rates does not perform as expected and that the current forecasts built into the MTFP do not reflect the actual position in future years.

Without the achievement of savings in 2026/27, nearly 33% of the available free reserves in the General Fund would need to be used to support the budget. Although the position improves in future years, this is only because of future years assumptions of maximum council tax increases. Therefore, the achievement of £780,000 on a recurring basis on 2026/27 is imperative to the future sustainability and resilience of the service.

There will undoubtedly be additional pressures arise in the future, and consideration must be given to these through appropriate stewardship and governance and decision-making processes. This should include assessment of business cases around how these pressures can be funded and whether additional savings would be required.

Reserve levels are only just at prudent minimum levels and although they will need to be used to support a balanced budget in 2026/27, over the life of the MTFP they are forecast to grow. This will give capacity in the service should any future assumptions currently made not prove to be accurate, or alternatively, the accumulation of reserves will provide capacity for potential capital funding, thus reducing borrowing and credit risk.

The delivery of savings and efficiencies will be vital to maintaining reserves at prudent levels and ensuring the service is fit for purpose. Therefore, the savings built into the budget must be identified and achieved before the start of the relevant financial year.

The level of the Service's future Capital Programme includes a significant borrowing requirement over the five-year period and estimates have been made as to the potential costs of this borrowing in the revenue budget.

Central contingencies – there have been no contingency budgets built into the existing estimates. This means that any unforeseen expenditure that cannot be contained within existing budgets will require a supplementary estimate (from reserves) to cover any costs. The budget proposals will significantly limit the capability to deal with any of these events and these may have to be found from within other budgets and reserves should the need arise.

2. **Adequacy of Reserves**

The level and usage of the Service's Reserves is undertaken annually as part of the Medium-Term Financial Plan.

The appropriateness of the level of reserves can only be judged in the context of the Service's longer-term plans and an exercise has been undertaken to review the level of reserves through the use of a risk assessment matrix. This matrix identifies the potential for use of reserves if, for example, assumptions in the budget change, external pressure is placed upon the service, or unknown factors. The findings of this exercise suggest that the minimum level should be set at **£4.5million** as a prudent level of General Fund Reserves which will be required as a general working capital/ contingency to cushion the Service against unexpected events and emergencies.

The Service's policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years.

Based on current projections, the general fund unallocated reserves will not meet the minimum level of prudent reserves in each year of the MTFP. However, with the achievement of savings from 2026/27, reserves can be maintained at prudent minimum levels over the life of the MTFP.

3. **Determination of Borrowing**

The Prudential Accounting regime enables the Service to borrow subject to meeting criteria of affordability. The draft Prudential Indicators have been established and these will be finalised for approval once decisions on the overall Capital Programme have been made.

For the period under review the need for borrowing will be kept under consideration and will be dependent on the level of capital receipts being generated and the potential of future capital projects. Due to projects currently under consideration, the capital programme will require the use of Prudential Borrowing (including internal borrowing) to sustain levels depending on the levels of capital receipts that can be generated in the future. Where borrowing is required, full option appraisals will be carried out. The financial sustainability and level of debt for the Service will be a consideration especially in terms of the timing of any external borrowing undertaken.

In the absence of any other capital resources, the capital programme will have to be funded by borrowing or revenue contributions. With the pressure on the revenue budget being as it is, it will be increasingly difficult to provide revenue contributions for capital expenditure without additional savings being achieved.

Appendix B

BUDGET RESOLUTION

Local Government Act 2003 Requirements: That the comments of the Chief Finance Officer on the robustness of the estimates and adequacy of balances and reserves be noted and reflected in the decisions made by the Commissioner in making the following budget determination for 2026/27.

Revenue Estimates 2026/27: That CCFRA net **Budget Requirement** of **£31,979,171** be approved.

Council Tax Base 2026/27: That it is noted that the Council Tax base has been calculated at the amount of 190,209.71 for 2026/27. This is the total of the tax bases calculated by the Unitary Councils as required by regulation.

Budget Requirement: That the following amounts are calculated by the Commissioner for the 2026/27 financial year:

Ref	2026/27 Amount	Description
(a)	36,111,656	being the total of gross expenditure
(b)	(3,372,474)	being the total of income from specific grants, fees and charges
(c)	(760,011)	bring the contribution to / (from) Reserves
(d)	31,979,171	being the Budget Requirement for the year to be met from Council Tax and External Finance
(e)	7,285,883	Being the total the Commssioner estimates will be received from external financing (RSG)
(f)	5,247,443	Being the total of income received from Retained Business Rates Less the Business Rates Collection Fund Deficit
(g)	(172,384)	being the net surplus/(deficit) on Council Collection Funds
(h)	19,618,229	being the Council Tax requirement (the budget requirement less the collection fund surplus/(deficit) and external finance)
(i)	103.14	being the basic amount of Council Tax for the year (the council tax requirement divided by the taxbase)

Valuation Bands and Calculation of the amount of Precept payable by each billing authority:

Valuation Band	Precept 2026/27 Amount	Proportion
Band A	68.76	6/9ths
Band B	80.22	7/9ths
Band C	91.68	8/9ths
Band D	103.14	9/9ths
Band E	126.06	11/9ths
Band F	148.98	13/9ths
Band G	171.90	15/9ths
Band H	206.28	18/9ths

Council Tax Income 2026/27	Tax Base	Precept (Band D) £	Council Tax Income £	Declared Surplus / (Deficit) £	Total 2024/25 £
Cumberland Council	93,883.21	103.14	9,683,114.28	(71,279.13)	9,611,835.15
Westmorland & Furness Council	96,326.50	103.14	9,935,115.21	(101,105.34)	9,834,009.87
Total	190,209.71	206.28	19,618,229.49	(172,384.47)	19,445,845.02



Cumbria Commissioner Fire and Rescue Authority

Public Accountability Conference

TITLE:	Cumbria Commissioner Fire and Rescue Authority (CCFRA): Charging Policy 2026/27
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DATE OF MEETING:	12 February 2026
REPORT OF:	The Chief Finance Officer
REPORT ITEM:	7b

Executive Summary: The attached report provides the proposed charging policy and rates for 2026/27
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Recommendations: The Commissioner is RECOMMENDED to: a. Approve the Charging Policy as set out in this report



CFRS Charging Policy 2026/27

Sections

Section	Pages
1. Charging for Mutual Assistance	2-11
2. Central Services Department (CSD)	12-13

Section 1

Operational Planning

CFRS Policy

Charging For Mutual Assistance

	Name and Job Title
Responsible Assistant Manager	Mark Nicholson, Area Manager
Responsible Senior Manager	Owen McCarney, Group Manager
Person responsible for monitoring day-to-day compliance	Jamie Coward, Station Manager
Person responsible for reviewing the policy	Jamie Coward, Station Manager

Version Control	Changes Made	Author
Version 6 April 2022	Updates to the costs to align with NFCC	Ops Planning
Version 7 July 2023	Document moved to new template,	Ops Planning
Version 8 February 2024	Updated for 24/25 Budget	S.151 Officer
Version 9 February 2025	Updated for 25/26 Budget	S.151 Officer
Version 10 January 2026	Updated for 26/27 Budget	S.151 Officer

Introduction

Mutual aid can be described as the provision of assistance from one Fire and Rescue Authority (FRA) to another. Mutual aid is considered a formal mechanism by which to supplement FRA's existing emergency response arrangements and can be instigated in a number of ways.

Scope

Mutual aid activity can range from over the border responses under Section 13 or Section 16 of the Fire & Rescue Service Act 2004 through responding to a significant or serious incident which requires additional resources beyond those available within an affected Service. Mutual aid can also include arrangements for specialist National assets which may not be located in the affected FRA or when officers with specialist skill sets are required. Arrangements of this nature add overall resilience to response arrangements for the Fire and Rescue Service (FRS).

Principles

By its very nature, mutual aid is incident or event based, and therefore likely to be extraordinary to the normal CRMP based arrangements which would be in place to deal with day to day incident response within an affected FRA.

This guidance covers the charges mechanism that will be adopted by Cumbria Fire and Rescue Service (CFRS) for the provision of mutual aid to another FRA. It is intended that this cost recovery model will provide a set scale of charges that will allow CFRS to predict, as far as is reasonably practicable, the budgetary impact that a request for mutual assistance will have.

It is acknowledged that Cumbria is surrounded by a number of Counties and indeed Borders Scotland. There are regular over the border incidents whereby CFRS regularly provides mutual aid to neighbouring Services, which is also reciprocated. This is undertaken through collaborative arrangement, between the relevant Chief Officers and fall outside the scope of this policy.

The guidance seeks to reflect the current payment arrangements for FRA staff under the NJC Scheme of Conditions of Service and as detailed within the relevant circulars. It will be refreshed annually to take account of pay reviews inflation and any additional factors that are considered relevant.

Background

CFRS discharges its responsibility to provide an appropriate response to a range of emergencies through its Community risk management plan. This plan extends to the provision of the appropriate level of resources to provide a suitable level of operational response for all reasonably foreseeable events. A request for mutual aid is generally made when the scale of an incident exceeds that which whilst foreseeable is impractical to resource on a day to day basis.

FRA's have, historically, developed their own mutual aid protocols based on the requirements of Sections 13 and 16 of the Fire and Rescue Service Act 2004 and in some cases by means of regional Memorandum of Understanding (MOU). Generally, these arrangements involve neighbouring Services providing over the border or specialist officer support, principally in response to local incidents where an asset is geographically best placed to attend or when the incident is beyond the scale that local resources can effectively respond to.

Charging for these arrangements has traditionally been based on an LGA set rate. The decision to apply a charge or not has predominantly been applied locally at the discretion of individual FRA's.

In times of national need, the NFCC, on behalf of all Chief Fire Officers will co-ordinate the provision of Mutual Aid between Services utilising the National Coordination Advisory Framework (NCAF) arrangements. Specifically, this is facilitated through the NFCC Chair, National Strategic Advisors (NSAT) and the National Resilience Assurance Team (NRAT). NRAT works to ensure the effective coordination of resilience during major national incidents such as the emergency response to serious flooding or a large scale structural building collapse. It is important to understand that NRAT has no influence over charging for Mutual Aid, which is detailed nationally by the Operations coordination committee and approved by the NFCC.

Categories of Mutual Aid

There are a range of response and specialist roles that FRS may provide under mutual aid and the circumstances under which they are provided, can be as varied as the services supplied.

Four main types of mutual aid are identified. The characteristics of each are outlined below

Emergency Response/Spontaneous Deployment: For example, an unforeseen demand such as an incident that necessitates reinforcing in the maintenance of fire cover or to supplement operational response where responding assets geographically provide a more timely response. Definition of time scales for such spontaneous support is expected to be for periods of no more than 24 hours.

Response to a Significant Serious or Catastrophic Emergency: For example, a demand that results from protracted operational activity and impinges on an affected Services ability to provide business as usual response as well as continuing to support the ongoing emergency. This prolonged deployment will last from 24 hours up to 90 days, but may in certain circumstances be extended beyond this.

Pre-Planned Deployment/Planned Event: For example, the predicted East Coast Flood inundation in 2012 which would have necessitated evacuations by boat beyond the capacity of the affected Services. Here the event has a capacity requirement beyond a single Service

or where a Service cannot resource the event and provide appropriate resilience in the rest of its area.

Specialist Staff Deployments: For example, the independent investigation of an incident where a host Service cannot carry out the function impartially.

Recent experience has shown there are circumstances where the provision of mutual aid will have a significant impact on the host Service to fund the associated costs. In such instances Bellwin scheme may be activated where defined circumstances are applicable.

Mutual Aid Cost Recovery

Predominantly FRS mutual aid requests consist of the deployment of fire appliances and crews. However, there are an increasing range of services that FRS's may provide under mutual aid beyond fire appliances and crews. The circumstances under which they are provided are as varied as the actual services supplied.

Appendix F lists a typical range of services that may be provided, although this will not be a definitive list.

Where specialist equipment is required for the provision of mutual aid this will be reflected in the appendix outlining asset recharge costs. For example the provision of a type B flood rescue team will come with the appropriate equipment for the task, including a rescue boat with engine and a range of specialist PPE.

As a guide, a competent firefighter's pay scale will form the baseline of a banding model.

During continuous deployments it will be assumed that staff payments will be made by payment of flat rate recharge for the duration of a deployment inclusive of rest periods.

For the purpose of calculating the appropriate level of charge, resources supplied must be considered. (Examples of resource types are outlined in Appendix G).

CFRS support staff may be used as a mutual aid resource. This will usually be staff with specific skills. In the event of a deployment of this nature the providing FRS will be recompensed at the employable cost for that spinal column point plus any overtime worked.

An administrative charge will also be levied at the rate of 5% of the total actual cost incurred. This is charged by the FRS deploying the assistance. The administration charge is set at a figure of 5% to reflect variations in the actual cost of supplying mutual aid depending on the resource deployed. (The administrative charge covers some basic on-costs for the provision of suitable uniform/equipment / insurance, together with compensation for the cost of organising mutual aid, often at short notice).

Other legitimate costs relating to the deployment of mutual aid personnel should be agreed and charged to the host FRS on an actual cost basis. Examples of this include damage to equipment as a result of deployment and legitimate accommodation and subsistence charges when an affected FRS has been unable to provide this. In the event that expenses of this nature are recharged, the authority presenting the recharge must provide full receipted invoices which detail costs involved.

All non-consumable equipment acquired and fully charged for under a mutual aid agreement will become the property of the host FRS unless otherwise agreed.

Vehicle usage costs on mutual aid should be calculated according to an agreed rate per day as per Appendix E. This includes elements for wear and tear and running costs. In the case of the provision of a vehicle only without staff, vehicles should be supplied fully fuelled and returned likewise. This practice will negate the administrative burden of recovering low levels of expense.

Capital costs and depreciation, servicing, tyres, insurance etc. will be covered by that cost. For vehicles transporting staff on mutual aid, such as fire appliances then fuel is not covered by the stated cost and is an additional factor. A table outlining vehicle costs is included at Appendix E.

The recharging framework makes no provision for the making of enhanced charges for mutual aid deployments that occur on public holidays.

Periodic Review of Arrangements

This guidance will be subject to periodic review and updating. Variable cost elements provided in the guidance for cost recovery purposes will be updated annually by the NFCC Finance coordinating committee under its national co-ordinating role. This can be found in the NR Document Library at:

Documents > NR Documents > NCAF Documents > NCAF Incident Supporting Documents

Appendices

- Appendix A Example Costs for a Fire Appliance and Crew Deployment
- Appendix B Example Costs of Specialist Resources
- Appendix C Secondment Hourly Rates of Pay using FPS 1992 pension rates (inclusive of 5% admin levy)
- Appendix D Deployment to Mutual Aid Hourly Rates of Pay
- Appendix E Vehicle/Equipment Cost Recovery Scales.
- Appendix F Examples of Typical Types of Mutual Aid Deployments
- Appendix G Examples of Current Deployable Resource Types (Available via NCAF ESS)

Appendix A - Example Costs for Deployment

**** Taken from NPCC rates for similar vehicle type. In this example vehicle has travelled 100 miles from home station to incident and returned at a cost of £1.40 per litre of fuel.**

Example Costs for a Fire Appliance and Crew Deployment

For the purposes of this example costs assume a competent Watch Manager B (WMB) and crew of four firefighters (FF) all paid at the competent rate. The example also assumes the provision of 1 fire appliance assumed to be equipped for generic firefighting activity for a period of 12 hours and a total mileage of 200 miles

Resource	Costs (£)	Calculation
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
4 x FF x 12 Hrs		4*12*FF Hrly Rate
Fire Appliance per Day (running cost)	100.00	1*100
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)	70.00	200/4*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Appendix B – Example Costs of Specialist Resources

Example Costs for Type B Flood Rescue Boat and Crew Deployment

Type B rescue Boat team assumes a total 7 in a team including a Team Leader (WMB and a welfare officer (SMB flexi) and 5 competent FFs (as per DEFRA Flood Rescue Concept of Operations) The example also assumes a fully equipped team able to deploy a powered rescue boat with associated support equipment to the specification detailed in the DEFRA Flood Rescue Concept of Operations. The example also assumes a 12-hour working period of deployment costs per hour thereafter can be calculated by a division factor of 24 hours and a total mileage of 200 miles per vehicle

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		$1 \times 12 \times \text{SMB Hrly Rate}$
1 x WMB x 12 Hrs		$1 \times 12 \times \text{WMB Hrly Rate}$
5 x FF x 12 Hrs		$5 \times 12 \times \text{FF Hrly Rate}$
Type B Boat per Day (running cost)	100.00	1×100
Staff Car per Day (running cost)	50.00	1×50
Mileage Charge (based on 5 miles per litre @ £1.40 per litre)		$200/5 \times 1.40$
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)		$200/10 \times 1.40$
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Example Costs for a High-Volume Pump & Double Hose Box (set) and Crew Deployment

For the purposes of this example costs assume a competent Watch Manager B (WMB) and crew of four firefighters (FF) and a welfare officer (SMB flexi) all paid at the competent rate. The example also assumes the provision of 1 HVP & Double hose box for pumping activity for a period of 12 hours and a total mileage of 200 miles per vehicle

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
4 x FF x 12 Hrs		4*12*FF Hrly Rate
HVP & DHB per Day (running cost)	100.00	1*100
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)		200/4*1.40
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)		200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Example Costs for a Tactical Advisor Deployment

For the purposes of this example costs assume a competent Station Manager B (SMB) paid at the competent rate. The example also assumes the provision of 1 staff car for a period of 12 hours and a total mileage of 100 miles

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)	14.00	100/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Appendix C Secondment Hourly Rates of Pay using FPS 2015 pension rates (inclusive of 5% admin levy)

Secondment rates should be calculated using the figures in Appendix D and include the relevant pension rates.

Appendix D Deployment to Mutual Aid Hourly Rates of Pay

Rank	Annual Salary £	National Insurance £	Total inc. on costs £	Hourly Rate £
Firefighter Competent	38,881	5,083	43,964	20.07
Crew Manager Competent	43,104	5,717	48,821	22.29
Watch Manager A Competent	45,260	6,040	51,300	23.42
Watch Manager B Competent	48,202	6,482	54,684	24.97
Station Manager A Competent	51,642	6,998	58,640	26.78
Station Manager B Competent	66,361	9,205	75,566	34.51
Group Manager B Competent	76,815	10,773	87,588	39.99
Area Manager B Competent	89,232	12,636	101,868	46.51

Appendix E Vehicle/Equipment Cost Recovery Scales.

Provision of FRS Asset Only	Daily Rate £	Miles per Litre	Cost per Day (Ex Fuel) £
Fire Appliance	100	4	100
Type B/C Rescue Boat	100	5	100
Aerial Appliance	200	4	200
Search Dog Unit	100	10	100
Response Car / PCV	50	10	50
Prime Mover – HVP / USAR / MD / EBF	100	4	100
ELS Vehicle	100	4	100
DIM Vehicle	100	4	100

Appendix F Examples of Typical Types of Mutual Aid Assistance

13 & 16 over the border mutual assistance

Provision of specialist technical skills

Provision of specialist assets not hosted by an affected FRA

Response in support of significant serious and catastrophic incidents (as detailed in NCAF April 2019)

Appendix G Examples of Current Deployable Resource Types (Available via NCAF ESS)

CBRN(e) Mass Decontamination (MD)

CBRN(e) Detection, Identification & Monitoring (DIM)

Urban Search & Rescue (USAR)

High Volume Pump (HVP)

Flood Rescue Type B & C teams

Enhanced Logistics Support (ELS)

Enhanced Briefing Facility (EBF)

Tactical Advisors (Flood, USAR, CBRN(e), HVP, Wildfire, Waste fire, Communications - Airwave)

Drones

Fire Fighting Appliances (sourced from English FRS)

Section 2

Special Service Report

NAME OF RESPONSIBLE PERSON

ADDRESS

.....

TEL No. Email

INCIDENT ADDRESS/LOCATION

SERVICE REQUESTED

.....

I request you to undertake the service above, in accordance with such charges which I agree to pay. The arrangements may be terminated by the Fire & Rescue Service without cause assigned and without liability for compensation.

I agree to indemnify the Cumbria Commissioner Fire & Rescue Authority its servants and agents all costs, charges, claims and demands that may arise in connection with the service.

SIGNED DATE

APPLIANCE TOTAL TIME ENGAGED

APPLIANCE TOTAL TIME ENGAGED

ADDITIONAL STAFF TOTAL TIME ENGAGED

SIGNATURE ATTENDING MANAGER

RECOMMENDATION ATTENDING MANAGER

SIGNATURE AM HEAD OF SERVICE DELIVERY

Head of Service Delivery	Action (Please delete)	CHARGE / DO NOT CHARGE
Finance Department	Action	

Scale of Charges as from 1 April 2026

The scale of Special Service Charges is amended with effect from 1 April 2026 as follows:

APPLIANCES

Turntable Ladder	£591.00	per hour or part hour
All other Appliances and Vehicles	£399.00	per hour or part hour
Light Portable Pump	£160.00	per hour or part hour

(These charges include the cost of personnel employed in the normal operation of the appliance/equipment. Any additional staff or supervisory officers will be charged at the rates below).

PERSONNEL

Firefighter	£52.65	per hour or part hour
Crew Manager	£58.79	per hour or part hour
Watch Manager	£64.93	per hour or part hour
Station Manager	£89.49	per hour or part hour
Group Manager	£105.31	per hour or part hour
Area Manager	£120.07	per hour or part hour

MISCELLANEOUS

Salvage Sheets	£38.61	per sheet per week
Collection and delivery	£1.50	per mile
Standard Fire Reports	£186.17	minimum charge
Fire Investigation Reports	£186.17	based on hourly rate
Professional Consultation	£186.17	minimum charge
Plan Examination	£186.17	minimum charge
Inspection of Premises	£186.17	minimum charge
Personnel Interview	£186.17	minimum charge
Report preparation re the above	£102.94	per hour
Admin Charge		10% of total

VAT to be added at standard rate where applicable.

Minimum charge 1 hour on Special Services thereafter per ¼ hour.



Public Accountability Conference

Meeting Date: Thursday 12th February 2026
Agenda Item: 8
Report of: Head of Planning and Improvement

CFRS Q3 Performance 2025/26

Purpose of the Report

1. To provide the end of Q3 performance position for the service against a set of agreed indicators.

Recommendation

2. That the Commissioner:
 - a. notes the content of the report.

Background

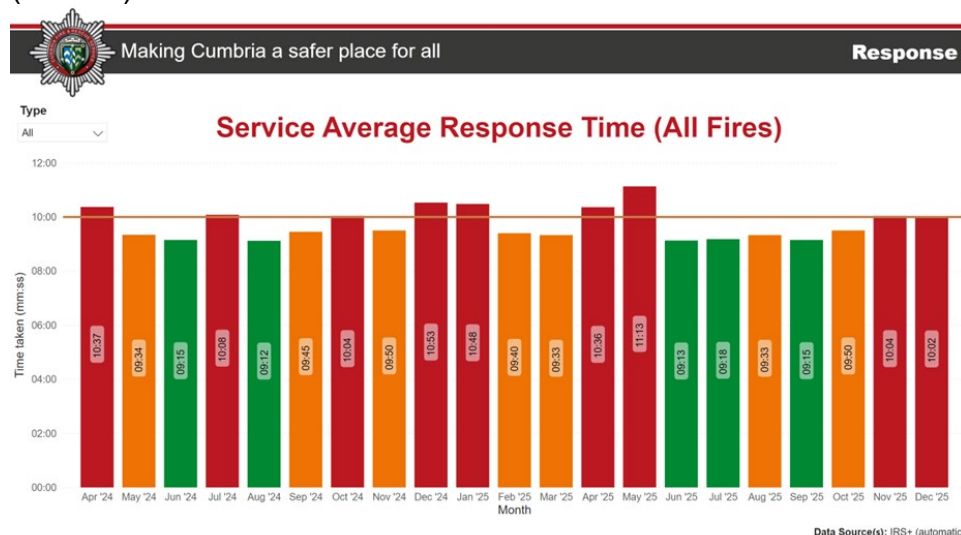
3. In April 2023, the Police Fire and Crime Commissioner (PFCC) took up his role as the Cumbria Commissioner Fire and Rescue Authority, replacing the County Council as the Fire Authority. This year also saw the start of the process to create the Services new Community Risk Management Plan (CRMP).
4. These events created an opportunity for the Service to review our Performance Management Framework and performance measures. The main aim of which was to align the new measures against the priorities of the Fire and National Framework for England and His Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) reporting requirements.

5. Following this review a core suite of indicators was created and subsequently agreed by the PFCC. This suite of indicators provides HMICFRS with the information they need, and also provides reassurance to the PFCC, the Strategic Leadership team (SLT) and the public that the Service is delivering against the objectives set out in the CRMP.
6. A breakdown of each performance indicator is provided in the appendix at the end of the report. Where possible valid comparisons have been made to the latest regional or national data. Commentary against each indicator is summarised below.

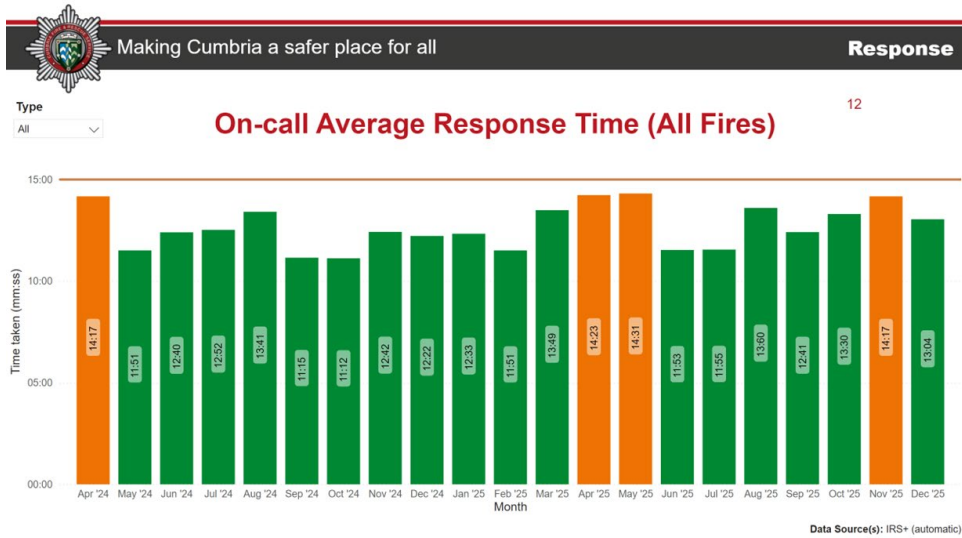
Operational Response

Average response times

7. Following feedback from HMICFRS in 2024/25 the Service changed its approach to setting response targets to be more realistic. The target for the Service to respond to all fire incidents was set at 10 minutes, with a corresponding target of 15 minutes for our On-call staff. We have seen slight variations in the nine month response time figure over the previous financial year, in both instances we hit our target with figures of 9:48 and 13:12 respectively.
8. When compared to the other 13 predominately rural services, the grouping Cumbria fits into according to MHCLG, this places us mid table.
9. The charts below highlight monthly performance for Service average response times (all fires).

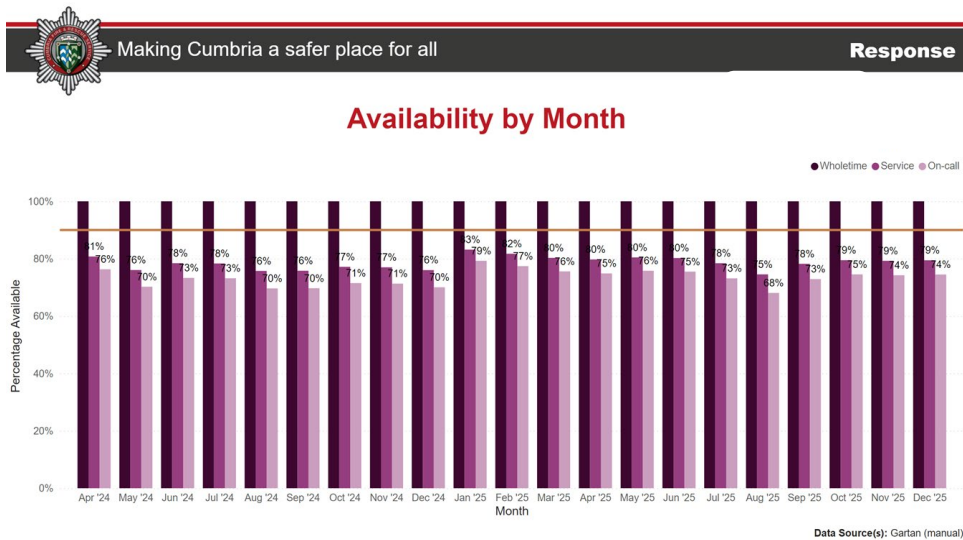


10. The chart overleaf highlights monthly performance for On-call average response times (all fires)



Service Availability

- In terms of Service Availability, the Service has always had a target of 90%. In the current climate, this is particularly challenging as all Services with an On-call cohort are seeing a steady decline in availability. Cumbria’s figures rank the Service in the top 50% of its comparators overall with a Service availability of 78.7% and an On-call availability of 74.4 which would rank us sixth nationally of those Services with an On-call cohort.
- The chart below highlights the Service availability by Wholetime, On-call and Service average. The introduction of PRIME and work from the recruitment team is generating increased interest in On-call recruitment.



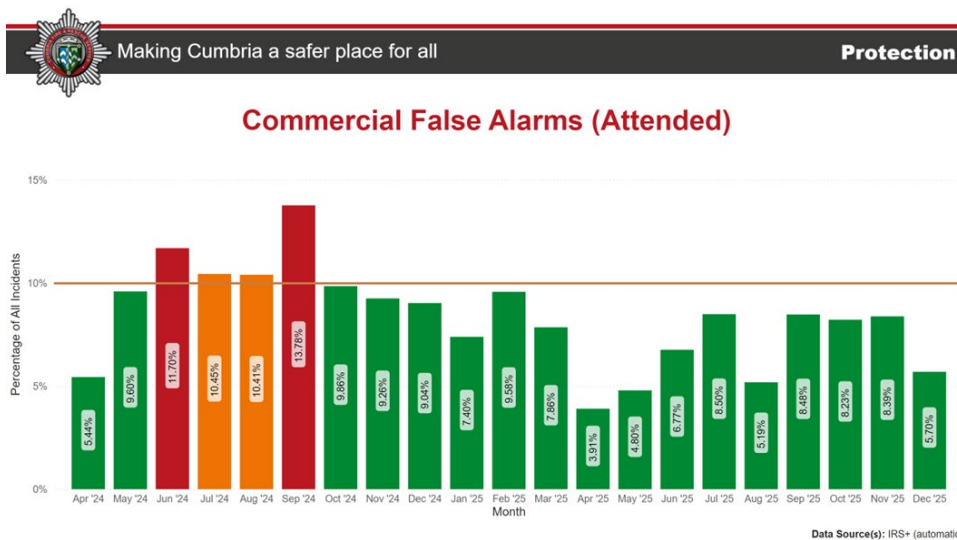
Protection

Risk Based Inspection Programme (RBIP)

13. One of the key drivers of performance of the protection team is the delivery of the Risk Based Inspection Programme (RBIP). This is a list of all the high-risk premises in Cumbria. The previous RBIP ran up until Dec 2024, and the Service completed 86.5%. From January onwards a new RBIP was created using the latest available data and intelligence to ensure that the Services resources are utilised in the most effective way. This RBIP will be delivered against over a similar three-year period.
14. Currently data is unavailable for this indicator due to an unresolved IT issue. The Service is working with the software provider to try and resolve this as a priority.
15. Two of the drivers of activity within the Protection team are the number of false alarms that occur and the total number of commercial fires.

Commercial False Alarms

16. With regard to false alarms, the Service set itself a challenging target of 10% and achieved this with a figure of 6.7%. This has been achieved by identifying repeat offenders and working with them to raise awareness and identifying improvements in process.
17. The chart below highlights the number of commercial false alarms (attended)



Commercial Fires

18. Over the last twelve months we have seen an increase in the number of commercial fires in Cumbria, as illustrated by the chart below. Following an analysis high risk areas have been identified, although no one specific reason for the increase at the beginning of the year has been identified.



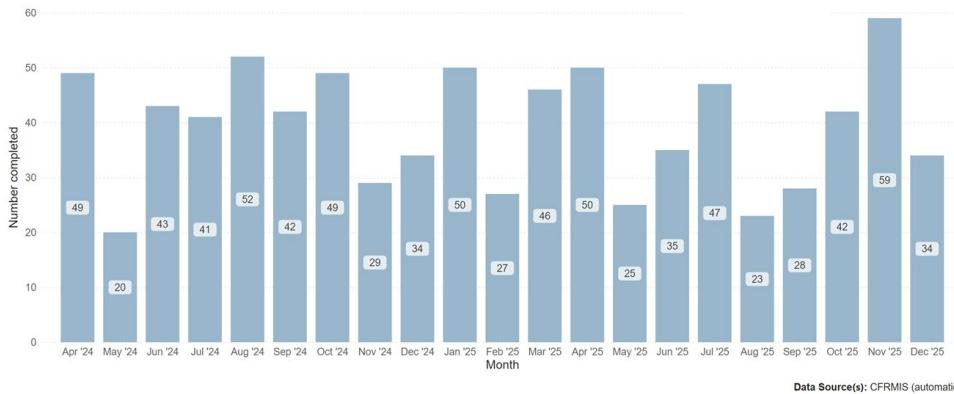
Commercial Fires

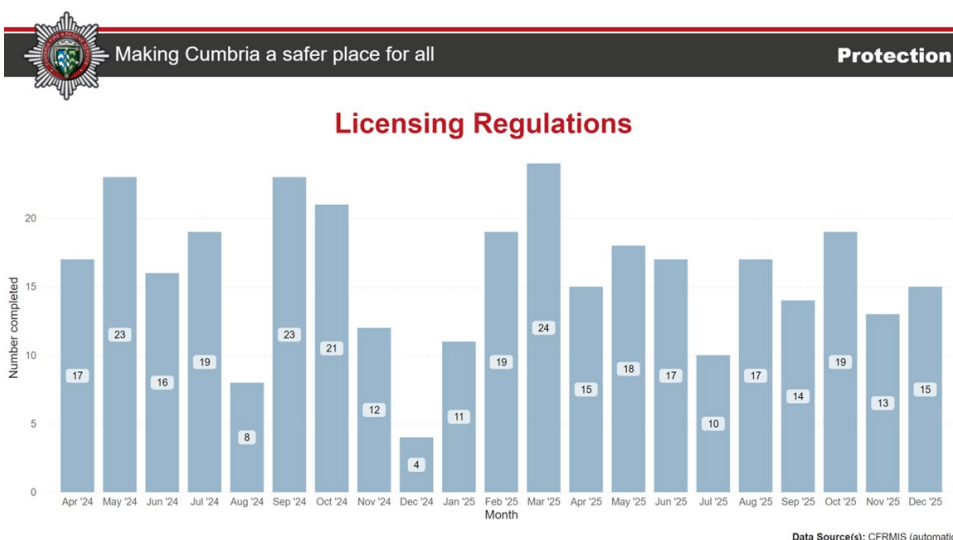


- 19. Two of the statutory functions the Protection team deliver against are building and licencing regulations. Due to the statutory nature of this work, the Service has set itself the target of 95% compliance, and in the last nine months has achieved figures of 95.0% and 100% respectively.
- 20. The charts below highlights the number of building regulations and licencing applications completed on time.



Building Regulations

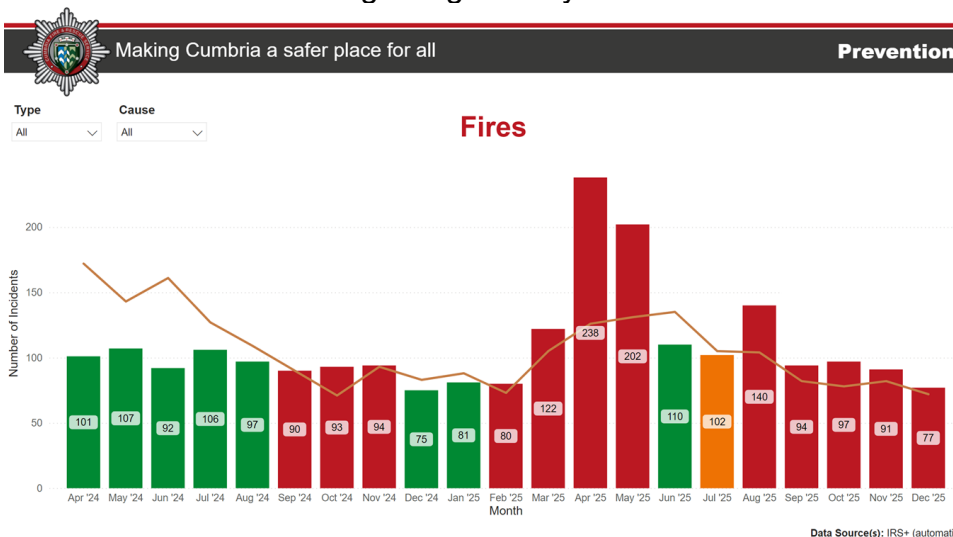




Prevention

Fires

- 21. Overall, in Cumbria when compared to last year, we have seen a 35.3% increase in the level of fires (Down from 48% in Q2). This has been predominately driven by the hot weather at the beginning of the year and the increase in wildfires.



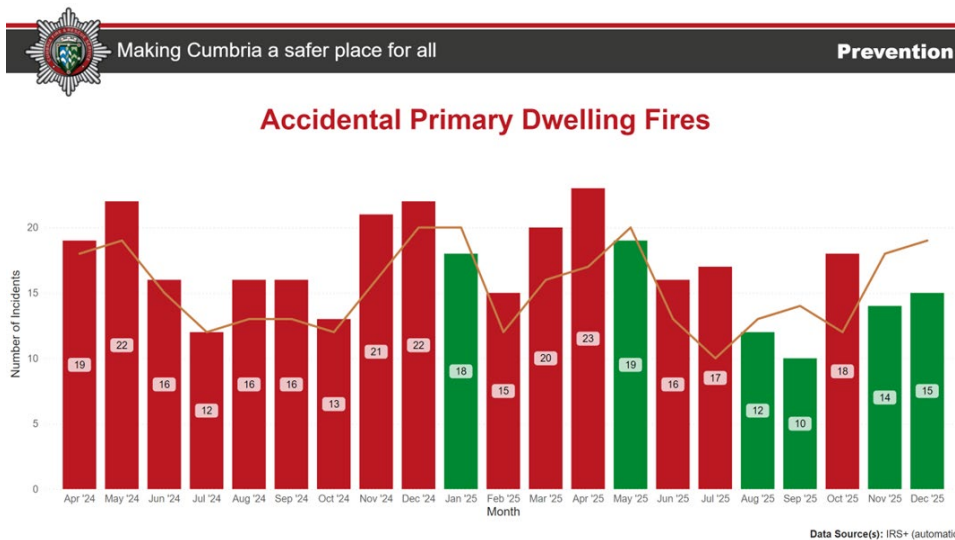
- 22. The governments chronic risk analysis has identified that climate change will impact on extreme weather events. This chronic risk has a direct relationship with acute risks e.g. global warming will make extreme weather events more prevalent. This means that we are expecting an increase in wildfires compared to our empirical data sets.
- 23. In the first three months of 2025/26 we saw the levels of wildfire rise significantly in Cumbria from 1 in 2024/25 to 17 in the current year.
- 24. Proactively in response to the number of wildfire incidents, Cumbria Fire & Rescue Service engaged in a number of media opportunities to share key safety information, advice and guidance on how to prevent wildfires and what to do if you encounter

one. This included interviews with ITV, BBC and Greatest Hits Radio, as well as providing comments to Newsquest Cumbria and Cumbria Crack

- 25. As well as wildfires, in the first few months of the year we did see a spark in deliberate fires. Targeted activity to combat this was delivered in those identified areas in partnership with other agencies.
- 26. Over the Christmas period the Service has been proactive in delivering community safety messages targeted at a range of issues that occur at this time of year including flooding, drink driving, candles and a range of specific Christmas safety messages. These messages have been viewed more than one hundred thousand times and have contributed to keeping the people of Cumbria safe.
- 27. We have seen no significant variations in incident volumes over the last three months and response times and availability remains at a level we would expect thanks to effective staff engagement.

Accidental dwelling fires

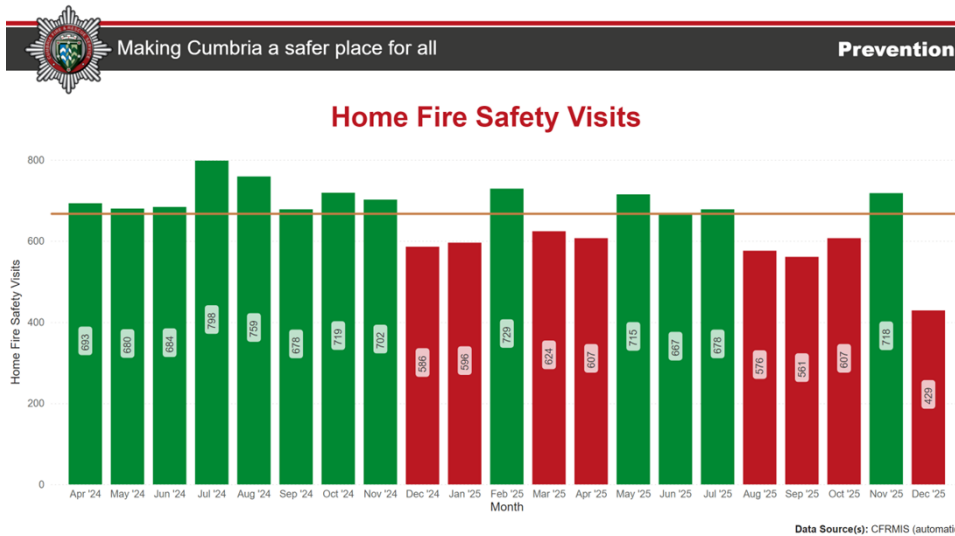
- 28. Despite the overall increase, we have seen a promising decrease of 7.3% in accidental primary dwelling fires.
- 29. The chart below highlights the number of accidental primary dwelling fires.



Home Fire Safety Visits

- 30. The primary activity of the prevention team is to deliver Home Fire Safety Visits targeted at the most vulnerable households in Cumbria. We have set a target of 8000 visits annually which if achieved would place us in the top 10 best performing services nationally. In the last nine months we are below target having delivered 5,545.

- 31. As previously mentioned, it is vital that our visits are delivered to vulnerable individuals. Using the Home Office definition, we know that 70% of our visits meet these criteria, of being either elderly or disabled. The remainder of our visits are referrals from partner agencies where despite not meeting the home office definition we would still consider the individuals to be high risk. For example, they may have drug or alcohol dependency issues or other factors which increase their fire risk.
- 32. The following chart highlights the number of HFSV conducted.



- 33. The reduction is primarily driven by long term sickness in the department. A Plan is now in place to make up the target by using on-call teams in rural areas as well as on-call support crew managers and giving them lists of high risk referrals.

Domestic false alarms

- 34. Whilst we do not have a target, we do monitor how many false alarms we have attended in domestic properties. Currently this running at 21.6%, a slight reduction on the previous year's 22.3%.

Other incident types

- 35. At the beginning of the year, the Service did monitor several other incident types, those being Road Traffic Collisions, Water Rescues and Non-Fire incidents. With regard to Water Rescues and Non-Fire incidents no targets were set. Over the last comparable period we have seen a 3% reduction in the number of water rescues and a small 2% increase in non-fire incidents.

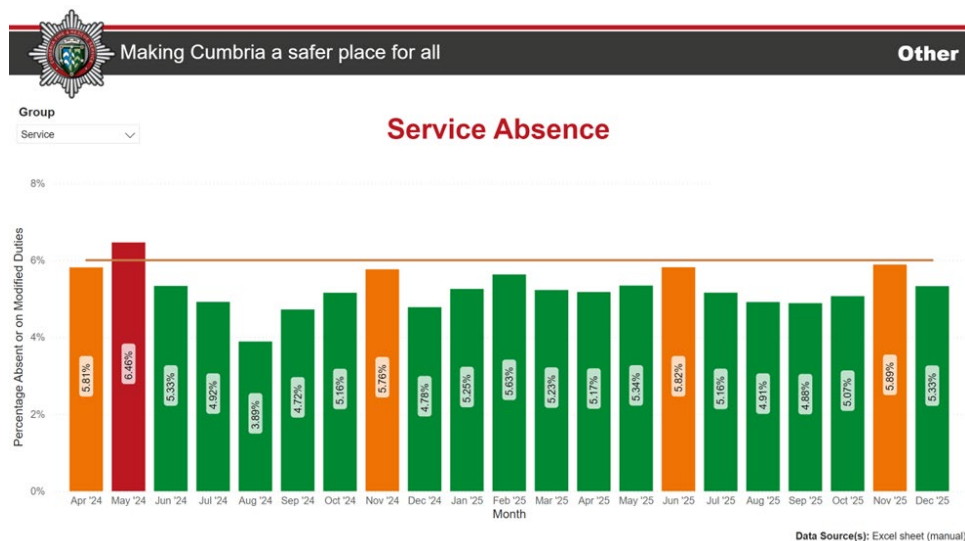
Road Traffic Collisions (RTC)

- 36. Partway through the year a decision was taken to look at RTC data in a different way. Essentially the fire service only looks at a snapshot of data, those that they attend, rather than the complete data set. To enable more informed decisions to be taken a quarterly report is now developed using the more robust constabulary data and shared throughout the Service.

People

Service Absence

37. Throughout the Service, the wellbeing of staff is paramount to the delivery of a first-class service to the people of Cumbria. To that end, we constantly monitor absence levels across the organisation against a target of 6%. Over the last nine months, sickness levels for the Wholetime, On-Call and Corporate staff have run at 6.9%, 4.1% and 4.0% respectively. The chart below illustrates the combined monthly sickness levels. Serious absence cases are discussed at the Fire Exec Board.



Issues for Consideration

38. Within the Service, Performance is not considered in isolation. Every month the latest information is made available to SLT via a performance dashboard, and the Head of Planning and Improvement reviews the underlying data. If there are any emerging trends or anomalies that need to be addressed, then action can be taken. Detailed performance scorecards are also discussed quarterly at the Service Improvement Board. These scorecards are currently being reviewed to ensure they reflect areas the Service consider important and are not just a reflection of the demands of HMICFRS.
39. The Service recognises the value of preventative work in the community to reduce the risk of fire and the subsequent impact on communities. Ensuring responsibility for delivering interventions is held at a local level and intelligence led ensures that we are operating in an effective and efficient manner

The next twelve months

40. Recently the National Fire Chiefs Council (NFCC) have issued guidance to all Services about the required level of data accuracy that should be achieved on pertinent systems. Anything less than 90% will require immediate action. The quality of data on systems impacts on the quality of performance information and so we will be taking this forward as a matter of urgency.

41. The next HMICFRS inspection of the Service will begin in January 2027. Due to the significant amount of preparation needed, in reality judgements will be made based on our performance over the next six – nine months.

Conclusion

42. Performance data is a valuable tool in helping to shape service delivery within Cumbria and inform areas for improvement. Service performance when considered holistically and when compared to other services is in a good place, and in those areas where an intervention has been required, action has been identified and progressed, which in turn ensures an improved service to the people of Cumbria.

Financial Implications

43. There are no financial implications associated with this report.

Legal Implications

44. There are no legal implications arising from this report.

Risk Implications

45. There are no risk implications associated with this report.

HR and Equality Implications

46. There are no human resources or equality implications arising from this report.

Procurement Implications

47. There are no procurement implications associated with this report.

DDaT Implications

48. There are no DDaT implications associated with this report.

Thematic	Measure	Baseline 2024/25	Current FY Apr-Dec	Previous FY Apr-Dec	Local Target	Change	Direction of Travel	Comparison to other FRS	Additional Commentary
Response	The service average response time (All fires)	09:54:00	09:48:00	09:55:00	10 Minutes	- 00:07:00	↓	Currently performs in line with other predominately rural services	
	The on-call average response time (All fires)	12:39:00	13:12:00	12:33:00	15 Minutes	00:39:00	↑		
	Service availability.	78.5%	78.7%	77.4%	90%	1.3%	↔	Latest performance would put us mid quartile nationally	
	On-call availability	73.1%	74.4%	71.7%	No Target Set	2.7%	↑	The latest data would place us in the top ten services nationally	
Protection	Number of high-risk audits delivered						↓	No Comparison available	Currently an IT issue means this indicator is not available. Work is ongoing to resolve this as soon as possible.
	Percentage of commercial false alarm	9.6%	6.7%	10.0%	10%	-3.3%	↓	The Services performance is significantly better than the national average	Targeted activity with repeat offenders has contributed towards this improvement in performance
	Total number of commercial fires	124	131	101	120	29.7%	↑		Detailed analysis of a high level of incidents earlier in the year did not highlight any trends that as a Service we could address. We continue to work with business to address local issues
	Total Percent of building regulations consultations completed on time	95.7%	95.0%	94.6%	95.0%	0.4%	↔	We continue to deliver excellent performance in this area comparable with some of the best performing services in the country	
	Total Percent of licensing regulations completed on time	96.4%	100.0%	92.9%	95.0%	7.1%	↑		
Prevention	Total number of fires	1133	1130	835	1,102	35.3%	↑	If the current level of fires is maintained then the Service will finish the year above the national average.	The dry weather at the beginning of the year and subsequent rise in fires in the open has contributed towards our performance. Good performance in Q3, has allowed the Service to reduce the overall year on year increase from 48% (Q2) to the current figure
	Total number of accidental primary dwelling fires	209	139	150	146	-7.3%	↓	This result places us in line with average performance nationally.	
	Total number of fire related casualties and fatalities	26	17	22	No Target Set	-29.4%	↓		
	Total number of Home Fire Safety Visits	8,247	5,545	6,287	8000	-11.8%	↓		Staff absence in the department is responsible for the decline in performance. A plan is in place to reduce the backlog of visits
	Percentage of targeted Home Fire Safety Visits (Vulnerable People)	73.0%	70.0%	74.0%	No Target Set	-4.0%	↓	The Service works with a wide range of vulnerable people, some of whom do not meet the Home Office definition, and so direct comparisons are not available.	The Service works with partners to ensure referrals from other agencies are of the highest quality
	Percentage of dwelling false alarms (attended)	21.8%	21.6%	22.3%	No Target Set	-0.7%	↓	The level of false alarms continues to be below the national average	
	Total number of water rescues	35	32	33	No Target Set	-3.0%	↓		
	Total number of non-fire incidents	1,732	1,313	1,289	No Target Set	2%	↑	The current level of incidents would place Cumbria in line with national expectations	
Thematic	Measure	Baseline 2024/25	Current FY Apr-Dec	Previous FY Apr-Dec	Local Target	Change	Direction of Travel	Comparison to other FRS	Additional Commentary to explain performance
Service Absence	Level of service absence - Wholetime	6.7%	6.9%	6.3%	6.0%	0.6%	↑	Comparator data not available due to different methodologies being used across Services	In Dec 2025, we have achieved our target for Grey book wholetime staff. Whilst this is not yet reflected in the YTD figures it has contributed to a better performance when compared to Q2. This has been achieved through the proactive handling of long term absence cases.
	Level of service absence – On call	4.6%	4.1%	4.8%	6.0%	-0.7%	↓		
	Level of service absence - Greenbook	3.5%	4.0%	3.2%	6.0%	0.8%	↑		



Public Accountability Conference

Meeting Date: Thursday 12th February 2026

Agenda Item: 9

Report of: Area Manager Jennie Schamp

Fire Cadets Update

Purpose of Report

1. To provide an overview of Cumbria Fire and Rescue Service's (CFRS) current Fire Cadets programme at Workington and outline the Service's plans to establish new units in Barrow, Carlisle, Millom and Whitehaven in March 2026.

Recommendation

2. That the Commissioner:
 - (a) notes the content of the report and supports the establishment of the new units which accords with the priorities set out in the CFRS Community Risk Management Plan (CRMP) 2024-28, and the Police, Fire and Crime Plan (PFCP) 2025-29.

Background

3. Fire Cadets is a national uniformed youth organisation supported by the National Fire Chiefs Council (NFCC) and delivered by individual fire and rescue services (FRS) across the UK. The provision is reflective of the Core Code of Ethics and the Firefighter as a positive role model within society.

4. The programme aims to inspire, empower and improve the life chances of young people by providing a safe, inclusive environment that encourages personal development, community engagement and contributes to safer, stronger communities.
5. The Workington Fire Cadet Unit, which has successfully operated for over 10 years, currently has 13 cadets engaging in weekly drills, community events and safety education, while working towards Level 1 and 2 national Fire cadet qualifications.
6. CFRS has a well-defined plan to significantly expand the programme, launching new units in Barrow, Carlisle, Millom, and Whitehaven in March 2026. This targeted expansion, aimed at supporting disadvantaged and deprived areas, is underpinned by £62K of national Uniformed Youth Fund investment secured through the NFCC.
7. The project aligns with our duty to prevent serious violence and the PFCP priorities by providing visible and accessible services to strengthen links and improve community cohesion, while protecting vulnerable children and young people by creating positive role models, reducing anti-social behaviour and improving community resilience.
8. Additionally, it supports CFRS's strategic priorities across Prevention, Protection, People and our work with partnerships by equipping young people to become safety ambassadors within their communities and providing a potential pathway into the Fire and Rescue Service.

Information

Current Delivery

9. Workington Fire Cadet Unit aligns to the national Fire Cadet syllabus which aims to develop essential life skills, confidence, teamwork and a sense of citizenship, while building awareness of fire and community safety; this is done through structured drills, teamwork, problem solving and leadership opportunities. While fire and rescue skills play a large role, the focus is also on empowering young people to understand themselves, contribute positively to their communities and prepare for future education, volunteering or employment.
10. 13 cadets currently attend sessions where they learn hose running, ladder drills and basic firefighting techniques alongside fire, road and water safety education. These sessions are facilitated by Adult Cadet Volunteer Instructors (ACVI), made up of serving firefighters volunteering in their spare time and external volunteers, all of whom receive training in Level 1 safeguarding and first aid and will hold Children and Young People (CYP) Level 2 accreditation by the Summer of 2026.
11. Cadets visit operational fire stations and work with on duty crews while also participating in local charity and community events such as fundraising bag packs, charity car

washes, station open days, local carnivals and sponsored walks. Regional and national opportunities exist to represent the community at Youth Voice events in West Cumbria and through the NFCC Fire Cadets youth participation forum.

12. Skills confidence and self-esteem are developed through the cadet mentoring scheme, with cadets supporting firefighters with session delivery, preparing them for future education, volunteering or employment. Previous Workington cadets have progressed to become ACVIs, on call firefighters, police officers, prison officers, carers and joined the Forces.

Expansion Plans and Funding

13. The service uses risk profiles — aligned to the CRMP — historical data, and seasonal trends to identify areas of significant risk in the county; this includes communities in Cumbria which fall within the 10% most deprived areas in the country. The NFCC investment funding is targeted for the Index of Multiple Deprivation (IMD) and, alongside the availability and enthusiasm of volunteers, is why the new unit placements were chosen at Barrow, Carlisle, Millom and Whitehaven. All new units will launch in the first week of March.
14. CFRS's £62,000 share of the Uniformed Youth Fund supports reinvigoration of Workington and creation of the 4 new units through recruitment of lead volunteers, procurement of Cadet uniform, fire kit and firefighting equipment, and delivery of accredited training such as the NFCC Level 2 Introduction to Working with Children and Young People, First Aid training and Safeguarding training. It also enhances digital resources via the StayWise education platform and strengthens partnerships like the Fire Angel Leadership Foundation Programme, which empowers female cadets to become future leaders.
15. While this funding provides a strong foundation for expansion, resource challenges remain. These include sustaining volunteer capacity, ensuring adequate instructor coverage across multiple locations, and securing ongoing revenue for equipment replacement and programme delivery beyond the initial grant period. CFRS is actively exploring collaborative funding streams, sponsorship opportunities, and local partnerships to maintain programme quality, resilience and sustainability.

Promotion and Recruitment

16. The Fire Cadets programme is promoted through a coordinated and targeted approach designed to reach young people, parents, schools, and wider community partners. Promotion focuses on raising awareness of the opportunities available within the programme, highlighting the personal development, skills, and community benefits that Fire Cadets offer.

17. To maximise reach and engagement, a blend of communications channels have been used. Digital platforms, particularly social media, play a significant role by enabling the Service to share engaging content such as short videos, cadet stories, event highlights, and recruitment messages tailored to the interests of young people aged 13–17.
18. Schools and educational partners remain a highly effective route, with assemblies, information packs, and direct engagement from staff helping to highlight the programme's value to students and parents. In addition, community events, open days, and partnerships with youth organisations provide direct, face-to-face engagement, allowing potential cadets and their families to speak with instructors and current cadets, ask questions, and build confidence in joining the programme.
19. The effectiveness of promotional activity is measured through several methods: Engagement analytics, including social media reach, interaction rates, and click-throughs to registration pages, provide insight into the impact of digital communications; registration and expression-of-interest data help assess how many enquiries and sign-ups are driven by specific promotional campaigns or events; feedback from schools, youth partners, volunteers, and cadets also contributes to understanding which approaches resonate most and where improvements can be made.
20. Additionally, tracking the demographics and geographical spread of applicants helps ensure that promotional efforts are inclusive and reaching the intended communities. Together, these measures ensure the programme continually refines and strengthens its promotional strategy to attract a diverse and engaged cohort of young people, whilst also supporting CYP's with SEND.
21. The Cumbria Fire Cadet programme continues to demonstrate a strong commitment to inclusivity by ensuring that participation is entirely free of charge for all young people. The offer is designed so that no financial barrier prevents engagement, enabling equitable access across Cumbria's diverse communities. All Cadet term-time activities, including training sessions, visits, and programme resources, are fully funded through the scheme. In addition, every Cadet is provided with a complete uniform at no cost to the young person or their family. This approach ensures that participation is based solely on interest, motivation and personal development, supporting wider PFCC priorities around fairness, opportunity and reducing inequality.

Partnerships

22. CFRS is working closely with schools to encourage active participation in the Fire Cadets programme through dedicated school partnerships with schools such as William Howard School in Carlisle. These partnerships have been supported by on call support officers providing meaningful educational experiences for students and off-site visits to fire stations. Wider engagement across the Cumbria Education Trust includes Workington

Academy, Whitehaven Academy and Ullswater Community College, embedding youth engagement and fire safety messaging.

23. Fire Cadet activities are integrated with the school curriculum by aligning activities with Personal Development and Citizenship objectives, supporting schools in meeting their educational outcomes. Schools are also involved in joint initiatives such as safety campaigns, charity events and local volunteering, reinforcing the value of community engagement.

Safeguarding

24. Safeguarding the welfare of young people and volunteers is a core duty of the Cumbria Fire Cadets Programme. In line with national guidance from the UK Fire Cadets (UKFC) and the NFCC, the programme ensures that all activities are delivered safely, responsibly, and in compliance with relevant safeguarding legislation and NFCC Safeguarding Standards .
25. Alongside safeguarding policies, risk assessments, training and operating procedures, all adults involved in supporting the programme undergo appropriate vetting, including enhanced Disclosure and Barring Service (DBS) checks, and recruitment follows safer-recruitment standards to ensure only suitable individuals are appointed to work with young people.

Retention

26. CFRS is committed to keeping Fire Cadets engaged and motivated throughout their time in the programme; to achieve this, a range of strategies have been introduced, designed to prevent early drop-out and ensure every cadet feels valued and supported.
27. Clear and timely communication is provided through channels preferred by cadets, including weekly in person briefings (at unit drill evenings), WhatsApp, email, and social media, so they never miss important updates. The sessions are designed to be varied and practical, with hands-on drills, leadership challenges, and community projects that keep learning exciting and relevant.
28. Cadets are recognised for their achievements through awards, certificates, and leadership opportunities, giving them a sense of progression and pride. Flexible scheduling is offered to fit around school and family commitments and provide support for transport where needed.
29. Inclusivity is at the heart of our approach, with accessible session design, tailored support for cadets with SEND or other barriers and free uniform and equipment, thus ensuring everyone feels welcome and able to succeed. We highlight clear pathways into

volunteering, accredited training, and future careers within the fire and rescue sector, so cadets can see the long-term benefits of staying involved.

30. Each unit actively listens to its cadets through regular feedback surveys and voice forums, anonymous feedback tools and instructor debriefs. Instructors use their ideas to shape the programme and make continuous improvements ensuring that Fire Cadets remains a positive, rewarding experience that inspires young people to stay and thrive.

Performance Management and Long-Term Impact

31. A robust performance management framework, using both quantitative and qualitative metrics, is used to evaluate the effectiveness of the Fire cadets programme, this includes diversity data, retention rates of cadets and volunteers, qualifications attained, skills development and impact on local communities.
32. Data is collected through attendance records, skills assessments, feedback surveys, leavers interviews and community engagement reports. The Impactasaurus evaluation framework used on the NFCC Prevention award-winning Developing Resilience Programme will be used alongside the My Evaluation Tool, and direct feedback from cadet One on One meetings will enable regular reviews and continuous improvement through the programme.
33. To ensure the Fire Cadets programme delivers meaningful and lasting benefits for both participants and the wider community, the Service will adopt a structured approach to evaluating long-term impact. This will involve tracking participant progression over time, including improvements in confidence, resilience, teamwork, leadership skills, and aspiration. Follow-up surveys, reflective assessments, and feedback from cadets, parents, and volunteers will help measure how effectively the programme supports personal development beyond the duration of attendance.
34. Broader community impact will be evaluated by monitoring indicators such as increased engagement in positive community activities, enhanced understanding of fire and personal safety, reductions in anti-social behaviour data and strengthened relationships between the Fire and Rescue Service and vulnerable communities. Collaboration with schools, youth organisations, Local Resilience Form (LRF) and local partners will provide additional insight into behavioural, educational, and social outcomes associated with participation.
35. The positive impact of the Workington programme can already be seen through the involvement from March of 6 previous cadets as ACVIs in the Workington and Whitehaven units.

Conclusion

36. Early interventions with targeted young people have an extremely positive impact on the life choices of many young people at home, school and amongst their peers by providing specialist creative opportunities to promote positive citizenship and behavioural change.
37. The service aims to emulate the success of the Workington Fire cadet programme at Barrow, Carlisle East, Millom and Whitehaven, improving outcomes for young people, building social cohesion and meeting our strategic priorities through reducing service demand and creating safer communities.

Financial Implications

38. While the initial funding from the NFCC Uniformed Youth Fund provides a strong foundation for expansion, resource challenges remain for securing ongoing revenue for equipment replacement and programme delivery beyond the initial grant period. CFRS is actively exploring collaborative funding streams, sponsorship opportunities, and local partnerships to maintain programme quality, resilience and sustainability.

Legal Implications

39. There are no legal implications associated with this report.

Risk Implications

40. There are no risk implications associated with this report.

HR and Equality Implications

41. Challenges will be ongoing around sustaining volunteer capacity and ensuring adequate instructor coverage across multiple locations.

Procurement Implications

42. There are no procurement implications associated with this report.

DDaT Implications

43. There are no DDaT implications associated with this report.