

**Enquiries to: Mrs P Zutic**  
**Telephone: 01768 217734 (op2)**

**Our reference: PZ**

**Date 06 February 2025**

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

The Police and Crime Commissioner's Public Accountability Conference will take place on  
**Thursday 13<sup>th</sup> February 2025, at 11:30.**

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  
Paula Zutic on [paula.zutic@cumbria.police.uk](mailto:paula.zutic@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
Chief Finance Officer	- Mr Steven Tickner
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 20<sup>th</sup> January 2025.

### **6. FINANCIAL SUMMARY 2024/25 – QUARTER 3 TO DECEMBER 2024**

To receive and note the quarter three financial summary which incorporates the CCFRA revenue budget and capital monitoring report for the period up to 31 December 2024.

### **7. TREASURY MANAGEMENT ACTIVITIES 2024/25 QUARTER 3 (OCTOBER TO DECEMBER 2024)**

To receive & note the CCFRA Treasury Management Activities 2024/25 Report – Quarter 3 to December 2024.

**8. DECISION PAPERS – CAPITAL STRATEGY 2025/26**

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

**A) CAPITAL STRATEGY 2025/26 (inclusive of prudential indicators 2025/26 to 2029/30.**

**B) CAPITAL PROGRAMME 2025/26 TO 2034/35.**

**C) TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26 (inclusive of Investment Strategy, Borrowing Strategy, MRP Statement).**

**9. DECISION PAPER - BUDGET AND MEDIUM-TERM FINANCIAL FORECAST 2025/2026 to 2029/2030.** To receive, note and approve the Budget and Medium-Term Financial Forecast reports:

**A) BUDGET 2025/26 AND FINANCIAL FORECASTS 2026/27 TO 2029/30 (including Reserves Strategy and Local Government Act 2023 Requirements Report).**

**B) CHARGING REPORT 2025/26.**

# Fire Public Accountability Conference

## OPEN ACTION LOG



Date of meeting	Action Number	Minute Number / Topic	Action to be taken	Lead Person/s	Report back to Board	Update	Review Date	Date Action Closed
13/01/2025	006	Performance	The proposed stretch target of 6% for sickness absence to be discussed further at Executive Board Fire	Head of Safety & Assurance	Yes	Discussed at EBF on Friday 7th February. Once the Service has undertaken the work to determine the sickness absence target, this will be brought back to EBF in April.		
13/01/2025	006	Performance	The Chief Fire Officer and OPFCC Communications & Policy Manager to discuss pro-active work and local campaigns that can be developed to support prevention	Chief Fire Officer	Yes			
13/01/2025	007	People Strategy	An objective to be included in the Chief Fire Officers appraisal in respect of culture	Chief Executive	Yes	This will be carried out		
13/01/2025	007	People Strategy	The Service to undertake specific comms to raise the profile of equality across the Service					
13/01/2025	007	People Strategy	Workforce Plan to be captured at Executive Board Fire	Chief Executive	Yes	The Workforce Plan is under development and will be shared with EBF around September 2025		
13/01/2025	007	People Strategy	Measureables in the People Strategy are to be turned into SMART objectives	Head of Safety & Assurance		The People Strategy has been approved. An action plan is underdevelopment and will be finalised following the HMICFRS inspection to take into account any feedback received from the Inspectorate		



NOT PROTECTIVELY MARKED



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

Minutes of the Public Accountability Conference held on  
Monday 20<sup>th</sup> January 2025  
In the Community Room, FRS HQ

**PRESENT**

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

**Also present:**

OPFCC Chief Executive (Gill Shearer);  
Chief Finance Officer (Steven Tickner);  
Chief Fire Officer (Paul Hancock);  
CFRS T/Assistant Chief Fire Officer (Ian Seel);  
CFRS Area Manager (Dave Love);  
CFRS Head of Safety & Assurance (Mark Clement);  
Bluelight Collaboration Manager (Steph Stables);  
OPFCC Communications & Policy Manager (Matthew Suddart);  
OPFCC Administration Officer (Louisa Curran);  
OPFCC Executive Support Officer (Paula Zutic) - taking minutes

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

**001. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**002. QUESTIONS FROM MEMBERS OF THE PUBLIC**

No questions had been received in advance of the meeting from any members of the public

**003. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC**

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

**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 25<sup>th</sup> October 2024 which had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.

An amendment to the minutes was made (2nd paragraph) CHERMIS was changed to CFERMIS.

There were no outstanding actions to be discussed.

**RESOLVED,** that, the

- (i) Minutes of the CFRS Public Accountability Conference held on the 25<sup>th</sup> October 2024 be confirmed as a correct record and signed by the Chair;

## **006. PERFORMANCE WITH A THEMATIC ON ACCIDENTAL PRIMARY DWELLING FIRES**

The presentation was given by the CFRS Head of Safety & Assurance (MC).

The quarterly performance presentation covers three key areas:-

- Service KPIs
- Numerical Comparisons
- Accidental Primary Dwelling Fires

The 12 month average response time is 9 minutes 50 seconds, against a target of 10 minutes.

The average on-call response time is 12 minutes 29 seconds, all below target.  
The availability average for on-call is 70%.

Work is on-going with North West Fire Control in relation to commercial false alarms, to challenge the process and work with repeat offenders (for false alarms).

More changes to practice to reduce the level of commercial fires mirrors the national trend. On-going work around protection has also had an effect.

Building Regulations is showing 94.9% completed on time. It is outside the control of CFRS when these come in.



The December figures for All Fires is below target and follows the national trend. A spike in May / June 2024 was due to ASB in Barrow and correlates to ASB hotspot work by Police.

The total number of Home Fire Safety Visits so far for 2024/25 is 6,287 and well within the annual target.

Although slightly below target for December, this was largely due to Annual Leave and an emerging staffing issue within the Team. The Lead Officer is aware and putting in place a plan to resolve the issue. Impact likely to be seen towards the end of the year and CFRS are still confident of hitting the end of year target which is anticipated to be reached by the end of March 2025.

Current targeted home fire safety visit figures are based on Home Office definition. All of CFRS visits are high risk visits from the CFRMIS system. Other reasons for high risk might be Addiction, Mental Health, referrals from other agencies.

Road Traffic Collisions (RTCs) has seen an increase over the last few months. There are no emerging hotspots or trends. CFRS work closely with Cumbria Constabulary and also attend Road Safety Partnership meetings. This is being monitored closely to see if the trend continues.

Water Rescues are low numbers and fluctuate on a month by month basis.

Non-fire incidents include call outs by other agencies – for example to assist with bariatric rescues etc.

Community engagements cover a wide range of areas such as Youth Programmes, Schools, Hot Strikes, Public Reassurance, Engaging with Diverse Communities.

Service absence has improved since June 2024. In order to maintain performance CFRS has embedded a revised Sickness Management Process following leaving the County Council with a particular Focus of HR and pro-active management of cases.

**ACTION:**

- The proposed stretch target of 6% for sickness absence to be discussed further at Executive Board Fire.

CFRS is ranked fifth out of its most similar group (MSG) for service availability.

There has been a rise in Accidental Primary Dwelling Fires, and this area has been above target since April. A piece of work is currently being done to carry out a deep dive to discover any reasons or trends for this.



It was noted that:-

- CFRS Figures significantly better than the national average
- CFRS Figures better than other rural services average
- CFRS Rated 4<sup>th</sup> out of all predominately rural services in the UK

Most Similar Services are: Cambridgeshire; Cornwall; Devon and Somerset; Durham; Isles of Scilly; Lincolnshire; Norfolk; North Yorks; Northumberland; Oxfordshire; Shropshire; and Suffolk.

Cumbria is 7<sup>th</sup> for Home Fire Safety Visits and is amongst the best performers in the country.

**ACTION:**

(PH) and (MS) to discuss pro-active work and local campaigns that can be developed to support prevention.

Following a discussion, the report was noted.

**RESOLVED,** that

- (i) The report be noted;

## **007. PEOPLE STRATEGY**

The presentation was given by T/Assistant Chief Fire Office (IS).

The T/Assistant Chief Fire Officer has picked up the HR People and Talent portfolio and it is proposed that the Head of People is not replaced. Some gaps have been identified and an understanding of requirements going forward.

The vision is set out below, and aligns with the Commissioners Police, Fire and Crime Plan.

*'The People Strategy aims to ensure that Cumbria Fire and Rescue Service (CFRS) attracts, retains, and develops a motivated, diverse and well-equipped workforce to effectively serve the community'.*





Six key strategic objectives detail how the vision will be delivered.

- **Key Objective 1 – Right People, Right Roles**  
*Ensure the right people are in the right posts at the right time to delivery high quality services to the community*
- **Key Objective 2 – Inclusive Culture**  
*Promote a positive, inclusive culture where employees embody the service's values and contribute to making CFRS a great place to work*
- **Key Objective 3 – Employee Offer and Support**  
*Continuously review the employee offer, ensuring staff feel supported and valued.*
- **Key Objective 4 – Fair Access to Opportunity**  
*Ensure CFRS is an inclusive organisation with fair and equal access to opportunities for all employees*
- **Key Objective 5 – Maximising Health and Wellbeing**  
*Maximise the health and wellbeing of our staff to ensure they are fit and able to perform their roles effectively.*
- **Key Objective 6 – Skills, Tools and Leadership Development**  
*Equip employees with the right skills, tools and guidance to perform high standards, fostering accountability, compassion and trust.*

**Consultation Process** – the service regularly consults staff through:

- **Surveys and Focus Groups** – gathering input from all levels of the workforce to inform decisions and strategy
- **Employee Networks and Trade Unions** – ensuring staff concerns and suggestions are integrated into the People Strategy
- **Culture and Values Board** – providing a platform for employees to contribute to sharing the organisational culture

**Key Priorities Informed by Staff:**

- **Mental Health Support** – enhanced mental health resources and open communication
- **Leadership Training** – increased focus on leadership development and accessibility
- **Diversity & Inclusion** – Prioritising diversity in recruitment and career development



KPIs provide a way to measure outcomes and strategy impact, while feedback loops evaluate the impact of the People Strategy through performance reviews and employee feedback.

Flexibility and adaption ensures the strategy is adaptable to changing needs and external factors (such as legislative changes and workforce dynamics).

### **Confidential Ways to Raise Concerns**

- CFRS commissioned Crimestoppers to provide an anonymous whistleblowing process. Information was communicated via: Corporate Updates, Service Magazine and Posters at each Station
- Concerns raised anonymously are shared with two HR members to assess and take appropriate action

### **Workforce Complaints Policy Launched**

- Replaced the previous Grievance and Bullying and Harassment policies with a new Workforce Complaints Policy. Posters at stations display various ways staff can raise concerns.

### **Support for Those Raising Concerns**

- Self-referral to Occupational Health for counselling, and links to external charities such as Min5, Samaritans and Calm.
- Welfare Officers are assigned to individuals raising complaints or involved in complaints. A Welfare Officer Guidance Document is now live.
- Corporate Tools including stress risk assessment, wellness action plans and step by step workbook for stress management are available
- Provisions reviewed and updated, with new information available on CFRS's external website.

### **Accessible Information on Complaints**

- Staff are reminded regularly about complaint procedures and whistleblowing through emails, staff magazine and the SharePoint site.
- Members of the public can find information on how to make complaints on CFRS external webpages

### **DBS Checks**

- CFRS has implemented the national DBS check guidelines
- Completed amnesty period with a high percentage of returns. Weekly reports on progress were sent to SLT, and a risk assessment process for positive disclosure is in place. The Ethics and Integrity Panel provided positive feedback on the risk assessment processes.



### **Complaint and Grievance Handling**

- CFRS has established processes to handle disciplinaries, grievances, complaints, disclosures and whistleblowing.
- The Community Scrutiny Panel provides scrutiny to ensure fairness and transparency in handling complaints.

### **Handling Allegations of Gross Misconduct**

- Guidance has been developed for senior leadership and HR teams to ensure misconduct is escalated appropriately.
- Reports are made to HMICFRS as required.

### **Investigation Support**

- The HR team ensures adequate support for ongoing investigations, including Welfare Officers, and signposting to Occupational Health
- The Community Scrutiny Panel have reviewed cases and provided positive feedback on the support offered during investigations

### **Leadership and Development Standards**

- CFRS has worked on an action plan to address the Leading the Service and Leading and Developing People standards.
- 360 feedback has been fully implemented for Senior Leaders. Expansion to all managers is planned.

### **Equality, Diversity and Inclusion**

- CFRS has reviewed its Equality Impact Assessments (EIAs) to meet NFCC standards
- Following a review of the EIA Process, the EDI Lead confirmed that the process met minimum standards

### **Succession Planning**

- CFRS is prioritising diversity in succession plans, offering accelerated promotion opportunities, and focusing on positive action recruitment
- Efforts are ongoing to enhance progression pathways for non-operational roles, and ensure equal opportunity

### **Core Code of Ethics**

- All staff have completed training on the Core Code of Ethics
- Plans are being progressed to bring the Code of Ethics to life with further interactive training



Various Boards provide governance and accountability and feed into the SLT.

The Community Scrutiny Panel will receive a report in February that looks at:

- The top 5 causes of absence and how the service was supporting or mitigating them
- Average absence figures including any targets which are set by the service.
- Age and gender – these may also assist in mapping attrition for the service.
- Details of support provision, changes to policy or procedures
- Details of the implementation of the Mental Health App & what the service is doing to support staff and links to OHU SLA.

**ACTION:**

- An objective to be included in the Chief Fire Officer's appraisal in respect of culture.
- Specific comms to be undertaken to raise the profile of equality across the Service.

HMICFRS AFIs have been submitted and various policies have been reviewed. The Commissioner was re-assured that CFRS is in a healthy place.

Lack of a Workforce Plan is a gap, the L&D plan doesn't cover this. This will be captured & taken through Exec Board Fire. Measurables are to be turned into SMART objectives.

**ACTION:**

- The Workforce Plan to be captured at Executive Board Fire.
- Measurables within the People Strategy are to be turned into SMART objectives.

Following a discussion, the report was noted.

**RESOLVED,** that

- (i) The report be noted;

## **008. WORKFORCE PLANNING**

The presentation was given by Area Manager (AL).

The graphic shows the governance documents, and the Police, Fire and Crime Plan sits above that.



The Workforce Plan and L&D Plan will be 90% operationally focussed. The Workforce Group enacts the work laid down in the Workforce Plan.

Attrition rates were discussed. There is an aim to train 40 firefighters by the end of 2025/26.

Following a discussion, the report was noted.

**RESOLVED,** that

- (i) The report be noted;

The Commissioner acknowledged that a lot of work has been done in a short time and asked that his thanks be passed on to the staff.

**Meeting concluded at 14:30**

Signed: \_\_\_\_\_ Date: \_\_\_\_\_



# Cumbria Commissioner Fire and Rescue Authority

## Public Accountability Conference

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA) 2024/25 Financial Summary as at 31 December 2024</b>
---------------	--

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>6</b>

### **Executive Summary:**

The attached report provides the financial position for quarter 3 2024/25 and forecast outturn position for the full year.

### **Recommendations:**

The Commissioner is **RECOMMENDED** to:

- Note the quarter 3 2024/25 position

## Summary Position

### Fire Service Revenue Budget

<b>Budget</b>	<b>£27.824m</b>
<b>Forecast Net Expenditure</b>	<b>£28.311m</b>
<b>Forecast Overspend</b>	<b>£487k (1.75%)</b>
Increased Expenditure	£1.054m (3.18%)
Increased Income	-£482k (94.07%)
See pages 2-6	

### Fire Service Capital Budget

<b>Budget</b>	<b>£3.145m</b>
<i>Proposed Revised Budget</i>	<i>£2.350m</i>
<b>Expenditure at Q3</b>	<b>£1.814m</b>
<b>Forecast Expenditure</b>	<b>£2.410m</b>
<b>Reprofiling to future years</b>	<b>£2.600m</b>
See page 7	

### Fire Treasury Management

Investment balance 31/12/24	£22.480m.
(Down 2% from £22.480m at 30/09/24).	
Investment Interest Forecast	£0.855m
Average interest rate earned	4.81%

**1.0 Cumbria Commissioner Fire & Rescue Authority – Revenue Budget 2024/25****Subjective Analysis (by expenditure type)**

	Revised Budget 2024/25 £'000	Forecast Outturn 2024/25 £'000	(Under) / Overspend 2024/25 £'000	(Under) / Overspend 2024/25 %
Employee Related Expenditure	21,917	22,698	781	3.56%
Premises Related Expenditure	2,150	2,153	3	0.15%
Transport Related Expenditure	934	1,097	163	17.46%
Supplies & Services	2,478	2,500	22	0.88%
Third Party Payments	962	963	1	0.13%
Service Level Agreements	1,361	1,520	159	11.68%
Capital Financing	3,340	3,265	(75)	(2.25%)
<b>Total Expenditure</b>	<b>33,142</b>	<b>34,196</b>	<b>1,054</b>	<b>3.18%</b>
<b>Total Income (excl Grants)</b>	<b>(512)</b>	<b>(994)</b>	<b>(482)</b>	<b>94.07%</b>
<b>Net Expenditure</b>	<b>32,629</b>	<b>33,201</b>	<b>572</b>	<b>1.75%</b>
<b>Total Specific Grants</b>	<b>(5,635)</b>	<b>(5,721)</b>	<b>(85)</b>	<b>1.51%</b>
<b>Total Net Expenditure</b>	<b>26,994</b>	<b>27,481</b>	<b>487</b>	<b>1.80%</b>
<b>Transfers to / (from) Reserves</b>	<b>830</b>	<b>830</b>	<b>0</b>	<b>0.00%</b>
<b>Net Budget Requirement</b>	<b>27,824</b>	<b>28,311</b>	<b>487</b>	<b>1.75%</b>

**Key Themes:**

- Employee Related Expenditure pressures relating to overspends due to being over establishment on wholetime firefighters and increased Overtime. This is partially offset by several short-term vacancies. Retained Firefighter Pay Changes that come into effect from 1 January 2025 have been factored in with an estimated pressure of **£120k** for Q4 included in this forecast. An additional pressure of **£219k** has arisen in relation to the Service funded injury pension. **£20k** of this is in relation to the IQMP and the remaining **£199k** overspend is an unforeseen pension cost that has emerged since Q2 that cannot be contained within the current overall budget.
- Transport Related Expenditure pressures relate to forecast overspends on fuel costs **£58k** and Vehicle Repairs & Maintenance **£89k**.
- Supplies and Services pressures relate to forecast overspends on historic insurance claims **£20k**, Postage, website, staff networks and general office supplies **£49k**, (where there is no allocated budget), LPPA Admin costs **£58k** and Laundry costs **£28k**, BT Wi-Fi **£13K**, off-set by savings on PPE **£100K**, Risk reduction items (**£39k**) due to a changed business model.
- Service Level Agreements with the Unitary Councils are forecast to overspend by **£159k** this is predominantly due to the higher than predicted costs related to Occupational Health and Apprenticeship service provision.



**Key Themes Continued:**

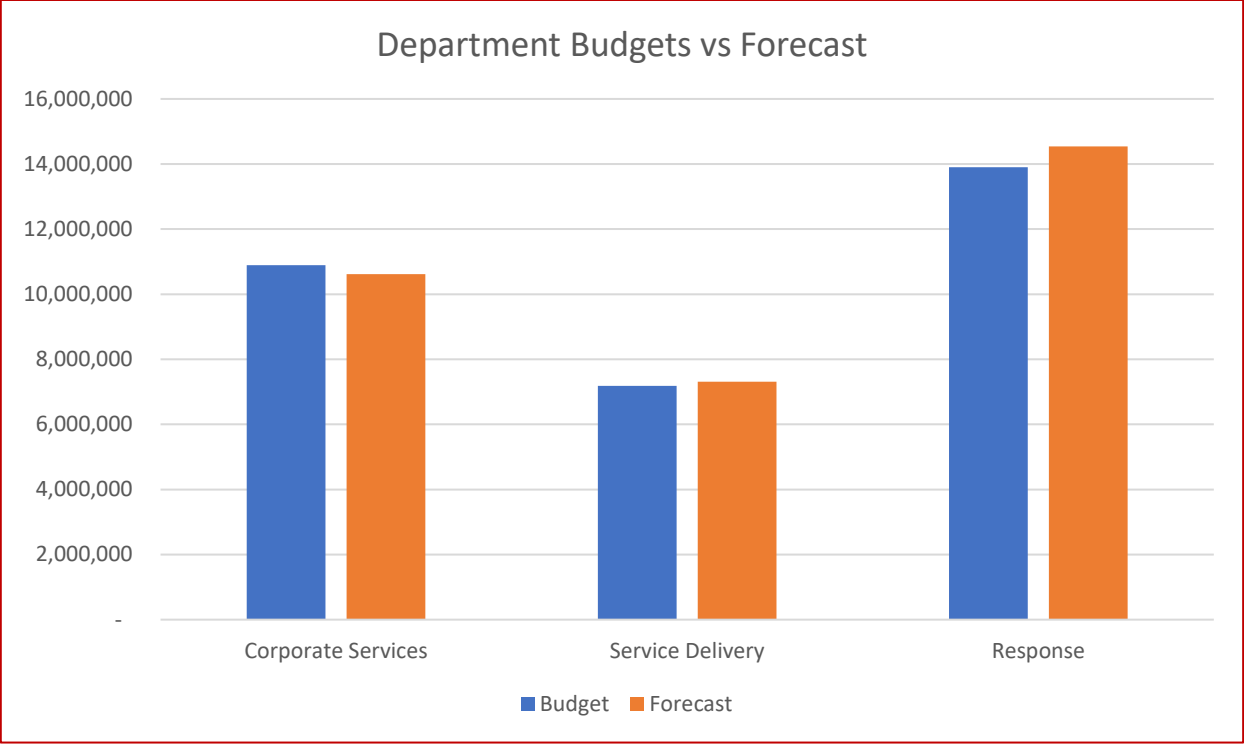
- Capital Financing underspend relates primarily to the recognition that borrowing costs will not be incurred (£57k).
- Income underspend relates to increased Treasury Income achieved following higher than expected cash balances, the receipt of an additional Grant income related to the Sargeant and Matthews pensions remedies and increased investment returns.

**Risks**

- The forecast overspend includes known pressures, however as service areas review business models and processes other pressures as yet unknown may emerge.
- At this point in time the forecast overspend would reduce the amount budgeted to be contributed to reserves in 2024/25.
- The Pay Award for Retained firefighters commencing in January 2025, has now been modelled and costed and results in an additional pressure of £120k for Q4.

**Objective Analysis (by Department)**

	Revised Budget 2024/25 £'000	Forecast Outturn 2024/25 £'000	(Under) / Overspend 2024/25 £'000	(Under) / Overspend 2024/25 %
Total Corporate Services	10,894	10,614	(280)	(2.57%)
Total Service Delivery	7,187	7,309	121	1.69%
Total Response	13,899	14,544	645	4.64%
<b>Total Expenditure</b>	<b>31,980</b>	<b>32,467</b>	<b>487</b>	<b>1.52%</b>
Total Specific Grants	(4,986)	(4,986)	0	(0.00%)
<b>Total Net Expenditure</b>	<b>26,994</b>	<b>27,481</b>	<b>487</b>	<b>1.80%</b>
Transfers to / (from) Reserves	830	830	0	0.00%
<b>Net Budget Requirement</b>	<b>27,824</b>	<b>28,311</b>	<b>487</b>	<b>1.75%</b>



### 3.0 Cumbria Commissioner Fire & Rescue Authority – Capital Budget 2024/25

2024/25 Capital Programme Forecast Outturn as at Quarter 3	Approved Capital Strategy 2024/25 £'000	Impact of 2023-24 Capital Outturn £'000	Approved Capital Changes 2024/25 £'000	Re-profile requests to 2025-26 £'000	Working Capital Budget 2024-25 £'000	2024-25 Capital Expenditure to Date £'000	Forecast Capital Outturn 2024/25 £'000	Variance (Under) / Overspend 2024/25 £'000	2024-25 Pending Changes £'000
Estates	1,065	(56)	0	803	206	171	296	90	0
Fleet	1,436	1,491	0	1,540	1,387	1,357	1,357	(30)	0
Equipment & PPE	210	270	0	80	400	249	388	(12)	0
ICT	434	100	0	178	356	38	369	13	0
<b>Total Expenditure</b>	<b>3,145</b>	<b>1,805</b>	<b>0</b>	<b>2,600</b>	<b>2,350</b>	<b>1,814</b>	<b>2,410</b>	<b>61</b>	<b>0</b>

At Q3, a large proportion of the Capital budget has been spent - this is due to payments being made for 2 x Turntable Ladders, 6 x Skoda Cars, works starting on the top 10 priority Estates projects and purchases of PPE equipment.

As per our 2023/24 Outturn Position, £1.805m was carried forward into 2024/25. At Q3, it is proposed to carry forward £2.600m into 2025/26, primarily due to the top 10 priority Estates Projects and various Fleet Projects including 4 x Type B Appliances and 5 x Mitsubishi L200 vehicles which are needing reprofiled into 2025/26. This will create a Revised Budget of £2.350m for 2024/25.

At Q3, the Forecast Outturn is projected to be £2.410m suggesting a £61k overspend at year end.

**Currently, Estates are projecting a £90k overspend which is due to remedial works at Lazonby Fire Station. We are expecting to receive proceeds from our insurers which will create a budget to offset this overspend. Fleet and Equipment & PPE are projecting an underspend of £30k and £12k respectively, whilst there is a projected overspend for ICT of £13k in respect of replacing the Station End Equipment batteries.**

**Exclusive of Estates, the Capital Outturn Position is forecast at £29k below budget.**



# Cumbria Commissioner Fire and Rescue Authority

## Public Accountability Conference

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA): Treasury Management Activities 2024/25 for the period 1 April 2024 to 31 December 2024</b>
---------------	---

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>7</b>

### Executive Summary:

The attached report provides the Treasury Management position for quarter 3 of 2024/25.

### Recommendations:

The Commissioner is **RECOMMENDED** to:

- Note the Treasury management performance for quarter 3 of 2024/25.

## 1.0 Summary Position



### Cash flow Balances

Quarter 3 average daily balance - £23.12m

Investment balance @ 31/12/24 £21.985m

### Investment Strategy

Category	Category Limit (£m)	Investments at 30 Sept (£m)	Compliance with Limit
1 - Banks Unsecured	10	4.210	Yes
2 - Banks Secured	5	0.000	Yes
3 - Government (inc LA)	no limit	8.250	Yes
4 - Registered Providers	2	0.000	Yes
5 - Pooled Funds	10	9.525	Yes
<b>Total</b>		<b>21.985</b>	

There have been no breaches in the approved limits to report during the reporting period.



### Investment Interest Forecast

Base Budget - £278k

Revised Budget - £278k

Current Estimate - £855k

### Performance Indicators

	Number of Days	Average Balance £000	Largest Balance £000
Quarter 3			
Days In Credit	64	39	93
Days Overdrawn	0	0	0

Average interest rate earned – 4.81%

Average bank base rate – 5.03%

(Current bank base rate – 4.75%)

### Treasury and Prudential Indicators

During the period 01 October 2024 and 31 December 2024, the treasury function has operated within the treasury and prudential indicators set out in the Treasury

Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on Appendix A.



### Borrowing Strategy

The capital programme in 2024/25 does not include an expectation of borrowing requirement

## 2.0 Economic Outlook and Treasury position for the quarter ended 31 December 2024

Base Rate Estimates	2024/25 %	2025/26 %	2026/27 %
Quarter 1	5.25	4.50	3.75
Quarter 2	5.25	4.25	3.75
Quarter 3	4.75	4.00	3.75
Quarter 4	4.75	4.00	3.50

- 2.1 Quarter 3 of 2024 saw GDP fall by 0.1% m/m in October with a 0.1% m/m rebound in November, the economy has a bit less momentum than most economists previously thought and therefore a real risk remains to the economy contracting in Q4 as a whole. UK CPI fell from 2.6% in November to 2.5% for December, both services and core inflation are currently at rates above those with the 2.0% target and are generally moving in the wrong direction. Capital Economics are forecasting that CPI inflation will rebound in January, perhaps to almost 3.0% and that inflation will remain higher for the first half of 2025.
- 2.2 The latest forecast sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market. The Bank of England cut interest rates from 5.0% to 4.75% in November and held them steady in December, with two members preferring to reduce the rate by 0.25%. The Committee continues to consider a range of cases for how the past global shocks that drove up inflation may unwind, and therefore how persistent domestic inflationary pressures may be.

## 3.0 Borrowing position for the quarter ended 31 December 2024

- 3.1 The CCFRA has a single loan with the Public Works Loan Bord. This loan was originally arranged in October 2018 by Cumbria County Council but was transferred to the CCFRA in April 2023 following the Local Government reorganisation. The loan value is £7.5m and is on a 10-year interest only arrangement @ 2.6%. The interest is due twice a year, in April and October.

## 4.0 Investments in place on 31 December 2024

- 4.1 On 25 July 2024 £14m was received for the Fire Pensions AME grant, this is significantly higher than previous years due to additional pension remedy compensation. These funds have not been drawn on yet as the pension payments are behind schedule, therefore the CCFRRA are holding a higher balance than normal. At the end of December funds invested were £21.985m, the breakdown is: 43.32% held in money markets funds, 37.53% in DMO deposits 18.20% in bank deposits and 0.96 % in call accounts.

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Counterparty Total (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>						
NatWest (Liquidity Select Acc)	A+		31-Dec-24	O/N	1.36%	210,000
LINK TREASURY - Goldman Sachs	A+	25-Jul-24	03-Jan-25	95	5.01%	1,000,000
LINK TREASURY - Lloyds Bank Corp M&	A+	25-Jul-24	27-Jan-25	119	5.12%	1,000,000
LINK TREASURY - NAT BANK KUWAIT	A+	25-Jul-24	27-Feb-25	150	5.13%	1,000,000
LINK TREASURY - SMBC BANK	A+	25-Nov-24	18-Feb-25	141	4.82%	1,000,000
						<b>4,210,000</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>						
None						<b>0</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>						
Debt management Office	Gov	15-Nov-24	24-Jan-25	116	4.6950%	1,400,000
Debt management Office	Gov	20-Sep-24	28-Feb-25	151	4.7150%	5,600,000
Debt management Office	Gov	13-Dec-24	24-Jan-25	116	4.6950%	1,250,000
						<b>8,250,000</b>
<b>Category 4 - Registered Providers (Includes Providers of Social Housing)</b>						
None						<b>0</b>
<b>Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)</b>						
INVESCO AIM	AAA	Various	On Demand	O/N	4.757%	2,000,000
ABERDEEN STANDARD	AAA	Various	On Demand	O/N	4.775%	2,000,000
FIDELITY INTERNATIONAL	AAA	Various	On Demand	O/N	4.747%	2,000,000
BLACKROCK	AAA	Various	On Demand	O/N	4.683%	2,000,000
GOLDMAN SACHS ASSET MANAGEME	AAA	Various	On Demand	O/N	4.659%	1,525,000
						<b>9,525,000</b>
<b>Total</b>						<b>21,985,000</b>

## Treasury and Prudential Indicators 2024/25 at 31 December 2024

Treasury Management Indicators				Result	RAG	Prudential indicators				Result	RAG
5	<b>The Authorised Limit</b>					<b>Ratio of Financing Costs to Net Revenue Stream</b>					
	<i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</i>	TEST - Is current external borrowing within the approved limit	YES	●		<i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</i>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	●		
	<b>The Operational Boundary</b>					<b>Net Borrowing and the Capital Financing Requirement</b>					
	<i>The operational boundary represents an estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</i>	TEST - Is current external borrowing within the approved limit	YES	●		<i>This indicator is to ensure that net borrowing will only be for capital purposes. The Police, Fire Crime Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i>	TEST - Is net debt less than the capital financing requirement	YES	●		
	<b>Actual External Debt</b>					<b>Capital Expenditure and Capital financing</b>					
	<i>The Police, Fire Crime Commissioner will seek advice from the advisors before undertaking any new borrowing. New external borrowing will be required to finance the capital expenditure programme.</i>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	●		<i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2024/25.</i>	TEST - Is the current capital outturn within planned limits	YES	●		
	<b>Gross and Net Debt</b>					<b>Capital Financing Requirement</b>					
	<i>The purpose of this indicator is to highlight a situation where the Police, Fire Crime Commissioner is planning to borrow in advance of need.</i>	TEST - Is the Chief Fire Officer planning to borrow in advance of need	NO	●		<i>The CFR is a measure of the extent to which the Police, Fire Crime Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	TEST - Is the capital financing requirement within planned limits	YES	●		
1	<b>Maturity Structure of Borrowing</b>										
	<i>The indicator is designed to exercise control over the Police, Fire Crime Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	●							
2	<b>Upper Limit for total principal sums invested for over 365 Days</b>										
	<i>The purpose of this indicator is to ensure that the Police, Fire Crime Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	TEST - Is the value of long term investments within the approved limit	YES	●							

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This quarterly report ensures the Police, Fire and Crime Commissioner is implementing best practice in accordance with the Code.





# 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 0018/2024
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:	
------------------	---	------------------	--

**DECISION TITLE: 2025/26 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 2025/26 and the Treasury Management Strategy Statement for 2025/26.

### Recommendation:

The Commissioner is asked to:

- approve the Capital Investment Strategy for 2025/26 and the Treasury Management Strategy Statement for 2025/26.

**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 <b>Part 2 Decision</b> , 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 2025/26 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

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA):</b> <b>Capital Investment Strategy 2025/26</b>
---------------	--

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>8a and 8b</b>

### **Executive Summary:**

The attached report provides proposed Capital Investment Strategy for 2025/26 to 2034/35.

### **Recommendations:**

The Commissioner is **RECOMMENDED** to:

- Approve the Capital Investment Strategy as set out in this report
- 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 31/03/2024 £000
Land & Buildings	44,155
Vehicles and Plant	8,135
Assets Under Construction	249
<b>TOTAL</b>	<b>44,404</b>

### 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 2024, this totalled £20.600million (which included £13.014million of PFI liabilities and £7.586million 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				
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Opening Borrowing Requirement (Excl PFI)	10,730				
Estimated resources available in year (Table 3)	(1,000)	0	0	0	0
Proposed Programme (Table 2)	5,328	3,620	3,641	3,178	3,001
<b>In-Year Borrowing Requirement (Excl PFI)</b>	<b>4,328</b>	<b>3,620</b>	<b>3,641</b>	<b>3,178</b>	<b>3,001</b>
<b>MRP And Repayment of Debt</b>	<b>(687)</b>	<b>(927)</b>	<b>(1,254)</b>	<b>(1,532)</b>	<b>(1,838)</b>
<b>Cumulative Borrowing Requirement (Excl PFI)</b>	<b>14,371</b>	<b>17,064</b>	<b>19,451</b>	<b>21,097</b>	<b>22,260</b>

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

	Forecasts				
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Opening Borrowing Requirement (Incl PFI)	23,252				
Estimated resources available in year (Table 3)	(1,000)	0	0	0	0
Proposed Programme (Table 2)	5,328	3,620	3,641	3,178	3,001
<b>In-Year Borrowing Requirement (Incl PFI)</b>	<b>4,328</b>	<b>3,620</b>	<b>3,641</b>	<b>3,178</b>	<b>3,001</b>
<b>MRP And Repayment of Debt</b>	<b>(1,221)</b>	<b>(1,505)</b>	<b>(1,880)</b>	<b>(2,211)</b>	<b>(2,575)</b>
<b>Cumulative Borrowing Requirement (Incl PFI)</b>	<b>26,359</b>	<b>28,474</b>	<b>30,235</b>	<b>31,202</b>	<b>31,628</b>

## 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				
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Fleet	2,540	1,985	1,573	1,483	1,370
Property Enhancements	1,808	734	1,169	356	917
Equipment & ICT	980	901	899	1,339	714
<b>Total Programme</b>	<b>5,328</b>	<b>3,620</b>	<b>3,641</b>	<b>3,178</b>	<b>3,001</b>

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 £10.367million to fund the capital programme over the next five years. The brought forward borrowing requirement (excluding PFI liabilities) of £10.730million compares to actual brought forward external debt of £7.586million. The balance of £2.666million represents internal borrowing.

The Medium-Term Financial Plan includes an expectation of incurring borrowing in each year from 2025/26. 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).

### **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, Link, 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				
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Total Capital Expenditure	5,328	3,620	3,641	3,178	3,001
Capital Resources applied in year	(1,000)	0	0	0	0
MRP & Other Repayment of Debt	(1,221)	(1,505)	(1,880)	(2,211)	(2,575)
<b>Change in Underlying need to borrow</b>	<b>3,107</b>	<b>2,115</b>	<b>1,761</b>	<b>967</b>	<b>426</b>
<b>CFR Brought Forward</b>	<b>23,252</b>	<b>26,359</b>	<b>28,474</b>	<b>30,235</b>	<b>31,202</b>
<b>CFR Carried Forward</b>	<b>26,359</b>	<b>28,474</b>	<b>30,235</b>	<b>31,202</b>	<b>31,628</b>
CFR for PFI	11,988	11,410	10,784	10,105	9,368
<b>CFR For Prudential Borrowing Purposes</b>	<b>14,371</b>	<b>17,064</b>	<b>19,451</b>	<b>21,097</b>	<b>22,260</b>

## 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 2024, the Service had cash and investments of £6.711million. 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 2025, investment balances will be approximately £7.5million.

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 2029/30. Where there is an internal investment shown this represents the use of the Service's own investments 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.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
CFR (Underlying Need to borrow)	26,359	28,474	30,235	31,202	31,628
Total External Borrowing	11,227	13,920	13,920	15,566	15,566
Total Internal Borrowing	3,144	3,144	5,531	5,531	6,694
Other Long Term Liabilities (PFI)	11,988	11,410	10,784	10,105	9,368
<b>(Over)/Under Borrowing Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 no 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.

***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.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Total External Borrowing	11,227	13,920	13,920	15,565	15,565
Interest	284	434	495	528	562
Capital Financing Cost (MRP)	687	927	1,254	1,532	1,838
<b>Total Capital Financing Cost</b>	<b>971</b>	<b>1,361</b>	<b>1,749</b>	<b>2,060</b>	<b>2,400</b>
Revenue Budget Requirement	30,112	30,982	31,995	33,045	34,132
% Financing Costs to Budget Requirement	3%	4%	5%	6%	7%

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

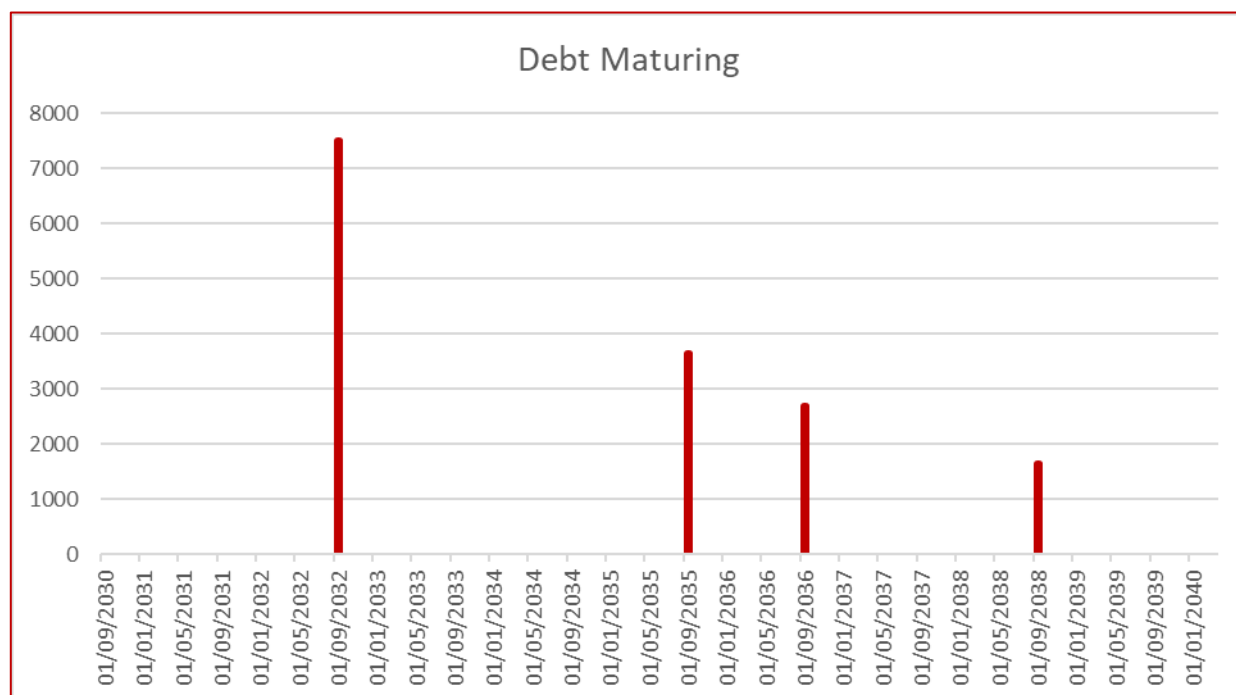
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Forecast Borrowing Rate - 10 year debt	4.90%	4.50%	4.20%	4.10%	4.10%

The estimates for interest assume a 10-year borrowing life based on the potential average life of capital purchases, which are predominantly vehicles, equipment and ICT. 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:

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Additional Interest cost of 1% increase in rates	23	59	71	72	73

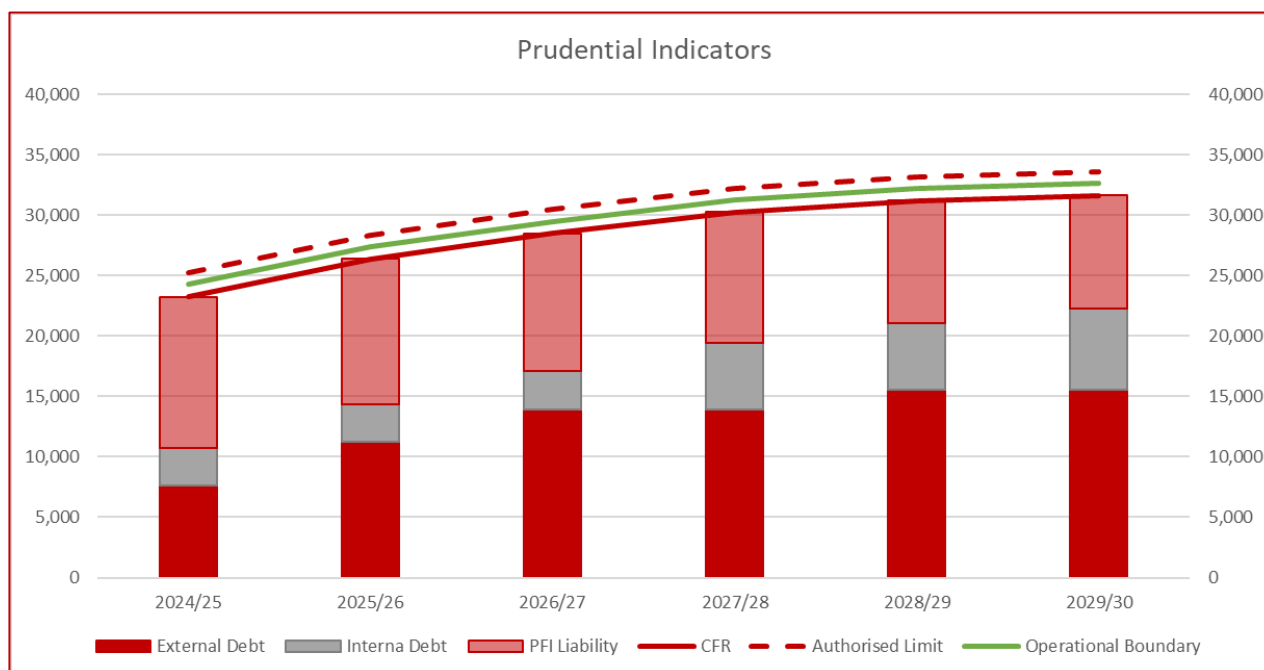
The repayment profile of the Service's actual and forecast external debt is as follows:



The following table shows the overall movement on external debt:

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
External Debt B/Fwd	7,586	11,227	13,920	13,920	15,565
New External Debt	3,641	2,693	0	1,645	0
<b>External Debt C/Fwd</b>	<b>11,227</b>	<b>13,920</b>	<b>13,920</b>	<b>15,565</b>	<b>15,565</b>

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	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000	2028/29 estimate £000	2029/30 estimate £000
<b>Authorised Limit for External Debt:</b>					
- Borrowing	16,371	19,064	21,451	23,097	24,259
- Other Long Term Liabilities	11,988	11,410	10,784	10,104	9,368
<b>TOTAL</b>	<b>28,359</b>	<b>30,474</b>	<b>32,235</b>	<b>33,201</b>	<b>33,627</b>
<b>Operational Boundary for external debt:</b>					
- Borrowing	15,371	18,064	20,451	22,097	23,259
- Other Long Term Liabilities	11,988	11,410	10,784	10,104	9,368
<b>TOTAL</b>	<b>27,359</b>	<b>29,474</b>	<b>31,235</b>	<b>32,201</b>	<b>32,627</b>

## 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:
- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing

## Appendix A – Full Detailed Capital Programme 2025/26 – 2034/35

### Summary Capital Programme 2025/26 - 2034/35

	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £	2031/32 £	2032/33 £	2033/34 £	2034/35 £	Total £
Fleet - Appliances	1,820,000	1,870,000	1,110,000	1,400,000	1,220,000	990,000	870,000	870,000	990,000	1,050,000	12,190,000
Fleet - Other Vehicles	720,000	115,000	463,000	83,000	150,000	210,000	180,000	365,000	450,000	205,000	2,941,000
Estates	1,809,000	734,000	1,169,000	356,000	917,000	400,000	352,000	250,000	558,000	357,000	6,902,000
Equipment and PPE	591,000	501,000	548,500	988,500	364,000	307,500	229,000	246,000	224,500	224,500	4,224,500
ICT	389,100	400,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	3,589,100
<b>Total</b>	<b>5,329,100</b>	<b>3,620,000</b>	<b>3,640,500</b>	<b>3,177,500</b>	<b>3,001,000</b>	<b>2,257,500</b>	<b>1,981,000</b>	<b>2,081,000</b>	<b>2,572,500</b>	<b>2,186,500</b>	<b>29,846,600</b>



## Estates Capital Programme – 2025/26 – 2034/35

Asset Name	Type of Work	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	TOTAL
		£	£	£	£	£	£	£	£	£	£	£
Coniston	Fire Station Renovation - internal improvements, welfare & equality	£45,000										£45,000
Windermere	Fire Station Renovation - internal improvements, welfare & equality	£50,000										£50,000
Longtown	Fire Station Renovation - internal improvements, welfare & equality	£60,000										£60,000
Kendal	General improvements - welfare/locker space	£300,000										£300,000
Silloth	Internal improvements	£60,000										£60,000
Grange	Internal improvements & security works. Metal work on tower	£45,000										£45,000
Alston	Internal improvements	£40,000										£40,000
Barrow		£125,000										£125,000
Whitehaven	Fire improvements and internal alterations to improve welfare	£132,000										£132,000
Alston	Mechanical Plant				£35,000							£35,000
Alston	Roof Replacement										£100,000	£100,000
Ambleside	Mechanical Plant & Tower repair					£60,000						£60,000
Ambleside	Roof Replacement										£100,000	£100,000
Appleby	Mechanical & Electrical			£24,000								£24,000
Arnside	External works Structures		£20,000									£20,000
Barrow	Mechanical Plant			£170,000								£170,000
Barrow	External works Structures		£80,000									£80,000
Barrow	Internal Works					£50,000						£50,000
Barrow	External works Structures					£82,000						£82,000
Barrow	Internal Works										£50,000	£50,000
Barrow	Mechanical & Electrical										£70,000	£70,000
Barrow	External works Structures										£37,000	£37,000
Brampton	Mechanical & Electrical	£40,000										£40,000
Brampton	Mechanical & Electrical					£17,000						£17,000
Brampton	External works Structures					£35,000						£35,000
Broughton in Furness	Mechanical & Electrical		£27,000									£27,000
Broughton in Furness	External works Structures						£60,000					£60,000
Cockermouth	Mechanical & Electrical		£50,000									£50,000
Egremont	Mechanical Plant		£20,000									£20,000
Egremont	External works Structures					£17,000						£17,000
Grange over Sands	Mechanical & Electrical		£50,000									£50,000
Grange over Sands	Internal Works							£60,000				£60,000
Grange over Sands	Tower Repair							£70,000				£70,000

Asset Name	Type of Work	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	TOTAL
		£	£	£	£	£	£	£	£	£	£	£
Kendal	Modelling changes	£125,000	£125,000									£250,000
Kendal	Internal Works	£135,000										£135,000
Kendal	Internal Works		£81,000									£81,000
Kendal	Internal Works							£112,000				£112,000
Kendal	Internal Works									£150,000		£150,000
Kendal	External works Structures				£50,000							£50,000
Kendal	Mechanical & Electrical					£171,000						£171,000
Kendal	External works Structures			£825,000								£825,000
Kendal	External works Structures				£196,000							£196,000
Kendal	External works Structures					£168,000						£168,000
Kendal	External works Structures									£215,000		£215,000
Keswick	Internal Works					£60,000						£60,000
Keswick	Mechanical & Electrical	£30,000										£30,000
Keswick	Mechanical & Electrical					£20,000						£20,000
Keswick	External works Structures								£150,000			£150,000
Kirkby Lonsdale	Mechanical & Electrical		£30,000									£30,000
Kirkby Lonsdale	External works Structures							£25,000				£25,000
Kirkby Stephen	External works Structures	£25,000										£25,000
Kirkby Stephen	Roof Replacement			£150,000								£150,000
Longtown	External works Structures								£20,000			£20,000
Maryport	Mechanical & Electrical	£70,000										£70,000
Maryport	Mechanical & Electrical					£50,000						£50,000
Maryport	Internal Works	£26,000										£26,000
Millom	Roof Replacement		£79,000									£79,000
Milnthorpe	Mechanical Plant					£35,000						£35,000
Seascale	Mechanical & Electrical						£60,000					£60,000
Seascale	External works Structures							£65,000				£65,000
Sedburgh	Internal Works		£22,000									£22,000
Sedburgh	Internal Works								£100,000			£100,000
Sedburgh	Mechanical & Electrical		£50,000									£50,000
Sedburgh	External works Structures		£100,000									£100,000
Shap	External works Structures						£120,000					£120,000
Shap	Mechanical & Electrical					£30,000						£30,000
Silloth	Mechanical & Electrical					£20,000						£20,000
Silloth	External works Structures									£193,000		£193,000
Stavely	Internal Works						£50,000					£50,000
Ulverston	Internal Works						£50,000					£50,000
Whitehaven	Mechanical & Electrical				£50,000							£50,000
Whitehaven	External works Structures						£60,000					£60,000
Wigton	External works Structures					£32,000						£32,000
Windermere	Mechanical & Electrical					£70,000						£70,000
Training Dept - Fire House		£500,000										£500,000
<b>TOTAL</b>		<b>£1,808,000</b>	<b>£734,000</b>	<b>£1,169,000</b>	<b>£356,000</b>	<b>£917,000</b>	<b>£400,000</b>	<b>£352,000</b>	<b>£250,000</b>	<b>£558,000</b>	<b>£357,000</b>	<b>£6,901,000</b>

## Fleet Capital Programme – 2025/26 – 2034/35

Vehicle		Vehicle reg												
Category	Vehicle type		2025/	2026/	2027/	2028/	2029/	2030/	2031/	2032/	2033/	2034/	TOT	
			£	£	£	£	£	£	£	£	£	£	£	
Appliance	Volvo Fire Appliance	PO55BUA	330,000										330,000	
Appliance	Volvo Fire Appliance	PO55BUJ	330,000										330,000	
Appliance	Volvo Fire Appliance	PX08CDE	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX08CDY	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX08CDZ	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX09EDF	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX09EDJ	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX09EDK	100,000	190,000									290,000	
Appliance	Volvo Fire Appliance	PX09EDL	100,000	190,000									290,000	
Appliance	Mercedes Fire Appliance	PX60AXK	100,000	190,000									290,000	
Appliance	Mercedes Fire Appliance	PX11AFE	100,000	190,000									290,000	
Appliance	Mercedes Fire Appliance	PX11AFF			290,000								290,000	
Appliance	Mercedes Fire Appliance	PX11AFK			290,000								290,000	
Appliance	Mercedes Fire Appliance	PX11AFN			290,000								290,000	
Appliance	Mercedes Fire Appliance	PX11AFO				290,000							290,000	
Appliance	Volvo Fire Appliance	KX12WBY				330,000							330,000	
Appliance	Volvo Fire Appliance	KY12VGL				330,000							330,000	
Appliance	Volvo Fire Appliance	KR63MXZ					330,000						330,000	
Appliance	Volvo Fire Appliance	KR63YVV					330,000						330,000	
Appliance	Volvo Fire Appliance	KR63YVW					330,000						330,000	
Appliance	Volvo Fire Appliance	NK67LLV						330,000					330,000	
Appliance	Volvo Fire Appliance	NK67LLW						330,000					330,000	
Appliance	Volvo Fire Appliance	NK67LLX						330,000					330,000	
Appliance	Volvo Fire Appliance	NK67LLZ							290,000				290,000	
Appliance	Volvo Fire Appliance	NK67LME							290,000				290,000	
Appliance	Volvo Fire Appliance	NK67LMF							290,000				290,000	
Appliance	Volvo Fire Appliance	NK68WRG								290,000			290,000	
Appliance	Volvo Fire Appliance	NK68WRJ								290,000			290,000	
Appliance	Volvo Fire Appliance	NJ19ETX								290,000			290,000	
Appliance	Volvo Fire Appliance	NJ19ETY									330,000		330,000	
Appliance	Volvo Fire Appliance	NJ19ETZ									330,000		330,000	
Appliance	Volvo Fire Appliance	NJ71FPC									330,000		330,000	
Appliance	Volvo Fire Appliance	NJ71FPD										330,000	330,000	
Appliance	Volvo Fire Appliance	NJ71FPE										330,000	330,000	
Appliance	Volvo Fire Appliance	NJ71FPF										330,000	330,000	
Other	ISUZU D-MAX RRV	PX68TVF				50,000							50,000	
Other	ISUZU D-MAX RRV	PY68RHE				50,000							50,000	
Other	ISUZU D-MAX RRV	PY68RJJ				50,000							50,000	

Vehicle Category	Vehicle type	Vehicle reg	Vehicle reg											TOT
			2025/	2026/	2027/	2028/	2029/	2030/	2031/	2032/	2033/	2034/		
			£	£	£	£	£	£	£	£	£	£	£	
Special	IVECO Van	PX07BCO	130,000										130,000	
Special	IVECO Van	PX57AHP	130,000										130,000	
Special	LAND ROVER 130 DOUBLE CAB PICK	PX57ETF		40,000									40,000	
Special	LAND ROVER 130 DOUBLE CAB PICK	PX57ETK		40,000									40,000	
Special	LAND ROVER 130 DOUBLE CAB PICK	PX57ETL		40,000									40,000	
Special	LAND ROVER 130 DOUBLE CAB PICK	PX57ETO		40,000									40,000	
Special	Volvo	PX57FBD					230,000						230,000	
Special	IVECO DAILY	MX08ASO			100,000								100,000	
Special	IVECO DAILY	MX08SXL			100,000								100,000	
Special	DAF	PX63 ENN			0	300,000							300,000	
Special	ArgoCat ATV	n/a										15,000	15,000	
Special	ArgoCat ATV	n/a										15,000	15,000	
Special	Kawazaki Mule	n/a										15,000	15,000	
Special	Kawazaki Mule	n/a										15,000	15,000	
Special	Ford Rangers pick up	PY73FBK								30,000			30,000	
Special	Ford Rangers pick up	PY73FDC								30,000			30,000	
Other	mitsubishi L200 4X4 PICKUP UTILITY VEHICLE	PX62VLH	30,000							30,000			60,000	
Other	MITSUBISHI L200 4X4 PICKUP UTILITY VEHICLE	PX62VLJ	30,000							30,000			60,000	
Other	Renault Master 14st Minibus	BX62CXM			40,000								40,000	
Other	MITSUBISHI L200 4X4 PICKUP UTILITY VEHICLE	PX64PXF	30,000							30,000			60,000	
Other	MITSUBISHI L200 CHALLENGER LC DCB D1-D4X4	PX15OCN	30,000							30,000			60,000	
Other	MITSUBISHI L200 CHALLENGER LC DCB DI-D4X4	PX15OCG	30,000							30,000			60,000	
Other	MITSUBISHI L200 CHALLENGER LC DCB DI-D4X4	PX15OCL	30,000							30,000			60,000	
Other	MITSUBISHI L200 TITAN 178 DCB DI-D4X4	PX65URY	30,000							30,000			60,000	
Other	MITSUBISHI L200 TITAN 178 DCB DI-D4X4	PX65URZ	30,000							30,000			60,000	
Other	MITSUBISHI L200 TITAN 178 DCB DI-D4X4	PX65YZT	30,000							30,000			60,000	
Other	PEUGEOT EXPERT S 1.6 BHDI 115	PX66BBO				30,000							30,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVF		23,000								23,000	46,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVS		23,000								23,000	46,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVT		23,000								23,000	46,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVU		23,000								23,000	46,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVV		23,000								23,000	46,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVW			23,000								23,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVY			23,000								23,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BVZ			23,000								23,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BWA			23,000								23,000	
Other	PEUGEOT PARTNER C/VAN HDI 92	PX16BWB			23,000								23,000	
Other	FORD FIESTA 1.5 TDCI ECONETIC VAN	MA17UVR			23,000								23,000	
Other	FORD FIESTA 1.5 TDCi ECONETIC VAN	MA17UVT			23,000								23,000	
Other	FORD FIESTA 1.5 TDCI ECONETIC VAN	MA17UVV			23,000								23,000	
Other	PEUGEOT EXPERT PROFESSIONAL BLUEHDI 115 1000KG	PX68WXL				30,000							30,000	
Other	PEUGEOT PARTNER 1000 1.6 BLUEHDI PROFESSIONAL VAN	PY68BNA				23,000							23,000	
Other	ISUZU D-MAX 1.9 DL40 AUTOMATIC DOUBLE CAB PICK UP	PX21OHB						30,000					30,000	

Vehicle Category	Vehicle type	Vehicle reg	2025/2026/2027/2028/2029/2030/2031/2032/2033/2034/											TOTAL
			£	£	£	£	£	£	£	£	£	£	£	
Other	Peugeot van	BP21EUU			23,000								30,000	53,000
Other	Peugeot van	BP21SVL			23,000								30,000	53,000
Other	Peugeot van	BP21WZW			23,000								30,000	53,000
Other	SKODA KODIAQ 2.0TDI	LF21VKL	30,000									30,000		60,000
Other	FORD TRANSIT CUSTOM 1.0 FOX LIMITED PHEV	EK72LCC									35,000			35,000
Other	Ford Rangers pick up	PY73FDD							30,000					30,000
Other	Ford Rangers pick up	PY73HUU							30,000					30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OLP								30,000				30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OLW								30,000				30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OPG								30,000				30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OPR								30,000				30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OPZ								30,000				30,000
Other	Skoda Karoq 2.0 SE L TDI SCR 4X4 S-A	PX24OSO								30,000				30,000
Other	Skoda Octavia Scout Estate 2.0TDI 150 4X4	PK16MHU	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHM	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHN	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHO	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHU	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHV	30,000									30,000		60,000
Other	SKODA OCTAVIA SCOUT ESTATE 2.0TDI 150 4X4	PX16MHY	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 150	BT68JWF	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 150	BG68MKA	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 150	BT68JVA	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 150	BT68JVR	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 150	BT68JVV	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE 5DR 150	BT68JVJ	30,000									30,000		60,000
Other	LAND ROVER DISCOVERY SPORT 2.0TD4 SE TECH 180AUT	BT68JVG	30,000									30,000		60,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EF19XBT			30,000									30,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EF19XBV			30,000									30,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EF19XBW			30,000									30,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EF19XBX			30,000									30,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EF19XBY			30,000									30,000
Other	FORD FOCUS 1.5 ECO BLUE ZETEC ESTATE RACE RED	EY19BXF			30,000									30,000
Other	SKODA KODIAQ 2.0TDI SE L 190 4X4 DSG	PY19VFL			30,000									30,000
Other	SKODA KAROQ 2.0TDI SE L 150PS 4X4 DSG	PX22OSW						30,000						30,000
Other	SKODA KAROQ 2.0TDI SE L 150PS 4X4 DSG	PX22OTN						30,000						30,000
Other	VOLVO XC60	KN72WKF						30,000						30,000
Other	VOLVO XC60	KP72EFK						30,000						30,000
Other	VOLVO XC60	KX72JCU						30,000						30,000
Other	Volvo XC60 white	KM73UEL						30,000						30,000
Other	Volvo XC60 white	KM73UZS						30,000						30,000
Other	Volvo XC60 white	KR73MLZ						30,000						30,000
Other	Volvo XC60 white	KR73MMJ						30,000						30,000
TOTAL			2,540,000	1,985,000	1,573,000	1,483,000	1,370,000	1,200,000	1,050,000	1,235,000	1,440,000	1,255,000		15,131,000

## ICT Capital Programme – 2025/26 – 2034/35

Replacement / New Equipment Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	£	£	£	£	£	£	£	£	£	£	£
Upgrade to PSTN lines due to discontinuation from BT	98,000										98,000
Tablet Project (including FSG Laptops)	70,500										70,500
General Allowance				350,000	350,000	350,000	350,000	350,000	350,000	350,000	2,450,000
Gateway = messages to MDTs	50,000										50,000
Windows 11 - general devices (not laptops)	14,000										14,000
Windows 11 - New MDT		350,000									350,000
Firewall Hardware	6,600										6,600
Network replacement - Wide Area Network	100,000										100,000
Misc ICT equipment (replacements etc)	50,000	50,000	50,000								150,000
Network switches and Wifi 2028			100,000								100,000
Station end equipment			200,000								200,000
<b>Total</b>	<b>389,100</b>	<b>400,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>3,589,100</b>

## Equipment & PPE Capital Programme – 2025/26 – 2034/35

Replacement / New Equipment Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	£	£	£	£	£	£	£	£	£	£	£
JICU / IC replacement programme (ICT and fixtures)			240,000								240,000
Enhanced Rescue Unit Equipment (IVECO)	80,000										80,000
Type B appliance fit out and equipment	80,000	361,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,401,000
Water Rescue PPE Replacement Program	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Fire Helmets (all replaced every 10 yrs)			70,000								70,000
Structural Fire Kit	200,000										200,000
BA Sets, cylinders and ancillary equipment				750,000							750,000
Chemical protective clothing - 2 types, 10 year replacement					118,000	48,000					166,000
Working at Height Replacement Program	35,000				0	35,000				0	70,000
TIC Replacement Program	15,000	15,000	15,000	15,000	15,000	15,000	1,500	15,000	15,000	15,000	136,500
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
Ladders	41,000										41,000
Defibrillators (Response Stock)	15,000	15,000	15,000	15,000	1,000	1,000	1,000	1,000	1,000	1,000	66,000
Air Bag replacement programme	30,000	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	151,500
Hose Inflation Equipment (pushed back a year)	20,000									0	20,000
BA Compressors replacement program		15,000			15,000			15,000			45,000
Gas monitoring equipment		6,500			6,500		18,000	6,500			37,500
<b>Total</b>	<b>591,000</b>	<b>501,000</b>	<b>548,500</b>	<b>988,500</b>	<b>364,000</b>	<b>307,500</b>	<b>229,000</b>	<b>246,000</b>	<b>224,500</b>	<b>224,500</b>	<b>4,224,500</b>



## Cumbria Commissioner Fire and Rescue Authority Public Accountability Conference

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA): Borrowing, Treasury Management, Investment and MRP Strategies 2025/26 (including Prudential Indicators)</b>
---------------	--

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>8c</b>

### **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 2025/26.

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:

- a. Approve the Borrowing Strategy for 2025/26 as set out on pages 9-10.
- b. Approve the Investment Strategy for 2025/26 as set out on pages 11-14.
- c. Approve the Treasury Management Prudential Indicators as set out on pages 15-18.
- d. Approve the other Prudential Indicators set out on pages 18-22.
- e. Approve the Minimum Revenue Provision Policy Statement for 2025/26 as set out on page 23.
- 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 2025/26 (Including Prudential Indicators)

# Treasury Management Strategy Statement 2025/26

## Contents

Treasury Management Strategy Statement - General Principles	Page 3
Treasury Management Cash Flow Forecast	Page 5
Interest Rate Forecast	Page 8
<b>Borrowing Strategy</b>	<b>Page 9</b>
<b>Investment Strategy</b>	<b>Page 11</b>
Treasury Risk and Treasury Management Practices	Page 15
Treasury Management Indicators	Page 16
Other Prudential Indicators	Page 18
<b>Minimum Revenue Provision (MRP) Strategy</b>	<b>Page 23</b>
Appendix A – Creditworthiness policy and Counterparty Criteria	Page 25

## 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 Asset 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 2025/26 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 Asset 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 most likely peaked, they started to fall in 2024 and further rate cuts are expected through 2025. 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 2025 and for the following financial years are summarised below:

Estimated Treasury Position	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
External Borrowing	7.586	7.586	11.227	13.920	13.920	15.565
Interest Payments	0.194	0.194	0.284	0.434	0.495	0.528
Investments ( <b>Average</b> )	12.416	17.284	10.000	10.000	7.400	7.200
Interest Receipts	-0.593	-0.855	-0.413	-0.363	-0.257	-0.253

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 2025/26 is £413k (latest forecast for 2024/25 is £855k). Interest receipts are higher this year due to higher than anticipated average cash balances and higher interest rates for investments than forecast when the 2024/25 budget was set. In July the pension grant of £14.346m was received from the Home Office. This was £10.47m higher than expected due to the 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 £23.252m at the start of the 2025/26 financial year. This includes £12.522 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 £7.586m. 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 got 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 has risen to 3.5% during 2024 and is above the 2% target. The Bank of England forecast inflation will not fall to 2% until the end of 2025.

The Bank Rate is forecast to steadily reduce in 2025, with further reductions expected during 2026.

## Treasury Management Interest Rate Forecast

- GDP fell by 0.1% m/m in October with a 0.1% month on month rebound in November, the economy has a bit less momentum than most economists previously thought and therefore a real risk remains to the economy contracting in Quarter 4 as a whole.
- UK CPI fell from 2.6% in November to 2.5% for December. Both services and core inflation are currently at rates clearly above those with the 2.0% target and are moving in the wrong direction, there isn't much downward momentum. The Bank of England forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.
- The latest forecast, updated on 11th November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market

The Monetary Policy Committee (MPC) has reduced the Bank Rate by 50bps over the past twelve months, taking rates to 4.75%. At the December meeting a 6-3 majority saw it remain at 4.75%, with two members preferring to reduce the rate by 0.25%. The Committee continues to consider a range of cases for how the past global shocks that drove up inflation may unwind, and therefore how persistent domestic inflationary pressures may be. The MPC is also monitoring the impact on growth and inflationary pressures from the measures announced in the Autumn Budget, and from geopolitical tensions and trade policy uncertainty. These developments have generated additional uncertainties around the economic outlook.

Base Rate Estimates	2024/25	2025/26	2026/27	2027/28
Quarter 1	5.25%	4.50%	3.75%	3.50%
Quarter 2	5.25%	4.25%	3.75%	3.50%
Quarter 3	4.75%	4.00%	3.75%	3.50%
Quarter 4	4.75%	4.00%	3.50%	3.50%



## 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 the 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 the CCFRA does not currently intend to borrow in advance of spending need.

The table below shows the CCFRA's projected capital financing requirement for 2025/26 and beyond.

Capital Financing	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Balance B/fwd	24.434	23.267	23.252	26.359	28.474	30.235
Plus Capital Expenditure financed from	0.000	1.148	4.328	3.620	3.641	3.178
Less MRP for Debt Redemption	-1.167	-1.163	-1.221	-1.505	-1.880	-2.211
<b>Balance C/Fwd</b>	<b>23.267</b>	<b>23.252</b>	<b>26.359</b>	<b>28.474</b>	<b>30.235</b>	<b>31.202</b>

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 £26.359m by the end of 2025/26 this effectively means that the CCFRA will be funding over £14.371m of capital spend from internal resources (CFR £26.359m less £11.988m 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.

The Bank Rate rises over recent months have pushed up the cost of long-term finance to over 5%. Borrowing rates are expected to start falling during 2025 and to continue over the medium term. Consequently, undertaking long term borrowing at this time is likely to fix higher costs into the revenue account and commit the CCFRA 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.

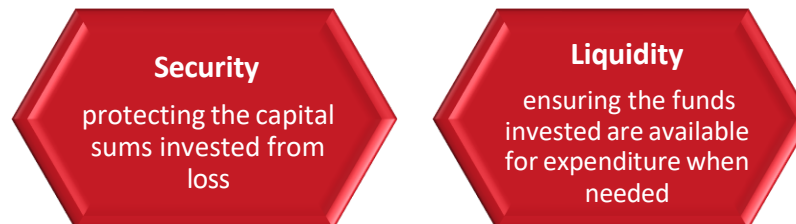
## Investment Strategy

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 meets 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 2024/25, the investment balance has ranged between £6.150 and £25.370. The larger sum was due to the receipt in July 2024 of £14.346m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. £10.47m of this grant was a one-off for Sargeant/Matthews pension remedy payments to be made to Fire Officers. Balances in 2025/26 are forecast to slowly reduce as the pension remedy payments are made. It is anticipated that, at the peak, when the pensions grant is received in July, balances for investment could approach £12m.

**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 2025/26. 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 2025/26 amounts to £413K (£855K 2024/25) 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.

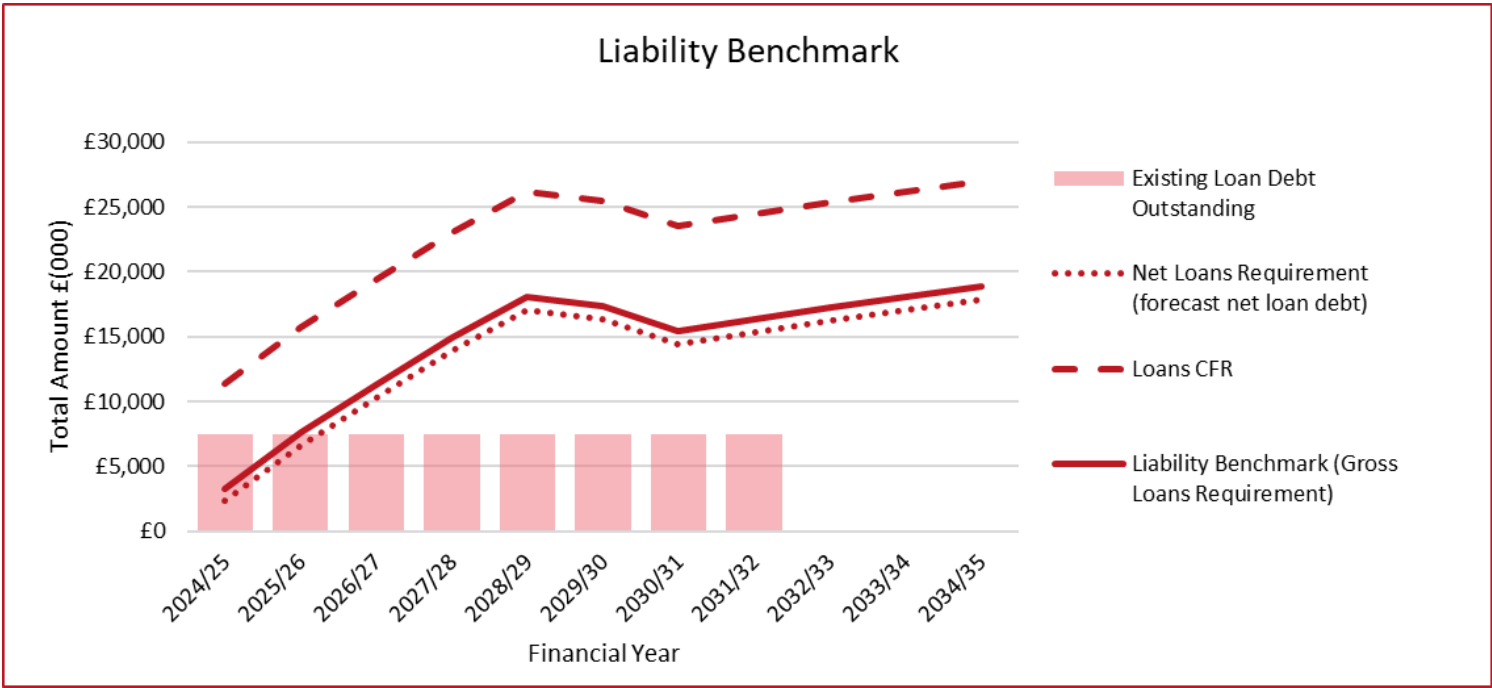
### 2. Principal sums invested for periods longer than a year

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	2024/25	2025/26	2026/27	2027/28
Limit on principal invested beyond on	£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.



### Setting, Revising, Monitoring and Reporting

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 2025/26

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.

Capital Expenditure	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Capital Expenditure	1.207	3.112	5.328	3.620	3.641	3.178

Capital Financing	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Capital Receipts	0.000	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	1.207	1.964	1.000	0.000	0.000	0.000
<b>Total Financing</b>	<b>1.207</b>	<b>1.964</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Borrowing	0.000	1.148	4.328	3.620	3.641	3.178
<b>Total Funding</b>	<b>0.000</b>	<b>1.148</b>	<b>4.328</b>	<b>3.620</b>	<b>3.641</b>	<b>3.178</b>
<b>Total Financing and Funding</b>	<b>1.207</b>	<b>3.112</b>	<b>5.328</b>	<b>3.620</b>	<b>3.641</b>	<b>3.178</b>

## 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 2025/26 (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	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Balance B/fwd	24.434	23.267	23.252	26.359	28.474	30.235
Plus Capital Expenditure financed from borrowing	0.000	1.148	4.328	3.620	3.641	3.178
Less MRP for Debt Redemption	-1.167	-1.163	-1.221	-1.505	-1.880	-2.211
<b>Balance C/Fwd</b>	<b>23.267</b>	<b>23.252</b>	<b>26.359</b>	<b>28.474</b>	<b>30.235</b>	<b>31.202</b>

### 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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
External Borrowing	10.000	12.730	16.371	19.064	21.451	23.097
Other Long Term Liabilities	13.014	12.522	11.988	11.410	10.784	10.104
<b>Total Authorised Limit</b>	<b>23.014</b>	<b>25.252</b>	<b>28.359</b>	<b>30.474</b>	<b>32.235</b>	<b>33.201</b>

## Key Messages

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

The CCFRA inherited £7.586m of external PWLB borrowing from the former Cumbria County Council on 01/04/23.

## Other Prudential Indicators 2025/26 (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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
External Borrowing	9.000	11.730	15.371	18.064	20.451	22.097
Other Long Term Liabilities	13.014	12.522	11.988	11.410	10.784	10.104
<b>Total Operational Boundary</b>	<b>22.014</b>	<b>24.252</b>	<b>27.359</b>	<b>29.474</b>	<b>31.235</b>	<b>32.201</b>

### Actual External Debt

The CCFRA's actual external debt as at 31 March 2025 will be £7.586m along with other long-term liabilities of £13.014m 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.

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Gross Debt 31 March	7.586	7.586	11.227	13.920	13.920	15.565

Other Prudential Indicators 2025/26 (Continued)

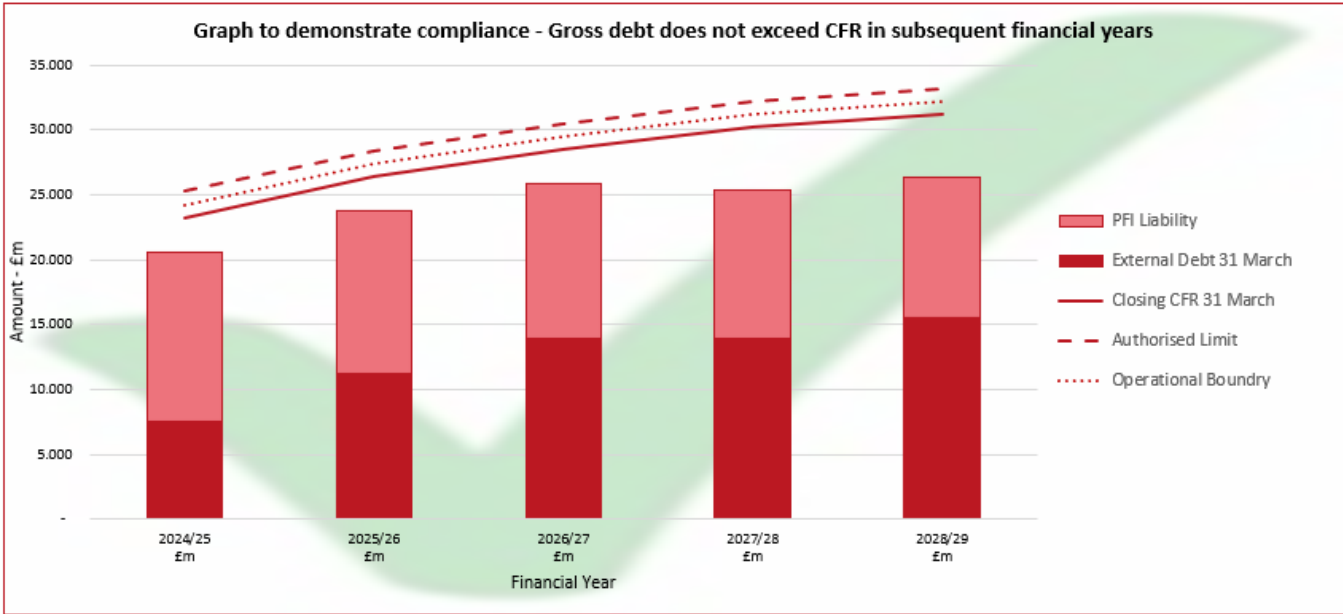
Gross Debt and the Capital Financing Requirement

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.

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Closing CFR 31 March	23.267	23.252	26.359	28.474	30.235	31.202
Gross Debt 31 March	7.586	7.586	11.227	13.920	13.920	15.565

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 2025/26 (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)	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Investment income	-0.593	-0.855	-0.413	-0.363	-0.257	-0.253
MRP	0.714	0.670	0.687	0.927	1.254	1.532
Interest	0.194	0.194	0.284	0.434	0.495	0.528
<b>Financing Costs</b>	<b>0.315</b>	<b>0.009</b>	<b>0.558</b>	<b>0.998</b>	<b>1.492</b>	<b>1.807</b>
Net Revenue Stream	25.442	27.824	30.112	30.982	31.995	33.045
Ratio	1.24%	0.03%	1.85%	3.22%	4.66%	5.47%

## 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 2025/26

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 2025/26.

## Key Messages

Changes to the 2025/26 TMSS prudential indicators and MRP will be required once the detailed impact of IFRS16 is known at the 2024/25 financial

A new International Financial Reporting Standard 16 (IFRS16) has been 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 will require an adjustment to the Capital Financing Requirement, external debt (other long-term liabilities), the Authorised Limit and the Operational Boundary, to allow for those leases which were previously off-balance sheet, being brought onto the balance sheet.

The related assets and liabilities are brought onto the balance sheet increasing long-term liabilities, and as a result this will increase the debt liability. Generally accepted accounting practice requires these changes to be accounted for retrospectively, with the result that an element of the rental or service charge payable in previous years (and previously charged to revenue accounts) will be taken to the balance sheet to reduce the liability. On its own, this change in the accounting arrangements would result in a one-off increase to the CFR and an equal increase in revenue account balances. This is not seen as a prudent course of action and the code guidance aims to ensure local authorities are in the same position as if the change had not occurred. This is done by recommending the inclusion in the annual MRP charge of an amount equal to the amount that has been taken to the balance sheet to reduce the liability, including the retrospective element in the first year.

Currently, it is not possible to detail the adjustment figures until detailed data gathering has been completed at the end of the 2024/25 financial year. Following this It will be necessary to amend the MRP, Authorised Limit and Operational Boundary limits, this will be amended mid-year once the detailed impact is known.



### 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 2025/26 compared to those in operation for 2024/25. However there has been a change in the methodology to applying the matrix for placing investments.

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 £40m. The counterparty limits for 2025/26 are essentially the same as the limits for 2024/25, however, the methodology used in applying the matrix for the placement of investments has been fully aligned with Link Asset 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 Asset 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	£1m	3yrs
UK Banks	Purple		£1m	2yrs
UK Banks	Orange		£1m	1yr
UK Banks – part nationalised	Blue		£1m	1yr
UK Banks	Red		£1m	6mths
UK Banks	Green		£1m	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	£1m	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 (£6m) is within the total category limit of £20m 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 Asset 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 10% (£4m) of the total 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 0019/2024
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:	
------------------	---	------------------	--

**DECISION TITLE: 2025/26 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 2025/26 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 2026/27 to 2029/30 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 2025/26, Proposed Precept Level and Financial Forecasts 2025/26 to 2029/30 (item 9A) 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 2025/26 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 £98.19 for 2025/26, an increase of £4.95 or 5.31%, being the amount within the budget resolution
- Approve the Reserves Strategy for 2025/26 which is provided within item 9A.
- Approve the Charging Report for 2025/26 which is provided as a separate report (item 9B)

**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	the recommendations as set out above.
	do not approve	

Delete as appropriate:

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

**Signature:**

**Date:**

**For OPFCC Office Use only:**

<b>Date of publication of decision:</b>	
---	--

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 2025/26 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

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA): Budget 2025/26, Proposed Precept Level and Financial Forecasts 2025/26 to 2029/30</b>
---------------	--

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>9a</b>

### Executive Summary:

The attached report provides the draft budget and Medium-Term Financial Forecasts for the period 2025/26 to 2029/30 along with the proposed level of Council Tax precept for 2025/26.

### 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 2025/26 on the basis of the amount included within the Budget Resolution at Appendix B.
- Approve the Council Tax for a Band D property at **£98.19** for 2025/26, an increase of £4.95 (5.31%).
- Approve the Reserves Strategy outlined in paragraph 5 of Section 2.

# **Section 1 - Precept, Budget Proposals and Summary Capital Programme 2025/26 – 2029/30**

## **1.0 Executive Summary**

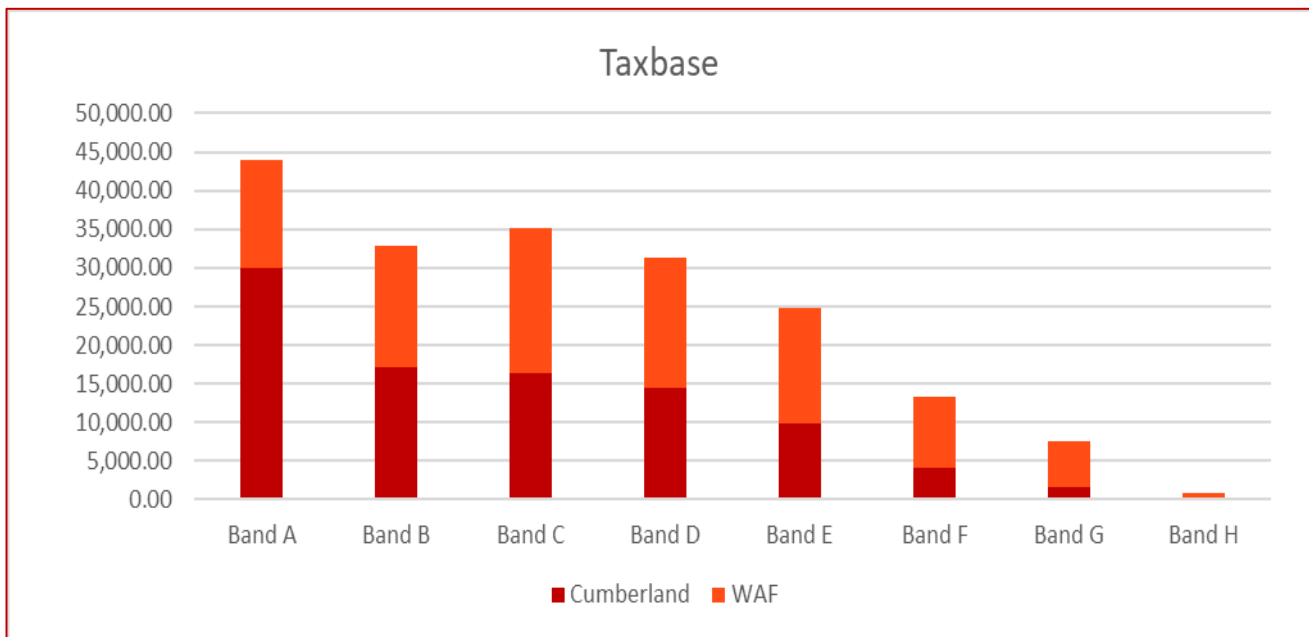
- 1.1. This report considers the base estimates for 2024/25 together with the estimates for 2025/26. The report also sets out any known revisions to the Medium-Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation 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 they still remain below minimum levels as of 1 April 2024, and ***this budget and MTFP is predicated on trying to increase 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 been 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 to the Commissioner.

## **2.0 Resource Assumptions**

- 2.1 The current resource projections assume:
  - A 5.31% (£4.95) (Band D equivalent) Council Tax increase for 2025/26 (subject to public consultation) with a £5 per year increase from 2026/27 onwards.
  - A nil Council Tax surplus/deficit for 2026/27 to 2029/30.
  - For 2025/26, surpluses have been declared by the two unitary Council's with the shares applicable to Fire being:
    - £28,721 surplus for Westmorland and Furness Council
    - £37,998 surplus for Cumberland Council
  - Retained business rates for 2025/26 reflect the amounts shown in the Local Government Finance Settlement for 2024/25 and will need updating once the LGFS is announced for 2025/26. 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.
  - An assumed tax base of 189,857.46 for 2025/26. The assumed taxbase is an increase of 5.76% from 2024/25 and is primarily as a result of additional council tax levies on 2<sup>nd</sup> homes.

Council Tax Income 2025/26	Tax Base
Cumberland Council	93,697.66
Westmorland & Furness Council	96,159.80
<b>Total</b>	<b>189,857.46</b>

- 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
Deputy Chief Fire Officer	1.00	1.00
Assistant Chief Fire Officer	1.00	1.00
Area Managers	3.00	3.00
Group Managers	6.00	6.00
Station Managers	15.00	15.00
Watch Managers	24.13	24.00
Crew Managers	35.00	35.00
Firefighters	125.20	126.00
<b>Total Wholetime</b>	<b>211.34</b>	<b>213.00</b>
<b>On-Call</b>	<b>368.50</b>	<b>447.00</b>
Green Book (Corporate)	FTE	HEADCOUNT
<b>Corporate Staff</b>	<b>69.95</b>	<b>77.00</b>
<b>Total Service Establishment</b>	<b>649.79</b>	<b>737.00</b>

2.3 For information, broadly:

- Each 1% (£0.90) movement in Council Tax impacts on the Service by £170,000

### **3.0 Funding**

#### **Local Government Finance Settlement**

3.1 The provisional Local Government Finance Settlement was announced on 18 December 2024. The final settlement was received on 3 February. Any changes to the settlement will be adjusted as an appropriation to or from reserves.

	2024/25	MTFP Assumed	Draft Settlement 18/12/2024	Change from 2024/25
	£000	£000	£000	£000
<b>Funding:</b>				
Revenue Support Grant	4,679	4,765	4,765	86
Business Rate Baseline	6,486	6,596	6,596	110
	<b>11,165</b>	<b>11,361</b>	<b>11,361</b>	<b>196</b>
<b>Grants - Home Office</b>				
Fire PFI	1,654	1,654	1,654	0
Fire Revenue Grant – Firelink	26	26	26	0
Fire Revenue Grant – New Dimensions	27	27	27	0
Pensions Grant (increase in Rate)	995	0	995	0
Pensions Admin Grant	69	0	tbc	
	<b>2,771</b>	<b>1,707</b>	<b>2,702</b>	<b>0</b>
<b>Grants - MHCLG</b>				
Services Grant	49	49	0	-49
Rural Delivery Grant	474	474	0	-474
Compensation for Business Rates Multiplier	1,208	1,208	1,269	61
Funding Guarantee	459	0	0	-459
	<b>2,190</b>	<b>1,731</b>	<b>1,269</b>	<b>-922</b>

As can be seen from the table above, the provisional settlement removes £922,000 of MHCLG grant. These grants have been redistributed to other local authority areas, particularly social care. Cumbria had a heavy reliance on these grants and therefore is disproportionately impacted by their withdrawal. Overall, the Core Spending Power in the settlement sees only a **1%** increase for Cumbria, which is the lowest across the country. Home Office grant settlement is still awaited at the time of writing this report.

The provisional settlement also indicates that the increased cost of national insurance contributions will not be fully compensated, however, no figures were provided in the settlement announcement.

- 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 2025/26 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 **5.31% or £4.95** for 2025/26.



2024/25		Property Band	2025/26			
Annual Bill £	Weekly Bill £		Annual Increase £	Weekly Increase (rounded) £	Annual Bill £	Weekly Bill £
62.16	1.19	Band A	3.30	0.06	65.46	1.26
72.52	1.39	Band B	3.85	0.07	76.37	1.46
82.88	1.55	Band C	4.40	0.08	87.28	1.55
<b>93.24</b>	<b>1.79</b>	<b>Band D</b>	<b>4.95</b>	<b>0.09</b>	<b>98.19</b>	<b>1.88</b>
113.96	2.13	Band E	6.05	0.12	120.01	2.13
134.68	2.52	Band F	7.15	0.14	141.83	2.52
155.40	2.90	Band G	8.25	0.16	163.65	2.90
186.48	3.48	Band H	9.90	0.19	196.38	3.48

3.10 With an assumed taxbase of 189,857.46, the above Band D precept would generate an overall Council Tax yield of **£18,642,104.**

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.

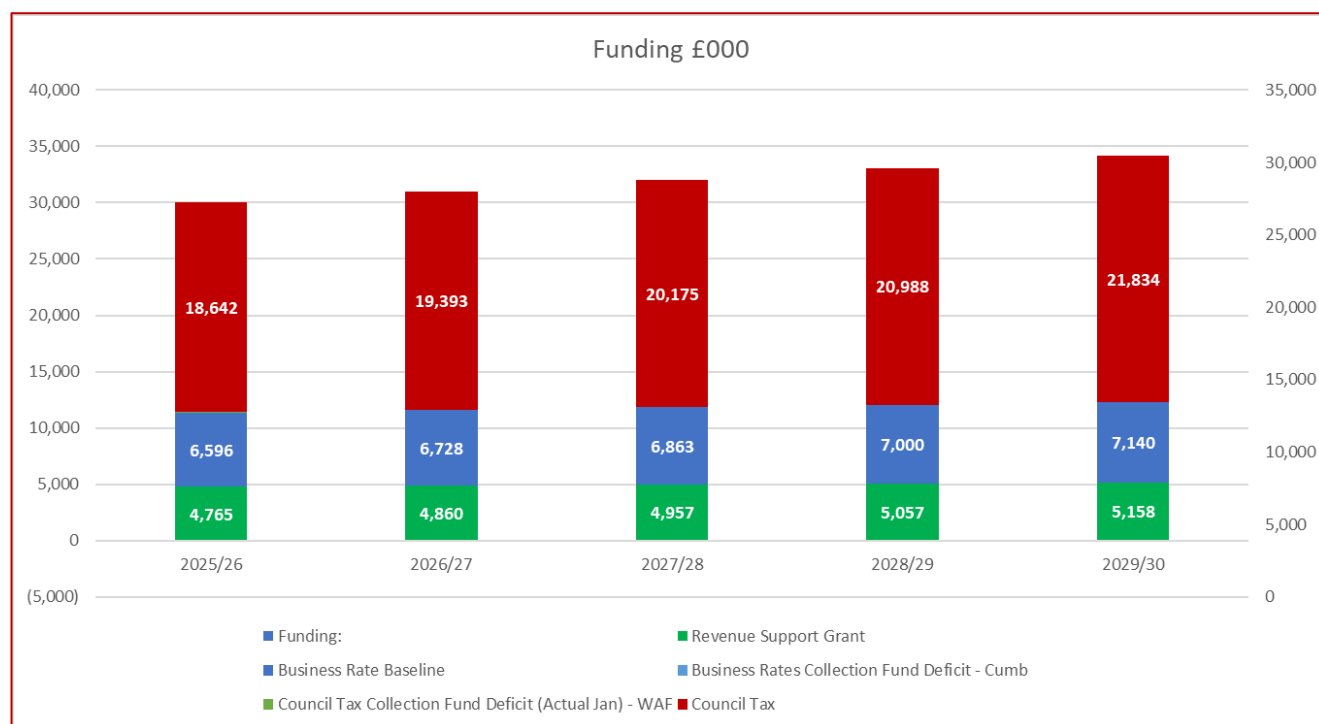
### Consultation

3.12 The Commissioner launched the public consultation through a survey on his website which closed at the end of January 2025. There was a total of 367 responses with 64% supportive of the proposed precept increase.

### 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 2025/26:

- 3% increase in Council Tax Band D Precept
- 1% increase in Council Tax base
- 2% increase in Revenue Support Grant
- 2% increase in Business Rates Baseline

## 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.

Detail		2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2028/29 £000
<b>Specific Grants</b>						
Fire PFI		(1,654)	(1,654)	(1,654)	(1,654)	(1,654)
Fire Revenue Grant - Firelink (tbc)		(26)	0	0	0	0
Fire Revenue Grant - New Dimensions (tbc)		(27)	(27)	(27)	(27)	(27)
Compensation for Business Rate Multiplier		(1,269)	(1,269)	(1,269)	(1,269)	(1,269)
National Insurance Compensation Grant		(220)	(220)	(220)	(220)	(220)
Pensions Grant (Pensions Rate)		(995)	(995)	(995)	(995)	(995)
<b>Total Specific Grants</b>		<b>(4,191)</b>	<b>(4,165)</b>	<b>(4,165)</b>	<b>(4,165)</b>	<b>(4,165)</b>
<b>Other Income</b>						
Salary Costs Recovered		(75)	(75)	(75)	(75)	(75)
Income and Charges		(10)	(10)	(10)	(10)	(10)
Rents and Leases		(105)	(105)	(105)	(105)	(105)
<b>Total Other Income</b>		<b>(190)</b>	<b>(190)</b>	<b>(190)</b>	<b>(190)</b>	<b>(190)</b>
<b>Total Grants and Income</b>		<b>(4,381)</b>	<b>(4,355)</b>	<b>(4,355)</b>	<b>(4,355)</b>	<b>(4,355)</b>

Any changes to the grants still to be confirmed in the table above will be actioned through a contribution to/from reserve.

## **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

2024/25 Revised £000	Summary Net budget Requirement	2025/26 Proj £000	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000	2029/30 Proj £000
	<b>Recurring Net Revenue Expenditure</b>					
	Existing Net Expenditure	28,712	29,564	30,510	31,328	31,847
	Budget Increases	3,956	3,827	3,827	3,827	3,827
	Budget Reductions	(1,134)	(1,134)	(1,134)	(1,134)	(1,134)
	Savings Required	0	(250)	(250)	(250)	(250)
	Treasury Management	(505)	(459)	(402)	(336)	(79)
	Changes to income	(789)	(789)	(789)	(789)	(789)
<b>26,869</b>	<b>Total Net Recurring Expenditure</b>	<b>30,240</b>	<b>30,759</b>	<b>31,762</b>	<b>32,646</b>	<b>33,422</b>
	<b>Non-Recurring Revenue Expenditure</b>					
0	Existing Expenditure	0	0	0	0	0
125	New Spending Pressures	1,257	0	0	0	0
<b>26,994</b>	<b>Total Net Revenue Expenditure</b>	<b>31,497</b>	<b>30,759</b>	<b>31,762</b>	<b>32,646</b>	<b>33,422</b>
	<b>Less Contributions (from)/to Reserves</b>					
955	Recurring Commitments	(128)	224	233	399	710
(125)	Non-Recurring Commitments	(1,257)	0	0	0	0
<b>27,824</b>	<b>Total CFRS Budget Requirement for Council Tax purposes</b>	<b>30,112</b>	<b>30,983</b>	<b>31,995</b>	<b>33,045</b>	<b>34,132</b>

The contribution from reserves for non-recurring commitments includes the use of £1m allocated by the Home Office to Cumbria Fire and Rescue in March 2024 in support of its budget. This funding has been allocated to finance the capital programme and reduce borrowing liability and costs. Although this is a drawdown from reserves in 2025/26, the funding was provided in 2024/25 so was set aside in reserves for this purpose.

The proposed draft budget will see small contributions to reserves over the 5-year MTFP period, but this is predicated on achieving the savings identified at 9.3.

## 7.0 Total Funding and Provisional Council Tax Projections

2024/25 Revised £000	Total Funding and Council Tax Impact	2025/26 Proj £000	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000	2029/30 Proj £000
27,824	<b>Projected Net Budget Requirement for Council Tax purposes</b>	30,112	30,983	31,995	33,045	34,132
(16,737)	Funded by:					
	Council Tax Income	(18,643)	(19,394)	(20,175)	(20,988)	(21,834)
78	Estimated Council Tax/Business Rates (Surplus) / Deficit	(108)	0	0	0	0
(6,486)	Retained Business Rates	(6,596)	(6,728)	(6,863)	(7,000)	(7,140)
(4,679)	Revenue Support Grant	(4,765)	(4,861)	(4,957)	(5,057)	(5,158)
<b>(27,824)</b>	<b>Total Funding</b>	<b>(30,112)</b>	<b>(30,983)</b>	<b>(31,995)</b>	<b>(33,045)</b>	<b>(34,132)</b>
179,509.47	Estimated Tax Base	189,857.46	191,756.03	193,673.59	195,610.33	197,566.43
£ 93.24	Band D Council Tax	£ 98.19	£ 101.14	£ 104.17	£ 107.29	£ 110.51
£ 2.79	Increase over previous year	£ 4.95	£ 2.95	£ 3.03	£ 3.13	£ 3.22
2.98%	%	5.31%	3.00%	3.00%	3.00%	3.00%

## 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 the changes in on-call firefighter pay grades. This will add approximately £899,000 to the pay bill with Cumbria having such a high reliance on on-call firefighters. Other staffing related pressures relate to provision of budgets for National Insurance and pension contributions for on-call firefighters that have not previously been explicitly provided for (£1.098m). This pressure is partly offset by the inclusion of a salary turnover (vacancy factor) budget.
- 8.2 Other pressures arising in the Service are increased costs for North-West Fire Control (£216,000), revenue repairs and maintenance (£166,000), increased fleet maintenance and fuel costs (£160,000). Increased costs of national insurance due to changes in employers' contribution rates will add £322,000 to the pay bill (although this is partly offset through additional government grant). Additional inflationary pressures of £342,000 are also included in the budget.
- 8.3 Non-recurring pressures relate to the additional provision of an additional Area Manager post for 12-months, and increased contributions to SLA agreements for 2025/26. There is also a proposed one-off revenue contribution to the capital programme that will reduce the underlying borrowing requirement and also borrowing costs in future years.

## 9.0 Proposals for savings and efficiencies

- 9.1 As well as the areas identified above as additional expenditure, there are some areas where savings and efficiencies can be achieved. These are as follows:

## 9.2 Other Savings and Efficiencies

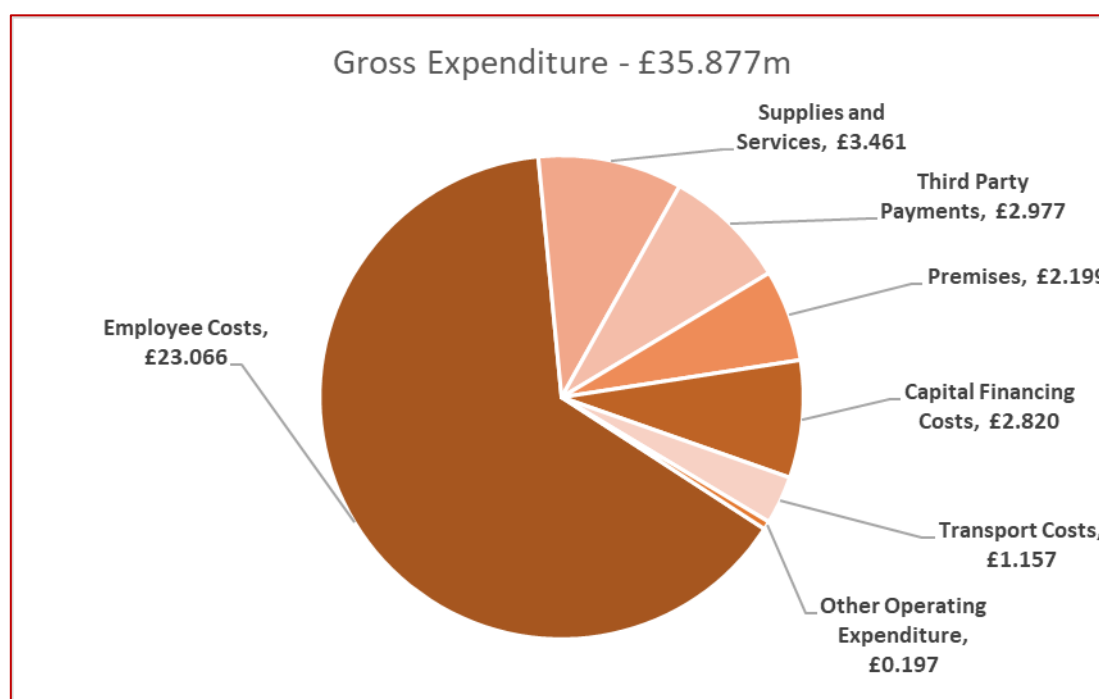
Savings of £34,000 have been identified from the zero-based budget review, and £750,000 will be included in the budget to offset the additional pay costs as a salary turnover (vacancy factor) target which has not previously been included and was recommended as part of the value for money review undertaken earlier in the year.

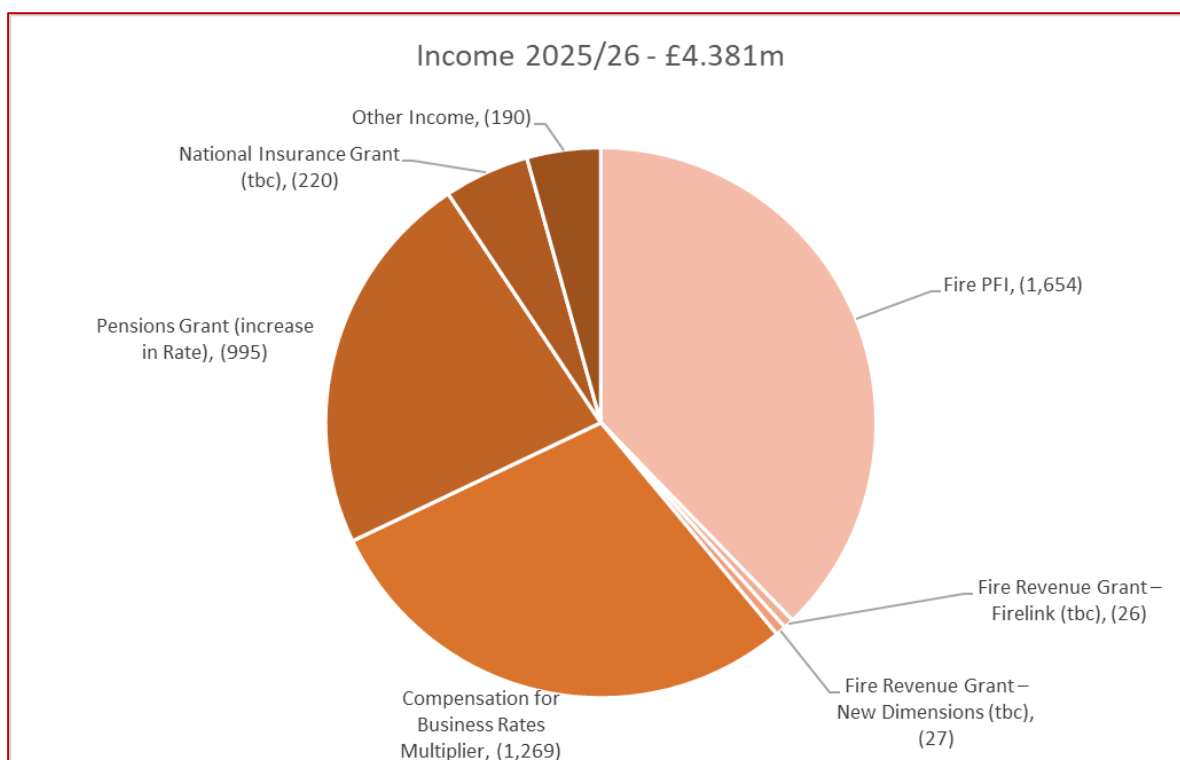
## 9.3 Future Savings Requirement

The proposed budget as it currently stands shows that there is a requirement to use reserves in the short term. With the potential for funding reform in 2026/27 there should therefore be an expectation that savings will be required to balance the budget. Further one-off support from Home Office has been requested for the short term to allow the new Chief Fire Officer time to consider areas for potential savings in the future. The current forecast shows a short-term requirement to utilise reserves, therefore savings need to be set at a considered and effective level. **Therefore, an efficiency target has been included in the budget which equates to £250,000 to be found on a recurring basis from 2026/27.**

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Savings requirement	0	250	0	0	0

Achieving these savings from 2026/27 would enable reserves to continue to be built and would provide some headroom in case of future funding reductions. A 5% reduction in Revenue Support Grant and Business Rates baseline would equate to £580,000.





## 10.0 Projected impact on Reserves and Balances

10.1 It should be noted that if all the potential new spending pressures, savings and changes to funding are accepted, reserves **will** reach prudent acceptable minimum levels in 2028/29. ***Once the final settlement is announced this is highly likely to improve.***

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:

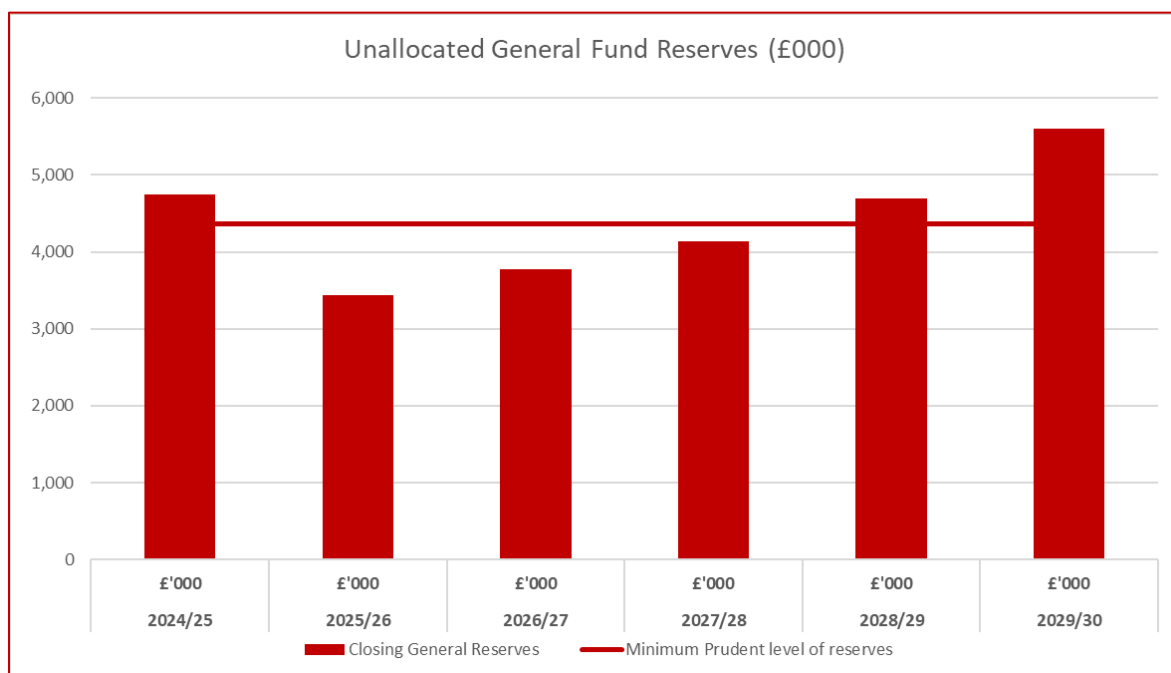
*“Wherever possible, reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years”.*

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 **£4.358m**.

10.4 The PFI reserve is used for smoothing the increases in the PFI payments compared to the amount of grant received. From 2025/26, the reserve will begin to be released to match the budget requirement for the PFI contract which is contained in the base budget.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<b>Opening Balance - General Fund Reserve (Estimated)</b>	<b>4,748</b>	<b>3,442</b>	<b>3,772</b>	<b>4,138</b>	<b>4,700</b>
In Year Contribution to/(from) GF Reserves (MTFP)	(1,385)	224	233	399	710
Transfers (to)/from Earmarked Reserves	79	106	133	163	193
<b>Closing Balance - General Fund Reserve (Estimated)</b>	<b>3,442</b>	<b>3,772</b>	<b>4,138</b>	<b>4,700</b>	<b>5,603</b>
<b>Estimated Prudent Minimum Level of Reserves (Appendix 2)</b>	<b>4,358</b>	<b>4,358</b>	<b>4,358</b>	<b>4,358</b>	<b>4,358</b>
<b>Excess / (Shortfall)</b>	<b>(916)</b>	<b>(586)</b>	<b>(220)</b>	<b>342</b>	<b>1,245</b>
<u>Earmarked Reserves</u>					
PFI	1,835	1,729	1,596	1,433	1,240
Insurance (includes in year saving)	437	437	437	437	437
Other Earmarked Reserves	405	405	405	405	405
<b>Total Earmarked Reserves</b>	<b>2,677</b>	<b>2,571</b>	<b>2,438</b>	<b>2,275</b>	<b>2,082</b>
<b>Total Estimated Reserves</b>	<b>6,119</b>	<b>6,343</b>	<b>6,576</b>	<b>6,975</b>	<b>7,685</b>

Opening reserves for 2025/26 include the £1m funding provided by Home Office which will be utilised in 2025/26 for reducing the borrowing requirement and associated interest costs.



## 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 2025, 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 31/03/26 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/26 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/26 (£000)
-25%	4,319	3,403	-25%	3,167	2,251	-25%	13,327	12,411
-10%	4,343	3,426	-10%	3,882	2,965	-10%	7,946	7,030
-5%	4,350	3,434	-5%	4,120	3,204	-5%	6,152	5,236
-1%	4,356	3,440	-1%	4,310	3,394	-1%	4,717	3,801
0%	4,358	3,442	0%	4,358	3,442	0%	4,358	3,442
1%	4,360	3,443	1%	4,406	3,489	1%	3,999	3,083
3%	4,363	3,446	3%	4,501	3,585	3%	3,282	2,366
5%	4,366	3,450	5%	4,596	3,680	5%	2,564	1,648
10%	4,374	3,457	10%	4,834	3,918	10%	770	(146)
25%	4,397	3,481	25%	5,549	4,633	25%	(4,611)	(5,527)

## 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 2025/26 – 2029/30**  
The summary provisional programme and financing impact on the borrowing requirement is set out below:

<b>Capital Programme</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>2029/30 £'000</b>
<b>Proposed Programme</b>					
Fleet	2,540	1,985	1,573	1,483	1,370
Estates	1,808	734	1,169	356	917
ICT & Equipment	980	901	899	1,339	714
<b>Total Proposed Programme</b>	<b>5,328</b>	<b>3,620</b>	<b>3,641</b>	<b>3,178</b>	<b>3,001</b>

<b>Summary Programme</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>
Estimated Borrowing Requirement 31 March 2025 (excl PFI)	10,730				
In Year Impact:					
- Estimated resources available in year	(1,000)	0	0	0	0
- Proposed Programme	5,328	3,620	3,641	3,178	3,001
<b>Gross Borrowing Requirement (before MRP) (Excl PFI)</b>	<b>15,058</b>	<b>18,678</b>	<b>22,319</b>	<b>25,497</b>	<b>28,498</b>

## 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.

<b>Capital Financing Requirement (excl PFI)</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening Estimated Borrowing Requirement (excl PFI)	10,730	14,371	17,064	19,451	21,097
In Year Impact:					
- Estimated resources available in year	(1,000)	0	0	0	0
- Proposed Programme	5,328	3,620	3,641	3,178	3,001
- Minimum Revenue Provision (Provision for repayment of debt)	(687)	(927)	(1,254)	(1,532)	(1,838)
<b>In Year Borrowing Requirement</b>	<b>3,641</b>	<b>2,693</b>	<b>2,387</b>	<b>1,646</b>	<b>1,163</b>
<b>Closing Estimated Borrowing Requirement</b>	<b>14,371</b>	<b>17,064</b>	<b>19,451</b>	<b>21,097</b>	<b>22,260</b>

## **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

## **4.0 Assumptions & Issues Arising**

4.1 The following assumptions are included in the MTFP.

	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %	1% Change £000
Firefighters Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%	233.500
NJC Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%	12.000
Premises	2.00%	2.00%	2.00%	2.00%	2.00%	21.000
PFI Contract Indexation	2.00%	2.00%	2.00%	2.00%	2.00%	19.000
Transport	2.00%	2.00%	2.00%	2.00%	2.00%	9.000
Supplies & Services	2.00%	2.00%	2.00%	2.00%	2.00%	20.500
SLA's	2.00%	2.00%	2.00%	2.00%	2.00%	14.000
Third Party Expenditure	2.00%	2.00%	2.00%	2.00%	2.00%	3.500
NW Fire Control	2.00%	2.00%	2.00%	2.00%	2.00%	6.500
<b><u>Income/Funding Assumptions</u></b>						
Government Grant Increases	1.70%	2.00%	2.00%	2.00%	2.00%	47.650
Business Rate Increases	1.70%	2.00%	2.00%	2.00%	2.00%	65.960
Council Tax Band D	5.31%	5.09%	4.85%	4.62%	4.42%	170.000
Council Tax base	5.76%	1.00%	1.00%	1.00%	1.00%	

## **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 £159,000 per annum.
- Every £1 in Council Tax equates to £170,000 per annum.

## **4.3 Funding**

4.3.1 CFRS receives core funding from Government each year as part of the Settlement 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 Settlement 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 does not currently include any estimations for the potential income from retained business rates following the proposed business rates reset in 2026, however a 5% reduction in business rates funding would equate to £330,000.

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 new 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 being provided by the Unitary Councils in the first instance. Whilst there is an aspiration to control costs to current levels there are risks associated with pricing for the SLA's, service standards in the new arrangements and the long-term appetite for the unitary authorities to continue to provide services in future years. Whilst opportunities may arise with the PFCC/Constabulary or a Fire-Fire basis to improve that is likely to require additional investment in systems, people, and processes.

4.4.3 Although provision has been made for pay awards in the MTFP, any actual pay award granted over these assumptions would have a detrimental affect on the budgetary position of the Authority. A 1% change in pay award would have a £230,000 impact.

#### **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 and Police which will be built into the scheme valuation process and reflected in the 2025/26 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 **£4.3m** 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 2024/25.

## **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)  
email: [steven.tickner@cumbriafire.gov.uk](mailto:steven.tickner@cumbriafire.gov.uk)

## 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.

2025/26 will be the third 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 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:

- Current and future central government funding continues to be very uncertain. The 2025/26 Local Government finance settlement has seen a reduction of £992,000 in specific grants from MHCLG, which represents over 3% of the overall budget. Further changes to the funding regime, including business rates reset from 2026 has the potential to further impact the Service's ability to present balanced budgets.
- The disaggregation of hosted services from the Unitary Council's will present challenges both operationally and financially. Although budgetary provision is included for these services, decisions on future provision may place additional financial pressure on the Service.
- 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 main risk to the robustness of the estimates contained within the 5-year MTFP is the continued uncertainty regarding future funding models and allocations from central government.**

**The current budget estimates show a requirement to fund expenditure from reserves in the short term but with an overall increase in unallocated General Fund reserve levels over the life of the MTFP. Savings will be required from 2026/27 in order to alleviate some of the pressures expected and potential for reductions in future funding settlements.**

**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 **£4.3million** 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 every year of the MTFP. However, with the achievement of modest savings from 2026/27, contributions to reserves are expected by the end of the MTFP period with minimum reserves being achieved in 2028/29.**

## **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.

## 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 2025/26.

**Revenue Estimates 2025/26:** That CCFRA net **Budget Requirement** of **£30,111,845** be approved.

**Council Tax Base 2025/26:** That it is noted that the Council Tax base has been calculated at the amount of 189,857.46 for 2025/26. 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 2025/26 financial year:

Ref	2025/26 Amount	Description
(a)	35,877,195	being the total of gross expenditure
(b)	(4,381,200)	being the total of income from specific grants, fees and charges
(c)	(1,384,150)	bring the contribution to / (from) Reserves
(d)	30,111,845	being the Budget Requirement for the year to be met from Council Tax and External Finance
(e)	4,764,982	Being the total the Commssioner estimates will be received from external financing (RSG)
(f)	6,638,940	Being the total of income received from Retained Business Rates Less the Business Rates Collection Fund Deficit
(g)	65,819	being the net surplus/(deficit) on Council Collection Funds
(h)	18,642,104	being the Council Tax requirement (the budget requirement less the collection fund surplus/(deficit) and external finance)
(i)	98.19	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 2025/26 Amount	Proportion
Band A	65.46	6/9ths
Band B	76.37	7/9ths
Band C	87.28	8/9ths
Band D	<b>98.19</b>	9/9ths
Band E	120.01	11/9ths
Band F	141.83	13/9ths
Band G	163.65	15/9ths
Band H	196.38	18/9ths

Billing Authority	TaxBase	Precept (Band D) (£)	Amount Payable (£)
Cumberland Council	93,697.66	98.19	9,200,173
Westmorland and Furness Council	96,159.80	98.19	9,441,931
<b>Total</b>	<b>189,857.46</b>	<b>93.24</b>	<b>18,642,104</b>



## Cumbria Commissioner Fire and Rescue Authority

### Public Accountability Conference

<b>TITLE:</b>	<b>Cumbria Commissioner Fire and Rescue Authority (CCFRA):</b> <b>Charging Policy 2025/26</b>
---------------	--

<b>DATE OF MEETING:</b>	<b>13 February 2025</b>
<b>REPORT OF:</b>	<b>The Chief Finance Officer</b>
<b>REPORT ITEM:</b>	<b>9b</b>

#### **Executive Summary:**

The attached report provides the proposed charging policy and rates for 2025/26

#### **Recommendations:**

The Commissioner is **RECOMMENDED** to:

- a. Approve the Charging Policy as set out in this report



# CFRS Charging Policy 2025/26

## Sections

Section	Pages
1. Charging for Mutual Assistance	3-12
2. Central Services Department (CSD)	13-14

# Section 1

## Operational Planning

### CFRS Policy

## Charging For Mutual Assistance

	Name and Job Title
Responsible Assistant Manager	Stuart Hook, Area Manager
Responsible Senior Manager	Tony Paterson, Group Manager
Person responsible for monitoring day-to-day compliance	Paul Dean, Station Manager
Person responsible for reviewing the policy	Paul Dean, 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

## 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.

FRAs 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 place 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 FRAs.

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		$1 \times 12 \times \text{WMB Hrly Rate}$
4 x FF x 12 Hrs		$4 \times 12 \times \text{FF Hrly Rate}$
Fire Appliance per Day (running cost)	100.00	$1 \times 100$
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)	70.00	$200/4 \times 1.40$
Total Cost		
Administration Charge @ 5%		
<b>TOTAL RECHARGE</b>		

## 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*12*SMB Hrly Rate
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
5 x FF x 12 Hrs		5*12*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*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 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)	200.00	2*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*2
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 200 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)	28.00	200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

### Appendix C Secondment Hourly Rates of Pay using FPS 1992 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**

<b>Rank</b>	<b>Annual Salary £</b>	<b>National Insurance £</b>	<b>Total inc. on costs £</b>	<b>Hourly Rate £</b>
Firefighter Competent	37,675	3,943	41,618	19.06
Crew Manager Competent	41,767	4,508	46,275	21.19
Watch Manager A Competent	42,672	4,633	47,305	21.66
Watch Manager B Competent	46,707	5,190	51,897	23.76
Station Manager A Competent	50,041	7,031	57,072	26.13
Station Manager B Competent	53,586	7,618	61,204	28.02
Group Manager B Competent	62,028	9,016	71,044	32.53
Area Manager B Competent	72,054	11,571	83,625	38.29

**Appendix E Vehicle/Equipment Cost Recovery Scales.**

<b>Provision of FRS Asset Only</b>	<b>Daily Rate £</b>	<b>Miles per Litre</b>	<b>Cost per Day (Ex Fuel) £</b>
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 2025

The scale of Special Service Charges is amended with effect from 1 April 2025 as follows:

### **APPLIANCES**

Turntable Ladder	£573.00	per hour or part hour
All other Appliances and Vehicles	£387.00	per hour or part hour
Light Portable Pump	£155.00	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	£51.12	per hour or part hour
Crew Manager	£57.08	per hour or part hour
Watch Manager	£63.04	per hour or part hour
Station Manager	£86.88	per hour or part hour
Group Manager	£102.24	per hour or part hour
Area Manager	£116.57	per hour or part hour

### **MISCELLANEOUS**

Salvage Sheets	£37.49	per sheet per week
Collection and delivery	£1.46	per mile
Standard Fire Reports	£180.75	minimum charge
Fire Investigation Reports	£180.75	based on hourly rate
Professional Consultation	£180.75	minimum charge
Plan Examination	£180.75	minimum charge
Inspection of Premises	£180.75	minimum charge
Personnel Interview	£180.75	minimum charge
Report preparation re the above	£99.94	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.**