



# **Medium-Term Financial Plan**

**2026/27 – 2029/30**

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# Contents

• Foreword	1
• Funding	2
• Efficiencies	4
• Budget Pressures	5
• Impact of Capital Investment	6
• Reserve Movements	7
• Risks Identified in the MTFP	7
• Summary of Changes to Base Budget	8



# Foreword

Councillor Jeff Brooks, Lead Member for Finance and Chair of RBFA



It is my pleasure, as the Lead Member for Finance, to introduce the Authority's Medium-Term Financial Plan (MTFP). I am pleased the latest report from His Majesty's Inspectorate of Constabulary and Fire and Rescue Services states, "The service continues to build its financial plans on sound scenarios. They help make sure the service is sustainable and are underpinned by financial controls that reduce the risk of misusing public money."

The MTFP has been drawn up against a macro-economic environment that remains challenging. Inflation is currently above the Bank of England's target of two per cent and the Authority will have to contend with reduced Government funding over the period of this Plan. Budget monitoring in the current financial year has highlighted persistent pressure on budget lines for goods and services. Fortunately, these cost pressures have been offset by interest received on the Authority's balances. However, in future years, a number of these reserves will be spent and so will not be available to generate interest.

Pay pressures continue to be a concern. Pay awards for Grey and Green Book staff are negotiated at a national level. The pay awards agreed for 2025 were 3.2%, whereas we had budgeted for pay awards of 2%.

While the priority is to balance the 2026/27 budget, the MTFP must also look to match expenditure to funding in the medium term. A key driver to achieving this will come from the ongoing implementation of the Authority's Efficiency and Productivity Plan and, in particular, the drive to transform business processes by exploiting new ICT capabilities. The Efficiency and Productivity Plan captures invest-to-save projects that will result in revenue budget savings in future years. As well as helping to secure financial sustainability for the Authority, in many cases, these projects will also contribute to the Authority's environmental strategy of reducing its carbon emissions.

In summary, the MTFP sets out clearly how the Authority will continue to control its cost base by delivering appropriate savings and efficiencies in 2026/27 and by establishing a programme to improve productivity over the medium term.



## Funding

The Authority receives around two-thirds of its funding from council tax so assumptions around precept flexibility plays a pivotal role in the Medium-Term Financial Plan.

Assumptions about future increases in the precept are shown in the table below.

	2026/27	2027/28	2028/29	2029/30
Council Tax rise	5.79%	5.48%	5.19%	1.99%
Council Tax for band D	£91.31	£96.31	£101.31	£103.33
Annual Increase	£5.00	£5.00	£5.00	£2.02

As well as the level of council tax, revenue also depends on the size of the tax base. Growth in the tax base for 2026/27 is expected to be 0.73% which is below our planning assumption of 1.5%. In addition, there is an aggregate council tax collection fund deficit of £2,000.

The Business Rates Funding Level for the Authority has fallen from £7.9 million to £7.2 million. Actual business rates income that will be received in 2026/27 will be £61,000 above the baseline of £7.2 million. There is an aggregate business rates collection fund surplus of £49,000.

Overall, including council tax funding, the Government judges that the Authority's core spending power will increase by 4.9%.

### Assumptions for Funding in Future Years

- Settlement Funding Assessment will decrease by 4.8% over the period of this Plan. The Government has provided provisional funding figures for years 2 and 3 of the Plan. Year 4 is the Authority's own estimate of funding.
- Business rates surplus/deficit is zero in years 2 to 4.
- Collection Funds for council tax and business rates are budgeted to breakeven from years 2 to 4 on the basis that surpluses and deficits should even out over the medium term.
- Council tax base will grow by 1.5% per annum.

A summary of funding projections is shown in the table below.





<b>Funding</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>
Revenue Support Grant	9,008	8,664	8,268	7,768
Business Rates Baseline	7,200	7,391	7,541	7,692
Business Rates Top-up Grant	26	0	0	0
<b>Settlement Funding Assessment</b>	<b>16,234</b>	<b>16,055</b>	<b>15,809</b>	<b>15,460</b>
Business Rates surplus / (deficit) above the baseline	61	0	0	0
Business Rates Collection Fund surplus / (deficit)	49	0	0	0
Council Tax (incl. tax base growth)	34,268	36,686	39,170	40,550
CT Collection Fund surplus / (deficit)	-2	0	0	0
<b>Total Funding</b>	<b>50,610</b>	<b>52,741</b>	<b>54,979</b>	<b>56,010</b>



## Efficiencies

The financial pressures that the Authority continues to face have made the task of finding savings within the revenue budget all the more pressing. Building on the efficiencies that have been generated during 2025/26, a new Efficiency and Productivity Plan has been produced to cover the period of the Medium-Term Financial Plan.

Efficiencies are broken down into three categories: Reduced Contractual Expenditure, Service Redesign and Income Generation.

The quantum of savings is shown in the table below.

Efficiency Plan Savings from Base Budget	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Reduced Contractual Expenditure	510	30	0	170
Service Redesign	503	970	1,000	830
Income Generation	28	0	0	0
<b>Total</b>	<b>1,041</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Further detail on these savings can be found in our Efficiency and Productivity Plan.

The Productivity Board meets regularly to review progress and will further develop the Efficiency Programme for 2027/28 and beyond.



## Budget Pressures

Pay accounts for three-quarters of the total revenue budget so pay awards have a significant impact on our ability to balance the budget. Pay awards for both Grey and Green book staff for 2026/27 are assumed to be 3% which is below the current rate of inflation. It should be noted that the pay awards for Grey and Green Book staff were 3.2% in 2025/26 against a budgeted increase of 2%. The unbudgeted elements of the 2025/26 pay awards have been built into the 2026/27 Budget.

The effects of pay increments for 2026/27 and future years have also been taken into account.

There are various unavoidable pressures that the Authority faces as contracts are re-tendered.

A summary of budget pressures is shown in the table below.

Pressures on Base Budget	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Grey Book pay award variance to Budget 25/26	316	0	0	0
Green Book pay award variance to Budget 25/26	108	0	0	0
Grey Book pay award 3%, 3%, 3%, 2%	822	834	858	660
Green Book pay award 3%, 3%, 3%, 2%	279	288	296	305
Reversal of Employer NI Grant	305	0	0	0
Pay Increments	475	539	605	617
Thames Valley Fire Control Service	83	44	375	0
Invest-to-Save Funding	77	-77	0	0
Bids	0	434	0	0
Firelink Grant Reduction	75	0	0	0
Contractual Inflation	364	375	386	394
<b>Total</b>	<b>2,904</b>	<b>2,437</b>	<b>2,520</b>	<b>1,976</b>



## Impact of Capital Investment

The Authority's Strategic Asset Investment Framework (SAIF) sets out a vision for the replacement and renewal of capital assets. Given the level of investment in our assets, the Authority has always recognised the need to allocate a base amount of the revenue budget to directly fund shorter-life assets. If MTFP assumptions hold in the medium term, especially in relation to pay, we intend to continue with this policy of revenue funding short-life assets.

Borrowing will be used to finance the property element of the SAIF as well as other SAIF projects that cannot be funded from the annual revenue budget. The financing costs of SAIF projects that are planned over the next four years have been built into the MTFP.

Annual changes to the base revenue budget from capital activities are shown below.

Revenue Implications of Capital Programme	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Reduced Investment Income on Balances	232	100	100	0
Direct Revenue Funding of Capital	550	204	410	-105
Additional financing costs of capital programme	0	390	208	160
<b>Total</b>	<b>782</b>	<b>694</b>	<b>718</b>	<b>55</b>

While financing costs rise over the next four years due to interest payments from increased borrowing and increased set aside to repay loans, the ratio of financing costs to the revenue budget remains affordable as shown in the tables below.

### Ratio of financing costs to net revenue stream

	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Ratio (%)	1.71%	1.59%	1.51%	2.18%	2.47%	2.71%



**Maximum ratio of financing costs to net revenue stream**

	2025/26	2026/27	2027/28	2028/29	2029/30
Ratio (%)	3.00%	3.00%	3.00%	3.00%	3.00%

## Reserve Movements

The 2026/27 Budget does not contain any planned appropriations to or from reserves to balance the Revenue Account.

## Risks Identified in the MTFP

There are two main risks identified in the Medium-Term Financial Plan.

The first risk relates to pay awards above the budget assumption of 3%. The table below sets out the additional costs for each quarter of one per cent increase above the budget assumption for Grey and Green Book staff.

Additional Cost of Pay Awards	£000
0.25%	93
0.50%	186
0.75%	279
1.00%	372
1.25%	465
1.50%	558



The second risk is related to increases in supplier pricing which may for certain categories be substantially higher than the general rate of inflation. This could be a particular risk for our large capital projects.

## Summary of Changes to Base Budget

The tables below summarise the changes to base budget over the four-year period of the MTFP.

Summary of Base Budget Changes	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Efficiency Plan Savings	-1,041	-1,000	-1,000	-1,000
Cost Pressures	2,904	2,437	2,520	1,976
Revenue Financing Costs of Capital Programme	782	694	718	55
<b>Total</b>	<b>2,645</b>	<b>2,131</b>	<b>2,238</b>	<b>1,031</b>

Year-on-Year Base Budget Movements	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<b>Funding (Council Tax, Business Rates &amp; Govt. Grant)</b>	<b>50,610</b>	<b>52,741</b>	<b>54,979</b>	<b>56,010</b>
Prior-Year Net Expenditure Budget	47,965	50,610	52,741	54,979
Changes to Base Budget	2,645	2,131	2,238	1,031
(Savings) required to balance budget	0	0	0	0
Appropriations to/(from) Reserves	0	0	0	0
<b>Net Revenue Budget</b>	<b>50,610</b>	<b>52,741</b>	<b>54,979</b>	<b>56,010</b>

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