

Finance

2025-26 Lead Member Annual Report

Budget Setting

As Lead Member for Finance and Chair of the Budget and Efficiency Working Party, I am pleased to confirm that the three objectives I set for the 2026/27 Budget were met: firstly, to build a budget that would not only balance for 2026/27 but also for the subsequent three years that make up the period of the Medium-Term Financial Plan (MTFP); next, to ensure that sufficient resources will be available to deliver an even more effective service to the public; and finally to invest in transforming our business processes to deliver future efficiencies.

The Settlement Funding Assessment announced by Government consists of three elements: revenue support grant, business rates baseline funding and business rates top-up grant. As part of the three-year local government finance settlement, it was announced that our Settlement Funding Assessment would be £16.234 million for 2026/27, an increase of only 1.4% and well below the rate of inflation. It will then reduce to £16.055 million in 2027/28, with a further reduction to £15.809 million in 2028/29. Over the four-year period of the MTFP, Settlement Funding Assessment is predicted to decline by 4.8%. As a consequence, all Members of the Budget Working Party agreed that it would be necessary to use the flexibility afforded by the Government to increase the band D precept by £5 in 2026/27. A public consultation on increasing the precept by this amount was undertaken in January. Overall, there were 230 responses with 78.7% of respondents being in favour of the increase.

Despite the increase of £5 in the precept, savings of over £1 million were required and subsequently identified to balance the budget in 2026/27. The Budget and Efficiency Working Party was clear that savings should be linked to improved use of resources rather than cuts in service. An example of one of the savings identified was the restructure of the Protection function which will deliver both an annual cashable saving of £100,000 on a recurring basis as well as improvements in service such the integration of legal and enforcement functions that will streamline operations and reduce costs. The introduction of out-of-hours provision and enhanced fire investigation capability will improve operational resilience and ensure compliance with statutory duties. There will also be clear career pathways that will support staff retention and development, reducing the impact of turnover.

It should be noted that even with the increase of £5 in the precept, Royal Berkshire Fire Authority remains amongst the lowest 25% of precepting fire authorities in the country. It

is therefore clear that RBFRS remains a low cost but high-quality Service – providing good value for money to residents.

Budget Monitoring

At the end of 2024/25, £350,000 was transferred to the Budget Contingency Reserve to cover the unbudgeted element of the pay awards for 2025/26. At quarter 3 2025/26, due to in-year savings, it was forecast that only £86,000 would be required to be taken from the Budget Contingency Reserve to keep the Revenue Account in balance for 2025/26.

Looking Forward

The macro-economic outlook remains uncertain with inflation expected to increase in the short term and economic growth likely to weaken. This uncertainty reinforces the need for the Authority to deliver its four-year Efficiency and Productivity Plan. An Efficiency Board will be established to track savings and productivity gains and ensure the delivery of the Plan over the next four years. This Board will also look closely at how we can transform our services via innovation and the use of AI in order to make sure that we continue to be an effective service, providing very good value for money to our residents.

Cllr Jeff Brooks

Finance Lead Member