*Mae'r ddogfen yma ar gael yn Gymraeg* **Agenda Item 9**

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| Report to | **North Wales Fire and Rescue Authority** |
| Date | **21 September 2026** |
| Lead Officer | **Helen MacArthur, Assistant Chief Fire Officer** |
| Contact Officer | **Elgan Roberts, Head of Finance and Procurement** |
| Subject | **Revenue Budget Monitoring Report 2026/27 – Period 5** |

**PURPOSE OF REPORT**

1 To present Members with an update on North Wales Fire and Rescue Authority's (The Authority) revenue budget position as at 31 August 2026 and highlight variances, emerging financial risks and the forecast outturn position for the financial year.

**EXECUTIVE SUMMARY**

2 The latest forecast indicates a projected year-end overspend of £0.313m, equivalent to approximately 0.6% of the Authority's net budget requirement of £54.104m. This forecast should be viewed in the context of a gross expenditure budget and ongoing operational pressures experienced during the first five months of the year.

3 The principal financial pressure relates to employee costs, which are forecast to exceed budget by approximately £0.533m. This reflects increased operational activity, particularly during the summer period, together with the financial impact of continued growth in retained firefighter numbers and associated incident response costs. These pressures are substantially offset by forecast underspends within Supplies and Services budgets, primarily arising from project slippage, timing differences and deferred expenditure.

4 A particular area of focus remains the financial impact of significant wildfire incidents experienced across Wales during the summer. Officers are currently assessing the full cost implications and are engaging with Welsh Government regarding potential support through the Emergency Financial Assistance Scheme (EFAS). At present, the forecast assumes no EFAS reimbursement and therefore represents a prudent assessment of the Authority's financial position.

## RECOMMENDATIONS

5 It is recommended that Members:

- **i) Note the financial position for revenue and capital; and**
- **ii) Note the Authority's intention to seek support from Welsh Government through the Emergency Financial Assistance Scheme in respect of exceptional wildfire-related costs.**

## BACKGROUND

6 Each year the Authority is required to set a balanced revenue budget which must be approved by the full Authority. The final budget for 2026/27 was approved by the Authority at its meeting on the 19 January 2026. This confirmed a net revenue budget requirement of £54.104m to be funded by the constituent local authorities.

7 When setting the budget, Members also approved a range of non-recurring measures necessary to achieve financial balance within 2026/27 which included utilising reserves.

8 The capital plan of £6.661m was presented to the Budget Scrutiny working group and approved by the Authority.

## INFORMATION

## REVENUE BUDGET YTD

9 As of 31 August 2026, the Authority has incurred gross expenditure of approximately £18.744m against a profiled budget of £20.668m, together with commitments of £4.966m. This results in total expenditure and commitments of £23.710m at the end of Period 5.

10 Many supplies, maintenance contracts, software licences and operational commitments fall later in the financial year and therefore the current year-to-date position is not necessarily indicative of the final outturn.

**FORECAST OUTTURN**

| | Budget (£'m) | Outturn (£'m) | Use of Reserves (£'m) | CERA Cont'ns (£'m) | Total (£'m) | Variance (£'m) | Variance (%) |
|---|---|---|---|---|---|---|---|
| Employees | 39.902 | 40.435 | 0 | 0 | 40.435 | 0.533 | 1.34% |
| Premises | 2.578 | 2.707 | 0 | 0 | 2.707 | 0.129 | 5.02% |
| Transport | 1.404 | 1.442 | 0 | 0 | 1.442 | 0.038 | 2.67% |
| Supplies | 6.586 | 6.034 | (0.271) | 0 | 5.763 | (0.823) | (12.50%) |
| Third Party | 0.488 | 0.488 | 0 | 0 | 0.488 | 0 | 0% |
| Capital Cost | 4.464 | 4.605 | 0 | 0 | 4.605 | 0.141 | 3.17% |
| Income | (1.047) | (1.024) | 0 | 0 | (1.024) | 0.023 | (2.22%) |
| Reserves | (0.271) | 0 | 0 | 0 | 0 | 0 | |
| **Sub Total** | **54.104** | **54.688** | **(0.271)** | **0** | **54.417** | **0.313** | **0.6%** |
| Levies | (54.104) | (54.104) | 0 | 0 | (54.104) | 0 | 0.0% |
| **Outturn** | **0** | **0** | **0** | **0** | **0.313** | **0.313** | **0.6%** |

11 **Employee costs** remain the most significant area of financial pressure and represent over 70% of the Authority's expenditure base. Employee expenditure is currently forecast to exceed budget by approximately £0.533m by year end. Key contributors to this pressure include:

- £0.457m - Retained incident fees year to date.
- £0.168m - Overtime expenditure year to date.

12 The 2026/27 budget included an assumed pay award of 3.8% for all staff groups. The pay award for local government staff, effective from April 2026, was settled at 3.3%, while the firefighters' pay award was settled at 3.8% with effect from 1 July 2026.

13 Members will be aware that improving retained firefighter availability has been a long-standing objective of the Authority. During the last 12 months the Service has successfully increased retained firefighter establishment levels, improving operational resilience and appliance availability across North Wales.

| RDS Analysis | Budget 2026/27 | Aug-23 | Aug-24 | Aug-25 | Aug-26 |
|---|---|---|---|---|---|
| Headcount | 489 | 465 | 473 | 485 | 536 |

14 During the last 12 months, the Service has continued to strengthen operational resilience through successful recruitment and retention activity within the Retained Duty System (RDS). RDS headcount increased from 485 in August 2025 to 536 in August 2026. This improvement supports appliance availability and the Authority's ability to respond to incidents across North Wales. Whilst this represents a positive operational outcome, increased staffing levels also result in additional expenditure on retaining fees, incident fees, training and employer on costs. Current estimates suggest this growth creates a recurring budget pressure of approximately £500k per annum before the impact of future pay awards.

15 **Premises** budgets are forecast to overspend by approximately £129k. This reflects additional property-related expenditure, planned works and consultancy activity across the estate portfolio. Whilst some pressures have emerged during the year, the overall variance remains relatively modest in the context of the Authority's property budget.

16 **Transport** budgets are forecast to overspend by approximately £38k, mainly due to specialist maintenance, tyre costs, fuel and other usage-related expenditure. Costs continue to be monitored closely given uncertainty surrounding fuel prices and operational demand.

17 **Supplies and Services** budgets are forecast to deliver an underspend of approximately £0.823m, providing the principal mitigation against employee pressures. The forecast underspend reflects:

- Delays to equipment purchases.
- Project implementation slippage.
- Reprofiling of expenditure into future periods.
- Lower than anticipated expenditure against contingency budgets.
- Timing differences on software, licences and operational projects.

18 Officers are reviewing these budgets to determine whether expenditure can still be delivered during 2026/27 or whether future carry-forward requests may be required.

19 **Third Party Payment** budgets are forecast to remain broadly in line with budget.

20 **Capital financing costs** are forecast to exceed budget by approximately £141k, reflecting borrowing and financing assumptions associated with delivery of the Authority's capital programme and the continued impact of higher interest rates.

21 The overall financial position remains manageable at this stage of the year, with a forecast overspend of £313k representing less than 1% of the Authority's net budget requirement. The key financial risks for the remainder of the year are:

- Continued operational activity and wildfire response costs.
- Employee expenditure particularly retained firefighter costs and overtime.
- Delivery of planned savings and expenditure profiles.
- Inflationary pressures.

**Wildfire Activity and Financial Impact**

22 The summer of 2026 has seen extensive wildfire activity across North Wales and neighbouring areas. These incidents have required prolonged operational deployments, extended command arrangements, relief crews, welfare facilities and increased appliance usage. The financial impact is becoming evident across several budget headings including:

- Retained incident fees.
- Overtime costs.
- Fuel consumption.
- Catering and firefighter welfare costs.
- Vehicle running expenses.
- Equipment replacement and maintenance.
- Operational consumables and PPE.

23 Year-to-date expenditure on catering and incident-related support costs has already exceeded budget profiles in several areas, whilst the wider impact can also be seen through employee-related expenditure.

24 Although the full financial effect of the wildfire season is still being quantified, it is expected that wildfire activity will remain a significant contributor to the employee budget overspend currently forecast.

**Emergency Financial Assistance Scheme (EFAS)**

25 Officers are currently working with Welsh Government and operational colleagues to identify eligible expenditure arising directly from wildfire response activity.

26 Where expenditure meets the relevant eligibility criteria, the Authority intends to pursue recovery through the Emergency Financial Assistance Scheme (EFAS). Work is underway to ensure that all additional costs are clearly identified, evidenced and appropriately recorded.

27 No EFAS reimbursement has been included within the current forecast outturn position. Consequently, any successful claim would improve the Authority's reported financial position later in the financial year.

28 Members will be kept informed as further information becomes available regarding both eligible costs and discussions with Welsh Government.

**CAPITAL PROGRAMME**

29 The Authority approved a capital programme for 2026/27 totalling £6.661m in January 2026, with an additional £3.434m brought forward due to delays in delivery and deferred schemes. And a further £2.600m for Hwb Awen development to RIBA Gateway 4.

30 As at the end of August 2026, capital expenditure totalled £0.559m, with commitments of £6.253m. Most schemes are expected to be delivered within the current financial year, with some fleet expenditure expected to rollover into future years due to the procurement and build timescales associated with fleet vehicles.

| Project Name/Description | Budget £m | Actual £m | Commitments £m | Total £m |
|---|---|---|---|---|
| Fleet | 3.432 | 0 | 2.199 | 2.199 |
| Facilities | 0.985 | 0.055 | 0.009 | 0.064 |
| Tech Ops | 1.844 | 0 | 0 | 0 |
| Sustainability | 0.400 | 0.009 | 0.014 | 0.023 |
| **2026/27 Sub Total** | **6.661** | **0.064** | **2.222** | **2.286** |
| Rollover Budget | 3.434 | 0.100 | 2.080 | 2.180 |
| Hwb Awen | 2.600 | 0.395 | 1.951 | 2.346 |
| **Sub Total** | **6.034** | **0.495** | **4.031** | **4.526** |
| **Grand Total** | **12.695** | **0.559** | **6.253** | **6.812** |

31 Progress has been made in committing expenditure against the approved capital programme, with commitments and expenditure totalling £6.812m, representing over 50% of the total programme value of £12.695m. Activity to date has predominantly focused on fleet replacement, Hwb Awen development and ongoing estate investment. Whilst expenditure is lower than would be expected at this stage of the year, this reflects the nature of capital projects where significant expenditure is incurred following procurement, contract award and delivery milestones rather than evenly throughout the year.

32 The largest area of committed expenditure relates to the Fleet Programme, where lead times for procurement, vehicle build and specialist equipment installation continue to impact delivery timescales. As a result, some expenditure currently planned for 2026/27 may require reprofiling into future years. Officers continue to review project delivery and funding requirements to ensure the capital programme remains affordable, deliverable and aligned to the Authority's strategic priorities.

**IMPLICATIONS**

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| Well-being Objectives | This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well into the future. |
| Budget | Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work. |
| Legal | The Authority remains compliant with its statutory duty to produce financial reports and maintain a balanced budget. |
| Staffing | Effective financial management supports the long-term workforce strategy to ensure that the Authority is able to discharge its responsibilities |
| Equalities/Human Rights/Welsh Language | None |
| Risks | Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members. |