

REVENUE BUDGET AND CAPITAL PROGRAMME 2026/27

Joint Report of Chief Officer and Treasurer Medium Term Financial Plan

1. Recommendations:

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|-----|---|
| 1.1 | Consider the Medium-Term Financial Plan (MTFP) including the financial risks to the Authority of no longer receiving additional grant funding from DEFRA. |
| 1.2 | Consider the projected balances on the General Reserve and the increases in levy needed to maintain the reserves level above the minimum 25% of expenditure, whilst ensuring the Authority remain operational through to the end of the 2029/30 financial year. |
| 1.3 | Consider a recommended increase of 7% increase in the levy as outlined in the MTFP that the Authority noted at its meeting in December 2024. |

2. Summary

- 2.1 Due to the uncertainty on whether the Authority will continue to receive the additional grant funding from DEFRA, this paper has been prepared on the assumption that the additional funding will be withdrawn from 2026/27 onwards.
- 2.2 At the Authority meeting in December 2024, the Authority approved a levy increase of 6.75% for the 2025/26 budget in line with Scenario 1, as set out in the Medium-Term Financial Plan (2025/26 MTFP) presented at the meeting. The 2026/27 MTFP below adopts the continuation of the 2025/26 MTFP and proposes an annual increase of 7% from 2026/27 to 2028/29, and a lower increase of 3% in 2029/30, to achieve a balanced budget by 2029/30. The Budget and Medium-Term Financial Plan (MTFP) has been prepared on this basis.
- 2.3 The Budget for 2026/27 has been adjusted to reflect operational plans and inflationary increases.
- 2.4 Appendix A paragraph 2.1 and the associated table show that the levy contributions from Gloucestershire County Council and Somerset Council will be in excess of the New Burdens Funding they receive.

3. Medium Term Financial Plan (MTFP)

- 3.1 The below table sets out projected expenditure for the next 4 years and the size of the budget gap with the withdrawal of the additional grant funding. The projected 2026/27 budget gap £125,742 which is equivalent of 15.00% of the current 2025/26 levy (£838,058). The 2026/27 budget proposes to address this gap through a levy increase of 7% raising additional income of £58,664 and through the use of reserves of £67,078.

| | 2025/26 Budget £ | 2026/27 Budget £ | 2027/28 Budget £ | 2028/29 Budget £ | 2029/30 Budget £ |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Employees | 780,300 | 776,200 | 799,500 | 823,500 | 848,200 |
| Premises | 40,800 | 39,800 | 41,000 | 42,200 | 43,500 |
| Transport | 14,200 | 15,600 | 16,000 | 16,300 | 16,600 |
| Supplies & Services | 69,800 | 79,900 | 82,300 | 84,800 | 87,300 |
| Boat Costs | 34,900 | 35,500 | 36,600 | 37,700 | 38,800 |
| Environmental Research | 12,500 | 12,500 | 12,900 | 13,300 | 13,700 |
| Support | 46,700 | 47,500 | 48,900 | 50,400 | 51,900 |
| Fees, Charges and Interest | (43,100) | (43,200) | (43,600) | (44,000) | (44,400) |
| | 956,100 | 963,800 | 993,600 | 1,024,200 | 1,055,600 |
| Use of Reserves | (118,042) | | | | |
| Net Budget | 838,058 | 963,800 | 993,600 | 1,024,200 | 1,055,600 |
| Current levy (2025/26) | 838,058 | 838,058 | 838,058 | 838,058 | 838,058 |
| Budget Gap (before proposed levy increase for 2026/27) | 0 | 125,742 | 155,542 | 186,142 | 217,542 |
| Budget Gap as a % of current levy | 0.00% | 15.00% | 18.56% | 22.21% | 25.96% |

- 3.2 The MTFP is prepared on the assumption that there is no significant change to the operational activity carried out by the IFCA and that the recruitment freeze continues regarding the two vacant roles.

- 3.3 The below table shows inflation rates used in the MTFP.

| Inflation Rates | 2026/27 % | 2027/28 % | 2028/29 % | 2029/30 |
|--------------------|--------------|--------------|--------------|---------|
| Pay inflation | 3.00 | 3.00 | 3.00 | 3.00 |
| General | 3.00 | 3.00 | 3.00 | 3.00 |
| Fuel | 3.00 | 3.00 | 3.00 | 3.00 |
| Travel & Transport | 2.50 | 2.00 | 2.00 | 2.00 |

4. Levy Increase and General Reserves

- 4.1 The levy increase is set out in Appendix A, with consideration given to the amount of the increase, the period/spread of the increase and the potential use of reserves.
- 4.2 It must balance the budget by the end of the period and maintain revenue reserves above the minimum already set by the Authority (25% of revenue expenditure).
- 4.3 The levy increase to the Funding Local Authorities for the 2025/26 budget was 6.75%.
- 4.4 When the Authority met in December 2024, the recommended scenario showed the general reserves balance reduce to 34% of gross expenditure over 4 years.

Mat Mander
Chief Officer

Angie Sinclair
Treasurer

Modelling of increase to levy and use of reserves to meet the budget gap

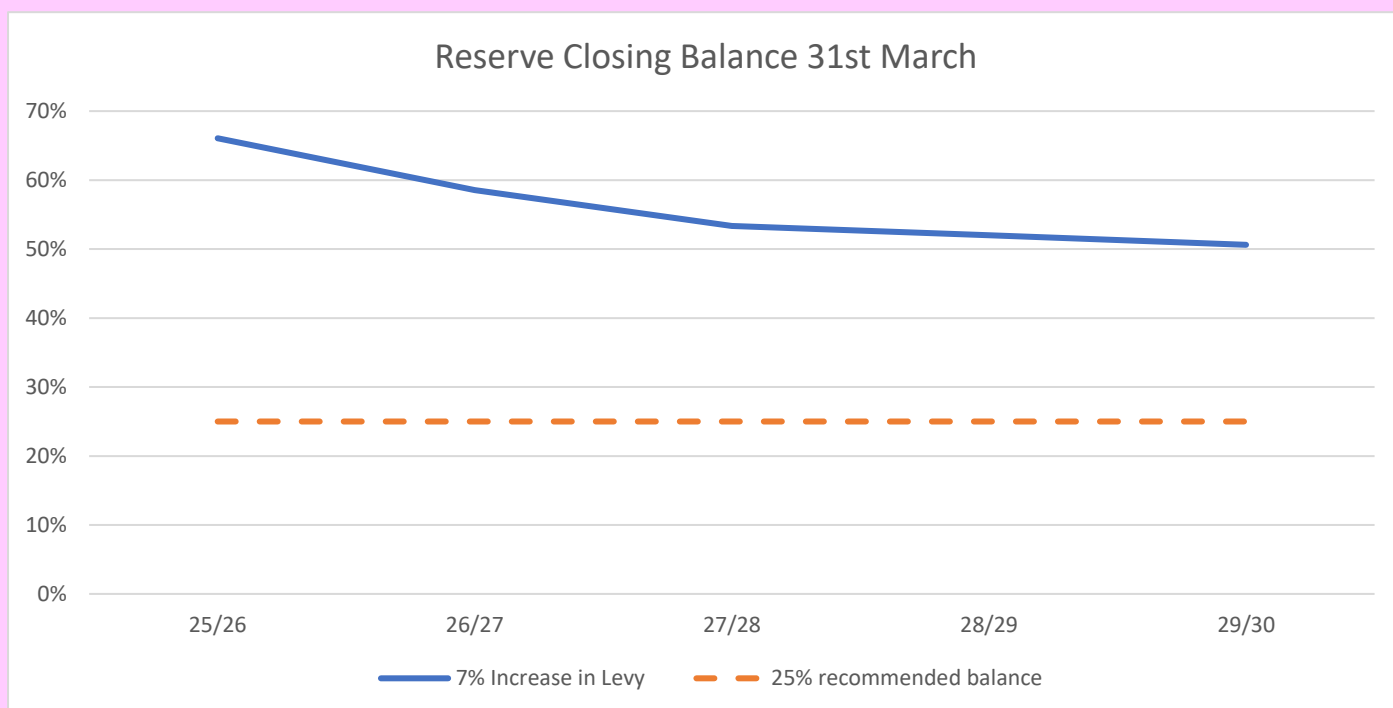
1. Modelling

1.1. The below table shows the effect on the reserves

1.2. This models an increase of 7% in levy for years 2026/27 to 2028/29 and 3% for 2029/30. This uses a total of £96,868 of reserves to meet the budget gap, over the next 4 years. The revenue reserves balance reduces to 51% at the end of year 4, maintaining the reserves balance above 25% for the next 4 years.

| | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget |
|--|-------------------|-------------------|-------------------|-------------------|
| % increase in levy | 7.00% | 7.00% | 7.00% | 3.00% |
| Use of reserves | (£67,078) | (£34,107) | £2,458 | £1,859 |
| Closing balance of revenue reserves | £564,530 | £530,423 | £532,881 | £534,740 |
| Revenue reserves as a % of net expenditure | 59% | 53% | 52% | 51% |

1.3. The below chart shows a decrease in the reserves closing balance, assuming a 7% increase in levy against the 25% recommended minimum reserves.



2. Increase in Levy to Local Authorities

2.1. Increase in levy to Local Authorities for Year 1 (2026/27)

| Local Authority | 2025/26 Levy £ | Increase in Levy £ | 2026/27 Indicative Levy £ | New Burdens Funding £ | Variance £ |
|-------------------------------------|-------------------|--------------------------|---------------------------------|-----------------------------|----------------|
| Bristol | 47,350 | 3,314 | 50,664 | 50,851 | (187) |
| Gloucestershire | 121,267 | 8,489 | 129,756 | 122,428 | 7,328 |
| North Somerset | 38,802 | 2,716 | 41,518 | 42,574 | (1,056) |
| Somerset | 133,167 | 9,322 | 142,489 | 133,952 | 8,537 |
| South Gloucestershire | 34,193 | 2,394 | 36,587 | 38,110 | (1,523) |
| Sub Total Severn Authorities | 374,779 | 26,235 | 401,014 | 387,915 | 13,099 |
| Devon | 394,642 | 27,625 | 422,267 | 21,382 | 400,885 |
| Plymouth | 39,389 | 2,757 | 42,146 | - | 42,146 |
| Torbay | 29,248 | 2,047 | 31,295 | - | 31,295 |
| Sub Total Devon Authorities | 463,279 | 32,429 | 495,708 | 21,382 | 474,326 |
| Total Funding | 838,058 | 58,664 | 896,722 | 409,297 | 487,425 |
| Transfer from Reserves | | | 67,078 | | |
| Total Net Budget 2026/27 | | | 963,800 | | |