



Gwasanaeth Tân ac Achub
Fire and Rescue Service



**Medium-Term Resource Strategy
2026 – 2030**



1. Purpose of the Medium-Term Resource Strategy (MTRS)

The MTRS sets out how North Wales Fire and Rescue Authority (the Authority) will resource the delivery of the Community Risk Management Plan (CRMP) 2024–2029. The CRMP identifies community risks across North Wales and defines the five principles, People, Prevention, Protection, Response and Environment, that guide how the Service will reduce risk and enhance community safety.

In the current global economic climate public financial management is more important than ever and the MTRS provides the financial framework to:

- Ensure resources directly support CRMP delivery and annual CRMP Implementation Plans.
- Fund the assets, workforce, estate, fleet and systems needed to manage the identified risks.
- Enable sustainable planning over the medium term, linking operational priorities to financial availability.
- Maintain a resilient financial position to support long term risk-based service planning.

2. Aims of the Strategy

The MTRS assists in:

- Supporting delivery of the Community Risk Management Plan 2024-2029;
- Ensure financial sustainability during a period of inflationary and operational pressures.
- Maintain sufficient reserves to manage volatility and emerging risk.
- Enable investment in critical operational capability

3. Key Messages

Strategic Alignment: The MTRS provides the financial framework to support delivery of the CRMP 2024–2029, ensuring resources are aligned to the Authority's operational priorities and statutory responsibilities.

Financial outlook: The medium-term financial outlook remains challenging, driven by inflationary pressures, capital financing costs and nationally driven programmes; however, the Authority's overall financial position is assessed as sustainable over the planning period.

Cost drivers and future pressures: Pay remains the Authority's largest area of expenditure and financial risk, with continued uncertainty around national pay awards alongside sustained non-pay inflation. The Strategy also reflects significant emerging pressures, including the revenue impact of the capital programme, estate and the introduction of Emergency Services Network (ESN) costs from 2028/29.

Efficiencies and prudent reserve use: These pressures are mitigated through planned efficiencies and productivity improvements, together with the prudent and time-limited use of reserves.

Levy: Indicative levy assumptions are included to support forward planning for constituent authorities, recognising that final levy decisions will be taken annually.

4. Principles of the Strategy

The MTRS aligns closely with many NWFRA strategies detailed in Appendix 1, ensuring financial planning supports the Service's long-term strategic and operational aims.

The Authority is committed to living within its approved budgets, maintaining strong financial discipline, and ensuring spending remains within levy-set estimates.

A prudent General Reserve will be maintained and reviewed annually, with any excess used flexibly where it delivers clear value. Earmarked reserves will be held only for justified purposes that directly support agreed objectives and CRMP commitments.

Across all decisions, the Authority will prioritise value for money by securing economy, efficiency and effectiveness, strengthening procurement, and driving continuous improvement. A rolling three year revenue forecast and ten-year capital plan underpins sustainable levy setting and medium-term decision making.

Finally, the Authority, Treasurer and Chief Fire Officer will remain engaged in national fire funding reviews and will continue to advocate for a fair, equitable and sustainable funding model for North Wales.

5. Economic outlook

The UK economy has continued to experience marginal growth. Latest ONS data show GDP increased by 0.1% in the three months to December 2025, and 1% higher than Q4 2024.

Labour market conditions have continued to ease, with unemployment rising to five year high of 5.2% and payroll

employment falling, although vacancies have broadly stabilised.

Inflation has fallen but remains above target, with CPI at 3.4% in December 2025. The Bank of England has reduced Bank Rate to 3.75% and signalled further gradual easing during 2026.

For Wales, core funding for local authority increased by 4.5% for 2026/27, providing improved short-term certainty, though pressures continue to exceed funding growth and long term stability.

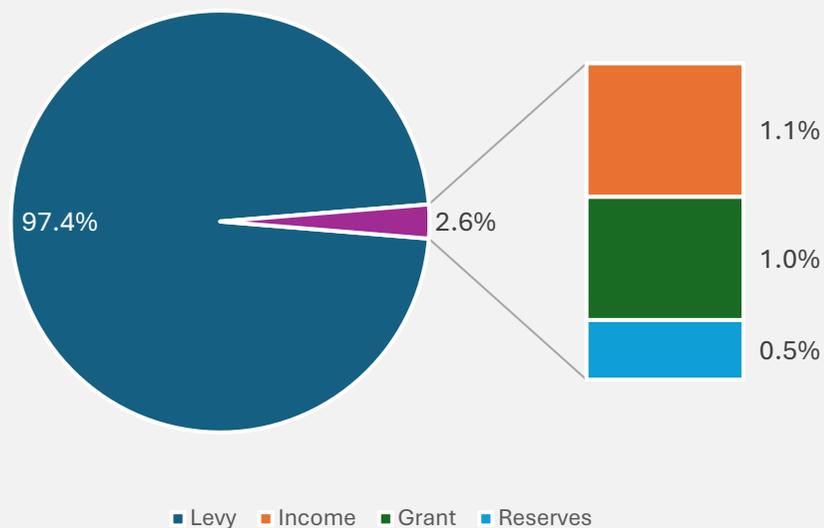
Implications for 2026/27 and beyond:

- Continued pressure on local authority funding is likely, increasing the risk of sustained levy pressure for the Fire Authority over the medium term.
- Ongoing reductions or consolidation of Welsh Government grants will heighten reliance on core funding and reduce flexibility.
- Persistent labour-market competitiveness is expected to keep recruitment and retention challenging across both operational and non-operational roles.
- Public-sector pay awards may remain above inflation, creating recurring baseline pressures year-on-year.
- Borrowing costs are expected to fall more slowly, affecting long-term affordability of the capital programme and limiting future investment capacity. Increased uncertainty in national fire funding arrangements means long-term planning will continue to require caution, scenario modelling, and a focus on financial resilience.

6. Financial Context

North Wales FRA is predominately funded via a levy on the six constituent councils, apportioned by population, with no council tax precept or retained business rates at FRA level; however, ongoing Welsh Government consultation on potential changes to governance and funding arrangements introduces uncertainty over the long-term structure and stability of this model.

Funding is received from the Welsh Government in the form of specific grants. The value of these grants has reduced in recent years and currently represents around 1% of total expenditure. Based on the 2026/27 budget, 97.4% of expenditure is funded through the levy, with the remaining 1.6% met from other income sources and the planned use of reserves.



7. Current Financial position

The Authority's budget for 2025/26 is £51.79m. The latest revenue monitoring report shows a projected budget underspend of £0.061m, as at 30 November 2025.

	2025/26 Budget (£m)	Forecast (£m)	Variance (£m)	Variance (%)
Employees	38.23	37.62	0.62	1.6
Premises	2.82	3.09	-0.28	-9.8
Transport	1.33	1.49	-0.16	-12.2
Supplies	6.18	5.84	0.34	5.5
Third Party	0.37	0.43	-0.06	-16.5
Capital Finance	4.50	3.85	0.65	14.4
Income	-1.04	-1.14	0.10	-9.8
Use of Reserves	-0.60	0.61	-1.21	201.3
Total	51.79	51.79	0.00	0.0

The budget is held by the Authority to provide the financial resources required to deliver operational fire response and protection services. The Capital Financing budget comprises the revenue provision for the repayment of borrowing, interest costs and investment income.

The forecast closing position on usable reserves at 31 March 2026 is £11.491m, reflecting the transfer of the projected £0.061m underspend to earmarked reserves.

8. Service Context

NWFRA is delivering its five-year Community Risk Management Plan (CRMP), which sets out how risks across the region will be assessed and mitigated through targeted prevention, protection and response activity.

The Service will continue aligning workforce planning, crewing models, and capital investment to CRMP priorities to ensure resources are deployed efficiently and sustainably.

Medium-term planning must also reflect pressures expected over the period, including pay and price inflation, pension volatility, and the revenue impacts of the 10-year capital programme, particularly the development of Hwb Awen, a new Training Centre, which will replace fragmented sites with a single modern facility once external construction funding is secured.

Alongside this, the Service is progressing a collective agreement implementation pilot, testing new workforce arrangements to enhance response, resilience and operational effectiveness. The outcomes of the pilot will inform future workforce planning, financial assumptions and service design as the organisation adapts to evolving risk and demand.

Collectively, these factors form the operating context for 2026/27 and beyond, shaping how the Authority prioritises investment, manages resources and maintains a high-quality, community-focused fire and rescue service within the financial constraints of the medium term.



9. Medium-Term Budget Pressures in North Wales

The medium-term financial outlook for NWFRA is shaped by several significant and inter-related budget pressures. These pressures reflect both national cost drivers and local strategic priorities and have been incorporated into the MTRS. Key areas include:

(i) Pay and Price Inflation

Pay remains the Service's largest cost pressure, with medium-term forecasts reflecting continued uncertainty in national pay awards (assumed at 3.8%, 3.2%, 3%, 2.8% for 2026/27–2029/30). Increasing demand arising from more frequent extreme weather events also places upward pressure on pay costs.

Non-pay inflation continues to affect energy, insurance, business rates, ICT and services, all of which remain above long-term averages and therefore require prudent provision.

(ii) Estate Backlog

NWFRA, in line with Fire and Rescue Services nationally, faces an increasing estate maintenance backlog driven by the age and condition of stations, training facilities and support buildings, many of which require ongoing investment to remain safe, compliant and operationally effective.

While recent spend has focused on essential and reactive works, emerging condition surveys and the developing estates strategy indicate rising pressure to address deferred maintenance and move towards planned lifecycle

replacement, ensuring the estate is fit for modern operational and workforce needs.

(iii) Revenue Implications of the Capital Programme

As the Service does not receive a capital allocation, the 10-year capital programmes, have associated MRP, interest, and loan costs built into the medium-term forecasts, as borrowing is required to fund them. It is expected that borrowing costs will rise over the MTRS period.

(iv) Development of the New Training Centre

The Training Centre remains a major strategic investment, replacing outdated sites with a modern facility. NWFRA continues to self fund all work to RIBA Stage 4, with future construction dependent on grant funding approval. Further information can be seen here: www.hwbawen.cymru

(v) Emergency Service Network (ESN)

2028/29 onwards, the transition to the ESN represents a significant medium-term cost pressure. The MTFP includes provision of £2.624m in 2028/29 and £1.485m in 2029/30, reflecting locally borne non-core costs associated with devices, network connectivity and dual-running arrangements. While the programme is nationally led, there remains ongoing uncertainty around the scale and duration of dual-running costs, the extent of central funding support and the final scope of locally funded requirements. The Authority continues to engage with the Joint Emergency Services Group (JESG) to seek clarity and appropriate funding arrangements.

10. Medium-Term Efficiencies and Productivity

Alongside the Emergency Cover Review (ECR) and the implementation of the collective agreement to strengthen operational response within a fixed funding envelope, NWFRA is developing a structured medium-term approach to efficiencies and productivity that reflects emerging best practice across the UK fire sector. This approach recognises the need to sustain service capacity while improving value for money over the medium term.

The Service will progress a programme of non cash releasing efficiencies, targeting productivity and efficiency gains of approximately 1-2% per annum. This will include estate optimisation, fleet modernisation, procurement efficiencies and digital transformation, improving operational effectiveness and cost efficiency without reducing frontline delivery.

In addition, cash releasing efficiencies will be pursued where appropriate. Opportunities for efficiency will be identified through analysis of NFCC national benchmarking and CIPFA / Infoshare+ annual statistics, ensuring that initiatives are evidence led and comparable with sector performance.

Planned cash releasing efficiencies for 2026/27 are estimated at £470k, equivalent to approximately 0.9%, with an expectation that overall productivity and efficiency gains will exceed 1%. Progress against these targets will be monitored quarterly through the Finance and Procurement Committee.

11. Social Value and carbon reduction

Alongside achieving best value for money, NWFRA is committed to embedding social value and supporting Welsh Government decarbonisation objectives through its financial, procurement and strategic decisions. Social value considerations are increasingly integrated into efficiency and productivity planning, recognising that carbon reduction, environmental improvement, workforce development and community benefit all contribute to long-term organisational sustainability.

Invest to save initiatives such as renewable energy schemes and energy-efficiency measures deliver both financial and environmental benefits by reducing running costs while lowering carbon emissions. Sector practice also demonstrates a growing emphasis on inhouse delivery models, local procurement and collaborative projects that support community wealth building and reduce supply chain emissions.

NWFRA will build on this approach through its capital programme, including the proposed new Training Centre, which provides a significant opportunity to embed modern, low carbon design principles, reduce whole life costs, and maximise social value through construction, skills development and local economic benefit.



12. Medium-Term Financial Plan (MTFP)

All the budget pressures, budget savings, availability of reserves, and funding assumptions outlined earlier in this Strategy are summarised below.

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Base Budget	49.246	52.389	54.788	56.866	61.851
Pay Award:	3.20%	3.80%	3.20%	3.00%	2.80%
All other Staff		1.130	0.597	0.626	0.523
Retained Firefighters		0.224	0.284	0.267	0.257
Wholetime Firefighters		0.511	0.303	0.428	0.412
Growth in establishment		0.327	0.133	0.122	0.113
Payroll Inflation	0	2.192	1.316	1.444	1.306
Non-Pay Inflation	0.514	0.296	0.409	0.376	0.405
REFCUS Increase		0	0.250	0.250	0.250
Capital Finance		0.095	0.203	0.391	0.074
Emergency Service Network		0	0	2.624	1.485
Income		-0.127	0	0	0
Recurrent Cash Savings		-0.057	-0.100	-0.100	-0.100
Budget Requirement	52.389	54.788	56.866	61.851	65.270
Non-Recurrent Cash Savings		-0.413	-0.220	-0.187	-0.150
Planned use of reserves	-0.601	-0.271	-0.350	-1.500	-1.000
Net Budget Requirement	51.788	54.104	56.296	60.164	64.120
Budget Increase	7.17%	4.47%	4.05%	6.21%	6.58%

The MTFP summarises the cumulative impact of known and emerging cost pressures over the period 2026/27 to 2029/30, including pay and non-pay inflation, growth pressures, capital financing costs and the planned introduction of Emergency Services Network costs from 2028/29. These pressures are partially mitigated through planned efficiencies, income assumptions and the prudent use of reserves, smoothing the profile of budget increases over the period. Notwithstanding these mitigations, the plan demonstrates a rising net budget requirement in the later years, reflecting the increasing scale of unavoidable commitments and ongoing uncertainty around funding, particularly for nationally driven programmes.

13. Capital Financing

The Authority's capital programme supports the delivery of the CRMP by ensuring that the Service's fleet, estate, operational equipment, ICT and training infrastructure remain safe, modern and fit for purpose. Over the period 2026/27 to 2029/30, the capital programme reflects both ongoing asset replacement requirements and a significant strategic investment in the proposed new training centre, Hwb Awen.

The total indicative capital investment planned over the four-year period amounts to £81.0m, with annual expenditure peaking in 2027/28 and 2028/29 as the Hwb Awen project progresses, subject to the availability of external grant funding.

Capital programme	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Fleet	3.271	3.775	4.527	2.506	2.934
ICT	0.986	0.040	0.350	0	0.125
Operational Equipment	0.233	1.861	3.877	0.394	0.446
Training Towers	0.350	0.350	0.350	0.350	0.350
Facilities	1.263	0.635	0.550	3.950	2.575
Hwb Awen	1.333	2.265	20.564	24.748	3.453
Capital Budget Estimate	7.436	8.926	30.218	31.948	9.883
Reserves	1.379	0	0	0	0
Revenue resources	1.451	1.000	1.250	1.500	1.750
Debt	3.746	6.139	8.404	5.700	4.680
Grants	0.860	0.500	20.564	24.748	3.453
Total Financing	7.436	8.926	30.218	31.948	9.883

Financing of the Capital Programme: The Authority finances its capital programme through a combination of revenue contributions, borrowing, limited use of reserves and external grant funding, as set out in the Capital Strategy and Treasury Management Strategy.

Borrowing is required to support the delivery of the capital programme and is undertaken in line with prudential borrowing principles. All associated interest and Minimum Revenue Provision costs are reflected within the Medium-Term Financial Plan.

External grant funding is a key component of the programme, particularly for Hwb Awen, with significant grant income assumed during the main construction phase. The delivery and profiling of the capital programme will remain subject to the confirmation and timing of grant funding.



14. Reserves

The requirement for financial reserves is set out in statute. Under the Local Government Finance Act 1992, the Authority must have regard to the level of reserves required to meet estimated future expenditure when setting the budget. Reserves are cash-backed balances held on the balance sheet, can only be used once, and do not form part of the Authority's base budget.

The Section 151 Officer has a statutory duty under section 25 of the Local Government Act 2003 to advise on the adequacy of reserves and the robustness of budget estimates, taking account of the Authority's risk register and medium-term financial plans. While reserves may provide short-term flexibility, CIPFA guidance is clear that they should not be relied upon to fund recurring expenditure without a clear medium-term funding plan. The [Authority's Reserves Strategy](#) was approved by the Audit Committee in March 2024 and is reviewed on a three year cycle.

The Authority holds a General Reserve to manage unforeseen events and Earmarked Reserves for specific known or anticipated liabilities. The General Fund Reserve is forecast to be £1.932m at 1 April 2026, representing approximately 3.5% of net revenue expenditure, consistent with recognised good practice. A summary of the balances can be seen below.

Usable Reserves	Actual Balance 31-Mar-25 £'m	Indicative Balance 31-Mar-26 £'m	Indicative Balance 31-Mar-27 £'m	Indicative Balance 31-Mar-28 £'m	Indicative Balance 31-Mar-29 £'m	Indicative Balance 31-Mar-30 £'m
Service Reserves:						
Pension Reserve	1.070	1.618	1.618	1.618	1.618	1.618
Interest Reserve	0.300	0.300	0.300	0.300	0.300	0.300
Fire Hydrant Repairs	0.090	0.090	0.090	0.090	0.090	0.090
PPE Uniform / Stock	0.768	0.768	0.768	0.768	0.768	0.768
Transformational Change	0.851	0.851	0.851	0.851	0.851	-
Facilities Improvements	0.980	0.980	0.980	0.980	0.980	0.980
Legal Liability	0.310	0.310	0.310	0.310	0.310	0.310
Training	0.250	0.250	0.250	0.250	0.250	0.250
Major Incidents	0.150	0.150	0.150	0.150	0.150	0.150
System Improvements	0.711	0.711	0.513	0.163	0.163	0.163
Inflation	0.250	0.250	0.250	0.250	0.250	0.250
Firefighters Pay Structure review	0.473	0.473	0.473	0.473	0.473	0.473
Capital & Grant Reserves:						
Capital Projects	0.195	0.195	0.195	0.195	0.195	0.195
Radio Scheme	1.537	1.537	1.537	1.537	0.037	-
Grant Reduction	1.003	1.003	1.003	1.003	1.003	1.003
Total Earmarked Reserves:						
General Fund	1.871	1.932	1.932	1.932	1.932	1.820
Capital Receipts Reserve	0.073	0.073	-	-	-	-
Capital Grants Unapplied	-	-	-	-	-	-
Total Usable Reserves	10.882	11.491	11.220	10.870	9.370	8.370
Movement in Reserves Balances		0.609	-0.271	-0.350	-1.500	-1.000
Net Revenue Expenditure (NRE)	48.256	51.788	54.104	56.296	60.164	64.120
Reserve as a % of NRE	22.6%	22.2%	20.7%	19.3%	15.6%	13.1%

Over the MTRS period, usable reserves are forecast to reduce in line with planned usage, with reserves as a percentage of net revenue expenditure declining from 22.6% to 13.1%. This reflects the prudent and time-limited use of reserves to manage known pressures. The Section 151 Officer confirms that reserve levels remain adequate and will be kept under regular review, with any material changes reported to the Authority.

15. Risk Assessment

The MTRS contains the most up to date information at the time of drafting, but the Authority's financial position is dynamic. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Authority's financial position are identified. The Authority faces a number of significant financial pressures that could affect the position over the medium term. An assessment of the likelihood and impact of each risk and the management controls in place are shown in Appendix 2.

The Section 151 Officer confirms that the budget estimates have been compiled on a robust and prudent basis.



16. Financial Resilience

The Authority faces a number of financial pressures over the medium term. The principal risks, together with their likelihood, impact and mitigating controls, are set out in Appendix 2. Financial resilience is underpinned by prudent medium-term financial planning, the maintenance of adequate reserves and a structured approach to identifying and managing financial risk.

The MTRS reflects known and emerging pressures and incorporates mitigations through planned efficiencies and the flexible, time-limited use of reserves. While the medium-term outlook remains challenging and subject to external uncertainty, particularly in relation to national funding, pay awards and the Emergency Services Network, the Authority is assessed as having sufficient resilience to absorb reasonable variations in assumptions without compromising statutory service delivery.

Financial resilience will continue to be reviewed annually as part of the budget-setting process and through ongoing in-year monitoring. The Section 151 Officer confirms that the budget estimates have been compiled on a robust and prudent basis.

17. Constituent Authority Levy

The primary source of funding for the Authority is the levy on the six constituent local authorities, which is calculated in proportion to mid-year population data. The levy provides the core, stable funding required to deliver statutory fire and rescue services and to resource the delivery of the CRMP. Final levy contributions are confirmed each year in line with statutory timescales and reflect the Authority's approved net budget requirement.

The MTRS sets out indicative levy assumptions over the planning period to support transparency and forward financial planning for constituent authorities. These assumptions reflect known and emerging cost pressures, including pay, pensions, inflation, estates investment and operational change, balanced against planned efficiencies, the use of reserves and anticipated grant funding. While indicative increases are modelled over the medium term, final levy decisions are taken annually by the Authority.

The Authority recognises that levy levels are sensitive to external uncertainty, particularly in relation to national pay awards, inflation, pension costs and changes in Welsh Government funding. The MTRS therefore adopts a prudent approach to levy planning, supported by sensitivity analysis, reserves and efficiency assumptions, to mitigate volatility and avoid undue pressure on constituent authorities. Where additional or late-announced funding is received, the

Authority will work constructively with local authorities to ensure that levy impacts are managed transparently and, where appropriate, on a cost-neutral basis.

18. Conclusion

The Medium-Term Resource Strategy demonstrates that the overall financial position of the Authority is sustainable over the medium term, based on current assumptions and planned mitigation measures. This position is, however, dependent on the planned use of £3.121m from reserves over the period 2026/27 to 2029/30 to manage known and emerging financial pressures while maintaining service delivery.

The MTRS provides a clear and transparent framework setting out how each year of the planning period will be financed, balancing levy income, efficiencies, grant funding and the prudent use of reserves. Usable reserves are projected to remain at a reasonable and prudent level, estimated at £11.491m as at 31 March 2026, providing resilience against financial risk and uncertainty.

The Authority will continue to keep its financial position under ongoing review, reflecting changes in funding, pay, inflation and service demand.

Appendix 1 – Interdependence with other published documents

1.	Community Risk Management Plan (CRMP) 2024–2029
2.	CRMIP
3.	Risk Management Strategy
4.	Capital Strategy 2026-27
5.	Treasury Management Strategy 2026-27
6.	Minimum Revenue Provision Statement
7.	Financial Reserves Strategy
8.	Hwb Awen Outline Business Case

Appendix 2 – Risk Assessment

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Employee costs	<ul style="list-style-type: none"> Staffing budgets based on existing service delivery models and outcomes of the Emergency Cover Review (2023). Retained Duty System (RDS) budget assumes headcount continuation, not full establishment (approx. additional £3m if fully resourced). Additional RDS recruitment capped at 15 posts (was 30 in 2024/25). Work is ongoing to improve rural availability; however, savings will not be realised as options involving cash releasing savings were not approved by the Fire Authority. The Nucleus Crewing pilot at Porthmadog and Dolgellau will be monitored during 2026/27. At the time of setting the budget for the 2026/27 financial year, the national pay awards for staff for the 2026/27 financial year had not been finalised with 3.8% used as a planning assumption for all staff. 	<ul style="list-style-type: none"> The National Joint Council (NJC) has not yet reached agreement on the firefighter pay award for 2026/27, each percentage point above the 3.8% is a financial risk of circa £0.270m. The budget planning assumes normal levels of activity. If spate conditions occur budget pressures will be experienced. The working assumption is that the General Fund would be utilised in the first instance. Recruitment challenges for RDS and high retirement levels could increase costs. Ongoing legal challenges (O'Brien/Matthews 2 remedy) are expected to generate additional costs for the Authority, which will not be covered by the pension fund.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Non-Pay	<ul style="list-style-type: none"> Budgets formulated using zero-based approach; new expenditure over £10k requires a business case. Inflationary pressures where known are factored into contracts and supply chain costs. Unavoidable costs associated with industry specific health and safety matters have been included within the non-pay budget. These include costs associated with the training of operational firefighters and the management of contaminants. One off non-pay expenditure of £271k allocated to be funded through utilisation of reserves. Budgets have been formulated using the knowledge and professional judgement of budget managers and underlying contractual obligations but through necessity include a large degree of estimation. Where costs pressures can be quantified these have been separately identified and included. 	<ul style="list-style-type: none"> Whilst the Service continues to review non-pay costs and strives to manage cost pressures within the planned budget this remains an area of risk and uncertainty. In particular, it has been noted that delays in the delivery of goods or services have impacted on the time profiles of expenditure. Although cost inflation is generally more manageable than in recent years it is noted that some areas of concern remain. This includes increases in licences associated with software including business critical systems and insurance cost. The cost of gas and electricity has been a known cost pressure since 2022/23 due to global cost pressures. The position appears to have stabilised and the budget for 2026/27 is predicated on best estimates at this time. However, volatility in the market continues and this is carefully managed throughout the financial year with the current contract due to expire during 2026/27.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Capital Financing	<ul style="list-style-type: none"> The capital financing requirement for 2026/267 includes the revenue charge for the minimum revenue provision for existing assets and an estimate of the interest charges arising from borrowing. These costs are influenced by historical capital expenditure, the need to borrow for the 2026/27 capital programme and the impact of interest rate increases when re-financing maturing loans. The initial planning assessment assumes that all future borrowing will be at the prevailing PWLB rate at the time of budget setting, currently estimated at 4.6%. The Authority receives independent advice and guidance on this matter from Arlingclose, a specialist advisory company. The capital plan includes potential costs associated with business cases submitted by each Head of Department. This includes some provision for initial costs associated with the Training Centre Project to enable a detailed business case and funding model to be developed up to RIBA Stage 4. 	<ul style="list-style-type: none"> The increase in interest rates in recent years is a key risk area and is exacerbated as a number of loans require refinancing during the 2026/27 financial year. Financial modelling undertaken to assess the affordability of all proposals during the budget setting process. The timing and scale of costs associated with the proposed new training centre remain subject to uncertainty, as the full business case and funding arrangements have not yet been considered by the Authority. While it is anticipated that the final business case and associated funding options will be presented for approval in 2027, there is an ongoing risk regarding the availability and timing of Welsh Government grant funding. Provision has therefore been included for costs associated with detailed planning and development work within the initial budget estimates, with future construction expenditure remaining dependent on external funding approval.
Income	<ul style="list-style-type: none"> Income budgets have been reviewed and set in line with previous years, subject to inflationary increases. Welsh Government grant assumes that remaining Welsh Government grant funding will be received at current levels. 	<ul style="list-style-type: none"> No specific risks have been identified over and above the grant income from the Welsh Government for which inflationary uplifts are not anticipated. Projected income streams (e.g., asset sales) are not guaranteed.