



## Staffordshire Police, Fire and Crime Panel

14:00 Monday 14 February 2022  
Council Chamber, County Buildings, Stafford

John Tradewell  
Secretary to the Panel  
Friday 4 February 2022

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**NB.** The meeting will be webcast live which can be viewed here -  
<https://staffordshire.public-i.tv/core/portal/home>

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### A G E N D A

1. **Apologies**
2. **Declarations of interest**
3. **Minutes of the meeting held on 31 January 2022** (Pages 1 - 8)
4. **Questions to the PFCC from Members of the Public**  

Questions to the Commissioner are invited from members of the public who live or work in Staffordshire. Notice of questions must be received by no later than three clear working days before the Panel meeting. More information on where and how to submit a question can be found at <https://bit.ly/34arVDw>
5. **Decisions published by the Police, Fire and Crime Commissioner (PFCC)**  

Child Exploitation and Missing Service – 008  
[SCP-D-202122-008.pdf \(staffordshire-pfcc.gov.uk\)](https://staffordshire-pfcc.gov.uk/SCP-D-202122-008.pdf)
6. **Proposed Fire and Rescue Budget and Precept 2022/23** (Pages 9 - 82)
7. **Fire and Rescue Service Safety Plan 2020-2024 Update Report** (Pages 83 - 104)
8. **Questions to the PFCC by Panel Members**
9. **Dates of Future Meetings and Work Programme** (Pages 105 - 108)

<b>Membership</b>	
Lesley Adams	Stoke-on-Trent City Council
Adrian Bowen	Co-optee
Richard Cox (Vice-Chairman)	Lichfield District Council
Stephen Doyle	Tamworth Borough Council
Ann Edgeller	Stafford Borough Council
Gill Heesom	Newcastle-under-Lyme District Council
Tony Holmes	Staffs Moorlands District Council
Philip Hudson	East Staffordshire Borough Council
Bryan Jones	Cannock Chase District Council
Roger Lees	South Staffordshire District Council
Bernard Peters (Chairman)	Staffordshire County Council
Keith Walker	Co-optee

### **Note for Members of the Press and Public**

#### **Filming of Meetings**

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

#### **Recording by Press and Public**

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

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## Minutes of the Staffordshire Police, Fire and Crime Panel Meeting held on 31 January 2022

Present: Bernard Peters (Chairman)

Adrian Bowen	Bryan Jones
Richard Cox (Vice-Chairman)	Roger Lees
Ann Edgeller	Keith Walker
Tony Holmes	Stephen Sweeney (Sub)

**Also in attendance:** Ben Adams, Helen Fisher, David Greensmith and Emma Christmas (Observer ETAP)

**Apologies:** Lesley Adams, Stephen Doyle, Gill Heesom and Philip Hudson

### 48. Declarations of interest

Keith Walker declared in an interest in item 6 'Decisions published by the Commissioner – PSHE Co-ordinator 004' as he was a member of the Staffordshire Council for Voluntary Youth Services.

### 49. Minutes of the meeting held on 7 December 2021

**RESOLVED** – That the minutes of the Panel meeting held on 7 December 2021 be approved and signed by the Chairman.

### 50. Questions to the PFCC from Members of the Public

A Member of the public asked the following questions:

1. How the changes forced by a) covid or b) covid regulations have impacted the budget for policing and fire.
2. Data demonstrating how prioritising the Sars Cov2 agenda has impacted any other operations of the police and fire services.

As the Commissioner had not be given the required 3 days' notice of the questions, it was agreed that a written response would be provided, and no debate took place on the item.

### 51. Proposed Police Budget and Precept 2022/23

The Commissioner introduced his report which set out the proposed budget and precept proposals for the Police and Crime element of his portfolio for 2022/23. He reported that the proposed budget/precept showed a total net revenue budget requirement of £233.072million (an increase of 10,997million) for 2022/23. The report also included details of the Home Office Police Grant for Staffordshire which had been set at £129.410 million,

an increase of £6.993 million on the previous year. Other sources of funding were from the Police Pension Grant £1.825million; uplift ring-fenced grant £2.035 million; Council Tax freeze grant £3.541million; and Revenue Support Grant of £8.423million.

The use of £1.262 million of reserves to support the capital programme and the use of the reserves over a four year planning period to support the budget totalling £2.611m was explained.

The Commissioner was proposing to part fund the balance from Council Tax funding of £88.265,871 with an increase of 4.19% per annum (an increase of £10 per annum) increasing the Council tax to £248.57 p.a. per Band D property.

The Commissioner stated that he was confident that the proposed budget was adequate to deliver the services Staffordshire needs and would meet the services intended and his Police Fire and Crime Plan. He acknowledged that the increase was the maximum this year it was hoped that there would be smaller increases in future years.

It was noted that there had been a longer term (3 year) commitment from Central Government this year enabling better planning. However, there was a concern over inflation and the economy which led to financial uncertainty in some areas.

It was explained that headline investments which would be made during the course of the Medium-Term Financial Strategy (MTFS) were above those provided for by Central Government. These included an Increasing Technology and Digital Capabilities; a modern and fit for purpose Policing Estate; a modern fit for purpose Police fleet; increased contact services capacity; IT capacity; and a change and transformation programme.

The Panel received a presentation from the Chief Finance Officer, which was considered along with the report which included the following:

1. Budget Report 2022/23 including MTFS
2. Treasury Management Strategy 2022/23
3. Reserves Strategy update
4. Capital Strategy and Capital Programme

The **Treasury Management Strategy** for 2022/23 set out proposals for the management of the Commissioner's cash flows, borrowing and investments and their associated risks.

The **Reserves Strategy update** paper considered the overall level of reserves held at 31 March 2021 and the forecast position at 31 March 2022.

The Commissioner presented his four-year **Capital Strategy and Capital Programme 2022/23 to 2025/26** (Including Minimum Revenue Provision Policy) set out the long-term capital investment and investment decisions.

Members asked for the rationale behind the decision to increase by the maximum allowed this year even though there had been a favourable government settlement and an increase in Council tax collection which should have increased funding. In response, the Commissioner explained that some of the funding would be used on service improvement, and he was looking to invest early in his term of office and to also support the new Chief Constable with his plans to change services. The plan was to keep Council Tax precept increases to less than inflation in the future, if possible.

Following a question on police numbers and officer visibility, the Commissioner confirmed that he appreciated that some people found a visible police presence reassuring. There would be more officers by 2023 and the majority of them would be going into community policing and response. However, officers had to be deployed in areas where they were needed. It was explained that the third year of the Governments uplift programme would see an additional 120 FTE officers in Staffordshire by 31 March 2023.

Traffic management and monitoring of speeding/drink driving etc. was being developed by the Commissioner and the specialist unit would be retained as would working arrangements with the West Midlands Region. Voluntary speed watch operations would be developed which should release more officer capacity and should see more volunteers working to address local issues under the control of local policing commanders.

It was explained that the Firing Range needed to be a fit for purpose training facility. There was still a need for a more complete business case which would consider all options including exploring shared facilities with other organisations.

The following information was also gained through questioning:

- In the assumptions section of the report, the insurance increase was listed as 30% which then reduced to 2.5% in future years. This figure was checked and reflected current market pressures particularly for motor insurance renewals.
- CCTV on various sites – it was explained that this was for security of the Police station sites not the towns.
- There would be an investment in new technologies to enable officers to perform more efficiently and be able to be fully engaged with other members of the team when working remotely.
- Under the Revenue Budget, third party payments had reduced from £24,344,000 in 20221/22 but reduced to £13,544,000 in future years.

This was due to the way the Regional Crime Unit is structured. More information would be provided after the meeting.

- Under savings and efficiencies - Shared Estates disposals there was a cost reduction of £312,000. It was explained that this was a result of the sharing of estates with Fire services (predominantly Hanley and Tamworth).
- The future of Stafford Police station was questioned. It was explained that a local presence would remain in Stafford, but it was unsure at the present time, what was necessary and how it would be delivered.

When asked how success would be monitored, it was explained that over the following few months the Commissioner would be setting targets and arranging public performance meetings with the Chief Constable, where performance would be monitored regularly. These updates would be available on the Commissioners public website and would include both local and national performance measures. The Panel were concerned that delivery of improvements should be visible and requested sight of the performance data, including risks and mitigation at the end of the first quarter.

The Panel adjourned to consider their response to the Commissioners budget and precept proposals. Upon reconvening the Panel:

**RESOLVED:**

- a) That the proposed budget and Precept increase of 4.19% (£10.00 per annum, per household (Band D)) be supported and the Commissioner be notified accordingly.
- b) That the Council Tax base increased to 355,100 band D equivalent properties, equivalent to an increase of 1.83% be noted.
- c) That the Budget and MTFs fully support and include the investment required to deliver the Officer Uplift of 120 by 31 March 2023 in line with the Ring-Fenced Grant of £2.035m. This takes officer numbers to 1,942.5fte be noted.
- d) Note the use of £1.262m of revenue reserves to support the capital programme in 2022/23 and a net use of reserves over the four year planning period to support the revenue budget totalling £2.611m be noted.
- e) That the MTFs summary financials and MTFs assumptions as contained in the report be noted.  
That the overall balanced budget position for 2022/23 as presented and that the MTFs is balanced over each year of the 4-year planning period be noted.
- f) That the Support the delegation to the Director of Finance for the Staffordshire Commissioners Office and the Chief Finance Officer of Staffordshire Police to make any necessary adjustments to the budget as a result of late changes to central government funding (including changes due to the final funding settlement being announced) via an

- appropriation to or from the general fund reserve be noted.
- g) That the proposed four-year Capital Investment Programme totalling £63.254m and the Capital Strategy and Capital Programme Paper be noted.
  - h) That the outcome of the Staffordshire Commissioner's budget consultation within the Commissioners foreword which included a survey regarding the proposed level of precept for 2022/23 be noted.
  - i) That the Panel be provided with a written first quarter performance paper outlining the performance against targets. The paper should include risks and any variations. This would be considered at a future Panel meeting if the Panel feel appropriate.

## **52. Decisions published by the Police, Fire and Crime Commissioner (PFCC)**

Details were submitted of decisions published by the Commissioner since the last Panel meeting.

1. Fire and Rescue Service Aerial Ladder Platform Vehicles 003  
SCF-D-202122- 003.pdf (staffordshire-pfcc.gov.uk)
2. Police and Crime PSHE Co-ordinator 004  
SCP-D-202122-004.pdf (staffordshire-pfcc.gov.uk)
3. School Parking and Child School Road Safety 005  
SCP1D-202122-005.pdf (staffordshire-pfcc.gov.uk)
4. Hate crime service and anti social behaviour and mediation service 006  
SCP-D-202122-006-V2.pdf (staffordshire-pfcc.gov.uk)
5. Body worn video and digital interview recording contract 007  
SCP-D-202122-007.pdf (staffordshire-pfcc.gov.uk)

There was no questions or debate on any of the decisions.

**RESOLVED** – That the decisions be noted.

## **53. OPFCC Chief Executive appointment**

The Commissioner informed the Panel that the recruitment of the Chief Executive post was continuing, and the Panel would be informed when a confirmation hearing was required.

**RESOLVED:**

- a) That the verbal update be noted.
- b) That the Commissioner pass on the Panels thanks to Mr Dixon for his support over recent years.

#### 54. Questions to the PFCC by Panel Members

Members of the Panel questioned/sought the views of the Commissioner on the following issues and received the responses indicated:

<b>Chief inspector for both</b>	<b>Response</b>
Newcastle – Street wardens. Could the Commissioner contribute to the cost of the Street wardens?	The police budget was not appropriate for this, but there was a Community Safety Forum which would be considering funding for local Community Safety partnerships. This may be a more appropriate place to consider the suggestion.
The throughput of officers and the need for continuity was mentioned.	Local Commanders were important to the service but it was acknowledged that good officers would be promoted.
How did the Commissioner feel about the Joint Commander role was working in Lichfield and Tamworth?	It was explained that there would be a move to Local Inspectors for both sites.
Was the Commissioner involved in sentencing and did he have any ability to influence?	No involvement directly, not directly but there was work with partners such as the Criminal Justice Board.
It was reported that part of the problem experienced in Newcastle had moved to Trent Vale.	It was positive that the incidents were being reported as this helped to provide accurate data so that police could investigate.
Councillor Adams thanked the Fire and Police Services for their help and support when dealing with the Leppard public house fire in Burslem.	

#### 55. Dates of Future Meetings and Work Programme

The next meeting of the Panel would be held on 14 February 2021 to consider the Fire and Rescue Budget and Precept 2021/22.

**RESOLVED** – That the dates future meetings be noted.

**Chairman**





Item No. \_\_\_\_\_ on Agenda

## Report to the Police Fire and Crime Panel

14<sup>th</sup> February 2022

### Fire Revenue Budget Report (incl. MTFS and Precept)

Report of the Staffordshire Commissioner

#### Introduction

The purpose of this report is to set out the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2022/23. It is the first budget report and Medium Term Financial Strategy (MTFS) for the new Staffordshire Commissioner. This report delivers one of the Commissioner's key responsibilities as laid out within section 5 of the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net revenue budget requirement for 2022/23
- Proposed precept for the fire element of the council tax 2022/23
- Proposed Medium Term Financial Strategy (MTFS)
- Outline Capital Budget for 2022/23 to 2024/25

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Capital strategy and Capital Programme Report
- Reserves Strategy Report

#### Recommendations

The Police, Fire and Crime Panel is asked to:

- a) Examine the information presented in this report, including:
  - The Total 2022/23 net revenue budget requirement of £42.472m, including
  - A council tax requirement for 2022/23 of £28.532m before collection fund surplus/deficits are taken into account (**see Appendix 6**)
- b) Note that the funding for 2022/23 is based upon the Provisional Local Government Finance Settlement, and includes the business rates information received from the nine billing authorities (as per NNDR1 returns).

- c) Support the Commissioner's proposal to increase the 2022/23 precept for the fire element of the council tax bill by 1.99% or £1.57 per annum which is equivalent to 3p per week, increasing the council tax to £80.35 for a Band D Property (**see Appendix 6**)
- d) To note that the Council Tax base has increased to at 355,100 properties (**see Appendix 5**) equivalent to a increase of 1.84%. The Council Tax collection fund has also been finalised delivering a surplus of £288k (**see Appendix 4**). Note this includes the option to spread the £102k per annum deficit attributable to COVID-19 over 3 years and this is the second year
- e) To note the MTFs summary financials (**Appendix 7**) and MTFs assumptions contained within the report
- f) To note the MTFs shows a balanced position. However, this includes a saving requirement of c.£2m during the MTFs period and a net use of reserves of £0.3m. This is driven by the assumptions around ongoing cost pressures which includes ongoing pay pressure and increased Firefighters Pension costs and increases in capital financing costs and utilities
- g) Support the proposed three year Capital Investment Programme (**see Appendix 8**). Note there is a capital Strategy to accompany the programme
- h) To note the reduction in business rates for 2022/23 following the receipt of the NNDR1 returns received from the nine local billing authorities which includes a collection deficit of £0.8m.
- i) Note the outcome of The Staffordshire Commissioner's budget consultation
- j) Support the delegation to the Director of Finance for the Staffordshire Commissioners Office to make any necessary adjustments to the budget as a result of late changes to central government funding (including changes due to the final funding settlement being announced) via an appropriation to or from the general fund reserve
- k) To note the proposed fees and charges for 2022/23 (**see Appendix 10**)
- l) To note the Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves

**Ben Adams**  
**Staffordshire Commissioner**

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## Commissioners Foreword



This is my first budget and council tax precept proposal for Staffordshire Fire and Rescue Authority as Police, Fire & Crime Commissioner. Since my election in May 2021, I have been hugely impressed by the professionalism and commitment of our Fire officers and staff. I would like to thank them for this and particularly for the extra effort they have made to keep us safe during the Covid19 pandemic.

Due to careful financial planning and central government support Staffordshire Fire has not seen an impact on its core funding due to Covid19, but the financial impact of the pandemic on public services, business and taxpayers, will be felt for years to come. This 2022/23 budget and Medium-Term Financial Strategy (MTFS) is set against this backdrop.

I have worked with Staffordshire Fire to address future years' budget gaps through a number of planning sessions, and I am pleased to present a five-year budget.

In December 2021 I published my local Fire and Rescue Plan which sets out priorities and service expectations on behalf of Staffordshire residents. These include a flexible and responsive Service, protecting people and places, helping people most at risk stay safe and ensuring that we have a Fire and Rescue Service fit for tomorrow.

The work that fire and rescue services do has changed significantly in recent decades. Staffordshire Fire & Rescue Service provide a broad range of services to keep people safe at home, at work and in public places. The number and types of incidents attended have also changed and whilst there had been a downward trend for many years, the service has seen an increase in blue-light response over the last three years. Some of that demand is more complex than before; climate change has led to more extreme weather events, leading to flooding and large-scale fires in open areas that have required protracted, resource-intensive responses.

The MTFS will ensure that the Chief Fire Officer has the resources needed to deliver on the local plan and national government priorities. With this, and inflation and wage pressures in mind, I have concluded that the 2022/23 Fire and Rescue council tax precept should increase by 1.99%, equivalent to £1.57 per year or 3p per week for a band D property.

The proposed increase in the Fire and Rescue council tax precept over the four year period of this MTFS is significantly lower than the forecast cumulative rate of inflation and wage growth. I will always aim to keep council tax as low as possible without compromising safety.

I am acutely aware that household budgets are tight, so I expect every pound of taxpayer's money invested in Fire and Rescue to be spent wisely and for Staffordshire Fire to continually seek efficiencies. To balance this MTFS, without using reserves, a further £2m of additional savings will be required by 2026. This will be challenging but given a good record of making savings, smarter use of technology, more efficient crewing models and to share more buildings and back-office costs with Staffordshire Police, I believe this is achievable.

Staffordshire Fire and Rescue continue to perform well and with your support and the continued investment set out in this MTFS it is my expectation that our new Chief Fire Officer, Rob Barber, will continue to keep us safe.

<https://staffordshire-pfcc.gov.uk/new-document/fire-and-rescue-plan-2021-24/>

## Executive Summary

This report advises the Panel on the proposed revenue budget for 2022/23, and the proposed level of Council tax for the Staffordshire Commissioner Fire and Rescue Authority. It also presents an updated Medium Term Financial Strategy for the following four year period to 2026/27.

On 27 October 2021, the government announced the outcome of Spending Review 2021. This Spending Review announced that local government are provided with a strong foundation for the next three years, with around £1.6 billion of additional grant in each year of the Spending Review period. To prioritise certainty for 2022/23, the Government delivering a one-year local government finance settlement, although the Spending Review has been issued for a three year period.

The proposals within the draft settlement relate to 2022/23 and are focused on stability. The government are also committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years. Over the coming months, Government will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector (including Fire) before consulting on any potential changes.

Following the receipt of the draft local government finance settlement which included the referendum limits for Council Tax increases, the Commissioner has considered; current and future funding requirements, together with the factors included within his Fire and Rescue Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings available to the Service as part of its ongoing transformation work.

Whilst the Covid-19 pandemic continues to have an impact upon the economy, the Fire and Rescue Sector have continued to support the priorities of Government e.g. helping with the vaccination and booster programmes. The financial impact has seen additional costs which have largely been supported by grant funding, and the council tax base and collection deficit estimates have bounced back quicker than anticipated.

The Commissioner has taken into account the adequacy and level of reserves and the impact of future financial challenges and opportunities in the MTFS. This paper is accompanied by a revised Reserves Strategy which is supported by the Commissioner.

The Settlement Funding for 2022/23 includes an inflationary increase in Revenue Support Grant (RSG) set at 3.1%, increasing by £146k. The business rates top-up has been held at the same level.

The Settlement Funding assumptions contained within this report are based upon the Provisional Local Government Finance Settlement received on the 16 December 2021.

The Commissioner is proposing a 1.99% increase in Council Tax equivalent to an additional £1.57 per annum (3 pence per week) in line with this referendum limit and will increase Band D Council Tax for the Staffordshire Commissioner FRA to £80.35.

For 2022/23 in support of this recommendation the online precept consultation with residents undertaken by the Commissioner shows that overall, around 70% of all respondents support a 1.99% increase in precept for the Fire and Rescue Service. The resident's survey has generated 940 responses and shows that 657 of individuals favoured the proposed increase.

The budget process for 2022/23 involved full consultation with all budget holders and calculated from a zero base. Where possible all recurring efficiencies and savings achieved to date have been incorporated into the base budget.

The impact of the Covid-19 pandemic was strongly evidenced in the 2021/22 budget via a reduction in the tax base (driven by an increase in the means tested benefit Local Council Tax Support schemes) and a deficit on the collection fund. We have seen a return to growth in the council tax base for 2022/23, however the degradation on the base seen due to the pandemic has not been fully recovered, reducing the ongoing base to what was forecast pre-pandemic.

Whilst the Council Tax position has bounced back well the reported position for business rates still indicates that the pandemic has had a longer-term impact upon the total level of business rates in addition to significant deficits reported by the local Billing Authorities. Whilst some of this deficit has been recovered through retail relief compensation there is still a significant net reduction in the reported share of local business rates received by the Authority.

The Commissioner has considered the adequacy and level of reserves and the impacting of future financial challenges and opportunities in the MTFS. The MTFS assumes a net drawn on reserves of £0.3m to support the MTFS revenue budget over the five year planning window. This paper is accompanied by a revised Reserves Strategy. There are significant risk and uncertainties beyond 2022/23 that are reflected and narrated within this paper which include the impact of national pay awards (pressure of above inflation awards), the implications of the Sargeant / McCloud High Court judgement on pension costs, and also the risks associated with the upcoming formula funding review and high levels of inflation now being experienced and forecast for the next few years.

In summary, when considering the Settlement Funding Position, additional grants offered by Government and the precept proposal from the Commissioner a balance budget position is presented for the budget year 2022/23, however the continuing uncertainty beyond next year makes planning challenging.

The MTFS includes a saving target of £2m and the Commissioner will continue to work with the Service in order to ensure that further efficiency is achieved to deliver this saving and deliver the requirements set out with the Commissioner's Fire Plan. This reported overall financial position is in line with that reported to the Panel last year:

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>Gap/(surplus) reported</b>	<b>0.5</b>	<b>1.3</b>	<b>2.0</b>	<b>2.0</b>
<i>Movement</i>	<i>(0.2)</i>			
<b>Revised Savings Position</b>	<b>0.3</b>	<b>1.3</b>	<b>2.0</b>	<b>2.0</b>

## Background

1. The budget proposals contained within this report are based upon the provisional 2022/23 Local Government Finance Settlement received on 16 December 2021.
2. Settlement Funding comprises of three funding streams shown below. The RSG and Business Rates top-up are shown as extracted from the final settlement, with the 1% share of local business rates being based upon a current estimate of NNDR1 submissions.

	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>Movement £m</b>
1% share of Local Business Rates	3.735	2.670	(1.065)
Business Rates Top-up	6.059	6.059	
Revenue Support Grant (RSG)	4.777	4.923	0.146
<b>Total Settlement Funding</b>	<b>14.571</b>	<b>13.652</b>	<b>(0.919)</b>

## Business Rates / Business Rates Top-up

3. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. The Panel should note that the actual 1% share of local business is extracted from the district, borough and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits).
4. The 1% share of business rates has resulted in an estimated year on year reduction of £1,065m, demonstrating overall reduction in the business rates collection estimates across the County and City due to the continued impact of the pandemic, with less business rates relief promised for 2022/23.
5. Whilst the overall NNDR 1% share of business rates has reduced by c.£0.26m, the reported deficit based upon lower collection levels is £0.8m for the year. This collection deficit position is forecast to recover into the medium term but not back to pre-covid levels. Further dialogue with the nine billing authorities will be undertaken during the year so that this position can be fully understood.
6. The above reduction has been partly mitigated by an increase in Retail Relief S31 grant of £0.4m.

There is therefore continued risk beyond 2022/23 should business rates continue to fall post pandemic.

## Council Tax

7. The setting of Council Tax is under the control of the Staffordshire Commissioner. The process for issuing the Precept is aligned to the setting of the Staffordshire Police precept following the change in governance arrangements. This process is laid out within Schedule 5 of the Police Reform and Social Responsibility Act 2011.
8. From 1 August 2018, the Staffordshire Commissioner assumed the functions of the former Stoke-on-Trent and Staffordshire Fire and Rescue Authority, including the power to issue a fire precept from 2019/20.
9. The Band D Council Tax for the Authority was approved at £78.78 for 2021/22, this report includes the proposal by the Commissioner to increase Council Tax by 1.99% to £80.35 in 2022/23. The table below benchmarks the precept proposals in the 4-year MTFs against the forecasts from HM Treasury and the Office of Budgetary Responsibility:

	2022/23	2023/24	2024/25	2025/26	Cumulative
RPI Inflation	5.0%	3.4%	2.8%	2.8%	14.0%
Wage Growth	4.6%	3.7%	2.2%	3.0%	13.5%
Precept Estimates	1.99%	1.99%	1.99%	1.99%	7.96%

10. The referendum limit for 2022/23 has remained at 2% for this Authority. The Government has recognised the financial issues of a number of services by offering £5 flexibility on council tax precept for the lowest quartile services, which will benefit eight fire and rescue services for a one-year period.
11. A 1.99% increase in Council Tax is equivalent to an increase in Band D of £1.57 per annum (3 per week), and will increase Band D to £80.35.
12. The Council Tax base shown in **Appendix 5** has increased to 355,100 from 348,733 properties in 2021/22, which is equivalent to an increase of 1.84% and demonstrates a good recovery during the pandemic. The Council Tax collection fund is also in credit by £288k, shown in **Appendix 4**. Both the Council Tax base and the surplus on the collection fund have been finalised and agreed.
13. A 1% sensitivity in precept for the Staffordshire Commissioner is equivalent to £0.280m.
14. Based upon a 1.99% increase, the total budgeted precept (including collection fund deficit) has increased by £1.414m, as follows:

<b>Council Tax Amount 2021/22</b>	<b>£27.406m</b>
Increase in Council Tax Base by 1.84%	£0.501m
Movement from fund deficit to Surplus	£0.355m
Increase in Council Tax by 1.99%	£0.558m
<b>Council Tax Amount 2022/23</b>	<b>£28.820m</b>

15. The Staffordshire Commissioner issued a budget consultation document in December which concluded on 11 January 2022 which also included a survey regarding options for the local precept. The results of this consultation show that 70% of the 940 that responded supported the proposed increase of 1.99%.
16. The table below illustrates the financial impact of the precept changes on the Council Band D rate and increase in funding for Police and Crime in Staffordshire.

<b>Council Tax (Fire Element)</b>	<b>2021/22</b>	<b>2022/23</b>
Band D Council Tax Proposed	£78.78	£80.35
Increase on Prior Year	£1.54	£1.57
Percentage increase on Prior Year	1.99%	1.99%
Council Tax Increase*	£222,861	£1,059,123
Total Precept Levied	£27,473,179	£28,532,303
Weekly Increase	£0.03p	£0.03p

*\*This includes changes in the tax base as well as precept rate changes*

## Revenue Budget 2022/23

17. The Revenue Budget sets out to support the Corporate Safety Plan and Fire and Rescue Plan issued by the Staffordshire Commissioner.
18. **Appendix 1** sets out the proposed revenue budget of £42.472m for 2022/23 based upon a Council Tax Increase of 1.99% and the provisional Local Government Finance Settlement and receipt of the local business rates estimates.
19. The key features of the budget, are as follows:

### Pay costs Revenue budget

The overall pay costs budget for 2022/23 at £29.0m, shows an increase of £1.0m more than last year's budget.

The Chancellor announced during the Spending Review for last year that there would be a pay pause across a majority of the public sector. Whilst a pay pause was included within the budget a nationally agreed increase of 1.5% was agreed for all operational Grey Book staff. As part of the 2022/23 Settlement this pay pause has now been lifted and a pay award assumption for 2022/23 has been included at 3% for staff within the MTFs. A 1% pay award sensitivity is around £0.25m per annum. The Fire Brigades Union remain in discussion with fire service employers through the National Joint Council and will continue to push for higher than inflation pay awards. It should be noted that pay awards are not negotiated locally so this is outside of the control of the Commissioner.

There is therefore risks associated with the assumed level of pay award budgeted for 2022/23 and into the medium term particularly with inflation running at rates in excess of 5% (5.1% published CPI for November 2021).

The following bridge explains the net reduction in pay costs:

	<u>£m</u>
<b>Pay Budget – 2021/22</b>	<b>28.0</b>
Pay Award (at 3%)	1.0
National Insurance Increase 1.25%	0.2
New Posts (incl. temporary investment and re-grades)	0.4
Holiday Pay / Bank Holidays / CPD	0.1
End of secondments (non-recurring pay)	(0.4)
Restructure and efficiency	(0.2)
Pay Efficiency Requirement	(0.1)
<b>Pay Budget – 2022/23</b>	<b>29.0</b>

### **Non-pay costs**

Non-pay costs are budgeted to reduce marginally year on year. Some of the main movements in non-pay costs are as follows:

- Funded non-pay costs have increased by £0.1m mitigated through additional income budgeted
- Premises costs have increased by £0.5m and includes an estimate of the anticipated increase in gas and electricity costs following the significant increase in wholesale prices.
- Business rates include a £0.1m per annum saving following the positive outcome of the appeals submitted to the Valuation Office Agency.
- Transport costs at £0.8m are broadly in line with previous year despite the increase in fuel prices
- A targeted non-pay efficiency saving has been included, £0.15m
- Non Pay includes a charge of £1.2m payable to West Midlands Fire Service, this represents 30% of the budgeted cost of running the Joint Fire Control.

### **(ii) Income**

Income for 2022/23 is budgeted to increase slightly to £3.3m

- The Authority received a Local Council Tax Support grant of £0.468m in 2021/22 which was a one-off receipt to compensate for the reduction in Council Tax Base and is therefore not included within 2022/23.
- A Service Grant of £0.66m has been included within the settlement, this is to cover the National Insurance Increase. Only £0.2m has been released in the budget year. The balance is held in grant reserves to cover of this increase for 2023/24 and 2024/25
- The S31 Grant for Business Rates has increased by £0.4m as additional business rates relief has been included with the NNDR1 returns that partly compensates for the business rates reduction reported for the budget year.

### **(iii) Capital Charges**

Total capital charges at £5.2m remain broadly in line with the previous year:

- The £1.4m minimum revenue provision requirement for 2022/23 in line with the MRP Policy
- The budget assumes that the overall level of borrowing (loans) for the Authority will remain unchanged as no loans are due for repayment in year. The budgeted level of interest on the existing long terms loans of £17.050m is 4.25% (Budget 2022/23, £0.758m)
- The unitary charge will increase marginally due to the Retail Price Index (RPI) increase applied to the variable elements of both PFI contracts at £3m per annum

### **Budget Monitoring 2022/23**

20. A budget monitoring report will be considered by the Fire Strategic Governance Board on a quarterly basis. A monthly Resource Control Report will be issued to members of the Service Delivery Board (SDB) and also published on the Intranet available for all staff.
21. A monthly Finance News Publication is also issued alongside the detailed Resource Control Report. In addition, the Finance Panel, which is a sub-group of the Ethics, Transparency and Audit Panel (ETAP) will continue to review the budget monitoring reports on a bi monthly basis with a report submitted to ETAP by the Finance Panel Chairman.

### **Service Transformation**

22. The Service has already undertaken a number of scenario planning sessions and options have being discussed and developed with the Staffordshire Commissioner in order to provide a pathway for delivery of the expected financial challenges into the medium term and deliver a more efficiency Service that can deliver improved productivity.
23. As discussed within this paper the budget gap into the medium term is estimated to be around £2m over the life of the MTF5. This gap has reduced from the previously reported £3m due to more certainty being received regarding funding the Authority receives through Revenue Support Grant.
24. The requirement for Service Transformation is to ensure that Staffordshire Fire and Rescue Service “is able to provide a modern, efficient and sustainable level of service to the public which does not compromise the safety of our staff or our communities.”
25. There are a number of topics that are actively being worked upon which all connect under the banner of future transformation of the service. The work is aligned to the Safety Plan 2020-2024 (service reform) and the Commissioners Fire Plan 2021-2024 under the two priorities of having a Flexible and Responsive Service as well as a Fire Service for Tomorrow.

26. The work fits into four distinct categories:

**a) Corporate Reform**

The following areas will be reviewed as part of this workstream:

- **Senior leadership restructure** – In order to create a more efficient, flexible pathway of management and in order to attract the best future leaders into the service
- **Investing in our people** – This work is being completed through our review of the service's culture and creation of an insights team to improve equality, inclusivity and diversity
- **Improving the productivity of the Service** – Through a new station work routine to create capacity and performance clarity within the wholetime crews. This also includes investment and reform of all aspects of performance and assurance within the service
- **Review of Learning and Development** - This area of work includes a more effective restructure to build capacity for outreach training and assessments. More effective delivery of the national

**b) Response and Crewing Reform**

In order to ensure the most effective use of our resources the following are key areas of focus:

- **To introduce new appliances with enhanced rescue capabilities (ERPs)** – This will improve the services capabilities for heavy rescue incidents and allow a more efficient crewing model to be implemented. This is supported by the capital programme.
- **A revised operational response model** – In order to create a more effective and efficient use of available wholetime and on-call firefighters to improve fire cover and enhance the level of public safety
- **Reviewing the viability of station locations**
- **Reviewing of the crewing models in place across the Service** – To understand the potential of changing crewing models at wholetime stations
- **Review of Service standby policy** - To provide evidence to demonstrate whether our standby movements add value to our response to incidents

### c) Prevention and Protection Reform

This reform is aimed at creating more responsive and efficient prevention teams and aiming to improve the level of collaborations on agenda such as health outcomes and community safety. In terms of protection, continued investment is being made in our dedicated teams and the upskilling of our operational staff will ensure a greater level of capacity is achieved in order to deliver more protection work within our communities.

### d) Estates and Shared Services Reform

- **The transformation of fire estate** – This includes the redevelopment of Stafford and the continued progress of sharing estates with Staffordshire Police which improves collaboration and brings a more efficient model to Fire and Police as part of the Commissioner's Estate Strategy
- **Review of Shared Service performance** – this will explore the level of performance and assurance for both the Service and Staffs Police with a review of current governance and reporting arrangements

27. Savings options in excess of £2m have been presented to the Commissioner for consideration based upon the workstreams detailed above. Regular updates will be taken to the Strategic Governance board during the year.

## Firefighters' Pension Schemes

### 28. Pensions Grant

Following the results of the 2016 Valuation of the Firefighter's Pension Schemes employer contribution rates were increased by an average of 12.6%, resulting in additional costs for Staffordshire of around £1.8m per year. A Pension Grant has been received for the last three years from the Home Office covering 90% of this increase and this grant has also been guaranteed for the budget year 2022/23. The Commissioner has been informed by the Home Office that it is looking to base line this grant into funding from 2023/24. This could result in future reductions to this grant if it is not specifically ring fenced for this purpose rather than being incorporated into the Revenue Support Grant.

In addition to the above the 2020 valuation of the Firefighters' Pension Scheme is now near completion with the results of this further valuation awaited. This is likely to increase pressure further on the required level of employer contributions.

### 29. Sargeant/McCloud Case Update

The Police Fire and Crime Panel will be aware that as a result of legal cases brought in respect of the Firefighters Pension Reforms, it has been found that the implementation of the Firefighters Pension Scheme 2015 was discriminatory as outlined in the McCloud/Sargeant judgement. The legislation to remedy this discrimination is expected to be enacted no later than October 2023.

Work has been on-going in endeavouring to provide remedy affected members ahead of the legislation under Section 61 of the Equality Act, with a process called Immediate Detriment. All cases processed in this way will be reviewed once the legislation is enacted to ensure that all benefits being paid accurately reflect the revised scheme rules. The Commissioner has agreed to continue to process cases under Immediate Detriment and is watching the national picture carefully.

30. Firefighters pension scheme costs therefore remain a significant risk over the medium term, in particular in light of the McCloud judgement discussed above. To offset this risk the Commissioner has already established a pensions reserve, and also made provision for additional employer pension contributions from 2024/25.

### **Reserves and Balances**

31. The Authority holds two reserves, a Specific/Earmarked Reserve which is built up through any surplus within the Income and Expenditure account. The utilisation of this fund has been established with the approved Reserves Strategy that was last updated in February 2021; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3)**.
32. At 1 April 2021 the Authority held £1.9m in General Reserves and a risk assessment for this reserves was undertaken as part of the budget setting process for 2022/23 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the proposed revenue budget for the year.
33. At 1 April 2021 the Authority held £7.5m in Earmarked Reserves. **Appendix 2** demonstrates the impact on Specific Reserves for the Council Tax proposal included within this paper. The schedule also assumes utilisation of capital spend as incorporated within the Reserves Strategy. It does not assume use of reserves for other contingency areas that are incorporated within the Reserves Strategy.
34. The forecast balance on the Earmarked Reserves is detailed within the Reserves Strategy update paper and shown below (See Appendix 2).

### **Medium Term Financial Strategy**

35. The MTFs has been updated to reflect the budget proposals for 2022/23 and incorporates the assumptions contained with the Provisional Financial Settlement, which includes the assumed increase in Council Tax of 1.99%. A summary of the financials covering the medium term period 2022/23 to 2026/27 are included within Appendix 7.
36. Should the Staffordshire Commissioner elect not to increase Council Tax for 2022/23 and beyond in line with the assumptions incorporated within this report, saving targets and use of reserves will need to be re-visited.

37. The budget for 2022/23 shows a balanced position, however there is a significant saving requirement of £2.0m identified into the medium term as discussed within the Service Transformation Section above.
38. The MFTS now assumes that additional pension costs will be passed onto the Commissioner. This is both as a result of the Sargeant/McCloud Pension Remedy and also the anticipated impact of the 2020 Firefighters' Pension Scheme Valuation. As a result of this uncertainty a 5% Increase in employer contributions have been included within the MTFS from 2024/25 in addition the Commissioner has created a pension reserve.
39. Whilst the 2022/23 revenue budget recognises the savings that have been delivered to date due to the change in governance arrangements, delivery of Shared Services and Estates Rationalisation (Tamworth and Hanley), further savings have not been included with the MFTS at this point in time. Savings delivered through Shared Service arrangements were re-invested into three new fire safety audit roles within the Prevent Team during 2020/21.
40. There is therefore a significant level of financial uncertainty regarding the funding position for the Authority beyond 2022/23, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.
41. A summary of the main MTFS assumptions are shown below for consideration:

	2022/23 Plan	2023/24 Plan	2024/25 Plan	2025/26 Plan	2026/27 Plan
<b><u>PAY COSTS</u></b>					
Pay Award Operational Staff	3.0%	3.0%	3.0%	2.0%	2.0%
Pay Award Non Operational Staff	3.0%	3.0%	3.0%	2.0%	2.0%
Other Pay Costs	3.0%	3.0%	3.0%	3.0%	2.0%
Pension Costs - Fire Fighters Pension Schemes	+£1.8m	+£1.8m	+£1.8m	+£1.8m	+£1.8m
Pension Costs - Fire Fighters Pension Grant	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)
<b><u>NON PAY COSTS</u></b>					
Electricity	30.0%	5.0%	5.0%	5.0%	5.0%
Gas	30.0%	5.0%	5.0%	5.0%	5.0%
Business Rates	2.0%	2.0%	2.0%	2.0%	2.0%
Water and Sewerage	2.0%	2.0%	2.0%	2.0%	2.0%
General Supplies and Services	2.0%	2.0%	2.0%	2.0%	2.0%
<b><u>INTEREST RATES</u></b>					
Interest on Investments	0.1%	0.3%	0.5%	0.5%	0.5%
Interest on Debt	4.4%	4.3%	4.2%	4.2%	4.2%
<b><u>GENERAL FUNDING</u></b>					
Council Tax Increases	1.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base Growth	1.83%	1.25%	1.50%	1.50%	1.50%
Revenue Support Grant	0.0%	2.0%	2.0%	2.0%	2.0%
Local Business Rates	(28.5%)	15.0%	5.0%	2.0%	2.0%
Business rates Top-up grant	0.0%	0.0%	0.0%	0.0%	0.0%

## Capital Programme

42. The three year Capital Programme and Capital Strategy for 2022/23 to 2024/25 has been developed and is reviewed within the Capital Strategy.
43. The Capital Programme has been developed by the operational budget holders with all plans submitted to the Capital Review Group chaired by the Director of Finance.
44. The total programme of £8.0m for 2022/23 includes £4.4m of carry-over from the current year. Whilst this delay has not impacted upon service delivery to date, it has culminated in a very challenging programme for 2022/23 and again this comes with a degree of risk of further delays and slippage.
45. The revenue consequences of the proposed programme have been considered in the development of the revenue budget and the required prudential indicators are set out within the Treasury Management Strategy.
46. As part of the capital programme for 2022/23 and 2023/24 the Commissioner has committed the use of £1.2m of reserves to support the vehicle replacement programme, and £0.9m to support the station refurbishment work at Abbots Bromley and Brewood.
47. The summary capital programme is shown within **Appendix 8**.
48. The detailed programme for 2022/23 is shown within **Appendix 9**.

## Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves

49. The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Commissioner's CFO to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Financial Officer and the report must be given to the Police Fire and Crime Panel.
50. I can confirm that the budget for 2022/23 is balanced and has been produced on a robust basis. Whilst there remains some uncertainty with regard to future settlement funding, increased pay awards and the costs of Firefighter's pensions, estimates have been included within the Medium-Term Financial Strategy and appropriate provision made within Earmarked Reserves.

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**Recurring Revenue Budget Proposal 2022/23**  
**Council Tax Increase by 1.99%**

	<b>Budget 2021/22</b>	<b>Budget Proposal 2022/23</b>	<b>Year on Year Change</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Pay</b>			
Pay Costs	25,779	26,875	1,096
Other Employee Costs	2,178	2,254	76
Pay Efficiency		(156)	(156)
<b>Total Pay</b>	<b>27,957</b>	<b>28,973</b>	<b>1,016</b>
<b>Non Pay</b>			
Premises Costs	3,418	3,897	479
Transport Costs	818	772	(46)
Supplies & Services Costs	7,524	7,231	(293)
CFS Costs and Initiatives	354	309	(45)
Non Pay Efficiency		(156)	(156)
<b>Total Non Pay</b>	<b>12,114</b>	<b>12,053</b>	<b>(61)</b>
<b>Income</b>			
Income - General	(3,266)	(3,326)	(60)
Interest Receivable	(25)	(10)	15
<b>Total Income</b>	<b>(3,291)</b>	<b>(3,336)</b>	<b>(45)</b>
Capital charges	1,497	1,425	(72)
Interest Payable	774	758	(16)
PFI Unitary Charge	2,993	3,003	10
<b>Total Capital Charges</b>	<b>5,264</b>	<b>5,185</b>	<b>(79)</b>
<b>Total Revenue before Reserves</b>	<b>42,044</b>	<b>42,875</b>	<b>831</b>
Transfer to/(from) Reserves	(67)	(403)	(336)
Budget Gap in Year			
<b>Total Revenue Budget</b>	<b>41,977</b>	<b>42,472</b>	<b>495</b>
<b>FINANCED BY:</b>			
<b><u>Settlement Funding</u></b>			
Revenue Support Grant	4,777	4,923	146
Local Business Rates (1%)	3,735	2,670	(1,065)
Government Top-up (business rates)	6,059	6,059	
<b>Total Settlement Funding</b>	<b>14,571</b>	<b>13,652</b>	<b>(919)</b>
<b><u>Council Tax</u></b>	<b>27,406</b>	<b>28,820</b>	<b>1,414</b>
<b>Total Financing</b>	<b>41,977</b>	<b>42,472</b>	<b>495</b>

**Earmarked and General Reserves for 2022/23 to 2026/27**

	Mar-21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Final	Fcast	Est.	Est.	Est.	Est.	Est.
	£m						
<b>General Fund</b>	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<b><u>Earmarked Reserves</u></b>							
PFI Reserve (Project Reserve Deductions)	0.8	0.8	0.7	0.3	0.3	0.3	0.1
Operational Budget Holder Reserves	0.5	0.3	0.3	0.3	0.3	0.3	0.2
Budget and MTFS Support Reserve	0.5	0.7	0.6	0.3	0.2	0.2	0.2
Refurbishment Reserve Abbots Bromley	0.5	0.5					
Capital Reserves	1.2	1.2	0.3				
Pension Reserve	1.8	1.8	1.8	1.8	1.1	1.1	1.1
Collaboration Reserve	0.5	0.5	0.3	0.3	0.3	0.3	0.3
Future Funding Reserve	1.7	1.7	1.7	1.7	1.7	1.7	1.7
<b>Total Earmarked Reserve</b>	<b>7.5</b>	<b>7.5</b>	<b>5.7</b>	<b>4.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.6</b>
<b>Total Reserves Available</b>	<b>9.4</b>	<b>9.4</b>	<b>7.6</b>	<b>6.6</b>	<b>5.8</b>	<b>5.8</b>	<b>5.5</b>

**Risk Assessment of General Reserves for 2022/23**

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that chief financial officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment for general reserves was undertaken as part of the budget setting process for 2022/23 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the revenue budget set for the year.

Whilst not a complete list of all the financial risks, the assessment focused on those most likely (High and Medium risks) to have a significant impact on the budget year.

<b>Area of Expenditure</b>	<b>Level of Risk *</b>	<b>Explanation of risk/justification of reserves</b>	<b>2022/23 Provision £000</b>
<b>Loss of Employees / additional pay costs</b>	High	Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc.	500
<b>Failure to achieve efficiency savings</b>	Medium	Risk of not achieving future savings requirements	500
<b>Insurance loss / impact of data breach</b>	Medium	Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR	500
<b>Ill health retirement costs</b>	Medium	Risk of the number of ill health retirements being greater than anticipated due to ageing workforce	150
<b>Other unforeseen costs</b>	Medium	Risk of unforeseen event: emergency incident, waste fires / tipping	150
<b>Other costs</b>	Medium	Risk of failure of strategic partnership / collaboration initiatives	100
<b>TOTAL</b>			<b>1,900</b>

Council Tax Report 2022/23Council Tax Surplus / (Deficit) by AuthoritySurplus/ (Deficit)

	2021/22	2022/23	Variation
	£	£	£
Cannock Chase	(11,536)	112,486	124,022
East Staffordshire	12,454	48,291	35,837
Lichfield	(12,686)	(14,191)	(1,505)
Newcastle	(18,480)	11,107	29,587
South Staffordshire	(13,600)	53,244	66,844
Stafford	(18,160)	21,882	40,042
Staffordshire Moorlands	(27,024)	22,740	49,764
Tamworth	25,639	31,345	5,706
Stoke	(3,685)	1,000	4,685
Budget Adjustment			
<b>Total (per budget paper)</b>	<b>(67,078)</b>	<b>287,904</b>	<b>354,982</b>

Council Tax Report 2022/23Taxbase by Authority

	2021/22	2022/23	Variation	%
Cannock Chase	29,137	29,458	321	1.1%
East Staffordshire	37,875	39,059	1,184	3.2%
Lichfield	38,891	39,695	804	2.1%
Newcastle	37,087	37,668	581	1.6%
South Staffordshire	38,664	39,066	402	1.1%
Stafford	47,994	48,490	496	1.0%
Staffordshire Moorlands	33,260	33,510	250	0.8%
Stoke	63,459	65,185	1,727	2.7%
Tamworth	22,366	22,968	602	2.8%
<b>Total</b>	<b>348,733</b>	<b>355,100</b>	<b>6,367</b>	<b>1.84%</b>

**Council Tax Report 2022/23****Council Bands for Each Band and District Precepts****Based upon a Band D Increase of 1.99%****Council Tax Band Figures**

	2021/22	2022/23	Increase	Per Week
Band	£	£	£	Pence
A	52.52	53.57	1.05	2.0
B	61.27	62.49	1.22	2.3
C	70.03	71.42	1.40	2.7
<b>D</b>	<b>78.78</b>	<b>80.35</b>	<b>1.57</b>	<b>3.0</b>
E	96.29	98.21	1.92	3.7
F	113.79	116.06	2.27	4.4
G	131.30	133.92	2.62	5.0
H	157.56	160.70	3.14	6.0

**Precept Payable**

	2021/22	2022/23	Variation	
	£	£	£	%
Cannock Chase	2,295,399	2,366,962	71,564	3.12%
East Staffordshire	2,983,793	3,138,407	154,614	5.18%
Lichfield	3,063,833	3,189,501	125,668	4.10%
Newcastle	2,921,714	3,026,624	104,910	3.59%
South Staffordshire	3,045,974	3,138,968	92,994	3.05%
Stafford	3,780,975	3,896,203	115,228	3.05%
Staffordshire Moorlands	2,620,223	2,692,529	72,306	2.76%
Stoke	4,999,276	5,237,631	238,354	4.77%
Tamworth	1,761,993	1,845,479	83,485	4.74%
<b>Total</b>	<b>27,473,179</b>	<b>28,532,303</b>	<b>1,059,123</b>	<b>3.86%</b>

**MTFS Summary Financials to 2026/27**

	<b>2022/23 Budget £000s</b>	<b>2023/24 Plan £000s</b>	<b>2024/25 Plan £000s</b>	<b>2025/26 Plan £000s</b>	<b>2026/27 Plan £000s</b>
<b>Pay</b>					
Pay Costs	26,875	27,513	28,855	29,310	29,772
Other Employee Costs	2,254	2,305	2,356	2,409	2,446
Pay Efficiency Plan Saving	(156)	(750)	(1,250)	(1,250)	(1,250)
<b>Total Pay</b>	<b>28,973</b>	<b>29,068</b>	<b>29,962</b>	<b>30,470</b>	<b>30,968</b>
<b>Non Pay</b>					
Premises Costs	3,897	4,010	4,127	4,248	4,374
Transport Costs	772	781	791	801	811
Supplies & Services Costs	7,231	7,355	7,481	7,610	7,741
CFS Costs and Initiatives	309	309	309	309	309
Non Pay Efficiency Plan Saving	(156)	(500)	(750)	(750)	(750)
<b>Total Non Pay</b>	<b>12,053</b>	<b>11,955</b>	<b>11,958</b>	<b>12,218</b>	<b>12,485</b>
<b>Income</b>					
Income - General	(3,326)	(3,035)	(3,061)	(2,894)	(2,823)
Interest Receivable	(10)	(25)	(40)	(30)	(25)
<b>Total Income</b>	<b>(3,336)</b>	<b>(3,060)</b>	<b>(3,101)</b>	<b>(2,924)</b>	<b>(2,848)</b>
Capital charges	1,425	2,062	2,345	2,415	2,488
Interest Payable	758	818	878	938	998
PFI Unitary Charge	3,003	3,063	3,124	3,186	3,250
<b>Total Capital Charges</b>	<b>5,185</b>	<b>5,942</b>	<b>6,346</b>	<b>6,539</b>	<b>6,735</b>
<b>Total Revenue</b>	<b>42,875</b>	<b>43,905</b>	<b>45,166</b>	<b>46,303</b>	<b>47,340</b>
Net use of Reserves	(403)	(180)	(47)	55	301
<b>Total Revenue</b>	<b>42,472</b>	<b>43,725</b>	<b>45,118</b>	<b>46,357</b>	<b>47,640</b>
<b>FINANCED BY:</b>					
<b>Settlement Funding</b>					
Revenue Support Grant	4,923	5,021	5,122	5,224	5,329
Local Business Rates (1%)	2,670	3,070	3,224	3,288	3,354
Government Top-up (business rates)	6,059	6,059	6,059	6,059	6,059
<b>Total Settlement Funding</b>	<b>13,652</b>	<b>14,151</b>	<b>14,405</b>	<b>14,571</b>	<b>14,742</b>
<b>Council Tax</b>	<b>28,820</b>	<b>29,575</b>	<b>30,714</b>	<b>31,786</b>	<b>32,899</b>
<b>Total Financing</b>	<b>42,472</b>	<b>43,725</b>	<b>45,118</b>	<b>46,357</b>	<b>47,640</b>

**Capital Programme Summary 2022/23 to 2024/25**

	<b>2022/23 Budget</b>	<b>2023/24 Plan</b>	<b>2024/25 Plan</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Building &amp; Infrastructure Works</b>			
Refurbishment Programme	2,648,816	450,000	450,000
Improvement Works	460,000	540,000	550,000
<b>Total</b>	<b>3,108,816</b>	<b>990,000</b>	<b>1,000,000</b>
<b>Operational Equipment</b>	<b>1,184,500</b>	<b>1,410,000</b>	<b>125,000</b>
<b>Appliances &amp; Vehicles</b>			
Appliances & Specialist Vehicles	1,880,000	1,560,000	900,000
Vans & Cars	315,000	200,000	200,000
<b>Total</b>	<b>2,195,000</b>	<b>1,760,000</b>	<b>1,100,000</b>
<b>Information Technology</b>			
ICT Hardware, Software Systems & Installations	1,515,000	870,000	430,000
<b>Total</b>	<b>1,515,000</b>	<b>870,000</b>	<b>430,000</b>
<b>Total Capital Programme</b>	<b>8,003,316</b>	<b>5,030,000</b>	<b>2,655,000</b>
<b>Funding</b>			
Direct Funding From Revenue			
Unsupported Borrowing	5,728,316	4,253,000	2,655,000
Capital Grant - Transformation Funding	950,000		
Use of Specific Reserves	1,325,000	777,000	350,000
<b>Total Funding</b>	<b>8,003,316</b>	<b>5,030,000</b>	<b>2,655,000</b>

**Capital Programme Detail - 2022/23**

Scheme Description	Detail	2022/23 Budget Submission £
<b><u>IADS</u></b>		
Brewwood Refurbishment	Refurbishment split over 2 years. Due to start in 2022/23	150,000
Abbots Bromley Refurbishment	Refurbishment split due to start in Q1 of 2022/23	363,816
Abbots Bromley Tower	Refurbishment split due to start in Q1 of 2022/24	70,000
Stafford Refurbishment	Carry over from 2021/22. Work ongoing	1,900,000
Stafford - Safe & Sound Project	Allocation of requirements for the year (grant funded)	15,000
Stafford - Training Tower	New training tower at Stafford	150,000
		<b>2,648,816</b>
<b><u>Building Works - Improvements</u></b>		
HQ BA Room refurbishment	Carry out refurbishment to BA Training room at HQ	30,000
FBT Improvement works	Forming of walkways, Canopy to Barn, BA Cleaning area, External briefing area	40,000
HQ - Resurfacing Works Phase 1	Rear Of Amenities and BA Maintenance	100,000
Eccleshall - First Floor Refurbishment	Fully refurbish first floor	50,000
HQ - Lighting replacement programme Phase 2	Replace lighting with Energy Efficient LED to old house - 1st Floor	35,000
Stations - Lighting replacement programme Phase 2	Replace lighting with Energy Efficient LED at Barton, JETS (Offices only)	45,000
Sustainability heating system replacement - Stations	Ipstones - Phase out gas heating for sustainable solution	50,000
HQ - Old House FD Replacement Phase 2	Replace all Fire Doors throughout corridors/stairwells - 1st Floor	40,000
Replace Amenities lift HQ	Renew lift cart	70,000
		<b>460,000</b>
<b><u>Operational Equipment</u></b>		
Operational Equipment Pool		25,000
Life Jackets	100 x Life jackets (Due to age)	11,000
Water Rescue Equipment	Rescue Sled x1 / Air Tracks x 2	11,000
Appliance Equipment - Refurbished PRLs	Kit for 2 x Scania PRLs	44,000
Thermal Image Cameras	Replacement due to age and performance	150,000
Entry Control Board Batteries	Full replacement	15,000
Boats	2 replacement boats due to age	18,000
Operational PPE	Business case has been approved	450,000
Hydraulic Cutting Equipment	Continued investment in front line appliance equipment	192,000
Appliance Equipment - Refurbished PRL	fully kit reserve (50% carry forward from 21/22)	32,500
FF Decontamination Equipment		30,000
Fireground UHF Radios		40,000
ERP equipment x 2 @ £75k	To include standard equipment and heavy rescue equipment	150,000
ALP equipment x 2 @ £8k	operational equipment for both ALP's	16,000
		<b>1,184,500</b>
<b><u>Appliances &amp; Vehicles</u></b>		
Light Fleet	Mix of Cars & Vans	315,000
Pumping Appliance	Refurbishment / fleet transformation to meet demand	250,000
Appliance Pool	2 ERP's	750,000
ALP 1	Full & final payment	580,000
ALP 2	Chassis & Platform	300,000
		<b>2,195,000</b>
<b><u>Information Technology</u></b>		
ICT Rolling Programme - Desktop	Rolling program for officers and admin laptop replacement plus desktop solutions such as igels.	150,000
ICT Rolling Programme - Infrastructure	SDWAN (PSN replacement) and Wireless Access Points replacement 5 year investment	250,000
UPS Replacement	DR	30,000
Device Strategy		150,000
Teams Rooms Enablement	Fitting all estate with a Teams capable room Inc L&D	250,000
Alerter Replacement	Alerter Software and hardware Replacement 10 year investment	100,000
ESN Enablement	ESN Project	150,000
Finance System Software Upgrade	Integra Centros	34,000
Telephony Hardware Replacement	Carry-over from 2021/22	150,000
Main Telephony (Software)	Carry-over from 2021/23	150,000
Infographics Integration Project		50,000
Office 365 Upgrade		21,000
Appliance Fixed Phones		30,000
		<b>1,515,000</b>
<b>Overall Total</b>		<b>8,003,316</b>

## Fees and Charges for April 2022 to March 2023

	Current (Net of VAT) £	Charges from 1 <sup>st</sup> April 2022 (Net of VAT) £	VAT Status
<b>(a) Special Service Charges</b>			
Attendance per Appliance per hour* (Including crew) <i>*£336.64 for the first hour and £84.20 per ¼ hour thereafter. E.g. between 1-6 mins round down, or 7-15 mins round up to the nearest ¼ hour interval.</i>	320.30	336.64	Standard
Professional services per hour <i>Eg Officer interviews, provision of advice</i>	84.20	88.49	Standard
Fire investigation Interviews <i>£100.10 per hour or part hour</i>	107.75	113.25	Standard
Fire Investigator detailed Fire report	377.15	396.38	Standard
<b>(b) Other charges</b>			
Extract of Fire reports	89.15	93.70	Exempt

Some information retrieval may incur an additional administration charge of £41.93 ex VAT per search.

Photographic/digital images Standard	Price on Application	P.O.A
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**c) Conference Suite**  
**Scale of Charges from 1<sup>st</sup> April 2022**

**Room Hire Only**  
**Monday – Friday**

**Whole-day**  
**£**

**Conference Suite**

Room 1	291.67
Room 2	199.24
Room 3 - break out area	152.00
Room 4 (VDR)	199.24
Rooms 1 and 2	410.80
Rooms 1, 2 and 3	513.50

**Catering Charges**

Catering provide a range of buffets starting from £5.75 per person, including beverages. Prices will be quoted to clients on request taking into account their requirements, location and current food costs.

**Charges quoted are subject to VAT at prevailing rates**

A 50% charge of the total cost of the Room Hire Booking will be made if a cancellation is not received within 10 working days of the date of the hire.

Half day rates will be charged on a 25% reduction on a whole day rate.

The full charge for catering will be made if a cancellation is not received within 48 hours of the date of the hire. A charge of 25% of the total food cost will be made if the cancellation falls in the period of 5 working days to 48 hours prior to the booking.



## Strategic Governance Board (Fire)

14 February 2022

### TREASURY MANAGEMENT STRATEGY 2022/2023

#### Report of the Staffordshire Commissioner

#### 1. Background

- 1.1 In addition to the existing role overseeing Staffordshire Police, the Staffordshire Commissioner became responsible for the governance of the Staffordshire Fire and Rescue Service from August 2018. However, both remain separate organisations, with separate budgets and governance processes.
- 1.2 This report will detail the Treasury Management Strategy for the Staffordshire Commissioner Fire and Rescue Authority only; a separate report has been completed and supported by the Board for the Staffordshire Police and Crime Commissioner. Therefore, reference is made only to **Staffordshire Commissioner Fire and Rescue Authority ('the Authority')** as part of this report.

#### 2. Introduction

- 2.1 This report outlines the Authority's Treasury Management Strategy for the 2022/23 financial year.
- 2.2 Treasury management comprises the management of the Authority's cash flows, borrowings and investments, and their associated risks. The Authority is exposed to financial risks, including the effects on revenue from changing interest rates on borrowings and investments, and the risks of a potential loss of invested funds. Therefore, it is essential that the Authority successfully identifies, monitors, and controls financial risk as part of prudent financial management.
- 2.3 The Authority conducts its treasury risk management within the framework of the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services Code of Practice 2017 Edition* (the CIPFA Code). The CIPFA Code requires that the Authority approves a treasury management strategy before the start of each financial year. In addition, this report fulfils the legal obligation to have regard to the CIPFA Code under the Local Government Act 2003. CIPFA have released an updated Code of Practice at the end of 2021 for adoption which will supersede current practice and will be implemented during 2022/23.
- 2.4 The Annual Investment Strategy (AIS) for 2022/23 meets the requirements of the statutory guidance issued by the Ministry of Housing, Communities and Local Government's (now referred to as Department for Levelling up, Communities and

Local Government - DLUHC) in its *Guidance on Local Government Investments 2018 Edition*.

- 2.5 This strategy has been prepared in conjunction with the Treasury and Pensions team at Staffordshire County Council (SCC), and after consultation with the Director of Finance.

### **3. Recommendations**

- 3.1 That the Police Fire and Crime Panel note the proposed borrowing strategy for the 2022/23 financial year. The main features are:
- a) a borrowing strategy to operate within the prudential limits set out in **Appendix 2**;
  - b) a borrowing strategy, to use cash as far as is practical with the option to borrow up to £3m long-term where the Director of Finance considers this appropriate in 2022/23;
  - c) a strategy on borrowing in advance of need that will not be used in 2022/23; and
  - d) a loan restructuring strategy that is potentially unlimited where this rebalances risk.
- 3.2 The Strategic Governance Board (Fire) to note in accordance with the MHCLG's Guidance on Local Authority Investments, the adoption of the Annual Investment Strategy (AIS) 2022/23 as detailed in **Section 7** of this report and the risks summarised in **Appendix 5**. Also, to note the policies on:
- reviewing the strategy;
  - use of external advisors; and
  - training.

### **4. External Context**

#### **Economic background**

- 4.1 The continuing impact on the UK from coronavirus, future trading arrangements with the EU and global inflationary pressures will remain a major influence on the Authority's treasury management strategy for 2022/23.
- 4.2 The Bank of England (BoE) raised Bank Rate to 0.25% in December 2021 and held its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) increased the rate and discussed further tightening of monetary policy in an effort to curb inflation.
- 4.3 UK Consumer Price Inflation (CPI) for September 2021 registered 3.1%, this increased to 5.1% in November and is expected to rise as high as 7% in April with the next round of capped gas prices forecast to rise. The MPC see this level of inflation as transitory as it is mainly being driven by gas prices, demand and supply chain issues. The Labour Force Survey unemployment rate fell to 4.2% in November, whilst Her Majesty's Revenue and Customs payroll data has continued to rise strongly. Despite the end of the furlough scheme there are few signs of increased redundancies, and the stock of vacancies has continued to grow leading to staff shortages in some areas with the unemployment rate projected to fall to 4% in January 2022.

- 4.4 Gross Domestic Product (GDP) growth in the UK has been rapid since the ending of coronavirus restrictions in the summer but the economy is still 1.5% below its pre-pandemic size. It is hoped that the UK economy will reach its pre-pandemic size in Q2 2022. Although recent Bank of England projections on GDP Growth have ended up lower than initially forecast due to the drag in the economy caused by global demand for goods and supply bottlenecks.
- 4.5 Across the EU the slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery is nearly complete although countries dependent on tourism are lagging. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is seen as reluctant to raise rates currently.
- 4.6 In the US Shortages of goods like semi-conductors, are fuelling increases in prices and reducing economic growth. It appears that there has been a sustained drop in the labour force suggesting the pandemic has had a longer-term scarring effect in reducing GDP. Economic growth may be reduced to between 2% and 3% in 2022 and 2023 while inflation is likely to remain higher than the 2% central target.

#### Credit outlook

- 4.7 Although bank CDS prices, (market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the initial impact of the pandemic and the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.
- 4.8 The credit ratings for many UK institutions were downgraded on the back of downgrades to the UK sovereign rating in October 2020. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 4.9 Looking forward, the potential for bank losses to be greater than expected, when government and central bank support starts to be removed, remains a risk suggesting a cautious approach to bank deposits in 2022/23 remains advisable.

#### Interest rate forecast

- 4.10 The County Council's treasury management adviser Link is forecasting a steady rise in the Bank of England Base Rate over the next few years, reaching 1.25% by March 2025. As with all projections there are major risks to this model such as the performance of the economy versus expectations, labour and supply shortages, coronavirus mutations, trade agreements and the geopolitical climate.
- 4.11 Gilt yields are expected to rise steadily over the period of this report in part but there is likely to be short-term volatility, due to economic and political uncertainty and events such as potential increases in coronavirus measures which may once again see a flight to safety by investors.
- 4.12 Due to the ongoing risks associated with coronavirus, the treasury strategy retains the low-risk approach adopted in recent years, based on prioritising security, liquidity and then yield.

## 5. Local Context

- 5.1 On 30 November 2021, the Authority held £17.050m of external borrowing and had £16.769m temporarily invested. The Authority's future requirements for borrowing and investments can be considered by reviewing its balance sheet forecasts.

### Balance sheet

- 5.2 In terms of borrowing, the Authority discloses its Capital Financing Requirement (CFR) as part of its Statement of Accounts. This represents the underlying need to borrow for capital purposes i.e., the amounts that have been financed through external and internal borrowing rather than being permanently financed.
- 5.3 If the Authority increases debt to fund additional capital expenditure, this will increase its Loans CFR; conversely repaying debt through the Minimum Revenue Provision (MRP) will reduce its Loans CFR. The table below shows forecasts for the Authority's Loans CFR and how this will be financed through external and internal borrowing:

	31.03.21 Actual £m	31.03.22 Estimate £m	31.03.23 Forecast £m	31.03.24 Forecast £m	31.03.25 Forecast £m
Loans CFR	22.1	22.9	27.2	29.4	29.3
Less: External borrowing	(17.1)	(17.1)	(16.8)	(16.7)	(16.2)
<b>Internal / (over) borrowing</b>	<b>5.0</b>	<b>5.8</b>	<b>10.4</b>	<b>12.7</b>	<b>13.1</b>

- 5.4 The table shows that the Authority's Loans CFR is forecast to increase steadily over the period, because of its vehicle replacement capital programme. The Authority's internal borrowing requirements move in line with the Loans CFR projections.
- 5.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total external borrowing should be lower than its highest forecast CFR over the next three years; the previous table shows the Authority will comply with this recommendation in this period.
- 5.6 For investments, the Authority's total resources available are measured by its usable reserves and working capital less any amounts that have been internally borrowed. This is shown in the following table:

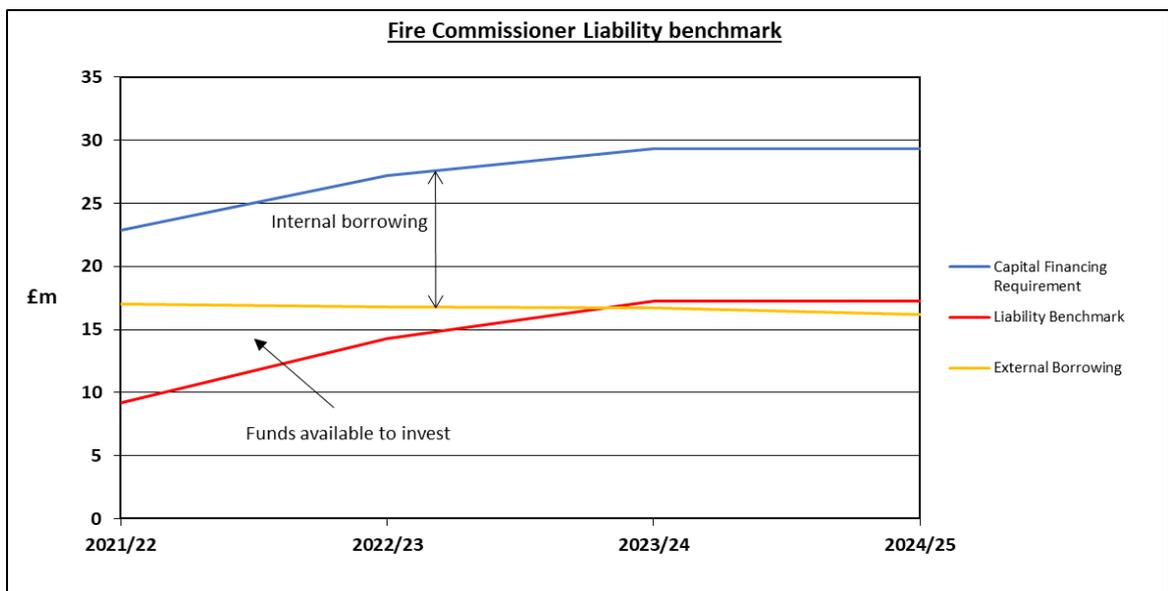
	31.03.21 Actual £m	31.03.22 Estimate £m	31.03.23 Forecast £m	31.03.24 Forecast £m	31.03.25 Forecast £m
Usable reserves	15.7	13.7	12.9	12.1	12.1

Working capital surplus	0.0	0.0	0.0	0.0	0.0
(Less Internal) / Add Over Borrowing	(5.0)	(5.8)	(10.4)	(12.7)	(13.1)
<b>Investments/ (New borrowing)</b>	<b>10.7</b>	<b>7.9</b>	<b>2.5</b>	<b>(0.6)</b>	<b>(1.0)</b>

5.7 The table above shows a continuation of the Authority’s recent strategy in using internal borrowing to reduce the need for external borrowing and as a result, reduce temporary investment levels. Forecasts indicate that this strategy can continue until 2023/24 if reserves remain at current levels as projected when further borrowing may be required.

Liability benchmark

5.8 The CIPFA Prudential Code requires local authorities to develop their own liability benchmark to manage treasury management risk. The liability benchmark represents the minimum amount of loans required to maintain cash balances at nil i.e., when all usable reserves and working capital surpluses are used to offset the amount of loans borrowed.



5.9 The chart shows that the Authority’s Loans CFR (blue line) has been financed through a combination of external borrowing (yellow line) and internal borrowing (the difference between the yellow line and the blue line).

5.10 The chart indicates that Authority will have reducing funds available to invest up until 2023/24. This is because the Authority’s Loans CFR, and hence its liability benchmark, has been steadily increasing whilst its level of external loans has been steadily decreasing with loans being repaid upon maturity.

**6. Borrowing Strategy 2022/23**

6.1 The Authority will hold £17.05m in external loans in 2022/23, as part of its strategy for funding previous years capital programmes. The Authority will need to ensure

total amounts borrowed do not exceed the authorised limit of £32.2 million (when excluding other liabilities such as PFI), as disclosed in **Appendix 2**.

### Objectives

- 6.2 The primary objective for the Authority when considering borrowing money is to strike an appropriate balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. Although relatively low interest costs may be secured for the short term, it is more difficult to predict interest costs over the long term. The risks associated with the borrowing Strategy are laid out in **Appendix 3**.

### Strategy

- 6.3 Given the significant cuts to public services and to local government funding in recent years, the Authority continues to address the key issue of affordability without compromising the long-term stability of its debt portfolio. As short-term interest rates have been lower than long term rates, it is more cost effective to use internal resources in lieu of borrowing in the short term.
- 6.4 The balance sheet analysis at **paragraph 5.3** and the liability benchmark analysis at **paragraph 5.8** both indicate the Authority may need to take out additional borrowing during 2023/24 because of the increased capital programme. In addition, the Authority requires a borrowing strategy to mitigate against changing circumstances or when external borrowing to replace internal debt becomes cheaper.
- 6.5 It is important to understand that not all of the borrowing requirement needs to be closed with loans; an important aspect of using some cash in the current financial climate is its risk reduction effects:
- Using cash reduces security risk as investment balances are lower. Regulations emphasise the importance of minimising this risk and is discussed later in this report. This action minimises bail-in risk, where certain investors, such as the Authority (as it is classed as a local authority under legislation) will suffer the financial burden of a failing bank rather than the Government, should there be issues in the future.
  - There is less exposure to variable interest rate changes; this exposure arises when a fixed term loan is taken out with corresponding variable rate investments. This is avoided when cash is used.
  - The low interest rate environment allows a portion of the capital programme to be funded at low cost through the use of cash and this opportunity should continue to be maximised.
- 6.6 The Authority will monitor the benefits of internal borrowing on a regular basis as this strategy must be balanced against the possibility that long-term borrowing costs may increase in future years, leading to additional costs incurred in deferring borrowing. The Authority will need to determine whether it borrows additional sums at long term fixed rates in 2022/23 with a view to keeping future interest costs low. To this end, the Authority will consult with the Treasury team at Staffordshire County Council.
- 6.7 The strategy proposed is one that still aims to balance the liquidity needs of day-to-day cash management with the low-risk approach that is offered by using cash. As cash balances may not be sufficient in the future, the Authority will need to

consider what loans should be raised to provide the liquidity necessary to allow it to continue to pay its bills.

### Sources of borrowing

6.8 The approved sources of long term and short-term borrowing are:

- the Public Works Loans Board (PWLB)
- the UK Municipal Bonds Agency Plc and any other special purpose companies created to enable local authority bond issues
- Other UK public sector bodies
- UK public pension funds
- Approved banks or building societies authorised to operate in the UK
- Any institutions approved for investments.

### Short-term loans

6.9 Short-term loans raised from money markets are under 12 months duration. These are low cost, and the Authority can respond flexibly to liquidity pressures by raising these when needed. The disadvantage of short-term loans is one of availability and it can be difficult to raise quickly from banks and building societies.

6.10 The local authority lending market has progressed considerably in recent years and funds are generally available in the short to medium term. However, future availability cannot be predicted as loans raised depend upon other local authorities still having cash balances and being prepared to lend it to the Authority.

### Long-term loans

6.11 Long-term loans are those for a duration of more than 12 months. The Authority has previously raised most of its long-term borrowing from the PWLB, a statutory body that issues loans to local authorities. Government consent is not required hence the PWLB continues to be seen as the 'lender of first resort' because of the flexibility and ease of access. However, local authorities are required by law to have regard to the Prudential Code and only borrow within relevant legislation and its borrowing powers.

6.12 The exact type of loan to be raised by the Authority and its duration would have to be considered at the time; but with current interest rates and the maturity profile of the existing loan portfolio, loans towards the shorter end of the yield curve offer better value for money.

6.13 The optimum timing for borrowing cannot be foreseen and decisions often need to be taken at short notice. Because of this, it is proposed to delegate the decision to borrow up to £3m in long-term loans to the Director of Finance at the Authority and reported retrospectively to the Strategic Governance Board (Fire). In addition, the treasury management outturn and half-year reports will update the position later in the year.

6.14 The overall strategy of maximising the use of cash in lieu of borrowing is still considered a relatively low risk strategy, although it is impossible to eliminate all treasury risk. The consequences of using cash are the possibility of increased costs in the future if interest rates rise; this must be balanced with the extra cost now if loans are raised (the cost of carry).

## Loan restructuring

- 6.15 Movements in interest rates over time may provide opportunities to restructure the loan portfolio in one of two ways:
- Replace existing loans with new loans at a lower rate (known as loan rescheduling).
  - Repay loans early without replacing the loans. However, this would increase the use of cash which may not be possible if reserve levels are not adequate.
- 6.16 Currently loan restructuring would be very expensive and unattractive for the Authority. This is because gilt yields are comparatively low. This would lead to large penalties to compensate the PWLB or its successor body if loans were repaid early.
- 6.17 The loans position includes a £1m LOBO (Lender Option Borrower Option) loan held with Dexia Bank where the maturity date is uncertain. The bank has an option to amend (i.e., increase) the loan interest rate on pre-determined dates in 2022/23; if this option is exercised then the Authority as a matter of policy will repay the loan.
- 6.18 In recent years, some banks owning LOBO loans have been actively removing these non-core assets from their balance sheet and were willing to significantly reduce the repayment penalty. Dexia Bank are not currently offering such favourable repayment terms for their LOBO loans, although it is possible, they may do so in future years.
- 6.19 Aside from a potential restructure, it is judged unlikely in the current interest rate environment that LOBO loans options will be exercised. A repayment of the LOBO loan would further increase the “gap” funded from cash; alternatively, the Authority could take up an alternative loan, say with the Public Works Loan Board (PWLB), or its successor body. A decision would be taken at the time.
- 6.20 Market conditions and regulations can change, and the outcome cannot be foreseen. It is therefore proposed to allow unlimited loan restructuring with the decision being delegated to the Director of Finance at the Authority and reported retrospectively to the Strategic Governance Board (Fire).

## Policy on Borrowing in Advance of Need

- 6.21 As the borrowing strategy proposed for 2022/23 involves maximising the use of cash until borrowing is required, the policy is not to borrow in advance this year. This will be revisited annually as part of the overall borrowing strategy.

## **7. Annual Investment Strategy (AIS) 2022/23**

- 7.1 It is the Authority's borrowing strategy that determines its investment strategy. The current economic environment of relatively low interest rates also favours the use of cash instead of borrowing, hence balances available for temporary investments are likely to be less.
- 7.2 The Authority may have significant level of funds to invest at different points of the year; this usually represents income received in advance of expenditure plus balances and reserves held. In the first 3 quarters of 2021/22, the Authority's investment balance averaged at around £16.7m.

## MiFID II

- 7.3 Following the introduction of the second Markets in Financial Instruments Directive (MiFID II) regulations from January 2018, local authorities will automatically be treated as retail clients by financial services firms, unless they meet the criteria and 'opt up' to be professional clients. As a retail client, the Authority would receive enhanced protections, but this would also mean it may face increased costs and restricted access to certain products including money market funds, pooled funds, treasury bills and treasury advice.
- 7.4 The Authority meets the criteria set out under MiFID II and will continue to be treated as a professional client by regulated financial services firms in 2022/23.

## Objectives

- 7.5 The CIPFA Code requires the local authorities to invest their funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.
- 7.6 The Authority's objective when investing its cash is to strike an appropriate balance between risk and return, thereby minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

## Strategy

- 7.7 The main characteristics which should determine an investment strategy are:
- the credit risk of the counterparties invested with;
  - the length of the investment; and
  - the type of financial instrument that is used.
- 7.8 The Authority has taken a low-risk approach to investment and the AIS for 2022/23 will continue to do so. Short term unsecured bank investments have generally provided very low returns with additional risk from bail-in regulations. The Authority will continue to concentrate its short-term investments in more secure MMFs and government investments.
- 7.9 MHCLG Guidance on Local Government Investments specifies the types of financial instruments that local authorities can invest with, and the Authority has divided its approved treasury investments into Standard Investments and Non-Standard Investments.

## Standard investments

- 7.10 The Authority considers Standard Investments to be those made with approved counterparties that do not require further approval from the Director of Finance at the Authority. These investments are for a period of less than a year and are those most frequently used by the Authority. Standard Investments can be invested with:
- UK Government – central government or local authority, parish council or community council
  - short term MMFs
  - bank and building society investments

i) Government

- 7.11 The Authority invests with central government by using its Debt Management Account Deposit Facility (DMADF) account. Funds held in the DMADF account are backed by the UK Government so they are very secure; however returns tend to be lower than those received elsewhere.
- 7.12 The Authority invests in term deposits with local authorities which can provide a higher return depending on the availability of, or the need for cash in the local authority lending market. Like central government investments, local government investments are not subject to bail in risk.
- 7.13 Although investments in the local authority lending market have a low risk of insolvency, they are not completely without risk. The financial risks of a few local authorities have been documented in the press; the Authority will continue to monitor such developments and seek information from the County Council's Treasury team where necessary.

ii) Money Market Funds (MMFs)

- 7.14 Money Market Funds have high credit quality and are pooled investment vehicles consisting of money market deposits and similar instruments. Short-term MMFs that offer same day liquidity can be used as an alternative to instant access bank accounts. The Authority has used same day notice MMFs for some time as they have tended to provide greater security and a higher yield than bank accounts.
- 7.15 EU regulation introduced in January 2019 have meant most same day notice MMFs have converted from a Constant Net Asset Value (CNAV) to a Low Volatility Net Asset Value (LVNAV) structure. The assets of LVNAV MMFs are marked to market, meaning the dealing NAV (unit price) may fluctuate in extreme circumstances. However, LVNAV MMFs are allowed to maintain a constant dealing NAV provided they meet strict criteria and minimum liquidity requirements. Public debt CNAV MMFs are still available where 99.5% of assets are invested in government debt instruments.
- 7.16 The Authority will continue to use same day notice MMFs that meet the criteria listed below. These are considered to have sufficient high credit quality to be included on the Authority's Approved Lending List:
- Diversified – MMFs invest across many different investments meaning they achieve more diversification than the Authority could achieve on its own account.
  - Short liquidity – cash can be accessed daily.
  - Ring-fenced assets – the investments are owned by investors and not the fund management company.
  - Custodian – the investments are managed by an independent bank known as a custodian, who operates at arms-length from the fund management company.
- 7.17 Like all treasury instruments, MMFs do carry an element of risk:

- The failure of one or more of an MMF's investments could lead to a run on MMFs, especially during a financial crisis; however, the new MMF regulations do limit this risk to some extent.
- If the UK enters a recession, there is a possibility that the Bank Rate could be set at or below zero. This could mean interest earned from MMFs could become negative after the deduction of their fee. In this instance, the Authority could move funds to an alternative category of investment.

### iii) Bank and building society accounts

7.18 The Authority can make investments with banks and building societies that meet the minimum threshold (**see paragraph 7.33**) by using call accounts or term deposits, but these investments will run the risk of credit loss via a bail in, if the regulator determines that the bank is failing or likely to fail. Due to this issue and a general cautious approach to bank and building society investments, currently the only bank or building society in use by the Authority is its banking provider, Lloyds Bank (see section below). Use of any further banks or building societies is delegated to the Director of Finance with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Fire).

### iv) Operational bank account

7.19 The Authority's banking provider is Lloyds Bank. Cash is retained with Lloyds Bank each night earning interest at a market rate; the amount retained will be set in line with the diversification policy set out at **paragraph 7.23**.

7.20 In respect of the Bank ring-fencing legislation Lloyds Bank has a relatively small investment banking operation meaning that 97% of the bank's assets remain within the 'retail bank' ring-fence. The Authority's business with Lloyds Bank will take place within the 'retail bank' ring-fence (Lloyds Bank Plc) and not form part of their investment banking operations (Lloyds Bank Corporate Markets).

7.21 Lloyds Bank Plc has seen a credit ratings upgrade since ring-fencing legislation was introduced; should the Lloyds credit rating fall, then small balances may be retained with the bank for operational efficiency. The Authority will continue to seek support from the County Council's Treasury team on bank credit risk and any changes will be determined by the Director of Finance at the Authority.

### Standard Investment diversification

7.22 Risks to investments, such as those discussed for MMFs in **paragraph 7.17**, point towards the fundamental need for diversification across counterparties and investment categories, where possible. Diversification can help to protect the security of investments by limiting the Authority's loss in the event of a counterparty default. Diversification will not protect the Authority from a systemic failure of the banking sector even if the risk of this has diminished following the bail-in banking regulations.

7.23 Diversification can be achieved by setting a maximum amount to be invested with each counterparty, to limit risk and to ensure a spread of investments.

- No limits are proposed for government investments as these may be utilised for all the Authority's investments in certain circumstances.
- For MMF's a standard limit of £1.5m per MMF is in place to meet liquidity requirements.

- 7.24 To allow short-term flexibility for investments, the Director of Finance at the Authority has agreed to increase the standard limits for MMFs to temporary limits of £2.5m. The Authority will continue to use the higher temporary limits in 2022/23 until the level of cash balances fall to allow them to revert to the standard limits.
- 7.25 For Lloyds Bank a limit is set of the lower of 10% of total balances or £1.0m (subject to a minimum upper level of £500k); this amount will minimise processing costs and provide additional liquidity for the Authority. The Treasury team at Staffordshire County Council will review and reset this limit once a month.
- 7.26 Where cash balances are low then this may mean that all investments are placed with the MMFs and Lloyds Bank. However, balances will be within the limits stated above.
- 7.27 It is proposed that both the application and amendment of this policy are delegated to the Director of Finance at the Authority with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Fire).

#### Non-Standard Investments

- 7.28 The Authority considers Non-Standard Investments to be all other types of approved investment counterparties that are not included as part of Standard Investments i.e., those investments that are used less frequently and may require further approval from the Director of Finance at the Authority.
- 7.29 Collective Investment Schemes are Non-Standard Investments that range from enhanced MMF's to property and equity funds. These all have varying risk and return profiles. The Authority approved a decision to use this category of investment in 2016/17 by committing to the Royal London Fund, a AAA rated enhanced Cash Plus MMF with a 3-day liquidity notice period.
- 7.30 The Royal London Cash Plus Fund allows the Authority to earn an increased yield in a low interest rate environment, and where the Authority has high cash balances. Security is maintained as it invests in highly sought after covered (secured) bonds, which are exempt from bail-in. These enhanced duration MMF's have the same characteristics as same day liquidity MMF's but typically have a 3–5-day notice period. They also have a recommended investment duration of at least 6 months, due to their longer investment horizon.
- 7.31 The financial limit for the Royal London Cash Plus MMF has been set at £1.5m.

#### The Credit Management Strategy for 2022/23

- 7.32 Investments made by the Authority should be of 'high credit quality'. Although this can be difficult to define, credit ratings can be used as published by external credit rating agencies (the three main agencies are Moody's, Standard & Poors and Fitch). Credit ratings can be obtained from the County Council's Treasury team, where available.
- 7.33 For 2022/23, the minimum credit-rating thresholds are set at a long-term rating of 'A-' where available. Counterparties that are rated below this level are excluded. However, credit ratings are not the only aspect of how creditworthiness is assessed.

- 7.34 The following elements are also factored in when evaluating creditworthiness:
- Potential government support.
  - Credit Default Swap prices (CDS) (i.e., the cost of insuring against counterparty default).
  - Share prices and bond yields.
  - Balance sheet structure.
  - Macro-economic factors.
  - A subjective overlay, i.e., a judgement being made about whether the counterparty should be recommended or not.
- 7.35 The Authority remains responsible for all its investment decisions. The County Council's Treasury team will continue to have treasury management meetings with the Authority on a quarterly basis where a review of the Lending List will take place.
- 7.36 Under stressed market conditions, additional meetings with County Council's Treasury team may take place at very short notice. A decision may be made to adjust the Authority's investment risk profile; the end result may involve moving investments to lower risk counterparties or instruments.

#### Non-treasury investments

- 7.37 Under the CIPFA Codes and MHCLG Guidance, local authorities may invest in other financial assets and property for financial return, and also make loans and investments for service purposes.
- 7.38 Such non-treasury investments should be assessed as part of a separate investment strategy. They should set out the specific policies and arrangements for non-treasury investments and ensure the same robust procedures for the consideration of risk and return are applied to these, as for treasury investments.
- 7.39 In the absence of any legal powers to do so the Authority does not currently hold any non-treasury investments and, therefore, no additional commercial strategy is required.

#### Risk

- 7.40 Although guidance sets out security and liquidity as being the main treasury risks, they are not the only investment risks faced by the Authority. **Appendix 5** sets out a high-level risk assessment for six of the key risks which are summarised in the following table:

<b>Risk</b>	<b>Assessment</b>
Security	Low
Liquidity	Low to Medium
Interest rate	Low to Medium
Market	Low
Refinancing	Low to Medium
Regulatory and legal	Low

- 7.41 Within the Authority's AIS there is a balance to be struck between the security of investments and liquidity; the safest investments are not necessarily the most liquid and so a pragmatic approach must be taken.

7.42 The proposed AIS has been evaluated against these risks and the judgement is that the most significant risks have been reduced as far as possible. This is not to say that all risk has been eliminated which is not possible in treasury terms.

## **8. Review of strategy**

8.1 The Authority will prepare a revised strategy when there are significant changes to the following factors:

- the economic environment.
- the financial risk environment.
- the budgetary position.
- the regulatory environment.

8.2 The responsibility for assessing these circumstances and proposing changes to the strategy is allocated to the Director of Finance at the Authority.

## **9. Policy on the use of external service providers**

9.1 Currently the Authority has no contracted external treasury adviser and this is considered appropriate with the simple arrangements set out.

9.2 The treasury service for the Authority is provided by the County Council's Treasury team, who use Link as their external treasury management adviser. The County Council's contract with Link started in 2021 following a tender process. The Authority could use Link to provide consultancy advice on an ad-hoc basis should this be considered necessary.

## **10. Investment management training**

10.1 Treasury management is a specialised area requiring high quality and well-trained staff with an up-to-date knowledge of current issues, legislation and treasury risk management techniques.

10.2 The County Council's Treasury team who provide the treasury service, are experienced and attend regular CIPFA and treasury consultant training seminars throughout the year as well as speaking to brokers and fund managers to further understand the market.

10.3 Training needs for Authority's staff who attend quarterly meetings with the County Council's Treasury team are assessed on an ongoing basis by local managers.

## **11. Service Level Agreement**

11.1 Staffordshire County Council provides treasury management and banking services as part of a Service Level Agreement (SLA) with the Authority. The SLA does not constitute a contract but is a document of good practice; it outlines the range of services offered by the County Council and the degree of co-operation required from the Authority in order for the County Council to fulfil its role.

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**Director of Finance**

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Background Documents:

1. Treasury Management in the Public Services: Code of Practice (CIPFA) (2017)
2. The Prudential Code for Capital Finance in Local Authorities (CIPFA) (2017)
3. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
4. Statutory Guidance on Local Government Investments – Issued under Section 15(1) (a) of the Local Government Act 2003 (2018)
5. Statutory Guidance on Minimum Revenue Provision – Issued under section 21 (1A) of the Local Government Act 2003 (2018)

### **Financial Implications**

All financial implications are covered in the body of this report.

### **Legal Implications**

Approval of Prudential Indicators and an AIS are necessary in order to meet the requirements of the Local Government Act 2003.

### **Equality & Diversity Implications**

There are no equality and diversity implications.

### **Risk Implications**

Risk is inherent in treasury management operations and is dealt with throughout this report. **Appendices 3 and 5** show a risk assessment for borrowing and investment activities.

### **Consultation and Engagement Undertaken**

Staffordshire County Council's Treasury and Pension Fund Team have provided the economic background and forecasts for this report.

### **Procurement and Social Value Implications**

The daily treasury management function is carried out on behalf of the Authority by Staffordshire County Council, under a Service Level Agreement (SLA).

### **Protective Security Considerations**

Data protection and protective security policies are implemented within Staffordshire County Council and all departments within the County Council. Treasury management activities are undertaken in line with these policies and the agreed SLA.

**Police Fire and Crime Panel  
14 February 2022**

**Treasury Management Indicators**

Indicator	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
<b>1. External Debt</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Authorised Limit	32.2	34.4	34.3
Authorised Limit for other liabilities	85.0	83.5	82.0
<b>TOTAL</b>	<b>117.2</b>	<b>117.9</b>	<b>116.3</b>
Operational Boundary	30.2	32.4	32.3
Operational Boundary for other liabilities	85.0	83.5	82.0
<b>TOTAL</b>	<b>115.2</b>	<b>115.9</b>	<b>114.3</b>
<b>External Loans</b>	<b>17.1</b>	<b>16.8</b>	<b>16.7</b>
<p><i>The Authorised Limit is the maximum level of external borrowing which should not be exceeded. It is linked to the estimated level of borrowing assumed in the Capital Programme.</i></p> <p><i>The Operational Boundary represents the Director's estimate of the day-to-day limit for Treasury Management activity based on the most likely i.e., prudent but not worst-case scenario</i></p> <p><i>Other liabilities relate to PFI schemes on the balance sheet.</i></p>			
<b>2. Interest Rate Exposures</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
a. Upper Limit (Fixed)	30.1	29.8	30.0
b. Upper Limit (Variable)	(25)	(25)	(25)
<p><i>Upper limits of fixed and variable borrowing and investments are required to be set. This limits the Authority's exposure to both fixed and variable interest rate movements as part of the overall risk management strategy for treasury management activities. Negative figures are shown in brackets; these relate to investments at a variable rate which are not offset by variable borrowings.</i></p>			
<b>3. Maturity Structure of Borrowing</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	
Under 12 months	10%	0%	1.47%
12 months and with 24 months	10%	0%	0.59%
24 months and within 5 years	30%	0%	4.69%
5 years and with 10 years	50%	0%	3.81%
10 years and above	100%	25%	89.44%
<p><i>This indicator identifies the amount of loans maturing in specified periods. The overarching principle is that steps should be taken from a risk management point of view to limit exposure to significant refinancing risk in any short period of time.</i></p> <p><i>The Authority currently applies the prudent practice of ensuring that no more than 10% of its total gross fixed rate loans mature in any one financial year.</i></p>			
<b>4. Total principal sums invested for periods longer than a year</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Any investments made for longer than a year will be in accordance with the limits on non-specified investments.</i>	nil	nil	nil

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Risk assessment – Borrowing strategy

Risk heading	Risk description	Relevance to borrowing	Key control	Assessment	Borrowing strategy
Security	A third party fails to meet its contractual obligations (i.e., counterparty risk).	Unlikely that there is a failure between the agreement to borrow and sums being received a few days later. However, if we borrow in advance we must invest until this is needed, and this increases exposure to investment risk.	Usually borrow from the Government (PWLB or its successor body) with funds received within 3 working days from the date of agreement to borrow.	<b>LOW</b>	Use of cash to fund borrowing reduces this risk further i.e., less money is held with banks and third parties as a result.
Liquidity	Cash is not readily available when it is needed.	Only borrow for capital – usually borrow from Government (PWLB or its successor body) with a maximum limit of £3m for long-term borrowing set in 2022/23.	Prudential rules on borrowing and consideration of whether Government is secure.	<b>LOW</b>	Use of cash to fund borrowing increases this risk as liquidity is reduced when borrowing is avoided. However, the Authority is able to borrow money temporarily using the money markets should it need to, so the overall risk remains low.
Interest rate	Unexpected <u>reduction</u> in short term Interest rates.	Depends on the mix between fixed rate borrowing and variable rate borrowing. Higher exposure to variable rate borrowing helps the budget.	The control is set out below.	<b>LOW to MEDIUM</b>	Pursuing a strategy of using cash reduces the overall net exposure to sudden interest rate falls.
Interest rate	Unexpected <u>increase</u> in short term interest rates.	Mix of variable and fixed rates – Lower exposure to variable rate borrowing helps the budget.	Limit variable rate borrowing to a relatively small proportion (e.g., 20%).	<b>LOW to MEDIUM</b>	20% limit provides a suitable risk control.

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Risk heading	Risk description	Relevance to borrowing	Key control	Assessment	Borrowing strategy
Market	The market value of loans changes substantially (i.e., how much is the borrowing strategy exposed to long term interest rate change).	How much risk is built into the maturity profile of the loans structure.  LOBO's (5% of all loans) are the only 'market' instrument in borrowing terms currently used.	This is inversely linked to refinancing risk below.	<b>MEDIUM</b>	Use of cash will shorten the duration of the loan portfolio and reduces this risk.  Without the use of cash this risk assessment would probably be high.
Refinancing risk	Maturing transactions cannot be renewed on similar terms.	Need to avoid a high level of borrowing over a short period where you are exposed to high interest rates.	The Authority has a policy of limiting maturing loans to 10% of the loans portfolio.	<b>MEDIUM</b>	Using cash to fund borrowing potentially increases the refinancing risk.  Without the use of cash this risk assessment would probably be low.
Regulatory and legal risk	Rules governing local government borrowing are changed or amended without notice, which has happened in the recent past.	Local government is heavily reliant upon PWLB (or its successor body); cost and ability to reschedule / manage loans are determined by the Government  The Government could close the PWLB (or its successor body) and force local authorities to use market loans for all new borrowing.	Market loans will be evaluated and taken if these are good overall value and dilute reliance on the PWLB (or its successor body).  The UK Municipal Bonds Agency may provide an alternative in the future.	<b>MEDIUM</b>	One LOBO loan is held.  Use of cash means that PWLB (or its successor body) loans are not being taken. If the PWLB (or its successor body) was closed to new business, then market loans would be the only option.

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<b>Lending List – January 2022</b>	
	<b>Time Limit</b>
<b><i>Regulation Investments</i></b>	
UK Government DMADF account	6 months
UK Local Authority	12 months
<b><i>Banks</i></b>	
Lloyds Group (£1.0m max)	overnight
<b><i>MMF</i></b>	
Federated (£2.5m max)	call only
Morgan Stanley (£2.5m max)	call only
Aberdeen Standard (£2.5m max)	call only
<b><i>Enhanced MMF</i></b>	
Royal London Cash Plus (£1.5m max)	3-day notice

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Risk assessment - Investments

Risk heading	Risk description	Relevance to investment	Key control	Assessment	Approved Investment Strategy (AIS)
Security	A third party fails to meet its contractual obligations (i.e., counterparty risk).	Crucial that money invested is returned (principal and interest).	Relies on credit management policy including credit risk, diversification, duration and amount of investment, and an ongoing review of the credit environment.  Prudential limit on investment over 1 year.	<b>LOW</b>	Use of the counterparties identified within the AIS reduces this risk to a low level.  The borrowing strategy identified will reduce cash balances and the resulting security risk.  With the exception of regulation investments, counterparties have a financial limit to ensure funds are spread amongst them.  Overall, this remains a low-risk strategy.
Liquidity	Cash is not readily available when it is needed.	Need to plan investment to match cash requirements.	Managed through detailed cash flow forecast and investment in highly liquid funds – can also borrow temporarily (Local Authorities are a good credit risk if lent money).	<b>LOW</b>	Same day access accounts are currently held with: <ul style="list-style-type: none"> <li>• Federated MMF</li> <li>• Morgan Stanley MMF</li> <li>• Aberdeen Standard MMF</li> <li>• Lloyds Banking Group (as banker)</li> </ul> Cash flow plans are completed annually and regularly updated.  Overall, the risk is low.

Appendix 5 (continued)

Risk heading	Risk description	Relevance to investment	Key control	Assessment	Approved Investment Strategy (AIS)
Interest rate	Unexpected <u>reduction</u> in Interest rate.	Reduces the return on investment and reduces the level of reserves.	Can reduce risk by; A) netting off investment against borrowing to reduce net exposure B) investing for longer periods.	<b>LOW</b>	Investments will be short term; this does not protect against an interest rate reduction.  The current interest rate environment has interest rates at historically low levels.
Interest rate	Unexpected <u>increase</u> in interest rates.	In order to take advantage of the unexpected return, would need to keep investment short term and increase the amount of cash invested (e.g., by not using cash in lieu of borrowing).	Controlled through the overall strategy.	<b>MEDIUM</b>	Current policy allows upturns to be taken advantage of as investments are not fixed for long periods.  Using cash to fund borrowing (the proposed borrowing strategy) reduces this risk as the overall exposure to short term interest rates is less.
Market	Unexpected need to liquidate market instrument quickly and accept 'price on the day'.	Only relevant if invest in market instruments (e.g., CD's, Gilts).	Limit investment in market instruments or alternatively have capacity to borrow to avoid need to liquidate.  Controlled by limits on Non-Standard Investments.	<b>LOW</b>	Market instruments are not in use by the Authority.
Refinancing risk	Maturing transactions cannot be renewed on similar terms.	Reflected in the term (duration) of investments. If everything invested shorter term, there is a higher refinancing risk.	Proportion of investments maturing in the short term.	<b>LOW/ MEDIUM</b>	The current policy is to invest in the relatively short term. There is an increased risk with this strategy due to frequent 'refinancing' but this is expected to be advantageous in a rising interest rate environment.  Using cash to fund borrowing (the proposed borrowing strategy) reduces this risk as the overall exposure to short term interest rates is less.

Appendix 5 (continued)

Risk heading	Risk description	Relevance to investment	Key control	Assessment	Approved Investment Strategy (AIS)
Regulatory and legal risk	Rules governing local government investment powers are changed or amended without notice.	Investment powers are granted through statute and guidance.	None.	LOW	<p>The current policy of using cash in lieu of borrowing reduces the Authority's dependency on interest receipts.</p> <p>The AIS is low risk and uses liquid and conservative investment instruments.</p>



Item No.      on Agenda

## **Report to the Police Fire and Crime Panel**

**14<sup>th</sup> February 2022**

### **Reserve Strategy Update**

#### **Report of the Staffordshire Commissioner**

#### **Introduction**

Statutory provision is made within the Local Government Finance Act 1992 that requires precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure. The S151 Officer and Treasurer for the Staffordshire Commissioner Fire and Rescue Authority has a duty to report on the robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its annual budget requirement.

This paper gives due consideration to the overall level of reserves held by the Authority as at 31 March 2021, and the Police Fire and Panel are asked to comment and review the overall position as scheduled within **Appendix 1** and **2** and the overall impact on Reserves as incorporated within the approved Medium Term Financial Strategy (MFTS).

The Reserves Strategy was last approved in February 2021 by the Commissioner following presentation to the Police Fire and Crime Panel has now been updated to incorporate and reflect:

- The revised MFTS for 2022/23 to 2026/27
- The actual Reserves position as per the Audited Statement of Accounts for 2020/21
- The impact of approved reserve utilisation and agreed capital programme utilisation requirements

A number of different reserves are held by the Staffordshire Commissioner Fire and Rescue Authority (both useable and unusable) in line with the CIPFA guidance, however this paper focuses on the two key areas of reserves that impact on the future financial strategy.

- A **General Reserve**, to allow for unexpected / emergency events – balance as at 31 March 2021, £1.9m (see **Appendix 1**), this position is retained and no changes are proposed.
- A **Earmarked (Specific) Reserve** – to meet future known or predicted requirements – balance as at 31 March 2021, £7.5m (see **Appendix 2**), Forecast 31 March 2022, £7.5m

## RECOMMENDATIONS

The Police, Fire and Crime Panel is asked to:

- a) Note the overall reserves position for both General and Earmarked Reserves as contained within this report,
- b) consider the adequacy and proposed earmarking of the Earmarked Reserve that will be incorporated into the budget setting exercise for 2022/23, and utilisation of reserves as incorporated within the approved MTFS
- c) Note the updated Reserves Strategy

**Ben Adams**  
**Staffordshire Commissioner**

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## BACKGROUND AND ADDITIONAL INFORMATION

### Prudential Code and Capital Spend

1. CIPFA's (The Chartered Institute of Public Finance and Accountancy) Prudential Code requires chief finance officers in local authorities to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Staffordshire Commissioner is required to consider all of the resources available, together with the totality of its capital plans and revenue forecasts for the forthcoming year and into the medium term.
2. The statutory reporting regime discussed within this paper and effective financial management underpin the need for clear, transparent reporting arrangements for reserves and CIPFA recommend that there should be clear protocol setting out the following:
  - the reason for / purpose of the reserve;
  - how and when the reserve can be used;
  - procedures for the reserve's management and control; and
  - a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
3. Whilst it is primarily the responsibility of the Staffordshire Commissioner and its S151 Officer and Treasurer to maintain a sound financial position, our external auditors Grant Thornton annually review for any material uncertainties and test to ensure that the Authority remains a going concern as part of the Value for Money judgement. Even where as part of their wider role Grant Thornton report on the Authority's financial position, it is not however, their responsibility to prescribe the optimum or minimum level of reserves for authorities in general.

### Types of Reserve

4. When considering the Medium Term Financial Strategy and preparing annual budgets the Staffordshire Commissioner should consider the establishment and maintenance of reserves. Reserves can be held for three main purposes:
  - a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
  - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves (see **Appendix 1**);
  - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements. This is also referred to as the Specific Reserves/Earmarked Reserves (See **Appendix 2**)

### Reporting of Reserves

5. The IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom (the Code) introduced the Movement in Reserves Statement to local authority financial statements in the 2010/11 financial year. This Statement presents the movement in the year of the reserves of the Authority analysed into **usable** reserves, (e.g. General and earmarked reserves) and unusable reserves. The Movement in Useable Reserves Statement can be found within the Statutory Accounts for 2020/21, and is shown below:

31-Mar-20		31-Mar-21
£,000		£,000
<b>1,906</b>	<b>General Fund (1)</b>	<b>1,906</b>
<b>1</b>	<b>Capital grants unapplied</b>	<b>1</b>
1,109	Earmarked reserves - grants	1,550
5,616	Earmarked reserves - PFI grant	5,577
528	CCU Reserve	718
7,101	Other Reserves (2)	7,485
<b>14,354</b>	<b>Earmarked Reserves</b>	<b>15,330</b>
<b>16,261</b>	<b>Total Usable Reserves</b>	<b>17,237</b>

6. The total Useable Reserves as per the statement of accounts is £17.2 million, however only the General Fund £1.9m and Other Reserves £7.5m are considered within this report. The other grant areas are not for general use as they have already identified for a particular use or business area. For example, the £5.6m Earmarked PFI Grant will unwind at the end of the two PFI concessionary periods, however the cash can be used to avoid borrowing during this time.
7. Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements (i.e. reconciliation of reporting standards to statutory requirements)
8. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for local authorities. However, the Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty.

## Reserves Strategy and Future Outlook

9. This paper gives due consideration to the overall level of reserves held as at 31 March 2021, and the Panel are asked to comment and review the overall position as scheduled within **Appendices 1 and 2**.
  - The Financial Strategy implemented during the significant period of business transformation resulted in an important and deliberate increased the overall level of reserves held, but it is even more important that full scrutiny of our reserves is undertaken, particularly when considering
    - There are no future capital grants proposed by the Government, which means that all capital spend will increase debt and borrowing unless internally funded by either ongoing savings or the use of reserves
    - The future investment required to fund further changes to the Service currently being considered as part of the current Service Transformation work.
    - The use of Reserves to support Revenue Spend into the medium term.

## General Reserve

10. The General Reserve scheduled within **Appendix 1** has remained unchanged for a number of years and at £1.9m represents around 4.5% of the annual revenue budget). It is recommended by the Home Office that General Reserves held by Fire Authorities do not exceed 5% of overall funding level. The National Framework Document requests that the Reserves Strategy should clearly justify the reasons for holding a general reserve above five percent of budget.

## Earmarked / Specific Reserve

11. The Balance on this reserve as at 31 March 2021 was £7.5m, is scheduled below and is based upon the categorisation approved by the Staffordshire Commissioner in February 2021:

	2019/20 Approved £m	2020/21 Fcast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
<b>General Fund</b>	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<b><u>Earmarked Reserves</u></b>							
PFI Reserve (Project Reserve Deductions)	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Operational Budget Holder Reserves	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Budget and MTFs Support Reserve	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Refurbishment Reserve Abbots Bromley	0.5	0.4					
Capital Reserves	1.4	1.1	0.6				
Pension Reserve	1.8	1.8	1.8	1.8	1.1	1.1	1.1
Collaboration Rserve	0.5	0.5	0.5	0.5	0.5	0.5	0.5
LCTS Covid Grant Balance		0.2	0.2				
Future Funding Reserve	1.3	1.3	1.3	1.3	1.3	1.3	1.3
<b>Total Earmarked Reserve</b>	<b>7.1</b>	<b>6.8</b>	<b>5.6</b>	<b>4.8</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>
<b>Total Reserves Available</b>	<b>9.0</b>	<b>8.7</b>	<b>7.5</b>	<b>6.7</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

12. The Earmarked/Specific Reserve provision is required not only to fund future projects and investments but also to provide funding, as follows:

- to support the recurring revenue budget upto 2023 as incorporated within the medium term financial strategy and Efficiency Plan,
- to provide a provision for future capital investment to avoid additional long term borrowing need,
- to provide for costs that may be required to support future change and business transformation
- to provide for any funding uncertainty as discussed within this paper (e.g. pay awards and Pensions)
- to provide for future contingent liabilities that have been identified within the statutory accounts

13. **Appendix 2** incorporates and update of the assumptions for each of the above reserve provisions for discussion by the Panel; including:
- a. The approved revenue budget set for 2021/22
  - b. The revised use of reserves incorporated with the approved MTFS
  - c. Planning for future transformation costs of the Service within the Service Transformaytion Project
  - d. Any contingent liabilities that needs to be provided for as incorporated within the Statutory Accounts
  - e. Any amounts where budget holders have been authorised to earmark a specific expenditure item
  - f. Any upward pressures that are anticipated to be placed upon budgets e.g. higher than expected pay awards
14. In the instance where a particular reserve needs to be accessed that has not be previously formally approved approval from The Staffordshire Commissioner would be sought in advance to ensure that plans can be adequately challenged and full transparency exists within the Authority.
15. Whilst it remains the responsibility of the S151 Officer and Treasurer for the Staffordshire Commissioner to advise the Authority about the overall level of reserves that is held; the Service and Staffordshire Commissioner should assist by providing clear protocols for the establishment and use of reserves, as reserves should not be held without a clear purpose.

**General Reserves Balance for 2022/23**

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that chief financial officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment for general reserves was undertaken as part of the budget setting process for 2022/23 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the revenue budget set for the year.

Whilst not a complete list of all the financial risks, the assessment focused on those most likely (High and Medium risks) to have a significant impact on the budget year.

<b>Area of Expenditure</b>	<b>Level of Risk *</b>	<b>Explanation of risk/justification of reserves</b>	<b>2022/23 Provision £000</b>
<b>Loss of Employees / additional pay costs</b>	High	Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc.	500
<b>Failure to achieve efficiency savings</b>	Medium	Risk of not achieving future savings requirements	500
<b>Insurance loss / impact of data breach</b>	Medium	Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR	500
<b>Ill health retirement costs</b>	Medium	Risk of the number of ill health retirements being greater than anticipated due to ageing workforce	150
<b>Other unforeseen costs</b>	Medium	Risk of unforeseen event: emergency incident, waste fires / tipping	150
<b>Other costs</b>	Medium	Risk of failure of strategic partnership / collaboration initiatives	100
<b>TOTAL</b>			<b>1,900</b>

**Total Reserves including  
Earmarked Reserves Balance for 2022/23**

In addition to general reserve balances, useable earmarked reserves that are created for specific purposes. Useable earmarked reserves should be held to meet future liabilities and the following table incorporates a suggested categorisation of the balance held for this reserve to be considered by the Staffordshire Commissioner.

Below is a suggested categorisation only, but importantly this must remain flexible based upon future funding settlements, delivery of agreed savings and certainty around MFTS assumptions.

	Mar-21 Final £m	2021/22 Fcast £m	2022/23 Est. £m	2023/24 Est. £m	2024/25 Est. £m	2025/26 Est. £m	2026/27 Est. £m
<b>General Fund</b>	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<b><u>Earmarked Reserves</u></b>							
PFI Reserve (Project Reserve Deductions)	0.8	0.8	0.7	0.3	0.3	0.3	0.1
Operational Budget Holder Reserves	0.5	0.3	0.3	0.3	0.3	0.3	0.2
Budget and MTFS Support Reserve	0.5	0.7	0.6	0.3	0.2	0.2	0.2
Refurbishment Reserve Abbots Bromley	0.5	0.5					
Capital Reserves	1.2	1.2	0.3				
Pension Reserve	1.8	1.8	1.8	1.8	1.1	1.1	1.1
Collaboration Reserve	0.5	0.5	0.3	0.3	0.3	0.3	0.3
Future Funding Reserve	1.7	1.7	1.7	1.7	1.7	1.7	1.7
<b>Total Earmarked Reserve</b>	<b>7.5</b>	<b>7.5</b>	<b>5.7</b>	<b>4.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.6</b>
<b>Total Reserves Available</b>	<b>9.4</b>	<b>9.4</b>	<b>7.6</b>	<b>6.6</b>	<b>5.8</b>	<b>5.8</b>	<b>5.5</b>
<b>Percentage of Revenue Budget</b>							
General Reserve		4.5%	4.5%	4.3%	4.2%	4.1%	4.0%
Earmarked Reserve		17.9%	13.4%	10.7%	8.6%	8.4%	7.6%



**Item No.      on Agenda**

**Report to the Police Fire and Crime Panel**

**14 February 2022**

**Fire Capital Strategy and Capital Programme 2022/23 to 2024/25  
(Incl. Minimum Revenue Provision Policy)**

Report of the Staffordshire Commissioner

**INTRODUCTION**

As part of the overall financial strategy for the Staffordshire Commissioner Fire and Rescue Authority a three year Capital Programme has been prepared. This report schedules the proposed investment programme for 2022/23 to 2024/25, and presents the indicators required within the updated Prudential Code. This all forms part of the Capital Strategy for the Staffordshire Commissioner Fire and Rescue Authority for the next three years.

The Prudential Code requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital planning. The Capital Strategy is part of the Authority's sound medium term financial planning process, ensuring there is a clear strategy supporting the next three years of capital investment.

The Capital Strategy sets out how the long-term context in which capital investment and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes in line with the current Corporate Safety Plan. It also demonstrates that the Authority takes capital and investment decisions in line with Service objectives and properly takes account of stewardship, value for money, prudence, sustainability and importantly affordability.

This report also reviews the approach that the Authority has taken during the last few years, successfully managing the capital programme, reducing future capital financing requirements, and through the repayment of long term loans reducing interest payments.

This report should also be considered alongside the Treasury Management Strategy, with both reports covering the reporting requirements of CIPFA's Prudential Code and Treasury Management in the Public Sector.

## RECOMMENDATIONS

That the Police Fire and Crime Panel note:

- a) the three year Capital Programme for 2022/23 to 2024/25 as set out in Appendix 1,
- b) the detailed capital programme for 2022/23 as set out within Appendix 2
- c) the Capital Strategy for 2022/23
- d) the Prudential Indicators that are set out within Appendix 3 including the Capital Financing Requirement for the three year period
- e) that the funding of capital expenditure from Reserves for the period 2022/23 to 2024/25 is in line with the updated Reserves Strategy
- f) the Minimum Revenue Provision (MRP) policy statement incorporated within this report
- g) the capital programme and capital strategy supports the main Budget and MTFS paper

**Ben Adams**  
**Staffordshire Commissioner**

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## **1. Background**

- 1.1 The Capital Strategy forms a key part of the Staffordshire Commissioner Fire and Rescue Authority's overall Corporate Planning Framework. It provides a mechanism by which the Commissioner's capital investment and financing decisions can be aligned over the medium term planning horizon.
- 1.2 The Strategy sets the framework for all aspects of the Commissioner's Fire and Rescue capital and investment expenditure; including planning, outcomes, prioritisation, management, funding and repayment.
- 1.3 There are four main areas of spend which feature within the Capital Programme;
  - Estates and Facilities
  - Operational Equipment
  - Transport
  - Information systems and technology

## **2. Objectives**

- 2.1 The key aims of the Capital Strategy are to:
  - provide a clear set of objectives and a framework within statutory legislation that proposes new capital expenditure to be evaluated to ensure that all new capital investment is targeted at meeting the vision, aims and priorities of the Authority;
  - set out how the Authority identifies, programmes and prioritises capital requirements and proposals;
  - consider options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment;
  - identify the resources available for capital investment over the MTFs planning period;
  - ensure the strategy has an overall balance of risk on a range of investments over timespan, type of investment and rate of return;
  - establish effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, value for money and security of investment;
  - deliver projects that focus on delivering the long term benefits to the Authority and the communities served within Staffordshire and Stoke on Trent.

## **3. Governance of the Capital Programme**

- 3.1 A governance process is clearly established within the Service and Authority and will continue to be adhered to, will follow standing orders and financial regulations to ensure that available resources are allocated optimally and deliver value for money, and that

capital programme planning is determined in parallel with the Service and revenue budget planning process within the framework of the MTFs. These include:

- The Strategic Governance Board (SGB) which is ultimately responsible for approving the Capital Strategy for investment and the Capital Programme for approving changes to the programme within financial regulations and for the approval of business case submissions.
- The Ethics, Transparency and Audit Panel (ETAP) which is responsible for scrutiny of the MTFs documents and the Capital budget monitoring reports and can make recommendations to the Strategic Governance Board (SGB).
- The Capital Review Group has been established for a number of years and provides detailed scrutiny for all capital spend proposals and monitors delivery of the current year's programme and develops a rolling three year programme. The group consists of key stakeholders from within the Service and holds responsibility for the delivery of the Service's capital programme and has clear Terms of Reference in place. Minutes from this group are reviewed by the Service Delivery Board.

3.2 For new major projects and programmes an outline business case will be submitted through the governance arrangements that needs to include the capital investment requirements, repayment mechanisms, revenue impacts of capital spend and also lifetime costing if applicable.

3.3 For smaller areas of capital spend (based upon a rolling programme of requirements) the proposals may be submitted through the Capital Review Group and approved by the Staffordshire Commissioner Fire and Rescue Authority through the Strategic Governance Board. This is recognising that the programme consists of smaller spend areas that do not require the production of a full outline business case.

3.4 The monthly Resource Control Report is produced and available to all staff within the Authority, in addition quarterly financial progress and monitoring reports are submitted to the Strategic Governance Board with bi-months reports reviewed by the Finance Panel which is a sub group of the Ethics, Transparency and Audit Panel (ETAP).

#### **4. Capital Priorities**

4.1 The capital strategy must recognise that the financial resources available to meet the requirements of the Corporate Safety Plan and the four key priority areas:

- Prevention and early intervention
- Protecting Staffordshire and its people
- Public confidence
- Service Reform

4.2 The bringing together of blue light services under a single governance route to the Staffordshire Commissioner provides opportunities to co-locate and share assets to the good of the community, delivering efficiencies and savings.

- 4.3 Staffordshire Fire and Rescue and Staffordshire Police will continue to build upon the collaboration that has resulted in joint response bases in Tamworth Belgrave and Hanley. The introduction of the new Police Operating Model will see further opportunities to share locations as the joint estate strategy continues to evolve.
- 4.4 The Staffordshire Commissioner Fire and Rescue Authority will seek to prioritise investment in order to deliver economy and efficiency within the Service. This prioritisation will be achieved through the robust governance arrangements discussed above.

## 5. Funding Approach

- 5.1 The Staffordshire Commissioner Fire and Rescue Authority's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under The Code local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of The Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.
- 5.2 The main sources of capital funding are summarised below:
- **Central Government Funding Grants**  
Capital Grant funding is no longer available from Central Government and ceased in 2012. Funding from the Home Office has been made available since 2012 but only on a bid for basis e.g. transformational funding.
  - **The use of internal cash balances**  
Interest rates on cash balances, over recent years, have remained low which has resulted in this being a more efficient use of cash to invest in the capital programme rather than taking additional external debt. The use of internal cash is an approach that has been undertaken successfully by the Authority for a number of years and has continued to deliver savings through lower borrowing costs.
  - **The use of Earmarked Reserves**  
The Authority has a Reserves Strategy which includes the Earmarking of Reserves to support the capital programme. Funding into the medium term has been identified through this approach and remains a key funding strategy. To date the vehicle replacement programme has been supported through the use of earmarked reserves, in addition to specific capital project funding e.g. for station refurbishment work such as at Abbots Bromley.
  - **The use of Capital Receipts**  
Disposing of surplus assets is a good way to reinvest in the capital programme. Receipts will be targeted at the shortest life assets and then their use considered widely within any flexibility allowed by the appropriate government authority. In accordance with statutory instruments capital receipts may also be used for the repayment of debt.

- **Direct revenue funding**

Capital expenditure may be funded directly from revenue (CERA – capital expenditure charged to revenue account). In addition to specific revenue funds previously set aside, such as repairs and renewal funds, capital expenditure may be funded by specific revenue budget provision.

This approach has been adopted successfully funding the capital programme during this time and consequentially reducing the Capital Financing Requirement by £9.0m since 31 March 2013. The capital programme was fully funded in 2019/20 and 2020/21 without the need for additional borrowing.

- **Borrowing and Leasing**

Under the Prudential Code the Authority has discretion to undertake borrowing to fund capital projects with the full cost of that borrowing being funded from the project returns or upon agreement to include in the MTFS estimates.

This discretion is subject to complying with The Code's regulatory framework which essentially requires any such borrowing to be prudent, affordable and sustainable (Local Government Act 2003). Prudential borrowing does provide an option for funding additional capital development but one which has to be funded each year from within the revenue budget or from generating additional ongoing longer term income streams.

The Authority will test the prudence of the borrowing predictions against the prudential indicators set under The Code every year as part of the MTFS process and report on progress against those indicators half yearly.

Through the use of internal cash and direct revenue financing no new loans have been taken since 2010/11, and following the repayment of £0.5m of loans during 2020/21 the overall loans position reduced to £17.1m by 31 March 2021. This prudent approach to borrowing is inline with the Treasury Management Strategy and will continue into the medium term. However, should borrowing be required the Authority will continue to consider on a cautious and prudent basis as informed by a specialist team contracted from Staffordshire County Council in relation to Treasury Management who work closely with the finance team.

The Authority will utilise operational leases where possible for the purchase of minor equipment, IT and vehicles as supported by an appropriate business case should this be the most efficient way of business delivery within the Service.

## 6. Risk Management

- 6.1 Risk is the threat that an event or action will adversely affect the ability to achieve a desired outcome or execute strategies successfully.
- 6.2 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.
- 6.3 The Director of Finance will report on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.
- 6.4 There are many categories of risk to be mindful of; these are detailed in **Appendix 4**:
- Credit Risk
  - Liquidity Risk
  - Interest Rate Risk
  - Exchange Rate Risk
  - Inflation Risk
  - Legal and Regulatory Risk
  - Fraud, Error and Corruption

## 7. Capital Programme 2022/23 to 2024/25

- 7.1 The Capital Programme for 2022/23 to 2024/25 is contained within **Appendix 1** of this report. The total proposed Capital Programme for 2022/23 is £8.0m, for 2023/24 £5.0m and for 2024/25 £2.7m.
- 7.2 The detailed scheme analysis supporting the programme for 2022/23 is shown within **Appendix 2**.
- 7.3 The Staffordshire Commissioner Fire and Rescue Authority is required to set estimates, impose limits and to report and publish actuals in line with The Prudential Code. The indicators for adoption by the Authority for 2022/23, 2023/24 and 2024/25 are set out in **Appendix 3**.
- 7.4 The Police Fire and Crime Panel should note that due to a number of factors which includes COVID19 a number of capital projects have been delaying during the last 18 months, this has resulted in considerable slippage of spend into 2022/23. Whilst this delay has not had a negative impact upon service delivery it has resulted in a significant programme of investment for 2022/23.
- 7.5 There are four main areas of spend which feature within the capital programme; Estates and Facilities which includes building and infrastructure work, Operational Equipment, Transport Appliances and Vehicles and finally Information Systems and Technology.

The four areas are discussed in more detail below.

- **Building and Infrastructure Work**

The budget proposal for 2022/23 includes a total capital requirement of £3.1m, which consists of the following main building and infrastructure projects plus some minor works:

- Stafford Fire Station, £1.9m. This project was originally included with the 2020/21 Capital Programme and should move to construction during the summer of 2022. This project is a key element of the Service transformation work and will see the redevelopment of part of the Stafford Fire Station site which will allow the disposal of a parcel of land. The planning proposal has been approved which will see an existing building within the site becoming the fire station and training facility and will allow the Authority to realise a capital receipt for the land that is no longer required. This project will be partially funded from the remaining Transformation Funding Grant. Costs have increased for this project and an updated business case will be presented to the Strategic Governance Board during the year.
- Stafford Fire Station Drill tower - £0.15m - A new drill tower is also budgeted separately for this site which will be funded from the Authority's reserves. This will enable working at height training on this site.
- The refurbishment of Abbots Bromley fire station, £0.4m. This project being partially funded by the earmarked reserve created utilising the refinancing cash benefit from the PFI1 project (reinvestment back into the estate). This project was originally budgeted for 2018/19 but the scope of the project so far has exceeded the financial envelope. The budget includes additional work for the replacement of the drill tower. This project is scheduled to commence during the spring of 2022 with a majority of the capital spend being incurred during 2022/23.
- The refurbishment of Brewood is also anticipated to commence in the final quarter of the year. This will be subject to a full business case and funded from the Authorities Earmarked Reserves.
- Minor works, £0.5m. This includes minor work at Fire headquarters site.

- **Operational Equipment**

Total investment of £1.2m has been identified and included within the programme for 2022/23:

- The capital requirement for 22/23 has increased with a number of detailed projects being deferred from the 21/22 capital programme. The carry over is c.£650k.
- A full list of the detailed projects is included within Appendix 2
- Replacement of Operational PPE has now commenced during 2021/22 with investment into 2022/23 (£450k) and 2023/24 (£400k). The total approved investment is £1.3m

- **Appliances and Vehicles**

A vehicle replacement programme of £2.2m has been included within the proposed budget for 2022/23:

In summary the vehicle replacement programme includes the following:

- Purchase of 2 Rescue Tender Pumping Appliances. This forms part of the Service Transformation project work at £0.75m.
- Aerial Ladder Replacement (ALP), £0.9m. This total investment of £1.7m has been approved and is spread over 3 years and includes the replacement of both ALP's. The contract for this replacement has been approved and signed off by the Commissioner.
- Light Vehicles, £0.3m, the programme includes the replacement of light vehicles as part of the rolling vehicle replacement programme and incorporates slippage from 2021/22 due to vehicle availability within the market.

- **Information Technology**

The ICT programme for 2022/23 of £1.5m includes the following:

- Ongoing ICT rolling replacement programme for desktop and infrastructure and device replacement strategy, £0.55m
- Telephony replacement, £0.3m. This work is for professional services and hardware (Routers) costs associated with replacing the existing telephony which will be end of contract. This is a carry-over from 2021/22 and will be required investment in quarter 1 of 2022/23.
- Full MS teams enablement across the fire estate, £0.25m.
- PSN core network development, ESN Enablement, £0.15m
- Other (includes alerter replacement), £0.2m

## **8. Funding the Programme**

- 8.1 **Appendix 1** also details the proposed funding strategy for the 2022/23 programme together with indications for the funding of the next two years. For 2022/23, the programme will be funded by a combination of Government Grant, Earmarked Reserves and the use of Internal Cash. This is also reviewed within the Treasury Management Strategy Report.
- 8.2 The Authority will also seek to fund as much of the programme as possible through direct revenue contribution should additional savings be available in year.

## **9. Minimum Revenue Provision (MRP) Policy Statement**

- 9.1 The Staffordshire Commissioner Fire and Rescue Authority is required each year to set aside some of its revenues as provision for debt repayment. This MRP provision essentially allows the Authority to “pay off” an element of the Capital Financing Requirement annually through a revenue charge known as the Minimum Revenue Provision (MRP).
- 9.2 The MRP was previously defined by statute with regulations providing for MRP as a 4% charge in respect of the amount of the Capital Financing Requirement (CFR). Under current regulations, the rules have been replaced with a general duty for a local authority to make an MRP charge to revenue which it considers prudent. The new regulation does not itself define “prudent provision”. However, guidance has been issued specifying methods for MRP calculation, which the Secretary of State considers prudent thereby effectively determining prudent provision.
- 9.3 Regulations require the Authority to approve an MRP Statement in advance of each year. It is recommended that the Authority continue to apply a MRP to capital expenditure funded by borrowing under the ‘Asset Life Method’: which calculates the MRP charge based on the estimated life of the asset for which the borrowing is undertaken.
- 9.4 The total level of debt for this Authority as at 31 March 2021 was £22.1m, and is forecast to increase to £29.0m by March 2025 based upon the capital investment requirements outlined within this paper.

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**Staffordshire Commissioner Fire and Rescue Authority**  
**Summary Proposed Capital Programme 2022/23 to 2024/25**

	2022/23 Budget	2023/24 Plan	2024/25 Plan
	£	£	£
<b>Building &amp; Infrastructure Works</b>			
Refurbishment Programme	2,648,816	450,000	450,000
Improvement Works	460,000	540,000	550,000
<b>Total</b>	<b>3,108,816</b>	<b>990,000</b>	<b>1,000,000</b>
<b>Operational Equipment</b>	<b>1,184,500</b>	<b>1,410,000</b>	<b>125,000</b>
<b>Appliances &amp; Vehicles</b>			
Appliances & Specialist Vehicles	1,880,000	1,560,000	900,000
Vans & Cars	315,000	200,000	200,000
<b>Total</b>	<b>2,195,000</b>	<b>1,760,000</b>	<b>1,100,000</b>
<b>Information Technology</b>			
ICT Hardware, Software Systems & Installations	1,515,000	870,000	430,000
<b>Total</b>	<b>1,515,000</b>	<b>870,000</b>	<b>430,000</b>
<b>Total Capital Programme</b>	<b>8,003,316</b>	<b>5,030,000</b>	<b>2,655,000</b>
<b>Funding</b>			
Direct Funding From Revenue			
Unsupported Borrowing	5,728,316	4,253,000	2,655,000
Capital Grant - Transformation Funding	950,000		
Use of Specific Reserves	1,325,000	777,000	350,000
<b>Total Funding</b>	<b>8,003,316</b>	<b>5,030,000</b>	<b>2,655,000</b>

# Staffordshire Commissioner Fire and Rescue Authority

## Detailed Capital Programme 2022/23

Scheme Description	Detail	2022/23 Budget Submission £
<b>IADS</b>		
Brewwood Refurbishment	Refurbishment split over 2 years. Due to start in 2022/23	150,000
Abbots Bromley Refurbishment	Refurbishment split due to start in Q1 of 2022/23	363,816
Abbots Bromley Tower	Refurbishment split due to start in Q1 of 2022/24	70,000
Stafford Refurbishment	Carry over from 2021/22. Work ongoing	1,900,000
Stafford - Safe & Sound Project	Allocation of requirements for the year (grant funded)	15,000
Stafford - Training Tower	New training tower at Stafford	150,000
		<b>2,648,816</b>
<b>Building Works - Improvements</b>		
HQ BA Room refurbishment	Carry out refurbishment to BA Training room at HQ	30,000
FBT Improvement works	Forming of walkways, Canopy to Barn, BA Cleaning area, External briefing area	40,000
HQ - Resurfacing Works Phase 1	Rear Of Amenities and BA Maintenance	100,000
Eccleshall - First Floor Refurbishment	Fully refurbish first floor	50,000
HQ - Lighting replacement programme Phase 2	Replace lighting with Energy Efficient LED to old house - 1st Floor	35,000
Stations - Lighting replacement programme Phase 2	Replace lighting with Energy Efficient LED at Barton, JETS (Offices only)	45,000
Sustainability heating system replacement - Stations	Ipstones - Phase out gas heating for sustainable solution	50,000
HQ - Old House FD Replacement Phase 2	Replace all Fire Doors throughout corridors/stairwells - 1st Floor	40,000
Replace Amenities lift HQ	Renew lift cart	70,000
		<b>460,000</b>
<b>Operational Equipment</b>		
Operational Equipment Pool		25,000
Life Jackets	100 x Life jackets (Due to age)	11,000
Water Rescue Equipment	Rescue Sled x1 / Air Tracks x 2	11,000
Appliance Equipment - Refurbished PRLs	Kit for 2 x Scania PRLs	44,000
Thermal Image Cameras	Replacement due to age and performance	150,000
Entry Control Board Batteries	Full replacement	15,000
Boats	2 replacement boats due to age	18,000
Operational PPE	Business case has been approved	450,000
Hydraulic Cutting Equipment	Continued investment in front line appliance equipment	192,000
Appliance Equipment - Refurbished PRL	fully kit reserve (50% carry forward from 21/22)	32,500
FF Decontamination Equipment		30,000
Fireground UHF Radios		40,000
ERP equipment x 2 @ £75k	To include standard equipment and heavy rescue equipment	150,000
ALP equipment x 2 @ £8k	operational equipment for both ALP's	16,000
		<b>1,184,500</b>
<b>Appliances &amp; Vehicles</b>		
Light Fleet	Mix of Cars & Vans	315,000
Pumping Appliance	Refurbishment / fleet transformation to meet demand	250,000
Appliance Pool	2 ERP's	750,000
ALP 1	Full & final payment	580,000
ALP 2	Chassis & Platform	300,000
		<b>2,195,000</b>
<b>Information Technology</b>		
ICT Rolling Programme - Desktop	Rolling program for officers and admin laptop replacement plus desktop solutions such as igels.	150,000
ICT Rolling Programme - Infrastructure	SDWAN (PSN replacement) and Wireless Access Points replacement 5 year investment	250,000
UPS Replacement	DR	30,000
Device Strategy		150,000
Teams Rooms Enablement	Fitting all estate with a Teams capable room Inc L&D	250,000
Alerter Replacement	Alerter Software and hardware Replacement 10 year investment	100,000
ESN Enablement	ESN Project	150,000
Finance System Software Upgrade	Integra Centros	34,000
Telephony Hardware Replacement	Carry-over from 2021/22	150,000
Main Telephony (Software)	Carry-over from 2021/23	150,000
Infographics Integration Project		50,000
Office 365 Upgrade		21,000
Appliance Fixed Phones		30,000
		<b>1,515,000</b>
<b>Overall Total</b>		<b>8,003,316</b>

**Staffordshire Commissioner Fire and Rescue Authority  
Prudential Indicators**

**A. Indicators for Affordability, Prudence and Capital Expenditure**

1. Ratio of Financing Costs to Net Revenue Stream

Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
%	%	%
5.1	6.6	7.1

*This shows the capital financing costs (interest charges/receipts and repayment of loans) as a proportion of government grant (revenue) and Council Tax. This allows the Authority to track how much of its annual income is needed to pay for its capital investment plans proportionate to its day to day running costs.*

2. Estimates of Capital Expenditure

Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
£m	£m	£m
8.0	5.0	2.7

*Expressed in absolute terms rather than as a ratio, this shows the overall level of capital investment irrespective of how it is being funded.*

3. Capital Financing Requirement/Gross Debt

Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
£m	£m	£m
27.2	29.4	29.3

*This indicator effectively shows the level of the Authority's underlying need to borrow for capital purposes.*

Net borrowing is not expected to exceed the total of the capital financing requirement (except in the short term)

*It is a key indicator of prudence that, over the medium term, net borrowing is only for capital purposes.*

## B. Indicators for Treasury Management

### 1. Treasury Management Code of Practice

The Authority has adopted the CIPFA Code of Practice on Treasury Management

### 2. External Debt

	Estimate 2022/23 £m	Estimate 2023/24 £m	Estimate 2024/25 £m
Authorised Limit	32.2	34.4	34.3
Operational Boundary	30.2	32.4	32.3

*This indicator identifies two limits in relation to external debt, and excludes PFI.*

*The Authorised Limit is the maximum level of external borrowing which should not be exceeded. The limit is linked to the estimated level of borrowing assumed in the Capital Programme.*

*In addition an Operational Boundary is required which represents the Treasurer's estimate of the day to day limit for the Treasury Management activity based on the most likely i.e. prudent but not worst case scenario.*

*The above excludes the PFI Balance Sheet debt position.*

### Glossary of Risk Management Categories

**Credit Risk** is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot complete the agreed contract. Accordingly we will ensure that robust due diligence procedures covers all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

**Liquidity Risk** is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. The exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Appropriate interventions will occur as early as possible.

**Interest Rate Risk** is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

**Exchange Rate Risk** is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

**Inflation Risk** is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible any exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

**Legal and Regulatory Risk** is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, we will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

**Fraud, Error and Corruption** is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. This is supported by the national Code of Ethics and detailed policies such as Counter-Fraud and Corruption and Declaration of Interests.

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.





**Police, Fire and Crime Panel – 14 February 2022**

**Staffordshire Fire & Rescue Service**

**Safety Plan 2020 - 2024 Update Report**

Report of the Police, Fire & Crime Commissioner

**1. Purpose of Report**

- 1.1 This report is to update the Police, Fire and Crime Panel on the delivery of the Staffordshire Fire and Rescue Service Safety Plan (SP - Integrated Risk Management Plan - IRMP). The publication of the Safety Plan fulfils the legislative obligations as defined within the Fire and Rescue Service National Framework for England 2018.

**2. Recommendation**

- 2.1 That the Panel note the update on the delivery of the SP 2020 – 2024 and make comment as appropriate.

**3. Background**

- 3.1 The IRMP is a document that each Fire and Rescue Authority in England is required to produce. Whilst there is no specific template that the Authority is required to follow, there is guidance detailed within the Fire and Rescue Service National Framework for England 2018 on the content of the plan. Each plan must:

- reflect up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority;
- demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a way that makes best use of available resources;
- outline required service delivery outcomes including the allocation of resources for the mitigation of risks;
- set out its management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the principles of better regulation set out in the Statutory Code of Compliance for Regulators, and the Enforcement Concordat; cover at least a three-year time span

and be reviewed and revised as often as it is necessary to ensure that the authority is able to deliver the requirements set out in this Framework;

- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies and partners; and
- be easily accessible and publicly available.

3.2 Following the transfer of governance from the Stoke-on-Trent and Staffordshire Fire and Rescue Authority to the Staffordshire Commissioner, a new Safety Plan 2020-2024 was developed which was published in August 2020.

3.3 The Safety Plan was designed to underpin the previous Staffordshire Commissioners Fire and Rescue Plan and four priorities for the Service were determined following consultation in 2020 across Staffordshire.

The four priorities outlined in the current commissioner's Fire and Rescue Plan are:

- A flexible and responsive Service
- Protect people and places
- Help people most at risk stay safe
- A fire and rescue service for tomorrow

3.4 The four priorities that the Service is delivering against are: -

3.4a) Prevention and Early Intervention

We aim to develop a detailed community risk profile of Staffordshire so that we can use our resources in the most efficient and effective way.

3.4b) Protecting Staffordshire and its people

We aim to reduce and remove risks in communities by using a combination of prevention, protection and response activities and help make Staffordshire a safer place to live, work and visit.

3.4c) Public Confidence

We aim to report regularly on our progress and communication openly about our plans so that, they are clearly understood, meet our legal duties and provide assurance to the public in a way which is transparent and easy to scrutinise.

In order to demonstrate the Services performance against the key measures as detailed within the Safety Plan 2020-2024.

The key measures as detailed are: -

- Total number of incidents attended
- Number of accidental dwelling fires
- Number of accidental fire deaths and injuries
- Number of Safe and Well Visits completed

- Number of accidental business property fires
- Number of road traffic collisions (RTCs) attended
- Number of people killed or seriously injuries (KSIs) at RTCs
- Number of automatic fire alarms we attend

#### 3.4d) Service Reform

We aim to develop and support a diverse, healthy and highly professional workforce who are motivated and empowered to improve our Service.

## 4. Progress to Date

### 4.1 Prevention and Early Intervention

The impact of C19 on the work undertaken by the Service has been and continues to be significant and as such the way in which the Service has delivered its prevention and early intervention activities has been amended in line with the various C19 restrictions applied over the last few months.

As we continue to follow Government guidance and change our Policy and procedures to keep up to date and keep our staff as safe as possible we have flexed working practices many ways. These include changes to the government's Plan B and the most recent changes to the isolation periods and LFT testing on days 5 and 6 which has had a positive impact on staff availability.

We continue our vital partnership work supporting the NHS, Staffordshire County Council and Stoke City Council with the delivery of the vaccine and testing of the public within communities to control and reduce the spread of the virus.

During the last quarter we have continued to support the fight back against COVID 19 taking a proactive position with Vaccine and medication deliveries. These involve Fire staff collecting the COVID Anti-Viral drug from a Pharmacy in Stoke or Stafford and delivering to Homes of the most vulnerable in the county.

Further work within the Vaccine equality working group led to the service establishing a Vaccine centre at Fire Service HQ during the Christmas to New Year gap. This was extremely successful delivering 792 vaccines 61 to children and 646 boosters. Our continued partnership working has led to the service being nominated for a national award shortlisting for the Partnership Awards run by national trade publication HSJ (Health Service Journal).

The multi-agency approach by the Council, the NHS and Staffordshire Fire and Rescue Service targeting communities where take-up of COVID-19 vaccinations was known to be low.

A roving team, known as the Targeted Vaccination Team, have been able to go out and launch pinpoint operations to make sure that no-one has been left behind in the quest to get everyone protected. Examples of this activity include Dearnisdale Fruit Farm near Stafford, Equality House Community Centre in Hanley, The Travelling community and the homeless.

Other activities include:

- Movement of NHS equipment
- Delivery of the vaccine to harder to engage communities such as fruit farm workers, Traveller communities, the homeless and the Afghanistan evacuee community.
- Establishing medical facilities at short notice, including the vaccination events at Leek moorlands hospital and the medical centre at the Afghanistan evacuee hotel.
- Surge Testing within outbreak areas of the county
- Use of Fire Service premises to deliver the vaccine to our communities
- Delivery of the Vaccine to schools to support the schools vaccination programme.
- Support with the Winter Flu vaccine rollout for school children and our own staff.
- Use of the targeted vaccination team to support the Booster vaccine uptake and rollout.
- Increased partnership working with Staffordshire County Council, Stoke City Council and the NHS to establish the targeted vaccination trailer. Picture below.

So far the work we have been involved in has delivered 11,762 Vaccines (jabs in arms), tested around 4000 people and got stuck in to the heart of the response to the Pandemic and restoration/recovery phase for our communities. This work continues as partnerships grow in strength.



From an internal viewpoint we continue to run our own internal test and trace to protect and maintain availability of all emergency staff. Policies and procedure have maintained a fluid approach and moved within Government guidance to ensure the safety of all our staff. We are currently working towards winter plan B as set out by the government. Lateral Flow testing of staff remains a priority to stopping the spread of the virus in the workplace.

4.1a) Working with Jo Hardy from NFCC to produce a Theory of Change (TOC) document alongside a toolkit which will enable us as a service to look in more detail at what our Early Intervention offer could/should look like in the future. Reviewing our ability to deliver targeted educational programmes which align to the principles of Early Intervention by developing protective factors which are evidence-based to enable young people to cope with life's challenges and reduce their vulnerability.

We are also working with local colleagues to investigate what is currently delivered in the county and to see if there are any new links we could forge to strengthen our offer.

Our education offer and team are expanding. We now deliver Safe+Sound; support and engage our volunteers across the service; work with businesses to support and educate wherever and whenever needed; and are starting to investigate what our early intervention education offer could look like, working together with the NFCC Early Intervention Group.

Online delivery of Safe+Sound on the Learn Live Channel is going very well and will continue until, at least, July 2022 with a weekly programme every Wednesday (term time only) and a number of 'Special' programmes aimed at other audiences within our community.

September to December 2021 (Autumn Term) saw **34,293** devices tune in either live or on demand, which averages at **2450** per week.

A 'special' programme aimed at Key Stage 4/5 young people was released on 9<sup>th</sup> December with **1366** devices viewing – this was a new target audience requested by SFRS PDLs, the number of devices viewing is excellent as this is a hard to reach new audience. The content is unsuitable for under 14s and included;

- Nitrous Oxide
- Fire Safety
- Online grooming
- Knife Crime
- Railway Safety
- Strong passwords

Also a 'special' home safety programme was also produced aimed at adults. The plan is for technicians and other relevant staff to promote this when doing Home Fire Safety Visits. No viewer numbers are available yet as the programme was released on demand only with no 'live' launch.

We are working closely with Learn Live to promote the Safe+Sound programme nationally, this is being advertised now and the 'launch' will be Wednesday 2<sup>nd</sup> March at 10am. This will have huge benefits for our local schools as we will be engaging partners from further afield to develop videos for inclusion in our programmes which will improve and develop our weekly content even more.

4.1b) Our Business Support Officer has responded to the needs of the community to support our NHS and general health services and the vulnerable among our communities in many ways. In the early stages of the pandemic we were responsible for huge amounts of PPE dispersal / distribution in and around the county, along with substantial food deliveries around the county, reaching hundreds of needy people.

We then started the roll out of the Lateral Flow Testing (LFT) training regime in and across the service. We were instrumental in identifying and assessing various locations to provide the LFT's, to the wider community, this involved site visits and producing suitability reports and health and safety assessments etc. The pandemic then led us to the vaccination program. Duties during this period included providing mobilisation and placement of the mobile vaccine pod, assisting hospitals with vaccinations in targeted locations etc.

We have provided courses and qualifications to our local businesses using a blended learning approach of on site and on line learning along with online only direct delivery, leading to evaluations praising our adapted delivery methods.

We have responded face to face wherever needed throughout the pandemic, following all current and relevant guidelines. One example is the fire at Slater's Country Inn on the 26 November 2021. This had a direct impact on numerous businesses located at their shopping village. This was a complex and frustrating incident for all concerned and it would not have been conducive to attempt to provide help and support remotely or using IT platforms. We responded swiftly and provided help and support as the incident was being dealt with by operational crews, working closely with our client, operational crews, environmental agencies, local authority representatives etc. Our support involved the following:

- A full explanation of what was happening
- What to do in the first instance in regard to aiding recovery
- Informing and passing information to the insurance company
- Contacting and working with other businesses involved in the incident
- Providing regular updates in regard to operational progress and next steps
- Assisting with actions to ensure public / employee safety (dangerous structures, asbestos, electrical / gas safety etc.)
- Advising the client in regard to choosing loss assessors and working with loss adjusters
- Assisting the client to manage the aftermath of such incidents, working with third parties, interpreting reports / specific requirements etc.
- We will of course provide post incident training and continued support as required

This particular incident will take months to resolve as there will be complex issues to deal with and numerous insurance companies, investigators and interested parties to deal with going forward. Clearly the work we carried out at this incident was recognised and appreciated by the client and others involved as they took time to

address the CFO and state their gratitude to the operational crews and support services that attended.

4.1c) **Volunteering** - Volunteering opportunities have been limited but the volunteers have, in the main, remained positive and engaged thanks to the support of the Volunteer Coordinators. There are currently 62 volunteers in the service. During October, November and December the volunteers were involved in several 3 pump exercises, they provided support for flu vaccinations and the Covid vaccine roll out; one of our volunteers works for Network Rail and has done some volunteering with L&D on joint training planning; and our Chaplains were able to provide bereavement support. A total of **324.33** volunteer hours were given in the last quarter.

	ESDG	NSDG	WSDG
October	21	14.5	68.33
November	0	3	125
December	3	2	87.5
	24	19.5	280.83
<b>Total</b>	<b>324.33</b>		

With coronavirus cases above the England and West Midlands average, the Service volunteered the use of several of our fire stations as sites for local walk-in COVID vaccination centres to our NHS partners. We wanted to help make it possible for everyone eligible for the vaccine to have easy access to a vaccination site, both for their own health and the safety of the wider community.

Members of staff supported NHS colleagues, acting as marshals at Leek Moorlands hospital for children's vaccination clinics and over the festive period when our HQ site was opened up as a walk-in vaccination centre to support the drive for more people to receive booster doses.

4.1d) **Water safety**- In good weather, people enjoy the outdoors and will take the opportunity to cool off in the sea, lakes or rivers. In recognition of this, we adopted a different approach to our *water safety campaign* this year. Instead of telling of people to stay out of the water our messages focussed on improving understanding of the risks and what to do if you get into difficulty. To improve awareness amongst young people we messaged parents and teenagers, through *Safe and Sound*, our own social channels and through paid social media using the hashtag #Floattolive.

**Standards**- The new *Prevention Fire Standard* was launched during August. This is the seventh professional Fire Standard published by the *Fire Standards Board* (the Board) so far and it compliments and builds on those already approved: Community

Risk Management Planning; Code of Ethics; Emergency response driving; Operational preparedness; Operational competence and Operational learning.

Like the other standards, the aim of this standard is to help drive continuous improvement across the sector. Bringing more consistency to how services conduct and evaluate their Prevention activities was a priority for the Board in light of the recommendation made by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) after their first round of inspections of services in England. The Prevention team will assess and monitor our progress against achieving the standard.

**Road safety-** During October, the Service issued a warning to drivers about the *dangers of handling and storing fuel* at home as motorists responded to the 'fuel crisis' by flocking to forecourts to fill up their vehicles. We reminded motorists to take extra care when filling up and, in an effort to deter stockpiling, be aware of the risks of inappropriate handling or storage of such highly flammable materials.

**Fire safety-** In November, residents were reminded to *celebrate Bonfire Night safely*, the dangers of fireworks and of the spread of coronavirus. With less people attending professionally organised public displays for fear of catching COVID we reminded our communities of the firework code and warned against garden bonfire parties due to the risk of fires getting out of control.

**Location change-** Staffordshire Civil Contingencies Unit (CCU) moved from the Stafford fire station site to its new permanent base at fire Headquarters in July. The new accommodation provides an improved training, exercise and response capability. CCU will be working on enhancing video-conferencing and tactical response facilities. The move is part of the project to vacate and redevelop the Stafford Fire Station site.

4.1d) **Princes Trust** - Since the previous update, new forms of delivery have been developed with a blended approach of face-to-face and virtual learning being successfully implemented. The delivery staff continue to spend a considerable amount of time supporting students through on-line group chats, workshops and in-depth 1-1's. In addition to innovative schemes of work and teaching materials that continue to be developed, producing positive results.

Since June 2021, there have been a further two Get Started programmes and three Explore programmes. This has seen 42 young people all with positive outcomes progress onto employment, Teams, volunteering or referral to educational programmes.

There have been two Team programmes concluded in this period also, where 14 young people completed the programme in August at Cannock and a further 15 young people completed the programme with Stone and Cannock combining programmes

due to staffing difficulties. The latter also involved the first residential in nearly two years while keeping within national guidelines.

There are a further six Team programmes scheduled for the next 12 months along with five Get Started and six Explore programmes.

All of these programmes continue to be adapted, ensuring they remain compliant to the latest COVID restrictions.

## 4.2 Protecting Staffordshire and its people

- 4.2a) We have continued to review our localised measures to help protect our staff and our communities from the risk of catching COVID as we continued to see high levels of infections in Staffordshire. We have up-dated our internal **COVID Workplace and People Guidance** as appropriate in response to changes in Government policy. There is a legislative obligation on the Service to ensure the safety of our workforce whilst continuing to provide our services safely to our communities and maintain our emergency response availability. This is the rationale behind the decisions made that relate to the wearing of facemasks in the workplace, the continued use of twice weekly lateral flow testing, and the continued hands, face, space and ventilate.

Whilst we have continued to maintain a COVID-secure environment, we encouraged our staff who were able to work from home to do so around the festive period to help keep infection rates low with the emergence of the new more virulent Omicron variant.

**National Fire Chiefs Council** (NFCC) published a report, which explores how **fire and rescue services supported their communities during the COVID 19 pandemic**, and Staffordshire is one of the Services. The report highlighted our involvement in improving the take up of COVID vaccinations supporting the Staffordshire Vaccination Equality Group, by helping with pop-up vaccination clinics.

The new **Protection Fire Standard** was launched at the national Prevention & Protection conference in early September 2021. This standard will aim to address both the recommendations made by the Grenfell Tower inquiry and also the findings of **HMICFRS** concerning fire and rescue services' competency and capacity of protection provision and raising levels of fire engineering knowledge and understanding with operational and other relevant staff. As with the Prevention Standard, the Service took an active part in the consultation around the development of the standard.

The Service regularly inspects business premises to make sure that they comply with fire safety legislation. We aim to help and support to businesses to operate safely, but we will consider, and where necessary, take legal action where lives are at risk. It is hoped that by taking such action we will deter other business owners from failing to take their responsibilities seriously and encourage them to take necessary fire

precautions to keep their premises safe from fire. On 27 October, at Stoke-on-Trent Crown Court the owner of premises in Penkhull pleaded guilty to a single offence of ***breaching the Regulatory Reform (Fire Safety) Order 2005*** and was sentenced to 12-months' community service and ordered to pay full costs within 28 days.

The breach came to light following a serious fire at the premises in May 2020 in which several occupants had to be rescued from the burning building. A number of people suffered from the effects of smoke inhalation and were taken to hospital. One man was admitted with serious burns. The premises had been converted from sole commercial use (as a recording studio) into mixed commercial and residential usage without the appropriate planning approval. The owner failed to take general fire precautions, placing people at serious risk as the fire occurred in the building where people were sleeping.

4.2b) In late 2020 SFRS entered into collaboration with Midland Heart to install sprinklers in a number of their properties. What started as an idea to retrofit sprinklers in a single block of flats in Lichfield subsequently turned into a much bigger project to provide sprinklers in 8 different buildings across the wider West Midlands area. Given the scale of this project, it has involved a lot of planning and preparation but the results are now starting to be seen.

- **Charnwood House** is a 5-storey building containing 11 duplex flats in Lichfield that is both owned and managed by Midland Heart. Staffordshire Fire and Rescue Service have committed to match funding the cost of the sprinkler installation. On-site works finally began in December and all internal works – i.e. pipework and boxing in - have now been completed. To ensure an adequate water supply, a dedicated sprinkler tank is to be provided, however this requires separate planning permission because it is to be located outside. Approval is expected imminently and once received will allow the system to be connected up and completed.
- **Andrews Court** is an 8-storey building providing sheltered accommodation in Lichfield. Although managed by Midland Heart, they don't own it and accordingly any decision on sprinklers would need approval from residents. Although residents initially voted in favour of sprinklers in early 2021, there have been a number of delays as the cost of the installation has increased significantly since the initial quote was obtained. Discussions with residents are ongoing as Midland Heart explore a number of other options and we are still hopeful that sprinklers will be installed in the future.
- **School Court** is a retirement living scheme containing 41 flats in Hednesford. With only 2-storeys, this building was never the focus of the Community Sprinkler Project but as part of their bigger project, Midland Heart identified this a building they felt would particularly benefit from sprinklers. Installation of the system didn't commence until December but the system was finished and commissioned before Christmas. Not only does this confirm the relative ease and speed that which sprinklers can be installed, but more so it highlights the bigger intent of the Community Sprinkler Project - by working so closely with housing providers on schemes that we deem high risk (i.e. high

rise), we hope to increase confidence and create momentum such that they will want to continue on their own sprinkler journeys.

In the north of the county, Stoke on Trent City Council are continuing their programme of retrofitting sprinklers at all 18 of their high and medium-rise blocks of flats across the city and this month work commenced on their next two buildings. **Jack Ashley Court and Travers Court** are two 5-storey blocks in Fenton and work will be ongoing for the next few months.

### **4.3 Public Confidence**

4.3a) In order to ensure improving outcomes for the communities of Stoke-on-Trent and Staffordshire key performance measures are reported to the Public Performance Meeting (PPM) on a six monthly basis and compared to the same period from the previous two financial years.

#### **Total Incidents Attended**

- Between April and September 2021 Staffordshire Fire and Rescue Service attended **4537** incidents. In the same 6 month period the service attended **4552** incidents in 2020 and **4601** incidents in 2019 (pre Covid-19).
- There is a small decrease in the total number of incidents attended within the same period from 2020 **(-0.33%)** and 2019 **(-1.41%)**
- Between April and September 2021, primary fire incidents have increased by **1.46%**, secondary fire incidents have decreased by **-13.77%**, and special service call Incidents have increased by **17.45%** from the same period in 2020.
- Road traffic collision attendance has increased by **22.81%** from the previous year, with the largest reduction noted in false alarm attendance (Good Intent), with a decrease of **-24.94%**.
- Over the last three years of data for all incidents attended, April to September 2021 denotes a negligible **decrease** in demand from the averages of the previous three years.

#### **Accidental Dwelling Fires**

- Between April and September 2021, the Service attended **224** accidental dwelling fires compared to **253** during the same period in 2020 and **294** in the same period of 2019. The top causes of these fires remain the same as the previous years; cooking related incidents and faulty equipment which are relatively static in trend.
- Over the last three years of data for accidental dwelling fires attended, April to September 2021 denotes a **decrease** in demand from the averages of the previous three years.

## **Fatalities and Injuries of Accidental Dwelling Fires**

- Between April and September 2021 there has been a reduction in the number of fatalities as a result of accidental dwelling fires from the same period in the previous two years, with **0** fatalities recorded. In 2020 **1** fatality was recorded and in 2019 **3** fatalities were recorded within the same period.
- Between April and September 2021 there has been an increase in the number of injuries as a result of accidental dwelling fires from the same period in the previous two years, with **12** injuries recorded. In 2020 **9** injuries were recorded and in 2019 **6** injuries were recorded within the same period.

## **Safe and Well Visits**

- Between April and September 2021, **3392** safe and well visits were completed in comparison to **1018** from the same period in 2020 and **14513** from the same period in 2019.
- Due to the impact of Covid-19 there was a significant decrease in the number of physical safe and well visits completed throughout 2020 and the beginning of 2021 due to the required social distancing measures. In order to adapt during this period of uncertainty, a process was put into practice by the Service to assess and conduct 'non-contact' engagements via telephone to ensure service was maintained. This method of contact is not fully captured and reflected in the figures provided.

## **Accidental Business Property Fires**

- Between April and September 2021 the Service attended **71** accidental business property fires in comparison to **64** in the same period of 2020 and **96** in the same period of 2019. The top cause of this type of incident is faulty equipment.
- Over the last three years of data for accidental business property fires attended, April to September 2021 denotes **no change** in demand from the averages of the previous three years.

## **Road Traffic Collisions (RTC)**

- Between April and September 2021, the Service attended **316** road traffic collisions in comparison to **235** from the same period in 2020 and **354** from the same period in 2019. The Service does not attend all RTC's that occur across the county therefore this figure does not represent the totality of RTC's experienced across Stoke-on-Trent and Staffordshire.
- Over the last three years of data for road traffic collisions attended, April to September 2021 denotes an **increase** in demand from the averages of the previous three years. This is noted as a national trend.

## Automatic Fire Signals

- Between April and September 2021, the Service attended **782** automatic fire alarms in comparison to **710** from the same period in 2020 and **790** from the same period in 2019.
- The Service introduced a revised automatic fire alarm policy in 2020 which defines the methodology the Service adopts when in receipt of these types of calls. Fire Control utilise a call challenge process for automatic fire alarms and between April and September 2021 **1178** calls from the total of **1960** automatic fire signals received were not attended as they were screened out by the process of call challenge.

4.3b) **HMICFRS** - The Service was due to be inspected by **HMICFRS** as part of the next round of the current inspection programme in the Spring/Summer of 2022. The Chief Fire Officer and the Staffordshire Commissioner requested the inspection be brought forward to explore a small number of concerns raised in relation to the way the Service conducts some of its people related practices.

The Service has worked hard to develop a positive and inclusive working environment, values and culture and we remain focused on developing this to underpin the way we serve our communities, carry out our role and work together. This inspection will help to identify best practice and further opportunities for learning and improvement, which will ensure that our culture and working practices are as inclusive and supportive as possible and enable people to perform at their best.

HMICFRS agreed to the joint request and pre-inspection activity started in July with the completion of a **document and data return**, which we submitted ahead of the due date.

Fieldwork aspects of the inspection took place over the period 1 September to 21 October 2021. The Principal Officers welcomed the inspection team to the Service with a **Strategic Briefing**. The focus of the briefing was around a few key areas, our changes since the first inspection, our progress against our 5 areas for improvement, our progress against the outcomes of the COVID 19 bespoke inspection and our priorities for the forthcoming year.

HMICFRS has had to carry out much of its inspection activity remotely in the last year due to the COVID pandemic to help reduce the risk to the sector, staff and public. The current inspection was carried out using a blend of virtual / on-site interviews, desktop exercises, focus groups and station reality testing.

To conclude the inspection process, Principal Officers, the Staffordshire Commissioner and the Chief Executive of the Commissioner's office took part in a virtual **'hot-debrief'** in November. The Inspectorate was complimentary of the support

its team received from everyone in the Service during all stages of the inspection process and expressed its thanks to all those who participated in the desktop activities, focus groups, reality testing, interviews and surveys. Over the course of the inspection HMICFRS spoke to approximately 180 members of staff. In addition, to partners, the Staffordshire Commissioner and Chief Executive of the Commissioner's office.

This inspection looked at how effective and efficient the Service is at keeping people safe from fire and other risks, and how well the Service looks after its people. Its findings were in many ways positive, although it highlighted issues that we are continuing to invest time and effort in to improve. As with any process like this, there are some findings that we are challenging with HMICFRS in defence of our approach and the extensive complications from the COVID pandemic.

The hot debrief gives us the earliest possible opportunity to work on areas identified for improvement. The findings shared in this debrief are still subject to change as HMICFRS assess the information further before the final report and the debrief did not provide any indication of a final grading. The final report is expected to be published in June or July 2022.

Areas have been identified that we need to look at and apply our resources too. Some of the considerations have already been highlighted through our own Culture report and we are working towards addressing these. Our Chief Fire Officer has committed to focus on improving performance management, setting out clear expectations for every department and every team.

Staffordshire Fire and Rescue Service's **new website** went live in September. The new version allows for an improved user experience and enhanced accessibility features to make sure we are reaching all communities within Staffordshire. With over 60 per cent of visitors to the site using a mobile device, the user interface has been designed to be mobile first, to improve user experience, enhance engagement and make the journey through the website much more streamlined. It is also visual instead of text heavy and uses new branding throughout to reflect the modern service, providing a channel, which allows us to be open and transparent with our communities.

In November Staffordshire Fire and Rescue Service's **annual Statement of Assurance for 2020/21** was published, detailing our performance and the financial, governance and operational arrangements in place for the period 1 April 2020 to 31 March 2021.

The aim of producing this statement is to provide our communities with clear information regarding the Service's performance against the priorities set out in our Safety Plan. We will also take the opportunity to talk about our future plans in the document. To view the Statement of Assurance – click [here](#).

The latest national **State of Fire report** – click [here](#) - demonstrates the enormous contribution that the fire sector has made during the global pandemic. The flexibility of all of our staff has been evident throughout demonstrating that our staff can support partners in responding to a variety of tasks. Locally we have been working hard to ensure that our fire safety or protection teams have been strengthened and this will mean that our buildings are as safe as possible for both residents and firefighters alike, this is something that has also been reflected within the national report. The need to accelerate the diversity within the sector is acknowledged and this is something that the Service is focussing upon locally in order to improve. This linked with our continued drive to further develop the culture within the organisation is a priority for the Service, as is the wellbeing of our people.

#### 4.4 Service Reform

4.4a) As part of the inspection process, **HMICFRS conducted a staff survey**. We encouraged participation in the staff survey via iNews, the intranet, emails and at team meetings, as it is important that the views of our people and their opinions be captured. This survey was anonymous and responses will be shared with the Service when the final report is issued for pre-publication checks, in a way that protects the identities of those who have chosen to respond. Representative bodies and the shared services HR function were also invited and responded to the survey. A total of 216 (26%) survey responses were received, with a further 62 (17%) from on-call staff. This compares favorably with responses received to the staff survey in the Round One inspection in 2019, being 16% and 4% from on-call. The staff survey is not considered in isolation, and the results can be used to help inform future improvements to service delivery.

We also took the launch of the staff survey as an opportunity to remind people about **HMICFRS's independent reporting line**, which is open to all fire, and rescue service staff in England. The purpose of this line is to provide staff with a mechanism to inform HMICFRS of any issues, and areas of good practice, which they feel should be taken into consideration both prior to and during inspection. This is not a whistleblowing service, or a route for complaints to be resolved. It is simply a way in which to gather additional evidence outside of fieldwork.

The Fire Service has partnered with **Say-So** – which provides an independent, confidential service where people can raise any workplace concerns that they may feel they cannot raise with colleagues. This was recognised as an area of weakness for the sector and the Service is committed to ensuring all its people have a voice which is heard. Say-So is another mechanism to ensure this, and it should be seen to compliment trades union or direct contact through line management. It is then hoped that Say-So will become a useful tool in the continual improvement we are making to our culture.

The **Culture Report**, which is an in-depth review of the feedback provided by staff in the Culture Sessions earlier this year, was published on 18 October. The report has been broken down into four key areas summarising the issues raised and providing some anonymised comments to add context. Following publication of the report the Service has embarked on a series of activities to look at how the culture can be improved further. Senior leaders have come together to analyse the report and look at how we can approach things differently and staff are encouraged to work within their teams and share ideas on how the culture in the Service can improve further or what they see as the opportunities to resolve the issues raised.

The Service's **Statement of Intent** was published as an acknowledgement that the Service, like all organisations, has its problems, but that we welcome people with both visible and invisible differences and hold all our staff to the highest standards in terms of supporting equality, diversity and inclusion. It sets out the Service position regarding inappropriate behaviours and is not intended to stifle, but to encourage constructive conversations around equality, diversity and inclusion within teams. It is designed to support our staff in terms of being able to raise issues and concerns regarding inappropriate behaviours. This statement linked with the **Core Code of Ethics** are key aspects of the Service's approach to cultural change.

To support the embedding of the national **Core Code of Ethics** all staff were asked to complete a new **LearnPro module**, taking them through the code, what it means and why it is important. A number of ethical dilemmas will also be distributed to managers to encourage discussions around ethics and the standards of behaviour expected across the Service.

We also encouraged staff to feedback to us on how they would prefer us to communicate with them with a **review** of the **iNews** online publication and a focus on **staff recognition**, welcoming ideas as to how best to recognise and reward exceptional performance by colleagues.

The next phase of our whole-time/competent on-call transfer process started towards the end of August. The **whole-time recruits' courses** had been delayed because of the pandemic and as such, the Service were one full course short of where we would have been affecting crewing levels. The whole-time course started in September, with a number of competent on-call firefighters being placed straight out on watches. In September, applications were invited to join our **whole-time Watch Manager pool**.

We encouraged our staff to take part in the **NFCC's consultation on the Job Description and Person Specification for the role of a firefighter**. This consultation included a Job Description and Person Specification for the core role of a firefighter, as well as information regarding service-specific duties and guidance on how these might be dealt with where appropriate. We recognise the importance of participating as our responses will help to shape the document and enable the NFCC

to deliver a quality product endorsed and supported by the fire and rescue service sector.

The shared HR function is developing a new **Workforce Strategy** which will set out how we will continue to work towards our Safety Plan priority of 'Developing a diverse, healthy, and highly professional workforce who are motivated and empowered to improve our Service'. A new dedicated head of recruitment, has just been appointed and will support our aim of working with our communities and partners to improve the diversity of our workforce.

In October, the Service Management Board approved a decision to make some changes to how the **annual training programme** will be delivered, taking aspects of what has worked well before and embracing future technological opportunities to reduce our environmental impact, increase the Service's outreach approach and decentralise some aspects of course delivery. The Learning and Development department has already been working to reinstate the rope rescue (Safe Working at Heights level 3) capability at Stafford with the Emergency Response team and our new provider. Some of our supervisory and middle management training has been redesigned in line with the NFCC's Leadership and Management project.

**Expressions of interest** were invited from across the Service for individuals with an interest in becoming a **coach or mentor**, providing an excellent development opportunity for those individuals with the aim of building a network of career support for colleagues across the organisation.

To support the wellbeing of our staff **flu vaccination clinics** were held at Fire HQ, Burslem, Cannock, Lichfield Fire Stations and Police Headquarters. These were open to both fire and police colleagues, offering free flu vaccinations, in a bid to protect the health of our people during the flu season.

Mind, The Royal Foundation, The Ambulance Staff Charity, The Fire Fighters Charity, and Police Care UK have launched **Blue Light Together** – a brand new website designed to support emergency responders - click [here](#) for the link. We told our staff about the new hub via our internal i-news publication. The independent site offers specialised information and resources around looking after your mental health and wellbeing. We also raised awareness in November about:

- Men's Mental Health Awareness Month - the campaign which offers support for men suffering from mental health issues.
- Transgender Awareness Week – during which transgender people and their allies take action to bring attention to the community by educating the public about who transgender people are, sharing stories and experiences, and advancing advocacy around the issues of prejudice, discrimination, and violence that affect the transgender community.

In August, we launched our new **Firewatch Azure people information management system**. The new version of Firewatch is no longer hosted within our own ICT infrastructure, instead it sits in the Azure Cloud Based Hosting Solution managed by the providers Infographics.

To ensure we improved and maintain security of access across this provision all our users must complete a process called Multi-Factor Authentication (MFA) when they log in. The Firewatch team produced a series of training videos and briefing document to guide users through the new log in processes for the various elements of the system.

Since the implementation of the new Firewatch system, the Firewatch team have been working on the **MobileApp**. It is envisaged that the app will be of greatest benefit to on-call staff, allowing them to manage their personal availability 'on the move' via their mobile device. However, in the future, use of the MobileApp may well expand to other users.

A trial of the MobileApp is being conducted with a small number of stations. Engagement and feedback from users at these trial stations is 'key' to ensuring a successful roll-out across the rest of the service at a point in the future. Once the trial is completed, and any issues resolved or further enhancements made the Firewatch team will arrange user training during the station's drill period.

4.4b) **Wholetime Firefighters** - Following a successful recruitment campaign in late 2020 and the completion of the wholetime course 1/2021 in April 2021, course 2/2021 with 15 wholetime trainee firefighters commenced on the 3<sup>rd</sup> September 2021. The course was returned to an original 15 week course to include a week of exercises covering a range of incident types)

This course was the second wholetime course planned and delivered since the start of the C19 pandemic and as such presented the service with additional unique challenges and organisational risk in that the potential for the pandemic to disrupt the course and affect trainees and Learning & Development (L&D) staff and affect the outcomes of the corporate safety plan was significant without a range of additional measures that were put in place to ensure the risk was minimised. As a result, the course took place with C19 security and workplace compliance at the heart of the program. This meant that a number of non-safety critical elements will be taught once they are in the workplace as a result of changes to the planned program.

A number of trainees were assessed individually throughout the course to ensure that they had access to specific resources and learning support to assist them for the duration of the course and beyond.

The trainees took part in their passing out ceremony on the 17<sup>th</sup> December, which was restricted due to dynamic changes in government Covid guidance as the usual family

involvement could not be safely supported. The ceremony involved the presentation by the Chief Fire Officer of certificates and by the Deputy Chief Fire Officer of awards for overall performance (the silver axe), breathing apparatus procedures and rescue techniques awards.

Following the end of course debrief the new Apprentice Firefighters took up their postings in early January after a short period of leave over the Christmas period and have now commenced their apprenticeship.

Due to unforeseen establishment changes, during the latter part of 2021, the original plan for 50 wholetime trainees undergoing initial training based at Learning & Development and progress through to complete the Operational Firefighter Apprenticeship program within 24 months was adjusted to support the maintenance of operational firefighter numbers and crewing levels. This resulted in 6 competent on call firefighters, who had been successful in the original wholetime process being brought forward and placed directly onto wholetime shift/day crewed stations without the requirement to complete their training again, avoiding duplication, other than an ensuring any specific development needs were identified with support from L&D. This being after a review of entry routes into the service by the Director of Response. A further recruitment /transfer process in September/October 2021 saw a further 10 competent firefighters placed in a similar way with a small number remaining in a recruitment pool for additional resilience

A further wholetime course of 8 wholetime trainees is planned to commence in April 2022 plus two initial on call modules in January (commenced) and September for a total of 32 on call firefighter trainees This will build on their 20 week on station initial development modules. In addition the on call support team pilot scheme have been given support and guidance to train additional on call firefighters in their core skills locally on station adding to the organisational learning & development capacity and flexibility. This process is subject to quality assurance and investment by L&D and a small number of trainees have successfully completed this approach to date

- 4.4c) The High Potential Programme continues to support people by providing development experience's and opportunities. During 2022 the programme is going to ripple out to a new group of individuals and combine our culture journey with individual development. A business case is being prepared in conjunction with Staffordshire Police Organisation Development team to roll out the individual coaching tools, and team development principles across the workforce. This work is combining with, and supporting the organisational development which is being undertaken by the Service Insights team.
- 4.4d) In 2021, the Insights and Engagement department along with colleagues from the Service completed 146 workshops to discuss *Our Culture*. These sessions were delivered mainly through video conferencing, but there were also some face-face workshops provided where everyone had an opportunity to share their views. From

the analysis of the notes taken from the sessions, a report was written and shared across the Service in October 2021.

In November 2021 – January 2022 a request was made to the whole organisation to provide feedback with ideas and solutions to the points that were in the report. From this, 48 points were provided that will then support the action plan to *Our Culture* that is being prepared with the Insights and Engagement department and the Principal Officers.

- 4.4e) **Grenfell** - The Phase 1 report covers the events of the fire that occurred on 14<sup>th</sup> June 2017 and the response from the London Fire Brigade. A significant number of recommendations (ninety-seven in total) based upon the findings from the incident – are being managed locally by Staffordshire Fire and Rescue Service through a task and finish group. Many of the actions have national implications and they are being strategically managed at a national level by the National Fire Chiefs Council (NFCC). Updates on strategic issues continue to be shared from the NFCC with all FRS's through its Central Programme Office and Building Safety Programme Team.

### **SFRS actions**

The actions identified are complex and wide ranging and they have been allocated to lead officers in order to for them to implement specific areas of work and record progress. The main themes that are being reviewed are relevant to High Rise Residential Buildings (HRRBs) and include:

- Training
- Incident Command
- Operational Guidance and Learning
- Communications
- Equipment
- Stay Put Policy and Evacuation
- Foreseeable Risk
- Fire Safety Information
- Firefighter Physical and Mental risk
- Working with other stakeholders

### **Work ongoing**

We are now investing in improved communications with Fire Control through MAIT and Airwave which will improve communications between control rooms between partners.

We are working together to implement National Operational Guidance by spring 2022 and have introduced a mobilising officer's group.

### **Next steps**

A review of our JESIP training and awareness will commence in February. Training has taken place between Fire control and Fire officers working on improving communications between the fire ground and Fire control once evacuation is initiated. This will be a priority going forward which links to our overall operational training, any new equipment required and improving our command support functionality, when dealing with Tall Building incidents and specifically evacuation.

### **Conclusion**

The Police, Fire and Crime Panel will continue to receive updates in line with their proposed work plan for the coming year and as requested.

**Ben Adams**  
**Staffordshire Police, Fire and Crime Commissioner**

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**STAFFORDSHIRE POLICE, FIRE AND CRIME PANEL**

**14 February 2022**

**WORK PROGRAMME PLANNING 2021-22**

**Report of the Secretary**

Recommendation

That the Panel note the dates of future meetings and considers the contents of its future Work Programme.

Background

By Regulation this Panel is required to meet on a *minimum* of 4 occasions each year with the facility to convene additional meetings as and when required.

There are a number of reports/matters which the Panel is required to consider:

*Police and Crime Matters:* the proposed Policing and Crime Precept each year, the Police and Crime Plan, The Commissioners Annual Report on the delivery of the Plan, Confirmation Hearings for a number of key posts and Reports on the Handling of Complaints.

*Fire and Rescue Service Matters:* The proposed Fire and Rescue Service Precept each year, the draft Fire and Rescue Plan/Corporate Safety Plan (incorporating the Integrated Risk Management Plan), the Annual Statement of Assurance and Confirmation Hearings for key posts in the Service.

	<b>Agenda Items</b>
<p>Monday 21 June 2021(pm) (Summer 2021 meeting date brought forward to meet the newly elected Commissioner)</p>	<ul style="list-style-type: none"> <li>• Appointment of Chairman</li> <li>• Appointment of Vice-Chairman</li> <li>• Meet the new Commissioner</li> <li>• Appointment of Independent Co-Opted Member</li> <li>• Questions from the public</li> <li>• Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner</li> <li>• Home Officer Grant 2020/21</li> <li>• Confirmation Hearing – Deputy PFCC</li> <li>• Confirmation Hearing – Interim Chief Constable</li> </ul>

Member only training 14 September - Informal virtual meeting	<ul style="list-style-type: none"> <li>• Complaints handling</li> </ul>
23 September (10am)	<ul style="list-style-type: none"> <li>• Police and Crime Plan / Fire and Rescue Plan <b>Update</b></li> <li>• Police Performance <b>Update</b> (to include recruitment and retention numbers)</li> <li>• Fire and Rescue Performance <b>Update</b></li> <li>• Progress report on appointment of Chief Fire Officer and Chief Constable (Verbal update)</li> </ul>
12 October (10am) – confirmation Hearing	<ul style="list-style-type: none"> <li>• Confirmation Hearing - Chief Fire Officer</li> <li>• Confirmation Hearing – Chief Constable</li> </ul>
Monday 25 October 2021(2 pm)	<ul style="list-style-type: none"> <li>• <del>Results of inquiry into Usman Khan – Force performance – (Invite Chair of Safeguarding Scrutiny Committee to avoid duplication).</del></li> <li>• Police Misconduct and Complaint Regulations 2020 – annual report</li> <li>• Police and Crime Plan (Draft)</li> <li>• Fire and Rescue Plan (Draft)</li> <li>• Questions from the public</li> </ul>
Tuesday 7 December 2021 10am	<ul style="list-style-type: none"> <li>• MTFS/Budget Update – Policing Service</li> <li>• MTFS/Budget Update - Fire and Rescue Service</li> <li>• Police and Crime and Fire and Rescue Plan consultation update</li> <li>• Annual Conference for PFCP report</li> </ul>
Monday 31 January 2022 (2 pm)	<ul style="list-style-type: none"> <li>• PFCC’s proposed <b>Police</b> Budget and Precept 2022/23. <ul style="list-style-type: none"> <li>a. Budget Report 2021/22 including MTFS</li> <li>b. Treasury Management Strategy 2021/22</li> <li>c. Reserves Strategy Update</li> <li>d. Capital Strategy and Capital Programme</li> </ul> </li> <li>• Verbal update – OPFCC Chief Executive appointment</li> </ul>

Monday 14 February 2022 (2. pm)	<ul style="list-style-type: none"> <li>• Consideration of the PFCCs proposed <b>Fire and Rescue</b> Budget and Precept 2022/23 <ul style="list-style-type: none"> <li>a. Budget Report 2021/22 including MTFS</li> <li>b. Treasury Management Strategy 2021/22</li> <li>c. Reserves Strategy Update</li> <li>d. Capital Strategy and Capital Programme</li> </ul> </li> <li>• Fire and Rescue Service Safety Plan 2020-2024 Update Report</li> </ul>
Tuesday 22 February 2022 (2.pm) <i>(Reserved date if needed)</i>	<ul style="list-style-type: none"> <li>• If required, Further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2022/23.</li> </ul>
Monday 25 April 2022 (10am)	<ul style="list-style-type: none"> <li>• Police and Crime Plan</li> <li>• Fire and Rescue Plan <ul style="list-style-type: none"> <li>❖ To consider the above plans and decide how the panel want to scrutinise the priorities as set out in the plans.</li> </ul> </li> </ul>
Monday 27 June 2022 (2.pm)	<ul style="list-style-type: none"> <li>• Appointment of Chairman</li> <li>• Appointment of Vice-Chairman</li> <li>• Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner</li> <li>• Home Officer Grant 2021/22</li> <li>• Consideration of the Commissioners Annual Report 2022/23</li> </ul>
Monday 26 September 2022 (10 am)	<ul style="list-style-type: none"> <li>• TBA</li> </ul>
Monday 24 October 2022 (2.pm)	<ul style="list-style-type: none"> <li>• MTFS/Budget Update – Policing Service</li> <li>• MTFS/Budget Update - Fire and Rescue Service</li> </ul>
6 February 2023 (2.pm)	<ul style="list-style-type: none"> <li>• PFCC’s proposed <b>Police</b> Budget and Precept 2023/24</li> </ul>
13 February 2023 (2.pm)	<ul style="list-style-type: none"> <li>• Consideration of the PFCCs proposed <b>Fire and Rescue</b> Budget and Precept 2023/24</li> </ul>
21 February 2023 (10am) <i>(Reserved date if needed)</i>	<ul style="list-style-type: none"> <li>• If required, Further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2023/24</li> </ul>

Monday 24 April 2023 (2.pm)	• TBA
Items to be scheduled when appropriate	
Proposed Operation Hub / Firearms Range	Raised at 1 February 2021 meeting
Annual Report	
Neighbourhood policing - review	Raised at 23 September meeting
Police and Crime and Fire and Rescue Plans	Requested at 25 October meeting

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