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Staffordshire Police, Fire and Crime Panel

Monday 5 February 2024

14:30

Oak Room, County Buildings, Stafford

The meeting will be webcast live and archived for 12 months. It can be viewed at the following link: <https://staffordshire.public-i.tv/core/portal/home>

John Tradewell
Secretary to the Panel
26 January 2024

Agenda

1. **Apologies**
2. **Declarations of interest**
3. **Minutes of the meeting held on 13 November 2023** (Pages 5 - 12)
4. **Decisions published by the Police, Fire and Crime Commissioner (PFCC)**
5. **Questions to the PFCC from Members of the Public** (Pages 13 - 24)

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>

6. **Proposed Police Budget and Precept 2024/25** (Pages 25 - 124)
 - a) Budget Report 2024/25 including MTFs
 - b) Capital Strategy and Capital Programme
 - c) Reserves Strategy update

d) Treasury Management Strategy 2024/25

7. **National Conference for Police Fire and Crime Panels - 9 November 2023** (Pages 125 - 128)
8. **Questions to the PFCC by Panel Members**
9. **Dates of Future Meetings and Work Programme** (Pages 129 - 132)
10. **Exclusion of the Public**

The Chairman to move:

“That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of Local Government Act 1972 indicated below”.

Part Two

(All reports in this section are exempt)

Membership	
Charlotte Atkins	Staffordshire Moorlands
Adrian Bowen	Co-optee
Richard Cox (Vice-Chair)	Lichfield District Council
Jo Elson	Cannock Chase District Council
Gill Heesom	Newcastle-under-Lyme District Council
Zdzislaw Krupski	East Staffordshire
Angela Loughran	Stafford Borough Council
Daniel Maycock	Tamworth Borough Council
Vince Merrick	South Staffordshire
Bernard Peters (Chair)	Staffordshire County Council
David Williams (SoTCC)	Stoke-on-Trent City Council

Notes for Members of the Press and Public

Filming of Meetings

Staffordshire County Council is defined as a Data Controller under the Data Protection Act 2018. The County Council has agreed that public meetings should be the subject of live web transmission 'webcasting'. Fixed cameras are located within meeting room for this purpose.

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If you have privacy concerns about the webcast or do not wish to have your image captured, then please contact the Member and Democratic Services officer named at the top right of the agenda.

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.



Minutes of the Staffordshire Police, Fire and Crime Panel Meeting held on 13 November 2023

Present: Bernard Peters (Chair)

Attendance	
Charlotte Atkins	Zdzislaw Krupski
Adrian Bowen	Angela Loughran
Richard Cox (Vice-Chair)	Vince Merrick
Jo Elson	David Williams
Gill Heesom	

Also in attendance: Ben Adams, Louise Clayton, Katharine Ross and David Greensmith.

The Panel was informed that Cllr Zrupski had replaced Cllr Fitzpatrick on the panel, representing East Staffordshire Borough Council.

Apologies: Dan Maycock

22. Declarations of interest

None were made at the meeting.

23. Minutes of the meeting held on 10 October 2023

It was noted that the request for 'disability hate crime data to be reported as part of the Commissioners performance information' at regular meetings with the Chief Constable - minute 18 bullet point 9 be added to the actions arising sheet.

Resolved: That the minutes of the Panel meeting held on 10 October 2023 be approved and signed by the Chairman.

24. Decisions published by the Police, Fire and Crime Commissioner (PFCC)

No decisions had been posted on the Commissioners website since the last meeting.

25. Questions to the PFCC from Members of the Public

The Panel considered the questions ask by members of the public and the Commissioners responses. There were no supplementary questions asked at the meeting.

It was reported that a further 2 questions had been received since the publication of the agenda, but a response had not been possible within the timeframe. The questioner would be provided with a response as soon as it was available and given an opportunity to have the questions and responses added to the next public agenda if they wished.

Resolved: That the questions asked, and the response received be noted.

26. MTFS Budget update -Policing Services

The Medium-Term Financial Strategy (MTFS) update report for the Police service was presented by the Commissioner and his Director of Finance.

The report set out:

- The current position of the 2023/24 budget
- An update on future years MTFS assumptions
- Sensitivity analysis around key financial items
- An update on the capital programme.

Movement in the MTFS position since the it was set in February 2023 was listed in paragraph 4.2 of the report. The current position for 2023/24 showed a forecast (at the end of Quarter 2) of £242.472m. This was a positive variance of £0.476m against the annual net revenue budget of £242.947m.

As a result of the Commissioners presentation and questions from the Panel, the following information was shared with the Panel. This was in addition to that provided in the written report:

- The 'targeted removals' as mentioned in paragraph 7.7 of the report were reported as having no business impact and being for small amounts, such as an estates project in the sum of £100k.
- Following a question on why loans were being repaid rather than using the funds to invest in services, it was reported that these were scheduled repayments so there was little option to do otherwise.
- The reserves remained in line with recommended levels. The Commissioner felt that budget reserves were in a good position.
- It was confirmed that the budget covered the growth in wages of new recruits progressing through their training and had also managed to accommodate changes in levels of staff moving into the county during the year.
- The Panel felt that knowing the criteria used to assess savings and priorities would have been useful.
- It was requested that in future budget/MTFS reports, the Commissioner include appendices covering the Capital programme and detailed lines in the budget.

Resolved:

- a) That the update report be noted.
- b) That in future budget/MTFS update reports, Appendices covering the Capital programme and detailed lines in the budget should be included.

27. MTFS Budget update - Fire and Rescue Services

The Medium-Term Financial Strategy (MTFS) update report for the Fire and Rescue Services was presented by the Commissioner and his Director of Finance.

The report set out:

- The current position of the 2023/24 budget
- An update on future years MTFS assumptions
- Sensitivity analysis around key financial items
- Transformation update
- Key investment areas
- An update on the capital programme.

Similar financial assumptions had been made to that in the earlier Police MTFS report.

There was a positive position at the 6 month stage, with the total revenue spend as at 30 September being £23m, showing a slightly favourable position against the budget of £23.3m.

Paragraph 4.4 of the report outlined the risks as:

- Pay
- Pensions
- Utility costs and insurance
- Council tax and referendum limit assumptions
- Revenue support grant

During the discussion and question and answer session, the following information was gained:

- The Panel raised the public's concerns over fire personnel safety and questioned investment in the service. It was clarified that investment in equipment was on track, however, technology and systems were reported as being 'outdated' (paragraph 7.3 (9b)). This referred to the back-office admin ICT systems for performance data and reporting. There was also an investment required for 'fire control' software which was a shared service with West Midlands Fire and Rescue which had recently had an upgrade but was due another. The Commissioner reported that this was part of a conversation he would be having with the public over investment in these areas.

- When asked what a 'flexible responses with a 3% increased productivity target' would look like, it was reported that one of the ways this could be achieved was through the team of 3 crews. The result of this trail would be reported to the panel when it was available. The budget implication would be evaluated but the Commissioner felt that the real benefit was to the service and productivity.
- There was concern that dealing with flooding was not a statutory function but was dealt with in a rescue capacity. The Commissioner stated that he would welcome this being a statutory duty as this would provide opportunity for increased investment and funding.
- Batteries and the risks involved in recharging was a concern. Christmas provided an opportunity to communicate safety with the public.

In the same way as with Police MTFS reports, the Panel felt that in future, it would be useful to include appendices covering the Capital programme and detailed lines in the budget.

Resolved:

- a) That the update report be noted.
- b) That in future budget/MTFS update reports, Appendices covering the Capital programme and detailed lines in the budget should be included.
- c) The results of the crew of three trail, be reported to the Panel when available.

28. Fire and Rescue Annual Assurance Statement 2022-23

The Panel considered the draft Fire and Rescue Statement of Assurance for 2022/23. It was reported that the statement was also considered at the Commissioners Ethics Transparency and Audit Panel (ETAP) (Fire) Group.

It was reported that the plan had been extended by a year so that it covered the same time period as the Commissioners term of office.

The document was a Statement of Assurance from the service, the Community Risk Management Plan had wider public input and the Commissioners Fire and Rescue Plan had public input.

The Falls service was commissioned by the Integrated Care Board. Control centres assess the patients needs and are trained to identify situations where ambulance staff are needed. Fire fighters were not normally involved in medical care. Various initiatives were being discussed where Fire and Rescue could help support the Ambulance service. The detail of any initiatives and training needs would be brought

back to the Panel at a later date.

The Commissioners ETAP meetings produced various reports for both Fire and Rescue and the Police service and made recommendations on service efficiency and finance. The Commissioner reported that he was satisfied that the Chief Fire Officer and Chief Constable took on board the recommendations and these were reported through the Performance meetings with the Commissioner.

The detail on small outdoor fire which had shown an increase on previous years, would be raised at the performance meeting on the 14 November.

Resolved:

- a) That the report be noted.
- b) The detail of any initiatives where Fire and Rescue could help support the Ambulance service and any training needs would be brought back to the Panel at a later date.

29. Questions to the PFCC by Panel Members

The Panel asked questions and received the following responses:

1) How were the Police dealing with the changes in legislation on Big Dogs?

In response, the Panel was informed that the Police were taking appropriate action when required which, ranged from providing advice to removing animals if absolutely necessary.

2) Was there evidence that the Police Constable and Fire Chief were taking action to address both the local and national concerns of officers misbehaviour?

In response, the Panel was reminded that they did consider Police complaints on an annual basis and the Commissioners performance meetings with both services also considered this concern in a public arena. The Commissioner gave his total commitment to addressing this issue.

3) How did the Commissioner feel about the high turnover of Police Commanders in some local areas?

The Commissioner welcomed officers having the opportunity to move to other services and gain experience and knowledge, but did acknowledge that this could result in frequent moves. However, this was an operational issue and there was always a team of highly competent officers available to step up and cover roles.

4) How were the Police responding to tensions and crime against the

Jewish and Muslim communities?

The Commissioner was aware of increased Police awareness and the service were supporting the London demonstrations and any local remembrance services, if needed. He was not aware of any incidents in Staffordshire.

30. Dates of Future Meetings and Work Programme

The next meeting would be 5 February 2024.

Resolved: That the Panels Work Programme be noted.

Chair

STAFFORDSHIRE POLICE FIRE AND CRIME PANEL
ACTIONS ARISING FROM PREVIOUS MEETINGS

NOTE: The following action or information was requested at a previous meeting(s). When an item has been completed it will be taken off the list.

Meeting / Agenda Item	Action Required	By Whom	Information requested/action taken	Completed or Target date
6 Feb 2023 Questions raised by the Panel. Page	Minute 23 When would the incompatibility of technology be rectified? Reference was made to CCTV data from the District Councils which could not be downloaded by the police. Also discussed at 3 July meeting. (Minute 7)	PFCC to respond	This matter is being considered by the Police. Ongoing	
10 Oct. 2023. Police and Crime Plan – update	Minute 18 and 23 Disability hate crime data to be looked into.	PFCC	Information provided by the Commissioners office. Emailed to members of the Panel 120124.	12/01/24
13 November 2023 – Questions from the public	Minute 25 A further 2 questions had been received since the publication of the agenda, but a response had not been possible within the timeframe. The questioner would be provided with a response as soon as it was available and given an opportunity to have the questions and responses added to the next public agenda if they wished.	PFCC/MP	Response sent to Mr Bradbury 050124	05/04/24
13 November 2023 – MTFS - Police	Minute 26 Requested that future budget/MTFS update reports include appendices covering the Capital programme and detailed lines in the budget should be included.	PFCC		

13 November 2023 – MTFS Fire	Minute 27 Requested that future budget/MTFS update reports include appendices covering the Capital programme and detailed lines in the budget should be included.	PFCC		
13 November 2023 – MTFS Fire	Minute 27 The results of the crew of three trail, be reported to the Panel when available.	PFCC		
13 November 2023 – Fire Assurance Statement	Minute 28 The detail of any initiatives where Fire and Rescue could help support the Ambulance service and any training needs would be brought back to the Panel at a later date.	PFCC		

**STAFFORDSHIRE POLICE, FIRE AND CRIME PANEL –
5 February 2024**

**QUESTIONS FROM THE PUBLIC TO THE POLICE, FIRE AND
CRIME COMMISSIONER**

Report of the Secretary

The Panel's Constitution provides for questions to the Commissioner from members of the public. Questioners can choose to either attend the meeting and ask the question themselves or have the question dealt with in written form and the reply forwarded to them.

The questions attached to this report were received prior to the last meeting but not in time to be published with the agenda. The Commissioners response was sent the Mr Bradbury after the meeting and are listed here for information.

J Tradewell
Secretary to the Panel

Contact Officers: Mandy Pattinson
Mandy.pattinson@staffordshire.gov.uk

Police, Fire & Crime Panel – Public Question

Questions Posed:

1. In the “Post and Times” paper dated 30.08.23 – I would like to know the exact wording of the question that included the phrase “freedom of information request” and the name Bernard Peters.
2. Do informants have to disclose payments from the police to HMRC for tax reasons – are Councillors allowed to opt out of paying tax on money received from the police.

Panel Member: Member of the public

Question Date: 07.11.23

Commissioner Response:

Question 1

This question relates to a Freedom of Information request received by Staffordshire Police on 22nd June 2023, FO 15752. All FOI responses are published on the Staffordshire Police Single Online Home website, please find below a link to the published response –

[Published items - 15752 | Staffordshire Police](#)

Link to Press Article, for context -

<https://www.expressandstar.com/news/crime/2023/08/15/staffordshire-police-pays-out-more-than-200000-to-informants-over-three-years/>

Question 2

Payments made by Staffordshire Police to informants are classed as non-taxable payments.

Contact Officer

Author:	Louise Clayton
Position:	Chief Executive
Date:	17/11/2023



FOI ref no: 15752

24 July 2023

Freedom of Information request first notified to us by email on 22nd June 2023.

Thank you for your recent request under the Freedom of Information Act 2000, as detailed below:

Staffordshire Police's response to your enquiry is as follows:

I am writing to request information under the Freedom of Information Act. I am looking for information about money paid to police informants. Please could you provide me with the following:

- 1. How much money, in pounds sterling, has the force paid police informants – known as Covert Human Intelligence Sources (CHIS) – in the past three financial years? (Please could the figures be broken down year-by-year and be provided for 2022/23, 2021/22, 2020/21).*
- 2. For each financial year please could the total amount paid to Covert Human Intelligence Sources be stated, as well as the number of Covert Human Intelligence Sources who received payment.*
- 3. What was the largest amount paid to an informant/ Covert Human Intelligence Source (CHIS) by the force in each year? Please provide the amount of the largest payment to an informant each financial year.*

Please note, the amount should include the total of all payments to the informant in one financial year – for example, if the same informant received several payments in the financial year, please could the total amount for those payments be provided.

Staffordshire Police does hold some the requested information.

I am writing to request information under the Freedom of Information Act. I am looking for information about money paid to police informants. Please could you provide me with the following:

- 1. How much money, in pounds sterling, has the force paid police informants – known as Covert Human Intelligence Sources (CHIS) – in the past three financial years? (Please could the figures be broken down year-by-year and be provided for 2022/23, 2021/22, 2020/21).*

Please see the excel spreadsheet 'FOI 15752 Money Paid to Informants Data' for a breakdown of payments made in the financial years requested to police informants.

- 2. For each financial year please could the total amount paid to Covert Human Intelligence Sources be stated, as well as the number of Covert Human Intelligence Sources who received payment.*
- 3. What was the largest amount paid to an informant/ Covert Human Intelligence Source (CHIS) by the force in each year? Please provide the amount of the largest payment to an informant each financial*

year.

Please note, the amount should include the total of all payments to the informant in one financial year – for example, if the same informant received several payments in the financial year, please could the total amount for those payments be provided

With regards to question 2 and 3, I am citing the following exemptions:

Section 30(2) – Investigations conducted by public authorities

Section 38 (1) – Health & Safety

Section 40(2) – Personal Information

Section 30(2) ad Section 38(1) are class-based qualified exemptions and, as such, there is a need to conduct a harm or public interest test:

Section 30(2)

Harm

Any release under FOIA is a disclosure to the world, not just to the individual making the request. Police forces work in conjunction with other agencies and information is freely shared in line with information sharing protocols. Modern-day policing is intelligence led and this is particularly pertinent with regard to both law enforcement and national security. The public expect police forces to use all powers and tactics available to them to prevent and detect crime or disorder and maintain public safety. The prevention and detection of crime is the foundation upon which policing is built. In order to counter criminal behavior, it is vital that the police have the ability to work together, where necessary covertly, to obtain intelligence within current legislative frameworks to assist in the investigative process to ensure the successful arrest and prosecution of offenders. To achieve this goal, it is vitally important that information sharing takes place between police officers, members of the public, police forces as well as other law enforcement bodies within the United Kingdom. The impact of providing information under FOI which aids in identifying whether or not Staffordshire Police has received intelligence from CHIS as well as confirming whether payment was received for the intelligence, would provide those intent on committing criminal acts with valuable information as to where the police are targeting their investigations. In addition, releasing this information has the potential to undermine the flow of information (intelligence) received from CHIS as well as members of the public into the Police Service.

S30 - Factors favouring disclosure:

There is information within the public domain confirming that police use covert human intelligence sources to assist them with investigations and the effective delivery of law enforcement. Disclosure would enhance the public's knowledge about how information relating to informants is used by Staffordshire police and how the intelligence received assists in day to day investigations and operations to assist the prevention and detection of crime and the apprehension and prosecution of offenders. Disclosure would also assist in stopping any incorrect rumors or falsehoods relating to how the police store and manage how informants assist the police. It would also allow the public to determine whether the financial outlay by the force to informants is appropriate in comparison to the level of successful prosecutions.

S30 -Factors favouring non-disclosure:

Disclosure of the information requested could identify informant activity within Staffordshire area. Over a period of time if several disclosures were made, individuals could analyse the information and identify any sudden peaks or troughs in informant activity. This would hinder the prevention and detection of crime and also prejudice our ability to maintain confidential sources. Consequently, the force's future law enforcement capabilities would be affected. Similarly, the disclosure of the information would highlight when informants have been used which could place those persons, or those suspected of being an informant, in danger. The disclosure of this information would lead to informants losing confidence in Staffordshire Police and would impede the recruitment of informants in the future.

Section 38 (1)

Harm

CHIS (regardless of their motivation) provide information at particular personal risk to themselves and their families. As previous cases have shown, where a CHIS is identified it can result in substantial physical harm, or mental trauma resulting from the threat of physical harm. This problem is particularly acute in cases relating to serious crime and terrorism where the threat against individuals is substantial. The health and safety of any individual is a matter of significant concern and importance to Staffordshire Police. Release of any information that could place an informant at risk of identification and thus risk of physical or mental harm is not suitable for disclosure.

S38 (1) Factors favoring disclosure:

Release of the information would promote openness and transparency of records held by Staffordshire Police.

S38 (1) Factors favoring non-disclosure:

The release of any information could lead to identification of any individual and consequently endanger the safety, potentially the life, of an individual.

Section 40 (5) – Personal Information

Section 40(5) is an absolute exemption which means that there is no need to quantify the harm that may arise from the disclosure; neither is it subject to a public interest test.

To release personal or third party information which may or may not be held by Staffordshire Police would breach the data protection principles, namely –

- Data is lawfully and fairly processed.
- Processed in line with an individual's rights.
- Data is secure.

Balancing Test

There is information within the public domain confirming that police use covert human intelligence sources to assist them with investigations and the effective delivery of law enforcement. The Police Service is tasked with protecting the community we serve and solving crime and there is a public interest argument in ensuring we are open and transparent with regard to policing investigations and operations.

As part of that policing purpose, various operations with other law enforcement bodies may or may not be ongoing. The Police Service will never divulge whether or not information is held if to do so would place the safety of individual(s) at risk. Whilst there is a public interest in appropriately and effectively engaging with the threat from criminals, there is a very strong public interest in protecting informants. The public entrust the Police Service to make appropriate decisions with regard to their safety and protection and the only way of reducing risk is to be cautious with any information that is released.

There is no doubt that for the issues outlined above any disclosure relating to sensitive informant information would jeopardise those important roles. Informants play a vital role in assisting the police, and is based very much on relationships built on trust and the expectation of complete confidentiality. Staffordshire Police would never disclose information which would compromise our tactics or compromise the safety of an individual. It is therefore our opinion that the balance lies in favour of non-disclosure of the information.

With regard to any further information relating to Covert Human Intelligence Sources, in accordance with Section 17(1) of the Freedom of Information Act, this letter represents a refusal notice as Staffordshire Police can neither confirm nor deny that any it holds the information requested as it believes the duty in s1(1)(a) of the Freedom of Information Act 2000 (the duty to confirm whether the public authority holds information of the specified description), does not apply, by virtue of the following exemptions:

Section 23(5) – Information supplied by or concerning certain Security Bodies.

Section 24(2) – National Security.

Section 30(3) – Criminal Investigations.

Section 23 is a class based absolute exemption and there is no requirement to consider the public interest in this case.

Section 24 is a qualified exemption and as such there is a requirement to articulate the harm and conduct a test of the public interest in confirmation or denial.

Section 30 is a class based exemption and consideration must be given as to whether there is a public interest in neither confirming nor denying the information exists is the appropriate response.

Harm

Harm for neither confirming nor denying that any other information is held for Section 24

Disclosure of informants' data could impact on the recruitment and retention of CHIS in general, due to the perception of (rather than the actual) risk of identification. The disclosure of the requested information would damage national security through discouraging current national security CHIS from cooperating with the police service in other geographical areas, or preventing the recruitment of national security CHIS in the future – regardless of whether the area in question actually currently runs CHIS reporting on serious crime, terrorist or other threats.

Public Interest Test

Factors favouring confirming or denying that any other information is held for Section 24

Confirmation or denial that any other information exists relevant to the request would lead to a better informed public and the public are entitled to know how public funds are spent. The information simply relates to national security and disclosure would not actually harm it.

Factors against confirming or denying that any other information is held for Section 24

Other organisations outside the police service are also widely engaged in rewarding informants in a number of ways, and therefore by confirming or denying that any other information exists relevant to the request would harm the close relationship that exists with such organisations, where trust and confidence in this specific area has been built up in the exchange of information and financial assistance during the Criminal Justice process.

To confirm or deny whether Staffordshire Police hold any additional information would allow inferences to be made about the nature and extent of national security related activities which may or may not take place in a given area. This could enable terrorist groups to take steps to avoid detection, and as such, confirmation or denial would be damaging to national security.

By confirming or denying any policing arrangements of this nature would render national security measures less effective. This would lead to the compromise of ongoing or future operations to protect the security or infra-structure of the UK and increase the risk of harm to the public.

Factors favouring confirming or denying that any other information is held for Section 30

The confirmation or denial that information is held would provide a greater insight into policing and how resources are allocated to investigate crimes. The confirmation or denial that the information is or is not held would identify how often Staffordshire Police relies on CHIS within this type of investigation.

Factors against confirming or denying that any other information is held for Section 30

To confirm or deny that information relevant to this request is held would provide details of any previous or on-going investigations. Informant's information assists police investigations and provides vital intelligence. To confirm that Staffordshire Police have used informants with previous investigations and criminal convictions in specific investigations would provide sensitive information that would undermine policing and investigations. Investigations, although complete, may have included information from an informant of the type described and serve to undermine any investigations that have taken place based on the original investigation.

Balance Test

The Police Service is charged with enforcing the law, preventing and detecting crime and protecting the communities we serve. The security and maintenance of investigations are of paramount importance and the Police service will not divulge whether information is or is not held if to do so would place the safety of an individual at risk or undermine National Security and investigations. Whilst there is a public interest in the transparency of policing operations and providing assurance that the police service is appropriately and effectively engaging with the threat from criminals, there is a very strong public interest in safeguarding both national security and the integrity of police investigations and operations in this highly sensitive area. As much as there is public interest in knowing that policing activity is appropriate and balanced in matters of national security, this will only be overridden in exceptional circumstances.

It is therefore our opinion that for these issues the balancing test for confirming or not that information is held, is not made out.

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of this email and should be addressed to:

foi@staffordshire.police.uk

Or by Post to:

Central Disclosure Unit
Staffordshire Police HQ
PO Box 3167
Stafford
ST16 9JZ

Please remember to quote the reference number in any future communications.

Freedom of Information
Central Disclosure Unit

Produced by Staffordshire Police
for FOI 15752

Financial Year	Total amount paid to police informants
2020/21	47,878.28
2021/22	71,029.72
2022/23	91,041.73
Total:	209,949.73



Item No. on Agenda

Report to the Police Fire and Crime Panel – 5th February 2024

Police and Crime Budget Report for 2024/25

(Including Medium Term Financial Strategy)

Report of the Staffordshire Commissioner

Introduction

The purpose of this report is to set out the proposed budget and precept proposal for the police and crime element of the Staffordshire Commissioner's portfolio for 2024/25. This is the Commissioner's third budget in office and delivers one of his key responsibilities under the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net police and crime budget requirement for 2024/25
- Proposed precept for the police and crime element of the council tax 2024/25
- Proposed policing Medium-Term Financial Strategy (MTFS)
- Outline policing capital budget

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Reserves Strategy
- Capital Strategy

Recommendations

The Police, Fire and Crime Panel is asked to:

- Examine the information presented in this report, including:
 - The total 2024/25 net revenue budget requirement of £264.824m (**see Appendix 1**), including
 - A council tax requirement for 2024/25 of £100.091m before the collection fund surplus is considered (**see Appendix 5**)
- Support the proposal to increase the 2024/25 precept for the policing element of the council tax bill by 4.99% which is equivalent to **25 pence per week** (£13.00 per annum), increasing the council tax to £273.57 for a band D property

- The 2024/25 proposed precept increase is below the 2024/25 increase in state pension (8.5% increase), working age benefits (6.7% increase) and below the most recent (December 2023) ONS data for wage growth (7.2% increase).
- Note that the council tax base has increased to 365,868 band D equivalent properties, equivalent to an increase of 1.55% (**see Appendix 4**). The council tax collection fund has also been finalised delivering a surplus of £1.239m (**see Appendix 3**).
- Note the use of £1.621m of revenue reserves to balance the 2024/25 budget (this is in addition to use of other earmarked reserves to support identified purposes).
- Note the MTFS summary financials (**Appendix 6**) and MTFS assumptions (**see paragraph 5.4**)
- Support the delegation to the Director of Finance for the Staffordshire Commissioners Office and the Director of Resources 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 budget support reserve.
- Support the proposed four-year Capital Investment Programme (**see Section 8**) totalling £83.508m and the Capital Strategy and Capital Programme paper.
- Note the outcome of the Staffordshire Commissioner's budget consultation within the Commissioner's foreword which included a survey regarding the proposed level of precept for 2024/25 (**see Appendix 9**).

Contact Officers:

Katharine Ross

Director of Finance / S151 Officer for the Police and Crime Commissioner

Telephone: 07890 988177

John Bloomer

Director of Resources / S151 Officer for Staffordshire Police

Telephone: 07974 204774

Commissioner's Foreword



This is my third budget and council tax precept proposal for Staffordshire Police as Police, Fire & Crime Commissioner. Since my election in May 2021, the professionalism and commitment of our Police officers and staff has helped to ensure good progress has been made to deliver the ambition I set out within my Police & Crime Plan. I would like to thank them for this and particularly for their ongoing commitment and dedication ensuring the safety of the communities we serve.

This 2024/25 budget and Medium Term Financial Strategy (MTFS) is set against a backdrop that includes some significant uncertainties. Both pay and inflationary pressures were higher in 23/24 than anticipated, with an average pay award of 7% being announced. These significant inflationary pressures, against a backdrop of tighter public and personal finances, have made setting this year's MTFS challenging. Since the last budget was set we have also seen further unrest within Israel in addition to the first anniversary of the war in Ukraine which continues to challenge western economies.

In December 2021 I published my local Police & Crime Plan which sets out priorities and service expectations on behalf of Staffordshire residents. These include a local and responsive service, preventing harm and protecting people, supporting victims and witnesses, safer roads, reduced anti-social behaviour and a more effective criminal justice system. I have reported progress against my plan to the Police Fire and Crime Panel and also challenged the performance by questioning the Chief Constable during a number of Public Performance Meetings held during the last year.

I am very pleased with the progress Staffordshire Police has made over the past year. It has been welcome to see HMICFRS discharge one of the two accelerated cause of concern notices in late December 2023 and for Staffordshire to continue to progress to becoming an outstanding Force.

Staffordshire Police are now more local, visible and responsive. 999 and 101 call times have improved and crucially the force is set to have 2,000 officers by April 2024. This is 400 more than 2019, and even more than I promised when elected in 2021. Other priorities are being met too. 24/7 roads policing is imminent, new safety cameras and vans are being rolled out to improve road safety and £0.5m has been invested in more number plate recognition to track criminals using our roads. Meanwhile my office is supporting more victims, doing more prevention work and making our neighbourhoods safer.

I have worked with Staffordshire Police to address future years' budget gaps through a number of planning sessions and I am pleased to present the MTFS for 2024/25 through to 2027/28. This incorporates a net draw on reserves of £5.226m to support the budget over the four years.

This MTFS will ensure that the Chief Constable has the resources needed to deliver on the local plan and national government priorities. It goes further than this though and for allows significant investments into Policing and Crime over the course of the MTFS. This includes capital funding to invest in infrastructure including the refurbishment of Police Stations and custody facilities across Staffordshire, EV infrastructure and sustainability schemes to reduce running costs and meet the governments net zero ambition.

Alongside this is further capital funding to invest in technology services to improve contact systems to better meet public expectation, as well as meeting the increasingly complex needs around digital forensics to ensure justice is received for victims of crime.

Additional investments in staffing within technology services and change are necessary to address the future financial and operational challenges set out in the MTFS and enable Staffordshire Police Officers and staff to carry out more proactive activity including investigations into serious organised crime linked to drug and vehicle crime. It would also allow the service to take advantage of new technology including artificial intelligence, freeing up officer time to target criminals, prevent harm, protect people and support victims.

With these investments, inflation and wage pressures in mind, I have concluded that the 2024/25 Police council tax precept should increase by 4.99%, equivalent to £13 per year or 25p per week for a band D property. The proposed increase in the Police council tax precept over the four-year period of this MTFS is once again 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. The Council Tax proposal is in line with the referendum limit which was set at 4.99% for Police Forces in 2024/25.

I am acutely aware that household budgets are tight, so I expect every pound of taxpayer's money invested in Police & Crime to be spent wisely and for Staffordshire Police alongside my Office to continually seek efficiencies. To balance this MTFS over the period there is a significant savings requirement of £19m to be found by 2028 and work has already started to ensure that this transformation requirement will be met. This will be challenging but given a good record of making savings, smarter use of technology, more collaborative working with Staffordshire Fire & Rescue Service through sharing buildings and back-office costs, I believe this is achievable.

The number of Staffordshire officers in 'front line' roles is the third highest in the United Kingdom and Staffordshire continues to be one of the safest places to live, work and visit in the country. Staffordshire Police continue to perform well and with your support and the continued investment set out in this MTFS it is my expectation that our Chief Constable, Chris Noble, will continue to build on the improvements in making Staffordshire Police a more local and responsive service and continue to keep us safe.

1. Executive Summary

- 1.1 This report, and the council tax precept proposal within it, considers public and stakeholder consultation, demand for policing services as well as key government announcements.
- 1.2 Following the announcement of the council tax referendum levels and police grant settlement by government, the Commissioner has considered; current and future funding requirements, together with the factors included within his Police and Crime Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings available to the force and to his own office.
- 1.3 The budget considers the current and emerging operational challenges, both nationally, regionally and locally, with particular reference to those areas included within the Force's Strategic Assessment and the most recent inspection from His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS).
- 1.4 It has been welcome to see HMICFRS discharge one of the two accelerated cause of concern notices in late December 2023. This has been underpinned in part by the investment into contact services within Staffordshire Police.
- 1.5 Staffordshire Police continues to deliver Value for Money. In the latest HMICFRS Value for Money profiles, Staffordshire Police is the 7th lowest funded force in England and Wales on a per head of population basis but continues to be one of the safest places to live, work and visit in the United Kingdom.
- 1.6 The investment in additional officers seen both through the governments uplift programme and local increases in policing precept will not have an instantaneous impact given the need to recruit and train as well as for these new officers to gain valuable operational experience. This very much is an investment being made now to deliver medium- and long-term benefits, however items such as response times are seeing the early benefit from this investment.
- 1.7 Pay and inflationary pressures were higher in 2023/24 than forecast in the MTFS with the average pay award of 7% being announced. These significant inflationary pressures on both pay and prices have been captured in the 2024/25 MTFS, however have necessitated difficult choices on both precept and also savings.
- 1.8 These inflationary increases, against a backdrop of tighter public and personal finances, have made setting the 2024/25 MTFS challenging. The current external environment, seen through inflationary pressures, remains volatile increasing the likelihood of budget assumptions being materially challenged in year.
- 1.9 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 £5.226m to support the MTFS revenue budget over the four years. There are other reserves being used for the purpose for which they are earmarked over the life of the MTFS.

- 1.10 As at Quarter 3, the forecast outturn for 23/24 is a £0.142m underspend, after a contribution of £0.750m into the budget support reserve. In this financial year, 99% of the £7.001m MTFs savings target has been delivered. 2023/24 saw the recruitment in full of the additional 60 police officers contained in the 2023/24 budget. This has established a baseline of 2,000 officers, the highest number of officers in a decade. £0.500m was also invested into Automatic Number Plate Recognition (ANPR) cameras across Staffordshire, alongside investing in support services targeting victims of domestic abuse and creating a dedicated Offer Personal Safety Training facility.
- 1.11 Due to a desire to recruit experienced officers alongside the normal intakes of student officers the Force has recruited a significant number of transferee officers from other Forces. This has resulted in a budget pressure (as they are paid more than student officers) which has been captured in the 2024/25 MTFs.
- 1.12 The draft policing settlement was published on 14th December 2023. The Home Office has provided a one-year local settlement only as part of the last year of the current spending review.
- 1.13 The grant has increased due to increased pension costs and the uplift maintenance grant being increased to cover incremental progression and pay awards for uplift officers. Excluding this core funding is cash flat (e.g. pay awards and inflationary pressures are to be met locally via savings or precept increases).
- 1.14 The MTFs makes assumptions about what core funding and precept referendum limits will be for future years. It is assumed that core funding will increase by 2% in cash terms (a real terms reduction taking account of inflation and population growth) and a precept referendum limit of 2.99%. Both are likely to be items for decision for the next government given when a general election is required to be called.
- 1.15 The above assumed tightening of the future financial position, as outlined in the autumn statement by the chancellor for unprotected government departments, alongside increase in pay and inflation assumptions requires a step change in the organisational capacity to deliver cashable budget reductions. This underpins the rationale for the investments being proposed in IT and change staffing.
- 1.16 The impact of this tightening has been reflected in the MTFs, leading to more significant budget gaps in future years. It is now assumed the full impact of both salary progression and pay awards for the uplift cohort are met locally with no additional grant to cover these costs. For example, the cost between a newly appointed PC and a PC at the top of the salary band is c.£25k including on costs. Panel should note that these are assumptions at this stage and are of material levels of uncertainty given both the end of the current spending review and a forthcoming general election.
- 1.17 In addition, interest rates are forecast to be higher and for longer, driving an increase in the latter years of the MTFs in interest costs on borrowing for capital investment. This, alongside a desire to reduce the investment backlog in IT and Estates, sees an increase in capital financing charges. The Force and Commissioner remain committed to investing in the capital programme.

- 1.18 Panel should note the budget assumes that the additional £1.824m offered by the government for officer numbers above the Home Office uplift baseline is continued throughout the life of the MTFS (additional recruitment top up grant). This is a risk item, however given the commitment of the government to maintain the uplift numbers it is felt an appropriate risk.
- 1.19 After consideration of all of these aspects, the Commissioner is proposing a precept increase of 25 pence per week from April 2024. The proposed precept enables the Commissioner to provide an increase in funding raised from the precept of £4.756m in 2024/25 (excluding the collection fund positions and increase in council tax base).
- 1.20 The Commissioner and Chief Constable will make the following headline investments into Policing and Crime over the course of the MTFS, above and beyond those provided for by central government in:
- Increasing staffing within technology services (IT) by c.30fte,
 - Increasing change capacity by c.15fte,
 - Funding the over recruitment of 25fte in call handling for 2024/25 and 2025/26 in addition to the 20fte permanent growth in numbers agreed in the last two years,
 - Capital funding to invest in infrastructure across Staffordshire including refurbishment of Police Stations and custody facilities, EV infrastructure and sustainability schemes to reduce running costs and meet the governments net zero ambition
 - Capital funding to invest in technology improvements to improve contact systems to better meet public expectation as well as meeting the increasingly complex needs around digital forensics to ensure justice is received for victims of crime.

Further detail is contained in **Section 4**.

- 1.21 Panel should note that excluding the investment in technology services and corporate change the commissioner would have been able to set a budget without drawing on reserves in 2024/25. These investments are however key to address the future financial and operational challenges as set out in the MTFS.
- 1.22 The Commissioner will continue to support the Chief Constable's transformation programme and has committed to ensuring that the scope of the capital programme and achievement of capital receipts will support this, through new IT platforms and estate. This paper is accompanied by a Capital Strategy and Treasury Management Strategy which explain how this investment will be afforded. Further detail on the proposed capital investment is contained in **Section 8**.
- 1.23 If the proposals in this document are supported then the Staffordshire Commissioner will have the following funding available in 2024/25:

Table 1 Net Budget Requirement Comparison 2023/24 to 2024/25

	2023/24	2024/25	Change
Funding	£'000	£'000	£'000
Home Office Police Grant	129,860	137,622	7,762
Police Pension Grant	1,825	5,677	3,852
Uplift Ringfenced Grant	4,145	6,406	2,261
Additional Recruitment Top-Up	0	1,824	1,824
Revenue Support Grant	8,423	8,423	0
Council Tax Freeze Grant	3,541	3,541	0
Precept	93,883	100,091	6,207
Council Tax Fund Surplus/(Deficit)	1,270	1,239	(30)
Total Funding	242,947	264,824	21,876

	2023/24	2024/25	Change
Spend	£'000	£'000	£'000
Staffordshire Commissioner	7,287	7,538	250
Staffordshire Police	228,656	249,886	21,230
Capital Financing & Revenue Contribution to Capital	8,018	8,596	578
Investment Income	(1,014)	(1,196)	(182)
Total Spend	242,947	264,824	21,876

The detailed budgets are shown in **Appendix 1**.

2. The Budget Process

- 2.1 The 2024/25 budgeting round continues to use a risk-based approach to budget setting which has sought to align the budget process with identified strategic operational priorities and risks, making strategic investments where funding allows in line with the Commissioner's Police and Crime Plan.
- 2.2 Underpinning the budget and MTFS process are the principles of setting a good and balanced budget. Whilst setting a balanced budget is a legal requirement, significant focus is spent on ensuring it is a 'good budget'.

A **Balanced Budget** means that:

- Income equals expenditure
- Cost reduction targets and investment proposals are credible and achievable, and:
- Key assumptions are 'stress tested'



A **Good Budget** means that:

- It has a medium term focus, supporting the Policing Plan
- Resources are focused on our priority outcomes
- It is not driven by short term fixes
- It demonstrates how we have listened to our communities through consultation
- It is transparent and well scrutinised
- It is integrated with the capital programme; and
- It maintains financial stability

- 2.3 The Commissioner and Staffordshire Police have considered key corporate risks when setting the budget. Essentially these risks are operational and organisational around managing people, infrastructure assets, information, commissioning etc.
- 2.4 The force continues to identify its strategic operational risks as part of the Force Management Statement (a requirement of His Majesty's Inspectorate of Constabulary, Fire and Rescue Service). This has been used to inform resourcing strategies at both command and departmental level.
- 2.5 The latest MTFS and, in particular, the 2024/25 budget contained within this report aligns financial resources to areas of greatest risk and therefore is fundamental to the performance management of Staffordshire Police and the Staffordshire Commissioner's Office.
- 2.6 Both Section 151 Officers have worked closely with the wider finance team throughout the year during the budget monitoring process and in preparation of the revenue and capital budgets for 2024/25. In respect of the budget, this has included (but was not limited to), the identification and agreement of assumptions and methodology and challenge and scrutiny of the budget workings across both the Staffordshire Commissioners Office (SCO) and Staffordshire Police.
- 2.7 The Commissioner and his management team have held regular discussions with the Chief Constable and his Chief Officers throughout the year on the MTFS. These discussions have culminated in a number of full and robust discussions of the budget requirement, the right sizing and funding of the capital programme, national and local operational and financial challenges, the precept options available to the Commissioner and a review of the MTFS and associated risks.
- 2.8 Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to, during and post the January Strategic Governance Board, culminating in final discussions on the policing budget

and decision on precept by the Commissioner. The decision around precept is taken by the Commissioner applying his judgement based upon the above budget process.

2.9 The approach taken to the MTFS is one where we continually seek to be a well-run organisation, scrutinising areas of spend as well as containing pressures. The overall approach to the MTFS process, in the order below, is:

1. Well run

- Containment of pressures,
- Identifying and achieving savings which involve no change to the operating model or incurring redundancy costs,
- Spending every £ wisely

2. Commercially astute

- Income generation
- Asset sales
- Balance sheet management
- Procurement and purchasing efficiencies

3. Transformation

- Changing the way we do things
- Leveraging capital investment to support changes to our staffing model
- Right sourcing of services and support

3. Precept Strategy and 2024/25 Proposal

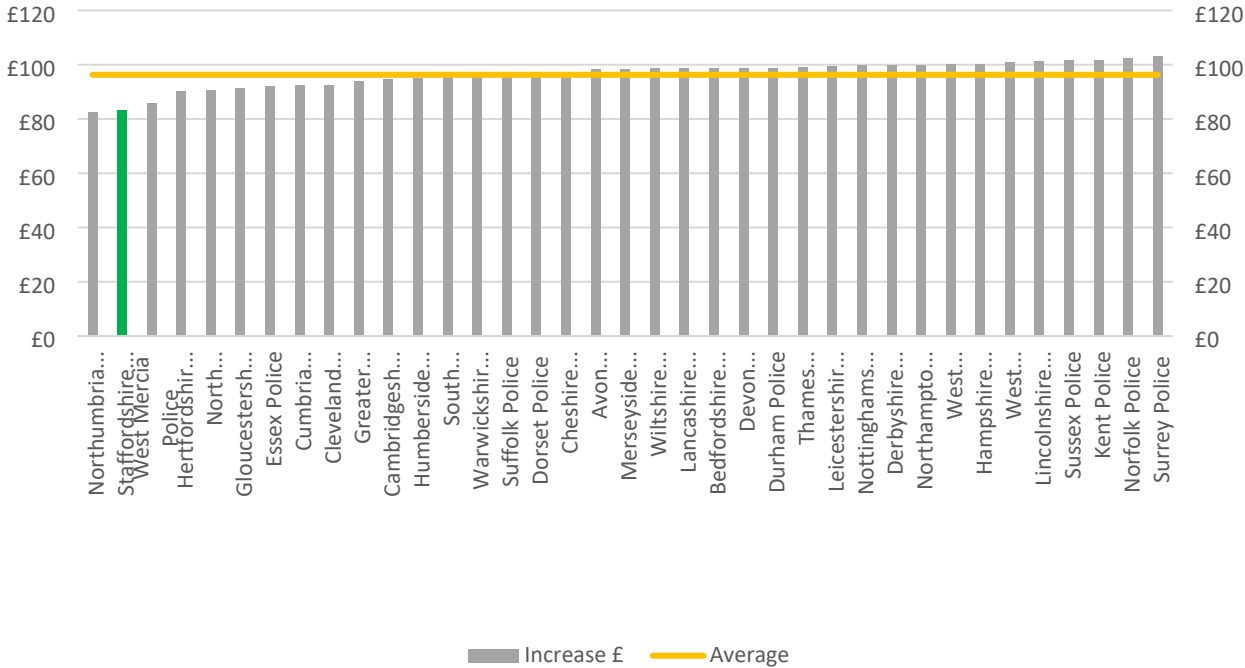
- 3.1 The 2024/25 proposed precept increase is 4.99%. This increase is below the 2024/25 increase in state pension (8.5% increase), working age benefits (6.7%) and below the most recent (December 2023) ONS data for wage growth (7.2% increase).
- 3.2 The Council Tax Referendum Principles for 2024/25 state that PCCs can increase the policing element of council tax by £13 per annum before triggering a referendum.
- 3.3 The Commissioner has engaged with local residents and stakeholders on a wide range of matters. In relation to the precept, the recent consultation showed that 62.1% of all respondents support an increase in the police and crime precept.
- 3.4 The Commissioner has listened to this feedback and his intention to increase funding in the coming year by £6.207m (excluding the collection fund positions) from the precept, which will provide additional investment to policing as well as ensuring that material cost pressures are met for the budget year 2024/25. Importantly this increase provides additional protection to services in the medium term.
- 3.5 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.

Council Tax (Police & Crime Element)	2023/24	2024/25
Band D Council Tax Proposed	£260.57	£273.57
Increase on Prior Year	£12.00	£13.00
Percentage increase on Prior Year	4.83%	4.99%
Total Precept Levied	£93,883,136*	£100,090,544*
Weekly Increase	£0.23	£0.25

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

- 3.6 The increase in council tax funding also takes in to account the actual tax base increase for 2024/26 (1.55%) when calculating the financial impact of the precept flexibility. The proposed council tax increase by banding is shown in **Appendix 5**.
- 3.7 Precept increase in Staffordshire have been kept low over the last decade, resulting in the second lowest cash increase between 2013/14 and 2023/24. This represents the impact of a long-term strategy of seeking efficiency ahead of tax rises from the local taxpayer.

Cash Increase 2013/14 to 2023/24



4. Investments in Policing

- 4.1 The Commissioner, in reaching a decision to increase the policing precept, has considered the need to balance increases in local taxation against the investments required in local policing to continue building back in capability and capacity, as well as enabling Staffordshire Police to respond to new and emerging threats.
- 4.2 These investments have been designed to balance and complement the investment in police officer numbers as a result of the government investment in policing. The government's focus has been on increasing officer numbers and the infrastructure directly related to increasing officer numbers. The government's investment does not focus, at a local level, on increasing technological innovation, specialist police staff roles, volunteer roles both in relation to revenue spend through pay costs or capital investment in infrastructure. These areas are becoming increasingly important to policing in terms of meeting future demand.
- 4.3 Whilst total numbers are important, what is also important is what these officers are doing. Officers should be doing a job that requires warranted powers and not in a role that can be more effectively and efficiently done by others simply to increase the relative headcount without seeing the impact of this on the public's priorities. The number of Staffordshire officers in 'front line' roles is the third highest in the UK.
- 4.4 Excluding the investments in technology services and corporate change the commissioner would have been able to set a budget without drawing on reserves in 2024/25. These investments are however key to address the future financial and operational challenges as set out in the MTFS.
- 4.5 The investment into IT since this service was brought back in house has paid significant dividends. This includes reducing the number of outages from 53 in the previous reporting period to 1 in 2022. This alongside new technology has resulted in significant productivity gains within policing. Now is the time to build on this relatively improved performance to better enable service delivery, ensure time is used efficiently and effectively as well as support the continual financial challenge outlined in the MTFS.
- 4.6 Alongside meeting the challenges of the MTFS the additional resource into IT is complemented by a fully refreshed IT capital programme. Alongside continuing to address technical debt there are major investments in improving contact systems to better meet public expectation as well as meeting the increasingly complex needs around digital forensics to ensure justice is received for victims of crime.
- 4.7 The Force continues to have a complex and challenging change programme, which it is delivering to support the Force's journey to being outstanding. However, there is a desire to accelerate this change and also to provide capacity to drive greater efficiency as the external funding position has tightened whilst protecting front line service delivery.
- 4.8 The full year effect of both investments' totals £0.800m into Change resources and £2.5m into IT. Of this £0.800m is included for change and £1.25m in IT in 2024/25.

- 4.9 Within the wider capital programme there remains a commitment to build a new firearms training facility, re-provision of the public order training facility, upgrades to both custody facilities to ensure safe detention and upgrades to operational police stations. However, within the estates capital programme there remains a balance to be struck between affordability and pace in relation to upgrading facilities and this is reflected in the MTFS.
- 4.10 The Commissioner continues to invest into equipment across the Force. This has included the increase in ANPR capacity and capability which will continue into 2024/25 as well as upgrading Tasers to the latest available device to enhance Officer and Public safety at a cost of £1.072m.

5. The Medium-Term Financial Strategy

The Medium-Term Financial Strategy has been updated as follows and is shown in detail in **Appendix 6**.

- 5.1 The MTFs is an important document in the overall financial framework of the group's planning. It builds on the budget for 2023/24 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.
- 5.2 It is a requirement that the Police and Crime Plan must cover the period until the end of the financial year however it is prudent to prepare a medium-term financial strategy over a longer period than this and therefore the report focusses on a four-year timeline.
- 5.3 The MTFs is based on full delivery of a number of savings arising through Resource Allocation Challenge panels as included in **Appendix 8**.
- 5.4 The MTFs includes a number of key assumptions covering likely funding levels, inflationary increases and expenditure items. A summary of the main MTFs assumptions are shown below for consideration:

Table 4: Assumptions

Description	2024/25 Budget	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
<u>Police Officers</u>				
Pay Award	3.0%	2.0%	2.0%	2.0%
Incremental uplift	2.0%	2.0%	2.0%	2.0%
Pension Contribution	35.3%	35.3%	35.3%	35.3%
<u>Police Staff</u>				
Pay Award	3.0%	2.0%	2.0%	2.0%
Incremental uplift	2.0%	2.0%	2.0%	2.0%
Pension Contribution	21.5%	21.5%	21.5%	21.5%
<u>Non Pay Inflation</u>				
General	3.0%	2.0%	2.0%	2.0%
Utilities & Fuel*	3.0%	2.0%	2.0%	2.0%
<u>Funding & Income</u>				
Government Funding	8.84%	2.00%	2.00%	2.00%
Council Tax Base Increase	1.55%	1.5%	1.5%	1.5%
Variable Income Charges	2.0%	2.0%	2.0%	2.0%
Council Tax Precept Increase	4.99%	2.99%	2.99%	2.99%
* % increase stated is an average across budgets				

- 5.5 All assumptions in the MTFs are subject to change however they are useful in establishing the general size of the underlying pressures in the budget.

- 5.6 Assumptions on inflation have been cross-referenced with other policing and local public sector organisations and believe they are consistent. Panel should note however that in relation to inflation this is significantly more difficult to forecast than in previous years.
- 5.7 In relation to pay inflations assumptions we have undertaken a survey of other forces. This has shown that relative to the sector our assumption is prudent and is the most commonly used assumption in the sector. The results of this are below:

	Police officers	Police Staff
Staffordshire	3%	3%
Average (Mean)	2.69%	2.67%
Average (Mode)	3%	2%

Pay forecasting remains challenging as pay awards are made c.6 months after budget setting and strict treasury guidance on pay awards seen in the past has been relaxed in recent years allowing for more ministerial discretion.

- 5.8 Panel should note that given the increases in pension and benefit rates seen in April 2023 of 8.5% and 6.7% respectively this may set a level of expectation that would prove unaffordable in both the short and long term for policing in the UK if salaries were to match these increases.
- 5.9 Based on forecast energy usage and the proposed energy prices from our energy advisors we have seen a maintenance of this budget at the level for 2023/24. However, this remains an area of volatility that underpins the need to hold sufficient general fund reserves.
- 5.10 The tax base forecasts are based upon economic growth forecasts from the Office for Budgetary Responsibility (OBR) blended with local insight and knowledge from billing authorities.
- 5.11 Police officer pension costs remain a significant risk over the medium term, in particular in light of the McCloud judgement on pension's age discrimination. To offset this risk the Commissioner has established a pensions reserve, however the impact of this could amount to a significant multi-million-pound annual cost.
- 5.12 The triannual police officer pension scheme revaluation has resulted in an increase in the employer cost for active members. This has been offset by a grant received by the Force, however whilst this forms a significant cash increase this is simply to offset the increase in cost of active members. This grant amounts to £5.677m in 2024/25, which also includes c.£0.400m in one-off funding in relation to the Pensions Remedy costs.

6. Risks and Sensitivity Analysis

- 6.1 In reflecting on where and whether investments are appropriate in 2024/25, the Commissioner will also reflect on the development of risks within the environment and respond to the monitoring of those risks.
- 6.2 The table below sets out a sensitivity analysis on key assumptions within the 2024/25 budget.

Table 5: Sensitivity Analysis on Assumptions

Cost Area	Change	£'000
Police Pay	1%	1,312
PCSO/Police Staff	1%	831
Utilities	1%	28
Vehicle costs	1%	40
Supplies & Services	1%	102
Police Pension Contribution	1%	862
Police Core Grant Funding	1%	1,376
Precept	£1	366
Precept	1%	1,001

- 6.3 Inflationary pressures remain a significant concern both over the short term and are more likely than not to present a significant challenge around non-pay spend.

7. Reserves Position

- 7.1 The Commissioner's Reserve Strategy sets this out the minimum general fund reserve to be 3% of the net revenue budget, with the general fund reserve currently at 3.91% of the 2023/24 net revenue budget.
- 7.2 A number of earmarked reserves are included within the overall reserves position; these reserves exist to cover increased risks in the external environment such as pension changes.
- 7.3 The 2024/25 MTFs includes the unwinding of the budget support reserve of £5.266m; £1.621m in 2024/25 and the balance of £3.645m 2025/26. The use of £1.621m is used to balance the underlying net budget requirement in 2024/25.
- 7.4 In 2024/25, in addition to the unwinding of the budget support reserve, there is also planned use of the Uplift reserve (c.£0.750m) to support an additional 10 supernummary sergeants to focus on capacity and capability building in local policing, and PCC ring-fenced reserves to support commissioned services (c.£0.780m).

- 7.5 Should a pay award be higher than budgeted (as was the case in 2023/24), this may necessitate the use of the budget support reserve, which is currently allocated to be used in 2025/26.
- 7.6 If the proposals in this report are adopted then the reserves position will be as shown in **Appendix 2**. These reserves are from the unaudited accounts reserves for the year ending 2022/23.

8. Capital Programme 2024/25 to 2027/28

- 8.1 The Capital Programme and Capital Strategy for 2024/25 to 2027/28 has been developed and is reviewed within the Capital Strategy. The Capital Programme has been developed by the operational budget holders in discussion with the Chief Accountant and the Director of Resources.
- 8.2 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 in the accompanying Treasury Management Strategy.
- 8.3 Panel should note that over the last 3 years the Force and Commissioner have reduced the capital financing requirement (e.g. 'debt') to support both investment in front line policing. Long term this direction of travel cannot be maintained without incurring significant backlog maintenance and driving in inefficiency by not exploiting technology.
- 8.4 The Force has carried out a comprehensive review of the capital programme for the 2024/25 MTFS, re-baselining the programme and ensuring greater congruence between corporate change programmes and the capital programme.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Capital Financing Costs MTFS 2023/24	6,991	7,157	7,323	N/A
Capital Financing Costs MTFS 2024/25	6,091	8,682	10,246	11,880
(Reduction)/Increase	(900)	1,524	2,923	N/A

- 8.5 In the short term the reduction in capital financing costs has been driven in part by a number of planned interventions including reducing the in year (2023/24) programme, additional revenue contributions and reserve contributions to avoid borrowing costs.
- 8.6 Over the medium term the programme costs increase driven by both increases in the cost of borrowing with rates assumed to have risen from c.3% to c.5% over the medium term as well as increases in the programme itself. Each 1% increase in borrowing costs on each £1m of borrowing adds £0.010m per annum in interest cost that requires funding.
- 8.7 Overall new borrowing to replace both existing borrowing maturing and new net borrowing is forecast to cost £2.366m from 2023/24 to 2027/28. This is at a current assumed interest rate of 4.87%. A number of maturing loans were taken out when rates were historically low and refinancing costs, which have been working in our favour over the last decade (e.g. high cost old loans being replaced by new low-cost ones) is now working against us.
- 8.8 The table below details the Capital Programme projects and spend over the MTFS period with the expected funding of the programme. The detailed programme for 2024/25 is shown within Appendix 7 – Capital Programme.

Table 6: Capital Programme Spending

Department	2024/25 Budget £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
IT	11,258	8,957	6,483	5,483
Estates and Facilities	14,313	21,131	4,370	1,290
Transport	2,075	2,100	2,150	2,200
Operational Equipment	1,378	220	50	50
Capital Programme	29,024	32,408	13,053	9,023

Funding				
Capital Receipts	0	(380)	0	0
Deferred Capital Receipt	0	0	0	0
Capital Grants	0	0	0	0
Capital Specific Grants	0	0	(331)	0
Revenue Contribution to Capital	(2,257)	(2,257)	(2,257)	(2,257)
Earmarked Reserves	(1,072)	0	(1,784)	0
Borrowing Requirement	(25,695)	(29,771)	(8,681)	(6,766)
Total Funding	(29,024)	(32,408)	(13,053)	(9,023)

8.9 Whilst the capital programme has been constrained by affordability the commissioner will continue to seek opportunity to reduce cost and seek alternative funding as well as making additional revenue contributions should the opportunity arise in year to keep down long-term debt.

8.10 There are a number of projects that the Force would ideally undertake should additional funding be available that are currently scheduled for the years immediately after the current MTFS period. These are:

- Refurbishment of police premises in:
 - Leek
 - Burton
 - Cannock
 - Burslem
 - Headquarters
 - North/City CID and Forensics hub
- Enhanced fleet replacement programmes to replace items such as carriers which have current life cycle of c.15 years
- IT device replacement cycle to be in line with industry leading replacement cycles

9. Statement of the Commissioner CFO on the robustness of the Budget and adequacy of the proposed financial reserves

- 9.1 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 CFO and the report must be given to the Police and Crime Panel.
- 9.2 It is noted that the budget years 2025/26 onwards are planned with more uncertainty than has been the case in recent years. The external environment continues to be volatile, with significant inflationary pressures and significant uncertainties, not least to the fact a general election must be held before the 2025/26 financial year starts and a spending review held. Whilst there remains some uncertainty with regard to future settlement funding, increased pay awards and inflation, estimates have been included within the Medium Term Financial Strategy and appropriate provision within Earmarked Reserves.

I conclude, therefore, that the budget for 2024/25:

- Is balanced and has been prepared on a robust basis,
- Is accompanied by a Capital, Treasury Management and Reserves Strategy

Katharine Ross MBA CPFA
Director of Finance / S151 Officer for the Staffordshire Commissioner's Office

Appendix 1

Revenue Budget 2024/25

	Budget 2023/24 £'000	Budget 2024/25 £'000	Year on Year Change £'000
Pay			
Police Officer Pay Costs	116,647	131,168	14,521
PCSO Pay Costs	8,663	9,490	827
Police Staff Pay Costs	66,708	74,402	7,694
Other Employee Costs	4,117	3,700	(416)
Police Officer Pensions	4,663	4,253	(410)
Total Pay	200,798	223,013	22,216
Non Pay			
Repairs & Maintenance	31	32	1
Other Premises Costs	6,309	6,892	583
Vehicle Costs	4,065	4,042	(23)
Other Travel Costs	563	583	20
Operational Supplies & Service	6,537	6,725	188
Communications & Computers	12,600	13,175	575
Administration	1,866	2,578	712
Other Supplies & Services	929	857	(72)
Total Non Pay	32,901	34,884	1,983
Contracted			
Third Party Payments	18,888	18,941	53
Total Contracted	18,888	18,941	53
Capital Financing Cost			
Capital Financing Costs	5,789	6,339	550
Revenue Contribution to Capital	2,257	2,257	0
Total Capital Financing Cost	8,046	8,596	550
Income			
Grants & Contributions	(8,904)	(8,644)	260
Reimbursements	(5,529)	(5,836)	(307)
Sales, Fees & Charges	(860)	(1,171)	(311)
Other Income	(1,062)	(1,259)	(197)
Total Other Income	(16,355)	(16,910)	(555)
Unallocated Savings			
Unallocated Savings	84	(133)	(217)
Total Unallocated Savings	84	(133)	(217)
Total Revenue Budget before Reserves	244,362	268,392	24,030
Transfers to/(from) Reserves	(1,415)	(3,569)	(2,153)
Total Revenue Budget	242,947	264,824	21,876
Financed By:			
Home Office Funding	147,794	163,494	15,699
Council Tax Funding	95,153	101,330	6,177
Total Financing	242,947	264,824	21,876

Appendix 2

Useable Reserves Forecast

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
General Fund	9,631	9,631	9,631	9,631
Capital Receipts Reserve	0	0	0	0
Capital Grants Unapplied	331	331	0	0
Budget Support Reserve	3,645	0	0	0
Capital Reserve	484	741	998	1,212
Collaboration Reserve	199	199	199	199
ESN Reserve	1,784	1,784	0	0
Insurance Reserve	699	699	699	699
IT Transformation Reserve	1,890	1,490	1,090	690
Major Events Policing Reserve	473	473	473	473
Operational Reserves	6,331	4,170	3,455	3,442
Pension Reserve	5,696	5,696	5,696	5,696
Reshaping the Future Reserve	2,149	2,149	2,149	2,149
Uplift Reserve	3,361	3,361	3,361	3,361
Total Earmarked Reserves	26,711	20,762	18,120	17,921
Total Usable Reserves	36,674	30,725	27,751	27,552

Appendix 3

Council Tax Report 2024/25

Council Tax Surplus / (Deficit) by Billing Authority

	2024/25 £000
Cannock Chase	(37)
East Staffordshire	65
Lichfield	107
Newcastle	7
South Staffordshire	172
Stafford	(20)
Staffordshire Moorlands	(12)
Tamworth	36
Stoke City Council	922
Total	1,239

Appendix 4

Council Tax Base by Billing Authority

	2023/24 (Band D Equivalent)	2024/25 (Band D Equivalent)	Change (Band D Equivalent)
Cannock Chase	29,851	30,015	164
East Staffordshire	40,060	40,935	875
Lichfield	40,534	41,116	582
Newcastle	38,099	38,738	639
South Staffordshire	39,609	39,914	305
Stafford	48,864	49,303	439
Staffordshire Moorlands	33,374	33,737	363
Tamworth	23,376	23,479	103
Stoke City Council	66,532	68,632	2,100
Total	360,299	365,868	5,569

**n.b. figures are rounded to the nearest whole Band D equivalent*

Appendix 5

Council Tax Report 2024/25

Council Bands for Each Band and Billing Authority Precepts

Based upon a Band D increase of 4.99%

Band	2023/24 £	2024/25 £	Annual Increase £	Increase per week £
A	173.71	182.38	8.67	0.17
B	202.66	212.77	10.11	0.19
C	231.62	243.18	11.56	0.22
D	260.57	273.57	13.00	0.25
E	318.48	334.37	15.89	0.31
F	376.38	395.16	18.78	0.36
G	434.28	455.95	21.67	0.42
H	521.14	547.14	26.00	0.50

	2023/24 £	2024/25 £	Change £
Cannock Chase	7,778,288	8,211,138	432,850
East Staffordshire	10,438,434	11,198,588	760,154
Lichfield	10,562,049	11,248,049	686,001
Newcastle	9,927,456	10,597,555	670,098
South Staffordshire	10,320,917	10,919,284	598,367
Stafford	12,732,375	13,487,748	755,373
Staffordshire Moorlands	8,696,263	9,229,431	533,168
Tamworth	6,091,084	6,423,150	332,066
Stoke City Council	17,336,269	18,775,602	1,439,332
Total	93,883,136	100,090,544	6,207,408

Appendix 6

MTFS Summary Financials 2024/25 to 2027/28

	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000	Budget 2027/28 £'000
Pay				
Police Officer Pay Costs	131,168	136,565	142,013	147,678
PCSO Pay Costs	9,490	9,589	10,006	10,439
Police Staff Pay Costs	74,402	78,162	81,263	84,579
Other Employee Costs	3,700	3,775	3,853	3,932
Police Officer Pensions	4,253	4,320	4,389	4,458
Total Pay	223,013	232,411	241,523	251,086
Non Pay				
Repairs & Maintenance	32	33	33	34
Other Premises Costs	6,892	6,911	7,367	7,501
Vehicle Costs	4,042	4,100	4,159	4,219
Other Travel Costs	583	594	606	618
Operational Supplies & Service	6,725	6,916	6,989	7,247
Communications & Computers	13,175	13,245	13,510	13,780
Administration	2,578	2,669	2,721	2,751
Other Supplies & Services	857	993	1,001	1,009
Total Non Pay	34,884	35,462	36,388	37,159
Contracted				
Third Party Payments	18,941	18,131	18,254	18,275
Total Contracted	18,941	18,131	18,254	18,275
Capital Financing Cost				
Capital Financing Costs	6,339	8,930	10,495	12,129
Revenue Contribution to Capital	2,257	2,257	2,257	2,257
Total Capital Financing Cost	8,596	11,187	12,752	14,386
Income				
Grants & Contributions	(8,644)	(6,997)	(6,997)	(6,997)
Reimbursements	(5,836)	(5,709)	(5,714)	(5,719)
Sales, Fees & Charges	(1,171)	(1,234)	(1,297)	(1,297)
Other Income	(1,259)	(589)	(392)	(326)
Total Other Income	(16,910)	(14,528)	(14,400)	(14,338)
Unallocated Savings				
Unallocated Savings	(133)	(133)	(133)	(133)
Total Unallocated Savings	(133)	(133)	(133)	(133)
Total Revenue before Reserves	268,392	282,530	294,383	306,435
Net use of Reserves	(3,569)	(5,390)	(1,116)	(413)
Transformation Requirement		(5,858)	(14,266)	(19,024)
Total Revenue Budget	264,824	271,282	279,001	286,997

Financed By:				
Settlement Funding				
Home Office Police Grant (inc. Uplift Ringfenced Grant)	145,852	148,769	151,744	154,779
Police Pension Grant	5,677	5,269	5,269	5,269
Revenue Support Grant	8,423	8,423	8,423	8,423
Council Tax Freeze Grant	3,541	3,541	3,541	3,541
Total Settlement Funding	163,494	166,002	168,978	172,013
Council Tax	101,330	105,280	110,023	114,984
Total Financing	264,824	271,282	279,001	286,997

Appendix 7 – Capital Programme

Estates Capital Programme

Package	Description	Budget 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000	Total £'000
Investment Programme						
Baden Hall	Health and safety works including environmental compliance works	172				172
Burton Police Station	Minor improvement scheme to address elements of backlog maintenance	300	299			599
Burslem Police Station	Repairs to the roof at Burslem Police Station following inspection	100	100			200
Cannock Police Station	A minor improvement scheme to include roof repairs, refurbished interview room, front counter redesign and replacement of windows.	180	182			362
Cheadle Police Station	Minor improvement scheme to address elements of backlog maintenance		80			80
Public Order Training Facility	To jointly design and build a new public order training facility with West Mercia Police, that meets college of Policing licensing standards	500	500			1,000
Armed police training facility	The construction of the armed policing training facility and costs post planning conditions. Whilst the scheme has yet to be tendered this is the latest cost estimate post planning and design.	3,350	13,450			16,800
Leek Police Station	Minor improvement scheme to address elements of backlog maintenance		30			30
Lindum House	Minor improvement scheme to address elements of backlog maintenance	350				350
Longton Police Station	A full refurbishment of the site. The site has had minimal to no investment since it was built in 1992 with multiple failures in Mechanical and electrical engineering as well as poor working conditions including H&S concerns.	3,800				3,800
Northern Area Custody Facility Refurb Wing Phases	Investment required to maintain facility, built over 20 years ago, within safer detention standards. This site has seen minimal investment since it was built	3,000	700			3,700
Rugeley	Minor works to ensure Health and Safety compliance			80		80
Stafford Police Station	Following the decision taken by the Commissioner not to seek a joint base (and HQ) in Stafford in May 2023 a scheme will be developed to refurbish Stafford Police Station providing modern fit for purpose accommodation and ensuring there is no backlog maintenance on site	70	1,000	3,000		4,070
Electric Vehicle Infrastructure	There is a legal requirement to transition away from internal combustion engine vehicles and increasingly manufacturers are not making these vehicles ahead of that deadline. Across the force estate work will need to be undertaken to ensure that we are able to meet these deadlines to ensure ongoing operational efficiency. At this point there are no government support schemes for infrastructure to Police Forces	750	750	750	750	3,000
Invest to Save scheme - solar panels	A business case has been developed to expand the provision of solar panels across the estate to reduce ongoing electricity costs. The first phase of this project has seen a payback period within 4 years against an expected lifespan in excess of 25 years	400				400

Permanent Cannabis Store	There is a need to extend the current cannabis store given increased seizures of the drug and delays in the court system leading to temporary storage being used.	100				100
Southern Custody - Watling Street	Investment required to maintain facility, built 20 years ago, within safer detention standards. This site has seen minimal investment since it was built. Phasing wise this will follow the refurbishment of the larger facility in the North of the County	0	1,800			1,800
HQ Enabling Works (Blocks 1, 8 & 9)	Works required, as a minimum, to accommodate the replacement of blocks 2,3 & 4 that cannot be accommodated elsewhere at no cost to build the firearms range. A broader scheme has been developed and shared but at this point is a financial challenge and has been constructed.	500	1,000			1,500
Block 5 stock condition works	Work required from stock condition surveys to reduce backlog maintenance including window and door replacement. This building was built in the 1980's and has seen minimal investment in its fabric since then.	25	300			325
HQ Block 7- HVAC System upgrade	An upgrade to the Heating, Ventilation and Cooling system within the main conference and visitor block at HQ is required to replace a failing end of life system. As part of these works the reception area will need reconfiguration	50	400			450
Business as usual						
Project Resource Costs	Resource cost to deliver the above projects	250	250	250	250	1,000
HQ Block 8 - Window and Doors Replacement		25				25
Lift replacement- HQ		21				21
Refreshments and rest area replacements programme		50	50	50	50	200
Heating and Ventilation replacement programme		80	0	0	0	80
Security Upgrades and CCTV upgrades		80	80	80	80	320
Fixed Plant - mechanical equipment, M&E services		40	40	40	40	160
Internal and External Building Fabric Improvements		80	80	80	80	320
Fire Detection and Fire Safety		40	40	40	40	160

14,313	21,131	4,370	1,290	41,104
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IT Capital Programme

Package	Description	Budget 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000	Total £'000
Network Infrastructure						
SDWAN	Implementation of a new wireless internet system	610				610

Storage & Hosting						
Application Streaming (AVD solution)		150				150
Operational Systems						
CRM Call Assist	Improvements in customer contact and service including introducing automated updates to individuals around ongoing crime matters	400				400
Compass	system upgrade	80				80
Gazetteer	system upgrade	60				60
Smart Storm	system upgrade	90				90
Digital Interview Recording Phase 2	phase one of digital interview recording has been successfully implemented, with a move away from CD-ROM usage to digital storage	250	150			400
Digital Asset Management	system enhancement	0	250			250
Digital Forensics (Infrastructure)	significant enhancements to our digital forensics infrastructure and systems to improve efficiency and improve the chances of prosecution.	1,207	1,700			2,907
Digital Forensics Case Management	significant enhancements to our digital forensics infrastructure and systems to improve efficiency and improve the chances of prosecution.	200				200
Mass Audit Data Phase 2	system enhancement	109				109
Vehicle Telematics	Currently we do not have dashcams across the fleet. It is anticipated that by linking dashcams to driver standards that over the medium-term driver standards will rise and result in a reduction in the running costs of fleet through better standards and reduced fleet numbers	200				200
Dashcams	Currently we do not have vehicle telematics. It is anticipated that by linking vehicle telematics to driver standards that over the medium-term driver standards will rise and result in a reduction in the running costs of fleet through better standards	589				589
SharePoint	system enhancement	60				60
Digital Case File	a nationally mandated project to improve file upload to the CPS. Currently only 1mb can be transferred in one go to the CPS resulting in additional workload for investigators	250	250			500
Control Room upgrade	Requirement to upgrade the control room infrastructure and wider systems that are end of life	500	2,000	500		3,000
Robotic Process Automation capacity	This has been identified by HM treasury and policing as an area for productivity gains in policing and the wider public sector. This will help address the coming MTFS gap	250	500	500	500	1,750
Device Replacement						
Phones	Rolling replacement programme	900	207	383	383	1,873
Laptops & Desktops	Rolling replacement programme	1,500	1,200	1,200	1,200	5,100
IT Infrastructure Refresh Hardware	To replace end of life infrastructure. There is additional funding in year one to address backlog end of life replacement	1,500	1,000	1,000	1,000	4,500
Body Worn Video	Requirement to upgrade end of life kit. Current device is anticipated to cease production before the end of 2023/24	1,396				1,396
Body Worn Video Docks	Requirement to upgrade end of life kit. Current device is anticipated to cease production before the end of 2023/25	247				247
National Systems & Projects						
ESN Programme	Nationally mandated scheme to replace airwave. This is the locally anticipated funding required	110	800	2,000	1,500	4,410

Other						
Staffing	Capital element of the £2.5m investment into IT staffing to deliver a enhanced capital programme	600	900	900	900	3,300
Total IT Programme		11,258	8,957	6,483	5,483	32,181

Fleet Capital Programme

Package	Description	Budget 24/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000	Total £'000
Fleet Refresh Programme						
Replacement Programme	The replacement of vehicles selected through a process of evaluation, considering the age, mileage and condition of every vehicle. These have been identified as critical for replacement due to either excessive mileage, age or being no longer operationally fit.	2,050	2,100	2,150	2,200	8,500
Enhanced Capabilities						
Smart Key Cabinet	Key cabinets to enable more effective pooling of vehicles and their usage. Alongside telematics this has the potential to reduce the number of fleet vehicles to reduce cost in future years	25	0	0	0	25
Total Fleet Programme		2,075	2,100	2,150	2,200	8,525

Package	Business Benefit & Narrative	Budget 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000	Total £'000
Operational Refresh Programme						
Replacement Programme	Ensuring that Staffordshire Police has a modern and fit for purpose equipment provision. This provision includes tactical body armour, ANPR replacement as well as specialist forensics and investigative equipment	50	50	50	50	200
Tasers	Full replacement of taser devices with the latest device which is effective from twice the distance and has an enhanced number of shots	1,072				1,072
Forensics Digital Camera Replacement	Replacement of cameras within forensics services for use at scenes of crime	66				66
ANPR Vehicle Programme	Ensuring that Staffordshire Police has a modern and fit for purpose Vehicle ANPR replacement programme.	190				190
ANPR Static Programme	Ensuring that Staffordshire Police has a modern and fit for purpose ANPR static replacement programme.	0	170			170
Total Equipment Programme		1,378	220	50	50	1,698

Appendix 8 – Savings

Directorate	Service	Savings description	Theme	£000's 2024/25	£000's 2025/26	£000's 2026/27	£000's 2027/28	Total £000's
Corporate	All	A vacancy factor, to account for how much will be saved through the gap between employees leaving and replacements taking up the vacant posts will be increased from 4% to 5%. Note this does not apply to contact services where a 0% factor is set due to a policy of over recruitment.	Vacancy Management	(1,249)				(1,249)
Corporate	Officer Ill Health Charges	There has been a reduction in the number of officers requiring ill health retirement. This budget reflects the average spend over the last 4 year period.	Cost reduction	(764)				(764)
Corporate	Officer Injury lump sums	Reduction in the pension scheme charges in relation to the above saving	Cost reduction	(20)				(20)
Corporate	Agency Staffing	A reduction in the agency staff budget within Force	Cost reduction	(123)				(123)
Total Corporate				(2,156)	0	0	0	(2,156)

DCC	Corporate Communications	A reduction in subscription and licence costs within corporate communications	Contractual	(19)				(19)
DCC	Corporate Communications	A reduction in Media and Marketing costs will be targeted as well as more regional collaboration on media campaigns to reduce costs	Cost reduction	(15)				(15)
DCC	Corporate Communications	Increased income generation from 3rd parties towards staffing costs	Income generation	(22)				(22)
DCC	Corporate Communications	Printing budget reduction	Cost reduction	(3)				(3)
DCC	Corporate Communications	Staff Overtime Budget reduction	Cost reduction	(1)				(1)

DCC	Corp Planning & Business Change	A review of non-pay budgets has been undertaken	Cost reduction	(7)					(7)
DCC	Executive Team	Additional sponsorship for open day	Income generation	(5)					(5)
DCC	Executive Team	A reduction in non-pay costs has been achieved within the executive	Cost reduction	(15)					(15)
DCC	Professional Standards	Various Vehicle Costs	Cost reduction	(7)					(7)
DCC	Professional Standards	0.2 F Grade FTE Vacancy	Cost reduction	(8)					(8)
Total DCC Command				(101)	0	0	0	0	(101)

Enabling Services	All	Increased income generation across the directorate from 3rd parties	Income generation	(353)					(353)
Enabling Services	Commercial	Savings as a result of moving to a joint finance system across Police and Fire leading to service redesign and the removal of 1fte	Cost reduction	(39)					(39)
Enabling Services	Commercial	A reduction in insurance premiums following the outcome of the insurance tender in 2023/24	Cost reduction	(164)					(164)
Enabling Services	Commercial	Procurement savings across the Force	Cost reduction	0	(250)				(250)
Enabling Services	Commercial	Increase Damages & Compensation Income within Insurance Services	Income generation	(10)					(10)
Enabling Services	Estates	A review of postage usage has been undertaken. With more demand being seen through digital channels traditional postage costs have been reduced.	Cost reduction	(10)					(10)
Enabling Services	Estates	Reductions in various non-pay budgets across estates will be targeted	Cost reduction	(20)					(20)
Enabling Services	Estates	Utility Cost Reimbursements	Income generation	(5)					(5)
Enabling Services	Estates	Aerial Mast income	Income generation	(5)					(5)

Enabling Services	Estates	Reduction in leased buildings costs compared to previous estimations for 2024/25	Cost reduction	(70)					(70)
Enabling Services	Estates	A number of Estates posts, through the estates restructure, have been identified as chargeable against the capital programme. The impact of this is reflected in the revenue budget	Changes to organisational structures & responsibilities	(263)					(263)
Enabling Services	Finance	A review of senior leadership has been undertaken within finance during 2023/24. This has resulted in a reduction by 1fte	Changes to organisational structures & responsibilities	(41)					(41)
Enabling Services	Finance	Reductions in various non-pay budgets across finance will be targeted	Cost reduction	(33)					(33)
Enabling Services	IT	IT Azure Overages reduction	Cost reduction	(75)					(75)
Enabling Services	IT	Integra recharge to Fire (IT)	Income generation	(17)					(17)
Enabling Services	IT	IT Development Fund budget reduction	Cost reduction	(50)					(50)
Enabling Services	IT	IT Peripherals budget reduction	Cost reduction	(10)					(10)
Enabling Services	IT	A recharge for the licence costs of the fleet management system to SFRS	Income generation	(12)					(12)
Enabling Services	IT	A review of IT contracts has been undertaken compared to the budgeted assumption in costs. Within this we have seen some significant procurement savings on items such as mobile phone charges	Cost reduction	(538)	(10)				(548)
Enabling Services	JETS	A reduction in fuel spend following the introduction of more fuel-efficient vehicles, the local policing model and a reduction in price. This is a risk item should the government re-introduce the fuel duty escalator in the March 24 budget	Cost reduction	(150)					(150)
Enabling Services	JETS	An increase in income received from the disposal of end of life vehicles	Income generation	(7)					(7)

Enabling Services	People & OD	A reduction in non-pay budgets for Staff Associations and Trade Unions	Cost reduction	(20)					(20)
Enabling Services	People & OD	Origin upgrade efficiencies	Changes to organisational structures & responsibilities	(34)					(34)
Enabling Services	People & OD	Physiotherapy	Cost reduction	(45)					(45)
Enabling Services	People & OD	Apprenticeship Levy Top Up	Cost reduction	(30)					(30)
Enabling Services	People & OD	As the Force stabilises Police Officer numbers at 2,000 following 4 years of rapid growth there is a reduction in training costs through the DHEP scheme	Cost reduction	(115)					(115)
Total Enabling Services Command				(2,117)	(260)	0	0		(2,377)

Force Contact and Operations	Criminal Justice	Archive service storage cost reduction	Cost reduction	(5)					(5)
Force Contact and Operations	Criminal Justice	Police Led Prosecutions	Income generation	(180)					(180)
Force Contact and Operations	Criminal Justice	Bank holiday saving - 1 hour per shift	Cost reduction	(10)					(10)
Force Contact and Operations	Criminal Justice	Income increase for SSRP team recharge	Income generation	(52)					(52)
Force Contact and Operations	Force Contact Centre	A review of non-call handling posts within contact due to changes in the operating model	Changes to organisational structures & responsibilities	(47)					(47)
Force Contact and Operations	Force Ops	Protest removal training target	Income generation	(18)					(18)
Force Contact and Operations	Force Ops	Abnormal Loads Income target	Income generation	(220)					(220)
Force Contact and Operations	Force Ops	Consultancy budget	Cost reduction	(22)					(22)

Force Contact and Operations	Force Ops	Other Media & Marketing Cost	Cost reduction	(5)					(5)
Force Contact and Operations	Force Ops	Ops & Testing Equipment Purch	Cost reduction	(13)					(13)
Force Contact and Operations	Force Ops	Bank holiday saving - 1 hour per shift	Cost reduction	(2)					(2)
Force Contact and Operations	Force Ops	Bank holiday saving - 1 hour per shift	Cost reduction	(2)					(2)
Force Contact and Operations	Force Ops	Servator Project	Cost reduction	(6)					(6)
Force Contact and Operations	Force Ops	Increase Income for Gym coordinator - recharged to Gym Committee	Income generation	(1)					(1)
Force Contact and Operations	Force Ops	Income increase for Firearms Licencing team recharge.	Income generation	(26)					(26)
Force Contact and Operations	Regional Initiatives	A one-off income generation line due to secondments to the National Police Air Service (NPAS)	Income generation	(131)	131				(0)
Total Force Contact and Operations Command				(739)	131	0	0		(608)

Specialist Crime Command	Forensics	A reduction in Digital Forensics outsourcing	Service redesign	(58)					(58)
Specialist Crime Command	Forensics	Savings reflecting the capital investment being made into Digital Forensics as part of the business case	Cost reduction	(8)	(25)	(170)			(203)
Specialist Crime Command	ROCU	Following changes agreed at a regional level savings have been made within the ROCU	Cost reduction	(472)					(472)
Specialist Crime Command	Knowledge Hub	Removal of vacant posts within the Early Intervention and Prevention Unit (EIPU)	Changes to organisational structures & responsibilities	(143)					(143)

Specialist Crime Command	Knowledge Hub	Removal of shift allowance for senior management within Knowledge hub	Changes to organisational structures & responsibilities	(27)					(27)
Specialist Crime Command	Knowledge Hub	Freeze on recruitment within EIPU management structure until April 2025	Changes to organisational structures & responsibilities	(55)	55				(0)
Specialist Crime Command	Knowledge Hub	EIPU - property protective budget - remove	Cost reduction	(15)					(15)
Total Specialist Crime Command				(778)	30	(170)	0		(918)

Local Policing Command	Specials	SC Police federation subs take up lower than budget	Cost reduction	(16)					(16)
Local Policing Command	Specials	SC Reduction in expenses	Cost reduction	(26)					(26)
Local Policing Command	Command Mgmt	Increase income on events	Income generation	(15)					(15)
Local Policing Command	Command Mgmt	A one-off vacancy factor on PCSO numbers to account for the timing of recruitment intakes and leavers vs budget	Vacancy Management	(448)	448				(0)
Local Policing Command	Command Mgmt	Bank holiday reduction to resourcing		(116)	116				0
Local Policing Command	City Mgmt	Income increase for Staffs University Liaison Officer based on 24/25 pay model vs 23/24 current income budget	Income generation	(3)					(3)
Local Policing Command	City Mgmt	Bank holiday reduction to resourcing		(42)	42				(0)
Total Local Policing Command				(666)	606	0	0		(60)

Total Savings - Staffordshire Police				(6,558)	507	(170)	0		(6,221)
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Appendix 9

Precept consultation outcomes

Purpose of report

This report is a summary of the results obtained from the public and stakeholder consultation undertaken to seek views on the amount of council tax the people of Staffordshire and Stoke-on-Trent are willing to pay towards their Police and Fire & Rescue services.

Background

Funding for police and fire & rescue services is made up of a mix of central government grants, combined with the 'precept' – the contribution residents make as part of their annual council tax.

The Staffordshire Commissioner is responsible for setting the budget for Staffordshire Police, and Staffordshire Fire & Rescue Service, including the amount of council tax used for both services.

It is the Commissioner's responsibility to ensure policing, fire & rescue and community safety is properly funded in 2024/25 to provide the services expected by those who live, work and visit Staffordshire and Stoke-on-Trent.

A formal consultation took place between 7 December and 4 January. A range of methods were used to encourage participation, resulting in responses from 1,985 people from Staffordshire and Stoke-on-Trent.

The views from this consultation will help the Commissioner arrive at his proposals for the setting of the 2024/25 budgets.

How we did it

We used a range of methods to promote the consultation including:

- **Social media** – Multiple social media posts were issued from the Staffordshire Commissioner's Office (SCO), Staffordshire Police, Staffordshire Fire & Rescue and partners. Paid adverts also ran on facebook and Instagram targeting residents of Staffordshire and Stoke-on-Trent.
- **Media** – A press release issued to inform local media of the importance of the consultation
- **Stakeholders** – Emails sent from the Commissioner requesting key partners' involvement including local MPs, Councillors, volunteers, community groups and business owners
- **Smart Alert** – Multiple messages issued to over 21,000 residents via Staffordshire Smart Alert

- **Internal** – Internal message sent to police and fire staff to encourage participation
- **SCO Newsletter Subscribers** – Email sent to the SCO newsletter subscriber list of 1,636 people

Consultation foreword

As your [Police, Fire & Crime Commissioner](#), it is my duty to secure effective and efficient Police and Fire & Rescue services that ensure community needs are met, while commissioning services to prevent crime, reduce anti-social behaviour and support victims across Staffordshire and Stoke-on-Trent.

I do this by setting out a strategic direction in Local Plans for [Staffordshire Police](#) and [Staffordshire Fire & Rescue](#). I am responsible for setting their budgets and determining the contribution you make as part of your annual council tax precept.

I also appoint our Chief Constable and Chief Fire Officer. Their role is crucial as they make the operational decisions and run the organisations. I believe I have recruited two of the best in Chris Noble and Rob Barber. They have each built strong leadership teams that are driving our local services forward with dedicated and hard-working teams made up of police officers, PCSOs, firefighters, staff and volunteers.

Last year's cost of living rise hit residents hard so I decided to set council tax increases below the maximum allowed by government and below inflation. Even so, you provided an additional £6m for your local Police and £1.9m for Fire & Rescue and this has made a difference.

Our Fire & Rescue service are tackling more incidents, many due to climate change, and continue to target prevention activity at the most vulnerable while pioneering activity to support our local NHS and West Midlands Ambulance.

Staffordshire Police are more local, visible and responsive. 999 and 101 have improved and crucially the force is set to have 2,000 officers by April 2024, 400 more than 2019, and even more than I promised when elected in 2020.

Other priorities are being met too. 24/7 roads policing is imminent, new safety cameras and vans are being rolled out to improve road safety and £500k has been invested in more number plate recognition to track criminals using our roads. My office is supporting more victims, doing more prevention work and making our neighbourhoods safer.

While both services have sound finances the future is uncertain with energy costs remaining high, international instability and the cost of servicing our national debt following the pandemic likely to restrict central government grants. Staffordshire Police and Fire & Rescue will continue to make savings and increase productivity but to secure their future, to keep improving service levels and provide the security we expect, it will require investment.

Additional investment would help Staffordshire Police carry out more pro-active investigations into serious organised crime. It would also allow the service to take advantage of new technology including artificial intelligence - freeing up officers to target criminals.

Investment in Staffordshire Fire & Rescue would help secure the number of wholetime and on-call firefighters required to respond effectively across all our urban and rural areas while building their prevention team's capacity to work with NHS and others to keep us safe.

This year many people have seen their pay, benefit or pension increase but I know balancing household budgets is still challenging. I aim to keep council tax as low as possible. I will only ask for more in order to maintain or improve your Police and Fire & Rescue Service.

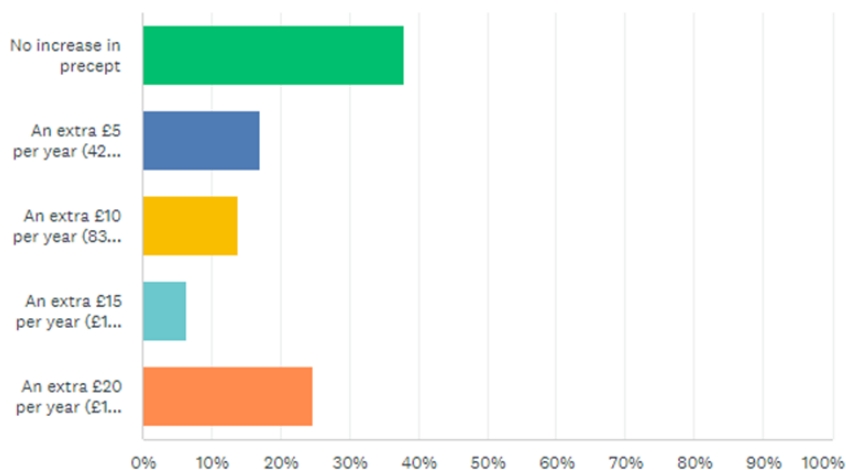
So, I would welcome your thoughts. What level of additional council tax contributions would you support to help our Police and Fire & Rescue services?

Every penny helps to keep Staffordshire safe.

The results

The following options are based on a Band D property currently paying £260.57 each year for Police services. How much more would you be prepared to pay per year for your Police services?

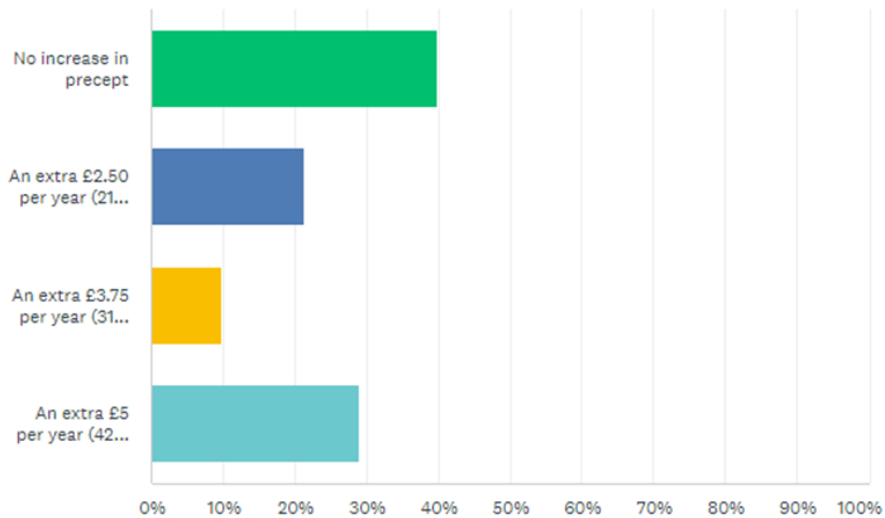
Answered: 1,969 Skipped: 16



ANSWER CHOICES	RESPONSES	
▼ No increase in precept	37.89%	746
▼ An extra £5 per year (42p extra a month) This is a 1.92% increase	17.06%	336
▼ An extra £10 per year (83p extra a month) This is a 3.84% increase	13.81%	272
▼ An extra £15 per year (£1.25 extra a month) This is a 5.76% increase	6.40%	126
▼ An extra £20 per year (£1.67 extra a month) This is a 7.68% increase	24.83%	489
TOTAL		1,969

The following options are based on a Band D property currently paying £84.25 each year for Fire services. How much more would you be prepared to pay per year for your Fire & Rescue services?

Answered: 1,966 Skipped: 19



ANSWER CHOICES	RESPONSES
▼ No increase in precept	39.88% 784
▼ An extra £2.50 per year (21p extra a month) This is a 2.97% increase	21.31% 419
▼ An extra £3.75 per year (31p extra a month) This is a 4.45% increase	9.72% 191
▼ An extra £5 per year (42p extra a month) This is a 5.94% increase	29.09% 572
TOTAL	1,966

Common themes from the precept consultation

891 respondents provided comments in the question 4 free text box which asked 'If you have any additional comments, please include these in the box below'. The following sections include key themes from the responses.

Police and Crime

A number of comments were focused on the lack of visible policing in their local areas, with 'no bobbies on the beat' and police stations closed. A number of respondents also expressed concerns over the quality of the service, contact and distractions from the issues that matter to communities.

'In over 38 years of living on Boley Park, Lichfield, I have only seen a full police officer once. I think closing the Police Station in the centre of Lichfield was a mistake. Not everyone can jump in a car to go out of town to the north of the City to report a crime.'

'No policing seen in my area for years and when they do come out, nothing is done, no crime number etc just told to get my own security cameras.'

'Police need to stop spending money on 'Woke' nonsense. How much and who briefed on what words to use and not use! Absolute waste of money.'

'I do not want our police force becoming the "thought police". That direction is outrageous.'

'Every year the police budget rises but we in Audley never see uniformed officers patrolling the area, crime is on the increase and phoning 101 is an absolute joke, I wouldn't mind paying the extra but like I say we do not see regular police patrols at all.'

'Policing should be centrally funded and come from an entirely different pot of money than council tax. As the partner of a serving officer I see the trauma, the hours, the behaviours they have to contend with, and how work is not always restricted to the locality for which they work in.'

'Both services are underfunded by Government and it is necessary to protect these essential life-saving services as well as build them back up to what they used to be. Without additional funding we will continue to see the most vulnerable suffer and crime rates being high. Currently there are huge issues with anti-social behaviour and Staffordshire has been identified as a failing force. There is too much emphasis on more police officers when they are only part of the answer. There are other roles in the police which can help if they have the resources and then the officers can be back out on the streets.'

'Delivery of services currently feels poor, so can't justify an increase in precept without an initial improvement in service delivery.'

'Police on the streets is what is required. A visible presence. Give PCSOs responsibility to ticket parking offences.'

'We see very little police activity in Wombourne. No police station but a working office. Very confusing. We need a face-to-face point of contact, not a multi-response telephone system and/or email. We need more visible police presence to deter thieves and law breakers.'

'I do not get a good service now, the Police force are dealing with social care issues predominantly and crime is not getting reported due to the public awareness that nothing gets done – why should we pay more? You should be working harder to expose the govt. shortcomings and promote an increase in social care spending.'

'Unfortunately, given our rural location and the fact the police are hugely overstretched, it's more feasible for us to spend more money on protecting our own properties such as upgrading burglar alarms, windows and insurance policies than it is to fund an increase which may not necessarily see increased services to our village, but instead the funding directed elsewhere.'

'My honest view is that the Police do not perform the duty that they are commissioned to do effectively at all. In fact I am very disappointed. I feel that the uniform is shoddy, attitude dreadful, officers including PCSOs not wishing to make eye contact. Trying to telephone the police is a lengthy affair. Not everyone has computers and the like. Overall I am very disappointed. I rarely see an officer in the town centre and never in my street.'

Fire and Rescue

Fewer responses were received about Staffordshire Fire & Rescue Service, but those that did included comments around demand, supporting other emergency services and staffing levels.

'I think more can be done with the fire service to reduce crewing overnight. They have very little calls for service in the night-time hours, and by either switching wholetime firefighters to a blend of in-station and on-call approaches or widening the response base during night-time hours to reduce the crews needed would save money.'

'I'm a firefighter, and I can't see anything improving, just constant cuts!'

'FRS is hugely understaffed, the levels of work are disproportionate to the people able to deliver it. This increases pressure on those in post and an increase in staffing levels would help deliver the priorities in a more proportional and productive manner.'

'I am not sure what the Fire Service is doing extra to support communities so unsure why they need a rise? Could they not be doing more? They seemed to have stuck to a traditional role when every other agency has had to do more with less. Given their 12% pay rise, the highest in public sector, I am not prepared to pay more for little to no change in role. Could they not support the Ambulance or Police more on incidents?'

'Prove to me that SFRS are attending more calls due to climate change? I spent 21 years in the job and flooding caused by development doesn't count. Sort out the retained section so pumps are on the run at weekends instead of booked off, and get rid of pointless managers instead of frontline staff.'

'The fire and rescue service offers excellent value for money and can be protected for what is an insignificant amount given other cost of living pressures.'

'After many years of funding austerity, the Fire Service should receive maximum additional precept funding and I would choose to pay an extra £5 every year.'

'The police already get the largest amount of money and have no issues with spending on things. Whereas the fire service are running on bare bones and haven't got the equipment, facilities or money for personnel.'

'In recent years the proactive approach of the fire brigade has kept people safe. We want this vital service to be properly funded.'

'Our fire services are already well paid and have proven themselves to be self-serving rather than operating for the community with their too easily remembered strike action. Coupled to the fact the work schedules are 'light' and I don't know a single firefighter who doesn't have the ability to work a second job. As for the police – they need way more support. Services have been cut too far and society is become lawless. Irrespective of the actions of the courts, we need a stronger police presence.'

'We need more firefighters!'

Supporting an increase

A number of comments explained the reasons why they would support an increase in council tax as long as the money went to frontline services to keep communities safe.

'I think if the police are to meet the standard that are expected of them, they need much more funding than they currently have. There aren't enough officers to attend all the jobs in the timeframes expected of them.'

'Ultimately if I was victim of crime or unfortunate enough to need fire and rescue I'd expect/need help fast. For that to be the case the services need appropriate funding and efficient use of resources. The funding is the role of the taxpayer, as much as we begrudge that on a monthly payment, ultimately we'll be grateful.'

'I would be happy to contribute more if I could see how and where that benefit is gained, even if not directly to myself, but others in need.'

'Would like to see more police presence if there is an increase in the cost.'

'I feel that what they do goes unrecognised therefore would be happy to pay the extra as each day they risk the loss of their life for people.'

'We are aware that inflationary pressures have meant significant increases in the costs of running Staffordshire Police outside of the wages bill. We are concerned that this could mean, without an increase in precept, paying the bills can only be done at the expense of police staff jobs. If that happens we will see a reduction in service to the people of Staffordshire and a less cost-effective service as the essential roles will necessarily be filled by police officers with different training.'

'I would only be happy paying additional money if I could be sure it would be used as intended. At the moment, we have virtually no police presence and crime is on another level in Stafford.'

'I would be prepared to pay more for the police if there was a police station, it's ridiculous to have an office in Wombourne, but with no access for the public.'

'When you see an improvement in service you don't mind paying a bit more. Since you became Commissioner I think we have seen that.'

'We sympathise with your position around having to raise local taxation to maintain public safety when we believe this should be funded by the Home Office as opposed to the local taxpayer. However, our precept increase last year was the lowest in the UK at £12 and over the last decade increases have been the 2nd lowest in the UK. Staffordshire has one of the lowest number of police officers in the UK. On a per head of population basis we have the 4th lowest number in the UK. The impact of this on welfare from cancelled rest days to maintain public safety is a challenge for us that higher numbers of officers would alleviate.'

'I would want some guarantee that this was where the extra tax money was going. I would want it to be spent wisely and not just to increase the amount of middle management there are in these services.'

‘These essential services are well worth paying extra to maintain high standards. Thank you for consulting the public directly.’

‘An extra £25 a year to have a safer Staffordshire is worth every penny.’

‘My agreement to paying more for Police services is subject to the Police being far more visible and responsive in South Staffordshire.’

‘The Police and Fire Service save lives, they respond, I think both services should be getting a higher % of the council tax bill.’

‘I would sooner have a decent police and fire service and pay the higher level. When the worst happens, I want protecting and not just have a basic response “trying” to protect me.’

Not supporting an increase

The majority of additional comments were against an increase in council tax, with rising household bills being a factor. There were also concerns about Police performance in particular, and a number of responses calling for greater efficiencies rather than increased taxation.

‘We keep paying more for a less of a service, where does the money go? Cuts to police and fire, they’re sharing locations etc, so what are you actually spending the money on?’

‘Both have had quite an increase over the last few years and I've not seen any benefit, so I am loathe to pay more for the same.’

‘We pay enough for a service that does not deliver. If the services were businesses, they would be bankrupt within 6 months.’

‘I can’t afford an increase. I recognise the need for finances for both fire and police but this should come from central government.’

‘Council tax is already crippling and yet many services are being cut despite costs rising. It's unaffordable to fund more emergency services when the local government is so unbearably greedy for money that lines their pockets and no one else's. It's their fault we can't afford more. I still believe there are efficiencies that can be made before increasing either precept.’

‘Residents are already drained dry by wildly expensive, hopelessly bad local government delivering very, very little at very, very high cost. Pay more for dire services? Why?’

‘I think the focus should be on the best possible use of the existing budget and try to avoid precept increases unless it can be shown that the increase will enable the introduction of new and additional services.’

‘People are facing hardships in their daily lives, food inflation is out of control, rent and mortgage increases are continuing. The public purse has to be curtailed.’

‘After the number of cases of police officers being found guilty of sexual assaults, rapes, kidnappings, coercive control and even murder, why should the public plough more into the institution? It’s a

disgrace of a service I have absolutely no faith in. In the majority of cases the police aren't bothered about the effects of crime on people. Don't deserve a penny!

Commissioner's Office

A number of responses specifically mentioned the role and cost of the Commissioner and his office, feeling the money would be better spent on frontline services.

'Whilst the Police force is under special measures and no sign of any real improvement following the recent IOPC report, there should be no increase in precept. I do not believe as PCC you are sufficiently holding the Chief Constable to account.'

'Get rid of the pointless police and fire Commissioner and use the money saved to improve community police and fire services.'

'I think the office of Commissioner for Police is a created one and the millions of pounds it costs would be better spent sending direct to the police force for police officers, CID officers and forensic officers as these are wanted more than anything.'

'Yes. sack the Commissioner who is costing far too much for him and his office, money wasted on an appointment that is not necessary. We pay a Chief Constable who should be qualified enough to run his department, same with fire.'

'Delete the position of Commissioner and the extra bureaucracy associated with the role. It adds no value just additional cost.'

'The PCC role should be abolished to save money. The Conservative Party has argued for this in the West Mids as they are in special measures. It's not clear why they believe the role should continue to exist in Staffs which is in the same position.'

'Remove the Commissioner's Office and spend on policing instead.'

The Police and fire Commissioner role is to scrutinise these bodies to ensure value for money and with both of these organisations under the same body service can be shared ie service of vehicles, buildings and so forth.'

'Private companies cannot just ask for more money just because they can't manage a budget. You should look at your office and cuts there first rather than asking the public.'

Additional comments

'Council tax is a burden we don't deserve. There's problems everywhere – people striking, potholes a disgrace, speed cameras that don't work, pavements that need urgent repair that never get done. Police short staffed, can't cope – and we are paying for something we are not getting. Always excuses – councils going broke. It's all one big farce!!'

'Funding should come from central government. The number of people who pay council tax shouldn't be expected to keep footing the bill.'

'Police and Fire personnel should report all potholes etc they come across to the Highways Authority.'

'If the council filled in the potholes. They need to be held accountable for the waste projects like knock them down and start again. We vote them in, so we should have a say how money gets spent.'

'I would welcome the streets, roads and foot/bridle paths to be swept and tidied more than once a year.'

'We have very few facilities in Edingale and the roads out of Edingale get flooded so what should be a 6 or 7 mile trip to town ends up about 20.'

'I would like to feel that the Council Tax contributions made are being put to good use. I pay a not insignificant amount each month and yet drive down roads littered with potholes, dirt from farms that hasn't been cleaned and hedge clippings that destroy tyres. Social Care is funded via Council Tax contributions and yet is massively underfunded as a sector, with job vacancies at an all-time high and increasingly complex resident needs. With an ageing population this is an area that we too must focus on.'

'I think the Ambulance Service desperately need reviewing. Patients are being left for hours when in need for an ambulance. I believe the current situation is unacceptable. Wait and turnaround times are at an all-time high... Managers are obviously not getting it right.
Can the fire brigade help with these wait times?'

'Yes, sirens – are they necessary overnight? We live very close to Eastern Avenue. We support our emergency services but hope they use the sirens with consideration.'

'As we are already paying so much for Council tax – much of which appears to me to be wasted on such things for example as £14 million for a car park on the outskirts of Hanley, and this other wasted monies by an inept council, as pensioners we just cannot afford to pay even more – we are now at breaking point with decisions to be made to heat or eat.'

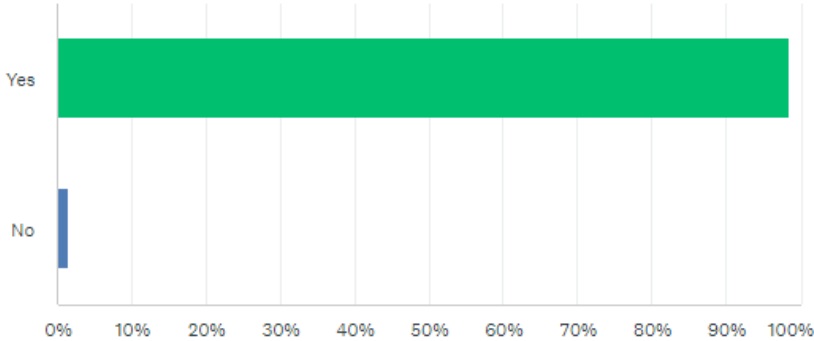
'I do not know how much money you think we have left over from one OAP, after all the increase in living costs etc. I will not be having a garden waste bin next year, because I do not have the money to pay for it. My savings are dropping by the month.'

'The Parish Council was unclear as to the purpose of giving options to members of the public and stakeholder organisations when the impact of such spending on services was not clear. It therefore felt unable to complete the actual survey. The Parish Council was very concerned about the health and safety impact for Fire Service crews and for the public of the proposal to have fire tenders crewed by only three individuals. It strongly recommended that this proposal be withdrawn.'

Additional Questions

Are you responsible for paying council tax?

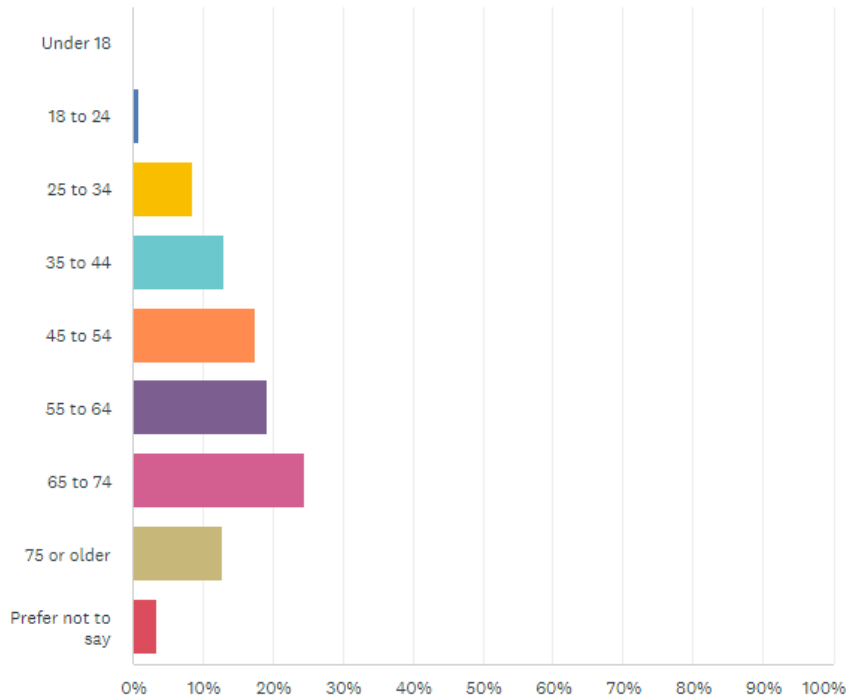
Answered: 1,922 Skipped: 63



ANSWER CHOICES	RESPONSES
Yes	98.49% 1,893
No	1.51% 29
TOTAL	1,922

What is your age?

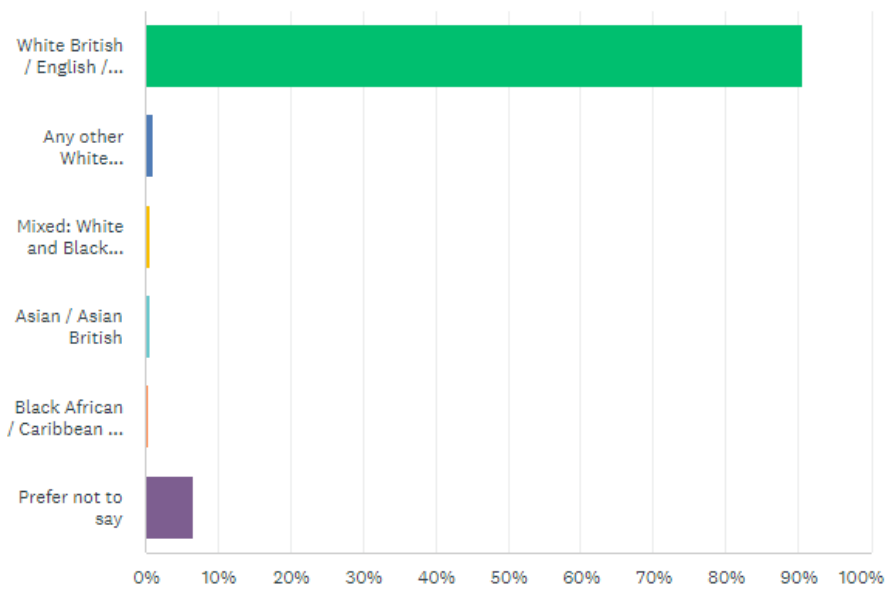
Answered: 1,823 Skipped: 162



ANSWER CHOICES	RESPONSES
Under 18	0.00% 0
18 to 24	0.82% 15
25 to 34	8.61% 157
35 to 44	13.11% 239
45 to 54	17.50% 319
55 to 64	19.20% 350
65 to 74	24.52% 447
75 or older	12.78% 233
Prefer not to say	3.46% 63
TOTAL	1,823

What is your ethnic origin?

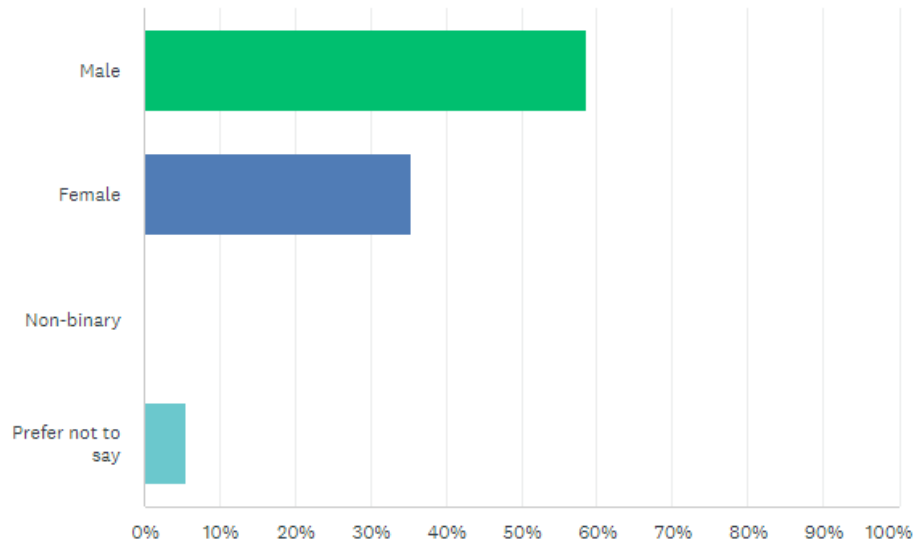
Answered: 1,797 Skipped: 188



ANSWER CHOICES	RESPONSES
White British / English / Welsh / Scottish / Northern Irish / Irish	90.54% 1,627
Any other White background	1.11% 20
Mixed: White and Black Caribbean / African / Asian	0.67% 12
Asian / Asian British	0.61% 11
Black African / Caribbean / Black British	0.45% 8
Prefer not to say	6.62% 119
TOTAL	1,797

Are you?

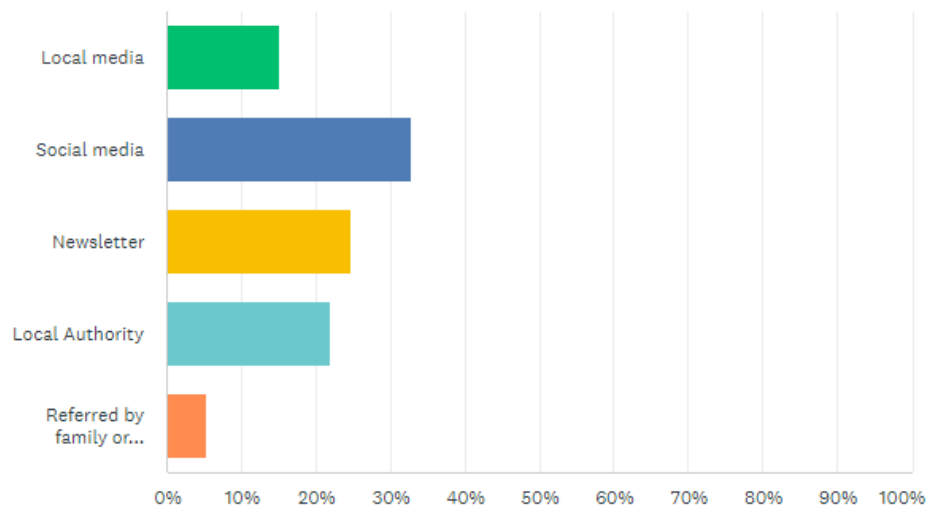
Answered: 1,812 Skipped: 173



ANSWER CHOICES	RESPONSES
▼ Male	58.66% 1,063
▼ Female	35.43% 642
▼ Non-binary	0.28% 5
▼ Prefer not to say	5.63% 102
TOTAL	1,812

Where did you hear about this consultation?

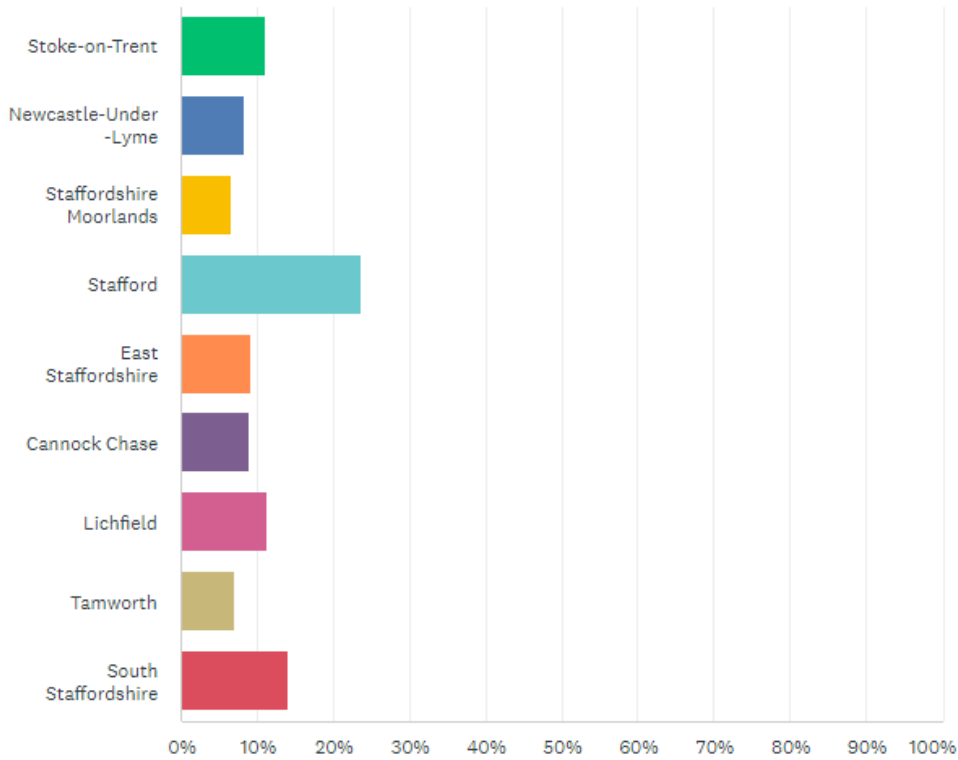
Answered: 1,530 Skipped: 455



ANSWER CHOICES	RESPONSES
Local media	15.03% 230
Social media	32.94% 504
Newsletter	24.77% 379
Local Authority	21.96% 336
Referred by family or friend	5.29% 81
TOTAL	1,530

Which area of Staffordshire or Stoke-on-Trent do you live in?

Answered: 1,822 Skipped: 163



ANSWER CHOICES	RESPONSES
▼ Stoke-on-Trent	11.09% 202
▼ Newcastle-Under-Lyme	8.23% 150
▼ Staffordshire Moorlands	6.53% 119
▼ Stafford	23.60% 430
▼ East Staffordshire	9.11% 166
▼ Cannock Chase	9.00% 164
▼ Lichfield	11.36% 207
▼ Tamworth	7.08% 129
▼ South Staffordshire	14.00% 255
TOTAL	1,822

If you would like to receive updates about the work of the Commissioner, please enter your name and email address below:

Answered: 442 Skipped: 1,543

ANSWER CHOICES	RESPONSES
Name	Responses 99.55% 440
Email address	Responses 99.10% 438



Item No. _____ on Agenda

Report to the Police Fire and Crime Panel – 5th February 2024

**Police Capital Strategy and Capital Programme 2024/25 to 2027/28
(Incl. Minimum Revenue Provision Policy)**

Report of the Staffordshire Commissioner

INTRODUCTION

As part of the overall financial strategy for the Staffordshire Commissioner a four year Capital Programme has been prepared. This report schedules the proposed investment programme for 2024/25 to 2027/28 and presents the indicators required within the updated Prudential Code. This all forms part of the Capital Strategy for the Staffordshire Commissioner, covering the policing requirements for the next four 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 Staffordshire Commissioner's medium term financial planning process, ensuring there is a clear strategy supporting the next four 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 Staffordshire Policing Plan. It also demonstrates that the Staffordshire Commissioner takes capital and investment decisions in line with the objectives and properly takes account of stewardship, value for money, prudence, sustainability and importantly affordability.

This report should also be considered alongside the Treasury Management Strategy, with both reports covering the reporting requirements of CIFPA's Prudential Code and Treasury Management in the Public Sector. The Commissioner reports internally within the guidelines set out within the Prudential Code.

RECOMMENDATIONS

That the Police Fire and Crime Panel note:

- a) The four-year Capital Programme for 2024/25 to 2027/28 as set out in **Appendix 1**,
- b) The Capital Strategy for 2024/25
- c) The Prudential Indicators that are set out within **Appendix 2** including the Capital Financing Requirement for the four year period
- d) That the funding of capital expenditure from Reserves for the period 2024/25 to 2027/28 is in line with the updated Reserves Strategy
- e) Note the Minimum Revenue Provision (MRP) policy statement incorporated within this report

Ben Adams

Staffordshire Commissioner

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1. Background

- 1.1 The Capital Strategy forms a key part of the Staffordshire Commissioner'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 Police 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
 - Transport
 - Operational Equipment
 - Information 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 to meet the vision, aims and priorities of the Commissioner and Staffordshire Police;
 - set out how the Commissioner and Staffordshire Police identify and prioritise 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 communities served within Staffordshire.

3. Governance of the Capital Programme

- 3.1 A governance process is clearly established within the Force following standing orders and financial regulations to ensure that available resources are allocated optimally and deliver value for money. Capital programme planning is determined in parallel with the 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 for large projects.
 - 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 Financial Investment Review Board (FIRB) which has responsibility for ensuring a realistic, affordable and deliverable capital programme is prepared and included within the MTFS; monitoring of the capital programme; and for sign off of outline business cases within delegated limits after legal and finance approval.
- 3.2 The capital monitoring update is included within the quarterly reports which is reviewed by the Finance Panel, which is a sub group of the Ethics, Transparency and Audit Panel (ETAP). This detailed report, on a project by project basis, is formally recorded at SGB. The Head of Financial Accounting regularly meets with each capital lead to discuss the capital monitoring position and to scrutinise capital spend.

4. Capital Priorities

- 4.1 The Capital Strategy must recognise that the financial resources available to meet the requirements of the current Staffordshire Policing Plan and its four key pillars.
- 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 The Staffordshire Commissioner will seek to prioritise investment in order to deliver economy and efficiency within the organisation as well as address backlog maintenance and health and safety issues.
- 4.4 As with the majority of public sector organisations backlog investment, particularly into estate, has been an area historically where difficult choices have been made to defer this. The capital strategy and programme aims to reduce the backlog investment, noting that the programme of investment stretches beyond the life of the MTFS.

5. Funding Approach

5.1 The Staffordshire Commissioner approach for police'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:

- **The use of internal cash balances**
Internal borrowing occurs when the Commissioner uses its own cash resources to finance capital expenditure rather than new borrowing. This is more favourable when the cost of borrowing is higher than the returns on investment.
- **The use of earmarked reserves**
The Staffordshire Commissioner has a Reserves Strategy which includes the Earmarking of Reserves to support the capital programme. Funding into the medium term has been identified though this approach and remains a key funding strategy.
- **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. Where opportunity presents in year to increase revenue contributions these will be made to reduce long term borrowing requirements.
- **Borrowing and leasing**
Under the Prudential Code, the Staffordshire Commissioner 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 within 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 Staffordshire Commissioner 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 (see Appendix 2), in line with the Treasury Management Strategy.

This prudent approach to borrowing will continue into the medium term. However, should borrowing be required the Commissioner 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.

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 Commissioner will require the Chief Constable to put in place a mechanism to manage risk. The Commissioner and Staffordshire Police considers its appetite to risk to be low. Risks are assessed continually from both an operational and financial perspective.
- 6.4 In carrying out due diligence, potential project risks are identified and relevant mitigation measures documented prior to approval.
- 6.5 All risks are then managed in line with the force's Risk Management Policy which includes documenting risks on a risk register, assigning owners, regular review of risks and Red Amber Green (RAG) rating.
- 6.6 The Section 151 Officers 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.
- 6.7 There are many categories of risk to be mindful of; these are detailed in **Appendix 3:**
 - Credit Risk
 - Liquidity Risk
 - Interest Rate Risk
 - Exchange Rate Risk
 - Inflation Risk
 - Legal and Regulatory Risk
 - Fraud, Error and Corruption

7. Capital Programme 2024/25 to 2027/28

- 7.1 The proposed capital programme for 2024/25 to 2027/28 is contained within **Appendix 1** of this report. The total capital programme for 2024/25 has been estimated at £29m, £32.4m for 2025/26, £13m for 2026/27 and £9m for 2027/28.
- 7.2 The Staffordshire Commissioner 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 2024/25 to 2027/28 are set out in **Appendix 2**.
- 7.3 The revenue consequences of the proposed programme have been taken in to account in the development of the revenue budget and the required prudential indicators are set out in **Appendix 2** and also the accompanying Treasury Management Strategy.
- 7.4 Over recent years the force has seen investment through the capital programme into digital technology. The capital programme for 2024/25 to 2027/28 will continue to focus investment on the shared priority of digital technology, as well as support the delivery of the key priorities for the estate.
- 7.5 The capital programme will see debt repayments, as a percentage of the net revenue budget, increase in the next four years. On this metric the affordability of the capital programme will continue to consume a greater percentage of revenue spend over the MTFS period. However, compared to other local public sector bodies these repayments remain low. The Commissioner is committed to maintaining revenue contributions to the capital programme, in particular for purchasing short life assets. This strikes a fair balance between the need for investment and the burden left to future taxpayers to service these investments.
- 7.6 A full review of the capital programme has been undertaken for the 2024/25 MTFS, which results in a considerable investment in Estates and IT across the period compared to the 2024/25 MTFS as shown in the table below:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Capital Financing Costs MTFS 2024/25	6,091	8,682	10,246	11,880
Capital Financing Costs MTFS 2023/25	6,991	7,157	7,323	N/A
(Reduction)/ Increase	(900)	1,524	2,923	N/A

- 7.7 Digital Technology investment is proposed to maintain the improvements in capability seen due to previous investments, to improve core infrastructure, build on the benefits from insourcing Technology Services and for improvements in digital capabilities to be leveraged. The main proposed investments in the four year programme are:

- £0.760m on network infrastructure and storage to improve network resilience,
- £10.595m investment into operational systems which will help drive efficiency savings and enhance capabilities to support the objectives of the Policing Plan. This includes £1.750m on Robotic Process Automation capacity.
- £13.116m for device refresh including laptops, mobile technology, Body Worn Video, IT infrastructure over the life of the MTFS
- £4.410m for the assumed local costs of the Emergency Services Network within the capital programme. Whilst work is ongoing to ensure the costs passed to Forces and Commissioners is minimised this is included as a planning assumption based on the latest Home Office ESN funding model. The ESN reserve will be unwound in 2026/27 to part-fund the costs of the project.
- £3.300m investment into capitalisation of project management and staffing to support the delivery of the IT capital programme (this will be attributed to projects).

7.8 All vehicles are maintained through our Joint Transport and Engineering Service. All fleet assets are maintained and managed through a fleet management system which provides information to enables effective and optimisation of fleet usage as well as planning around replacement activity.

- The vehicle replacement programme investment of £2.050m 2024/25 will allow for the replacement of c.81 vehicles, with the vehicles proposed for replacement being on average 7 years old. The further proposed investment in the replacement programme from 2025/26 to 2027/28 will be £6.450m.

7.9 The estates programme focusses on the costs of maintaining the current estate as well as delivering major projects. The main proposed investments in the four year programme is:

- £5.184m rolling refurbishment programme on the current police estate on a county wide basis. This is developed through a process of practical asset management using both detailed stock condition data, reactive repair data and service/asset performance a defined set of investment requirements has been established for the MTFS period.
- £0.350m provision for the refurbishment of Lindum House and setting up the new central hub for the Public Protection Unit (PPU) and to provide a suitable environment and ensuring it meets the conditions of a modernised work place.

- £3.800m approved business case refurbishment of Longton Police station to provide suitable environment and ensuring it meets the conditions of a modernised police station.
- £3.700m provision for refurbishment of Northern area Police Custody is included for planning purposes only. Work is ongoing to refine this complex business case. It's to ensure the custody is fit for purpose and meets industry standards.
- £4.070m provision for refurbishment of Stafford Police station to provide suitable environment and ensuring it meets the conditions of a modernised police station.
- £1.800m provision for refurbishment of Watling Police Custody is included for planning purposes only. Work is ongoing to refine this complex business case. It's to ensure the custody is fit for purpose and meets industry standards.
- £1.000m provision for a joint public order training facility with regional forces.
- A budget of £16.8m for a fire arms training range. RIBA stages 1-3 has now been completed and planning permission was approved. We are now working through the RIBA stages and work is ongoing with Commercial Services on the next stages of developing a full business case.
- A budget of £1.500m for the development of Weston Road Headquarters so the working environment meets the conditions of a modernised work place, a prerequisite for the development of the Firing Range.
- £3.400m investment into sustainability initiatives which will help drive efficiency savings and enhance capabilities to support the objectives of the Policing Plan.

8. Funding the Programme

- 8.1 **Appendix 1** also details the proposed funding strategy for the 2024/25 programme together with indications for the funding of the following three years.
- 8.2 During the four year programme a combination of capital receipts (previous and future), earmarked reserves, direct funding of capital expenditure from revenue, capital grant and the use of internal cash and short term borrowing requirement. This is also reviewed within the Treasury Management Strategy Report.
- 8.3 It will remain a key priority to fund as much of the programme as possible through direct revenue contribution should additional savings be available in year, with funding of short life assets the key priority to reduce future MRP requirements.

9. Minimum Revenue Provision (MRP) Policy Statement

9.1 The Staffordshire Commissioner for Police 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 The Commissioner’s MRP Policy is as follows:

- For capital expenditure incurred before 1st April 2008, MRP will be determined as 2% of the Capital Financing Requirement in respect of that expenditure
- For unsupported capital expenditure incurred after 31st March 2008 and before 1st April 2018, MRP will be determined by charging the expenditure over a standard 40 years
- For unsupported capital expenditure incurred after 1st April 2018, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational.

Vehicles	5 years
Equipment	10 years
IT	10 years
Estates	40 years
Freehold Land	50 years

- MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charges over 20 years
- For assets acquired by finance lease or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For assets acquired with a shorter life than the policy, MRP will be determined by the life span of the asset.

- 9.4 This MRP Policy option is supported by the Commissioner's treasury management advisors, as a prudent provision to repay borrowing.
- 9.5 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.
- 9.6 The total level of debt for the Staffordshire Commissioner as at 31 March 2024 is forecast to be around £86.1m, and is forecast to increase to £132.6m by March 2028 based upon the capital investment requirements outlined within this paper.

Staffordshire Commissioner Police

Summary Proposed Capital Programme 2024/25 to 2027/28

Capital Programme

Department	2024/25 Budget £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
IT	11,258	8,957	6,483	5,483
Estates and Facilities	14,313	21,131	4,370	1,290
Transport	2,075	2,100	2,150	2,200
Operational Equipment	1,378	220	50	50
Capital Programme	29,024	32,408	13,053	9,023

Capital Funding

Capital Receipts	0	(380)	0	0
Deferred Capital Receipts	0	0	0	0
Capital Grants	0	0	(331)	0
Revenue Contribution to Capital	(2,257)	(2,257)	(2,257)	(2,257)
Earmarked Reserves	(1,072)	0	(1,784)	0
Borrowing Requirement	(25,695)	(29,771)	(8,681)	(6,766)
Total Funding	(29,024)	(32,408)	(13,053)	(9,023)

Note : See Budget / MTFs report for further detail on the four year investment programme

**Staffordshire Commissioner
Prudential Indicators (Policing)**

A. Indicators for Affordability, Prudence and Capital Expenditure

1. Ratio of Financing Costs to Net Revenue Stream

Estimate 2024/25 %	Estimate 2025/26 %	Estimate 2026/27 %	Estimate 2027/28 %
2.30%	3.20%	3.67%	4.14%

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 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
29.0	32.4	13.1	9.0

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 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
99.9	123.8	128.0	124.6

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 2024/25	Estimate 2025/26	Estimate 2026/27
	£m	£m	£m
Authorised Limit	101.6	126.2	128.6
Operational Boundary	96.6	121.2	123.6

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.

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.

Staffordshire Police, Fire and Crime Panel
5th February 2024

Reserves 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 Director of Finance / S151 Officer for the Staffordshire Commissioner's Office 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 as at 31 March 2023 and the forecast position as at 31 March 2024. The Panel are asked to note the overall impact on Reserves as incorporated within the approved Medium-Term Financial Strategy (MFTS).

The Reserves Strategy was last approved in January 2023 as part of the budget setting process for the current year and has now been updated to incorporate and reflect:

- The updated MFTS for 2024/25 to 2027/28
- The actual Reserves position as per the unaudited Statement of Accounts for 2022/23, and a forecast for 2023/24
- The impact of approved reserve utilisation as per the current and updated strategy

A number of different reserves are held by the Staffordshire Commissioner (both usable 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:

- **General Reserve**, to allow for unexpected / emergency events – balance as at 31 March 2024 is forecast to be £9.631m (see **Appendix 1**),
- **Earmarked Reserves** – to meet future known or predicted requirements – balance as at 31 March 2024 is forecast to be £32.088m (See **Appendix 1**)

Overall the level of Usable Reserves at 31 March 2023 was £45.921m (includes capital grants unapplied of £0.331m) and forecast to reduce by £3.874m in year to £42.047m by March 2024 (assumes use of £2.276m capital receipts reserve to finance capital programme). The general reserve will be maintained at £9.631m (assumes that the current forecast underspend from 2023/24 is transferred here) across the MTFS period while the earmarked reserves (including capital reserves) are forecast at £17.921m by March 2028. These reserves are in line with sector standards.

RECOMMENDATIONS

That the Police Fire and Crime Panel note:

1. the overall reserves position for both General and Earmarked Reserves as contained within this report,
2. to consider the adequacy and proposed earmarking of the reserve that will be incorporated into the budget setting exercise for 2024/25, and utilisation of reserves as incorporated within the updated MTFS.
3. the updated Reserves Strategy

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Staffordshire Commissioner

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1. Prudential Code and Capital Spend

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) 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.
- 1.2. 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
 - timescale for review of the reserve to ensure continuing relevance and adequacy.
- 1.3. Whilst it is primarily the responsibility of the Staffordshire Commissioner and its S151 Officer to maintain a sound financial position, our external auditors Ernst & Young annually review for any material uncertainties and test to ensure that Staffordshire Police remain a going concern. Even where as part of their wider role Ernst & Young report on the organisation's financial position, it is not however, their responsibility to prescribe the optimum or minimum level of reserves for authorities in general. A separate Going Concern report is submitted annually to the external auditor and is also reviewed by the Ethics Transparency and Audit panel.

2. Types of Reserve

- 2.1. 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 these 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;
 - a means of building up specific funds, often referred to as earmarked reserves, to meet known or predicted requirements; and
 - A capital receipts reserve generated from the sale of surplus assets, which in line with legislation can only be re-invested back into capital goods (or whilst specific legislation allows transformation spend).

3. Reporting of Reserves

- 3.1. 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.

- 3.2. The total usable reserves as per the unaudited statement of accounts is £45.921m as at 31 March 2023, being the general fund £9.489m, earmarked reserves £33.825m, capital receipts reserve £2.276m and capital grants unapplied £0.331m.

The Movement in Useable Reserves Statement can be found within the statutory accounts for 2022/23, and is shown below:

	Balance at 31 March 2022 £'000	Balance at 31 March 2023 £'000
General Fund	8,509	9,489
Capital receipt reserve	1,449	2,276
Capital grants unapplied	514	331
Reshaping the Future	2,332	2,329
IT Transformation Reserve	2,580	2,384
Insurance Reserve	981	699
Pension Reserve	4,499	6,021
Collaboration Reserve	292	213
Capital Reserve	2,216	2,477
ESN Reserve	1,784	1,784
Major Events Policing Reserve	923	674
Operational Reserves	12,076	17,244
Total Earmarked Reserves	27,683	33,825
Total Usable Reserves	38,155	45,921

- 3.3. 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)
- 3.4. 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.
- 3.5. Whilst it remains the responsibility of the Director of Finance/S151 Officer for the Staffordshire Commissioner to advise on the overall level of reserves that are held; the 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.
- 3.6. The Staffordshire Commissioner has indicated that the level of general reserves be set at a minimum level of 3% of the annual revenue budget. The Panel should note that the level of general reserves is currently £9.489m or 3.91% of the 2023/24 net revenue budget. The reserves forecast currently shows the forecast underspend for the financial year as going to the general fund. It should be noted that consideration will be given to transferring the underspend at the end of the financial year to the budget support reserve.

4. Reserves Strategy and Future Outlook

4.1. This paper gives due consideration to the overall level of reserves held as at 31 March 2023 and the forecast position for 31 March 2024, and the panel are asked to note the overall position as scheduled in **Appendix 1**.

4.2. General Reserve

4.3. The Commissioner's policy for the general reserve fund is for it to hold as a minimum a balance of 3% of the net revenue budget of the combined budgets of the Commissioner and Staffordshire Police. This is currently considered to be a minimal safe level which would afford two incidents of maximum exposure to loss in any one year.

4.4. The maximum exposure to loss for a particular event is understood to be 1% of net budget in the light of the guidance which is issued by the Home Office relating to the police special grant. This guidance establishes that in the event that a force can prove it has proportionately policed a major incident which has created an unaffordable cost in one year, and that is independently reviewed by HMICFRS, the force can claim for costs exceeding 1% of the net budget for each incident. This guidance was updated in May 2021 and we expect it to continue to be in place during the period of the MTFS.

4.5. At the end of March 2023, the general reserve was £9.489m; this represents 3.91% of the annual revenue budget for 2023/24. It is assumed that the forecast underspend in 2023/24 goes to the general reserve.

4.6. Earmarked reserves

4.7. The earmarked reserve provision is required not only to fund future projects and investments but also to provide funding –

- To cover specific risk items that are excluded from the MTFS but may present as financial pressures over the life of the MTFS such as the current age discrimination changes to public sector pensions;
- To cover areas of the budget subject to fluctuations in spend based on risk such as self-insured Insurance claims;
- Reserves earmarked to support transformation. Whilst current legislation allows for the use of capital receipts to fund transformation this means these receipts would be used on revenue spend as opposed to re-investing back into assets (which would increase long term debt). The Commissioner is re-investing all receipts back into the acquisition of new assets;
- To provide for future contingent liabilities that have been identified within the statutory accounts;
- A reserve established to provide budgetary support. This reserve is earmarked to support the budget on a one-off basis whilst efficiency savings are phased in with a view to implementing these savings in the most sustainable manner possible;
- Reserves held for specific operational requirements.

4.8. The balance on these reserves as at 31 March 2023 was £33.825m and is forecast to reduce in year by £1.738m to close the year at £32.087m. This increase in the main is driven by the use of the capital reserve to support the capital programme, use of the Uplift reserve to support various estates projects, use of the major policing reserve for the policing of the King's Coronation and use of the pensions reserve to fund Pensions Remedy costs.

5. Reserve Forecast

5.1. The following table represent the forecast use of reserves as stated in the MTF5, with other known adjustments.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
General Fund	9,631	9,631	9,631	9,631
Capital Receipts Reserve	0	0	0	0
Capital Grants Unapplied	331	331	0	0
Budget Support Reserve	3,645	0	0	0
Capital Reserve	484	741	998	1,212
Collaboration Reserve	199	199	199	199
ESN Reserve	1,784	1,784	0	0
Insurance Reserve	699	699	699	699
IT Transformation Reserve	1,890	1,490	1,090	690
Major Events Policing Reserve	473	473	473	473
Operational Reserves	6,331	4,170	3,455	3,442
Pension Reserve	5,696	5,696	5,696	5,696
Reshaping the Future Reserve	2,149	2,149	2,149	2,149
Uplift Reserve	3,361	3,361	3,361	3,361
Total Earmarked Reserves	26,711	20,762	18,120	17,921
Total Usable Reserves	36,674	30,725	27,751	27,552

5.2. The levels of reserves held is under constant review in order to ensure that any identified risks and issues are adequately provided for. It may be necessary to transfer monies between reserves in future periods in order to meet need, or where it is no longer felt necessary to hold a reserve for the originally intended purpose.

Usable Reserves Forecast 31 March 2024

Actual 31/03/2023 £000		Transfer In £000	Transfer Out £000	Forecast 31/03/2024 £000
9,489	General Fund	142	0	9,631
2,276	Capital Receipts Reserve	0	(2,276)	0
331	Capital Grants Unapplied	0	0	331
4,877	Budget Support Reserve	750	(361)	5,266
2,478	Capital Reserve	549	(1,727)	1,299
214	Collaboration Reserve	0	(15)	199
1,784	ESN Reserve	0	0	1,784
699	Insurance Reserve	0	0	699
2,385	IT Transformation Reserve	0	(95)	2,290
673	Major Events Policing Reserve	0	(200)	473
7,190	Operational Reserves	3,731	(2,878)	8,043
6,020	Pension Reserve	0	(324)	5,696
2,329	Reshaping the Future Reserve	0	(180)	2,149
5,177	Uplift Reserve	0	(987)	4,189
33,825	Total Earmarked Reserves	5,030	(6,767)	32,087
45,921	Total Usable Reserves	5,172	(9,043)	42,049

The following earmarked reserves have been established (or aggregated as shown above) for the following purposes:

Budget Support Reserve – this reserve was included within the previous MTFs and additional balances have been transferred during the year. This use of this reserve has been included within the updated MTFs and will be fully exhausted by March 2026.

Capital Reserve – to fund future capital projects on assets with a short asset life, as well as to support any urgent H&S works of a capital nature.

Collaboration Reserve – to support the one-off costs associated with local public sector collaboration. This reserve is used to either support projects aimed at generating a financial return on the one-off investment or improving partnership working and outcomes.

Emergency Services Network (ESN) Reserve – the ESN programme will see the current Airwave based communications system replaced with a new 4G based service. Funding will be required for the replacement of devices.

Insurance Reserve – provides for the self-funding of certain uninsurable risks and also to cover the excess (£100,000) for any unknown claims before the insurance cover is applied.

Major Events Policing Reserve – this reserve holds funds to contribute towards the costs of policing major events should the need arise. This has been repurposed and was previously the Covid-19 reserve.

Pension Reserve – provides provision around future unknown costs relating to the public sector pensions age discrimination case (McCloud) as well as for flexibility in the payment of ill health pension payments to the pension fund.

Transformation – these reserves are held to support transformation activity, and are divided between a general transformation reserve and an IT/Digital specific transformation reserve.

Uplift Reserve – to support the further training and development of the force as it brings in new officers.

Operational Budget Reserves – this includes a number of specific earmarked reserves.

Report to the Police Fire and Crime Panel - 5th February 2024

TREASURY MANAGEMENT STRATEGY REPORT 2024/2025

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 Staffordshire Police only; a separate report has been completed for the Staffordshire Fire and Rescue Service. Therefore, reference is made only to the **Staffordshire Police and Crime Commissioner ('the Commissioner')** as part of this report.

2. Introduction

- 2.1 This report outlines the Commissioner's Treasury Management Strategy for 2024/25.
- 2.2 Treasury management comprises the management of the Commissioner's cash flows, borrowings and investments, and their associated risks. The Commissioner has borrowed and invested large sums of money and is therefore 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 cash. It is important that the Commissioner successfully identifies, monitors and controls financial risk as part of prudent financial management.
- 2.3 The Commissioner 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 2021 Edition* (the CIPFA Code). The CIPFA Code requires that the Commissioner 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.
- 2.4 The Annual Investment Strategy (AIS) for 2024/25 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), after consultation with the Staffordshire Commissioner's Office and Police Finance Team.

3. Summary

- 3.1 The Police Fire and Crime Panel note the proposed borrowing strategy for the 2024/25 financial year. The main features are:

- to continue with the use of cash as far as practical, with the ability to raise long-term loans following consultation with the Director of Finance for the Commissioner; and
- a loan restructuring strategy that is potentially unlimited where this rebalances risk.
- monitor the cash balances and possible need to borrow in the coming years.

- 3.2 The Police Fire and Crime Panel note in accordance with the DLUHC's Guidance on Local Authority Investments, note the adoption of the Annual Investment Strategy (AIS) 2024/25 as detailed in **Section 7** of this report and summarised in **Appendix 3**, and also policies on;

- reviewing the Treasury Management Strategy;
- use of external advisors; and
- investment management training.

- 3.3 All of the above will operate within the prudential limits set out in **Appendix 1** and will be reported to the Director of Finance at the Commissioner, and reported retrospectively to the Staffordshire Police, Fire and Crime Panel, in respect of decisions made for raising new long-term loans, early loan repayments and loan rescheduling.

4. External Context

Economic background

- 4.1 2023/24 has seen an end to the monthly bank base rate rises by the Bank of England seen in the previous year. UK base rates rose from 4.25% in March 2023 to 5.25% in August 2023, where they have remained since. It is expected that UK interest rates may peak at this level, and begin to reduce by September 2024, after the Bank of England have brought inflation under control.

- 4.2 The UK Consumer Price Index (CPI) inflation declined from 6.8% in July 2023 to 4.0% in December 2023, with similar declines in core CPI inflation. In its latest monetary policy meeting in December, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the 'stickiness' of inflation.

- 4.3 The tightness of the labour market continued to ease with the number of job vacancies consistently reducing, with the rate falling to 2.9%. This is close to

the 2.5% associated with low wage growth, however, the cooling in labour market conditions still has not fed through to an easing in wage growth.

- 4.4 The registering of -0.1% GDP growth for Q3 2023 suggests that underlying growth has stalled since the start of the year. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- 4.5 In the US, the Federal Reserve has increased rates to a range of 5.25% to 5.5%, the European Central Bank have also increased rates to 4.0% with further tightening a possibility. The main message coming from most central banks is that interest rates will be held higher until inflation is fully under control.
- 4.6 Global events such as the war in Ukraine and now the turbulence in the Middle East mean that there is elevated instability in the global economic environment.

Credit outlook

- 4.7 Although bank Credit Default Swaps (CDS) prices, the market indicators of credit risk, spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have since returned to more normal levels. However, market sentiment can shift, so it remains important to undertake continual monitoring of all aspects of risk and return in current circumstances.
- 4.8 Significant levels of downgrades to short and long-term credit ratings have not materialised since the Covid-19 crisis in March 2020. In the main, where they did change, any alterations were limited to credit outlooks. Nonetheless, when setting minimum sovereign debt ratings, the Commissioner will not set a minimum rating for the UK.
- 4.9 Looking forward, potential for bank losses still remains a risk and a cautious approach to bank deposits in 2024/25 is advisable. The Commissioner is exposed to bail-in risk, as the Government will no longer support banks if they fail but rather it will be the investors who primarily bear the financial burden of rescuing the bank.

Interest rate forecast

- 4.10 The Bank of England Base Rate is forecast to remain at 5.25% until around September 2024, with forecasts then for rates to fall steadily to 3.0% by end 2025, where they are expected to remain for some time. As with all projections there are major risks to this forecast, such as the inflation rates, wage growth and geopolitical tensions.
- 4.11 Gilt yields have continued to fall, with sharp declines during December 2023 as markets anticipated larger rate cuts in the US 2024.
- 4.12 Due to the ongoing risks outlined above, 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 31st December 2023, the Commissioner held £64.2m of external borrowing and had £37.6m temporarily invested. The Commissioner's future requirements for borrowing and investments can be considered in the context of its balance sheet forecasts described in the following paragraphs.

Balance sheet

5.2 In terms of borrowing, the Commissioner 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 Commissioner 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 Commissioner's Loans CFR and how this will be financed through external and internal borrowing.

	31.03.23 Actual £m	31.03.24 Forecast £m	31.03.25 Forecast £m	31.03.26 Forecast £m	31.03.27 Forecast £m	31.03.28 Forecast £m
Loans CFR	77.2	82.8	99.9	123.8	128.0	124.6
Less: External borrowing	(64.7)	(63.1)	(61.5)	(59.7)	(58.1)	(53.8)
Less: Capital financing from reserves	(5.8)	(7.9)	(3.3)	(2.6)	(4.4)	(2.3)
Internal / (over) borrowing	6.7	11.8	35.1	61.5	65.5	68.6

5.4 The table above shows that the Commissioner's Loans CFR is due to significantly increase over the period of the TMSS due to the level of the capital programme. This will mean that despite using reserves for some of its capital financing, the Commissioner's internal borrowing requirements will increase to unsustainable levels, and further external borrowing will be required in future years. A number of existing external loans also mature during the period, further increasing the borrowing requirement.

5.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Commissioner's total external borrowing should be lower than its highest forecast CFR over the next three years; the previous table shows the Commissioner will comply with this recommendation in 2024/25 and going forward.

5.6 For investments, the Commissioner'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:

	31.03.23 Actual £m	31.03.24 Forecast £m	31.03.25 Forecast £m	31.03.26 Forecast £m	31.03.27 Forecast £m	31.03.28 Forecast £m

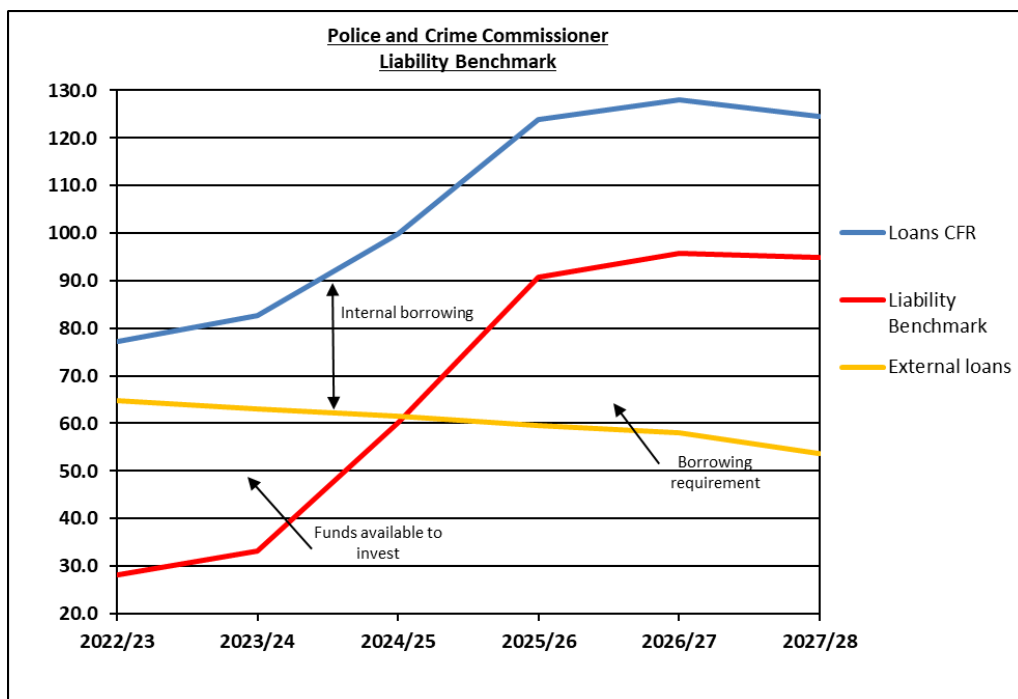
Usable reserves	43.3	41.7	36.3	30.4	27.8	27.6
Working capital surplus	0.0	0.0	0.0	0.0	0.0	0
(Less Internal) / Add Over Borrowing	(6.7)	(11.8)	(35.1)	(61.5)	(65.5)	(68.6)
Investments/ (New borrowing)	36.6	29.9	1.2	(31.1)	(37.7)	(41.0)

5.7 This demonstrates the Commissioner's recent strategy in using internal borrowing to reduce the need for external borrowing and as a result, reduce temporary investment levels. It also indicates that the Commissioner will just have sufficient internal resources to cover the internal borrowing requirement in 2024/25 and may not need to borrow from external sources during the year. However, this strategy will not be sustainable longer term as the Commissioner will not have sufficient internal resources to cover the internal borrowing requirement going forward and will need to borrow from external sources.

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.

	31.03.23 Actual £m	31.03.24 Estimate £m	31.03.25 Forecast £m	31.03.26 Forecast £m	31.03.27 Forecast £m	31.03.28 Forecast £m
External loans	64.7	63.1	61.5	59.7	58.1	53.8
(Less Investments) / Add New borrowing	(36.6)	(29.9)	(1.2)	31.1	37.7	41.0
Liability benchmark	28.1	33.2	60.3	90.8	95.8	94.8



5.9 The chart shows that the Commissioner'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 from 2025/26, the Commissioner's level of external loans falls below the minimum required by the liability benchmark and gap continues to widen over the period. This is due to the Commissioner's Loans CFR, and hence its liability benchmark, increasing throughout the period covered by the TMSS, driven by its capital investment. At the same time, the Commissioners level of external loans fall during this period as several loans are repaid upon maturity.
- 5.11 Given these forecasts, the Commissioner will need to borrow externally as it will not have sufficient usable reserves and working capital to cover the amounts required internally. Therefore, the liability benchmark will have an impact on the Commissioner's borrowing strategy for 2024/25 and beyond.

6. Borrowing strategy 2024/25

- 6.1 As at 31st December 2023 the Commissioner held £64.2m in external loans. There is a redemption of £1.1m to be paid by 20th February 2024 leaving a balance of £63.1m at the beginning of 2024/25, which is funding previous years capital programmes. The Commissioner will need to ensure total amounts borrowed do not exceed the authorised limit of £101.6m, as disclosed in **Appendix 1**.

Objectives

- 6.2 The primary objective for the Commissioner when considering the need to borrow 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.

Strategy

- 6.3 Given the ongoing pressures to public services and to local government funding, the Commissioner continues to address the key issue of affordability without compromising the long-term stability of its debt portfolio. It is usually the case that lower interest costs may be secured in the short term if the yield curve is a 'normal' upwards curve, however this is not the case currently and it is difficult to predict interest costs over the long term.
- 6.4 It is important to understand that not all of the borrowing requirement needs to be closed with loans, the current economic environment still continues to favour using cash in lieu of borrowing where balances are sufficient as:
- the yield curve is fairly flat out for many years but the margin the PWLB add on to onward lend to local authorities means it is cheaper to use cash than to borrow;
 - due to bail-in legislation it is important to minimise investment risk, as using cash in lieu of borrowing reduces investment balances;
 - using cash in lieu of borrowing within practical cash management limits would meet key parts of the current government guidance on local government investments, i.e., managing the security and liquidity risks for investments;
 - interest rate forecasts show the Bank Rate is expected to remain above the average debt rate for the next year and beyond. Continuing to use cash in lieu of borrowing would meet the objective of bringing down the

average rate of interest for borrowing and provide an opportunity to fund the capital programme at low cost.

- 6.5 In the past, cash balances have been sufficient to allow the strategy of using cash without the need to raise further external loans. The balance sheet analysis at **paragraph 5.6** and the liability benchmark analysis at **paragraph 5.8** both indicate the Commissioners cash balances will be lower in the coming years and consideration will need to be given to borrowing externally.
- 6.6 The Commissioner 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. Given the increase in rates during the past year it is not currently an opportune time to take out long-term borrowing unless there is an urgent requirement, although as mentioned previously, the yield curve is fairly flat. The Commissioner will continue to monitor its requirements for borrowing in future years and 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.

Sources of borrowing

- 6.8 The approved sources of long term and short-term borrowing are:
- Public Works Loans Board (PWLB);
 - 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 typically under 12 months duration. These can be lower cost, and the Commissioner 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 Commissioner.

Long-term loans

- 6.11 Long-term loans are those for a duration of more than 12 months. The Commissioner 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 ordinarily 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 HM Treasury have also put measures in place to prevent public bodies using PWLB funding to finance any commercial investments and there are mechanisms in place to recall such funding if this is found to be the case. In addition, the latest Prudential Code explicitly prevents Local Authorities borrowing to fund commercial ventures.
- 6.13 Where the Commissioner has a long-term borrowing need, it can consider the alternative sources of borrowing other than the PWLB highlighted in **paragraph 6.8**. Seeking lower interest costs may introduce greater administrative and resource costs as well as increased risk and this would need to be balanced against the ease of access to loans from the PWLB.
- 6.14 The exact type of loan to be raised by the Commissioner 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.
- 6.15 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 long-term loans to the Director of Finance at the Commissioner, and reported retrospectively to the Staffordshire Police, Fire and Crime Panel. In addition, the treasury management outturn and half-year reports will update the position later in the year.
- 6.16 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 further; this must be balanced with the extra cost now if loans are raised (the cost of carry).

Loan restructuring

- 6.17 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, although this would increase the use of cash which may not be possible given the levels of reserves available.
- 6.18 Market conditions have shifted in the last 12 months and Gilt yields have risen from the historic lows seen over the last 10 years. This rise in Gilt yields means that there is a possibility that PWLB premiums may be low and could be offset by interest savings on extinguished loans in addition discounts may be offered on some loans. The Commissioner, in conjunction with County Council's

Treasury team, will continue to monitor the market and identify possible savings arising during 2024/25.

- 6.19 The Commissioner's ability to adjust its loan portfolio through restructuring is only possible if:
- the Government allow it; PWLB rules have been changed in the past with no notice; or
 - market conditions allow economically beneficial repayment.
- 6.20 Market conditions and regulations are not constant and do change and loan restructuring can only be carried out when conditions are favourable. The decision as to when to undertake loan restructuring will be delegated to the Director of Finance for the Commissioner and reported retrospectively to the Police Fire and Crime Panel.

7. Annual Investment Strategy (AIS) 2024/25

- 7.1 It is the Commissioner's borrowing strategy that determines its investment strategy. In the current economic environment, where short term investment rates are at par or lower than borrowing rates, this still favours the use of cash instead of external borrowing, hence balances available for temporary investments are likely to be less.
- 7.2 The Commissioner 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 previous year, the Commissioner's investment balance ranged between £18.5m and £77.7m.

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 Commissioner would receive enhanced protections, but this would also mean they may face increased costs and restricted access to certain products including money market funds, pooled funds, treasury bills and treasury advice.
- 7.4 The commissioner meets the criteria set out under MiFID II and having chosen to 'opt-up', will continue to be treated as a professional client by regulated financial services firms in 2024/25.

Objectives

- 7.5 The CIPFA Code requires local authorities to invest their cash 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 Commissioner'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 Commissioner has taken a low-risk approach to investment and the AIS for 2024/25 will continue to do so. The Commissioner will continue to concentrate its short-term investments in secure money market funds and government investments, together with a low-risk pooled fund in 2024/25.
- 7.9 DLUHC Guidance on Local Government Investments specifies the types of financial instruments that local authorities can invest in, and the Commissioner has divided its approved treasury investments into Standard Investments and Non-standard Investments.

Standard investments

7.10 The Commissioner considers Standard Investments to be those made with approved counterparties that do not require further approval from the Director of Finance at the Commissioner. These investments tend to be for a period of less than a year and are those most frequently used by the Commissioner. Standard Investments can be invested with:

- UK Government – central government or local authority, parish council or community council
- short term money market funds (MMFs); and
- bank and building society investments.

i) UK Government

7.11 The Commissioner 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 may be lower than those received from elsewhere.

7.12 The Commissioner can invest 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. However, the 'locals' market has reduced since the pandemic due to a lack of local authority borrowers.

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 Commissioner 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. Same day notice MMFs have been used by the

Commissioner 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, 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. 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 MMFs are a key tool to manage credit and liquidity risk and the Commissioner 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 Commissioner's Approved Lending List:

- Diversified – MMFs invest across many different investments meaning they achieve more diversification than the Commissioner 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: and
- 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, such as the failure of one or more of an MMF's investments could lead to a run on MMFs, especially during a financial crisis, although the new MMF regulations do limit this risk to some extent.

iii) Bank and building society accounts

7.18 The Commissioner can make investments with banks and building societies that meet the minimum threshold (**see paragraph 7.32**) 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 Commissioner is its banking provider, Lloyds Bank (see section below). Use of any further banks or building societies is delegated to the Director of Finance for the Commissioner with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Police).

iv) Operational bank account

7.19 The Commissioner'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** onwards.

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 Commissioner'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 Should the Lloyds credit rating fall below the Commissioner's minimum threshold, then minimum balances will be retained with the bank for operational efficiency. The Commissioner 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 Commissioner.

Standard Investment diversification

- 7.22 Risks to investments, such as those discussed for MMFs in **paragraph 7.18**, 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 Commissioner's loss in the event of a counterparty default. Diversification will not protect the Commissioner 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 Commissioner's investments in certain circumstances.
 - For MMF's a standard limit of £5m per MMF is in place to meet liquidity requirements.
 - 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.
- 7.24 In the last few financial years, the Commissioner has held additional balances throughout the year leading to higher cash balances. To allow flexibility for investments, the Director of Finance for the Commissioner agreed to increase the standard limits to temporary limits of £7.5m for MMFs. The Commissioner will continue to use the higher temporary limits in 2024/25 until the level of cash balances fall sufficiently to allow reverting to using the standard limits.
- 7.25 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.
- 7.26 The application and amendment of this policy are delegated to the Director of Finance at the Commissioner with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Police).

Non-Standard Investments

- 7.27 The Commissioner 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 Commissioner.

- 7.28 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 Commissioner began to use this category of investment in 2022/23 by investing £5m to the Royal London Fund, a AAA rated enhanced Cash Plus MMF with a 3-day liquidity notice period.
- 7.29 The financial limit for the Royal London Cash Plus MMF had been set at £1.5m, but temporarily increased to £5m due to the current increased levels of cash balances, in line with the MMF funds as above, following approval by the Director of Finance at the Commissioner in January 2023.

The Credit Management Strategy for 2024/25

- 7.30 Investments made by the Commissioner 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.
- 7.31 For 2024/25, 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.
- 7.32 The following elements are also factored in when evaluating creditworthiness:
- "watches" and "outlooks" from credit rating agencies
 - 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.
- 7.33 The Commissioner remains responsible for all its investment decisions. The County Council's Treasury team will continue to have treasury management meetings with the Commissioner on a quarterly basis where a review of the Lending List will take place.
- 7.34 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 Commissioner's investment risk profile. This may result in moving investments to lower risk counterparties or instruments.

Non-treasury investments

- 7.35 Under the CIPFA Code and DLUHC Guidance, local authorities may invest in other financial assets and property for financial return, and also make loans and investments for service purposes.
- 7.36 Such non-treasury investments should be assessed as part of a separate commercial 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.

- 7.37 In the absence of any legal powers to do so the Commissioner does not currently hold any non-treasury investments and, therefore, no additional commercial investment strategy is required.

Risk

- 7.38 Although guidance sets out security and liquidity as being the main treasury risks, they are not the only investment risks faced by the Commissioner. **Appendix 4** sets out a high-level risk assessment for six of the key risks which are summarised in the following table:

Risk	Assessment
Security	Low
Liquidity	Low to Medium
Interest rate	Low to Medium
Market	Low
Refinancing	Low to Medium
Regulatory and legal	Low

- 7.39 Within the Commissioner'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.
- 7.40 The proposed AIS has been evaluated against these risks and 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 Commissioner will prepare a revised strategy when there are significant changes to the following factors:
- the economic environment;
 - the financial risk environment;
 - the budgetary position; or
 - 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 Commissioner.

9. Policy on the use of external service providers

- 9.1 Currently the Commissioner has no contracted external treasury advisor and this is considered appropriate with the simple arrangements set out.
- 9.2 The treasury service for the Commissioner 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 Commissioner 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 that have 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 senior qualified finance professionals. Treasury practitioners also attend regular CIPFA and treasury advisor training seminars throughout the year and have any training needs identified during the Council's staff review process. The function is also subject to regular audit and independent checks.
- 10.3 Training needs for Commissioner staff who attend quarterly meetings with the County Council's Treasury team are assessed on an ongoing basis by local managers.

11. SCC Memorandum of Understanding

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

Katharine Ross

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Background Documents

1. Treasury Management in the Public Services: Code of Practice (CIPFA) (2021)
2. Prudential Code for Capital Finance in Local Authorities (CIPFA) (2021)
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)
6. Localism Act 2011 – Guidance on the General Power of Competence in sections 1 to 6.

Police Fire and Crime Panel (Police)
5th February 2024

Treasury Management Indicators

Indicator	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
1. External debt			
a. Authorised limit	£101.6m	£126.2m	£128.6m
b. Operational boundary	£96.6m	£121.2m	£123.6m
c. External loans	£63.1m	£88.7m	£97.6m
<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>			
<i>The operational boundary represents the Director of Finance'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>			
2. Interest rate exposures			
a. Upper limit (fixed)	£100m	£124m	£128m
b. Upper limit (variable)	(£80m)	(£80m)	(£80m)
<i>Upper limits of fixed and variable borrowing and investments are required to be set. This limits 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>			
3. Maturity structure of borrowing	Upper Limit	Lower Limit	
Under 12 months	10%	0%	2.5%
12 months and within 24 months	10%	0%	2.5%
24 months and within 5 years	30%	0%	12.0%
5 years and within 10 years	50%	0%	16.2%
10 years and above	100%	25%	66.8%
<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. As a result no more than 10% of fixed rate loans are planned to mature in any one financial year.</i>			
4. Total principal sums invested for periods longer than a year	£	£	£
<i>Any investments made for longer than a year will be in accordance with the limits on non-specified investments.</i>	nil	nil	nil

**Police Fire and Crime Panel (Police)
5th February 2024**

Risk assessment – Borrowing strategy

Risk	Risk description	Relevance to borrowing	Key control	Assessment	Borrowing strategy
Security	A third party fails to meet its contractual obligations (i.e., counter party risk).	Unlikely there would be a failure between the agreement to borrow and sums being received. Exposure to investment risk if borrow in advance and invested until needed.	Usually borrow from the Government (PWLB or its successor body) with 2-day gap between agreement to borrow and receipt of money.	LOW	Use of cash to fund debt reduces this risk. There is insufficient cash to fully fund debt so it is likely that borrowing will be required.
Liquidity	Cash is not readily available when it is needed.	Usually borrow for capital from Government (PWLB or its successor body). Can also borrow for the short-term e.g., from other local authorities.	Prudential rules on borrowing and consideration of whether Government is secure.	LOW to MEDIUM	Use of cash to fund debt increases this risk as liquidity is reduced when borrowing is avoided. Any increase in borrowing decreases this risk.
Interest rate	Unexpected <u>reduction</u> in short term interest rates.	Depends on the mix between fixed and variable rate borrowing. Higher exposure to variable rate borrowing helps the budget.	The control is set out below.	LOW to MEDIUM	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.	Depends on the mix between fixed and variable rate borrowing. Lower exposure to variable rate borrowing helps the budget.	Limit variable rate borrowing to a relatively small proportion (e.g., 20%).	LOW to MEDIUM	20% limit provides a suitable risk control.

Appendix 2 (continued)

Risk	Risk description	Relevance to borrowing	Key control	Assessment	Borrowing strategy
Market	The market value of loans change 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.	This is inversely linked to refinancing risk below.	MEDIUM	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.	To avoid a high level of borrowing over a short period with exposure to high interest rates.	The PFCC has a policy of limiting maturing loans to 10% of the loans portfolio.	MEDIUM	Using cash to fund debt 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 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 will be taken if they are good overall value.	MEDIUM	Use of cash means that PWLB (or its successor body) loans may not be taken. However, there is insufficient cash to fully fund debt in the medium term so it is likely that borrowing will be required. If the PWLB or its successor body was closed to new business, then other loans would have to be taken.

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Police Fire and Crime Panel (Police)
5th February 2024

Lending List – January 2024	
	Time Limit
<i>Regulation Investments</i>	
UK Government DMADF account	6 months
UK Local Authority	12 months
<i>Banks and building societies</i>	
Lloyds (as banker) (£1m limit)	overnight
<i>MMF's</i>	
Aberdeen Standard (£7.5m limit)	call only
CCLA (£7.5m limit)	call only
Morgan Stanley (£7.5m limit)	call only
State Street (£7.5m limit)	call only
<i>Enhanced MMF</i>	
Royal London Cash Plus (£5m limit)	3-day notice

Police Fire and Crime Panel (Police)
5th February 2024

Risk assessment - Investments

Risk	Risk description	Relevance to investment	Key control	Assessment	Approved Investment Strategy (AIS)
Security	A third party fails to meet its contractual obligations (i.e. counter party risk).	Crucial that money invested is returned (principal and interest).	Relies on credit management policy including; credit risk, duration of investment and amount as well as an ongoing review of the credit environment. Prudential limit on investment over 1 year.	LOW	Use of the investments 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 also 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 investments in highly liquid funds.	LOW to MEDIUM	Same day access accounts are held with three MMF's. Balances are held with Lloyds Bank Plc overnight on account. Cash flow plans are completed annually and regularly updated.
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.	LOW	Investments will be mainly short term – this does not protect against an interest rate reduction. Although interest rates have risen, interest rates are still at historically low levels.

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Appendix 4 (continued)

Risk	Risk description	Relevance to investment	Key control	Assessment	Approved Investment Strategy (AIS)
Interest rate	Unexpected <u>increase</u> in interest rates.	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.	MEDIUM	Current policy allows upturns to be taken advantage of as investments are not fixed for long periods. Using cash to fund debt (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 specified investments.	LOW	Market instruments are not in use.
Refinancing risk	Maturing transactions cannot be renewed on similar terms.	Reflected in the term (duration) of investments. Shorter term investments have a higher refinancing risk.	Proportion of investments maturing in the short term.	LOW to MEDIUM	The current policy is to invest in the short term. There is an increased risk with this strategy due to frequent 'refinancing' but this is only expected to be advantageous in a rising interest rate environment. Using cash to fund debt (the proposed borrowing strategy) reduces this risk as the overall exposure to short term interest rates is less.

Appendix 4 (continued)

Risk	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	The current policy of using cash in lieu of borrowing reduces the authority's dependency on interest receipts. The AIS is low risk and uses liquid and conservative investment instruments.

**STAFFORDSHIRE POLICE FIRE AND CRIME PANEL –
5 FEBRUARY 2023**

**NATIONAL CONFERENCE FOR POLICE, FIRE AND CRIME
PANELS - 9 NOVEMBER 2023**

1. Report of the Secretary

The Panels Chairman, Councillor Peters, Vice-Chairman, Councillor Cox and Support Officer Mandy Pattinson, attended the National Conference for Police, Fire and Crime Panels hosted by Warwick University on 9 November 2023.

Councillor Cox attended in person and Councillor Peters and Mandy Pattinson attended online. This was the 12th National Conference organised by Frontline Consulting. Representatives of most Panels in England and Wales attend this event as it is recognised as a valuable opportunity to update on the national picture for Panels.

2. National Conference – 9 November 2023.

The event had a number of keynote speakers and a question and answer session during the morning and a selection of themed workshops during the afternoon.

2.1 Keynote Speech's from:

- **Joy Allen**, Durham Police and Crime Commissioner
- **Jonathan Evison**, Humberside Police and Crime Commissioner
- **Roger Hirst**, Essex Police Fire and Crime Commissioner
- **Ann Reeder**, Ex Director and Founder of Frontline Consulting (Chair)
- **Danny Shaw**, Crime, Justice, Policing and Immigration

2.2 Question and answer session:

1. Know do you build a good relationship between the Panel and Commissioner:

- Respect
- Communication
- Publicity- the panel is working on behalf of the public
- What does the Panel want from reports ? They need to be specific/clear about requirements; need to be transparent; no need to rewrite reports if the information is already available as its been to another body - ask for papers which have

already been written, therefore scrutinizing the information the decision was based on.

- Have a Work programme so the Commissioners know what is coming and timing.
2. How do panels add value?
 - Public may be unaware of the panel and right to ask questions.
 - Summary included in reports
 - Website to access documents
 - Raise profile of the panel
 - Critical and positive challenge
 - Scrutiny of delivery of the plan
 - Nonpolitical works best
 - Site visits add value for panel development e.g. control room
 3. What do Panels do less well?
 - Stray into operational matters which takes up time.
 - Parochial items should be dealt with outside meetings
 - Consistency – members can change every year
 4. Issues for some Panels
 - PCC office – can hold back on information/gatekeeping. If so contact Commissioner directly
 - Some areas are not coterminous – courses issues/cross over
 - Combined authorities and devolution – confusing for the public
 - Deputy's should be elected at the same time by the public?
 - Future – funding formular

2.3 Afternoon Workshops

Session 1 Public Confidence in Policing

Facilitator: Jonathan Evison, Humberside Police and Crime Commissioner

Points of interest:

- Some panels had set up Working Group looking into a) Public Confidence b) Public Perceptions c) Managing Expectations
- PFCC Elections: Collaboration and Change: Make it Work and What next?
- Share Good Practice
- Chief Constable or Deputies and Chief Fire Officers or Deputies may attend panel meetings; however, questions must be through the Commissioner.

- Use of social media of panels activities (not universally agreed as potentially problematic)
- Some Panels had 4 independents with 4-year terms. Appointments to be made at different times to avoid new independents all at once.
- Training is essential.

Session 2 Measuring Success

Facilitator: Dave Burn, Director Frontline Consulting

How do the Panel know if they are delivering on outcomes?

- Consider/cover all statutory requirements
- Task group recommendations – monitor implementation of recommendations
- How do you measure VFM
- How much engagement do members have with public to enable challenge
- How do Members evaluate spending on activities
- Home office funding being spent
- Success of meetings – do all the members turn up? Therefore value the meetings and role of the panel
- Annual reports? What happens to them?
- Make recommendations after debates (if it needs one)

Session 3 Preparing for Change

Wayne Chandai, Frontline Consulting Associate

How can Panels prepare? Why is it important?

- Need to be able to react
- Consistence is a challenge-both panel membership and Commissioner
- Takes a while to understand the role even with training.
- Some local authorities have gone back to their districts/boroughs and asked them to reappoint the same member to ensure continuity.
- Work programme, confirmation hearings, diary dates
- Some panel buddy new members – car share etc.

Attending the Conference: Councillors B Peter, Councillor R Cox and Mandy Pattinson

STAFFORDSHIRE POLICE, FIRE AND CRIME PANEL

5 February 2024

WORK PROGRAMME PLANNING 2023-24

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.

Panel Meeting date	Agenda Items
2023/24	Work Programme
3 July 2023 10am (moved from 26/06/23)	<ul style="list-style-type: none"> • Appointment of Chairman • Appointment of Vice-Chairman • Public Questions • Decisions taken by the Commissioner 9P&C 005-007 and F&R 001) • Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner • Home Officer Grant 2022/23 • Consideration of the Commissioners Annual Report 2023/24
3 July 2023 12.30pm	<ul style="list-style-type: none"> • Confirmation Hearing – Section 151 (Chief Finance Officer)
25 August not a public meeting	Training event on the role of the panel

4 October – not a public meeting	Meet the commissioner – Police HQ
10 October 2023 2.30pm (moved from 25 September 2023)	<ul style="list-style-type: none"> • Public Questions • Police and Crime Plan / Fire and Rescue Plan Update
13 November 2023 10am	<ul style="list-style-type: none"> • Public Questions • MTFS/Budget Update – Policing Service • MTFS/Budget Update - Fire and Rescue Service • Fire and Rescue Annual Assurance Statement
5 February 2024 2.30pm	<ul style="list-style-type: none"> • Appointment of co-optee member moved to 12/02/24 • Annual Conference for PFCP's - report • PFCC's proposed Police Budget and Precept 2024/25 • Police Misconduct and Complaint Regulations 2020 – annual report moved to 12/02/24
12 February 2024 10am	<ul style="list-style-type: none"> • Consideration of the PFCCs proposed Fire and Rescue Budget and Precept 2024/5 • Fire and Rescue Service Safety Plan 2020-2024 Update Report • Police Misconduct and Complaint Regulations 2020 – annual report • Appointment of co-optee member
19 February 2024 10am	<ul style="list-style-type: none"> • If required, further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2023/24
22 April 2024 10am	<ul style="list-style-type: none"> • TBC – suggested that this is cancelled due to purdah
Items to be scheduled if/when appropriate.	

2024/25	Draft Work Programme
24 June 2024 10am	<ul style="list-style-type: none"> • Appointment of Chairman • Appointment of Vice-Chairman • Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner • Home Officer Grant 2023/24 • Consideration of the Commissioners Annual Report 2023/24 • Fire Misconduct and Complaints – annual report
August - not a public meeting	Annual event – Informal meeting with the commissioner/new members – Police HQ

23 September 2024 10am	<ul style="list-style-type: none"> • Police and Crime Plan / Fire and Rescue Plan Update
18 November 2024 10am	<ul style="list-style-type: none"> • MTFS/Budget Update – Policing Service • MTFS/Budget Update - Fire and Rescue Service • Fire and Rescue Annual Assurance Statement
10 February 2025 10am	<ul style="list-style-type: none"> • PFCC’s proposed Police Budget and Precept 2025/26 • Police Misconduct and Complaint Regulations 2020 – annual report • Annual Conference for PFCP’s - report
17 February 2025 10am	<ul style="list-style-type: none"> • Consideration of the PFCCs proposed Fire and Rescue Budget and Precept 2025/26 • Fire and Rescue Service Safety Plan - Update Report
25 February 2025 2pm	<ul style="list-style-type: none"> • If required, further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2025/26
14 April 2025 10am	<ul style="list-style-type: none"> • Business TBC

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