Staffordshire Commissioner Fire and Rescue Authority

Auditor's Annual Report

Year ended 31 March 2025

November 2025

Contents

Headlines from our audit

Headlines from our audit

Purpose of this report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our audit of the Authority for 2024/25. This report has been prepared in line with the requirements set out in the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Authority alongside the annual report and accounts.

Our responsibilities

Financial statements

We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Authority and of its income and expenditure for the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code').

As at the date of writing we are awaiting receipt of the pension fund auditor's assurance letter to enable us to finalise our work over the Authority's net pension liabilities. Subject to receipt of this letter, we anticipate issuing an unqualified audit opinion on the Authority's financial statements. This means that we consider the financial statements give a true and fair view of the financial performance and position of the Authority.

Narrative report and Annual Governance Statement

We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Authority.

We did not identify any significant inconsistencies between the information presented in the Narrative Report and Annual Governance Statement and our knowledge of the Authority.

Value for money

We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report.

We are required to report if we have identified any significant weaknesses as a result of this work.

We have not identified any significant weaknesses in the arrangements for securing at economy, efficiency and effectiveness in the use of resources at the Authority. Further detail is provided in this report.

Headlines from our audit

Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Statutory recommendations

We may make written recommendations to the Authority under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.

We have not made any statutory recommendations this year.

Advisory notice

We may issue an advisory notice if we believe that the Authority, or an officer of the Authority, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.
If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year.

Judicial review

We may make an application for judicial review of a decision of the Authority, or of a failure to act by the Authority, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review this year.

Application to the court

We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.

We have not applied to the courts this year.

Headlines from our audit

Findings and recommendations

Findings from our financial statements audit

Detailed findings from our audit of the financial statements, including our consideration of significant risks, are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2025
- audit findings (ISA 260) report to Those Charged with Governance

Our audit findings report was reported to the Authority's Joint Audit and Risk Committee on 25 September 2025

Requests for our audit findings (ISA260) report should be directed to the Authority.

Recommendations arising from our financial statements audit

Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the audit findings (ISA 260) report.

None of the recommendations we made reflected significant weaknesses in the Authority's arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources and, as such, are not considered key recommendations.

Key recommendations arising from our value for money work

We provide a summary of our findings in respect of value for money in the commentary in this report.

Where we identify significant weaknesses as part of our review of the Authority's arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Authority.

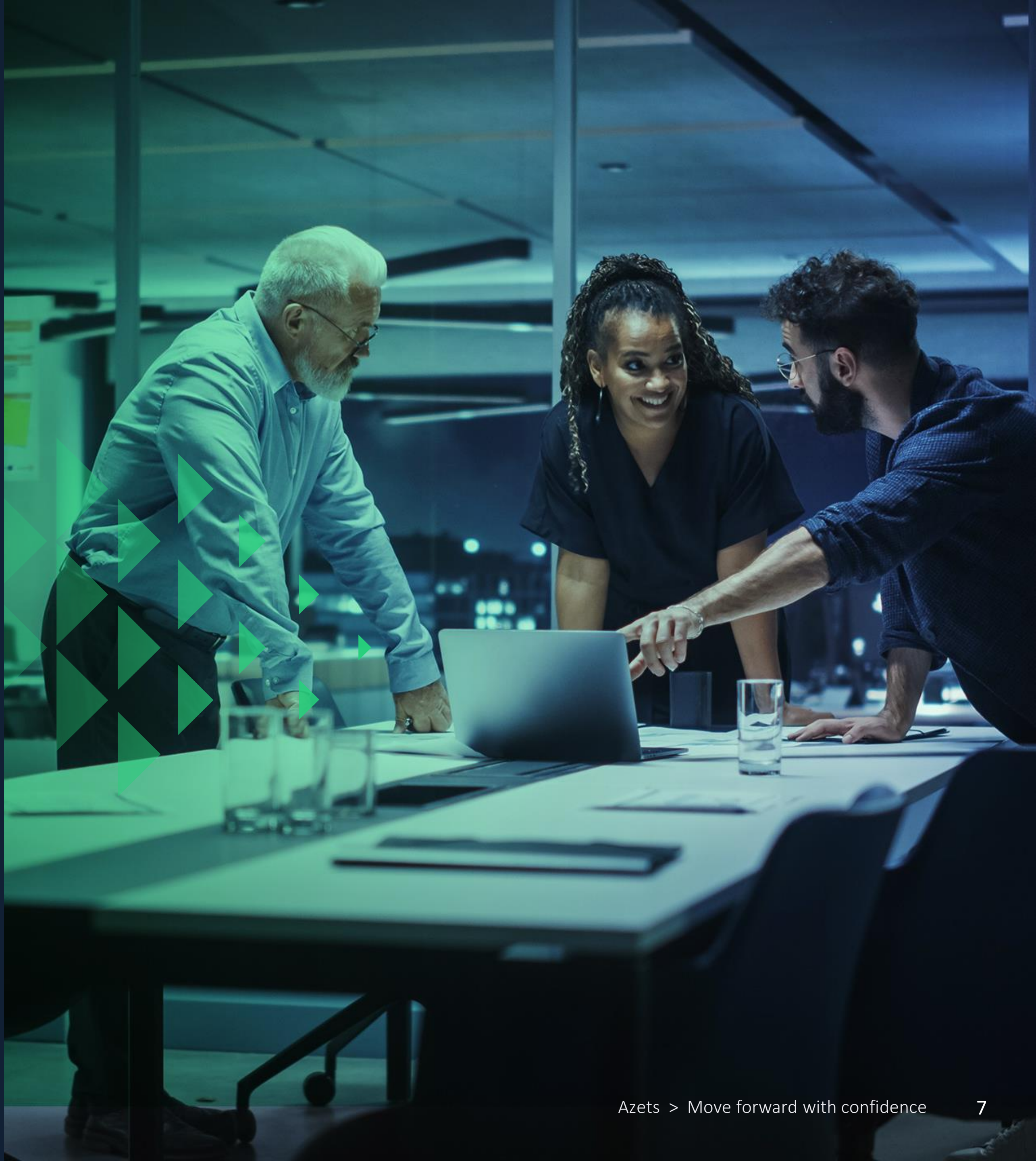
We have not made any key recommendations this year.

Other recommendations arising from our value for money work

We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses

We have not made any other recommendations this year.

Value for money



Value for money

We are required to consider whether the Authority has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 (‘AGN 03’).

We have completed our value for money work. Our detailed findings are reported in the following commentary in this report.

We have not identified any significant weaknesses in the Authority’s arrangements and so are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	No
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	No	No
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	No

Value for money

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Authority has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Authority and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Authority to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Authority in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- *Meeting with management and regular meetings with senior officers*
- *Interviews as appropriate with other executive officers and management*
- *Review of Authority and committee reports and attendance at audit committee meetings*
- *Reviewing reports from third parties*
- *Considering the findings from our audit work on the financial statements*
- *Review of the Authority's Annual Governance Statement and Narrative Report and other publications*
- *Considering the work of internal audit and the counter fraud function*
- *Consideration of other sources of external evidence.*

Value for money

Overview

Staffordshire Commissioner Fire and Rescue Authority (the Authority) is a Fire and Rescue Authority in Staffordshire and Stoke on Trent. The Service operates through three main service delivery areas covering the county and has thirty-three fire stations, a headquarters site based in Stone and a separate Joint Emergency Transport and Engineering facility that is shared with Staffordshire Police. The Authority retains circa 600 firefighters, with 366 of these being retained on-call. The Service also has 206 support staff. The Authority serves a population of circa 1.1m people across ten district councils, Stoke-on-Trent City Council and Staffordshire County Council, serving an area which is 2,713 square kilometres in size. The area covered is diverse in terms of its geography and its cultures. It is made up of the cities of Stoke-on-Trent and Lichfield and the major towns of Stafford, Burton upon Trent, Cannock, Newcastle-under-Lyme, Tamworth and Leek.

The Fire Authority's Community Risk Management Plan (CRMP) 2025-28 is a four-year plan that sets out the Authority's priorities and approach to ensuring local communities are protected. It outlines the key challenges and risks facing their communities and the strategies to address and reduce these risks over the coming years.

The Staffordshire Police, Fire, and Crime Commissioner (The Commissioner) became responsible for the governance of Staffordshire Fire and Rescue service, in addition to the existing role overseeing Staffordshire Police, from 1 August 2018. The Commissioner is responsible for delivering the strategic vision and holding the Chief Fire Officer to account in delivering that vision. The Commissioner has oversight and applies scrutiny and in turn the Police, Fire and Crime Panel reviews and scrutinises publicly his decisions – an important check and balance in the system.

The Authority provides response to emergencies, such as fires, road traffic collisions and other rescue situations, while also focusing on preventing incidents through community education and safety checks. This involves large investments in workforce to ensure a prompt response to calls. Between 2010 and 2013 the service made a major capital investment using Private Finance Initiative for the building and refurbishment of fire stations. The Authority faces, over the medium term, growing financial challenge and increasing uncertainty over its longer-term income predictions, particularly in respect of Revenue Support Grant and local taxation.

The Authority is well run, enthusiastic about its focus on its communities and committed to the achievement of its objectives. It faces, over the medium term, significant financial challenge and increasing uncertainty over its longer-term income predictions, particularly in respect of business rates. Like all Authorities and the wider local government sector, Staffordshire Fire and Rescue Authority continues to face significant challenges. The sector faces high levels of uncertainty over future levels of government funding and, for a number of years, has had to plan on the basis of single-year settlements. This makes it harder to produce comprehensive multi-year plans as part of medium-term financial planning. The government has signalled an intention to return to multi-year settlements in the future and announced a national overhaul of local government, reorganizing multi-tier council areas into a series of unitary authorities with devolved powers at a regional, mayoral level. The changes proposed would impact the Authority through changes in the partners it works with and could impact the governance and oversight arrangements currently in place over the Authority through the Commissioner.

Value for money

High inflation over recent years has increased cost pressures on all Authorities' revenue and capital expenditure. In September 2025, national inflation remains at 3.8%, bringing reduced certainty about what the future may hold, economically. High interest rates have provided the Authority with fortuitously higher than expected interest income on cash balances, but the combination of higher inflation and higher interest rates impacts local communities, including the community the Authority serves in Staffordshire and Stoke on Trent. This can lead to increases in demand for Authority services and impact on Authority income in areas such as precept income for council tax and business rates.

Staffordshire Commissioner Fire and Rescue Authority has arrangements in place to mitigate the macro-risks posed by the national context and, at present, a reasonable level of general fund reserves. However, these could be significantly depleted over the next few years if macro-economic conditions are unfavourable and the uncertainty inherent in the Authority's cost and income assumptions do not crystallise in the Authority's favour. More than 60% of the funding for the Authority is derived from local taxes collected by the nine billing authorities, with almost 30% coming from government grants and only 10% being derived by Authority generated income streams. However, the Authority has good arrangements in place, led by a capable and informed management team, which comprehensively understands the financial challenges faced and the arrangements needed for mitigation.

Value for money: financial sustainability

This relates to how the Authority plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- *how the Authority identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;*
- *how the Authority plans to bridge its funding gaps and identifies achievable savings;*
- *how the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;*
- *how the Authority ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and*
- *how the Authority identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.*

Annual Budget Performance

The Annual Budget was approved by the Staffordshire Commissioner on 14 February 2024. The budget estimates the net revenue budget requirement for 2024/25, the proposed precept for the fire element of the council tax for 2024/25, the proposed Medium Term Financial Strategy (MTFS) and the outline capital budget for 2024/25 to 2026/27. The projections have been prepared in conjunction with the Treasury Management Strategy, Capital Strategy, Capital Programme Report and the Reserves Strategy Report.

The total net revenue budget requirement for 2024/25 was projected to be £50.1 million, which includes a council tax requirement of £32.1 million and a total of £17.9 million in grant funding. This funding comprises an estimated Revenue Support Grant of £7.5 million, Local Business Rates funding of £3.9 million and a Government Top-Up of £6.5 million. The projection is based on a 2.99% increase in the fire element of the council tax bill, equivalent to £2.50 per annum, raising the council tax for the Fire Authority to £86.77 for a Band D property.

The capital budget was estimated at £5.7 million, comprising £1.0 million for Information Technology, £1.8 million for building and infrastructure works, £2.1 million for appliance and vehicles and £0.9 million for operational equipment.

The budget has been monitored throughout the year by the Finance Panel, a subgroup of the Ethics, Transparency and Audit Panel (ETAP), while the main group continued to review budget monitoring reports quarterly. The budget is also considered by the Strategic Governance Board on a quarterly basis. A monthly Finance Report is issued to members of the Service Delivery Board (SDB) and all budget holders. Additionally, the Finance System (Integra) issues automated monthly reports to budget holders. Any unexpected variances are reviewed in detail to determine the underlying causes.

The outturn results for the year are communicated in the Narrative Statement from the Director of Finance. The report highlighted several favourable variances, with operating costs achieving nearly £1.0 million in savings and income receipts exceeding expectations. The Authority benefited from lower-than-expected energy costs across several services. The year-end position also included a £0.5 million receipt following the resolution of the Airwave legal case against Motorola. Interest receivable closed at £1.1 million for the year—£0.6 million above budget—due to a higher cash balance resulting from additional pension grant funding. Consequently, the cash balance at year-end was £19.9 million, £8.9 million higher than originally budgeted. Interest receivable rates are forecast to reduce to 4.0% during 2025/26, and the Bank of England reduced the headline rate to 4.5% in March 2025.

Value for money: financial sustainability

The capital budget was revised during the year to a forecast level of £4.4 million, representing a reduction of £1.3 million from the original budget of £5.1 million. The actual capital project costs incurred were £4.0 million, which is £0.4 million below the forecasted figure at year-end. Actual capital spending included refurbishment work at Stafford Fire Station and the training facilities at Fire HQ. A total of £1.0 million was spent on operational equipment, including £0.4 million invested in hydraulic cutting equipment for all appliances. The final spend on breathing apparatus equipment totalled £1.0 million over the last two years.

Two new Enhanced Rescue Pumps became operational in 2024/25, providing additional response capability at Longton and Stafford stations, with an investment of £0.8 million. There was only a £0.1 million drawdown from reserves for the capital programme due to some costs being higher than initially estimated.

The revenue budget performance for the year was positive, resulting in a £0.1 million contribution to reserves. There were no drawdowns from earmarked reserves to support the revenue budget.

General fund

As of 31 March 2025, the Authority's General Fund stood at £1.9 million, with no change from the General Fund balance at 31 March 2024, which was also £1.9 million. However, the level of earmarked reserves decreased during the year from £7.1 million to £6.8 million, meaning the overall level of usable General Fund reserves available to the Authority now stands at £8.7 million, compared to £9.0 million a year ago. This represents a reasonable level of reserves; the Authority's net expenditure on services in 2024/25 was £50.1 million, and this level of reserves provides a buffer for unexpected short-term shocks.

While earmarked reserves can be utilised if the Authority decides to change their use, they are designated for specific purposes in anticipation of specific costs. The General Fund balance of £1.9 million as at 31 March 2025, while currently healthy at the Authority's minimum level, is the true reserve for unanticipated cost pressures. The earmarked reserves also include Operational Budget Holder reserves and Budget and MTFS Support reserves. These are available to further support financial resilience and manage risk, over and above the General Fund position.

Medium term financial strategy

The Medium-Term Financial Strategy (MTFS) process begins when the Service initiates its comprehensive budget process by formulating and disseminating a detailed budget timetable. This timetable is presented to various groups, boards, and the Police, Fire and Crime Panel. Subsequently, throughout November and December, budget meetings take place, involving active engagement with budget holders. Senior officers actively participate in these sessions to ensure consistent and appropriate scrutiny and the identification of achievable savings. The process determines the amount of expected drawdown from general reserves. On 14 February 2024, the MTFS was presented to the Police, Fire and Crime Panel and approved by the Staffordshire Commissioner, along with other projections for the year.

Value for money: financial sustainability

During the year, implementation is monitored through regular financial reports, mid-year reviews and post-project evaluations for major capital projects, supporting cost-effectiveness, financial prudence and responsiveness to changing circumstances. The projections are built on assumptions that are significant to the Authority's financial risk assessment, primarily because the Authority requires substantial funding from the Government and other local authorities to cover the large workforce and operational expenditure.

To ensure that significant financial pressures relevant to the Authority's short- and medium-term plans are incorporated into the financial projections and MTFS estimates, management engages nationally with the NFCC, the Fire Finance Network, and the LGA; and locally with SCFOG (Staffordshire Chief Finance Officer Group) and specific pension forums both nationally and regionally. This enables the Service to address any shortcomings within the projections and maintain a prudent financial outlook.

The Authority's MTFS considers not only the net revenue budget requirement for 2024/25 but also the Capital Strategy and Capital Programme, the Treasury Management Strategy and the Reserves Strategy. Together, these determine the level of MTFS reserves, including planned drawdowns. It also takes into account internal and external financial drivers to set a realistic financial plan. Internal decisions are those within the Authority's control, such as falls response and home-from-hospital services. Management ensures these services continue to provide value for money for the Authority and its partners. External factors include Settlement Funding, where management applies provisional and final settlement announcements when preparing the MTFS. In areas where funding remains uncertain, a prudent approach is adopted.

On 24 January 2024, the Secretary of State confirmed additional funding within the final Local Government Settlement for 2024/25. This included £500 million of additional funding for social care, £15 million for the Rural Services Delivery Grant and an increase in the funding guarantee from 3% to 4%. The additional funding announced specifically for Fire Services totalled £111 million, of which £21.2 million was allocated to stand-alone Fire and Rescue Authorities (FRAs), including £1.1 million (5%) for Staffordshire. This was incorporated into the financial plan for the approved budget and MTFS in February 2024.

The MTFS covers the current year (2024/25) and the following four years up to 2028/29. The Authority's budget accounts for incremental pay cost increases, with a 5% increase assumed for the current year. This was a cautious assumption, as the actual increase during 2024/25 was 4%. Pay increases were influenced by the high inflation rate in the previous year. At the time the budget was created and approved (February 2024) inflation was estimated at 4%, but as of September 2023, the actual rate was 6.7%. Management therefore applied an average estimate, reflecting a prudent approach. Setting the assumption at 5% also allowed for potential fluctuations, even though there was evidence that inflation was beginning to decline.

The 2025/26 budget was approved and remains consistent with the MTFS from 2024/25, with a slight increase of £75,000 in the revenue budget estimate. A summary of the MTFS can be found on the next page.

Value for money: financial sustainability

	2024/25 000	2025/26	2026/27	2027/28	2028/29
Pay	34,253	35,039	35,575	36,118	36,670
Non-Pay	15,525	16,029	16,411	16,803	17,206
Other Income	(6,769)	(6,481)	(6,306)	(6,256)	(6,306)
Capital charges	7,176	7,763	7,726	8,287	8,931
Use of Reserves	(123)	(429)	52	90	175
Total Revenue	**50,065**	**51,921**	**53,458**	**55,041**	**56,676**
Finance by					
Council Tax	**32,148**	**33,518**	**34,686**	**35,894**	**37,146**
Settlement Funding	**17,917**	**18,403**	**18,771**	**19,147**	**19,530**

SOURCE: Fire Revenue Budget Report (incl. MTFS and Precept) 2025/26-2029/30

The Authority considers possible financial pressures early, rather than waiting until conditions worsen. Similar to non-pay costs, management uses known data to estimate increases or declines. Interest on investments is expected to decline over the MTFS period, which is a prudent assumption given the observed reduction in returns from gilts.

Council Tax is expected to increase by 2.99% for 2024/25 and 2025/26, before declining to 1.99% for the remaining MTFS period. The 2.99% increase reflects the baseline limit announced in the Provisional Local Government Finance Settlement for the current and following year.

Value for money: financial sustainability

Management expects to maintain the same baseline general reserve of £1.9 million, consistent with previous years' actual levels. Earmarked reserves are expected to reduce due to operational budget support and capital drawdowns; however, they are estimated to remain at a minimum of £5.0 million by 2028/29. This would result in total usable reserves of approximately £6.9 million.

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

A risk assessment for general reserves was undertaken as part of the budget-setting process for 2024/25. The overall provision of £1.9 million has remained unchanged for a number of years and represents 3.8% of the revenue budget set for the year. This amount is set aside to cover any unforeseen financial pressures beyond the authority's control, such as flooding, ill health, and risks associated with strategic partnerships. From financial analysis benchmarks, we noted that the Minimum Revenue Provision is above the benchmark of 3%.

	2022/23 Actual £m	2023/24 Est. £m	2024/25 Est. £m	2025/26 Est. £m	2026/27 Est. £m	2027/28 Est. £m	2028/29 Est. £m
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Earmarked Reserves							
PFI Reserve (Project Reserve Deductions)	0.6	0.7	0.7	0.2	0.2	0.2	0.2
Reserve - Brewood Refurbishment	0.5	0.5					
Operational Budget Holder Reserves	0.5	0.7	0.9	0.8	0.6	0.4	0.2
Insurance Reserve	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Budget and MTFS Support Reserve	0.9	1.0	0.8	0.4	0.4	0.5	0.7
Capital Reserves	0.8	0.3	0.3	0.3	0.3		
Pension Reserve	1.8	1.5	1.5	1.5	1.5	1.5	1.5
Collaboration Reserve	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Future Funding and Investment Reserve	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total Earmarked Reserve	**7.5**	**7.1**	**6.6**	**5.6**	**5.4**	**5.0**	**5.0**
Total Reserves Available (Useable)	**9.4**	**9.0**	**8.5**	**7.5**	**7.3**	**6.9**	**6.9**
Percentage of Revenue Budget							
General Reserve	4.5%	4.0%	3.8%	3.7%	3.6%	3.5%	3.4%
Earmarked Reserve	17.7%	14.7%	13.2%	10.7%	10.1%	9.1%	8.8%
Total	**22.1%**	**18.7%**	**17.0%**	**14.4%**	**13.7%**	**12.6%**	**12.2%**

The Authority's assumptions in its financial strategy are reasonable, but there is risk attached to them. The strategy assumes pay increases of 3% in 2025/26 and 2% per annum thereafter. It also assumes general inflationary increases of 4% in 2025/26 and 3% thereafter. As of February 2024, inflation was 4% but had only reduced to 3.8% by September 2025 and appears resistant to further downward movement. Higher inflation will put increased pressure on pay budgets, which may offset the anticipated falls in pay inflation hoped for from 2025/26 onwards

The risk remains that the anticipated reduction in inflationary pressures in later years may fail to materialise. Higher inflation would put increased pressure on pay budgets, potentially offsetting the anticipated reductions in pay inflation expected from 2025/26 onwards. Notwithstanding this, and in anticipation of future pressures in these and other areas, the Authority has built some contingency into its earmarked reserves. For example, the Budget Holder Reserve, Collaboration Reserves, and Future Funding Reserves were created to protect the General Fund from higher-than-anticipated costs. At 31 March 2025, these reserves stood at £3.1 million and, for 2025/26, the balance is £2.3 million. The reduction reflects the decline in the level of risk associated with budget pressures.

While there remains some uncertainty regarding future settlement funding, increased pay awards, and the costs of firefighters' pensions, estimates have been included within the MTFS, and appropriate provision has been made within earmarked reserves. This is supported by the 2023/24 outturn, where there were no significant drawdowns from reserves to support the budget estimates, and further confirmed by the actual results in 2024/25, which also required no significant drawdowns from reserves.

Value for money: financial sustainability

Transformation savings and plans

The Service has a Transformation Board, with outputs recorded in a transformation tracker. The Board was established in February 2022 and includes representatives from various areas of the Service. Its purpose is to identify opportunities to transform the organisation and ensure its ongoing financial sustainability. The Board meets regularly to monitor and evaluate progress through an action plan and provides recommendations through the appropriate governance channels.

Several scenario plans have been developed since 2022/23. The 2024/25 Productivity and Efficiency Plan shows that the Authority achieved savings of at least 2.5% in 2022/23 (0.5% above the national target), 3.5% in 2023/24, and 2.8% in 2024/25. The ongoing delivery of the transformation programme achieved recurring savings of around £1.3 million, all of which have been incorporated into the updated MTFS.

The Board's transformation programme has two phases. Phase one was targeted for delivery between 2022 and 2025, and phase two began in 2025 and will run until 2029. The focus of these phases is to find efficient ways of delivering the service without compromising the safety of firefighters and communities it serves. This involves workforce efficiencies, including savings from reducing wholetime crewing figures and reviews of prevention and protection staff; process improvements around operational crewing and training; and strategic project completions, which have included investments in the on-call service and procurement of new innovative appliances.

During 2024/25 the Transformation Board entered its next phase, focusing on identifying further opportunities to improve productivity and drive efficiency. This phase involves consulting with external companies to identify areas where savings can be realised without impacting service delivery. This includes a review to ensure that risk and demand are fully considered and proportionate when assessing existing station locations and current shift patterns.

The new savings target is £1.0 million recurring by the end of 2028/29. This target aligns with the ongoing commitments in the MTFS. Declared savings to date for 2025/26 total £0.5 million, made up of the removal of a project manager role, the re-alignment of a fire engineer role, a restructure of business administration, the closure of the community sprinkler project, MRP savings from the year-end position, lower unitary charge as a results of lower real price index and additional income from water rebates.

As of September 2025, some savings remain to be delivered; however, the £1.0 million target is planned to be achieved incrementally by 2028/29, with only £0.4 million expected in 2025/26. Early delivery of any additional savings will accelerate progress toward this goal.

Minimum Revenue Provision

The Authority is required each year to set a Minimum Revenue Provision (MRP). The MRP refers to the amount charged to the revenue budget for the repayment of debt, based on the underlying need to borrow rather than the actual debt held. This underlying debt is necessary to finance the capital expenditure programme.

Value for money: financial sustainability

Capital expenditure generally relates to assets with a life expectancy of more than one year, such as buildings, vehicles, and equipment. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset, or a similar proxy, allowing borrowing to be matched to asset life. Setting aside funds for debt repayment in this way enables future borrowing to finance asset replacement without incurring additional cost. The method of spreading these costs is through an annual Minimum Revenue Provision, and it is therefore important that the MRP is sufficiently prudent to mitigate long-term financial sustainability risks. A prudent MRP policy ensures that the Authority sets aside adequate resources to repay borrowing over time, thereby reducing future financial pressure.

Following consultation, MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy but to clearly set out in legislation the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP, that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.

The Authority has a statutory duty under the Local Government Act 2003 to ensure its MRP is prudent. Indicators of prudence can be assessed by comparing the MRP to the Council's Capital Financing Requirement (CFR) and total borrowings and comparing the total borrowings to the CFR. An MRP level below 2% of the CFR and 3% of total borrowings may indicate increased financial risk. Where total borrowings exceed the CFR, this also indicates reduced financial headroom.

From our review, we noted that the MRP as a percentage of borrowings is 6.1%, and the MRP as a percentage of the Capital Financing Requirement (CFR) is 5.3%. This indicates robust financial resilience for the Authority. Total borrowings represent 76% of the CFR. This is relatively high, but the risk this poses is mitigated by the prudence evident in the MRP set aside each year. The prudential level ensures that the Service is setting aside sufficient annual funding to meet its capital financing requirements. The Service has two PFI arrangements, which require monthly repayments, and by developing a prudent MRP Policy, the Service ensures that the available budget adequately covers the repayment of these PFI arrangements.

Summary

We have not identified any significant weaknesses in the in the arrangements in place to support financial sustainability. The Authority continues to demonstrate a sustainable financial outlook, supported by robust planning that is not heavily reliant on reserves to balance the budget. Settlement funding has created a lot of uncertainty between short- and medium-term financial outlook for all the local government organisation; however, management is monitoring the budget closely including any announcement by government. Currently planning and budgeting over recent years has contained additional levels of risk and uncertainty due to the lack of multiyear settlements.

The Authority has a good understanding of its financial position and the risks inherent in the forward-looking MTFS. It has a capable, experienced and informed management team who demonstrate a good understanding of the current position and future financial challenge. Arrangements in respect of financial planning, budget setting and control are in place and operating effectively.

Value for money: governance

This relates to the arrangements in place for overseeing the Authority's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

- *how the Authority monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;*
- *how the Authority approaches and carries out its annual budget setting process;*
- *how the Authority ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;*
- *how the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and*
- *how the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) and for example where it procures or commissions services.*

Risk Management Framework

The Authority has a Risk Management Framework in place. This framework documents procedures for identifying, recording, escalating, and reporting risks within the Authority. Risks are recorded in project departments, directorates, and the strategic risk register. The Service monitors and assesses risk through a structured governance process supported by its Risk Management Framework.

The strategic risk register is formally reviewed on a quarterly basis and presented to the Strategic Delivery Board (SDB), the Strategic Governance Board (SGB) - which is chaired by the Commissioner - and the Joint Audit and Risk Committee (JARC), previously known as the Ethics, Transparency and Audit Panel (ETAP). The Risk Management Framework was last updated in 2022 and, as of September 2025, has been refreshed to cover 2025 to 2028. The update was tabled for approval at the September 2025 JARC meeting. The Committee also reviewed the risk register and identified no areas of significant concern.

JARC is delegated responsibility for overseeing risk management and obtaining assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. It performs the role of an Audit Committee. The Committee gains assurance over the controls established by the Authority by commissioning Internal Auditors to undertake risk-based audits in accordance with the approved annual Internal Audit Plan.

The Authority engages independent internal auditors to review key risk areas and test the effectiveness of mitigation measures. An annual Internal Audit Plan is developed in consultation with the risk register, Service management, the SGB, and JARC, and is approved by JARC before the start of each financial year. All internal audit reports and recommendations are presented to JARC throughout the year, with implementation progress tracked until completion. All areas planned in the Internal Audit Plan have been executed and reported.

As part of the external auditor's risk assessment a review of the internal audit reports is performed, including inquiry and discussion where necessary with Internal Auditors. The work performed did not identify concerns regarding the Authority's arrangements to secure economy, efficiency, and effectiveness in its use of resources.

Value for money: governance

At year-end, the Head of Internal Audit produces an Annual Internal Audit Report. The 2024 - 25 annual report confirmed that the Service has an adequate and effective framework for risk management, governance and internal control. However, the internal audit work identified further enhancements to the framework of risk management, governance, and internal control to ensure that it remains adequate and effective. None of the matters raised indicated the presence of significant weaknesses.

The Authority further strengthens its assurance through participation in the National Fraud Initiative every two years, thematic reviews undertaken by HMICFRS and a suite of governance policies, including the Whistleblowing Policy, Money Laundering Policy, Counter Fraud and Corruption Policy, and Gifts and Hospitality Policy. Additionally, the Service promotes the use of “Say So,” an anonymous reporting tool that enables staff to raise concerns confidentially, helping to detect and prevent fraud and other unethical behaviour.

Annual Budget Setting Approach and Control

The Risk Management Framework emphasizes the importance of establishing a strong budget. The framework clearly states that it applies to staff involved in setting objectives, formulating service delivery plans, budget setting, estate management, project management, and partnership management. Budget setting is one of the key areas to ensure the Service remains financially sustainable.

Management initiates the budget process by formulating and disseminating a detailed budget timetable. This timetable is presented to various groups, boards, and the Police, Fire & Crime Panel. Throughout November and December, budget meetings take place, involving active engagement with budget holders. Senior officers actively participate in these sessions to ensure consistent and appropriate scrutiny. The budget process for 2024/25 employed a zero-based approach and included thorough consultations with budget holders and representative bodies, consistent with previous years. Budget holders are required to attend budget challenge sessions, where proposals are reviewed, efficiencies are identified, and solutions for current-year cost pressures are sought. Major budget challenge meetings involve the participation of principal officers and finance representatives to maintain a high level of scrutiny. As part of this process, budget holders are tasked with developing Financial Business Continuity Plans to continually enhance their financial acumen.

Key milestones in the budget process include the commencement of budget preparation in October, followed by a six-week budget holder consultation. Important dates include Capital Review Group meetings in late November and early December, and the availability of the draft pay and non-pay budget for review from November to December. Further activities include budget consultations and presentations to the Strategic Governance Board and Service Management Board from December to January.

The Finance Panel meeting is scheduled for January each year, and the Business Rates Budget is finalized on the same date. In the ETAP/JARC meeting held in February 2025, the Chair expressed strong approval of the robustness of the arrangements and provided positive feedback, supported by ETAP members. The Police, Fire and Crime Panel (PFCP) addresses precept setting and the budget in February, with precept notices issued after Commissioner approval. The proposed budget is then formally presented at the PFCP in February. The same process was followed for the 2025-26 budget.

Budget monitoring is live on the finance system. On a monthly basis, once the management accounts are complete, all budget managers receive an interactive budget report linked to the system. Budget managers can view their budget at any time, as the system is live, and can drill down to individual transactions and scanned documents.

Value for money: governance

A budget holder support meeting schedule is set up for the year so that all managers receive regular support. Finance Officers are available to give advice and support between the pre-arranged support meetings. The quarterly finance report is scrutinised by the Commissioner at the Strategic Governance Board (a standard agenda item) and by the Finance Panel, which reports through to ETAP/JARC.

Management has a sound and transparent budget process, with a timetable accommodating other sources of funding, i.e the precept consultation season with local authorities and the Local Government Finance Settlement from central government. The monitoring process further gives a sense of responsibility from top management to lower management levels. Regular meetings are held, ensuring transparency and enabling the identification of early warnings on spending and settlements. This allows the service to act effectively and adjust the budget where required.

Compliance with laws and Regulation including internal Policies

As evident from the risk management process and budget process, including the monitoring process, management has a well-established framework for corporate governance. Decisions are made in line with the Scheme of Delegation and appropriate Terms of Reference. Responsibilities are defined through the Staffordshire Commissioners Office structure of authority and delegations. All committees ultimately report to the Strategic Governance Board (SGB), chaired by the Staffordshire Commissioner.

The Service's Monitoring Officer, employed within the Police, Fire and Crime Commissioner's (PFCC) office and a member of the Strategic Governance Board, provides oversight to ensure decisions and conduct remain within legal and ethical boundaries. External legal experts are also consulted when specialist or technical advice is required, including employment law matters. Corporate governance processes are well established, with all decisions made in line with the Scheme of Delegation and supported by clear Terms of Reference for all committees and boards. Any decisions exceeding £1m, or those of significant public interest, must be made via a formal PFCC Decision Notice and approved by the Staffordshire Commissioner. All such decisions are published to ensure transparency and accountability. Collectively, these arrangements ensure compliance with statutory obligations, uphold high standards of conduct, and safeguard the integrity of the Service's decision-making processes.

The Authority has a Corporate Governance Framework, which incorporates Financial Regulations, Contract Standing Orders, and a recently established Capital Framework. The framework ensures that all activities comply with legislative and regulatory requirements and that officer and member behaviour meets the expected standards of integrity and transparency. A Gifts and Hospitality Policy is regularly communicated to staff, particularly during key periods such as Christmas, to remind employees of their obligations. A gift register is maintained and review throughout the year. The register is also presented as an agenda item to taken ETAP/JARC. It detail the git accepted and those rejected including reasons for rejection. During 2025/26 management has moved the gift register to a digital form and is created to be more use friendly. Declarations of interest are a standing item on public meeting agendas and must be made at the start of each meeting to manage any potential conflicts transparently. Procurement activity is subject to rigorous controls, with the shared commercial services department overseeing all purchases above £10,000 to ensure compliance with procurement regulations.

The strength of the Authority controls and process is also supported by the Information Technology environment systems is strictly defined according to role. Password access is controlled according to best practice. There are also standard policies in place for performance management including regular training requirements to ensure compliance with law and regulation including United Kingdom General Data Protection Regulation.

Value for money: governance

Local government reorganisation

Local government reorganisation (LGR) plans were announced in December 2024 in a “Devolution White Paper” by Ministry of Housing Communities and Local Government (MHCLG). Whilst it is early days, LGR is gathering pace, with expected organisational change from April 2028. A few scenarios are being exploited by County Council with the rest of other Local Authority. Staffordshire Fire and Rescue indicated they’re engaging whenever required as this has will have impact on the Authority deliverance of service in future.

Summary

We have not identified any significant weaknesses in the Authority’s arrangements. The Authority has effective arrangements in place for overseeing the Authority’s performance, identifying risks to the achievement of its objectives, the proper management of its risks and taking key decisions.

Value for money: improving economy, efficiency and effectiveness

This relates to how the Authority seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

- *how financial and performance information has been used to assess performance and identify areas for improvement;*
- *how the Authority evaluates service quality to assess performance and identify areas for improvement;*
- *how the Authority ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives; and*
- *where the Authority commissions or procures services, how it assesses whether it is realising the expected benefits.*

Annual Performance

The Commissioner produced the new Fire and Rescue Plan 2024-28. This incorporates the Fire service's Community Risk Management Plan 2025-28. This plan sets out the priorities and approach to ensuring local communities are protected, focusing on three key areas: people, communities, and the environment. The plan aims to develop a diverse, healthy, and highly professional workforce, reduce risks from fire and other emergencies and build more resilient, healthy and sustainable local communities.

The CRMP sets out high level risks and how services will be delivered. It has been shaped by a consultation that received over 1,500 responses, reflecting the input of the public and their expectations of the fire and rescue service. The plan is available to view on the Staffordshire Fire and Rescue Service website.

The service has performed strongly against its priorities, showing clear progress in improving efficiency, safety, and community engagement. The service enhanced its evidence-based planning with new systems like Fire-Watch and resource planning tools, maintained fast response times and continues to see success with initiatives such as three-firefighter crews and lightweight wildfire gear. Transformation programmes, cultural improvements and compliance with 80% of National Fire Standards demonstrate strong internal governance and accountability. Prevention efforts expanded through targeted Safe and Well checks, education in schools and collaborative work with health and care partners. Protection priorities were advanced through risk-based inspections, engagement with planners on new technologies and completion of Grenfell-related improvements. Overall, the service balanced operational performance, community safety and workforce development while fostering inclusivity, environmental responsibility and collaboration with partners across Staffordshire. Strategic financial decisions are implemented in line with the Fire and Rescue priorities as detailed in service safety plan.

The service has a Strategic Intelligence Department which monitors and administers all data and performance and produces reports and statistics. A detailed quarterly performance report is produced for public performance meetings. The meeting is attendant by the Chief Fire Officer and Staffordshire Commissioner twice a year. Reviewing data is key to ensure that learning can be implemented by each Service Delivery Group. The Authority also monitors Areas for Improvement issued by HMICFRS. The last review performed was reported in September 2024 and we commented on this within our 2023/24 Auditors Annual Report.

Value for money: improving economy, efficiency and effectiveness

Inspectors graded the service as Outstanding at responding to major and multi-agency incidents, highlighting their proactive collaboration with partner organisations to take pre-emptive action to prevent incidents from occurring. The report followed a full inspection during Spring 2024 in which inspectors graded the Authority against 11 areas, the majority of which were graded as good. No area was rated as requires improvement or inadequate, demonstrating the improvement delivered since the previous inspection where 'efficiency in ensuring safety' and 'well-being' were rated as requires improvement. The inspectors confirmed the Authority had made progress since the last report (in 2021/22) and highlighted ten areas where they have seen improvements.

Two areas of promising practice were highlighted: the Authority's work with the Civil Contingencies Unit (CCU) to provide a preventative and a reactive response to multi-agency or major incidents; and the work with the NHS for the Falls Response and Home From Hospital services. These services support vulnerable members of the community and reduce unnecessary use of health services. The report acknowledged the service has also been working to improve its internal culture, with staff reportedly more comfortable challenging and reporting unacceptable behaviour.

HMI was also pleased with the service investing time and energy in shared services, such as the joint emergency transport service estates, Staffordshire Police collaboration and Human Resources, to better support its people. There were a few areas identified by inspectors where further improvements could be made. These included:

- Ensuring all staff understand how to identify vulnerability and safeguard vulnerable people
- Ensuring there is an effective quality assurance process,
- Ensuring all staff understand the benefits of equality, diversity, inclusion and positive action and their role in promoting them
- Putting in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.

The next visit is expected in 2026.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Responding to major incidents	Understanding fire and risk	Preventing fire and risk		
	Responding to fires and emergencies	Public safety through fire regulation		
	Best use of resources	Promoting fairness and diversity		
	Future affordability	Managing performance and developing leaders		
	Promoting values and culture			
	Right people, right skills			

source: HMRC inspection report 2024

Value for money: improving economy, efficiency and effectiveness

From its performance data management analyses incident and response data for all incident types attended by the Service. Performance data from 2024/25 indicates a positive trend, with firefighters attending over 9,124 incidents (2023/24: 8,800 incidents), a 4% increase compared to previous years. There were also decreases in deaths caused by accidental fires, from five in 2023/24 to two in 2024/25. Accidental business fires increased by 20 to 152, but overall trend reviews show a reduction.

The Authority utilises national data in specific areas where it is deemed relevant, for example, to compare costs. It is also important to review inspection reports released by HMICFRS to identify issues arising in other FRAs. Additionally, there is a regional fire finance group that discusses and compares data. The Fire Finance Network has also undertaken a detailed benchmarking exercise.

Partnership

Staffordshire Fire and Rescue continues to collaborates closely with the NHS, particularly through its Falls Response and Home from Hospital teams. The initiatives aim to alleviate pressure on emergency services and support vulnerable individuals. These teams work in conjunction with the NHS and have significantly improved the impact on the lives of those in need in the community. The achievements of the Falls Response Team, which was launched on 7 December 2022, and Home-From-Hospital team, which was formed on 4 December 2023, have been recognised in a number of awards awarded to the Authority.

The Falls Response team attends non-injury fall incidents, providing immediate assistance and conducting safe and well checks. Since its inception, the team has been called out to help more than 1,900 times to assist patients who have fallen and have subsequently carried out safe-and-well checks, significantly improving the response time individuals needing help would otherwise face with effective, cross-system working.

The Home from Hospital team supports patients discharged from Royal Stoke University Hospital by ensuring their homes are safe and they have access to essential services. This team has been called more than 1,500 times to help people return to their homes from hospital. The team has not only helped individuals return home but also carried out property inspections, moved furniture and fitted a number of key safes. The team’s work includes speeding up the process of hospital discharge, reducing the likelihood of re-admission and working to ensure ongoing care arrangements coincide with the individual’s arrival home. This leads to significant benefits not just to the individuals in receipt of this service, but also to the effective delivery of services on a whole-system basis in the area.

Both teams operate under the Staffordshire and Stoke-on-Trent Integrated Care Board and are staffed by dedicated personnel, not on-duty firefighters. Performance is monitored through regular dashboards and collaborative meetings with NHS partners and also reported to the Strategic Governance Board.

Value for money: improving economy, efficiency and effectiveness

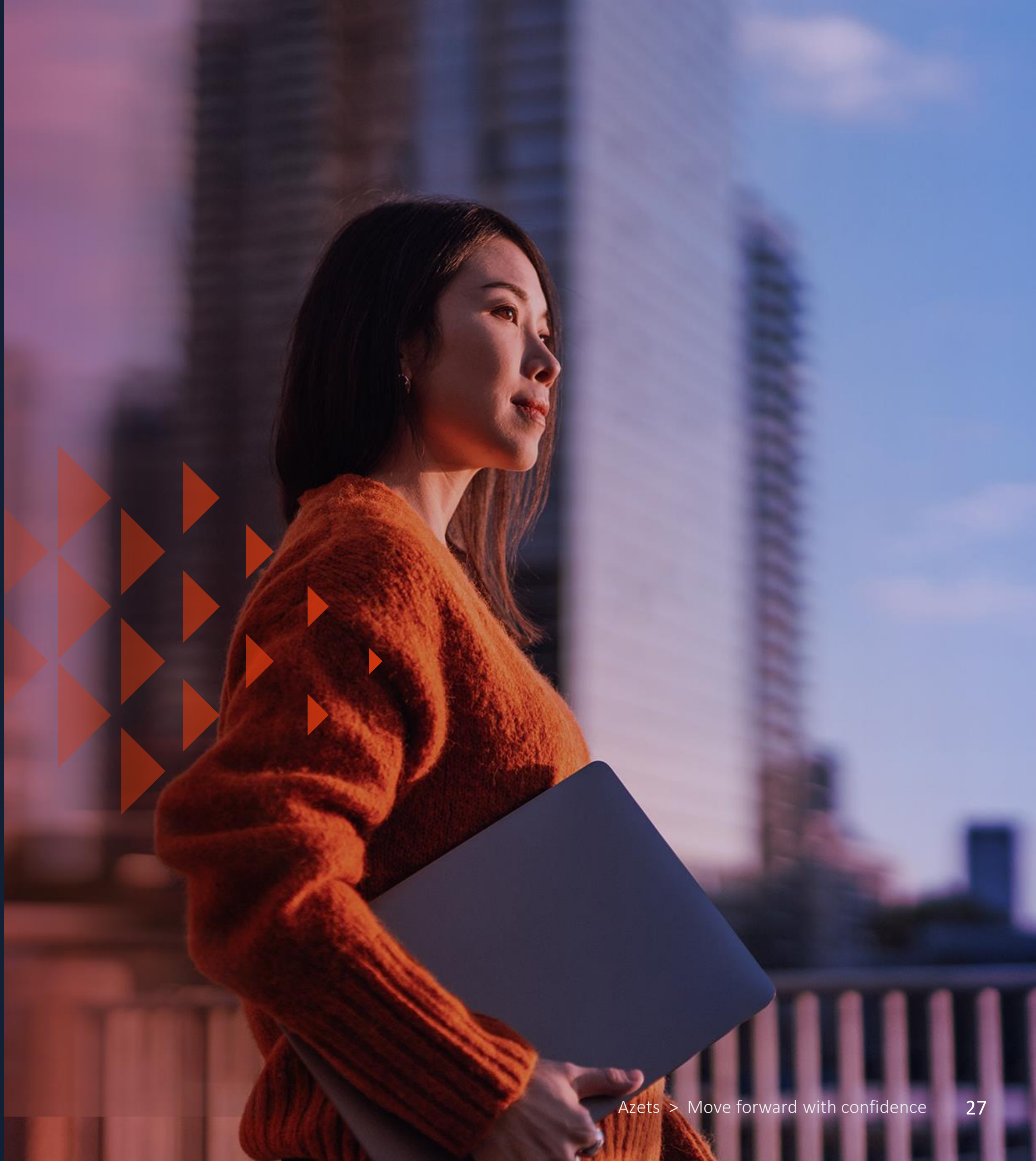
The performance of the Falls Response and Home from Hospital schemes is reviewed regularly. The Authority is performing well. Most cases attended by the Falls Response team (over 82%) were safely resolved by fire crews without needing ambulance support, and only a small proportion required referral to the ambulance service. These figures show a timely and effective response, strong partnership working, and efficient use of resources, with continued focus needed on reducing longer “time on the floor” cases. On Home to Hospital most patients were safely settled back home, with 97.6% of visits recorded as successful outcomes and only a small proportion requiring further intervention. The patient rating is 4.97 for the services.

Contracts with other local authorities or partners are managed through a service level agreement, which detail the responsibilities of each party. For the more complex contracts regular meetings are undertaken with the contract manager (i.e. PFI contracts, finance system capita). Commercial performance is reported monthly within the management accounts and a commercial dashboard is also presented at to the strategic board. The Commercial team complies with the corporate Governance Framework and procures from a national framework.

Summary

We have not identified any significant weaknesses in the Authority’s arrangements. The Authority has effective arrangements in place for using financial and performance information to make informed decisions for improving the way it manages and delivers services and working with partnerships effectively.

Recommendations



Value for money: follow up of prior recommendations

The recommendations made in previous years are set out below, together with actions taken by the Authority in 2024/25 to address them. Our detailed commentary is set out in this Auditor's Annual Report.

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
Procurement In prior year we followed up the recommendation raised by the predecessor auditor who noted that the blue-light e-procurement platform did include contract values and process follow for each procurement contract. **2023/24 update** - Management has stated this has been not been fully implemented due to issues being experienced with the platform.	**Improving economy, efficiency and effectiveness**	**Other recommendation:** The Service should ensure that the contracts register on the blue-light e-procurement is updated to show contract values, and what process was followed for each procurement	Management has confirmed they use their own e-procurement portal to contain all contract information - including the details of start / end date of contract, procurement route and the value of the contract. The relevant data is then automated to go onto the Central Digital Platform. **Recommendation closed**