Staffordshire Commissioner Fire and Rescue Authority

Auditor’s Annual Report

Year ended 31 March 2024

March 2025

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We are required to satisfy ourselves under s20(1)(c) of the Local Audit and Accountability Act 2014 that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements are operating effectively.

Contents

Detailed findings from our audit of the financial statements are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2024
- audit findings (ISA 260) report to Those Charged with Governance

We performed our audit in accordance with International Standards on Auditing (UK). This report has been prepared in line with the National Audit Office's Code of Audit Practice 2020 (the "Code") and is required to be published by the Authority alongside the annual report and accounts. Our reports are prepared in accordance with ISAs (UK), the Code, all associated Audit Guidance Notes issued by the National Audit Office and relevant requirements of the Local Audit and Accountability Act 2014.

Key messages

The purpose of the Auditor's Annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the members and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

We have undertaken our work in accordance with the Audit Plan issued earlier in the year and our report to Those Charged with Governance. We have complied with the National Audit Office (NAO) Code of Audit Practice 2020, other guidance issued by the NAO, and International Standards on Auditing (UK).

Area of work	Our responsibilities	Conclusions
Financial statements	We are required to audit the financial statements of the Authority under the Local Audit and Accountability Act 2014. We express an opinion as to whether the financial statements: • give a true and fair view of the financial position of the Authority and of its expenditure and income for the year; • have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and • have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014. We conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice (2020) published by the National Audit Office and applicable law.	We issued an unqualified audit opinion on the Staffordshire Commissioner Fire and Rescue Authority (the Authority)'s financial statements on 3 February 2025. This means that we consider the financial statements give a true and fair view of the financial performance and position of the Authority.

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Key messages

Area of work	Our responsibilities	Conclusions
Narrative report and annual governance statement	We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit, or otherwise appears to be materially misstated. We are also required to assess whether the Annual Governance Statement complies with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit.	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 in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our commentary relating to proper arrangements. We assess the arrangements in place for securing economy, efficiency and effectiveness in the Authority's 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 are required to report our commentary under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness.	We have not identified any significant weaknesses in the arrangements for securing economy, efficiency and effectiveness in the use of resources at the Authority. We have rolled forward one "other" recommendation raised by the prior year auditor which has not yet been fully addressed by the Authority.
Key recommend-dations	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their review of the Authority's arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Authority. We consider these to be key, or essential, recommendations.	We did not make any key recommendations

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Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the Authority must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	We did not identify any matters for which we considered a public interest report to be required as part of our external audit for 2023/24.
Statutory recommend-ations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a Authority can make written recommendations to the Authority which need to be considered by the Authority and responded to publicly.	We did not identify any matters for which we considered statutory recommendations are required as part of our external audit for 2023/24.
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the court.
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the Commissioner, or an officer of the Authority, is about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an 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.

Financial statements

The Statement of Accounts and financial statements included therein are an important tool for the Authority to show how it has used public money and how it can demonstrate its financial health.

We provide an independent opinion on whether the Authority's financial statements:

- *give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;*
- *have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the* CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24*; and*
- *have been prepared in accordance with the Local Audit and Accountability Act 2014.*

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Area of work	Conclusions
Audit opinion on the financial statements	We gave an unqualified opinion on the Authority's financial statements on 3 February 2025.
Audit Findings (ISA260) report	More details can be found in our ISA260 report, which was reported to the Authority's Ethics, Transparency and Audit Panel on 26 September 2024.
Whole of Government accounts	We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. The Authority does not exceed the threshold for detailed testing. We will submit our assurance statement to the NAO after the audit has been concluded. However, the NAO have reserved the right to ask for additional work to be completed on bodies below the threshold due to the low numbers of LA's with signed financial statements. We therefore issued a delayed certificate in our auditor's report.
Preparation of the accounts	The Authority provided draft accounts in line with the national deadline. The quality of the draft financial statements and supporting working papers was high.

Financial statements

Significant risks

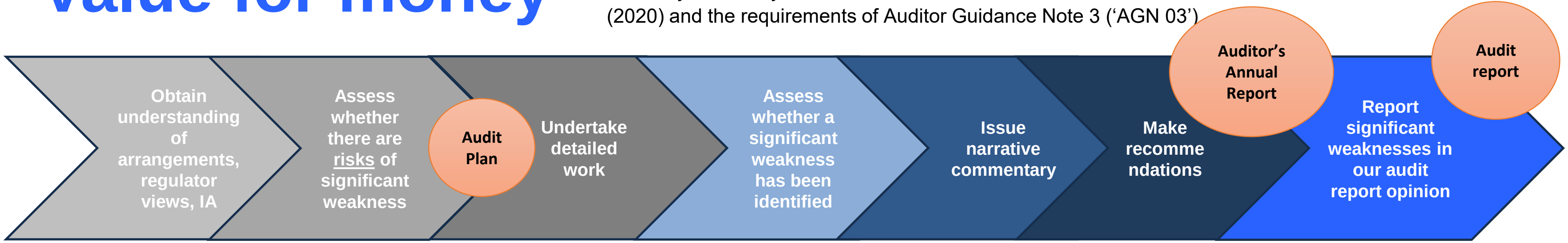
Detailed findings from the audit of the 2023/24 financial statements are set out in our Audit Findings (ISA260) report, reported to the Authority's Ethics, Transparency and Audit Panel on 26 September 2024. Requests for this report should be directed to the Authority. This report set out the significant risks identified for the 2023/24 financial statements audit, along with the procedures performed to address each risk and the conclusions reached following the performance of those procedures.

No significant adjustments were made to the 2023/24 financial statements submitted for audit.

The significant risks we identified as part of our audit and the conclusions from our work are set out in Appendix 1. The main recommendations we made as a result of the financial statements audit are set out in our Audit Findings (ISA260) report, reported to the Authority's Ethics, Transparency and Audit Panel on 26 September 2024. None of the recommendations we made reflected significant weaknesses in the arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources and, as such, are not considered key recommendations.

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 (2020) and the requirements of Auditor Guidance Note 3 (‘AGN 03’)



In undertaking our work we have not identified any significant weaknesses in arrangements. Our detailed commentary is set out on the following pages.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	**No**	**No**	**No**	**No**
Governance How the body ensures it makes informed decisions and properly manages risk	**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**	**Yes** ***(roll forward from prior year)***

Value for money

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.

The Staffordshire Commissioner (the Commissioner) is responsible for putting in place proper arrangements in the Authority 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.

Summary of findings

Based on the audit work performed, we have not identified any significant weaknesses in the Authority's arrangements for achieving value for money and have therefore not raised any key recommendations. We have rolled forward one "other" recommendation raised by the prior year auditor, where the Authority has not yet fully implemented the agreed recommendation.

Value for money

Introduction

Staffordshire Commissioner Fire and Rescue Authority (the Authority) is a Fire and Rescue Service covering a county 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 Authority retains circa 600 firefighters, with 366 of these being retained on-call. The Service also has 206 support staff. There are 33 fire stations including eight whole-time stations, two daytime crewed and 23 retained on-call stations.

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 works with eight district councils, local parish councils, Staffordshire Police and Staffordshire County Council in a three-tier local government system.

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 fire bodies and the wider local authority sector, The Authority continues to face increasing financial 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 signaled an intention to return to multi-year settlements in the future, and 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.

High inflation over recent years has increased cost pressures on all local authorities' revenue and capital expenditure and, whilst it had been falling, in February 2025 inflation has increased again to 3%, indicating 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 communities the Authority serves across Staffordshire.

General fund reserves represent 3.6% of annual spend, which provides a limited buffer against unexpected future shocks. 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.

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.

At 31 March 2024 the Authority's general fund stood at £8.33m, a slight reduction from the general fund balance at 31 March 2023 of £8.67m. However, the level of earmarked reserves increased during the year from £6.99m to £8.25m, meaning the overall level of useable general fund reserves available to the Council now stands at £16.58m, compared to £15.67m a year ago. This is a reasonable level of reserves; the Authority's net expenditure on services in 2023/24 was £42.7m and this level of reserves provides a reasonable buffer for unexpected short-term shocks.

However, earmarked reserves are earmarked for specific purposes in anticipation of specific costs. The general fund balance of £1.9m as at 31 March 2024 is the true reserve for 'unanticipated' cost pressures.

The Authority 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 identification of achievable savings.

On 13 February 2023, the Police, Fire and Crime Panel received a Fire Service budget report for 2023-24 together with the Medium-Term Financial Strategy (MTFS) to 2027-28. The budget is accompanied by the Treasury Management Strategy, Capital Strategy, Capital Programme Report and Reserves Strategy Report.

The net revenue requirement for 2023-24 was a total of £46.5m, with a local taxation (council tax and business rates) funding requirement of £30.4m. The Authority's main other source of funding is from central government grants. In 2023-24 the Authority set a balanced budget with the expectation of using £0.4m from earmarked reserves. For 2024-25, the budget expects to use £0.3m from earmarked reserves. This is driven by the assumptions around ongoing cost pressures, which include ongoing pay pressures and inflationary increases in non-pay and utilities.

The budget for local taxes was based on the proposed Band D increase of 4.85% to £84.25 in 2023-24. A 4.85% increase in Council Tax is equivalent to an increase in Band D of £3.90 per annum. The increase is below the referendum limit for 2023/24 of £5.00 announced in the settlement.

The council tax base has increased to 360,299 properties, which is equivalent to an increase of 1.46%. There was also a council tax surplus for 2022-23 estimated during the budget of £0.4m. In summary the budget for 2023-24 in comparison with 2022-23 is as follows:

Council Tax (Fire Element)	2022/23	2023/24
Band D Council Tax Proposed	£80.35	£84.25
Increase on Prior Year	£1.57	£3.90
Percentage increase on Prior Year	1.99%	4.85%
Council Tax Increase*	£1,059,123	£1,822,896
Total Precept Levied (Band D)	**£28,532,303**	**£30,355,199**
Council Tax surplus (Deficit)	£287,904	£405,402
Total Council Tax	**£28,820,207**	**£30,760,601**
Weekly Increase	£0.03p	£0.075p

source: 2023/24 Fire Revenue Budget Report (incl. MTFS and Precept)

Financial sustainability

Business rate income increased to £4.1m in 2023-24, from £2.7m in 2022-23, an increase of £1.4m for the year.

The remaining funding came primarily from government grants; the business rate top-up grant (£6.2m) and Revenue Support Grant (£5.4m), which increased by £0.65m from the prior year. Grant funding is built in annually into the MTFS at anticipated uplifts of 2%.

The Revenue Budget is set in order to support the Corporate Safety Plan and Fire and Rescue Plan issued by the Staffordshire Commissioner.

The Authority's assumptions in its MTFS are not unreasonable but there is risk attached to them. The risk remains that inflationary pressures in the later years may be higher than currently assumed. Higher inflation will put increased pressure on pay budgets. There are ongoing risks and uncertainties beyond 2023/24 which include the uncertainty regarding pay awards for Firefighters, the implication of the McCloud High Court judgement on pension costs and the impact of inflation continuing to run higher than forecast. Pay costs represent circa 65% of the Authority's annual revenue budget.

The 2016 Valuation of Fire Fighter Pension Schemes resulted in employer contributions increasing by an average of 12.6%. This represented additional costs for the Authority of around £1.8m per year. The Firefighters pension grant was introduced in 2019/20 with grants allocated to Fire and Rescue bodies to cover 90% of the 12.6% increase in employer pension contributions. The grant allocated to the Staffordshire Commissioner was £1.7m. The additional fundings is built in annually into the MTFS and will be an additional annual pressure of £1.7m should the grant end. The grant was received in 2023-24 and was folded into the Revenue Support Grant from 2024-25.

Further grant was awarded following the 2020 actuarial valuation to offset further increased contribution costs.

The 2020 valuation incorporated changes in the economic and demographic factors and mortality rates, in addition to incorporating the estimated impact of the McCloud remedy. This resulted in an 8.5% increase in employer pension contributions into the scheme with rates rising from 28.8% to 37.6%, implemented from 1 April 2024.

A separate grant allocation was received in January 2024 for £1.24m to fund the budgeted £1.39m of additional annual employer pension contributions into the Scheme. The Home Office has only guaranteed to fund the additional costs for 2024/25. There is therefore a significant uncertainty into the medium term.

On top of the pay related cost increase, there was budgeted increase of £2.1m on non-pay costs, which is driven by increased premises costs and recharges payable to West Midlands Fire Service.

The Service has undertaken a number of scenario planning sessions and options have been discussed and developed with the Staffordshire Commissioner to provide a pathway for mitigating the expected financial challenges into the medium term, whilst also delivering continued improvements in efficiency and productivity.

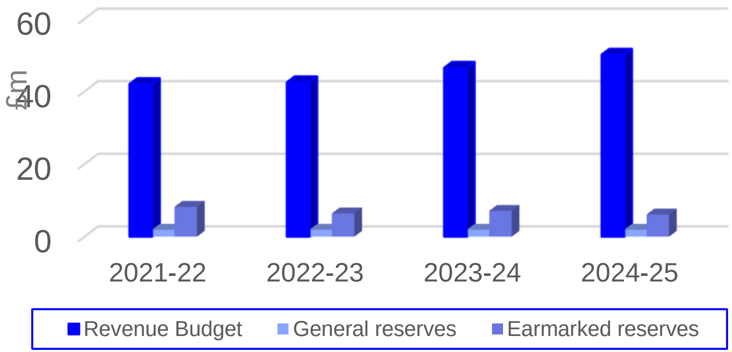
The 2023/24 actual financial performance was in line with budget, demonstrating the robustness of the budget, the arrangements supporting its development and the credibility and understanding management has over the financial position and risks faced.

Financial sustainability

Pay spend for the year was £30m, which was lower than the budgeted £31m. This was due to underspends for on-call and support staff, as a number of vacancies remained unfilled during the year.

Overall, the on-call Full-Time Equivalent (FTE) increased by 23.1 FTE as of 31 March 2024, representing a growth of over 9%. However, recruitment remains challenging for many stations, despite the positive trend observed during the year. Additionally, the implementation of a three-person crewing system for on-call staff has had a significant impact, improving on-call appliance availability by 12% and enhancing response times throughout the year.

Non-pay costs closed the year with a slight overspend of £0.1m against the initial budget of £14.2m. This was mainly due to higher vehicle repair costs, along with fuel, oil, and tyre expenses, exceeding the budget. This upward trend has been fully reflected in the budget for 2024/25.



Over the past 3 years the budget has increased at a steady rate. The increases are mainly to cover inflation, particularly inflation in fuel, gas and electricity and also in pay costs. The 2024-25 revenue budget was set at £50.1m, an increase of £3.3m from the original budget set for 2023-24. Expected reserve use was set at £0.1 in 2024-25 while in 2023-24 it was set at £0.4m. General Reserves are expected to be maintained at £1.9m through the year and through MTFS period.

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

The Capital Strategy forms a key part of the Authority's overall Corporate Planning Framework. It provides a mechanism by which the Commissioner's capital investment and financing decisions can be aligned over the medium-term planning horizon. The strategy also aims to support the achievement of the Commissioner's Corporate Safety Plan and Fire and Rescue Plan.

The 2023-24 budget on capital expenditure was set at £6.7m. The actual spending for 2023-24 was £3.8m, which is £2.9m lower than plan and represents a significant slippage. The capital programme is supported mainly by external borrowing and planned capital receipts, with no capital grant funding from the government being made available.

Financial sustainability

In 2023/24 £1.18m has been funded by revenue contributions and £0.86m by earmarked reserves for vehicle replacement and station refurbishment. A further £0.8m has been invested into the replacement of all breathing apparatus equipment. During the year, the design and feasibility work has been completed for the refurbishment at Brewood Fire station, which will be completed during 2024/25.

The Authority's financial planning arrangements identify, monitor and control financial risk as part of prudent financial management and support the annual service delivery plan. The plan focuses heavily on improving operational efficiency by optimising crew availability, utilising technology to enhance response times and prioritising training to ensure firefighters are equipped to handle diverse incidents, while also considering the environmental impact by incorporating sustainable practices into operations.

Supporting the financial strategy, the Fire Service has an annual Productivity and Efficiency Plan and Service Transformation Board in place led by the Depuy Chief Fire Officer. The requirement for Service Transformation is to ensure that Staffordshire Fire and Rescue Service is able to provide a modern, efficient and sustainable level of service based upon the budget available which does not compromise the safety of staff or communities.

The planned saving per the productivity and efficiency plan transformation for 2023-24 was set at £0.7m. This was expected to be realised through response and crewing reforms. The estimates remain the same for 2024-25 and 2025-26.

The move to three-person crewing for on-call staff instead of the previous four-person crew or more aimed improve response times and productivity and, in turn, provide savings on overtime costs. A piloted programme was introduced for six months from 1 June 2023. The trial's objective was to improve appliance availability and response times to emergencies to enhance public safety without compromising firefighter safety when four or more riders are not available.

As of 30 January 2024, three-person crews attended 338 emergency incidents and following extensive consultation this trial was extended to December 2024. On-call station availability increased by a mean average of 12% as a result of this trial and the data shows an improvement in response times of circa 9 minutes and 45 seconds, improving the service provided to the communities of Staffordshire and Stoke on Trent.

Other transformation programme initiatives in the 2023-24 plan included Prevention and Protection Reform, collaboration through estates and shared services and Transformation Workstreams. These are expected to save £1.1m (2024-25) and £1.7m (2025-26).

Service transformation programmes achieved recurring savings of over £1m per annum in 2023-24. This was accomplished through various initiatives, including a high-level management restructure, adopting the minimum crewing level of three firefighters on whole-time fire engines, and reviewing operational exercises and incident command structures.

The updated MTFS for 2024/25 to 2028/29 included £1.3m of ongoing savings which have been either delivered or where significant progress has been achieved to date. The delivery of these savings is incorporated into the budget for 2024/25 and the MTFS. Management continues to review other scenarios for potential savings, including further collaboration with the police force to optimise use of facilities and possible synergies where police officers and firefighters collaborate in response to emergencies.

Financial sustainability

The Authority has made assumptions over the settlement fundings, pay and inflation but, unavoidably, there remains significant uncertainty. The Authority has set aside earmarked reserves for other commitments or unavoidable future spending to mitigate the impact of assumptions not being met, including in respect of the funding settlement. The Authority's approach to date has been appropriate, seeking to identify other measures whilst awaiting further certainty over future settlement funding.

Notwithstanding the challenging financial pressures over the MTFS period, the Authority's arrangements for identifying its financial and economic risks and understanding its position are strong. The MTFS is well-thought-through and management are responsive to in-year changes to income and cost and their impact both in the current year and future MTFS plans. The Authority's financial management in-year has mitigated the need to use an anticipated £0.4m from reserves and instead enabled them to transfer in £0.5m per outturn results. This has a positive impact on the financial sustainability of the Authority.

The predecessor raised recommendations to further strengthen financial sustainability. These recommendations included developing a Workforce Strategy to help the service plan its future workforce needs. Another recommendation focused on improving capital reporting by including expected and actual programme benefits, tracking capital spending outcomes, and understanding the reasons for any delays.

Management has updated the capital reporting framework and now reports the capital position as recommended. Additionally, workforce planning has been improved, led by the Assistant Chief Fire Officer. However, a formal Workforce Strategy has not yet been published. A Workforce Planning Board is in place to review the retirement profile and oversee recruitment planning. The service has an approved establishment level e.g. for crewing that is maintained and used for robust budgeting, which is incorporated into the MTFS.

Summary

We have not identified any significant weaknesses in the Authority's arrangements. The Authority has effective arrangements in place to plan and manage its resources to ensure it can continue to deliver its services. It 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.

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).

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 using a standardised template. The template provides detailed information on identified risks, including their description, causes, major impact and its rating, likely impact, mitigation and control measures in place, residual impact, responsible individual, and ongoing monitoring of actions.

The risk register is used as one of the documents to develop internal audit's plan for the year. The internal auditors' review findings are presented in every Ethics, Transparency and Audit Panel (ETAP) meeting including progress and follow-up on recommendations. ETAP scrutinise the findings and request management comment on issues identify by internal auditors. Further, at each meeting, the follow-up on recommended findings is reviewed and challenged for any delays in management implementation.

At year-end, the Head of Internal Audit produces an Annual Internal Audit Report. The 2023-24 internal audit report confirmed the Service has an adequate and effective framework for risk management, governance and internal control. However, the internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective, but none indicate present of significant weaknesses.

The risk management framework covers a period of four years. The framework clearly states it covers staff who are involved in setting objectives, formulating service delivery plans, budget setting, estate management and project management, including 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.

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. The budget process for 2023-24 employed a zero-base approach and includes thorough consultations with budget holders and representative bodies, consistent with previous years. Budget holders are mandated 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 assigned the task of developing Financial Business Continuity Plans to continually enhance their financial acumen.

Governance

The 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 ETAP Finance Panel Meeting is scheduled for January each year, and the Business Rates Budget is finalised on the same date. The Police, Fire and Crime Panel (PFCP) address precept setting and the budget in February, with precept notices issued after Commissioner approval in February. The proposed budget is then formally presented at the PFCP in February. The same process was followed for the 2024-25 budget and 2025-26 budget. The robustness of the arrangements received positive feedback from the Chair of ETAP and its members.

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

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.

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 has a monitoring officer, who is employed under the Police and Crime Commissioner’s office. The monitoring officer is also a member of the SGB. They use the services of external experts for any technical legal requirements, including issues related to employment law. Regular meetings are held with the SGB on a quarterly basis, the Finance Panel meets every month, and ETAP meets every quarter. The service has other committees with the key purpose of delivering the strategic plan.

The role of the Audit Committee is undertaken by ETAP. Members are involved and informed and undertake a keen interest in all matters brought before the panel. The panel is well attended, including by the Chief Fire Office and members of the Commissioner’s office, which demonstrates to the organisation the importance with which good governance is associated by senior management. The Commissioner’s office is considering enhancements to the operation of the panel, to further strengthen its focus on risk and assurance.

The predecessor auditor made recommendations to further strengthen governance. The recommendations required the service to improve risk management by embedding risk into finance and performance reports, with clear links to those risks in the Strategic Risk Register. It was further indicated that they should include risk proximity, risk appetite, and risk escalation, as well as establish the risk group as the service’s second line of defence, with the third line being internal auditors. Management responded by implementing a risk management system, which replaces the old spreadsheet system. The risk management system includes risk proximity and risk appetite considerations. All reports are submitted through strategic governance meetings.

Governance

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 achievement of its objectives and taking key decisions.

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, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the Authority commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

The strategic priorities are set out in the Commissioner Fire and Rescue Plan 2021-2024 and Service Corporate Safety Plan 2021-24, referred as Our Safety Plan. The safety plan fulfils the requirements of the Community Risk Management Plan (CRMP). The service safety plan is in line with National Fire Chiefs Council (NFCC) guidance published in 2021.

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.

Strategic financial decisions are implemented in line with the Fire and Rescue priorities as detailed in service safety plan. The priorities comprise:

- Prevention and Early Intervention
- Protecting Staffordshire and its people
- Public Confidence
- Service Reform.

The service has made significant progress toward achieving the objectives outlined in their Safety Plan 2020–2024. Notable achievement for “prevention and early intervention” is the Authority’s creation of the Falls Response Team and Home From Hospital team. 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

Both projects are supported by the Staffordshire and Stoke-on-Trent integrated care board and the Midlands Partnership University NHS Foundation Trust.

The Falls Response Team continues to respond to non-injury falls where patients may need to be helped to their feet or a chair and checked to ensure they are okay. 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 scheme is run by Fire and Health Partnership Technicians and sees personnel transport patients home from the Royal Stoke University hospital and ensure they are settled safely back into their properties. This can include ensuring the water and heating supplies are working, identifying any potential hazards, checking they have food and access to a phone and completing a fire safety check. 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.

The Authority has also introduced 11 new fire engines equipped with advanced technology to enhance firefighter safety and response capabilities.

Improving economy, efficiency and effectiveness

The Authority has expanded community safety education programs, such as the interactive Safe+Sound pods, to promote informed and positive lifestyle choices among residents. These pods allow for an immersive learning environment which will allow the team and partners to teach various topics including fire safety in the home, road safety, water safety, emotional wellbeing, and CPR amongst other things in an interactive way. Various scenarios are projected onto three walls of the pod producing a 270-degree view of the scene for the student. The software allows participants to answer questions and access more information by swiping sensors on the walls. The use of the pods adds an interactive element to Safe+Sound events to maximise learning outcomes. Each pod folds away to make transportation easier and there are two different sizes to accommodate either a large or a small audience.

In the performance data the service also analyse incident and response data of all incident types attended by the Service. Performance data from 2023/24 indicates a positive trend, with firefighters attending over 8,800 incidents—a nine percent reduction compared to previous years. There were also decreases in injuries caused by accidental fires (down 18 percent to four), accidental business fires (down 13 percent to 132), and small outdoor fires (down 29 percent to 1,604).

The service is externally reviewed against criteria applied to all Fire and Rescue Services in England by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). The latest HMICFRS report was published in 2024. 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.

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

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.

Improving economy, efficiency and effectiveness

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 predecessor made recommendations to further strengthen contract management. The recommendations required the service to keep the e-procurement portal up-to-date, show values for contract including process followed. This has been not been fully rectified due to issues being experienced with the platform. We have therefore rolled forward this recommendation, pending full implementation.

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 and working with partnerships effectively.

Follow up of prior recommendations

Criteria	Recommendation	Type	Date raised	Progress to date	Addressed?	Further action needed
Financial sustainable	Ensure the workforce strategy is finalised and fully casted over the medium to long-term	Other	2022/23	Workforce planning has been improved, led by the Assistant Chief Fire Officer. A Workforce Planning Board is in place to review the retirement profile and oversee recruitment planning. The service has an approved establishment level e.g. for crewing that is maintained and used for robust budgeting, which is incorporated into the MTFS	Yes	None needed
Financial sustainable	Capital reporting needs improvements to include expected and actual programme benefits, tract outcomes of capital spend and understand the reasons for delays to programme delivery	Other	2022/23	Management has updated the capital reporting framework and now reports the capital position as recommended	Yes	None needed
Governance	The Service to improve risk management by embedding risk into finance and performance reports, with clear links to those risks in the Strategic Risk Register. It was further indicated that they should include risk proximity, risk appetite, and risk escalation, as well as establish the risk group as the service's second line of defence, with the third line being internal auditors	Other	2022/23	Management responded by implementing a risk management system, which replaced the old spreadsheet system. The risk management system includes risk proximity and risk appetite considerations. All reports are submitted through strategic governance meetings.	Yes	None needed
Improving economy, efficiency and effectiveness	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	Other	2022/23	Management has stated this has been not been fully implemented due to issues being experienced with the platform.	No	As this action has not been fully completed we have rolled this recommendation forward

Appendices

Appendix I: Key audit findings: financial statements

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risks	Audit approach	Audit findings and conclusion
Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and evaluate any significant transactions outside the ordinary course of the business.	Procedures performed to mitigate risks of material misstatement in this area included: • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Authority's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions	Our audit work did not identify any significant issues in respect of this risk.

Appendix I: Key audit findings: financial statements

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The tables below summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risks	Audit approach	Audit findings and conclusion
Fraud in revenue recognition and expenditure (rebutted Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Authority, we consider that the risk of fraud in revenue recognition can be rebutted due to: the types of income reflected in the Authority's financial statements which, with the exception of grants, tend to be made up of numerous small value transactions e.g. Income from canteen sales. We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Authority, and we are satisfied that this is not a significant risk for the reasons set out below: Significant amount of expenditure is in relation to pay; and non-pay expenditure reflected in the Authority's financial statements exhibit straightforward nature, characterised by reduced subjectivity, and there is no incentive to management to manipulate expenditure Inherent risk of material misstatement: Revenue and expenditure recognition: Very Low	Whilst we have rebutted the risk of fraud in income and expenditure, we performed the below procedures based on their value within the financial statements: • Documenting our understanding of the Authority's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements • Evaluating the Authority's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.	Our audit work did not identify any significant issues in respect of this risk.

Appendix I: Key audit findings: financial statements

<table>
<tr><th>Significant risks</th><th>Audit approach</th><th>Audit findings and conclusion</th></tr>
<tr><td>Valuation of land and buildings

Revaluation of land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated.

The authority carries out a three years rolling cycle revaluation. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2024.
The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.

The valuation represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement(s) and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings as a significant risk.

We have pinpointed the significant risk around the following:
- Assets where the valuation movement differs to what we would expect based on market movements;
- Assets where the inputs used have changed compared to those used in the prior year;
- Assets that are new this year;
- Any other factors which in our auditor judgement increases the risk of material misstatement in an asset.

Inherent risk of material misstatement:
• Land and buildings (valuation): Very High</td><td>Procedures performed to mitigate risks of material misstatement in this area included:
• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;
• Evaluating the competence, capabilities and objectivity of management’s valuation expert;
• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;
• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert;
• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;
• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and
• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.</td><td>Our audit work did not identify any significant issues in respect of this risk.</td></tr>
</table>

Appendix I: Key audit findings: financial statements

Significant risks	Audit approach	Audit findings and conclusion
Valuation of pension assets and liabilities (IAS19) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Inherent risk of material misstatement:** **Defined pension fund net liability/asset (valuation): High**	Procedures performed to mitigate risks of material misstatement in this area included: • Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Authority and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Authority's share of the investment valuations in the audited pension fund accounts' and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.	We received the pension letter from the current auditors of Staffordshire Pension fund on 22 January 2025. Staffordshire Pension Fund's auditors identified an error. The letter confirmed there was a £23m adjustment in the investment assets valuation for the fund as a whole from the position previously reported. We have performed procedures in respect of this and are satisfied this does not represent a material misstatement in the Authority's accounts in respect of the Authority's share of the pension fund assets. We have also undertaken additional procedures in respect of the prior year pension fund letter, to be satisfied there is sufficient assurance relating to the triennial valuation data submitted. As a result of our additional procedures we are satisfied the pension fund balances, as amended, are materially correctly stated. We did not identify any other significant issues in respect of this risk.

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