

Report to the Police Fire and Crime Panel

9 February 2026

Fire Capital Strategy and Capital Programme 2026/27 to 2028/29

(Incl. Minimum Revenue Provision Policy)

Report of the Staffordshire Commissioner

INTRODUCTION

As part of the overall financial strategy for the Staffordshire Commissioner Fire and Rescue Authority a three-year Capital Programme has been prepared. This report schedules the proposed investment programme for 2026/27 to 2028/29, and presents the indicators required within the current Prudential Code. This all-forms part of the Capital Strategy for the Staffordshire Commissioner Fire and Rescue Authority for the next three years.

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

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

This report also reviews the approach that the Authority has taken during the last few years, successfully managing the capital programme, reducing future capital financing requirements, and through the repayment of long-term loans reducing interest payments. However, the capital financing requirement for the Authority is now forecast to increase into the medium term.

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

RECOMMENDATIONS

That the Police Fire and Crime Panel note:

- a) the three-year Capital Programme for 2026/27 to 2028/29 as set out in Appendix 1,
- b) the detailed capital programme for 2026/27 as set out within Appendix 2
- c) the Capital Strategy
- d) the Prudential Indicators that are set out within Appendix 3 including the Capital Financing Requirement for the three-year period
- e) that the funding of capital expenditure from Reserves for the period 2026/27, 2027/28 and 2028/29 is in line with the Reserves Strategy
- f) the Minimum Revenue Provision (MRP) policy statement incorporated within this report
- g) the capital programme and capital strategy supports the main Budget and MTFS paper

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1. Background

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

2. Objectives

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

3. Governance of the Capital Programme

3.1 A governance process is clearly established within the Service and Authority and will continue to be adhered to, will follow standing orders and financial regulations to ensure that available resources are allocated optimally and deliver value for money, and that capital programme planning is determined in parallel with the Service and revenue budget planning process within the framework of the MTFS. These include:

- The Strategic Governance Board (SGB) which is ultimately responsible for approving the Capital Strategy for investment and the Capital Programme for approving changes to the programme within financial regulations and for the approval of business case submissions.
- The Joint Audit and Risk Committee (JARC) which is responsible for scrutiny of the MTFS documents and the capital budget monitoring reports and can make recommendations to the Strategic Governance Board (SGB).
- The Capital Review Group has been established for several years and provides detailed scrutiny for all capital spend proposals and monitors delivery of the current year's programme and develops a rolling three year programme. The group consists of key stakeholders from within the Service and holds responsibility for the delivery of the Service's capital programme and has clear Terms of Reference in place. Actions from this group are reviewed by the Service Delivery Board.
- A new capital framework was introduced by the Authority on 1 October 2023, supported by the Commissioner and Chief Fire Officer. The framework complements the Corporate Governance Framework and gives an overview of the capital authorisation process.

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

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

3.4 The monthly Finance Report is produced and available to all staff within the Authority, in addition quarterly financial progress and monitoring reports are submitted to the Strategic Governance Board.

4. Capital Priorities

4.1 The capital strategy must recognise that the financial resources available to meet the requirements of the new Community Risk Management Plan which includes three key priority areas:

- Our People
- Our Communities
- Our Environment

The Community Risk Management Plan (CRMP) is a four-year plan that sets out priorities and approach to ensuring local communities are protected. It outlines the key challenges and risks facing communities and includes strategies to address and reduce these risks over the coming years. The Service will use available resources in prevention, protection, and emergency response to target the most vulnerable and keep Staffordshire's communities safe.

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

4.3 Staffordshire Fire and Rescue and Staffordshire Police will continue to build upon the collaboration that has resulted in joint response bases in Tamworth Belgrave, Hanley, Chase Terrace, Penkridge, Stone, Uttoxeter, Barton, Abbots Bromley and Kinver.

4.4 The Staffordshire Commissioner Fire and Rescue Authority will seek to prioritise investment in order to deliver economy and efficiency within the Service. This prioritisation will be achieved through the robust governance arrangements discussed above.

4.5 To ensure that the Service is focussing on capital priorities beyond the medium term the Staffordshire Commissioner has request the development of a 10 year capital programme.

5. Funding Approach

5.1 The Staffordshire Commissioner Fire and Rescue Authority's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under The Code local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of The Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.

5.2 The main sources of capital funding are summarised below:

- **The use of internal cash balances**

Interest rates on cash balances have historically remained low which has resulted in this being a more efficient use of cash to invest in the capital programme rather than taking additional external debt. Whilst the interest rate environment has changed significantly during the last 2 years the cost of external borrowing has also increased which continues to support the use of internal cash. The use of internal cash is an approach that has been undertaken successfully during the last few financial years.
- **The use of earmarked reserves**

The Staffordshire Commissioner has a Reserves Strategy which includes the Earmarking of Reserves to support the capital programme. Some funding into the medium term has been identified through this approach and remains a key funding strategy.
- **The use of capital receipts**

Disposing of surplus assets is a good way to reinvest in the capital programme. Receipts will be targeted at the shortest life assets and then their use considered widely within any flexibility allowed by the appropriate government authority. In accordance with statutory instruments capital receipts may also be used for the repayment of debt.
- **Direct revenue funding**

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

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

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

The Staffordshire Commissioner will test the prudence of the borrowing predictions against the prudential indicators set under the Code every year as part of the MTFS process and report on progress against those indicators half yearly (see Appendix 3), in line with the Treasury Management Strategy.

This prudent approach to borrowing will continue into the medium term. However, should borrowing be required the Commissioner will continue to consider on a cautious and prudent basis as informed by a specialist team contracted from Staffordshire County Council in relation to Treasury Management who work closely with the finance team.

6. Risk Management

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

7. Capital Programme 2026/27 to 2028/29

- 7.1 The summary Capital Programme for 2026/27 to 2028/29 is contained within **Appendix 1** of this report. The total proposed Capital Programme for 2026/27 is £5.3m, for 2027/28 £4.1m and for 2028/29 £5.1m.
- 7.2 The detailed scheme analysis supporting the programme for 2026/27 is shown within **Appendix 2**.
- 7.3 The Staffordshire Commissioner Fire and Rescue Authority is required to set estimates, impose limits and to report and publish actuals in line with The Prudential Code. The indicators for adoption by the Authority for 2026/27, 2027/28 and 2028/29 are set out in **Appendix 3**.
- 7.4 There are four main areas of spend which feature within the capital programme; Estates and Facilities which includes building and infrastructure work, Operational Equipment, Transport (appliances and vehicles) and finally Information Systems and Technology.

The four areas are discussed in more detail below:

- **Building and Infrastructure Work**

The budget proposal for 2026/27 includes a total capital requirement of £1.1m, which consists of the following main building and infrastructure projects plus some minor works:

- Brewwood - The refurbishment of the station is now anticipated to be complete in 2026/27. This project is funded by the Authority's earmarked reserves, £0.4m. This project was originally included within the 2023/24 capital programme and the design and feasibility work has been completed however it has stalled due to significant cost escalation
- Stafford – minor refurbishment, lighting and fire alarm replacement, improvements to welfare facilities
- Residual Fire Station works, including heating and lighting replacement and fire alarms replacements

- **Operational Equipment**

Total investment of £1.1m has been identified and included within the programme for 2026/27, which includes:

- Rollout of CCTV on appliances
- Equipment kit-out of four PRLs, one water carrier and one 4x4 response vehicle
- Wildlife PPE to conform with new EN standards
- Phase 2 of the BA cylinder replacement
- Other purchases including air bags, BA compressors, gas monitors

- **Appliances and Vehicles**

A vehicle replacement programme of £2.0m has been included within the proposed budget for 2026/27:

In summary the vehicle replacement programme includes the following:

- The body build payments payments for the next four Pump Rescue Ladders (PRL's), £1.1m (note these 5 vehicles identified above are all part an approved tender and decision note issued by the Commissioner)
- The purchase of a further two Pump Rescue Ladders (PRL's) £0.3m (chassis payments)
- The Purchase of one water carrier (final stage payment) £0.3m
- Light Vehicles, £0.4m, the programme includes the replacement of light vehicles as part of the rolling vehicle replacement programme.

- **Information Technology**

The ICT programme for 2026/27 of £1.1m includes the following:

- Ongoing ICT rolling replacement programme for desktop and infrastructure and device replacement strategy, £0.33m

- Station end replacement, £0.15m
- Back up system replacement and network refresh, £0.5m

8. Funding the Programme

8.1 **Appendix 1** also details the proposed funding strategy for the 2026/27 programme together with indications for the funding of the next two years. For 2026/27, the programme will be funded by a combination of grant funding, earmarked reserves, direct revenue funding and the use of internal cash. This is also reviewed within the Treasury Management Strategy Report.

8.2 The Authority will also seek to fund as much of the programme as possible through direct revenue contribution should additional savings be available in year.

9. Minimum Revenue Provision (MRP) Policy Statement

9.1 The Staffordshire Commissioner Fire and Rescue Authority is required each year to set aside some of its revenues as provision for debt repayment. This MRP provision essentially allows the Authority to “pay off” an element of the Capital Financing Requirement annually through a revenue charge known as the Minimum Revenue Provision (MRP).

9.2 The MRP was previously defined by statute with regulations providing for MRP as a 4% charge in respect of the amount of the Capital Financing Requirement (CFR). Under current regulations, the rules have been replaced with a general duty for a local authority to make an MRP charge to revenue which it considers prudent. The new regulation does not itself define “prudent provision”. However, guidance has been issued specifying methods for MRP calculation, which the Secretary of State considers prudent thereby effectively determining prudent provision.

9.3 Regulations require the Authority to approve an MRP Statement in advance of each year. It is recommended that the Authority continue to apply a MRP to capital expenditure funded by borrowing under the ‘Asset Life Method’: which calculates the MRP charge based on the estimated life of the asset for which the borrowing is undertaken.

9.4 The total level of debt for this Authority as of 31 March 2025 was £20.9m, and is forecast to increase to £29.1m by March 2029 based upon the capital investment requirements outlined within this paper.

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Appendix 1

Staffordshire Commissioner Fire and Rescue Authority Summary Proposed Capital Programme 2026/27 to 2028/29

	2026/27 Budget	2027/28 Plan	2028/29 Plan
	£	£	£
Building & Infrastructure Works			
Station Refurbishment			
Improvement Works	1,083,612	1,470,000	1,530,000
Total	1,083,612	1,470,000	1,530,000
Operational Equipment	1,100,631	365,000	346,000
Appliances & Vehicles			
Appliances & Specialist Vehicles	1,630,000	1,000,000	1,805,000
Vans & Cars	368,000	260,000	448,000
Total	1,998,000	1,260,000	2,253,000
Information Technology			
ICT Hardware, Software Systems & Installations	1,108,431	1,000,000	985,000
Total	1,108,431	1,000,000	985,000
Total Capital Programme	5,290,674	4,095,000	5,114,000
Funding			
Direct Revenue Funding	410,000	470,000	500,000
Unsupported Borrowing	4,457,497	3,625,000	4,114,000
Earmarked Reserves	393,177		500,000
Capital Receipts			
Total Funding	5,290,674	4,095,000	5,114,000

Appendix 2

Staffordshire Commissioner Fire and Rescue Authority

Detailed Capital Programme 2026/27

Scheme Description	Detail	Proposed Capital Programme £
Building Works - Improvements		
Pirehill - CCTV System replacement	Replace existing CCTV system	80,000
HQ - FBT clean concept	Undertake a design and feasibility of options around FBT Clean concept	50,000
Stafford Fire Station - minor refurbishment	undertake changes to the changing facilities	100,000
Stafford Fire Station External Lighting replacement	Replace existing and install new perimeter lighting - Require planning application	90,435
Stafford Fire Station Fire Alarm	Replace existing fire alarm system	80,000
Stafford Fire Station - Automated gate	Installation of automated vehicle gate and pedestrian gate, slight remodelling of access ways for pedestrians - Police to contribute 50% towards total cost	60,000
LED Lighting	Replace current lighting with LED lighting - Wombourne, Finance portakabin, Tutbury, Barton	80,000
Brewwood Refurbishment	Undertake building refurbishment	393,177
Sustainability heating system replacement - Stations	Gnosall - Heating system replacement	150,000
		1,083,612
Operational Equipment		
Operational Equipment Pool		25,000
Cylinder Replacement	Phase 2	125,000
BA compressors x 2	Planned replacement of existing compressors	98,077
Air Bags	Due for replacement 26/27	25,000
Wildfire PPE	Replacement of existing Wildfire PPE to conform with new EN Standards	125,000
ALP Escape Sets	Colls & Micros	14,000
Gas Monitors	New unit procurement	65,000
Asset Tracking	Carry Forward from 25/26	80,000
BA Set Washing Machine	Carry Forward from 25/26 (awaiting FBT work to be completed)	33,554
Cobra System Equipment	Awaiting evidence and feedback from Lichfield.	65,000
Equipment For Marked 4x4 Response Vehicles	Pumps and equipment for 4x4 vehicles.	35,000
Equipment for PRL 6, 7, 8, 9	£60k per PRL	240,000
Equipment for water carrier		50,000
Radiation Equipment Replacement	Replace failed units	45,000
Appliance CCTV	Option A - per 24.11.25 Response Board Paper	75,000
		1,100,631
Appliances & Vehicles - Heavy		
PRLs	PRL 6 / PRL 7 / PRL 8 / PRL 9 - Body Build Payments - From new tender - £275k per vehicle	1,100,000
PRLs	PRL 10 / PRL 11 - Chassis Payments - From new tender - £150k per vehicle	300,000
1 x Water Carriers	£380k per vehicle. £150k for chassis. £230k for build. Vehicle #1 Build	230,000
Appliances & Vehicles - Light		
Marked Standard Response Cars x 7	Station Managers - £25k per vehicle (inc commissioning) - replaces all seven 69 plate Vauxhall Astra's at 8 years old	182,000
Marked 4x4 Response Vehicles x 1	£35k per vehicle (includes commissioning costs) - replaces last of the 63 plate Ford Rangers at 14 years old	36,000
Utility Van Small/Medium x4	£20k - Replace DX13 FBN, FBL, FBK and FBJ which will be 14 years old	80,000
Rope Rescue Vehicle	Decision to be made on whether to have combined RR and Confined Space vehicle at Response Board 2025. If we need replacement will be circa £60k	70,000
		1,998,000
Information Technology		
Mobile Phone Replacement		35,000
ICT Rolling Programme - Desktop		150,000
ICT Rolling Programme - Infrastructure		150,000
MDT Replacement - Software	Rolled forwards from 25-26 - per 18.09.25 CRG	88,431
Station End	Rolled forwards from 25-26 - per 18.09.25 CRG	150,000
PSTN Network Refresh	Separated this from PSN due to time frames. Need another budget code.	50,000
PSN Migration	Migration extend for a further 12 months.	50,000
Wireless Access Points	Replacement of access points at stations. Need more in each station to improve connectivity. Project split over 2 years.	35,000
Back up System	Hardware plus 3 year licences	400,000
		1,108,431
Overall Total		5,290,674

Staffordshire Commissioner Fire and Rescue Authority

Prudential Indicators

A. Indicators for Affordability, Prudence and Capital Expenditure

1. Ratio of Financing Costs to Net Revenue Stream

Estimate	Estimate	Estimate
2026/27	2027/28	2028/29
%	%	%
4.8	5.5	6.2

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

2. Estimates of Capital Expenditure

Estimate	Estimate	Estimate
2026/27	2027/28	2028/29
£m	£m	£m
5.3	4.1	5.1

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

3. Capital Financing Requirement/Gross Debt

Estimate	Estimate	Estimate
2026/7	2027/28	2028/29
£m	£m	£m
25.7	27.3	29.1

This indicator effectively shows the level of the Authority's underlying need to borrow for capital purposes. Net borrowing is not expected to exceed the total of the capital financing requirement (except in the short term). It is a key indicator of prudence that, over the medium term, net borrowing is only for capital purposes.

B. Indicators for Treasury Management

1. Treasury Management Code of Practice

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

2. External Debt

	Estimate	Estimate	Estimate
	2026/27	2027/28	2028/29
	£m	£m	£m
Authorised Limit	40.7	42.2	44.6
Operational Boundary	33.9	34.9	36.4

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

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

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

The above excludes the PFI Balance Sheet debt position.

Glossary of Risk Management Categories

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

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

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

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

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

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

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

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