# Staffordshire Police, Fire and Crime Panel

14:00 Monday 13 February 2023
Council Chamber, County Buildings, Stafford

John Tradewell
Secretary to the Panel
Friday 3 February 2023

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

## A G E N D A

1. **Apologies**

2. **Declarations of interest**

3. **Questions to the PFCC from Members of the Public**

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

4. **Proposed Fire and Rescue Budget and Precept 2023/24** (Pages 1 - 78)

5. **Fire and Rescue Service Safety Plan 2020-2024 - Update report** (Pages 79 - 92)

6. **Questions to the PFCC by Panel Members**

7. **Date of Future Meetings and Work Programme** (Pages 93 - 96)

| Membership | |
|---|---|
| Jackie Barnes | Stoke City Council |
| Adrian Bowen | Co-optee |
| Richard Cox (Vice-Chair) | Lichfield District Council |
| Ann Edgeller | Stafford Borough Council |
| Gill Heesom | Newcastle-under-Lyme District Council |
| Tony Holmes | Staffs Moorlands District Council |
| Philip Hudson | East Staffordshire Borough Council |
| Bryan Jones | Cannock Chase District Council |
| Roger Lees | South Staffordshire District Council |
| Bernard Peters (Chair) | Staffordshire County Council |
| Martin Summers | Tamworth Borough Council |
| Keith Walker | Co-optee |

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

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**Email:** mandy.pattinson@staffordshire.gov.uk

**Item No. on Agenda**

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

**13th February 2023**

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

Report of the Staffordshire Commissioner

## Introduction

The purpose of this report is to set out the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2023/24. This is the second budget report and Medium-Term Financial Strategy (MTFS) for the Staffordshire Commissioner. This report delivers one of the Commissioner's key responsibilities as laid out within the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net revenue budget requirement for 2023/24
- Proposed precept for the fire element of the council tax 2023/24
- Proposed Medium Term Financial Strategy (MTFS)
- Outline Capital Budget for 2023/24 to 2025/26

The report should be read in conjunction with the accompanying:

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

## Recommendations

The Police, Fire and Crime Panel is asked to:

a) Examine the information presented in this report, including:

- The Total 2023/24 net revenue budget requirement of £46.465m, including
- A council tax requirement for 2023/24 of £30.355m before collection fund surplus/deficits are taken into account **(see Appendix 6)**

b) Note that the funding for 2023/24 is based upon the Provisional Local Government Finance Settlement, and includes the business rates information received from the nine billing authorities (as per NNDR1 returns) by 31 January 2023.

c) Support the Commissioner’s proposal to increase the 2023/24 precept for the fire element of the council tax bill by 4.85% or £3.90 per annum which is equivalent to 7.5p per week, increasing the council tax to £84.25 for a Band D Property **(see Appendix 6)**

d) To note that the Council Tax base has increased to 360,299 properties **(see Appendix 5)** equivalent to an increase of 1.46%. The Council Tax collection fund has also been finalised delivering a surplus of £405k **(see Appendix 4).** Note this includes the option to spread the £102k per annum deficit attributable to COVID-19 over 3 years and this is the final year

e) To note the MTFS summary financials **(Appendix 7)** and MTFS assumptions contained within the report

f) To note the MTFS shows a balanced position. However, this includes a saving requirement of c.£0.7m during the MTFS period and a net use of earmarked grants/reserves of £0.65m. This is driven by the assumptions around ongoing cost pressures which includes ongoing pay pressure and inflationary increases in non-pay and utilities

g) Support the proposed three year Capital Investment Programme (**see Appendix 8**). Note there is a Capital Strategy to accompany the programme

h) To note the business rates for 2023/24 is based upon NNDR1 returns from the nine local billing authorities. This report includes a recovery of the collection fund deficit position included within the 202/23 returns.

i) Note the outcome of The Staffordshire Commissioner’s budget consultation

j) Support the delegation to the Director of Finance for the Staffordshire Commissioners Office to make any necessary adjustments to the budget as a result of late changes to central government funding (including changes due to the final funding settlement being announced) via an appropriation to or from the general fund reserve

k) To note the proposed fees and charges for 2023/24 **(see Appendix 10)**

l) To note the Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves

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

**Contact Officer:** David Greensmith
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## Commissioner’s Foreword

This is my second budget and council tax precept proposal for Staffordshire Fire and Rescue Authority as Police, Fire & Crime Commissioner. Since my election in May 2021, I continue to be impressed by the professionalism and commitment of our Fire officers and staff. I would like to thank them for this and particularly for their ongoing commitment and dedication ensuring the safety of the communities we serve.

This 2023/24 budget and Medium Term Financial Strategy (MTFS) is set against this backdrop that includes some significant uncertainties. The 2022/23 pay award for Firefighters’ has yet to be resolved and it is now increasingly more likely that following the strike ballot which closed on 30 January 2023 members of the Fire Brigade Union will be taking industrial action. This will be a very challenging time for all and I remain deeply concerned about the impact of strike action on all staff and on our communities, and I sincerely hope that strike action can be avoided. Since the last budget was set we have also seen the invasion of Ukraine by Russian forces leading to a significant increase in energy costs with inflation running at over 10% in recent months placing significant pressure on household as well as fire and rescue budgets.

In December 2021 I published my local Fire and Rescue Plan which sets out priorities and service expectations on behalf of Staffordshire residents. These include a flexible and responsive Service, protecting people and places, helping people most at risk stay safe and ensuring that we have a Fire and Rescue Service fit for tomorrow. I have reported progress against my plan to the Police Fire and Crime Panel and also challenged the performance of the Service by questioning the Chief Fire Officer during a number of Public Performance Meetings.

I have worked with Staffordshire Fire to address future years’ budget gaps through a number of planning sessions, and I am pleased to present a five-year budget and MTFS that incorporates around £1 million of cash savings delivered as part of this transformation work. This has improved efficiency and effectiveness of the Service but there is still more to do to address funding moving forward.

HMICFRS recognised that following their inspection carried out in 2021 there were 21 areas for improvement identified by the Inspectorate and I am happy with the progress being made by the Service and I am confident that the next inspection during 2023 will report tangible improvements in many areas.

This MTFS will ensure that the Chief Fire Officer has the resources needed to deliver on the local plan and national government priorities. With this, inflation and wage pressures in mind, I have concluded that the 2023/24 Fire and Rescue council tax precept should increase by 4.85%, equivalent to £3.90 per year or 7.5p per week for a band D property.

The proposed increase in the Fire and Rescue council tax precept over the four-year period of this MTFS is once again lower than the forecast cumulative rate of inflation and wage growth. I will always aim to keep council tax as low as possible without compromising safety. The Council Tax proposal is also below the referendum limit which was set at £5 for Fire & Rescue Authorities in 2023/24.

I am acutely aware that household budgets are tight, so I expect every pound of taxpayer's money invested in Fire and Rescue to be spent wisely and for Staffordshire Fire to continually seek efficiencies. To balance this MTFS, without using further reserves, £0.7 million of additional savings will be required by 2026. This will be challenging but given a good record of making savings, smarter use of technology, more efficient crewing models and to share more buildings and back-office costs with Staffordshire Police, I believe this is achievable.

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

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

**Executive Summary**

This report advises the Panel on the proposed revenue budget for 2023/24, and the proposed level of Council tax for the Staffordshire Commissioner Fire and Rescue Authority. It also presents an updated Medium Term Financial Strategy for the following four year period to 2027/28.

On 17 November, Chancellor of the Exchequer Jeremy Hunt announced the Autumn Statement 2022 in a speech in the House of Commons. The Statement was Mr Hunt's first major fiscal event as Chancellor and was accompanied by the Office of Budget Responsibility's Economic and Fiscal Outlook. The new Chancellor and the Prime Minister delayed the Autumn Statement to give themselves more time to address the spending gap. Prior to the announcement, with inflation running at a 41 year high at 11.1% CPI, and 14.2% RPI and the Bank of England Base Rate (3%) also at its highest since 2008, the gap was estimated to be approximately £55bn. The Chancellor had indicated that £20bn would be met through tax rises and the remaining £35bn through spending cuts.

On 19 December 2022, Michael Gove MP, set out the Provisional Local Government Finance Settlement for 2023/24 in the form of a written ministerial statement. Alongside the statement, details of the provisional settlement have been published on the Gov.uk website. The Secretary of State stated that the proposals announced "give multi-year certainty to local authorities, allowing them to plan ahead with more confidence over the rest of the Spending Review period". The Provisional Settlement publication marked the start of the four-week consultation which closed on 16 January 2022. The Settlement Funding assumptions contained within this report are based upon this Provisional Settlement.

Following the receipt of the draft local government finance settlement which included the increase in referendum limits to £5 for Council Tax increases, the Commissioner has considered; current and future funding requirements, together with the factors included within his Fire and Rescue Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings available to the Service as part of its ongoing transformation work.

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

The Settlement Funding for 2023/24 includes an inflationary increase in Revenue Support Grant (RSG) set at 10.1%, increasing by £499k. The business rates top-up has also been increased by 2.5%.

The Commissioner is proposing a 4.85% increase in Council Tax equivalent to an additional £3.90 per annum (7.5 pence per week) which is £1.10 below this referendum limit of £5 and will increase Band D Council Tax for the Staffordshire Commissioner FRA to £84.25. A £5 increase would have been equivalent to a 6.2% increase.

For 2023/24 in support of this recommendation the online precept consultation with residents undertaken by the Commissioner shows that overall, around 58% of all respondents support an increase in precept for the Fire and Rescue Service. The resident's survey generated 1922 responses and shows that 1121 of individuals favoured an increase, with 801 not supporting any increase at all.

The budget process for 2023/24 involved full consultation with all budget holders and calculated from a zero base. Where possible all recurring efficiencies and savings achieved to date have been incorporated into the base budget.

The Commissioner has considered the adequacy and level of reserves and the impacting of future financial challenges and opportunities in the MTFS. The MTFS assumes a net draw on reserves of £0.65m to support the MTFS revenue budget over the five year planning window. This paper is accompanied by a revised Reserves Strategy. There are significant risks and uncertainties beyond 2023/24 that are reflected and narrated within this paper which include the uncertainty regarding pay awards for Firefighters and the impact of inflation running at a 41 year high.

In summary, when considering the Settlement Funding Position, additional grants offered by Government and the precept proposal from the Commissioner a balance budget position is presented for the budget year 2023/24 and 2024/25, however the continuing uncertainty beyond next year makes planning challenging.

The MTFS includes a saving target of £0.7m and the Commissioner will continue to work with the Service in order to ensure that further efficiency is achieved to deliver this saving and deliver the requirements set out with the Commissioner's Fire Plan. This reported overall financial position is better than reported to the Panel back in October 2022.

| | 2023/24 Budget | 2024/25 Plan | 2025/26 Plan | 2026/27 Plan |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| ***Gap (Surplus) reported to Panel - October 2022*** | **(2.2)** | **(3.1)** | **(3.2)** | **(3.2)** |
| **Movement** | | | | |
| Settlement Funding Position | 1.1 | 1.1 | 1.1 | 1.1 |
| Council Tax Proposal - 4.85% (£3.90) | 0.8 | 1.0 | 1.0 | 1.0 |
| Business rates Income and S31 Grants | 0.7 | 0.7 | 0.7 | 0.7 |
| Special Services Grant - per settlement | 0.3 | 0.3 | 0.3 | 0.3 |
| Inflational Assumptions (Utilities) | (0.6) | (0.7) | (0.9) | (0.9) |
| Capital Financing Costs | (0.5) | (0.3) | (0.5) | (0.5) |
| Pension cost assumptions (Employer rate updated) | | 0.7 | 0.7 | 0.7 |
| ***Revised MTFS Position*** | **(0.4)** | **(0.3)** | **(0.7)** | **(0.7)** |
| Use of earmarked grants and reserves | 0.4 | 0.3 | | |
| ***MTFS Position - Transformation Requirement*** | **0.0** | **0.0** | **(0.7)** | **(0.7)** |

This above reflects the improved position received as part of the Provisional Local Government Finance Settlement and also the greater council tax flexibility offered to Fire and Rescue Authorities.

Although there is still a gap in funding by 2025/26 this updated and improved position will help to maintain the level of service provided to the communities of Staffordshire and Stoke on Trent. The budget position for 2023/24 and 2024/25 is balanced and includes the use of £0.65m in grants and reserves to help support this position.

**Background**

1. The budget proposals contained within this report are based upon the provisional 2023/24 Local Government Finance Settlement received on 19 December 2022.

2. Settlement Funding comprises of three funding streams shown below. The RSG and Business Rates top-up are shown as extracted from the provisional settlement, with the 1% share of local business rates being based upon the NNDR1 submissions from the nine billing authorities.

| | **2022/23 £m** | **2023/24 £m** | **Movement £m** |
|---|---|---|---|
| 1% share of Local Business Rates | 2.670 | 4.070 | 1.400 |
| Business Rates Top-up | 6.059 | 6.212 | 0.153 |
| Revenue Support Grant (RSG) | 4.923 | 5.422 | 0.499 |
| **Total Settlement Funding** | **13.652** | **15.704** | **2.052** |

**Business Rates / Business Rates Top-up**

3. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. The Panel should note that the actual 1% share of local business is extracted from the district, borough and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits).

4. The 1% share of business rates resulted in a year on year reduction of £1,065m last year demonstrating overall reduction in the business rates collection estimates across Staffordshire and Stoke on Trent due to the impact of the pandemic, with less business rates relief promised. This business rates deficit reported in 2022/23 has fully recovered in the budget year 2023/24 and a surplus on the business rates collection fund has also been reported.

5. Dialogue with the nine billing authorities will be undertaken during the year to ensure any impact of the future business rates reset is understood and included within future updates of the MTFS when more information is available.

6. S31 grants are also received as part of the NNDR1 returns and have been included within the budget for 2023/24 and maintained for the MTFS period.

**Council Tax**

7. The setting of Council Tax is under the control of the Staffordshire Commissioner. The process for issuing the precept is aligned to the setting of the Staffordshire Police precept following the change in governance arrangements in 2018. This process is laid out within Schedule 5 of the Police Reform and Social Responsibility Act 2011.

8. From 1 August 2018, the Staffordshire Commissioner assumed the functions of the former Stoke-on-Trent and Staffordshire Fire and Rescue Authority, including the power to issue a fire precept from 2019/20.

9. The Band D Council Tax for the Authority was approved at £80.35 for 2022/23, this report includes the proposal by the Commissioner to increase Council Tax by 4.85% to £84.25 in 2023/24.

10. The referendum limit for 2023/24 has been increased to £5 for this Authority for a single year as announced within the settlement.

11. A 4.85% increase in Council Tax is equivalent to an increase in Band D of £3.90 per annum (7.5 pence per week), and will increase Band D to £84.25. This proposed increase is £1.10 (1.37%) below the referendum limit.

12. The Council Tax base shown in **Appendix 5** has increased to 360,299 from 355,100 properties in 2022/23, which is equivalent to an increase of 1.46%. The Council Tax collection fund is also in credit by £405k, shown in **Appendix 4**. Both the Council Tax base and the surplus on the collection fund have been finalised and agreed.

13. A 1% sensitivity in precept for the Staffordshire Commissioner is equivalent to £0.3m.

14. Based upon a 4.85% increase, the total budgeted precept (including collection fund deficit) has increased by £1.941m, as follows:

| | |
|---|---|
| **Council Tax Amount 2022/23** | **£28.820m** |
| Increase in Council Tax Base by 1.46% | £0.418m |
| Movement in Council tax Surplus | £0.118m |
| Increase in Council Tax by 4.85% | £1.405m |
| **Council Tax Amount 2023/24** | **£30.761m** |

15. The Staffordshire Commissioner issued a budget consultation document in December which concluded on 16 January 2022 which also included a survey regarding options for the local precept. The results of this consultation show that 58% of the 1922 that responded supported an increase in Council Tax.

16. The table below illustrates the financial impact of the precept changes on the Council Band D rate and increase in funding for the Staffordshire Commissioner Fire and Rescue Authority.

| 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 |

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

## Revenue Budget 2023/24

17. The Revenue Budget sets out to support the Corporate Safety Plan and Fire and Rescue Plan issued by the Staffordshire Commissioner.

18. **Appendix 1** sets out the proposed revenue budget of £46.465m for 2023/24 based upon a Council Tax Increase of 4.85% and the provisional Local Government Finance Settlement and the 1% share of local business rates based upon the amount included within the NNDR1 submissions from the nine billing authorities.

19. The key features of the budget, are as follows:

### Pay costs Revenue budget

The overall pay costs budget for 2023/24 at £30.4m, shows an increase of £1.4m more than last year's budget.

The 2022/23 pay award for Firefighters' has yet to be resolved and it is now increasingly more likely that following the strike ballot which closed on 30 January 2023, members of the Fire Brigade Union voted in favour of taking industrial action. The budget for 2023/24 assumes a 5% pay award for 2022/23 and a 4% pay award for 2023/24. Increases above this level will increase the savings requirement for the Authority unless additional funding is provided by the Home Office.

The Fire Brigades Union remain in discussion with fire service employers through the National Joint Council and it is hoped that a pay resolution can be agreed to avoid strike action.

There is, therefore, some risk associated with the assumed level of pay award for 2022/23 and 2023/24 included within the medium term particularly with the 5% pay offer for 2022/23 rejected by the FBU and inflation (RPI) continues to run at rates in excess of 11%, forecasting to reduce to around 9% in 2023.

The following bridge explains the net increase in pay costs:

| | £m |
|---|---|
| **Pay Budget – 2022/23** | **29.0** |
| Pay Award (2022/23 +2%, 2023/24 at 4%) | 1.7 |
| National Insurance reversal of 1.25% | (0.2) |
| New Posts (incl. temporary investment and re-grades) | 0.4 |
| Restructure and efficiency savings (transformation) | (0.7) |
| Other factors | 0.2 |
| **Pay Budget – 2023/24** | **30.4** |

**Non-pay costs**

Non-pay costs are budgeted to increase by over £2.1 million year on year. Some of the main movements in non-pay costs are as follows:

- Premises costs have increased by £1.2m and includes an estimate of the anticipated increase in gas and electricity costs following the significant increase in wholesale prices
- Transport costs are broadly in line with previous year despite the significant increase in fuel prices during the year. Fuel costs are held at £0.3m per annum and reflect the purchase rates which are reducing from the high levels seen during 2022
- Non-Pay includes a charge of £1.3m payable to West Midlands Fire Service, this represents 30% of the budgeted cost of running the Joint Fire Control. Costs have increased by £0.1m and reflects the additional pay rates discussed above.
- Non-pay includes impact of contract renews etc. reflecting the general increase in prices for goods and services, £0.4m
- Collaboration (shared service charges), overall costs have increased by £0.3m and includes pay awards for Police Staff (£1900 per pay band) and is equivalent to a pay award in excess of 5%. In additional the employer pension contribution into LGPS by Staffordshire Police has increased by 6% from 1 April 2023.

**(ii) Income**

Income for 2023/24 is budgeted to increase by £0.7m to £4.1m

- A Special Services Grant has been included within the Provisional Settlement, £0.2m higher than the amount released in 2022/23 (based upon the previous grant allocation that included the additional 1.25% NI increase which has now been reversed)
- The S31 Grant for Business Rates has increased by £0.5m as additional business rates relief has been committed within the Provisional Settlement. This increase is taken from the NNDR1 submissions.

### (iii) Capital Charges

Total capital charges are budgeted to increase by £1.4m to £6.6m

- The £1.6m minimum revenue provision requirement for 2023/24 in line with the MRP Policy. This is up £0.2m based upon the capital investment programme and strategy.
- The budget assumes that the overall level of borrowing (loans) for the Authority will remain unchanged as no loans are due for repayment in year. The budgeted level of interest on the existing long terms loans of £16.800m is 4.36% (Budget 2023/24, £0.732m)
- The budget includes the direct funding for the replacement of operational cars and vans (with a 5 year estimated life), £0.5m.
- The unitary charge will increase by RPIx applied to the variable elements of both PFI contracts. The CPI rate led to increases of 8.2% in 2022/23 and estimated also at this level for 2023/24. Total impact of inflation £0.7m by March 2024.

## Budget Monitoring 2023/24

20. A budget monitoring report will be considered by the Strategic Governance Board on a quarterly basis. A monthly Finance Report will be issued to members of the Service Delivery Board (SDB) and also published on the Intranet available for all staff.

21. The Finance Panel, which is a sub-group of the Ethics, Transparency and Audit Panel (ETAP) will continue to review the budget monitoring reports on a bi monthly basis with a report submitted to ETAP by the Chair of the Finance Panel.

## Service Transformation

22. The Service has undertaken a number of scenario planning sessions and options have been discussed and developed with the Staffordshire Commissioner in order to provide a pathway for delivery of the expected financial challenges into the medium term and deliver a more efficiency Service delivering improved productivity.

23. The requirement for Service Transformation is to ensure that Staffordshire Fire and Rescue Service “is able to provide a modern, efficient and sustainable level of service to the public which does not compromise the safety of our staff or our communities.”

24. There are a number of topics that have explored under the banner of future transformation of the service. The work is aligned to the Safety Plan 2020-2024 (service reform) and the Commissioners Fire Plan 2021-2024 under the two priorities of having a Flexible and Responsive Service as well as a Fire Service for Tomorrow.

25. The following update provides the Panel with an update position on all workstreams included within the budget and MTFS report for 2022/23.

26. The work undertaken fits into four distinct categories:

**a) <u>Corporate Reform</u>**

- **Senior leadership restructure** – In order to create a more efficient, flexible pathway of management and in order to attract the best future leaders into the service.

  Update: This work has been completed and a new senior structure is now in place within the Service.

- **Investing in our people** – This work is being completed through our review of the service's culture and creation of an insights team to improve equality, inclusivity and diversity.

  Update: Work is continuing within the Service with the role out of the Core Code of Ethics, a workstream that has been led nationally by the Chief Fire Officer. The creation of the Insights team is complete

- **Improving the productivity of the Service** – Through a new station work routine to create capacity and performance clarity within the wholetime crews. This also includes investment and reform of all aspects of performance and assurance within the service

  Update: Workstream complete

- **Review of Learning and Development** - This area of work includes a more effective restructure to build capacity for outreach training and assessments. More effective delivery of the national

  Update: Workstream complete

**b) <u>Response and Crewing Reform</u>**

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

- **To introduce new appliances with enhanced rescue capabilities (ERPs)** – This will improve the services capabilities for heavy rescue incidents and allow a more efficient crewing model to be implemented. This is supported by the capital programme.

  Update: two new appliances are on order and delivery is expected in 2023/24. This will remove 4 operational posts, annual saving £0.2m.

- **A revised operational response model** – In order to create a more effective and efficient use of available wholetime and on-call firefighters to improve fire cover and enhance the level of public safety

  Update: Workstream ongoing

- **Reviewing the viability of station locations**

  Update: This work has been completed.

- **Reviewing of the crewing models in place across the Service** – To understand the potential of changing crewing models at wholetime stations

  Update: Wholetime crews will now respond to call with a minimum level of crewing of 4 firefighters (optimum level 5). This is delivering reduced overtime and savings estimated to be £0.4m full year.

  Options for Wholetime Shift Stations to move to day duty shift systems are also being reviewed so they are available to the Commissioner Fire and Rescue Authority as options if required as part of the Service's transformation requirements

- **Review of Service standby policy** - To provide evidence to demonstrate whether our standby movements add value to our response to incidents

  Update: workstream completed

**c) <u>Prevention and Protection Reform</u>**

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

Update: Workstream ongoing

**d) <u>Estates and Shared Services Reform</u>**

- **The transformation of fire estate** – This includes the redevelopment of Stafford and the continued progress of sharing estates with Staffordshire Police which improves collaboration and brings a more efficient model to Fire and Police as part of the Commissioner's Estate Strategy

  Update: Work is ongoing to review the Stafford area. Additional collaboration opportunities are under review at Chase Terrace, Uttoxeter, Stone, Kidsgrove and across Police and Fire Headquarters

- **Review of Shared Service performance** – this will explore the level of performance and assurance for both the Service and Staffs Police with a review of current governance and reporting arrangements

  Update: Workstream ongoing through Shared Service Operational Management Group

27. Savings options in excess of £1m have been included within the MTFS of which £0.7m has now been fully implemented. Workstreams above will continue to be developed alongside the Commissioner to ensure that the Service continues to deliver efficiencies and improved productivity in order to meet the £0.7m gap within the MTFS by 2026.

**Firefighters' Pension Schemes**

28. Pensions Grant

    Following the results of the 2016 Valuation of the Firefighter's Pension Schemes employer contribution rates were increased by an average of 12.6%, resulting in additional costs for Staffordshire of around £1.8m per year. A Pension Grant has been received for the last four years' from the Home Office covering 90% of this increase and this grant has also been guaranteed for the budget year 2023/24. The Commissioner has been informed by the Home Office that it is looking to base line this grant into future funding settlements.

29. Sargeant/McCloud Case Update

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

    Work has been on-going in endeavouring to provide remedy to affected members ahead of the legislation under Section 61 of the Equality Act, with a process called Immediate Detriment (ID). In total nine cases have been processed in this way and will need be reviewed once the legislation is enacted to ensure that all benefits being paid accurately reflect the revised scheme rules. The Commissioner agreed to cease processing ID cases in May 2022 as advised by the Home Office, due to a number of significant risks identified by HMT and HMRC.

30. Firefighters pension scheme costs therefore remain a significant risk over the medium term, and the Commissioner has established a pensions reserve. Employer contribution rates payable into the Firefighters' Pension Scheme remain at 28.8% within the life of the MTFS. It is assumed that any future increases in Employer contribution rates will be funded centrally through additional grant. It remains unlikely that rates will be announced before 2025/26.

**Reserves and Balances**

31. The Authority holds two reserves, a Specific/Earmarked Reserve which is built up through any surplus within the Income and Expenditure account. The utilisation of this fund has been established with the approved Reserves Strategy that was last updated in February 2022; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3).**

32. At 1 April 2022 the Authority held £1.9m in General Reserves and a risk assessment for this reserves was undertaken as part of the budget setting process for 2023/24 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.1% of the proposed revenue budget for the year.

33. At 1 April 2022 the Authority held £8.2m in Earmarked Reserves. **Appendix 2** demonstrates the impact on Specific Reserves for the Council Tax proposal included within this paper. The schedule also assumes utilisation of capital spend as incorporated within the Reserves Strategy. It does not assume use of reserves for other contingency areas that are incorporated within the Reserves Strategy.

34. The forecast balance on the Earmarked Reserves is detailed within the Reserves Strategy update paper and shown below **(see Appendix 2).**

**Medium Term Financial Strategy**

35. The MTFS has been updated to reflect the budget proposals for 2023/24 and incorporates the assumptions contained with the Provisional Local Government Settlement, which includes the assumed increase in Council Tax of 4.85%. A summary of the financials covering the medium term period 2023/24 to 2027/28 are included within **Appendix 7.**

36. Should the Staffordshire Commissioner elect not to increase Council Tax for 2023/24 and beyond in line with the assumptions incorporated within this report, saving targets and use of reserves will need to be re-visited.

37. The budget for 2023/24 and 2024/25 shows a balanced position, however there is a saving requirement of £0.7m identified into the medium term and the use of £0.~~65m~~ of earmarked grants and reserves proposed for 2023/24 and 2024/25.

38. There remains a significant level of financial uncertainty regarding the funding position for the Authority beyond and including 2022/23, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.

39. The main areas of uncertainty must be considered when reviewing this MTFS:

    - The likely impact of Pay Awards for 2022/23 and 2023/24 above the respective 5% and 4% assumptions
    - The Impact of Inflation on all costs if high inflation continues beyond 2023

- The impact on Firefighter pension costs from the 2020 valuation and the Sargeant McCloud ruling, likely from 2026
- The impact on Service Delivery if savings are required beyond the £0.7m identified within this MTFS

40. A summary of the main MTFS assumptions are shown below for consideration:

| | 2023/24 Budget | 2024/25 Plan | 2025/26 Plan | 2026/27 Plan | 2027/28 Plan |
|---|---|---|---|---|---|
| **PAY COSTS** | | | | | |
| Pay Award Operational Staff | 4.0% | 3.0% | 3.0% | 2.0% | 2.0% |
| Pay Award Non Operational Staff | 4.0% | 3.0% | 3.0% | 2.0% | 2.0% |
| Other Pay Costs | 4.0% | 4.0% | 3.0% | 2.0% | 2.0% |
| Pension Costs - Fire Fighters Pension Schemes | +£1.8m | +£1.8m | +£1.8m | +£1.8m | +£1.8m |
| Pension Costs - Fire Fighters Pension Grant | (£1.7m) | (£1.7m) | (£1.7m) | (£1.7m) | (£1.7m) |
| **NON PAY COSTS** | | | | | |
| Electricity | 54.0% | 5.0% | 5.0% | 2.0% | 2.0% |
| Gas | 54.0% | 5.0% | 5.0% | 2.0% | 2.0% |
| Business Rates | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Water and Sewerage | 5.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| General Supplies and Services | 5.0% | 2.0% | 5.0% | 2.0% | 5.0% |
| **INTEREST RATES** | | | | | |
| Interest on Investments | 3.0% | 2.0% | 2.0% | 1.0% | 1.0% |
| Interest on Debt | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% |
| **GENERAL FUNDING** | | | | | |
| Council Tax Increases | 4.85% | 2.99% | 1.99% | 1.99% | 1.99% |
| Council Tax Base Growth | 1.46% | 1.50% | 1.50% | 1.50% | 1.50% |
| Revenue Support Grant | 10.1% | 3.0% | 2.0% | 2.0% | 2.0% |
| Local Business Rates | 52.4% | 2.0% | 0.0% | 0.0% | 0.0% |
| Business rates Top-up grant | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

A 1% sensitivity across key budget areas is reflected below:

| Cost / Income Area | Change | £000s |
|---|---|---|
| Pay Costs | +/- 1% | 297 |
| Premises Costs (incl utilities) | +/- 1% | 50 |
| Vehicles | +/- 1% | 10 |
| Supplies and Services | +/- 1% | 82 |
| Employer Pension Contributions | +/- 1% | 210 |
| Business Rates | +/- 1% | 40 |
| Revenue Suport Grant | +/- 1% | 54 |
| Precept | +/- 1% | 303 |
| Council Tax Base | +/- 1% | 312 |

**Capital Programme**

41. The three year Capital Programme and Capital Strategy for 2023/24 to 2025/26 has been developed and is reviewed within the Capital Strategy.

42. The Capital Programme has been developed by the operational budget holders with all plans submitted to the Capital Review Group chaired by the Director of Finance.

43. The total programme of £6.7m for 2023/24 includes an element of carry-over from the current year. Whilst this delay has not impacted upon service delivery to date, is has culminated in a challenging programme for 2023/24 and again this comes with a degree of risk of further delays and slippage.

44. The revenue consequences of the proposed programme have been considered in the development of the revenue budget and the required prudential indicators are set out within the Treasury Management Strategy.

45. As part of the capital programme for 2023/24 and 2024/25 the Commissioner has committed the use of £0.9m of reserves to support the vehicle replacement programme , and £0.5m to support the station refurbishment work at Brewood.

46. The summary capital programme is shown within **Appendix 8**.

47. The detailed programme for 2023/24 is shown within **Appendix 9**.

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

48. The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Commissioner's CFO to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Financial Officer and the report must be given to the Police Fire and Crime Panel.

49. I can confirm that the budget for 2023/24 is balanced and has been produced on a robust basis. Whilst there remains some uncertainty with regard to future settlement funding, increased pay awards and the costs of Firefighter's pensions, estimates have been included within the Medium Term Financial Strategy and appropriate provision made within Earmarked Reserves.

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**Staffordshire Commissioner Fire and Rescue Authority** **Appendix 1**

## Revenue Budget Summary 2023/24

| | Budget 2022/23 | Budget Proposal 2023/24 | Year on Year Change |
|---|---|---|---|
| | **£000s** | **£000s** | **£000s** |
| **Pay** | | | |
| Pay Costs | 26,875 | 28,025 | 1,149 |
| Other Employee Costs | 2,098 | 2,387 | 289 |
| **Total Pay** | 28,973 | 30,411 | 1,439 |
| **Non Pay** | | | |
| Premises Costs | 3,897 | 5,154 | 1,257 |
| Transport Costs | 772 | 775 | 3 |
| Supplies & Services Costs | 7,075 | 7,941 | 867 |
| CFS Costs and Initiatives | 309 | 323 | 14 |
| **Total Non Pay** | 12,053 | 14,193 | 2,140 |
| **Income** | | | |
| Income - General | (3,326) | (4,081) | (754) |
| Interest Receivable | (10) | (285) | (275) |
| **Total Income** | (3,336) | (4,366) | (1,029) |
| Capital charges | 1,425 | 2,108 | 683 |
| Interest Payable | 758 | 732 | (25) |
| PFI Unitary Charge | 3,003 | 3,776 | 773 |
| **Total Capital Charges** | 5,185 | 6,616 | 1,431 |
| **Total Revenue before Reserves** | **42,875** | **46,855** | **3,980** |
| Transfer to/(from) Reserves | (403) | (390) | 13 |
| Budget Gap in Year | | | |
| **Total Revenue Budget** | **42,472** | **46,465** | **3,993** |

| | | | |
|---|---|---|---|
| **FINANCED BY:** | | | |
| **Settlement Funding** | | | |
| Revenue Support Grant | 4,923 | 5,422 | 499 |
| Local Busines Rates (1%) | 2,670 | 4,070 | 1,400 |
| Government Top-up (business rates) | 6,059 | 6,212 | 153 |
| **Total Settlement Funding** | 13,652 | 15,704 | 2,053 |
| **Council Tax** | 28,820 | 30,761 | 1,940 |
| **Total Financing** | **42,472** | **46,465** | **3,993** |

**Staffordshire Commissioner Fire and Rescue Authority** **Appendix 2**

## Earmarked and General Reserves for 2023/24 to 2027/28

| | 2021/22 Actual £m | 2022/23 Est. £m | 2023/24 Est. £m | 2024/25 Est. £m | 2025/26 Est. £m | 2026/27 Est. £m | 2027/28 Est. £m |
|---|---|---|---|---|---|---|---|
| **General Fund** | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| **Earmarked Reserves** | | | | | | | |
| PFI Reserve (Project Reserve Deductions) | 0.8 | 0.7 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Operational Budget Holder Reserves | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| Budget and MTFS Support Reserve | 0.8 | 0.8 | 0.8 | 0.5 | 0.5 | 0.5 | 0.5 |
| Refurbishment Reserve Abbots Bromley | 0.5 | | | | | | |
| Capital Reserves | 1.9 | 0.8 | | | | | |
| Pension Reserve | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Collaboration Reserve | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Future Funding Reserve | 1.7 | 1.7 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| **Total Earmarked Reserve** | **8.2** | **6.4** | **5.0** | **4.5** | **4.5** | **4.4** | **4.4** |
| **Total Reserves Available** | **10.1** | **8.3** | **6.9** | **6.4** | **6.4** | **6.3** | **6.3** |
| **Percentage of Revenue Budget** | | | | | | | |
| General Reserve | 4.5% | 4.5% | 4.1% | 4.0% | 3.8% | 3.7% | 3.6% |
| Earmarked Reserve | 19.5% | 15.1% | 10.8% | 9.3% | 9.1% | 8.6% | 8.4% |

## Risk Assessment of General Reserves for 2023/24

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

A risk assessment for general reserves was undertaken as part of the budget setting process for 2023/24 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.1% of the revenue budget set for the year.

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

| Area of Expenditure | Level of Risk * | Explanation of risk/justification of reserves | 2023/24 Provision £000 |
|---|---|---|---|
| **Loss of Employees / additional pay costs** | High | Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc. | 650 |
| **Failure to achieve efficiency savings** | Medium | Risk of not achieving future savings requirements | 350 |
| **Insurance loss / impact of data breach** | Medium | Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR | 500 |
| **Ill health retirement costs** | Medium | Risk of the number of ill health retirements being greater than anticipated due to ageing workforce | 150 |
| **Other unforeseen costs** | Medium | Risk of unforeseen event: emergency incident, waste fires / tipping | 150 |
| **Other costs** | Medium | Risk of failure of strategic partnership / collaboration initiatives | 100 |
| **TOTAL** | | | **1,900** |

**Staffordshire Commissioner Fire & Rescue Authority** **Appendix 4**

## Council Tax Report 2023/24

## Council Tax Surplus / (Deficit) by Authority

| | 2021/22 | 2022/23 | 2023/24 | Variation |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cannock Chase | (11,536) | 112,486 | (46,934) | (159,419) |
| East Staffordshire | 12,454 | 48,291 | 74,054 | 25,763 |
| Lichfield | (12,686) | (14,191) | 21,029 | 35,220 |
| Newcastle | (18,480) | 11,107 | 22,674 | 11,567 |
| South Staffordshire | (13,600) | 53,244 | 70,810 | 17,566 |
| Stafford | (18,160) | 21,882 | 109,918 | 88,036 |
| Staffordshire Moorlands | (27,024) | 22,740 | 37,539 | 14,799 |
| Stoke | (3,685) | 1,000 | 91,542 | 90,542 |
| Tamworth | 25,639 | 31,345 | 24,770 | (6,575) |
| Budget Adjustment | | | | |
| **Total (per budget paper)** | **(67,078)** | **287,904** | **405,402** | **117,498** |

**Staffordshire Commissioner Fire and Rescue Authority** **Appendix 5**

## Council Tax Report 2023/24

## Taxbase by Authority

| | 2021/22 | 2022/23 | 2023/24 | Variation | % |
|---|---|---|---|---|---|
| Cannock Chase | **29,137** | **29,458** | **29,851** | **393** | 1.33% |
| East Staffordshire | **37,875** | **39,059** | **40,060** | **1,001** | 2.56% |
| Lichfield | **38,891** | **39,695** | **40,534** | **839** | 2.11% |
| Newcastle | **37,087** | **37,668** | **38,099** | **431** | 1.14% |
| South Staffordshire | **38,664** | **39,066** | **39,609** | **543** | 1.39% |
| Stafford | **47,994** | **48,490** | **48,864** | **373** | 0.77% |
| Staffordshire Moorlands | **33,260** | **33,510** | **33,374** | **(136)** | -0.41% |
| Stoke | **63,459** | **65,185** | **66,532** | **1,347** | 2.07% |
| Tamworth | **22,366** | **22,968** | **23,376** | **408** | 1.78% |
| **Total** | 348,733 | 355,100 | 360,299 | 5,199 | **1.46%** |

**Staffordshire Commissioner Fire and Rescue Authority** **Appendix 6**

## Council Tax Report 2023/24

## Council Bands for Each Band and District Precepts

## Based upon a Band D Increase of 4.85%

| | 2021/22 | 2022/23 | 2023/24 | Increase | Per Week |
|---|---|---|---|---|---|
| Band | £ | £ | £ | £ | Pence |
| A | 52.52 | 53.57 | 56.17 | 2.60 | 5.0 |
| B | 61.27 | 62.49 | 65.53 | 3.03 | 5.8 |
| C | 70.03 | 71.42 | 74.89 | 3.47 | 6.7 |
| **D** | **78.78** | **80.35** | **84.25** | **3.90** | **7.5** |
| E | 96.29 | 98.21 | 102.97 | 4.77 | 9.2 |
| F | 113.79 | 116.06 | 121.69 | 5.63 | 10.8 |
| G | 131.30 | 133.92 | 140.42 | 6.50 | 12.5 |
| H | 157.56 | 160.70 | 168.50 | 7.80 | 15.0 |

**Precept Payable**

| | 2021/22 | 2022/23 | 2023/24 | Variation | |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | % |
| Cannock Chase | 2,295,399 | 2,366,962 | 2,514,951 | 147,989 | 6.25% |
| East Staffordshire | 2,983,793 | 3,138,407 | 3,375,055 | 236,648 | 7.54% |
| Lichfield | 3,063,833 | 3,189,501 | 3,415,023 | 225,522 | 7.07% |
| Newcastle | 2,921,714 | 3,026,624 | 3,209,841 | 183,217 | 6.05% |
| South Staffordshire | 3,045,974 | 3,138,968 | 3,337,058 | 198,091 | 6.31% |
| Stafford | 3,780,975 | 3,896,203 | 4,116,754 | 220,551 | 5.66% |
| Staffordshire Moorlands | 2,620,223 | 2,692,529 | 2,811,760 | 119,231 | 4.43% |
| Stoke | 4,999,276 | 5,237,631 | 5,605,329 | 367,699 | 7.02% |
| Tamworth | 1,761,993 | 1,845,479 | 1,969,428 | 123,949 | 6.72% |
| **Total** | **27,473,179** | **28,532,303** | **30,355,199** | **1,822,896** | **6.39%** |

**Staffordshire Commissioner Fire and Rescue Authority** **Appendix 7**

## MTFS Summary Financials to 2027/28

| | 2023/24 Budget £000s | 2024/25 Plan £000s | 2025/26 Plan £000s | 2026/27 Plan £000s | 2027/28 Plan £000s |
|---|---|---|---|---|---|
| **Pay** | | | | | |
| Pay Costs | 28,025 | 28,687 | 29,365 | 29,826 | 30,295 |
| Other Employee Costs | 2,387 | 2,458 | 2,514 | 2,551 | 2,590 |
| **Total Pay** | 30,411 | 31,145 | 31,878 | 32,378 | 32,885 |
| **Non Pay** | | | | | |
| Premises Costs | 5,154 | 5,332 | 5,517 | 5,628 | 5,740 |
| Transport Costs | 775 | 813 | 830 | 846 | 863 |
| Supplies & Services Costs | 7,941 | 8,122 | 8,285 | 8,451 | 8,620 |
| CFS Costs and Initiatives | 323 | 323 | 323 | 323 | 323 |
| **Total Non Pay** | 14,193 | 14,591 | 14,955 | 15,248 | 15,546 |
| **Income** | | | | | |
| Income - General | (4,081) | (4,027) | (3,916) | (3,820) | (3,820) |
| Interest Receivable | (285) | (221) | (158) | (56) | (36) |
| **Total Income** | (4,366) | (4,248) | (4,074) | (3,875) | (3,855) |
| Capital charges | 2,108 | 2,347 | 2,672 | 2,905 | 3,434 |
| Interest Payable | 732 | 732 | 832 | 932 | 932 |
| PFI Unitary Charge | 3,776 | 3,851 | 3,928 | 4,007 | 4,087 |
| **Total Capital Charges** | 6,616 | 6,931 | 7,433 | 7,844 | 8,453 |
| **Total Revenue** | **46,855** | **48,419** | **50,192** | **51,593** | **53,028** |
| Transformation requirement | | | (681) | (683) | (671) |
| Net use of Reserves | (390) | (265) | | | |
| **Total Revenue** | **46,465** | **48,155** | **49,511** | **50,910** | **52,357** |
| **FINANCED BY:** | | | | | |
| **Settlement Funding** | | | | | |
| Revenue Suppport Grant | 5,422 | 5,585 | 5,697 | 5,811 | 5,927 |
| Local Busines Rates (1%) | 4,070 | 4,151 | 4,151 | 4,151 | 4,151 |
| Government Top-up (business rates) | 6,212 | 6,336 | 6,463 | 6,592 | 6,724 |
| **Total Settlement Funding** | 15,704 | 16,072 | 16,311 | 16,554 | 16,802 |
| **Council Tax** | 30,761 | 32,082 | 33,200 | 34,356 | 35,555 |
| **Total Financing** | **46,465** | **48,155** | **49,511** | **50,910** | **52,357** |

## Capital Programme Summary 2023/24 to 2025/26

| | 2023/24 Budget | 2024/25 Plan | 2025/26 Plan |
|---|---|---|---|
| | **£** | **£** | **£** |
| **Building & Infrastructure Works** | | | |
| Refurbishment Programme | 650,000 | 550,000 | |
| Improvement Works | 930,000 | 605,000 | 510,000 |
| **Total** | **1,580,000** | **1,155,000** | **510,000** |
| | | | |
| **Operational Equipment** | **2,284,000** | **125,000** | **84,000** |
| **Appliances & Vehicles** | | | |
| Appliances & Specialist Vehicles | 1,360,000 | 750,000 | 980,000 |
| Vans & Cars | 510,000 | 370,000 | 470,000 |
| **Total** | **1,870,000** | **1,120,000** | **1,450,000** |
| **Information Technology** | | | |
| ICT Hardware, Software Systems & Installations | 925,000 | 1,150,000 | 730,000 |
| **Total** | **925,000** | **1,150,000** | **730,000** |
| | | | |
| **Total Capital Programme** | **6,659,000** | **3,550,000** | **2,774,000** |
| **Funding** | | | |
| Direct Revenue Funding | 510,000 | 370,000 | 470,000 |
| Unsupported Borrowing | 5,069,000 | 3,180,000 | 2,304,000 |
| Earmarked Reserves | 1,080,000 | | |
| **Total Funding** | **6,659,000** | **3,550,000** | **2,774,000** |

## Staffordshire Commissioner Fire & Rescue Authority — Appendix 9

## Capital Programme Detail - 2023/24

| Priority | Scheme Description | Detail | 2023/24 Budget £ |
|---|---|---|---|
| | **IADS** | | |
| | Brewood Refurbishment | Internal Refurbishment and modernisation of 1960' fire station | 500,000 |
| | Tutbury Refurbishment | Internal Refurbishment and modernisation of 1960' fire station | 150,000 |
| | | | **650,000** |
| | **Building Works - Improvements** | | |
| | Sustainability heating system replacement - Stations | Ipstones - Phase out gas heating for sustainable solution | 150,000 |
| | HQ - Resurfacing Works Phase 2 | Front of Amenities and visitor car park and drainage | 100,000 |
| | HQ - Lighting replacement programme Phase 3 | Replace lighting with Energy Efficient LED to Control building | 35,000 |
| | Stations - Lighting replacement programme Phase 3 | Replace lighting with Energy Efficient LED at Biddulph (Old Part) + Wombourne | 45,000 |
| | Skylight Window Replacement - old House | Replace existing skylights will aluminium solution | 70,000 |
| | BEMS installation | Intelligent Heating / Sustainable Controls - HQ | 120,000 |
| | Abbots Bromley - Tower | Look at tower options | 150,000 |
| | HQ Old House - Escape Staircase | Replace fire escape staircase. Health and Saftey issue re fire escape | 90,000 |
| | HQ Amenities - Replace Boilers | Replace gas boilers in the Amenities building | 100,000 |
| | FBT Improvement Works | | 70,000 |
| | | | **930,000** |
| | **Operational Equipment** | | |
| | Operational Equipment Pool | Replacement as required | 25,000 |
| | Life Jackets x 300 | Replacement of all Life Jackets within service due to age | 37,500 |
| | Body Worn Cameras | Possible replacement of cameras. Decision paper to Response Directorate | 22,000 |
| | Operational PPE | £1.3 million for new PPE (final year of PPE receipt) | 400,000 |
| | BA Sets and Testing Modules (Questor) | Total replacement due to age of BA sets. Regional procurement exercise | 1,000,000 |
| | Entry Control Board Batteries | Original batteries lasted 7 years and this is final year. | 15,000 |
| | Thermal Image Cameras | Existing cameras are now starting to fail and parts are becoming difficult to obtain | 200,000 |
| | RTC Stabilisation | Equipment for 12 pumps | 32,500 |
| | Ladders | Replacement programme | 11,000 |
| | Hydraulic Cutting Equipment | Ongoing replacement programme | 292,000 |
| | Clean Concept Equipment | Ensure PPE is clean with not contamination | 65,000 |
| | Appliance Equipment - ERPs | Equipment for new appliances | 150,000 |
| | Appliance Equipment - ALPs | Equipment for new appliances | 16,000 |
| | Boats | | 18,000 |
| | | | **2,284,000** |
| | **Appliances & Vehicles** | | |
| | Light Fleet | Mix of Cars & Vans | 200,000 |
| | Specials Replacement | ICU, Off Road, RR | 310,000 |
| | Pumping Appliances | ERP 3 & ERP 4 - Chassis Payments | 300,000 |
| | ERPs | ERP 1 & ERP 2 - Body Build Payments | 510,000 |
| | ALPs | ALP 1 & ALP 2 - Final Payments | 550,000 |
| | | | **1,870,000** |
| | **Information Technology** | | |
| | ICT Rolling Programme - Desktop | Rolling program for officers and admin laptop replacement plus desktop solutions such as igels. | 150,000 |
| | ICT Rolling Programme - Infrastructure | Station end 5 year investment | 200,000 |
| | PSN Network Refresh | This will probably span 2425 and 2526 | 50,000 |
| | Mobile Phone Replacement | Increase based on 2020/21 purchase costs | 70,000 |
| | New Project - Device Strategy | Includes : tablets, mobile phones, alerters and tom toms | 150,000 |
| | Stations/L&D Teams Rooms Enablement | Enablement across all station | 125,000 |
| | Alerter Replacement | Investing in new alerter technology for operational staff | 100,000 |
| | Microsoft enablement | O365 investment | 50,000 |
| | SharePoint Intranet | | 30,000 |
| | | | **925,000** |
| | **Overall Total** | | **6,659,000** |

## Fees and Charges for April 2023 to March 2024

| | Current (Net of VAT) £ | Charges from 1st April 2023 (Net of VAT) £ | VAT Status |
|---|---|---|---|
| **(a) Special Service Charges** | | | |
| Attendance per Appliance per hour* (Including crew) | 336.64 | 372.66 | Standard |

**£372.66 for the first hour and £93.21 per ¼ hour thereafter.*
*E.g. between 1-6 mins round down, or 7-15 mins round up to the nearest ¼ hour interval.*

| | | | |
|---|---|---|---|
| Professional services per hour<br>*Eg Officer interviews, provision of advice* | 88.49 | 97.96 | Standard |
| Fire investigation Interviews<br>*£100.10 per hour or part hour* | 113.25 | 125.37 | Standard |
| Fire Investigator detailed Fire report | 396.38 | 438.79 | Standard |
| **(b) Other charges** | | | |
| Extract of Fire reports | 93.70 | 103.73 | Exempt |

Some information retrieval may incur an additional administration charge of £46.42 ex VAT per search.

| | | | |
|---|---|---|---|
| Photographic/digital images | Price on Application | P.O.A | Standard |

**c) Conference Suite**
**Scale of Charges from 1st April 2023**

| | Room Hire Only Monday – Friday Whole-day £ |
|---|---|
| **Conference Suite** | |
| Room 1 | 322.88 |
| Room 2 | 220.56 |
| Room 3 - break out area | 138.26 |
| Room 4 (VDR) | 220.56 |
| Rooms 1 and 2 | 454.76 |
| Rooms 1, 2 and 3 | 568.44 |

**Catering Charges**

Prices will be quoted to clients on request taking into account their requirements, location and current food costs.

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

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

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

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

The full cost of any damage or breakages inclusive of any consequential financial losses which such damage may incur whilst repairs or replacement of equipment is arranged, will be charged to the hirer

**Item No.      on Agenda**

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

**13 February 2023**

**Fire Capital Strategy and Capital Programme 2023/24 to 2025/26**
**(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 2023/24 to 2025/26, and presents the indicators required within the updated Prudential Code. This all forms part of the Capital Strategy for the Staffordshire Commissioner Fire and Rescue Authority for the next three years.

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

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

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

This report should also be considered alongside the Treasury Management Strategy, with both reports covering the reporting requirements of 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 2023/24 to 2025/26 as set out in Appendix 1,

b) the detailed capital programme for 2023/24 as set out within Appendix 2

c) the Capital Strategy for 2023/24

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 2023/24 to 2025/26 is in line with the updated Reserves Strategy

f) the Minimum Revenue Provision (MRP) policy statement incorporated within this report

g) the capital programme and capital strategy supports the main Budget and MTFS paper

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

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## 1. Background

1.1 The Capital Strategy forms a key part of the Staffordshire Commissioner Fire and Rescue Authority's overall Corporate Planning Framework. It provides a mechanism by which the Commissioner's capital investment and financing decisions can be aligned over the medium term planning horizon.

1.2 The Strategy sets the framework for all aspects of the Commissioner's Fire and Rescue capital and investment expenditure; including planning, outcomes, prioritisation, management, funding and repayment.

1.3 There are four main areas of spend which feature within the Capital Programme;

- Estates and Facilities
- Operational Equipment
- Transport
- Information systems and technology

## 2. Objectives

2.1 The key aims of the Capital Strategy are to:

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

## 3. Governance of the Capital Programme

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

- The Strategic Governance Board (SGB) which is ultimately responsible for approving the Capital Strategy for investment and the Capital Programme for approving changes to the programme within financial regulations and for the approval of business case submissions.

- The Ethics, Transparency and Audit Panel (ETAP) which is responsible for scrutiny of the MTFS documents and the Capital budget monitoring reports and can make recommendations to the Strategic Governance Board (SGB).

- The Capital Review Group has been established for a number of years and provides detailed scrutiny for all capital spend proposals and monitors delivery of the current year's programme and develops a rolling three year programme. The group consists of key stakeholders from within the Service and holds responsibility for the delivery of the Service's capital programme and has clear Terms of Reference in place. Actions from this group are reviewed by the Service Delivery Board.

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

3.3 For smaller areas of capital spend (based upon a rolling programme of requirements) the proposals may be submitted though 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 with bi-months reports reviewed by the Finance Panel which is a sub group of the Ethics, Transparency and Audit Panel (ETAP).

## 4. Capital Priorities

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

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

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

4.3 Staffordshire Fire and Rescue and Staffordshire Police will continue to build upon the collaboration that has resulted in joint response bases in Tamworth Belgrave and Hanley. The introduction of the new Police Operating Model will see further opportunities to share locations as the joint estate strategy continues to evolve. The following locations are currently under review, Chase Terrace, Stone, Uttoxeter and Kidsgrove with progress expected during 2023.

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 though the robust governance arrangements discussed above.

## 5. Funding Approach

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

5.2 The main sources of capital funding are summarised below:

- **The use of internal cash balances**
  Interest rates on cash balances, over recent years, have remained low which has resulted in this being a more efficient use of cash to invest in the capital programme rather than taking additional external debt. The use of internal cash is an approach that has been undertaken successfully 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 though this approach and remains a key funding strategy.

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

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

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

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

The Staffordshire Commissioner will test the prudence of the borrowing predictions against the prudential indicators set under the Code every year as part of the MTFS process and report on progress against those indicators half yearly (see Appendix 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 2023/24 to 2025/26

7.1 The summary Capital Programme for 2023/24 to 2025/26 is contained within **Appendix 1** of this report. The total proposed Capital Programme for 2023/24 is £6.7m, for 2024/25 £3.6m and for 2025/26 £2.8m.

7.2 The detailed scheme analysis supporting the programme for 2023/24 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 2023/24, 2024/25 and 2025/26 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 2023/24 includes a total capital requirement of £1.6m, which consists of the following main building and infrastructure projects plus some minor works:

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- Brewood - The refurbishment of the station is also anticipated to commence in the second half of 2023/24. This will be subject to a full business case and funded from the Authority's earmarked reserves, £0.5m.
- Abbots Bromley – the refurbishment work at this station has now been completed. Work on the training tower is scheduled for 2023/24. The existing tower is currently out of use, £0.15m
- Tutbury, feasibility work for the refurbishment of this station has been identified to commence during the year, with the main building work taking place during 2024/25, £0.15m
- Staffordshire Fire HQ, £0.6m. This includes resurfacing, lighting and health and safety works and improvement to the fire behavior training site
- Sustainable heating solutions, £0.15m. This work will look at sustainable heating options for the residual estate, with development and feasibility work to commence at Ipstones Fire Station. This is subject to a business case review.

- **Operational Equipment**

  Total investment of £2.3m has been identified and included within the programme for 2023/24, a full list of the detailed projects is included within Appendix 2. The programme includes the following major items:

  - Replacement of Operational PPE has commenced during 2022 with investment into 2023/24 (£0.4m). The total approved investment is £1.3m
  - Replacement of BA sets due to age. This procurement exercise is being undertaken regionally led by West Midlands Fire and Rescue, c.£1.0m
  - Thermal image camera replacement, £0.2m
  - Hydraulic cutting equipment, continued rollout of battery operated cutting equipment to all appliances, £0.3m

- **Appliances and Vehicles**

  A vehicle replacement programme of £1.8m has been included within the proposed budget for 2023/24:

  In summary the vehicle replacement programme includes the following:

  - Purchase of 2 Rescue Tender Pumping Appliances ordered during 2022/23, £0.5m

  - The purchase of a further two appliances in year, commercial work to be undertaken and specifications completed, £0.3m

  - Aerial Ladder Replacement (ALP), £0.5m. This total investment of £1.7m has been approved and is spread over 3 years and includes the replacement of both ALP's. The contract for this replacement has been approved and signed off by the Commissioner, delivery expected in 2023/24.

- Light Vehicles, £0.2m, the programme includes the replacement of light vehicles as part of the rolling vehicle replacement programme. The commitment to move to a more sustainable fleet and the procurement of electric vehicles as part of the overall environmental strategy is part of this programme.

- **Information Technology**

  The ICT programme for 2023/24 of £0.9m includes the following:

  - Ongoing ICT rolling replacement programme for desktop and infrastructure and device replacement strategy, £0.5m
  - Full MS teams enablement across all stations, £0.125m.
  - Other (includes alerter replacement), £0.3m

## 8. Funding the Programme

8.1 **Appendix 1** also details the proposed funding strategy for the 2023/24 programme together with indications for the funding of the next two years. For 2023/24, 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 at 31 March 2022 was £20.8m, and is forecast to increase to £29.3m by March 2026 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 2023/24 to 2025/26

| | 2023/24 Budget | 2024/25 Plan | 2025/26 Plan |
|---|---|---|---|
| | £ | £ | £ |
| **Building & Infrastructure Works** | | | |
| Refurbishment Programme | 650,000 | 550,000 | |
| Improvement Works | 930,000 | 605,000 | 510,000 |
| **Total** | **1,580,000** | **1,155,000** | **510,000** |
| | | | |
| **Operational Equipment** | **2,284,000** | **125,000** | **84,000** |
| **Appliances & Vehicles** | | | |
| Appliances & Specialist Vehicles | 1,360,000 | 750,000 | 980,000 |
| Vans & Cars | 510,000 | 370,000 | 470,000 |
| **Total** | **1,870,000** | **1,120,000** | **1,450,000** |
| **Information Technology** | | | |
| ICT Hardware, Software Systems & Installations | 925,000 | 1,150,000 | 730,000 |
| **Total** | **925,000** | **1,150,000** | **730,000** |
| | | | |
| **Total Capital Programme** | **6,659,000** | **3,550,000** | **2,774,000** |
| **Funding** | | | |
| Direct Revenue Funding | 510,000 | 370,000 | 470,000 |
| Unsupported Borrowing | 5,069,000 | 3,180,000 | 2,304,000 |
| Earmarked Reserves | 1,080,000 | | |
| **Total Funding** | **6,659,000** | **3,550,000** | **2,774,000** |

## Appendix 2

# Staffordshire Commissioner Fire and Rescue Authority

## Detailed Capital Programme 2023/24

| Scheme Description | Detail | 2023/24 Budget £ |
|---|---|---|
| **IADS** | | |
| Brewood Refurbishment | Internal Refurbishment and modernisation of 1960' fire station | 500,000 |
| Tutbury Refurbishment | Internal Refurbishment and modernisation of 1960' fire station | 150,000 |
| | | **650,000** |
| **Building Works - Improvements** | | |
| Sustainability heating system replacement - Stations | Ipstones - Phase out gas heating for sustainable solution | 150,000 |
| HQ - Resurfacing Works Phase 2 | Front of Amenities and visitor car park and drainage | 100,000 |
| HQ - Lighting replacement programme Phase 3 | Replace lighting with Energy Efficient LED to Control building | 35,000 |
| Stations - Lighting replacement programme Phase 3 | Replace lighting with Energy Efficient LED at Biddulph (Old Part) + Wombourne | 45,000 |
| Skylight Window Replacement - old House | Replace existing skylights will aluminium solution | 70,000 |
| BEMS installation | Intelligent Heating / Sustainable Controls - HQ | 120,000 |
| Abbots Bromley - Tower | Look at tower options | 150,000 |
| HQ Old House - Escape Staircase | Replace fire escape staircase. Health and Saftey issue re fire escape | 90,000 |
| HQ Amenities - Replace Boilers | Replace gas boilers in the Amenities building | 100,000 |
| FBT Improvement Works | | 70,000 |
| | | **930,000** |
| **Operational Equipment** | | |
| Operational Equipment Pool | Replacement as required | 25,000 |
| Life Jackets x 300 | Replacement of all Life Jackets within service due to age | 37,500 |
| Body Worn Cameras | Possible replacement of cameras. Decision paper to Response Directorate | 22,000 |
| Operational PPE | £1.3 million for new PPE (final year of PPE receipt) | 400,000 |
| BA Sets and Testing Modules (Questor) | Total replacement due to age of BA sets. Regional procurement exercise | 1,000,000 |
| Entry Control Board Batteries | Original batteries lasted 7 years and this is final year. | 15,000 |
| Thermal Image Cameras | Existing cameras are now starting to fail and parts are becoming difficult to obtain | 200,000 |
| RTC Stabilisation | Equipment for 12 pumps | 32,500 |
| Ladders | Replacement programme | 11,000 |
| Hydraulic Cutting Equipment | Ongoing replacement programme | 292,000 |
| Clean Concept Equipment | Ensure PPE is clean with not contamination | 65,000 |
| Appliance Equipment - ERPs | Equipment for new appliances | 150,000 |
| Appliance Equipment - ALPs | Equipment for new appliances | 16,000 |
| Boats | | 18,000 |
| | | **2,284,000** |
| **Appliances & Vehicles** | | |
| Light Fleet | Mix of Cars & Vans | 200,000 |
| Specials Replacement | ICU, Off Road, RR | 310,000 |
| Pumping Appliances | ERP 3 & ERP 4 - Chassis Payments | 300,000 |
| ERPs | ERP 1 & ERP 2 - Body Build Payments | 510,000 |
| ALPs | ALP 1 & ALP 2 - Final Payments | 550,000 |
| | | **1,870,000** |
| **Information Technology** | | |
| ICT Rolling Programme - Desktop | Rolling program for officers and admin laptop replacement plus desktop solutions such as igels. | 150,000 |
| ICT Rolling Programme - Infrastructure | Station end 5 year investment | 200,000 |
| PSN Network Refresh | This will probably span 2425 and 2526 | 50,000 |
| Mobile Phone Replacement | Increase based on 2020/21 purchase costs | 70,000 |
| New Project - Device Strategy | Includes : tablets, mobile phones, alerters and tom toms | 150,000 |
| Stations/L&D Teams Rooms Enablement | Enablement across all station | 125,000 |
| Alerter Replacement | Investing in new alerter technology for operational staff | 100,000 |
| Microsoft enablement | O365 investment | 50,000 |
| SharePoint Intranet | | 30,000 |
| | | **925,000** |
| **Overall Total** | | **6,659,000** |

**Appendix 3**

**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 2023/24 % | Estimate 2024/25 % | Estimate 2025/26 % |
|---|---|---|
| 6.1 | 6.6 | 7.3 |

*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 2023/24 £m | Estimate 2024/25 £m | Estimate 2025/26 £m |
|---|---|---|
| 6.7 | 3.6 | 2.8 |

*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 2023/24 £m | Estimate 2024/25 £m | Estimate 2025/26 £m |
|---|---|---|
| 28.5 | 28.9 | 29.3 |

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

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

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

## B. Indicators for Treasury Management

1. Treasury Management Code of Practice

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

2. External Debt

| | Estimate 2023/24 £m | Estimate 2024/25 £m | Estimate 2025/26 £m |
|---|---|---|---|
| Authorised Limit | 30.4 | 31.9 | 33.2 |
| Operational Boundary | 17.7 | 18.7 | 19.0 |

*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.

**Item No. on Agenda**

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

**13th February 2023**

**Reserve Strategy Update**

**Report of the Staffordshire Commissioner**

## Introduction

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

This paper gives due consideration to the overall level of reserves held by the Authority as at 31 March 2022, and the Police Fire and Panel are asked to comment and review the overall position as scheduled within **Appendix 1** and **2** and the overall impact on Reserves as incorporated within the approved Medium Term Financial Strategy (MFTS).

The Reserves Strategy was last approved in February 2022 by the Commissioner following presentation to the Police Fire and Crime Panel has now been updated to incorporate and reflect:

- The revised MFTS for 2023/24 to 2027/28
- The actual Reserves position as per the Audited Statement of Accounts for 2021/22
- The impact of approved reserve utilisation and agreed capital programme utilisation requirements

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

- A **General Reserve**, to allow for unexpected / emergency events – balance as at 31 March 2022, £1.9m (see **Appendix 1**), this position is retained and no changes are proposed.

- A **Earmarked (Specific) Reserve** – to meet future known or predicted requirements – balance as at 31 March 2022, £8.3m (see **Appendix 2**), forecast 31 March 2023, £6.7m

## RECOMMENDATIONS

The Police, Fire and Crime Panel is asked to:

a) Note the overall reserves position for both General and Earmarked Reserves as contained within this report,

b) consider the adequacy and categorisation of the Earmarked Reserve that will be incorporated into the budget setting exercise for 2023/24, and utilisation of reserves as incorporated within the approved MTFS

c) Note the updated Reserves Strategy

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

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## BACKGROUND AND ADDITIONAL INFORMATION

### Prudential Code and Capital Spend

1. CIPFA's (The Chartered Institute of Public Finance and Accountancy) Prudential Code requires chief finance officers in local authorities to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Staffordshire Commissioner is required to consider all of the resources available, together with the totality of its capital plans and revenue forecasts for the forthcoming year and into the medium term.

2. The statutory reporting regime discussed within this paper and effective financial management underpin the need for clear, transparent reporting arrangements for reserves and CIPFA recommend that there should be clear protocol setting out the following:
   - the reason for / purpose of the reserve;
   - how and when the reserve can be used;
   - procedures for the reserve's management and control; and
   - a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

3. Whilst it is primarily the responsibility of the Staffordshire Commissioner and its S151 Officer and Treasurer to maintain a sound financial position, our external auditors Grant Thornton annually review for any material uncertainties and test to ensure that the Authority remains a going concern as part of the Value for Money judgement. Even where as part of their wider role Grant Thornton report on the Authority's financial position, it is not however, their responsibility to prescribe the optimum or minimum level of reserves for authorities in general.

### Types of Reserve

4. When considering the Medium Term Financial Strategy and preparing annual budgets the Staffordshire Commissioner should consider the establishment and maintenance of reserves. Reserves can be held for three main purposes:

   - a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;

   - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves (see **Appendix 1**);

   - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements. This is also referred to as the Specific Reserves/Earmarked Reserves (See **Appendix 2**)

### Reporting of Reserves

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

| 31-Mar-21 £,000 | | 31-Mar-22 £,000 |
|---|---|---|
| 1,906 | General Fund (1) | 1,906 |
| 1 | Capital grants unapplied | 1 |
| 1,550 | Earmarked reserves - grants | 1,540 |
| 5,577 | Earmarked reserves - PFI grant | 5,498 |
| 718 | CCU Reserve | 731 |
| 7,485 | Other Reserves (2) | 8,342 |
| 15,330 | Earmarked Reserves | 16,111 |
| 17,237 | Total Usable Reserves | 18,018 |

6. The total Usable Reserves as per the statement of accounts is £18 million, however only the General Fund £1.9m and Other Reserves £8.3m are considered within this report. The other grant areas are not for general use as they have already been identified for a particular use or business area. For example, the £5.6m Earmarked PFI Grant will unwind at the end of the two PFI concessionary periods, however the cash can be used to avoid borrowing during this time.

7. Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements (i.e. reconciliation of reporting standards to statutory requirements)

8. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for local authorities. However, the Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty.

9. Whilst it remains the responsibility of the Director of Finance/S151 Officer for the Staffordshire Commissioner to advise on the overall level of reserves that are held; the Staffordshire Commissioner should assist by providing clear protocols for the establishment and use of reserves, as reserves should not be held without a clear purpose.

**Reserves Strategy and Future Outlook**

10. This paper gives due consideration to the overall level of reserves held as at 31 March 2022, and the Panel are asked to comment and review the overall position as scheduled within **Appendices 1** and **2**.

- The Financial Strategy implemented during the significant period of business transformation resulted in an important and deliberate increase in the overall level of reserves held, but it is even more important that full scrutiny of our reserves is undertaken, particularly when considering
  - There are no future capital grants proposed by the Government, which means that all capital spend will increase debt and borrowing unless internally funded by either ongoing savings or the use of reserves
  - The future investment required to fund further changes to the Service currently being considered as part of the current Service Transformation work.

- The use of Reserves to support Revenue and Capital spend into the medium term.

## General Reserve

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

## Earmarked / Specific Reserve

12. The Balance on this reserve as at 31 March 2022 was £8.3m, is scheduled below and is based upon the categorisation approved by the Staffordshire Commissioner in February 2022:

| | 2021/22 Actual £m | 2022/23 Est. £m | 2023/24 Est. £m | 2024/25 Est. £m | 2025/26 Est. £m | 2026/27 Est. £m |
|---|---|---|---|---|---|---|
| **General Fund** | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| **Earmarked Reserves** | | | | | | |
| PFI Reserve (Project Reserve Deductions) | 0.8 | 0.7 | 0.3 | 0.3 | 0.3 | 0.3 |
| Operational Budget Holder Reserves | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Budget and MTFS Support Reserve | 0.8 | 0.6 | 0.3 | 0.3 | 0.2 | 0.2 |
| Refurbishment Reserve Abbots Bromley | 0.5 | | | | | |
| Capital Reserves | 1.9 | 0.3 | | | | |
| Pension Reserve | 1.8 | 1.8 | 1.8 | 1.8 | 1.1 | 1.1 |
| Collaboration Reserve | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Future Funding Reserve | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| **Total Earmarked Reserve** | **8.3** | **5.7** | **4.7** | **4.7** | **3.9** | **3.9** |
| **Total Reserves Available** | **10.2** | **7.6** | **6.6** | **6.6** | **5.8** | **5.8** |
| **Percentage of Revenue Budget** | | | | | | |
| General Reserve | 4.5% | 4.5% | 4.3% | 4.2% | 4.1% | 4.1% |
| Earmarked Reserve | 19.3% | 13.4% | 10.7% | 8.6% | 8.4% | 8.4% |

13. The Earmarked Reserve provision is required not only to fund future projects and investments but also to provide funding, as follows:
    - to support the recurring revenue budget up to 2024 as incorporated within the medium term financial strategy,
    - to provide a provision for future capital investment to avoid additional long term borrowing need,
    - to provide for costs that may be required to support future change and business transformation
    - to provide for any funding uncertainty as discussed within this paper (e.g. pay awards and Pensions)
    - to provide for future contingent liabilities that have been identified within the statutory accounts

14. **Appendix 2** incorporates and update of the assumptions for each of the above reserve provisions for discussion by the Panel; including:

    **a.** The approved revenue budget set for 2022/23
    **b.** The revised use of reserves incorporated with the approved MTFS
    **c.** Planning for future transformation workstreams
    **d.** Any contingent liabilities that needs to be provided for as incorporated within the Statutory Accounts
    **e.** Any amounts where budget holders have been authorised to earmark a specific expenditure item
    **f.** Any upward pressures that are anticipated to be placed upon budgets e.g. higher than expected pay awards

15. In the instance where a particular reserve needs to be accessed that has not be previously formally approved, approval from The Staffordshire Commissioner would be sought in advance to ensure that plans can be adequately challenged and full transparency exists within the Authority.

16. Whilst it remains the responsibility of the S151 Officer and Treasurer for the Staffordshire Commissioner to advise the Authority about the overall level of reserves that is held; the Service and Staffordshire Commissioner should assist by providing clear protocols for the establishment and use of reserves, as reserves should not be held without a clear purpose.

**Appendix 1**

## General Reserves Balance for 2023/24

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

A risk assessment for general reserves was undertaken as part of the budget setting process for 2023/24 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the revenue budget set for the year.

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

| Area of Expenditure | Level of Risk * | Explanation of risk/justification of reserves | 2023/24 Provision £000 |
|---|---|---|---|
| **Loss of Employees / additional pay costs** | High | Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc. | 650 |
| **Failure to achieve efficiency savings** | Medium | Risk of not achieving future savings requirements | 350 |
| **Insurance loss / impact of data breach** | Medium | Risk of incurring uninsured losses<br>Risk of breach due to inappropriate information sharing / failure to implement EU GDPR | 500 |
| **Ill health retirement costs** | Medium | Risk of the number of ill health retirements being greater than anticipated due to ageing workforce | 150 |
| **Other unforeseen costs** | Medium | Risk of unforeseen event: emergency incident, waste fires / tipping | 150 |
| **Other costs** | Medium | Risk of failure of strategic partnership / collaboration initiatives | 100 |
| **TOTAL** | | | **1,900** |

**Appendix 2**

## Total Reserves including Earmarked Reserves Balance for 2023/24

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

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

| | 2021/22 Actual £m | 2022/23 Est. £m | 2023/24 Est. £m | 2024/25 Est. £m | 2025/26 Est. £m | 2026/27 Est. £m | 2027/28 Est. £m |
|---|---|---|---|---|---|---|---|
| **General Fund** | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| **Earmarked Reserves** | | | | | | | |
| PFI Reserve (Project Reserve Deductions) | 0.8 | 0.7 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Operational Budget Holder Reserves | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| Budget and MTFS Support Reserve | 0.8 | 0.8 | 0.8 | 0.5 | 0.5 | 0.5 | 0.5 |
| Refurbishment Reserve Abbots Bromley | 0.5 | | | | | | |
| Capital Reserves | 1.9 | 0.8 | | | | | |
| Pension Reserve | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Collaboration Reserve | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Future Funding Reserve | 1.7 | 1.7 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| **Total Earmarked Reserve** | **8.2** | **6.4** | **5.0** | **4.5** | **4.5** | **4.4** | **4.4** |
| **Total Reserves Available** | **10.1** | **8.3** | **6.9** | **6.4** | **6.4** | **6.3** | **6.3** |
| **Percentage of Revenue Budget** | | | | | | | |
| General Reserve | 4.5% | 4.5% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% |
| Earmarked Reserve | 19.5% | 15.1% | 10.8% | 9.4% | 9.1% | 8.7% | 8.5% |

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

**PFI Reserve** –This reserve has been established over a number of years and is arises from any performance or availability contract deductions from the two PFI contracts. It is intended that this reserve is utilised and invested back into the fire estate. £0.5m has been allocated to support the refurbishment of Brewood Fire station.

**Operational Budget Holder Reserves** – this includes a number of specific earmarked reserves identified by budget holders for specific reasons.

**Budget and MTFS Reserve** – this reserve was included within the previous MTFS and additional balances are forecast to be allocated in year.

**Capital Reserve** – to fund future capital projects on identified assets. This reserve has generally been used to support the vehicle replacement reserve with includes the two Aerial Ladder Platforms.

**Refurbishment Reserve Abbots Bromley** – The refurbishment work at Abbots Bromley has been completed (January 2023) and handed back for operational use.

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

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

**Future Funding Reserve –** held to support the Authority should settlement funding see unexpected reductions in future years.

**Item No. ___ on Agenda**

**Report to the Police Fire and Crime Panel – 13 February 2023**

**TREASURY MANAGEMENT STRATEGY 2023/2024**

**Report of the Staffordshire Commissioner**

## 1. Background

1.1 In addition to the existing role overseeing Staffordshire Police, the Staffordshire Commissioner became responsible for the governance of the Staffordshire Fire and Rescue Service from August 2018. However, both remain separate organisations, with separate budgets and governance processes.

1.2 This report will detail the Treasury Management Strategy for the Staffordshire Commissioner Fire and Rescue Authority only; a separate report has been completed and supported by the Board for the Staffordshire Police and Crime Commissioner. Therefore, reference is made only to **Staffordshire Commissioner Fire and Rescue Authority ('the Authority')** as part of this report.

## 2. Introduction

2.1 This report outlines the Authority's Treasury Management Strategy for the 2023/24 financial year.

2.2 Treasury management comprises the management of the Authority's cash flows, borrowings and investments, and their associated risks. The Authority is exposed to financial risks, including the effects on revenue from changing interest rates on borrowings and investments, and the risks of a potential loss of invested funds. Therefore, it is essential that the Authority successfully identifies, monitors, and controls financial risk as part of prudent financial management.

2.3 The Authority conducts its treasury risk management within the framework of the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services Code of Practice 2017 Edition* (the CIPFA Code). The CIPFA Code requires that the Authority approves a treasury management strategy before the start of each financial year. In addition, this report fulfils the legal obligation to have regard to the CIPFA Code under the Local Government Act 2003.

2.4 The Annual Investment Strategy (AIS) for 2023/24 meets the requirements of the statutory guidance issued by the Department for Levelling up, Communities and Local Government (DLUHC), previously the Ministry of Housing, Communities and Local Government in its *Guidance on Local Government Investments 2018 Edition*.

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

## 3. Recommendations

**3.1** That the Police Fire and Crime Panel note the proposed borrowing strategy for the 2023/24 financial year. The main features are:

a) a borrowing strategy to operate within the prudential limits set out in **Appendix 2**;
b) a borrowing strategy, to use cash as far as is practical with the option to borrow up to £3m long-term where the Director of Finance considers this appropriate in 2023/24;
c) a strategy on borrowing in advance of need that will not be used in 2023/24; and
d) a loan restructuring strategy that is potentially unlimited where this rebalances risk.

3.2 The Strategic Governance Board (Fire) to note in accordance with the DLUHC's Guidance on Local Authority Investments, the adoption of the Annual Investment Strategy (AIS) 2023/24 as detailed in **Section 7** of this report and the risks summarised in **Appendix 5**. Also, to note the policies on:

- reviewing the strategy;
- use of external advisors; and
- training.

## 4. External Context

Economic background

4.1 Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies; UK interest rates were volatile for most of 2022.

4.2 2022/23 has seen large increases in the bank base rate by the Bank of England, the Federal Reserve in the US and European Central Bank (ECB). UK base rates rose from 0.75% in March 2021 to 3.50% in December 2022. It is expected that UK interest rates may peak around 4.5% in June 2023, as forecast by Link, the Council's independent treasury advisor, and reduce in 2024, after the Bank of England has brought inflation under control.

4.3 UK Consumer Price Inflation (CPI) for October 2022 registered +11.1%, this decreased to +10.5% by December 2022 and is forecast to reduce further in 2023, as the peak is considered to have passed. The Monetary Policy Committee (MPC) of the Bank of England saw this level of inflation as transitory, as it was principally driven by gas prices and demand and supply chain issues, although it has lasted longer than initially forecast.

4.4 The UK unemployment rate fell to a 48-year low of 3.6% during 2022, and this was despite a net migration increase of circa 500,000. With an increase in people registered as long-term sick, the UK labour force shrunk by circa 500,000 in the year to June 2022, making it more difficult for the UK economy to grow.

4.5 Gross Domestic Product (GDP) - Q2 2022 saw UK GDP revised upwards to +0.2% quarter on quarter, but this was quickly reversed in Q3 2022, with some of the fall in GDP attributed to the extra Bank Holiday for the late Queen's funeral. In the Bank of England's November projection, which was based on the elevated path of market interest rates, GDP is projected to continue to fall throughout 2023 and the first half of 2024, as high energy prices and tighter financial conditions weigh on spending. GDP growth is then forecast increase by around 0.75% towards the end of 2024. Although there is judged to be a significant margin of excess demand currently, continued weakness in spending is forecast to lead to an increasing amount of economic slack emerging from the first half of next year.

4.6 Globally all the major economies are expected to struggle in the short term. The Purchasing Manager Indices for the US, Eurozone and China all point to at least one if not more quarters of GDP contraction.

4.7 GBP Sterling strengthened towards the end of 2022, recovering from a record low of $1.035 versus the US Dollar, following the Truss government's "fiscal event" in September 2022, to $1.22. Notwithstanding GBP's better performance in the latter part of the year, 2023 is likely to see a housing correction as some fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

Credit outlook

4.8 Although bank Credit Default Swap (CDS) prices, (market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

4.9 Significant levels of downgrades to short and long-term credit ratings have not materialised from Credit Agencies, since the on-set of the Covid-19 crisis in March 2020. In the main, where they have changed, alterations have been limited to outlooks. However, more recently the UK sovereign debt rating has been placed on negative outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. When setting minimum sovereign debt ratings, the Council does not set a minimum rating for the UK due to the unavoidable exposure.

4.10 Looking forward, potential for bank losses still remains a risk and a cautious approach to bank deposits in 2023/24 is advisable. The Council, as a local authority, is exposed to bail-in risk, as the Government will no longer support banks if they fail but rather it will be the investors who primarily bear the financial burden of rescuing the bank.

Interest rate forecast

4.11 The Council's treasury management advisor, Link, is forecasting the Bank of England Base Rate to rise to 4.50% by June 2023 and remain at that level until the end of the year. It is then expected that rates will fall away incrementally from March 2024 and settle around 2.50% by December 2025. As with all projections there are major risks to this forecast, such as the performance of the economy versus expectations, labour and supply shortages, trade agreements and the geopolitical climate.

4.12 Gilt yields have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are currently in the range of 3.75% to 4.50% and the medium to longer part of the yield curve is inverted to a small degree (yields are lower at the longer end of the yield curve compared to the short to medium end). Link, the Council's treasury advisors, see the markets as having already built in nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook. Markets are, however, volatile, and further movement of gilt yields across the whole spectrum of the curve is possible.

4.13 Due to the ongoing risks outlined above, the treasury strategy retains the low-risk approach adopted in recent years, based on prioritising security, liquidity and then yield.

## 5. Local Context

5.1 On 14 December 2022, the Authority held £16.800m of external borrowing and had £17.335m temporarily invested. The Authority's future requirements for borrowing and investments can be considered by reviewing its balance sheet forecasts described in the following paragraphs.

Balance sheet

5.2 In terms of borrowing, the Authority discloses its Capital Financing Requirement (CFR) as part of its Statement of Accounts. This represents the underlying need to borrow for capital purposes i.e., the amounts that have been financed through external and internal borrowing rather than being permanently financed. As the CFR also includes capital expenditure that has been funded through Private finance Initiatives (PFI), these PFI liabilities are removed to calculate the Authority's Loans CFR.

5.3 If the Authority increases debt to fund additional capital expenditure, this will increase its Loans CFR; conversely repaying debt through the Minimum Revenue Provision (MRP) will reduce its Loans CFR. The table below shows forecasts for the Authority's Loans CFR and how this will be financed through external and internal borrowing:

| | 31.03.23 Estimate £m | 31.03.24 Forecast £m | 31.03.25 Forecast £m | 31.03.26 Forecast £m |
|---|---|---|---|---|
| Loans CFR | 25.1 | 28.5 | 28.9 | 29.3 |
| Less: External borrowing | (16.8) | (16.7) | (16.1) | (16.1) |
| Less: Capital financing from reserves | (1.7) | (1.1) | (0.0) | (0.0) |
| **Internal / (over) borrowing** | **6.6** | **10.7** | **12.8** | **13.2** |

5.4 The previous table shows that the Authority's Loans CFR is forecast to increase steadily over the period, because of the following - vehicle replacement capital expenditure including the purchase of 2 Aerial Ladder Platforms and 2 Heavy Rescue Tenders; investment in ops equipment including the replacement of Breathing Apparatus kit; current PPE (firefighting gear) replacement and Improvements to ICT infrastructure. The Authority's internal borrowing requirements move in line with the Loans CFR projections.

5.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total external borrowing should be lower than its highest forecast CFR over the next three years; the information in the table at 5.3 shows the Authority will comply with this recommendation in this period.

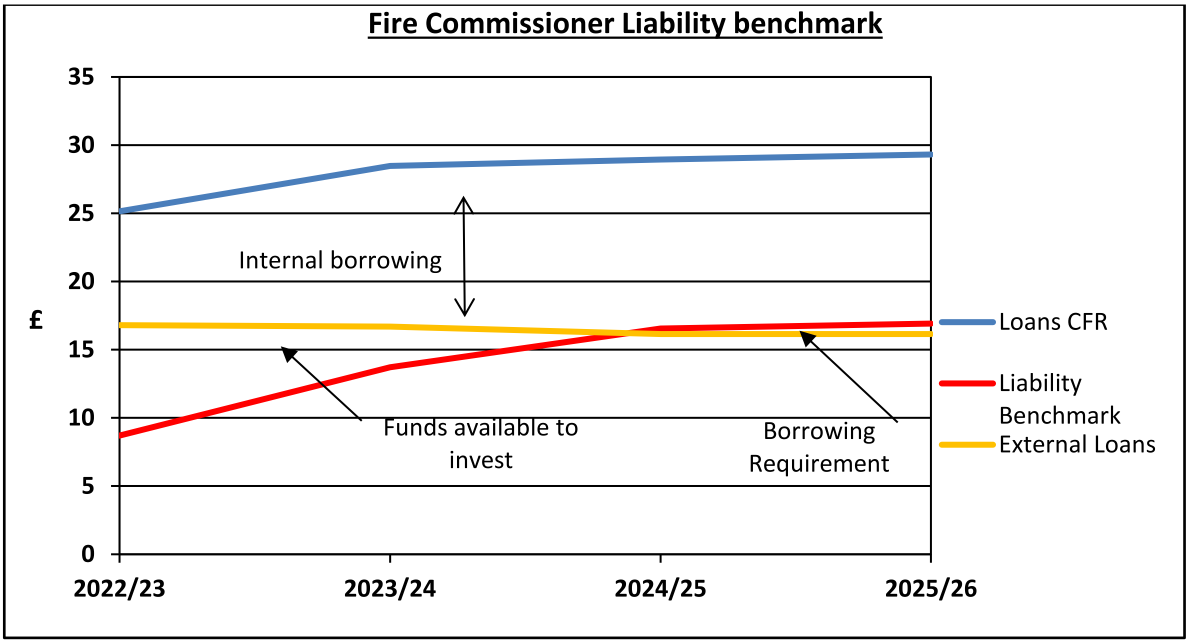
5.6 For investments, the Authority's total resources available are measured by its usable reserves and working capital less any amounts that have been internally borrowed. This is shown in the following table:

| | 31.03.23 Estimate £m | 31.03.24 Forecast £m | 31.03.25 Forecast £m | 31.03.26 Forecast £m |
|---|---|---|---|---|
| Usable reserves | 14.7 | 13.7 | 12.4 | 12.4 |
| Working capital surplus | 0.0 | 0.0 | 0.0 | 0.0 |
| (Less Internal) / Add Over Borrowing | (6.6) | (10.7) | (12.8) | (13.2) |
| **Investments/ (New borrowing)** | **8.1** | **3.0** | **(0.4)** | **(0.8)** |

5.7 The table above shows a continuation of the Authority's recent strategy in using internal borrowing to reduce the need for external borrowing and as a result, reduce temporary investment levels. Forecasts indicate that this strategy can continue until 2024/25 if reserves remain at current levels as projected when further borrowing may be required.

Liability benchmark

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




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

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

## 6. Borrowing Strategy 2023/24

6.1 In 2023/24, the Authority will hold £16.8m in external loans as part of its strategy for funding previous years capital programmes. The Authority will need to ensure total amounts borrowed do not exceed the authorised limit of £30.4 million (when excluding other liabilities such as PFI), as disclosed in **Appendix 2**.

Objectives

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

Strategy

6.3 Given the ongoing financial pressure on public services and local government funding, the Authority continues to address the key issue of affordability without compromising the long-term stability of its debt portfolio. As short-term interest rates have been lower than long term rates, it has been more cost effective to use its internal cash resources in lieu of borrowing in the short term.

6.4 The liability benchmark analysis at **paragraph 5.8** indicates that the Authority may need to take out additional borrowing during 2024/25 because of the increased capital programme. In addition, the Authority requires a borrowing strategy to mitigate against changing circumstances or when external borrowing to replace internal debt becomes cheaper.

6.5 It is important to understand that not all of the borrowing requirement needs to be closed with loans; an important aspect of using some cash in the current financial climate is its risk reduction effects:

- Using cash reduces security risk as investment balances are lower. Regulations emphasise the importance of minimising this risk and is discussed later in this report. This action minimises bail-in risk, where certain investors, such as the Authority (as it is classed as a local authority under legislation) will suffer the financial burden of a failing bank rather than the Government, should there be issues in the future.
- There is less exposure to variable interest rate changes; this exposure arises when a fixed term loan is taken out with corresponding variable rate investments. This is avoided when cash is used.
- The current interest rate environment still allows a portion of the capital programme to be funded at lower cost through the use of cash and this opportunity should continue to be maximised.

6.6 The Authority will monitor the benefits of internal borrowing on a regular basis as this strategy must be balanced against the possibility that long-term borrowing costs may increase in future years, leading to additional costs incurred in deferring borrowing. With the Bank of England Base Rate possibly increasing during 2023/24, the Authority will need to determine whether it borrows additional sums at long term fixed rates in 2023/24 or continues to use internal borrowing with a view to only borrow for longer periods when interest rates have fallen. To this end, the Authority will consult with the Treasury team at Staffordshire County Council.

6.7 The strategy proposed is one that still aims to balance the liquidity needs of day-to-day cash management with the low-risk approach that is offered by using cash. As cash balances may not be sufficient in the future, the Authority will need to consider what loans should be raised to provide the liquidity necessary to allow it to continue to pay its bills.

Sources of borrowing

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

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

Short-term loans

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

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

Long-term loans

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

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

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

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

Loan restructuring

6.15 Movements in interest rates over time may provide opportunities to restructure the loan portfolio in one of two ways:

- Replace existing loans with new loans at a lower rate (known as loan rescheduling).
- Repay loans early without replacing the loans. However, this would increase the use of cash which may not be possible if reserve levels are not adequate.

6.16 Currently loan restructuring would be very expensive and unattractive for the Authority. This is because gilt yields are below the average rate on the Authority's existing loan portfolio. This would lead to large penalties to compensate the PWLB or its successor body if loans were repaid early.

6.17 The loans position includes a £1m LOBO (Lender Option Borrower Option) loan held with Dexia Bank where the maturity date is uncertain. The bank has an option to amend (i.e., increase) the loan interest rate on pre-determined dates in 2023/24; if this option is exercised then the Authority as a matter of policy will repay the loan.

6.18 In recent years, some banks owning LOBO loans have been actively removing these non-core assets from their balance sheet and were willing to significantly reduce the repayment penalty. Dexia Bank are not currently offering such favourable repayment terms for their LOBO loans, although it is possible, they may do so in future years.

6.19 Aside from a potential restructure, it is judged unlikely in the current interest rate environment that LOBO loans options will be exercised. A repayment of the LOBO loan would further increase the "gap" funded from cash; alternatively, the Authority could take up an alternative loan, say with the Public Works Loan Board (PWLB), or its successor body. Although the Authority understands that the lender is still unlikely to exercise its option in the current interest rate environment, there does remain an element of refinancing risk.

6.20 Market conditions and regulations can change, and the outcome cannot be foreseen. It is therefore proposed to allow unlimited loan restructuring with the decision being delegated to the Director of Finance at the Authority and reported retrospectively to the Strategic Governance Board (Fire).

Policy on Borrowing in Advance of Need

6.21 As the borrowing strategy proposed for 2023/24 involves maximising the use of cash until borrowing is required, the policy is not to borrow in advance this year. This will be revisited annually as part of the overall borrowing strategy.

## 7. Annual Investment Strategy (AIS) 2023/24

7.1 It is the Authority's borrowing strategy that determines its investment strategy and with the Authority's policy to continue with the use of cash instead of borrowing, balances available for temporary investments are lower.

7.2 The Authority still may have significant level of funds to invest at different points of the year; this usually represents income received in advance of expenditure plus balances and reserves held. In the first 3 quarters of 2022/23, the Authority's investment balance averaged at around £18.4m.

MiFID II

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

7.4 The Authority meets the criteria set out under MiFID II and will continue to be treated as a professional client by regulated financial services firms in 2023/24.

Objectives

7.5 The CIPFA Code requires the local authorities to invest their funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.

7.6 The Authority's objective when investing its cash is to strike an appropriate balance between risk and return, thereby minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Strategy

7.7 The main characteristics which should determine an investment strategy are:
- the credit risk of the counterparties invested with;
- the length of the investment; and
- the type of financial instrument that is used.

7.8 The Authority has taken a low-risk approach to investment and the AIS for 2023/24 will continue to do so. Short term unsecured bank investments have generally provided very low returns with additional risk from bail-in regulations. The Authority will continue to concentrate its short-term investments in more secure MMFs and government investments.

7.9 DLUHC Guidance on Local Government Investments specifies the types of financial instruments that local authorities can invest with, and the Authority has divided its approved treasury investments into Standard Investments and Non-Standard Investments.

Standard investments

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

i) Government

7.11 The Authority invests with central government by using its Debt Management Account Deposit Facility (DMADF) account. Funds held in the DMADF account are backed by the UK Government so they are very secure; however returns tend to be lower than those received elsewhere.

7.12 The Authority invests in term deposits with local authorities which can provide a higher return depending on the availability of, or the need for cash in the local authority lending market. Like central government investments, local government investments are not subject to bail in risk.

7.13 Although investments in the local authority lending market have a low risk of insolvency, they are not completely without risk. The financial risks of a few local authorities have been documented in the press; the Authority will continue to monitor such developments and seek information from the County Council's Treasury team where necessary.

ii) Money Market Funds (MMFs)

7.14 Money Market Funds have high credit quality and are pooled investment vehicles consisting of money market deposits and similar instruments. Short-term MMFs that offer same day liquidity can be used as an alternative to instant access bank accounts. The Authority has used same day notice MMFs for some time as they have tended to provide greater security and a higher yield than bank accounts.

7.15 EU regulation introduced in January 2019 have meant most same day notice MMFs have converted from a Constant Net Asset Value (CNAV) to a Low Volatility Net Asset Value (LVNAV) structure. The assets of LVNAV MMFs are marked to market, meaning the dealing NAV (unit price) may fluctuate in extreme circumstances. However, LVNAV MMFs are allowed to maintain a constant dealing NAV provided they meet strict criteria and minimum liquidity requirements. Public debt CNAV MMFs are still available where 99.5% of assets are invested in government debt instruments.

7.16 The Authority will continue to use same day notice MMFs that meet the criteria listed below. These are considered to have sufficient high credit quality to be included on the Authority's Approved Lending List:

- Diversified – MMFs invest across many different investments meaning they achieve more diversification than the Authority could achieve on its own account.
- Short liquidity – cash can be accessed daily.
- Ring-fenced assets – the investments are owned by investors and not the fund management company.
- Custodian – the investments are managed by an independent bank known as a custodian, who operates at arms-length from the fund management company.

7.17 Like all treasury instruments, MMFs do carry an element of risk:

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

iii) Bank and building society accounts

7.18 The Authority can make investments with banks and building societies that meet the minimum threshold **(see paragraph 7.32**) by using call accounts or term deposits, but these investments will run the risk of credit loss via a bail in, if the regulator determines that the bank is failing or likely to fail. Due to this issue and a general cautious approach to bank and building society investments, currently the only bank or building society in use by the Authority is its banking provider, Lloyds Bank (see section below). Use of any further banks or building societies is delegated to the Director of Finance with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Fire).

iv) Operational bank account

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

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

7.21 Should the Lloyds credit rating fall below the Authority's minimum threshold, then minimum balances will be retained for operational efficiency. The Authority will continue to seek support from the County Council's Treasury team on bank credit risk and any changes will be determined by the Director of Finance at the Authority.

Standard Investment diversification

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

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

- No limits are proposed for government investments as these may be utilised for all the Authority's investments in certain circumstances.
- For MMF's a standard limit of £2.5m per MMF is in place to meet liquidity requirements.

7.24 For Lloyds Bank a limit is set of the lower of 10% of total balances or £1.0m (subject to a minimum upper level of £500k); this amount will minimise processing costs and provide additional liquidity for the Authority. The Treasury team at Staffordshire County Council will review and reset this limit once a month.

7.25 Where cash balances are low then this may mean that all investments are placed with the MMFs and Lloyds Bank. However, balances will be within the limits stated above.

7.26 It is proposed that both the application and amendment of this policy are delegated to the Director of Finance at the Authority with the outcome reported in the regular treasury management reports to the Strategic Governance Board (Fire).

Non-Standard Investments

7.27 The Authority considers Non-Standard Investments to be all other types of approved investment counterparties that are not included as part of Standard Investments i.e., those investments that are used less frequently and may require further approval from the Director of Finance at the Authority.

7.28 Collective Investment Schemes are Non-Standard Investments that range from enhanced MMF's to property and equity funds. These all have varying risk and return profiles. The Authority approved a decision to use this category of investment in 2016/17 by committing to the Royal London Fund, a AAA rated enhanced Cash Plus MMF with a 3-day liquidity notice period.

7.29 The Royal London Cash Plus Fund allows the Authority to earn an increased yield in a low interest rate environment, and where the Authority has high cash balances. Security is maintained as it invests in highly sought after covered (secured) bonds, which are exempt from bail-in. These enhanced duration MMF's have the same characteristics as same day liquidity MMF's but typically have a 3–5-day notice period. They also have a recommended investment duration of at least 6 months, due to their longer investment horizon.

7.30 The financial limit for the Royal London Cash Plus MMF was recently increased to £2.5m to be in line with the same day liquidity MMF's. It also allows for additional flexibility at times when there are surplus funds available to invest.

Credit Management Strategy for 2023/24

7.31 Investments made by the Authority should be of 'high credit quality'. Although this can be difficult to define, credit ratings can be used as published by external credit rating agencies (the three main agencies are Moody's, Standard & Poors and Fitch). Credit ratings can be obtained from the County Council's Treasury team, where available.

7.32 For 2023/24, the minimum credit-rating thresholds are set at a long-term rating of 'A-' where applicable. Counterparties that are rated below this level are excluded. However, credit ratings are not the only aspect of how creditworthiness is assessed.

7.33 The following elements are also factored in when evaluating creditworthiness:
- Potential government support.
- Credit Default Swap prices (CDS) (i.e., the cost of insuring against counterparty default).
- Share prices and bond yields.
- Balance sheet structure.
- Macro-economic factors.
- A subjective overlay, i.e., a judgement being made about whether the counterparty should be recommended or not.

7.34 The Authority remains responsible for all its investment decisions. The County Council's Treasury team will continue to have treasury management meetings with the Authority on a quarterly basis where a review of the Lending List will take place.

7.35 Under stressed market conditions, additional meetings with County Council's Treasury team may take place at very short notice. A decision may be made to adjust the Authority's investment risk profile; the end result may involve moving investments to lower risk counterparties or instruments.

Non-treasury investments

7.36 Under the CIPFA Codes and DLUHC Guidance, local authorities may invest in other financial assets and property for financial return, and also make loans and investments for service purposes.

7.37 Such non-treasury investments should be assessed as part of a separate investment strategy. They should set out the specific policies and arrangements for non-treasury investments and ensure the same robust procedures for the consideration of risk and return are applied to these, as for treasury investments.

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

Risk

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

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

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

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

## 8. Review of strategy

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

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

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

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

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

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

## 10. Investment management training

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

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

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

## 11. Service Level Agreement

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

**David Greensmith**
**Director of Finance**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Background Documents:


1. Treasury Management in the Public Services: Code of Practice (CIPFA) (2017)
2. The Prudential Code for Capital Finance in Local Authorities (CIPFA) (2017)
3. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

4. Statutory Guidance on Local Government Investments – Issued under Section 15(1) (a) of the Local Government Act 2003 (2018)
5. Statutory Guidance on Minimum Revenue Provision – Issued under section 21 (1A) of the Local Government Act 2003 (2018)

**Financial Implications**

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

**Legal Implications**

Approval of Prudential Indicators and an Annual Investment Strategy are necessary to meet the requirements of the Local Government Act 2003.

**Equality & Diversity Implications**

There are no equality and diversity implications.

**Risk Implications**

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

**Consultation and Engagement Undertaken**

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

**Procurement and Social Value Implications**

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

**Protective Security Considerations**

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

**Appendix 2**

**Police Fire and Crime Panel**
**13 February 2023**

## Treasury Management Indicators

| Indicator | Estimate 2023/24 | Estimate 2024/25 | Estimate 2025/26 |
|---|---|---|---|
| **1. External Debt** | **£m** | **£m** | **£m** |
| Authorised Limit | 30.4 | 31.9 | 32.3 |
| Authorised Limit for other liabilities | 66.4 | 63.7 | 60.8 |
| TOTAL | **96.8** | **95.6** | **93.1** |
| | | | |
| Operational Boundary | 17.7 | 18.7 | 19.0 |
| Operational Boundary for other liabilities | 66.4 | 63.7 | 60.8 |
| TOTAL | **84.1** | **82.4** | **79.8** |
| | | | |
| External Loans | **23.5** | **20.3** | **19.0** |
| *The Authorised Limit is the maximum level of external borrowing which should not be exceeded. It is linked to the estimated level of borrowing assumed in the Capital Programme.*<br>*The Operational Boundary represents the Director's estimate of the day-to-day limit for Treasury Management activity based on the most likely i.e., prudent but not worst-case scenario*<br>*Other liabilities relate to PFI schemes on the balance sheet.* | | | |
| | | | |
| **2. Interest Rate Exposures** | £m | £m | £m |
| a. Upper Limit (Fixed) | 28.5 | 28.9 | 29.3 |
| b. Upper Limit (Variable) | (25) | (25) | (25) |
| *Upper limits of fixed and variable borrowing and investments are required to be set. This limits the Authority's exposure to both fixed and variable interest rate movements as part of the overall risk management strategy for treasury management activities. Negative figures are shown in brackets; these relate to investments at a variable rate which are not offset by variable borrowings.* | | | |
| | | | |
| **3. Maturity Structure of Borrowing** | Upper Limit | Lower Limit | |
| Under 12 months | 10% | 0% | 0.60% |
| 12 months and with 24 months | 10% | 0% | 1.49% |
| 24 months and within 5 years | 30% | 0% | 5.65% |
| 5 years and with 10 years | 50% | 0% | 1.49% |
| 10 years and above | 100% | 25% | 90.77% |
| *This indicator identifies the amount of loans maturing in specified periods. The overarching principle is that steps should be taken from a risk management point of view to limit exposure to significant refinancing risk in any short period of time.*<br>*The Authority currently applies the prudent practice of ensuring that no more than 10% of its total gross fixed rate loans mature in any one financial year.* | | | |
| | | | |
| **4. Total principal sums invested for periods longer than a year** | £ | £ | £ |
| *Any investments made for longer than a year will be in accordance with the limits on non-specified investments.* | nil | nil | nil |
| | | | |

**Police Fire and Crime Panel**
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## Risk assessment – Borrowing strategy

| Risk heading | Risk description | Relevance to borrowing | Key control | Assessment | Borrowing strategy |
|---|---|---|---|---|---|
| Security | A third party fails to meet its contractual obligations (i.e., counterparty risk). | Unlikely that there is a failure between the agreement to borrow and sums being received a few days later. However, if we borrow in advance we must invest until this is needed, and this increases exposure to investment risk. | Usually borrow from the Government (PWLB or its successor body) with funds received within 3 working days from the date of agreement to borrow. | **LOW** | Use of cash to fund borrowing reduces this risk further i.e., less money is held with banks and third parties as a result. |
| Liquidity | Cash is not readily available when it is needed. | Only borrow for capital – usually borrow from Government (PWLB or its successor body) with a maximum limit of £3m for long-term borrowing set in 2023/24. | Prudential rules on borrowing and consideration of whether Government is secure. | **LOW** | Use of cash to fund borrowing increases this risk as liquidity is reduced when borrowing is avoided. However, the Authority is able to borrow money temporarily using the money markets should it need to, so the overall risk remains low. |
| Interest rate | Unexpected <u>reduction</u> in short term Interest rates. | Depends on the mix between fixed rate borrowing and variable rate borrowing. Higher exposure to variable rate borrowing helps the budget. | The control is set out below. | **LOW to MEDIUM** | Pursuing a strategy of using cash reduces the overall net exposure to sudden interest rate falls. |
| Interest rate | Unexpected <u>increase</u> in short term interest rates. | Mix of variable and fixed rates – Lower exposure to variable rate borrowing helps the budget. | Limit variable rate borrowing to a relatively small proportion (e.g., 20%). | **LOW to MEDIUM** | 20% limit provides a suitable risk control. |

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

**Appendix 4**

**Police Fire and Crime Panel**
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| Lending List – January 2023 | |
|---|---|
| | **Time Limit** |
| ***Regulation Investments*** | |
| UK Government DMADF account | 6 months |
| UK Local Authority | 12 months |
| | |
| ***Banks*** | |
| Lloyds Group (£1.0m max) | overnight |
| | |
| ***MMF*** | |
| Federated (£2.5m max) | call only |
| Morgan Stanley (£2.5m max) | call only |
| Aberdeen Standard (£2.5m max) | call only |
| | |
| ***Enhanced MMF*** | |
| Royal London Cash Plus (£2.5m max) | 3-day notice |

**Appendix 5**

**Police Fire and Crime Panel**
**13 February 2023**

## Risk assessment - Investments

| Risk heading | Risk description | Relevance to investment | Key control | Assessment | Approved Investment Strategy (AIS) |
|---|---|---|---|---|---|
| Security | A third party fails to meet its contractual obligations (i.e., counterparty risk). | Crucial that money invested is returned (principal and interest). | Relies on credit management policy including credit risk, diversification, duration and amount of investment, and an ongoing review of the credit environment.<br><br>Prudential limit on investment over 1 year. | **LOW** | Use of the counterparties identified within the AIS reduces this risk to a low level.<br><br>The borrowing strategy identified will reduce cash balances and the resulting security risk.<br><br>With the exception of regulation investments, counterparties have a financial limit to ensure funds are spread amongst them.<br><br>Overall, this remains a low-risk strategy. |
| Liquidity | Cash is not readily available when it is needed. | Need to plan investment to match cash requirements. | Managed through detailed cash flow forecast and investment in highly liquid funds – can also borrow temporarily (Local Authorities are a good credit risk if lent money). | **LOW** | Same day access accounts are currently held with:<br>• Federated MMF<br>• Morgan Stanley MMF<br>• Aberdeen Standard MMF<br>• Lloyds Banking Group (as banker)<br><br>Cash flow plans are completed annually and regularly updated.<br><br>Overall, the risk is low. |

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

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

**Police, Fire and Crime Panel – 13 February 2023**

**Staffordshire Fire & Rescue Service**

**Safety Plan 2020 - 2024 Update Report**

Report of the Police, Fire & Crime Commissioner

## 1. Purpose of Report

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

## 2. Recommendation

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

## 3. Background

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

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

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

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

3.3. The four priorities outlined in the Commissioner's Fire and Rescue Plan are:
- A flexible and responsive Service
- Protect people and places
- Help people most at risk stay safe
- A fire and rescue service for tomorrow

## 4. Urgent Matter to Report: Industrial action update (as of 4th January 2022)

4.1. Following the rejection of a national 5% pay offer for the year 2022 for its members, the Fire Brigades Union (FBU) has balloted its members for strike action and it is highly likely that they will receive a strong mandate for a national strike to commence in February 2023 at the earliest.

4.2. The ballot will conclude on 30 January 2023. With a minimum of two weeks' notice for employers, the earliest date that a strike can take place is 13 February 2023.

4.3. The Service has been working on its contingency arrangements regarding its' capability in the event of a national strike by the FBU.

4.4. Based upon the information and intelligence available at this time, it is anticipated that there will be approximately 35% of normal fire cover for a strike period of up to 24 hours and 25% of normal fire cover for a strike period up to 4 days.

4.5. The Service has fully considered both commercial arrangements to support fire cover and a request to the Military for aid but neither of these have been secured at this stage.

4.6. The Service's capability will be limited to providing the best possible response to incidents and normal prevention and protection work will be impacted.

4.7. In the event of any national fire strike, regardless of its duration, it is likely that attendance times will be slower and the capacity to resource normal incident demand will be limited. This includes the provision of over the border support to and from neighbouring Fire and rescue services through our statutory arrangements.

4.8. In addition, response to large scale incidents through the provision of national resilience capabilities for incident such as large-scale floods, wildfires, chemical incidents and terrorist attacks will also be limited.

4.9. In preparation for the event of strikes, the Service has completed the following tasks;
- Tested and exercised its business continuity plan for industrial action
- Contingency training has been completed for officers
- Contingency training for support staff and civilians is taking place in January 2023
- A Strategic Assessment meeting is taking place on 5 January 2023 to brief partners on the ballot and the planning for IA
- All Staffordshire and Stoke-on-Trent MP's have been written to and updated along with the Staffordshire Commissioner

## 5. A flexible and responsive service

5.1. Staffordshire key performance measures are reported to the **Public Performance Meeting** (PPM) on a six-monthly basis. Highlights from the most recent performance report for the period April to September 2022 include:

- The total number of incidents attended has increased by 6.7% compared to the same period in 2021, the most notable area of increased demand being attendance at Secondary Fires due to spate conditions during the summer.
- The Service attended 195 accidental dwelling fires compared to 224 during the same period in 2021. The top causes of these fires remain the same as the previous years; cooking related incidents and faulty equipment which are relatively static in trend. 2 fatalities and 7 injuries were recorded as a result of accidental dwelling fires.
- The Service attended 70 accidental business property fires. The top cause of this type of incident remains to be faulty equipment, and levels of such incidents have remained static over the past three years.

5.2. Through collaborative working with the Staffordshire and Stoke-on-Trent Integrated Care Board (SSOTICB) our **Falls Response Team** was established on 14 November and the service went live on 7 December for a 6-month pilot period. The initiative will involve SFRS personnel attending and resolving falls calls in the Eastern Service Delivery Group area. The team are dispatched by the NHS-led Unscheduled Care Coordination Centre (UCCC), who draw calls from the West Midlands Ambulance Service (WMAS) 'Stack'. The UCCC will dispatch SFRS to what are termed 'Green' calls, i.e. where there are no known injuries to the patient and they just require assistance getting up, and SFRS are to attend within 2 hours of dispatch.

5.3. As a result of lower than anticipated demand the pilot area was extended and the team will now respond to Falls Calls anywhere in Staffordshire. As at 12 January 2023 the Team had responded to 61 calls, and the attendance time target has been met for all calls. The average number of calls is 1.7 calls per day with a range of 0 to 4 calls per day. On 82% of occasions the patient was picked up and had no injuries. On 13% of occasions the patient was picked up but required a further clinical response which was passed back to UCCC/WMAS. On the other 5% of occasions we were either returned en-route, the patient had been picked up prior to our arrival or we were unable to lift the patient due to an injury and had to summon further assistance. On average we are finding that the patient has fallen 4.5 hours prior to our mobilisation. On 12 occasions the period has been between 5 and 15 hours. Work is underway with UCCC to increase the number of calls we are dispatched to and reduce the time between the initial call and dispatch, thereby improving outcomes for the patient.

5.4. Naturally the patients we are attending to have vulnerabilities associated with being at increased risk of fire such as elderly, mobility issues etc, therefore Safe and Well checks, including Falls Prevention advice are carried out.

5.5. The team consists of 6 staff (5 of which are also on-call personnel), based at Lichfield, working in shifts of 3 to cover 8am to 8pm, 7 days a week. When the team are not assigned to falls calls, they are carrying out prevention activity and delivery of antiviral medications. The running costs of the team for the pilot period are anticipated to be £132k excluding unplanned overtime. The SSOTICB have committed £150k of funding to cover the cost of the pilot.

5.6. The Service's annual **Statement of Assurance** was previously shared with the Panel on 24 October 2022. The report, which details the Service's performance against the priorities set out in our Community Risk Management Plan (which we call our Safety Plan) and the financial, governance and operational arrangements in place for the period to 31 March 2022 has now been published. The report also highlights prevention work carried out in the local community and how the Service supported local communities during the Covid-19 pandemic. The statement provides our communities with clear information on our performance against the priorities set out in our Safety Plan. To view the Statement of Assurance – click here.

5.7. Three new **Fire Standards** have been launched recently:- Data Management, Leading the Service and Leading & Developing People, bringing the total number of standards now published to fourteen. The Data Management standard focuses on how fire and rescue services can improve their community risk planning and other key activities using good quality, reliable data. Leading the Service and Leading & Developing People have been developed to bring clarity around leadership roles and to establish expectations of fire and rescue leaders. Both standards will support our pledge to continue to strengthen our culture of openness, trust and inclusivity, ensure the makeup of our service reflects the communities we serve and improve the safety and wellbeing of the public, our employees and volunteers.

5.8. We are hosting a number of workshops across the Service to help us assess our levels of compliance against each standard and identify actions we may need to take to achieve compliance.

5.9. A number of other standards are proposed for this year:- Fire Control, Communications, Engagement & Consultation, Commercial & Procurement, Finance & Assurance and Asset Management. We have invited relevant managers across the Service (and our Shared Services) to contribute to the consultation process.

## 6. Protect people and places

6.1. In late 2020 SFRS entered into collaboration with Midland Heart to retrofit sprinklers in a number of their properties. What started as an idea for a single block of flats in Lichfield subsequently turned into a **Sprinkler Replacement Programme** in 8 buildings across the wider West Midlands area and the Staffordshire phase of this project is now drawing to a close.

6.2. Charnwood House, a 5-storey building with 11 duplex flats, was commissioned in the early part of the financial year and focus moved to a larger, more complex building in Andrews Court, an 8-storey building with 59 flats of sheltered accommodation in Lichfield. This has been a challenging project in a number of ways, some issues created by its ownership structure, where the building is managed by Midlands Heart but owned by the residents. In early 2021 a vote of the residents went in favour of installation but spiralling costs, since the initial quote, dissuaded some residents. However, SFRS were able to provide partial funding and the completed project is due to be commissioned and delivered in mid-January 2023.

6.3. In the north of the county Stoke-on-Trent City Council recently reviewed and consulted on the total redevelopment of the sites of 10 of their high-rise buildings, seven of which are without sprinklers and plans are set to be approved at a meeting w/c 16 January. Although this is a long-term, transformational development plan, spanning two decades, it is anticipated that there will be little appetite for investment in retro-fitting sprinklers for buildings already slated for possible demolition.

6.4. SOTCC also have a new build programme to build sprinklers in to new 3-storey developments such as Rialto, Beardsmore and Sutherland Courts, providing a level of fire safety over and above that provided by developments adhering to the minimum legal requirements. SFRS will be utilising our proven links within the Council to facilitate this forward-thinking approach being continued with the replacement developments for the high-rise buildings.

6.5. Looking forward it is important to recognise that the current domestic economic outlook is likely to have an impact on the project. The cost of living crisis is likely to be significant for the people that live in the buildings the project targets and this will have a knock-on effect for the building owners, housing societies, as they possibly struggle to collect and control rents, and the capital expenditure they are willing to commit to a major project. Although the budget for the project has been reduced in recent years, the spiralling costs, as seen in the Andrews House development, also limits the effective interventions the Project is able to make. The combination of these two factors, in the current climate, could make the next few years challenging.

6.6. Our **Business Support** officer continues to provide courses and qualifications to our local businesses. Recent initiatives include:

- Working with the National Farmers Union to deliver an outreach business support programme for the rural community as well as representing SFRS at the Chamber of Commerce Rural Forum.

- Fire safety education delivered to the farming sector and students of Rodbaston College.
- Support to Apedale Heritage Centre to review policy, legislation and procedures at Apedale Coal Mine.
- Automatic External Defibrillators (AED) familiarisation sessions at Caverswall Village Hall.
- Enterprise Advisor Support provided to Endon High School and other schools and trusts in the county by our Business Support Lead to support pathways into industry and shape young people's futures.
- Supporting the Staffordshire Chambers Business Festival and the Let's Do Business initiative at Uttoxeter Race Course.
- Attendance at Staffordshire Patrons Event

6.7. Support is also provided to businesses affected by fire. There have been a number of incidents during the period, two of which have caused significant loss and disruption:

- A severe fire disrupted the facilities at Ford First in Tamworth. Although there was significant loss and disruption, the company had the benefit of professional employees who were specifically trained to manage such adverse events.
- A significant incident at the Black Lion public house in Consall disrupted all business activity and destroyed the living quarters of the landlord. Support was provided to assist the business in the early post-fire stages to initiate insurance claims and retrieve reports and documentation to demonstrate that the necessary procedures and policies were in place.

## 7. Help people most at risk stay safe

7.1. Due to the impact of Covid-19 there was a significant decrease in the number of physical **Safe and Well visits** completed throughout 2020 and 2021 due to the required social distancing measures. Safe and Well activity has now returned to expected levels, and the backlog of visits from the period affected by Covid-19 has been addressed.

7.2. **Safe+Sound;** Supporting communities to make informed and positive lifestyle choices, improving their health, safety and wellbeing.

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

7.2.2. September to December 2022 (Autumn Term) saw a total of 62,503 devices tuning in – of which Staffs was 40,266 and Nationally 22,237, compared to 30,640 during the same period in 2021. Feedback from participants and partners remains positive. 21/22 highlights produced by Learn Live: https://vimeo.com/733210590

7.2.3. From September 2022 all weekly programme content is mapped into the PSHE curriculum; the Education team work closely with the two PSHE Leads for the County.

7.2.4. A special home safety programme was produced for adults. Technicians and other staff promote this through Home Fire Safety Visits. 1,498 devices have viewed this programme to date and therefore received safety messages.

7.2.5. A 'Be Safe Be Warm' special programme is due for release in January 2023. This aims to deliver safety messages designed specifically to cover areas of concern relating to the cost of living increases.

7.3. **Volunteering** opportunities are increasing, including examples of partnership working such as Pathfinder and Community Speedwatch support. There are currently 66 volunteers in the service. Examples of volunteer engagement between October and December 2022 include:

- Support with delivery of a 3-pump exercise - Operational Assurance providing casualties that were used to deliver a realistic scenario for operational crews.
- Support for our warm spaces campaigns across the county.
- Continued support for all operational and support staff by our Chaplains.
- Educational visits to stations for local Beavers, Cubs and Brownies groups.
- Supporting the Staffordshire Safer Roads Partnership with the Pathfinder project.
- Supporting CSO's at local events and delivering fire safety leaflets to businesses.
- Attendance at a Macmillan coffee morning.
- Supporting production of Safe+Sound programmes.

7.3.1. A total of **995.5** volunteer **hours** were given in the last quarter compared to 324.33 hours in the same period last year.

7.4. **Olive Branch** Training aims to raise awareness of Fire Safety issues in the home for those that visit vulnerable members of our community. The online session encourages and gives confidence to a wide range of home visitors such as Social Workers, Domiciliary Care Providers, Occupational Health Therapists, Police Offers etc. in identifying potential fire hazards and other risks. At the end of the session delegates will know how to make a referral for a Home Fire Safety Visit. Between July and December 2022, there have been **237** completed courses, with **108** completed evaluations received.

7.5. All **Prince's Trust** programmes have now returned to a pre-pandemic number. Although the pandemic is still influencing the number of participants on our programmes, all indications are now showing we are on a positive but slow return to pre-pandemic numbers. We continue to use some of the delivery styles developed during the pandemic has they have proved beneficial, encouraging our young people to remain engaged throughout delivery. Over the next 12 months we have a total of 18 scheduled programmes with a total of 102 weeks of delivery. It is anticipated that each course will continue to demonstrate positive interest and recruitment.

## 8. A fire and rescue service for tomorrow

8.1. As previously reported, despite the Service having being inspected in late summer/early autumn 2021, the final **HMICFRS report** – Effectiveness, efficiency and people 2021/22 – Staffordshire Fire and Rescue Service was not published until 27 July 2022. To view the report in full please click here.

8.2. As the panel are already aware, HMICFRS made some recommendations in the report and identified 20 'Areas for Improvement' (AFIs) which the Service has now created an action plan to address. The progress of this action plan is monitored via our Action Tracker and scrutinised internally through Service governance boards, and the Staffordshire Commissioner.

8.3. The Service has already taken steps to address these AFIs and the most recent updates are below;

| Overall Judgement for Service Effectiveness: GOOD | | |
|---|---|---|
| Question **Judgment** | **Areas for Improvement** | **Comments & progress** |
| Understanding the risk of fire & other emergencies<br><br>**Good** | **1. The Service should make sure that firefighters are confident and suitably trained in gathering risk information** | *All Prevention staff complete an internal training programme on Home Fire Safety with input on recognising and assessing fire risk. With the introduction of the NFCC Home Fire Safety framework, and the future implementation of the Prevention portion of the PPHMS system (in development), this training will be reviewed and aligned to provide assurance that all members of Prevent staff are suitably and effectively trained.*<br><br>*An upgrade to our Operational Risk Management software is underway. Improvements have been added to the system to simplify the creation of new tasks, provide crews with the ability to manually enter scoring to improve the accuracy of risk profiles and the addition of an expanded choice of risk elements to align to national progression and revised legislation. Upcoming developments in 2023 include improvements in the functionality of cross-border risk management and the development of mapping and reporting functions to improve the understanding of cross-border risk. Full training packages will be rolled out once completed.* |
| | **2. The Service needs to improve how it engages with seldom-heard people and groups in its local community to build a comprehensive profile of risk in its service area** | *This work is currently on hold as the Service is recruiting to the position of Community Engagement Officer, with a projected start date of February 2023.* |
| Preventing fires & other risk<br><br>**Good** | **3. The Service should make sure it puts in place measures to catch up on the backlog of** | *The Service has worked hard to deal with the backlog of safe and well visits following the removal of lockdown restrictions. During lockdown periods, Prevention staff were unable to complete all visits in person, but an alternative 'socially distanced' method was established using telephone to ensure the most vulnerable were still supported. In-person visits have been re-established and visits* |

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| | **safe and well visits. – COMPLETE** | *are scheduled by crews and technicians according to priority. The total number of open referrals has been reduced from over 600 to 45.*<br><br>*Safe and Well activity has returned to business as usual with the overall focus to increase engagement and to refine and improve assessment alongside the development of technology, data integration, and information sharing capabilities.* |
| Protecting the public through fire regulation<br><br>**Requires improvement** | **4. The Service should assure itself that its Risk Based Inspection Programme (RBIP) prioritises the highest risks and includes proportionate activity to reduce risk.** | *The current Risk Based Inspection Programme still in place whilst the Service awaits further updates from the NFCC. A new draft RBIP was produced earlier in the year based upon 'Higher Risk Occupancies – Preliminary Guidance' produced by the NFCC. The full guidance was expected in the spring of 2022 however has been delayed.*<br>*Communication with the NFCC has suggested that the full guidance will be issued to FRS's in early 2023 therefore project on hold until that guidance document is received to ensure national best practice is followed.* |
| | **5. The Service should make sure it has an effective quality assurance process, so that staff carry out audits to a consistent standard.** | *External consultation has taken place with Derbyshire FRS as well as internal consultation with fire safety managers to adopt and amend some elements of the assurance process to ensure a system that works for SFRS. A new process has also been devised and agreed, which is currently being written into the Protection policy document. Once this process has received suitable sign off, it will be shared via the Protection forum in the coming year, and will be subject to a regular monitoring and review process which will be completed annually.* |
| Responding to fires & other emergencies<br><br>**Requires improvement** | **6. The Service should make sure that it has effective systems in place to reliably understand resource availability.** | *The Service has previously created the position of Resource Manager. This position is responsible for the monitoring of daily availability for the Whole-time part of the business.*<br>*As an extension of this, the Retained Support Officer (RSO) watch managers now monitor daily availability for the on-call side of the business and use a predictive statistical tool to undertake resource planning.*<br>*Firewatch / Vision integration and development is also planned to reduce the extent of manual Fire Control processes around obtaining and interpreting availability. These Improvements will also allow the Service to complete an assessment of up to the minute availability, which can then be automatically shared with the Command and Control system to improve the timeliness and consistency of decision making around the mobilisation of resources.* |
| | **7. The Service should improve the availability of its fire engines to respond to incidents in line with its Community Risk Management Plan (CRMP).** | *A new Response Performance Management group has now been set up, which will focus on feedback from Group Managers and Station Managers for each station's availability plan. The next steps are to review end to end recruitment process as a new transformation project and to continue the transformation work with the potential to mobilise by numbers (appliances available with 3 riders). Review work is currently ongoing to assess the possibilities of implementation and to conduct consultation into the new year. A transformation trial in South Staffs of pairing stations to increase appliance availability will commence in Q1/2 2023.*<br><br>*The implementation of the new RSO structure has been completed and this is now in place and is subject to review monthly at the newly established Response Performance Meeting. This will include promote discussion and feedback from service delivery leads.* |

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| | **8. The Service should make sure that it improves the way in which it captures and shares learning from operational incidents.** | *A new quarterly training and action plan meeting has been formed to discuss outstanding actions from incident debriefs and to direct improvement activity. These insights are then shared with the workforce and retained as organisational learning for areas such as; operational procedure, risk assessment and equipment use.*<br><br>*The process of debriefing is under review; with the intention of increasing the number of multi-agency debrief sessions to improve shared learning opportunities. A central training planner for five appliance and Over the Border operations training has also been set up to further ensure organisational learning is captured and circulated.* |
| **Overall Judgement for Service Efficiency: REQUIRES IMPROVEMENT** | | |
| Question **Judgment** | **Areas for Improvement** | **Comments & progress** |
| Making best use of resources<br><br>**Requires improvement** | **9. The Service should have effective measures in place to assure itself that its workforce is productive and that their time is used as efficiently and effectively as possible to meet the priorities in the Community Risk Management Plan (CRMP).** | *FireWatch has been identified as a workable solution for productivity monitoring and development has begun in the testing environment. This is being trialled at Hanley Fire Station. Decision to roll out to the wider organisation will be taken to Transformation Board in the new year.*<br><br>*The Daily Work Routine Policy has been created and taken to Response Board in December for approval.*<br><br>*For reporting purposes, the project has decided on the use of PowerBI to provide a dashboard to enable visual reporting. A PowerBI gateway into the FireWatch system has been created for the purposes of reporting and the development of a dashboard will begin in the new year.* |
| Making the fire and rescue service affordable now and in the future<br><br>**Good** | **10. The Service should assure itself that its IT systems are resilient, reliable, accurate and accessible** | *During Q3 2022 we added a high availability firewall, updated VM environment, and have created a new back-up solution for MS365. These implementations have all improved resilience of the ICT services. In order to assess our capabilities and improve contingency planning we have run a series of exercises, both internally and with partners such as CCU. These have been designed to test the resilience and usability of our current systems. A number of these exercises have been around power outages based on the current position of heightened risk.* |
| **Overall Judgement for People: REQUIRES IMPROVEMENT** | | |
| Question **Judgment** | **Areas for Improvement** | **Comments & progress** |
| Promoting the right values & culture<br><br>**Requires improvement** | **11. The Service should make sure all staff understand and demonstrate its values.** | *Agreement is sought on the code of ethics before further progression. Disciplinary and Voluntary redundancy will be focused upon initially. Some work has already been completed with groups and Group Managers and Unions have been consulted. The core code of ethics has also yet to be included in all recruitment and associated Policy. A regular meeting will be established to further allow consultation of these areas as we move forward. Consultations will be held with operational staff for feedback.* |

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| | | *A survey mechanism is currently being reviewed via Internal governance boards and this will be taken for decision and options. If approved HR will work with Comms to create a one-page brief to explain that we have moved to the NFCC Core code of ethics. This will be circulated to all staff via iNews (internal newsletter).*<br><br>*A review of the appraisal process is due to begin in January 2023, and is looking to also include the promotion process for all staff. A consultation group has been arranged to explore current appraisal policy and any ideas for the future.* |
| | **12. The Service should assure itself that senior managers are visible and demonstrate service values through their behaviors.** | *Consideration is being given towards management and leadership input for senior members of staff which is to be reviewed by Learning and Development.* |
| | **13. The Service should monitor secondary contracts and overtime to make sure working hours are not exceeded.** | *A review of the Outside Working Policy is to be conducted to consider national alignment with the working time directive and consider a mechanism to identify working practices across dual contracts and how we effectively monitor working hours to ensure the wellbeing of our employees. Once completed a communication plan will be adopted to ensure that all employees are aware of their responsibilities in relation to the outside working policy and the reasons why this is in place.* |
| Getting the right people with the right skills<br><br>**Good** | **14. The Service should review its succession planning to make sure that it has effective arrangements in place to manage staff turnover while continuing to provide its core service to the public.** | *The Workforce Planning Board has now been created, where discussions around succession planning and staff turnover are encouraged quarterly. This board is chaired by the Service ACFO. Data reporting around areas such retirement profiles and staff turnover are taken to this board for oversight. Performance monitoring will continue to be developed with 2-3-year forecasts.*<br><br>*A working group has been arranged to consider the current appraisal system within the Service and feedback from stakeholders on how it might be developed.*<br><br>*A Paper was taken to Service Management Board to adopt an alternative 'Direct Entry' route into the Service in September 2022, which was approved in principle.*<br><br>*The Exit interview process is to be reviewed with the intention of improving the engagement of staff leaving the organisation to assist with gathering organisational learning.* |
| | **15. The Service needs to review its reliance on overtime to consider whether there are more effective arrangements to provide its core service.** | *Crewing arrangements have been reviewed and the introduction of minimum crewing of 4 has been shown to be effective in increasing resilience and the reliance on overtime.*<br><br>*We now have clear quantities and locations of where drivers are needed, which has now been matched with interest from 40 serving Firefighters who will be approached individually to arrange training needs. Annual re-certification introduction in 2023 has now been arranged and will ensure that BA training is aligned to national guidance.* |

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| Ensuring fairness & promoting diversity<br><br>**Requires improvement** | **16. The Service should assure itself that staff are confident using its feedback mechanisms.** | *To ensure that all employees know of and understand feedback mechanisms such as grievance policy, whistle blowing policy, harassment and bullying policy, line manager involvement, HR support communications and training will be disseminated to all appropriate staff once consultation has been completed with senior stakeholders.*<br><br>*The review of 'Say So' is complete and It has been agreed that we will continue with this service for a further 12 months, and then a further review in 2024 will assess whether this can be brought in-house through a new process. The Service is also considering a further employee survey to understand employee feedback incorporating a 'You said, we listened' aspect.* |
| | **17. To identify and tackle barriers to equality of opportunity, and make its workforce more representative, the Service should make sure diversity and inclusion are a priority and become important values of the Service.** | *Recruitment EDI data is now presented to the Workforce Planning board for oversight from the ACFO. Engagement and retention of staff from diverse groups is also discussed at this meeting. A yearly planner with themes to raise awareness across the organisation on diversity and inclusion has been created, and events have scheduled for 2023.*<br><br>*To increase the skills and knowledge of staff involved in EDI ensure positive action activity is underway; the Service has successfully recruited a Positive Action Coordinator, and is in the process of recruiting a Community Engagement Officer to ensure diversity and inclusion are a priority within the service and identify and remove barriers to equal opportunity.* |
| | **18. The Service should review how effective its policy on bullying, harassment and discrimination is in reducing unacceptable behavior towards its staff** | *The Service will start progress against this AFI by reviewing the current Bullying and Harassment Policy in order to consider how the service interacts with staff to make it clear what the expected behaviours are. A Tracker has been created which will monitor employee relations cases, and case details will be shared with the ACFO through a monthly one-to-one meeting. Timescales for contact & resolution within the policy are also be reviewed. The Service will then review the training available for middle managers to ensure a consist approach.* |
| | **19. The Service should make sure HR policy is consistently applied in the management of employment cases.** | *To ensure regular reviews of employment case management are undertaken to provide assurance that a consistent approach is applied the Service has implemented a case tracker. This will ensure effective monitoring and consideration of feedback or recommendations from investigations. Regular reviews are completed with Senior Officers to ensure resulting actions are monitored and enacted.*<br><br>*The Service will introduce a full debriefing process with the investigating officer / hearing officer to ensure that the process has been completed effectively and in line with processes and that learning is shared. We will ensure all managers actively participate in training in investigation, disciplinary issues, bullying and harassment to consistency and adherence to policy/procedure.* |
| Managing performance & developing leaders<br><br>**Good** | **20. The Service should aim to diversify the pool of future and current leaders** | *The Promotion Process Guidance for the Service will be reviewed. The shared services recruitment lead has already assisted in the restructure of the senior management profile for the organisation. A Positive Action plan will also be created which will sit alongside the recruitment and promotion process and will be directed at engaging with diverse communities and encouraging people from diverse backgrounds to apply for positions and to progress within the Service. This is currently in the draft stage.* |

8.4. Round 3 of HMICFRS Fire Inspection Programme commenced in January 2023. HMICFRS will inspect all 44 fire and rescue services in England over a two-year period. Round 3 will adopt a new grading system which will provide a greater degree of information on where improvements are required, better reflect individual service performance and provide a common grading approach throughout police and fire inspections.

8.5. A preliminary inspection timetable has been released with the first nine services being inspected from January to May/June 2023. Staffordshire is not in this first tranche and our inspection dates have not yet been confirmed. HMICFRS has acknowledged that if industrial action is taken, then it will need to consider the extent to which it is appropriate or feasible to continue with inspection activity as currently planned.

8.6. **Apprenticeships** - A full OFSTED inspection of took place in May 2022 which rated the Services' delivery of its programme as GOOD overall with the following category ratings:

- The quality of education (Good)
- Behaviour and attitudes (Outstanding)
- Personal Development (Outstanding)
- Leadership and Management (Good)
- Apprenticeships (Good)

8.7. The published report (OFSTED Inspection of Staffordshire Commissioner Fire and Rescue Authority https://reports.ofsted.gov.uk/provider/33/2526613) contains information that favourably reflects on the learner experience and the way in which the programme is managed. The report also highlights the influence and commitment exhibited by the leadership team, through the Chief Fire Officer, that makes the programme so successful.

8.8. Colleagues across the County have been involved looking at the Fire Service offer for students participating in **Uniformed Public Services courses**. Some stations are already delivering successful talks in colleges and delivering station visits, the plan is to develop this into a consistent county-wide offer, including an event at HQ in spring/summer.

8.9. Following the release of the **Manchester Arena Inquiry** report Volume 2: Emergency response, the services Operational Assurance team have examined the recommendations outlined by Sir John Saunders (Inquiry Chairman).

8.10. The report recommends improvements to areas such as multi-agency working and JESIP (The Joint Emergency Interoperability programme). Staffordshire Fire and Rescue service are currently working with Police and Ambulance partners on a 3-year assurance plan for multi-agency training and sharing of learning between all blue light organisations; this work will also include partners from the business and leisure sectors.

8.11. Staffordshire FRS have taken 26 recommendations from the Public Inquiry report and issued the work streams to multiple leads within service to ensure that we are working within or towards its recommendations. We will use Operational Assurance and Shared Learning Forums to provide knowledge and understanding to tactical commanders and ensure the Service's exercise training planner includes areas raised within the report. Our multi-agency large-scale exercises will provide opportunity to test our teams and procedures against the recommendation and assure the service and public of our response to large or major incidents.

## 9. Conclusion

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

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

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**STAFFORDSHIRE POLICE, FIRE AND CRIME PANEL**

**13 February 2023**

**WORK PROGRAMME PLANNING 2022-23**

**Report of the Secretary**

Recommendation

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

Background

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

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

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

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

| **Panel Meeting date** | **Agenda Items** |
|---|---|
| Monday 27 June 2022 (2.pm) | • Appointment of Chairman<br>• Appointment of Vice-Chairman<br>• Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner<br>• Home Officer Grant 2021/22<br>• Consideration of the Commissioners Annual Report 2022/23<br>• Questions from members of the public |
| Monday 26 September 2022 (10 am) | • Police and Crime Plan / Fire and Rescue Plan Update<br>• Road Safety Partnership Update – Deputy Commissioner<br>• Questions from members of the public |

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| Monday 24 October 2022 (2.pm) | • MTFS/Budget Update – Policing Service<br>• MTFS/Budget Update - Fire and Rescue Service (To include transformation plan update as requested 140222)<br>• Fire and Rescue Annual Assurance Statement<br>• Questions from members of the public |
| ~~Monday 19 December 2022 (2.30pm) – special meeting moved to~~ 21 February 2023 | • ~~PEEL Inspection report~~<br>• ~~Questions from members of the public~~ |
| 6 February 2023 (2.pm) | • PFCC's proposed **Police** Budget and Precept 2023/24<br>• ~~Police Misconduct and Complaint Regulations 2020 – annual report~~ moved to 21 February.<br>• Questions from members of the public<br>• Annual Conference for PFCP report |
| 13 February 2023 (2.pm) | • Consideration of the PFCCs proposed **Fire and Rescue** Budget and Precept 2023/24<br>• Fire and Rescue Service Safety Plan 2020-2024 Update Report |
| 21 February 2023 (2pm) | • PEEL Inspection report<br>• Police Misconduct and Complaint Regulations 2020 – annual report<br>• If required, further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2023/24 |
| Monday 24 April 2023 (2.pm) | • TBA |
| 26 June 2023 10am | • Appointment of Chairman<br>• Appointment of Vice-Chairman<br>• Annual Report on the Management of Complaints and Conduct Matters against the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner<br>• Home Officer Grant 2022/23<br>• Consideration of the Commissioners Annual Report 2023/24 |
| 25 September 2023 10am | • Police and Crime Plan / Fire and Rescue Plan Update |
| 13 November 2023 10am | • MTFS/Budget Update – Policing Service<br>• MTFS/Budget Update - Fire and Rescue Service<br>• Fire and Rescue Annual Assurance Statement |
| 5 February 2024 10am | • PFCC's proposed **Police** Budget and Precept 2023/24<br>• Police Misconduct and Complaint Regulations 2020 – annual report<br>• Annual Conference for PFCP report |

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| 12 February 2024 10am | • Consideration of the PFCCs proposed **Fire and Rescue** Budget and Precept 2024/5<br>• Fire and Rescue Service Safety Plan 2020-2024 Update Report |
| 19 February 2024 10am | • If required, further consideration of proposed Police and/or Fire and Rescue Budget and Precept 2023/24 |
| 22 April 2023 10am | • TBC |
| Items to be scheduled if/when appropriate | |
| ~~Proposed Operation Hub / Firearms Range~~ | ~~An Informal meeting has been arranged for 2 November 2022~~ |
| ~~Neighbourhood policing - review~~ | ~~Raised at 23 September meeting. New operating model.~~ |
| ~~First quarter performance report – email to Members (including risks and mitigation)~~ | ~~Requested at 31 Jan 2022 precept meeting. These are available for members and the public to view on line. Meetings are webcast and open to the public to attend.~~ |
| ~~Police PEEL inspection report~~ | ~~Additional meeting – invite Safeguarding O&S Committee (Community Safety) date 21 February 2023~~ |

J Tradewell (Secretary to the Panel)
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