

SOUTH WALES FIRE & RESCUE AUTHORITY

COMMITTEE: Finance, Audit & Performance Management
Committee

DATE: Monday 17 October 2011 at 10:30 hours

VENUE: South Wales Fire & Rescue Service Headquarters,
Room 8, Forest View Business Park Llantrisant
CF72 8LX

AGENDA

1. Presentation – Treasury Management

Members of the Fire & Rescue Authority are reminded of their personal responsibility to both verbally and in writing declare any personal and/or prejudicial interests in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire Authority's Standing Orders and the Members Code of Conduct

2. Apologies for Absence

3. Declarations of Interest

4. Chairman's Announcements

5. To receive the minutes of:

- Asset Management Working Group held on 1 July 2011 3
- Finance Working Group on 15 July 2011 7
- FAPM Meeting held on 18 July 2011 13

6. Revenue Monitor 2011-12 21

7. Capital Monitor 2011-12 33

8. Treasury Management Outturn 2010-11 41

9. Review of Great Plains Stock Management System 57

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| 10. | Internal Audit Report | 61 |
| 11. | Audit Action Updates | 75 |
| 12. | Risk Reduction Plan – Relocation/Detriment Arrangements for Day Duty Crewed Staff | 79 |
| 13. | The Management of Health & Safety in the GB Fire & Rescue Service | 83 |
| 14. | Forward Work Programme | 93 |

To consider any items of business that the Chairman deems urgent (Part 1)

Signature of Proper Officer:



MEMBERSHIP
Councillors:

| | | |
|-------|-----------|--------------------|
| B | Thomas | Blaenau Gwent |
| R J W | Greenland | Monmouth |
| L W | Kelloway | Cardiff |
| C | Mann | Caerphilly |
| G | Price | Merthyr Tydfil |
| E T | Williams | Vale of Glamorgan |
| W J | Routley | Newport |
| S | Jones | Rhondda Cynon Taff |
| B | Jones | Torfaen |
| C | James | Bridgend |

SOUTH WALES FIRE & RESCUE AUTHORITY

**MINUTES OF THE ASSET MANAGEMENT
WORKING GROUP MEETING
HELD ON FRIDAY 1 JULY 2011 AT
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

01. PRESENT:

Councillor

Left

| | |
|------------|---------------|
| J Daniel | RCT |
| D T Davies | Caerphilly |
| C James | Bridgend |
| C Mann | Caerphilly |
| B Thomas | Blaenau Gwent |

APOLOGIES:

| | |
|-----------|--------------------|
| S J Jones | Rhondda Cynon Taff |
| V Smith | Monmouth |

ABSENT:

| | |
|--------------|----------|
| L W Kelloway | Cardiff |
| D Sage | Bridgend |

OFFICERS PRESENT:- ACO S Chapman – Director of Corporate Services, AM G Clement – Head of Major Projects & Property Maintenance

**02. ELECTION OF CHAIRPERSON OF THE ASSET
MANAGEMENT WORKING GROUP**

The ACO Corporate Services called for nominations for Chairperson of the Asset Management Working Group. Councillor Davies was nominated and seconded. There were no other nominations.

RESOLVED THAT

Councillor Davies was duly elected as Chairperson of the Asset Management Working Group.

03. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in agenda items which affected their Authority.

The newly appointed Chairman welcomed new Member, Councillor Thomas, to his first attendance at the Asset Management Working Group.

04. MINUTES OF PREVIOUS MEETING

The minutes of the Asset Management Working Group meeting held on 8 April 2011 were received and accepted as a true record of proceedings.

05. TERMS OF REFERENCE – ASSET MANAGEMENT WORKING GROUP

The ACO Corporate Services outlined for Members the content of the Terms of Reference, which had been approved by the Fire Authority on 24 May 2010.

RESOLVED THAT

Members agreed to the Terms of Reference for the Asset Management Working Group.

06. UPDATE ON IMPLEMENTATION OF LAND AND BUILDINGS MANAGEMENT PLAN 2010-2014

The Head of Major Projects and Property Maintenance provided Members with an update on the progress being made against the Building Strategy contained in the Land and Buildings Management Plan 2010/2014.

RESOLVED THAT

06.1 Members noted the content of the report.

06.2 Members requested a separate column within the report showing the total costs of refurbishing each Station.

06.3 Members agreed to hold the meeting of the next Asset Management Working Group at Maindee Fire Station.

07. FORWARD WORK PROGRAMME

The ACO Corporate Services presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for the Asset Management Working Group.

The Chairman wished AM G Clement all the very best in his retirement and to thank him formally for all his outstanding work carried out on behalf of the Service.

SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FINANCE WORKING GROUP MEETING HELD ON FRIDAY 15 JULY 2011 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

01. PRESENT:

Councillor

Left

R J W Greenland (Chairman)

Monmouthshire

D T Davies

Caerphilly

C James

Bridgend

L W Kelloway

Cardiff

APOLOGIES:

G Price

Merthyr Tydfil

W J Routley

Newport

ABSENT:

OFFICERS PRESENT:- ACO P Haynes – Director of Peoples Services, ACO S Chapman – Director of Corporate Services, Mr Steve Greenslade – Treasurer, Mr G Thomas – Head of Finance, SM G Davies – Technical Delivery Manager

02. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

03. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's Announcements.

04. MINUTES OF PREVIOUS MEETING

The minutes of the Fire & Rescue Authority meeting held on 25 March 2011 were received and accepted as a true record of proceedings.

05. REVIEW OF TERMS OF REFERENCE OF GROUP & BUDGET OF AUTHORITY FOR 2011/12

The ACO Corporate Services outlined for Members the content of the Terms of Reference of the Group & Budget of the Authority for 2011/12.

RESOLVED THAT

Members noted the Terms of Reference of the Finance Working Group & Budget of Authority for 2011/12.

06. TRAINING AND DEVELOPMENT FUNCTION AND VALUE FOR MONEY REVIEW

The ACO People Services detailed for Members the Partnership Project Agreement principles with Babcock Limited and the framework of the Value for Money Private Finance Initiative Review.

Following questions from Members, SM Davies gave an explanation on training point volumes, and 'Take or Pay' thresholds. Members were informed that one point is valued at £6.28, with 40,000 points being allocated to each quarter to cover activities.

SM Davies confirmed that although certain training courses can be run on Stations, there are activities which carry a heavy level of risk, and can only be run at Cardiff Gate Training Centre.

The ACO People Services reassured Members the organisation is receiving 'best value' whilst using Cardiff Gate Training Centre, due to negotiating, delivering training, and managing courses and individuals.

RESOLVED THAT

06.1 Members noted the content of the report.

06.2 Members requested a further in depth report, which includes financial data and evidence of value for money.

06.3 Members requested that the Value for Money review is presented to the Finance Working Group, followed by the Finance, Audit and Performance Management Committee, before being signed off by Officers.

06.4 SM Davies agreed to deliver a Training Plan presentation to Members at a future meeting.

07. TRAINING & DEVELOPMENT DEPARTMENT STRUCTURE & FUNCTION & THIRD PARTY INCOME STRATEGY

The ACO People Services provided Members with details of the current functions established within the Training & Development Department and the Third Party Income Strategy being developed with Babcock.

Following in depth discussion on the various benefits of collaboration with other agencies, and private sector engagement being carried out at Cardiff Gate Training Centre, Members were concerned with the shortfall of the £200,000 threshold on Third Party Income Generation.

RESOLVED THAT

07.1 Members noted the content of the report.

07.2 Members requested a further report which includes a breakdown of figures, and information on the maximum use capacity of Cardiff Gate and the current level of usage throughout the year.

07.3 The Treasurer requested a copy of the 'Trading Account' for Cardiff Gate together with information on value for money.

07.4 Members requested a representative from Babcocks to attend a future Finance Working Group meeting.

08. REVIEW OF ANNUAL LEAVE AND PUBLIC HOLIDAY ENTITLEMENTS

The ACO People Services outlined for Members the annual leave and public holiday entitlements for all Uniformed and Support Staff,

which are included within their current terms and conditions of employment.

Following questions from Members, SM Davies gave an explanation on Officers' rota cycle, and the taking of leave in blocks of 7 and 14 day patterns.

RESOLVED THAT

08.1 Members noted the content of the report.

08.2 The Treasurer requested further clarification be provided outside of the meeting on whether the current paid annual leave entitlement for support staff is 'lawful' or 'discriminatory'.

09. REPORT ON LEASE CAR USERS AND MILEAGE CLAIMED

The ACO People Services presented a report to Members outlining the number of Officers allocated a lease car, both uniformed and support staff, the annual mileage claimed for under the 'freedom of movement' provision and the total costs incurred.

Following lengthy discussion on the cost and criteria used to allocate Officers with lease cars, the Head of Finance confirmed the organisation leases approximately 150 vehicles, with around 50 vehicles being held in a pool. The cost to the Authority for leasing vehicles is currently £500,000 per year.

The ACO People Services informed Members that operational officers are entitled to claim for 25 miles, plus additional mileage at 16.5p per mile. Officers can only choose a car from a list of named suppliers, with a stipulation on colour and type.

RESOLVED THAT

09.1 Members noted the content of the report.

09.2 Members requested further figures, and information on criteria and terms of flexi officers being entitled to receive a lease car.

09.3 Members requested information on how often Officers are called to duty, and the criteria surrounding the 25 mile a day allowance and how this is monitored.

09.4 Further information be provided on the 5000 mile criteria, how this is applied, monitored and reviewed to ensure ongoing compliance.

10. REVIEW OF ALLOWANCES

The ACO People Services outlined for Members the various allowances payable to personnel, which are included within the current terms and conditions of employment.

Members discussed each of the following allowances in detail, with Officers addressing Members questions:-

- Mileage Allowances
- Public Transport Allowances
- Subsistence Allowances
- Training Meals Allowance
- Management Responsibility Allowances (Acting Up)
- Day Crewing Allowances
- Loss of Earnings Allowances (RDS)
- Mess Managers Allowance
- Spoilt Meals Allowance
- Continual Professional Development Allowance
- National Health Reimbursements
- Shoe Allowance

Members were concerned with not receiving reasonable explanations on why Control staff are being provided with uniform and shoe allowance given they did not have face to face contact with the public.

RESOLVED THAT

10.1 Members noted the content of the report.

10.2 Members requested further information on Mileage Allowances, including costs.

- 10.3 Members unanimously agreed personnel should produce receipts in order to claim Subsistence Allowance, and requested further information on the cost of the allowance, how the scheme is applied to staff who regularly work away from the office, and whether there were groups of staff regularly claiming.
- 10.4 Members requested Appendix 1 to the report to be expanded.
- 10.5 Members requested further detail on the criteria used to claim for the Mess Managers Allowance, whether there were individuals claiming this where there was a cook employed on the Station, and whether other FRAs' paid this allowance.
- 10.6 Members requested a 'Station Analysis' on the Spoilt Meals Allowance.

The ACO People Services agreed to provide Members with a matrix/system explaining the Continual Professional Development Allowance more fully to include criterion for eligibility, monitoring of applications and dual applications where employees had dual contracts.

- 10.7 That a further report be received on why control staff are provided with uniform and shoe allowance.

The Chairman warned Members to expect the next Finance Working Group meeting on 14 October 2011, to be a lengthy meeting, which would incorporate a lunch break.

11. FORWARD WORK PROGRAMME

The ACO Corporate Services presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for the Finance Working Group.

SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT MEETING HELD ON MONDAY 18 JULY 2011 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

01. PRESENT:

| Councillor | Left |
|----------------------------|---------------|
| R J W Greenland (Chairman) | Monmouthshire |
| C Mann (Vice Chairman) | Caerphilly |
| C James | Bridgend |
| W Routley | Newport |
| B Thomas | Blaenau Gwent |

APOLOGIES:

| | |
|--------------|--------------------|
| S J Jones | Rhondda Cynon Taff |
| L W Kelloway | Cardiff |
| G Price | Merthyr Tydfil |

ABSENT:

| | |
|--------------|-------------------|
| B Jones | Torfaen |
| E T Williams | Vale of Glamorgan |

OFFICERS PRESENT:- CFO A Marles, DCFO H Jakeway, ACO P Haynes – Director of Peoples Services, Mr Steve Greenslade – Treasurer, AM A Thomas – Head of Operational Risk Management, Mr G Thomas – Head of Finance, Ms H Wheatley – RSM Tenon Auditor, Ms J Joyce – Wales Audit Officer, Ms V De Zouche - KPMG Accountant

02. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

03. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's Announcements.

04. MINUTES OF PREVIOUS MEETING

The following minutes were received and accepted as a true record of proceedings:-

- Asset Management Working Group meeting held on 8 April 2011
- FAPM meeting held on 16 May 2011

05. STATEMENT OF ACCOUNTS AND REVENUE OUTTURN 2010/2011

The Treasurer presented a report to Members on the statutory Statement of Accounts of the Authority, outlining the revenue outturn position for the year, and recommendations for reserve deployment.

The Treasurer and Chairman wished to thank the Head of Finance and his team for the work carried out in producing the accounts.

RESOLVED THAT

Members agreed:-

05.1 The Statement of Accounts, including replenishment of the Change Management Reserve, is approved for submission to the external auditors.

05.2 The remaining revenue surplus be shown as transferring to the General Reserve at the financial year end and deployed as follows within the current year of account:-

- Extinguish the pay reserve and create a strategic contingency reserve at an opening value of £1 million to mitigate financial risk during the current period of turbulence and austerity.
- Create a day crewing protection reserve of £1.75 million to be applied to meet the revenue implications of time limited

commitments, with Officers being authorised to negotiate on 'buying' these allowances out if financial savings can be demonstrated.

- 05.3 The Treasurer be authorised to make such adjustments to the Statement of Accounts as he considers necessary in consultation with the external auditors.
- 05.4 The audited accounts and the statutory report of the external auditor are considered by the Fire & Rescue Authority at its September meeting.
- 05.5 The Members of the Finance Working Group are asked to scrutinise the end of year surplus to establish whether improvements might be made to monitoring processes, and whether there are any structural budget issues for consideration within the Medium Term Financial Plan or the forthcoming budget cycle.

06. CAPITAL OUTTURN 2010/11

The Head of Finance provided Members with details of the Capital Budgets for 2010/11, compared to the actual expenditure for the year, together with explanations for variations against budget heads.

RESOLVED THAT

Members noted the content of the report.

07. COMPLIANCE, EVIDENCE, DELIVERY & REVIEW OF THE AUTHORITY'S TREASURY MANAGEMENT FUNCTION

The Treasurer provided Members with the results of a review of the Treasury Management function commissioned from the Authority's Treasury Advisors.

RESOLVED THAT

Members agreed to:-

- 07.1 Accept the review report attached to the report and noted the high levels of assurance.
- 07.2 To receive a Treasury Management training presentation at the start of a future Finance, Audit & Performance Management Committee meeting, to which all Fire & Rescue Authority Members would be invited.
- 07.3 To receive an update on implementation of the report recommendations as part of the scheduled interim Treasury Management report for 2011/12.

08. WALES AUDIT OFFICE REGULATORY PROGRAMME FOR PERFORMANCE AUDIT 2011/12 & FINANCIAL AUDIT OUTLINE

The Wales Audit representative presented the Regulatory Programme attached to the report on the performance audit work that the Auditor General would undertake on South Wales Fire & Rescue Authority during 2011/12.

The representative of the external auditor presented the Wales Audit Office Financial Audit Outline.

In response to a question from Members, Officers confirmed that management responses on the ICT Strategy audit would be provided within one month.

RESOLVED THAT

- 08.1 Members noted the Regulatory Programme and the incorporation of relevant Wales Audit Office reports into the Forward Work Programme for the Committee.
- 08.2 Members noted the Wales Audit Office Financial Audit Outline report.

09. IMPROVEMENT ASSESSMENT INCLUDING THE CORPORATE ASSESSMENT UPDATE

The Deputy Chief Fire Officer and Wales Audit Officer presented the findings of the Wales Audit Office corporate assessment and provided an update of the improvement assessment of the Authority.

RESOLVED THAT

- 09.1 Members noted the positive corporate assessment update and the progress that has been made under the 2010 proposals for improvement together with the actions to be undertaken by the Service to improve its performances further.
- 09.2 Members noted the Wales Audit Officer would provide suggestions on engagement with the public.
- 09.3 Following a suggestion by Members, the Chief Fire Officer agreed to consider publicising the cost to the taxpayer of attending fires and other incidents.

10. CORPORATE RISK REGISTER – ANNUAL REPORT

The Deputy Chief Fire Officer reported on the risks within the Corporate Risk Register and the management of these risks.

RESOLVED THAT

- 10.1 Members agreed the validity to the significant and material risks contained within the Corporate Risk Register.
- 10.2 Members requested a matrix is included in Appendix B to the report.
- 10.3 Members agreed to raise the risk level of risk no 59 to 25.
- 10.4 Members requested the Chief Fire Officer keeps Members updated on negotiations with Representative Bodies.

11. NATIONAL RESILIENCE ASSURANCE PROCESS – WELSH URBAN SEARCH AND RESCUE CAPABILITY

The Area Manager, Operational Risk Management, informed Members that in October 2010 the Welsh Urban Search and Rescue (USAR) capability underwent an assurance process by the National Resilience Assurance Team (NRAT). The conclusion of the NRAT assurance is that the Wales Urban Search and Rescue capability can respond to national level incidents in line with published expectations and maintain the response for the duration of any national level incident.

The Chairman congratulated the team on the high level of capability and training within their area.

RESOLVED THAT

Members noted the positive comments identified within the report.

12. FUEL

Following an internal audit on fuel, and at the request of Members at their meeting on 15 December 2010, the Deputy Chief Fire Officer presented an up to date report on fuel.

RESOLVED THAT

12.1 Members noted the actions taken by Officers following the fuel audit.

12.2 Members noted the strategic holding of bunkered fuel and the need for such facilities for business continuity of the Service.

12.3 Members received assurances that robust management was now in place and directed Officers to maintain that position whilst considering more cost effective longer term solutions than currently presented.

12.4 Members noted the follow up date of the fuel audit on week commencing 5 December 2011.

13. UPDATE ON PROCUREMENT AND FUNDING STRATEGY FOR THE CORPORATE GAZETTEER AND FIRE SAFETY MANAGEMENT INFORMATION SYSTEM

The Treasurer informed Members of a change in direction of the procurement source from a commercial off the shelf solution to an open source option for the corporate gazetteer and Fire Safety Management Information System. This has the potential to save in the region of £245,000 from the 2011/12 Capital Budget. However, this would require £93,000 from the 2011/12 Revenue Budget.

RESOLVED THAT

- 13.1 Members approve the procurement of a Corporate Gazetteer and Fire Safety Management Information System in collaboration with West Midlands Fire Safety.
- 13.2 Members approve a revenue budget of £63,000 to be funded from 2011/12 revenue under-spends if available and otherwise by application of the change management reserve and notes the revenue implications for future years.
- 13.3 Members agreed that £245,000 of capital budget be removed from the 2011/12 programme.
- 13.4 Members approved work to investigate the potential for further collaboration with West Midlands Fire & Rescue Service in the development of open source software.

14. FORWARD WORK PROGRAMME

The Chief Fire Officer presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for Finance, Audit & Performance Management.

15. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1)

There were no items of urgent business.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 6

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

17 OCTOBER 2011

REPORT OF THE ACO CORPORATE SERVICES

REVENUE MONITOR 2011/12

SUMMARY

The Revenue Monitor report provides detail of the annual revenue budget, expenditure and income up to 31 August and the forecast outturn position for the period ending 31 March 2012.

RECOMMENDATION

It is recommended that this budget monitoring report is noted and received and the requested virements receive approval.

1. BACKGROUND

- 1.1 This report provides an update on the forecast revenue position for the year ending 31 March 2012. Appendix 1 details the original budget set by the Authority, the profiled budget from 1 April to 31 August, actual expenditure and income for the same period, the forecast spend for each budget heading and the revenue budget as a whole. A variance analysis facilitates a comparison of the original budget set at the beginning of the financial year against the forecast outturn position.
- 1.2 As Members will be aware, approximately 80% of the Authority's budget is staff related. The salary budget is centrally managed and revenue monitoring information has been produced in consultation with the People Services directorate.
- 1.3 Non Salary forecasts are a result of budget meetings held with devolved budget holders. Budget meetings address any deviations from the original budget by calculating and

agreeing appropriate forecasts and discussing any anticipated under/over spend scenarios.

- 1.4 Resulting from budget monitoring issues identified earlier in the year, and relating to 2011/12, greater emphasis is being placed with Service managers on the importance of accurate financial planning. For the major staffing budget held centrally, Members will be provided with greater detail of budgets and expected variances to aid scrutiny.

2. ISSUE

- 2.1 The current forecast for the year is an under-spend of £737k. This figure has been extrapolated from month five and should, in consequence be viewed with a commensurate level of confidence as the majority of the years' expenditure and income has yet to be paid or received.
- 2.2 Analysis of the current position shows a mixture of budgets under pressure and those where under spends are anticipated. The table at Appendix 1 shows a subjective analysis of over and under spends whilst Appendix 2 provides a more detailed commentary. Appendix 3 deals with variances in the major centralised staffing budget where the majority of the authority's costs are managed. This is supplemented by Appendix 4 which provides detail of the projection for year, the month 5 position and departmental variances.
- 2.3 The main areas of under spend are within Employee Costs and are due to a number of factors:
 - The decrease in pension overhead percentages required from Rhondda Cynon Taff CBC as the pensions administration authority. These, in turn result from actuarial valuations and are impacted by the UK Government decision (currently being challenged by Judicial Review) to use the CPI deflator in place of RPI to up-rate pensions in payment.
 - Accelerated attainment of 2011/12 Risk Reduction Plan project savings.
 - Removal from the profile of a central budget maintained for emergency expenditure on, for example,

spate flooding conditions in preference for relying on reserve adequacy.

- An offsetting over spend in slightly higher than budgeted levels (to date) of ill health retirements.
- Over-budget savings in Community Safety.

2.4 Non staff budgets reflect a mix of over and under spends, many small but nevertheless contributing to an overall position that is viewed as largely satisfactory. Key variances include;

- An over spend in property maintenance reflecting increased costs of maintaining an ageing property portfolio.
- Spending previously approved by the Fire & Rescue Authority in entering into an operational ICT partnership with another authority.
- An increase in the contribution needed to the Training Centre sinking fund resulting from reduced interest rates.

2.5 In order to manage budgets effectively, the approval of the following virements between budget heads is required at this stage in the financial year:

- Towards Premises Related Expenses the sum of £46K to support the ICT budget.
- Towards Third Party Payments the sum of £53K to provide for this committee's decision to support an operational ICT partnership.
- Towards Pensions the sum of £74k to accommodate increased ill health charges.
- Funded by a reduction of £173k from the LGPS pensions budget.
- To vire the £112k rates rebate from the Income Budget to cover the corresponding increase in Premises Related Expenditure.

3. FINANCIAL IMPLICATIONS

- 3.1 A forecast under spend of £737k in the 2011/12 revenue budget. Treasurer and Chairman's approval of a virement to support the over spends in the Premises Related, Pensions and Third Party Payment budget headings from under spends in LGPS costs, details provided in Appendix 1.

4. RECOMMENDATION

- 4.1 It is recommended that this budget monitoring report is noted and received and the requested virements receive approval.

SALLY CHAPMAN
ACO CORPORATE SERVICES

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Geraint Thomas

Head of Finance & Procurement

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SOUTH WALES FIRE & RESCUE SERVICE

BUDGET MONITORING 2011/12

APPENDIX 1

| | Original Budget 2011/12 | Profiled Budget | Actual At 31.08.11 | Forecast 31.03.12 | Forecast Over/Under Spend |
|---|-------------------------|-----------------|--------------------|-------------------|---------------------------|
| <u>Employee Costs</u> | | | | | |
| Salaries, NI & superann. | 55,354,047 | 23,064,186 | 21,944,282 | 54,390,180 | 963,867 |
| | 55,354,047 | 23,064,186 | 21,944,282 | 54,390,180 | 963,867 |
| <u>Pensions</u> | 630,863 | 262,860 | 189,303 | 705,188 | -74,325 |
| <u>Travel and Subsistence, Leased Cars</u> | 898,296 | 374,290 | 359,451 | 909,777 | -11,481 |
| <u>Total Employee Costs</u> | 56,883,206 | 23,701,336 | 22,493,035 | 56,005,145 | 878,061 |
| <u>Premises Related Expenses</u> | 4,268,931 | 1,778,721 | 1,505,560 | 4,428,914 | -159,983 |
| <u>Training Expenses</u> | 1,208,536 | 503,557 | 92,847 | 1,262,352 | -53,816 |
| <u>Supplies & Services</u> | 2,767,267 | 1,153,028 | 1,214,328 | 2,724,592 | 42,675 |
| <u>Transport Related Expenses</u> | 1,354,800 | 564,500 | 453,046 | 1,350,775 | 4,025 |
| <u>Third Party Payments (agency & contracted)</u> | 439,450 | 183,104 | 89,402 | 493,181 | -53,731 |
| <u>Other Expenditure</u> | 372,148 | 155,062 | 156,058 | 391,871 | -19,723 |
| <u>Capital costs / leasing</u> | 4,082,641 | 1,701,100 | 503,958 | 4,082,641 | -0 |
| | 71,376,979 | 29,740,408 | 26,508,234 | 70,739,470 | 637,509 |
| <u>Income</u> | -169,364 | -70,568 | -304,639 | -318,850 | 149,486 |
| <u>EXPENDITURE BUDGET</u> | 71,207,615 | 29,669,840 | 26,203,594 | 70,420,619 | 786,995 |
| <u>Use of Reserves</u> | -50,000 | 0 | 0 | | -50,000 |
| <u>CONTRIBUTION BUDGET 2010/2011</u> | 71,157,615 | 29,669,840 | 26,203,594 | 70,420,619 | 736,995 |

Key

| | |
|--|------------|
| | Overspend |
| | Underspend |

- 1. Employee Costs** – Members are minded that the Service has separate pension schemes in operation to accommodate both uniformed and non uniformed (corporate) personnel (including control staff). The Local Government Pension Scheme (LGPS) is a local authority scheme for corporate personnel. The LGPS 'Fund' is administered on our behalf by Rhondda Cynon Taff County Borough Council who invest the 'Fund' to achieve scheme benefits. Every 3 years the 'Fund' is subject to actuarial valuation to ensure the appropriate employers' rate is being paid into the Fund. The statutory deadline for completion of the valuation process undertaken by RCT was the 31 March 2011 and as a result alterations to employer rates in the revenue budget were not possible to implement given the Authority's timescales for budget approval.

The employers' pension contribution rate reduced from 19% to 12.4% saving £524k on the Authority's employee costs. This is offset to a large extent by a £334k capital sum payable in respect of Fund deficiencies. Fund deficiencies have historically been built into employer rates. For the first time the Actuary has expressed the deficit contribution as a cash amount. By expressing deficit contributions as monetary amounts, the deficit repayments to the Fund are protected from employer payroll reductions i.e. redundancies, leavers.

A change in the anticipated Community Safety Department costs built into the original budget also yielded savings of over £130k. These savings coupled with the above equate to over £300k in savings on the original salary budget prior to any 'in year' changes that have taken place.

The forecast under spend for the year on the People Services salary budget is £575k. Appendix 3 and 4 provide background information on the salary budget managed by People Services, establishment data and a departmental variance analysis detailing what comprises the £575k projected under-spend.

- 2. Pensions** – This budget is difficult to predict as it relates to the ill health retirement of operational staff. The funding arrangements for Firefighter retirements do not extend to ill health and as such the cost burden falls to the Authority's

revenue budget. From the date of budget setting to present, an additional retirement on the grounds of ill health has occurred and thus impacted on the forecast for the year equating to an over spend of £74k.

These costs, if Members and the Treasurer will allow, can be met by the under spend created by the cost reduction in the LGPS.

3. **Premises Related Expenses** – An over spend of £260k is forecast in this area and is largely attributable to increases in the property repair & maintenance and ICT budget headings. Since setting their budget the Property Department has had to re-align its budget requirements as a result of tendered contracts providing firmer costs.

The additional costs in the property budget can be extinguished by a rates rebate of £112k. The rebate is in respect of the financial year 2010/11 and pertains to Cardiff Central Station due to a portion of the premises being unoccupied for most of the year.

Unbudgeted costs of £46k associated with the ICT budget are forecast. £27k of this relates to 'Mobile Calls & Rental' as a result of increased mobile device users, with the remaining £19k attributable to the 'Wireless Wide Area Network' budget heading to accommodate RPI increases.

These costs, if Members and the Treasurer will allow, can be met by the under spend created by the cost reduction in the LGPS.

In both instances above, the need to build additional costs into budget submissions for 2012/13 financial year has been communicated to the relevant budget holder.

4. **Training Expenses** - The over spend of £54k on training is due to a change in the treatment of interest in PFI financial model. This change has resulted in a larger contribution from the Authority towards the cost Cardiff Gate Training Centre.
5. **Supplies & Services** – The under spend of £43k is not attributable to any one significant area. The main variances are as follows;
 - Equipment £32k under spent
 - ICT £10k under spent

- Advertising £24k under spent
- Literature & Subscriptions £16k over spent

The reduction in equipment budget is the result of budget holder feedback. The Welsh Government's intention to fund the mosaic licence for a second year was not received until after the budget was set resulting in the £10k under spend in ICT. A reduction in the advertising budget is symptomatic of the current plans for recruitment. The finance team has recently forwarded a cost profile to all budget holders on departmental subscriptions to ascertain a firmer position on the forecast costs by the next reporting date.

6. **Third Party Payments** – The anticipated over spend of £54k relates to the Property, Major Projects and Finance Departments. The Property Department has indicated a requirement to decrease fee costs by over £50k in support of other areas of their budget i.e. planned maintenance, outlined above. In addition, a request from the Major Projects Department to support a project with a value of £93k has been made. Members are reminded of a previous report requesting £93k to be committed from the revenue budget to support the Corporate Gazetteer and Fire Safety Management Information Management System. Both projects interlink and will be completed in collaboration with West Midlands Fire & Rescue Authority.

Due to staffing issues in the Finance Department it has been necessary to engage M4 the finance system providers for additional support, the cost of which is anticipated at approx £10k.

The above costs, if Members and the Treasurer will allow, can be met by the under spend created by the cost reduction in the LGPS.

7. **Income** – Additional income has been received during the period 1 April – 31 August. In addition to investment income, the Authority has received £112k from Cardiff Council in relation to the rate rebate, as highlighted above. Also, £24k payout in respect of a previous years insurance claim has been received from Travellers, the Authority's insurance brokers. The claim related to an incident of theft at Cardiff Gate Training Centre for the value of goods we have now been fully compensated for.

Salaries Report for Months 1-5 (2011/2012)

In summary, there have been no pay award budgets or vacancy factors applied for this financial year and on the 1st of April 2011 the following posts were deleted from the Service establishment:

| | |
|---------------------------|-----|
| Support Staff | 17 |
| WDS (inc. 5 GM posts) | 15 |
| Station based posts (FRS) | 30 |
| Control | 0.5 |

The total reduction in the establishment budget, due to project streams and departmental re-engineering of structures and processes was £1.5m.

As part of the Flexible Rostering Project, station budgets have been reduced by 12 Firefighter posts from the 1st of April 2011 in addition to a 1.5 reduction in Firefighter posts per month up from April 11 - March 2012. This will equate to a total reduction of 30 WDS posts on stations. To date there have been 14 retirement notices received for retirements between April and December. A further reduction in posts will occur in 2012/13 in order to meet the agreed FRS budgeted establishment.

In addition, recent changes to the RDS Grey Book terms and conditions now ensures consistency between RDS and WDS with regards sickness, Acting Up, pay for public holidays, spoilt meals, Special Leave etc.

The projected outturn on the major salaries budget managed centrally by People Services is £575k - Appendix 4. The cumulative out turn for salaries, for the Service, for Month 1-5 is £161,437 under spent. This takes account of funding from various external agencies of £520,276.

In the majority of departments O/T & Other Allowances budgets have been notionally devolved, out to Directorate level, based on actual expenditure in 2011/12. This will allow for areas of concern to be managed locally at a directorate level. It is recognised that there has been an additional, unbudgeted, Bank Holiday which will have a financial impact to the service and the departments directly

affected are Operations and Control. The cost of 1 day Bank Holiday is approximately £45k.

£204,408 of unallocated budget is being held centrally, this historical contingency is held to cover events such as spate, wildfires, flooding and inclement weather. As such it is not currently impacting on the Month 5 position but is included in the end of year forecast.

OT & Other Allowances

The OT & Other Allowances allocated budgets are cumulatively over spent, excluding centralised budgets, by £6,066. Individual allowances are:

| | |
|------------------------|-----------------------------|
| OT | £62,241 os (£21,203 funded) |
| Loss of Earnings | £5,655 os |
| CPD | £712 us |
| Acting Up Allowances | £1,884 us |
| Standby Allowances | £452 os |
| Day Crewing Allowances | £40,370 us |
| Recall to Duty | £1,093 us |
| Additional Pay | £2,980 os |

Key

os – Over-spend

us – Under-spend

O/T costs by reason include:

| | |
|-----------------------------|--------------------------------------|
| Bank Holiday O/T | £236,352 (additional BH for Wedding) |
| Detachment O/T (Travelling) | £17,170 |
| Instructor O/T | £47,803 (Training delivery) |
| JO Meetings | £4,065 |
| Casual O/T | £111,139 |
| Pre arranged O/T | £14,971 |
| Retained (Station routines) | £121,532 |
| O/T for Training | £62,195 (inc. NVQ assess & verify) |
| Various | £10,943 |

Current establishment figures as at 31st August 2011 (FTE)

| | Budgeted | Strength | |
|-------------------|-----------------|-----------------|-------------|
| WDS | 873.5(748.5) | 870(738) | (stn staff) |
| RDS (100%) | 601 | 571.68 | |
| Control | 55 | 55.25 | |
| Support Staff wte | 257.87 | 249.85 | |

Leavers between April 11 and August 2011

| | |
|---------------|-----------|
| Non Estab | 3 |
| Control | 0 |
| Support Staff | 1 |
| RDS | 14 |
| WDS | 18 |
| Total | 36 |

Directorate Level Forecast for 2011/2012

APPENDIX 4

MONTH 5

| | ANNUAL BUDGET | EXPENDITURE TO DATE | INCOME TO DATE | SPEND IN MONTH | TOTAL PROJECTED SPEND | FORECAST VARIANCE | MONTH 5 POSITION |
|---|-------------------|---------------------|-----------------|------------------|-----------------------|-------------------|------------------|
| People Services | 3,088,583 | 1,306,950 | -3,000 | 253,035 | 3,092,643 | 4,060 | 17,040 |
| Service Delivery | | | | | | | |
| Operations: | | | | | | | |
| WDS, SS & Cooks | 31,400,094 | 13,199,045 | 0 | 2,527,964 | 31,204,029 | -196,065 | -43,811 |
| RDS & SS | 7,627,964 | 3,167,365 | 0 | 613,322 | 7,588,105 | -39,859 | -10,955 |
| Control | 1,751,623 | 726,389 | -10,115 | 145,608 | 1,750,422 | -1,201 | -14,931 |
| Risk Reduction | 3,755,415 | 1,792,316 | -243,510 | 352,638 | 3,744,839 | -10,576 | -15,949 |
| Performance Planning | 420,103 | 174,935 | -6,775 | 34,930 | 403,584 | -16,519 | -6,885 |
| Technical Services | 3,622,648 | 1,700,078 | -199,594 | 328,593 | 3,592,060 | -30,588 | -12,229 |
| Corporate Support: | | | | | | | |
| Business Support | 1,155,566 | 403,690 | -2,099 | 78,610 | 992,805 | -162,761 | -79,894 |
| Finance & Procurement | 666,946 | 271,001 | 0 | 54,406 | 659,384 | -7,562 | -6,894 |
| Major Projects & Property Maintenance | 388,969 | 146,099 | 0 | 23,803 | 376,641 | -12,328 | -15,971 |
| Principal Officers | 548,560 | 255,759 | 0 | 51,058 | 613,822 | 65,262 | 27,197 |
| Non Estab | 0 | 57,029 | -55,183 | 10,894 | 1,846 | 1,846 | 1,845 |
| Directorates Total | | | | | | -406,291 | -161,437 |
| Centralised Budgets (phased M12) | 204,408 | 0 | 0 | 0 | 36,000 | -168,408 | 0 |
| | 54,630,879 | 23,200,656 | -520,276 | 4,474,861 | 54,056,180 | -574,699 | -161,437 |
| PROJECTED VARIANCE FOR YEAR | | | | | | -574,699 | -161,437 |

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 7

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

17 OCTOBER 2011

REPORT OF THE ACO CORPORATE SERVICES

CAPITAL MONITOR 2011/12**SUMMARY**

The Capital Monitor report gives details of the total capital budget for the year and the actual expenditure to the end of August. The forecast spend to the end of the year is given based on information contained within departmental plans for the remainder of the year.

RECOMMENDATION

1. That the amendments to the capital programme outlined in 2.2.5 and 2.4.5 be approved.
2. That the contents of this report be noted.

1. BACKGROUND

- 1.1 This report provides details of the progress to date on the capital programme for the current financial year. Details of budget, spend, forecast and funding are given in Appendix A.
- 1.2 Due to the nature and procurement of items contained within the programme the level of expenditure to date is relatively low. It is anticipated that the majority of spend will occur in the latter half of the financial year.

2. ISSUE**2.1 Building works**

- 2.1.1 The refurbishment of Blaina Station continues to be on hold, awaiting the outcomes of the Fire Cover review project contained within the Authority's Risk Reduction Plan. Works will not be commenced until the outcomes of the review are available.

2.1.2 Whole time Station Refurbishments

Ebbw Vale

Works commenced on site in May 2011 with the installation of the temporary accommodation (Phase 1) for station personnel, which was completed in July 2011. Following completion of Phase 1, the refurbishment and extension works (Phase 2) commenced in late July and is due for completion in May 2012. Based upon the latest financial projections provided by our Project Team, Monmouthshire County Council, it is anticipated that as a result of amendments to the project specification and extremely competitive market prices following the tender process, this project will now be completed at considerably reduced costs. The original project budget was set at £1.5m and has now been revised to £976k with £75k incurred on fees in 2010/11, £805k construction costs in the current financial year and remedial works to complete the scheme of £96k in 2012/13.

Maindee

Tender documentation is currently being prepared by our Project Team, Monmouthshire County Council and will be issued to tendering parties during September/October 2011. The anticipated start date on site is scheduled for January/February 2012 and completion is currently anticipated for November/December 2012. The specification for this project has also been amended to remove external works which are not required. The budget is expected to reduce even further as a result of the favourable market conditions in the competitive tender processes. The original project budget was set at £1.5m and has now been revised to £957k. It is anticipated that costs of £128k will be incurred in the current financial year with the majority of construction charges falling in 2012/13. Remedial works completing the scheme will take place in 2013/14.

New Inn

The department has in place a programme for the refurbishment of the Authorities whole time fire stations, as detailed in the Land and Buildings Plan 2010-14, with New Inn identified as the next station. Outline schemes will be commissioned during 4th quarter 2011/12, with a separate capital bid being made during financial year 2012/13 to undertake detailed design work and commence onsite.

The forecast total expenditure this financial year against this area of the capital programme is approximately £980k. As a result of the budget reductions and programme slippage covered above, there

will be budget slippage of £813k being carried forward to complete works in 2012/13.

2.1.3 RDS Station Refurbishments

As detailed in the Land and Buildings Plan 2010-14, Hirwaun Station is particularly small and does not provide sufficient facilities to meet the needs of the Firefighters. Outline schemes will be commissioned during 4th quarter 2011/12, with a separate capital bid being made during financial year 2012/13 to undertake detailed design work and commence onsite.

2.1.4 RDS Gender Equality & DDA

Abersychan, Blaenavon & Abergavenny

Works are currently onsite and due for completion in mid October. Based upon the financial information provided by our Project Team, Monmouthshire County Council, it is anticipated that this group of stations will be on budget.

Porth, Abercynon Abercarn, Abertillery

Works to these stations commenced in September 2011 and are due for completion January/February 2012. Based upon the financial information provided by our Project Team, it is anticipated that this group of stations will be on budget.

Monmouth, Usk, Chepstow

Tender documentation is currently being prepared by our Project Team, Monmouthshire County Council and will be issued to tendering parties during November/December 2011. Based upon the financial information provided by our Project Team to date the inclusion of this group within the RDS Gender Equality & DDA Works, there is a projected overspend of approximately £97K. Therefore, it is not proposed to award this contract until works have been completed to the sites above and a value engineering exercise is undertaken with our Project Team.

2.1.5 Planned & Preventative Maintenance

Monies committed to the end of the financial year in the region of £24k are for the purchase of a further 6 mobile drying racks for RDS stations. It is currently anticipated that the remaining funds will slip forward into financial year 2012/13.

2.1.6 **Roofs**

All works are now completed and the remaining funds committed for financial year 2011/12 are associated with professionals' fee in connection with the releasing of retention monies due. The total cost against this area being £18k.

2.2 **Vehicles**

2.2.2 The bodies for the four water ladder chassis purchased in 2010/11 have been completed and funded from the approved slippage brought forward from last year. The capital programme contains the replacement of seven water ladders for the current year. Orders have been placed for all chassis and bodies and delivery is expected early in the new year at a total cost of £1.774m.

2.2.3 The build of the two Aerial appliances has now been completed and delivered. Funding for the completion of these vehicles was brought forward as slippage from last financial year, however the final build cost has exceeded the budget by £118k. It is anticipated that the shortfall will be funded from savings made in other areas of the vehicle replacement programme.

2.2.4 The orders for the value of £324k have been placed for two new Water Carriers. These will be delivered and operational within the financial year.

2.2.5 Four utility 4 Wheel drive vehicles have been ordered to service the wildfire capability of the Organisation. The estimated cost of the vehicles is £168k which exceeds the allocated budget, but again it is requested to offset the additional costs against savings elsewhere in the replacement programme.

2.2.6 Orders against the replacement programme for vans and light vehicles have been allocated to a new fire investigation van. A light van for the radio technicians. A replacement Mercedes Sprinter van and six estate cars. The total cost of these being £143k.

2.2.7 A replacement minibus has also been ordered at a cost of £16k.

2.3 **Communications and IT**

2.3.1 The programme for replacement of alerters and transmitters continues to be postponed while the existing ones are fully functional

and not in need of replacement at this stage. This is therefore likely to be deferred until 2012/13.

2.3.2 The programme for the replacement of servers and P.C.'s throughout the Organisation continues and will be contained within budget to the end of the year.

2.3.3 As reported and approved at the meeting on the 18 July, the Corporate Gazetteer and Ops Intel Records Management System has been removed from the capital programme and will now be funded from revenue.

2.4 **Equipment**

2.4.1 The specification for the supply of Automatic Distress Signal Units (ASDU) has been drafted. Initial estimate indicated the total cost of replacement will be in the region of £63k. Following the tender processes, delivery is expected in February 2012.

2.4.2 The procurement process for the supply of wet weather clothing has commenced with delivery expected in March 2012. The total cost is expected to be £50k.

2.4.3 The current condition of gas tight suits has been assessed and deemed sufficient to continue in service for the current year. The replacement programme has therefore been postponed.

2.4.4 Two sets of replacement TFT branches are required for water ladders. Trials have been completed and will be reported to the Ops Coordinating Group with delivery of the items expected late in the financial year at a cost of £44k.

2.4.5 From the savings in the programme identified above, it is requested that the programme be amended to include the replacement of Zumro Low pressure lifting air bags at a cost of £63k and following recent trials, the supply of 45mm hose for high rise capability at a cost of £25k.

2.4.6 The supply of corporate health equipment for the year consists of replacement cross trainers, treadmills and resistance equipment.

3. FINANCIAL IMPLICATIONS

- 3.1 The total forecast capital expenditure in the year is £5.885 million, compared with £8.132 million (including slippage) in the original programme. The reduction is due to the savings and delays in the various parts of the programme, as explained in paragraphs 2.1 to 2.4 above.
- 3.2 As a result of the budget under spends and programme slippage, the level of borrowing required during the year will now be reduced.

4. RECOMMENDATION

- 4.1 That the amendments to the capital programme outlined in 2.2.5 and 2.4.5 be approved.
- 4.2 That the contents of the report be noted.

SALLY CHAPMAN
ACO CORPORATE SERVICES

Background Papers:
Capital Monitoring 2010/11

Contact Officer:
Geraint Thomas
Head of Finance & Procurement
Tel no. (01443) 232074
E mail address: GB-Thomas@southwales-fire.gov.uk

Appendix 1

Capital programme 2011/12

| | <u>2010/11</u> <u>Slippage</u> <u>£'000</u> | <u>2011/12</u> <u>Budget</u> <u>£'000</u> | <u>Actual to</u> <u>31/8/11</u> | <u>Forecast</u> <u>Expenditure</u> <u>to end of the</u> <u>year</u> | <u>Budget</u> <u>under/(over)</u> <u>spend</u> | <u>Slippage</u> <u>c/f 2012/13</u> <u>£'000</u> |
|------------------------------------|---|---|------------------------------------|--|--|---|
| PROPERTY | | | | | | |
| Station Refurbishments - Wholetime | 335 | 2,016 | 161 | 980 | 1,371 | 813 |
| Station Refurbishments - RDS | 30 | | | 30 | 0 | 0 |
| New Build:Cefn Fforest/Bargoed | | 150 | 12 | 150 | 0 | 0 |
| Planned Maintenance | | 50 | 0 | 24 | 26 | 26 |
| Blaina Station | 500 | | 0 | 0 | 500 | 500 |
| RDS Gender/Equality | 972 | | 325 | 1065 | -93 | 0 |
| SUB TOTAL | 1837 | 2,216 | 498 | 2,249 | 1,804 | 1339 |
| VEHICLES | | | | | | |
| Water ladders | 543 | 1,855 | 1,067 | 2287 | 111 | 0 |
| Water Carrier | | 320 | 137 | 324 | -4 | 0 |
| Utility 4WD | | 150 | 0 | 168 | -18 | 0 |
| Vans | | 150 | 0 | 143 | 7 | 0 |
| Minibus | | 28 | 0 | 20 | 8 | 0 |
| Aerial Appliances | 116 | | 234 | 234 | -118 | 0 |
| SUB TOTAL | 659 | 2,503 | 1,438 | 3,176 | -14 | 0 |
| COMMUNICATIONS/ICT | | | | | | |
| PC's/Servers/Infrastructure | | 150 | 10 | 150 | 0 | 0 |
| Ops Intel Records Man systems | | 170 | 0 | 0 | 170 | 0 |
| Alerters/Transmitters | 170 | | 0 | 0 | 170 | 170 |
| Corporate Gazetteer | 75 | | 0 | 0 | 75 | 0 |
| SUB TOTAL | 245 | 320 | 10 | 150 | 415 | 170 |
| EQUIPMENT | | | | | | |
| Breathing Apparatus Sets | | 100 | 0 | 63 | 37 | 0 |
| Wet Weather Clothing | | 72 | 0 | 50 | 22 | 0 |
| Gas Tight Suits | | 55 | 0 | 0 | 55 | 0 |
| Other Equip | | 55 | 0 | 132 | -77 | 0 |
| Corporate Health equipment | | 70 | 0 | 65 | 5 | 0 |
| SUB TOTAL | 0 | 352 | 0 | 310 | 42 | 0 |
| TOTAL | 2,741 | 5,391 | 1,946 | 5,885 | 2,247 | 1,509 |
| Funding | | | | | | |
| Borrowing - PWLB/internal | | | | 5,665 | | |
| Revenue Contribution | | | | 220 | | |
| | | | | 5,885 | | |

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 8

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

17 OCTOBER 2011

REPORT OF THE TREASURER

TREASURY MANAGEMENT OUTTURN 2010/11**SUMMARY**

To consider the results of treasury management activity for 2010/11 in accordance with the Authority's approved Treasury Policy Statement.

RECOMMENDATION

That the Fire & Rescue Authority be recommended to approve the results of the treasury management activities and the performance achieved in 2010/11.

1. BACKGROUND

- 1.1 To comply with the Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance, the Authority needs to review and approve a report of the performance of treasury management activities for the 2010/11 financial year.
- 1.2 The purpose of this report is to consider the results of treasury management activity for 2010/11 in accordance with the Authority's approved Treasury Policy Statement.
- 1.3 The Authority also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Finance Audit & Performance Management Committee before they were reported to the full Authority. No Member training on treasury management issues was undertaken during the year however this will be provided during 2011/12 in order to support Members' scrutiny role.

- 1.4 Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of Treasury Management Policy and Activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.

2. ISSUE

- 2.1 A requirement of the Authority's Treasury Policy Statement is the reporting of both the expected treasury activity for the forthcoming financial year (the annual treasury management strategy statement) and subsequently the results of the treasury management activities in that year (this annual treasury management report). Treasury management in this context is defined as:

"The management of the Authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks".

- 2.2 This annual report covers:

- the Authority's treasury position for 2010/11;
- the strategy for 2010/11;
- the economy in 2010/11
- borrowing and investment rates in 2010/11;
- the borrowing outturn for 2010/11;
- debt rescheduling;
- compliance with treasury limits and Prudential Indicators;
- Investment rates in 2010/11;
- investment outturn for 2010/11;

The Annual Treasury Report for 2010/11 is contained in Appendix 1.

3. FINANCIAL IMPLICATIONS

3.1 Borrowing Outturn

The average debt portfolio interest rate decreased slightly in 2010/11 from 4.04% to 3.92%. This was due to the favourable

rates achieved on loans raised during the year in respect of the capital programme for 2010/11.

3.2 Investment Outturn

Internally managed funds, performed well above the benchmark with a return of 1.82% against a benchmark of 0.421%. This was due to negotiation with the Authorities bankers to achieve a fixed interest rate of 1.5% on all funds held in our main account and two twelve month fixed term investment bonds achieving rates of 2.0% and 2.35% respectively. Any funds exceeding our counterparty limit of £10.0million were invested short term with a return of 0.9%. This maintains the Authority's low risk investment strategy.

4. RECOMMENDATION

- 4.1 That the Fire & Rescue Authority be recommended to approve the results of the treasury management activities and the performance achieved in 2010/11.

SKF GREENSLADE

TREASURER

Background Papers:

None

Contact Officer:-

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Annual Treasury Management Report 2010/11

Introduction and background

This report summarises:

- Capital activity during the year;
- Impact of this activity on the Authority's underlying indebtedness (the Capital Financing Requirement);
- Reporting of the required prudential and treasury indicators;
- Overall treasury position identifying how the Authority has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. The Authority's Capital Expenditure and Financing 2010/11

The Authority undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Authority's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

| £m | 2009/10 Actual | 2010/11 Estimate | 2010/11 Actual |
|---------------------------------------|-------------------|---------------------|-------------------|
| Total capital expenditure | 4.770 | 10.183 | 7.461 |
| Resourced by: | | | |
| • Capital receipts | 0 | 0 | 0 |
| • Capital grants | 1.008 | 0 | 0.224 |
| • Capital reserves | 1.307 | 0.627 | 0.627 |
| • Revenue | 0.220 | 0.220 | 0.232 |
| Unfinanced capital expenditure | 2.235 | 9.336 | 6.378 |

2. The Authority's overall borrowing need

The Authority's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Authority's debt position. The CFR results from the capital activity of the Authority and what resources have been used to pay for the capital spend. It represents the 2010/11 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Authority's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Authority's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Authority.

Reducing the CFR – the Authority's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Authority is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Authority's 2010/11 MRP Policy (as required by WAG Guidance) was approved as part of the Treasury Management Strategy Report for 2010/11 on 15/03/2010.

The Authority's CFR for the year is shown below, and represents a key prudential indicator. This includes PFI and leasing schemes on the balance sheet, which increase the Authority's borrowing need, the CFR. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

| CFR (£m) | 31 March 2010 Actual | 31 March 2011 Original Indicator | 31 March 2011 Actual |
|--|----------------------------|---|----------------------------|
| Opening balance | 35.935 | 30.808 | 36.625 |
| Add unfinanced capital expenditure (as above) | 2.235 | 9.336 | 6.378 |
| Add adjustment for the inclusion of on-balance sheet PFI and leasing schemes (if applicable) | | | |
| Less MRP | -1.545 | -0.983 | -1.086 |
| Less PFI & finance lease repayments | | | 0.722 |
| Closing balance | 36.625 | 37.825 | 41.195 |

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the Authority's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Authority is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2010/11 plus the expected changes to the CFR over 2011/12 and 2012/13. This indicator allows the Authority some flexibility to borrow in advance of its immediate capital needs in 2010/11. The table below highlights the Authority's net borrowing position against the CFR. The Authority has complied with this prudential indicator.

| | 31 March 2010 Actual | 31 March 2011 Original | 31 March 2011 Actual |
|------------------------|----------------------------|------------------------------|----------------------------|
| Net borrowing position | £19.526m | £25.427m | £20.906m |
| CFR | £36.625m | £37.825m | £41.195m |

Explain here if net borrowing position is above CFR that borrowing in advance has been undertaken and is within forecast CFR for the next two years.

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Authority does not have the power to borrow above this level. The table below demonstrates that during 2010/11 the Authority has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Authority during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

| | 2010/11 |
|---|---------|
| Authorised limit | £58.0m |
| Operational boundary | £55.0m |
| Financing costs as a proportion of net revenue stream | 4.81% |

3. Treasury Position as at 31 March 2011

The Authority's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Authority's Treasury Management Practices. At the beginning and the end of 2010/11 the Authority's treasury position was as follows:

| TABLE 1 | 31 March 2010 Principal | | Rate/ Return | Average Life yrs | 31 March 2011 Principal | Rate/ Return |
|--------------------------------|-------------------------|--|--------------|------------------|-------------------------|--------------|
| Fixed rate funding: | | | | | | |
| -PWLB | £30.761m | | | | £32.460m | |
| -Market | <u>£0m</u> | | 4.04% | | <u>£0m</u> | 3.92% |
| Variable rate funding: | | | | | | |
| -PWLB | £0m | | | | £0m | |
| -Market | <u>£0m</u> | | <u>0%</u> | | <u>£0m</u> | <u>0%</u> |
| Total debt | £30.761m | | 4.04% | | £32.460m | 3.92% |
| CFR | £36.625m | | | | £41.195m | |
| Over/ (under) borrowing | (£5.864m) | | | | (£8.735m) | |
| Investments: | | | | | | |
| - in house | £10,008m | | 0.35% | | £11.015m | 1.84% |
| - with managers | <u>£0m</u> | | <u>0%</u> | | £0m | <u>0%</u> |
| Total investments | £10.008m | | 0.35% | | £11.015m | 1.84% |

The maturity structure of the debt portfolio was as follows:

| | 31 March.2010 actual | % | 31 March.2011 actual | % |
|--------------------------------|----------------------------|--------|----------------------------|--------|
| Under 12 months | £1.302m | 4.23% | £1.302m | 4.01% |
| 12 months and within 24 months | £1.302m | 4.23% | £1.302m | 4.01% |
| 24 months and within 5 years | £3.206m | 10.42% | £3.806m | 11.73% |
| 5 years and within 10 years | £8.010m | 26.04% | £11.009m | 33.92% |
| 10 years and above | £16.942m | 55.08% | £15.041m | 46.33% |

Add comments as appropriate to explain any major changes

The maturity structure of the investment portfolio was as follows:

| Investments | 2009/10 | 2010/11 | 2010/11 |
|---|---------|---------|---------|
| All investments were for under one year | | | |

The exposure to fixed and variable rates was as follows:

| | 31 March 2010 Actual | 2010/11 Original Limits | 31 March 2011 Actual |
|---------------------------|----------------------------|----------------------------|----------------------------|
| Fixed rate (principal) | 100% | 100% | 100% |
| Variable rate (principal) | 0 | 0 | 0 |

4. The Strategy for 2010/11

The expectation for interest rates within the strategy for 2010/11 anticipated low but rising Bank Rate (starting in quarter 4 of 2011) with similar gradual rises in medium and longer term fixed interest rates over 2010/11. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and reduce counterparty risk.

The actual movement in interest rates broadly followed the expectations in the strategy, as detailed in the following section.

5. The Economy and Interest Rates

2010/11 proved to be another watershed year for financial markets. Rather than a focus on individual institutions, market fears moved to sovereign debt issues, particularly in the peripheral Euro zone countries. Local authorities were also presented with changed circumstances following the unexpected change of policy on Public Works Loan Board

(PWLB) lending arrangements in October 2010. This resulted in an increase in new borrowing rates of 0.75 – 0.85%, without an associated increase in early redemption rates. This made new borrowing more expensive and repayment relatively less attractive.

UK growth proved mixed over the year. The first half of the year saw the economy outperform expectations, although the economy slipped into negative territory in the final quarter of 2010 due to inclement weather conditions. The year finished with prospects for the UK economy being decidedly downbeat over the short to medium term while the Japanese disasters in March, and the Arab Spring, especially the crisis in Libya, caused an increase in world oil prices, which all combined to dampen international economic growth prospects.

The change in the UK political background was a major factor behind weaker domestic growth expectations. The new coalition Government struck an aggressive fiscal policy stance, evidenced through heavy spending cuts announced in the October Comprehensive Spending Review, and the lack of any “giveaway” in the March 2011 Budget. Although the main aim was to reduce the national debt burden to a sustainable level, the measures are also expected to act as a significant drag on growth.

Gilt yields fell for much of the first half of the year as financial markets drew considerable reassurance from the Government’s debt reduction plans, especially in the light of Euro zone sovereign debt concerns. Expectations of further quantitative easing also helped to push yields to historic lows. However, this positive performance was mostly reversed in the closing months of 2010 as sentiment changed due to sharply rising inflation pressures. These were also expected (during February / March 2011) to cause the Monetary Policy Committee to start raising Bank Rate earlier than previously expected.

The developing Euro zone peripheral sovereign debt crisis caused considerable concerns in financial markets. First Greece (May), then Ireland (December), were forced to accept assistance from a combined EU / IMF rescue package. Subsequently, fears steadily grew about Portugal, although it managed to put off accepting assistance till after the year end. These worries caused international investors to seek safe havens in investing in non-Euro zone government bonds.

Deposit rates picked up modestly in the second half of the year as rising inflationary concerns, and strong first half growth, fed through to prospects of an earlier start to increases in Bank Rate. However, in March 2011, slowing actual growth, together with weak growth prospects, saw consensus expectations of the first UK rate rise move back from May to August 2011 despite high inflation. However, the disparity of expectations on domestic economic growth and inflation encouraged a wide range of views on the timing of the start of increases in Bank Rate in a band from May 2011 through to early 2013. This sharp disparity was also seen in MPC voting which, by year-end, had three members voting for a rise while others preferred to continue maintaining rates at ultra low levels.

Risk premiums were also a constant factor in raising money market deposit rates beyond 3 months. Although market sentiment has improved, continued Euro zone concerns, and the significant funding issues still faced by many financial institutions, mean that investors remain cautious of longer-term commitment. The European Commission did try to address market concerns through a stress test of major financial institutions in July 2010. Although only a small minority of banks “failed” the test, investors were highly sceptical as to the robustness of the tests, as they also are over further tests now taking place with results due in mid-2011.

Chart 1: Bank Rate v LIBID investment rates

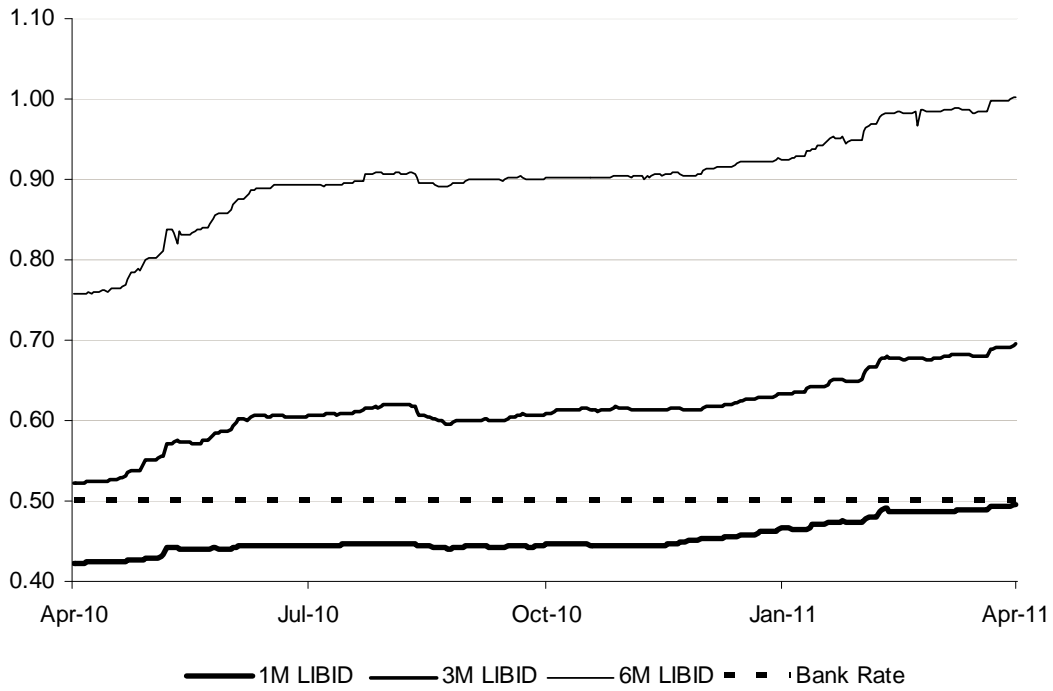
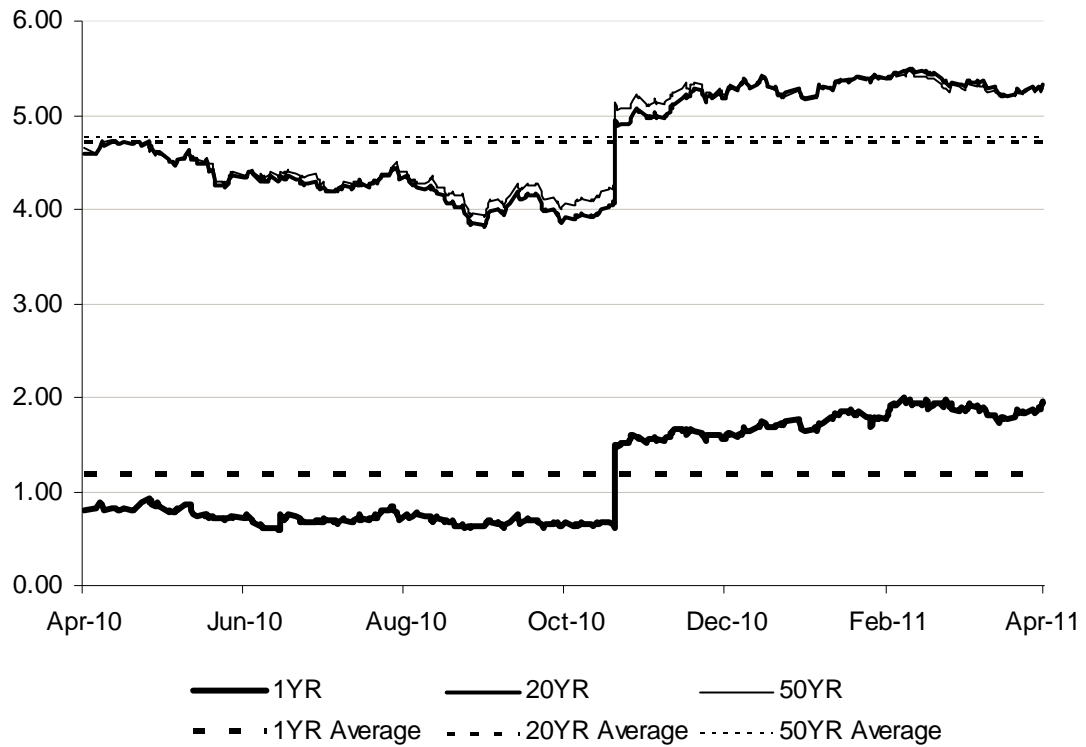


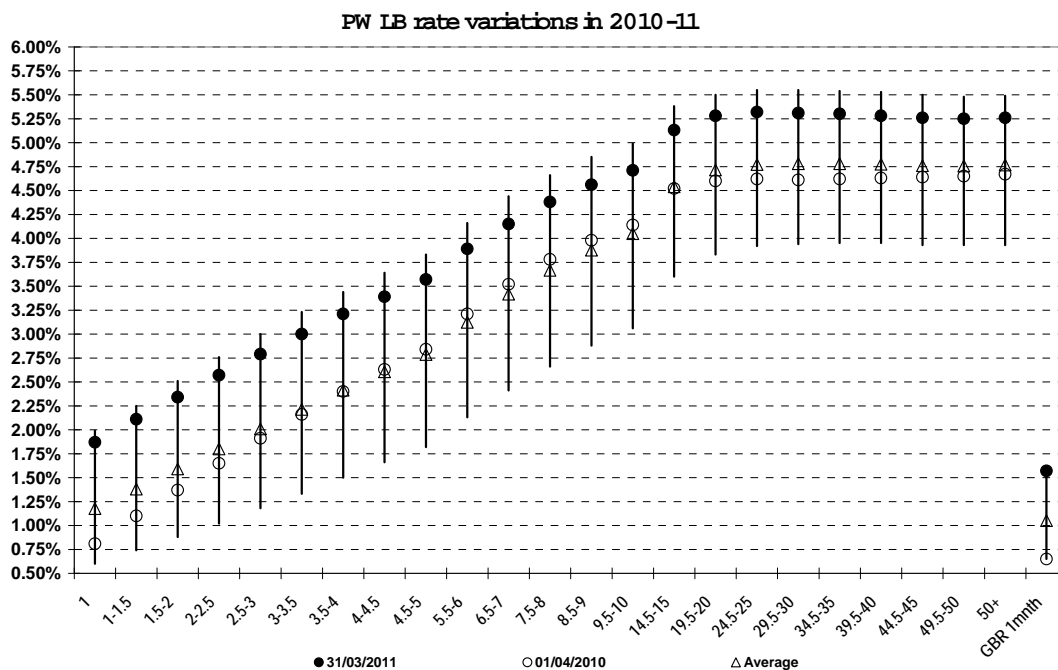
Chart 2: Average v new borrowing rates



6. Borrowing Rates in 2010/11

PWLB borrowing rates - the graph and table for PWLB maturity rates below show, for a selection of maturity periods, the range (high and low points) in rates, the average rates and individual rates at the start and the end of the financial year.

Variations in most PWLB rates have been distorted by the October 2010 decision by the PWLB to raise its borrowing rates by about 0.75 – 0.85% e.g. if it had not been for this change, the 25 year PWLB at 31 March 2011 (5.32%) would have been only marginally higher than the position at 1 April 2010.



PW LB BORROWING RATES 2010/11 for 1 to 50 years

| | 1 | 1.5-2 | 2.5-3 | 3.5-4 | 4.5-5 | 9.5-10 | 24.5-25 | 49.5-50 | 1m onth variable |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------------|
| 01/04/2010 | 0.810% | 1.370% | 1.910% | 2.400% | 2.840% | 4.140% | 4.620% | 4.650% | 0.650% |
| 31/03/2011 | 1.870% | 2.340% | 2.790% | 3.210% | 3.570% | 4.710% | 5.320% | 5.250% | 1.570% |
| HIGH | 1.990% | 2.510% | 3.000% | 3.440% | 3.830% | 4.990% | 5.550% | 5.480% | 1.570% |
| LOW | 0.600% | 0.880% | 1.180% | 1.500% | 1.820% | 3.060% | 3.920% | 3.930% | 0.650% |
| Average | 1.177% | 1.590% | 2.009% | 2.413% | 2.788% | 4.050% | 4.771% | 4.756% | 1.052% |
| Spread | 1.390% | 1.630% | 1.820% | 1.940% | 2.010% | 1.930% | 1.630% | 1.550% | 0.920% |
| High date | 07/02/2011 | 07/02/2011 | 07/02/2011 | 07/02/2011 | 09/02/2011 | 09/02/2011 | 09/02/2011 | 09/02/2011 | 07/03/2011 |
| Low date | 15/06/2010 | 12/10/2010 | 12/10/2010 | 12/10/2010 | 12/10/2010 | 31/08/2010 | 31/08/2010 | 31/08/2010 | 01/04/2010 |

7. Borrowing Outturn for 2010/11

Treasury Borrowing –

Borrowing - loans were drawn to fund the net unfinanced capital expenditure and naturally maturing debt. The following fixed rate PWLB loans drawn were:

This compares with a budget assumption of borrowing at an interest rate of 3.0%.

| Amount | Period | Interest Rate | Loan Type |
|--------|------------|---------------|-----------|
| £0.5m | 4.5 years | 1.84% | Maturity |
| £0.5m | 10.5 years | 3.22% | Maturity |
| £1.0m | 5.5 years | 2.15% | Maturity |
| £1.0m | 7.5 years | 2.68% | Maturity |

Rescheduling –the Authority did not reschedule any of its debt portfolio during the year.

Summary of debt transactions – the overall position of the debt activity resulted in a fall in the average interest rate by 0.12%.

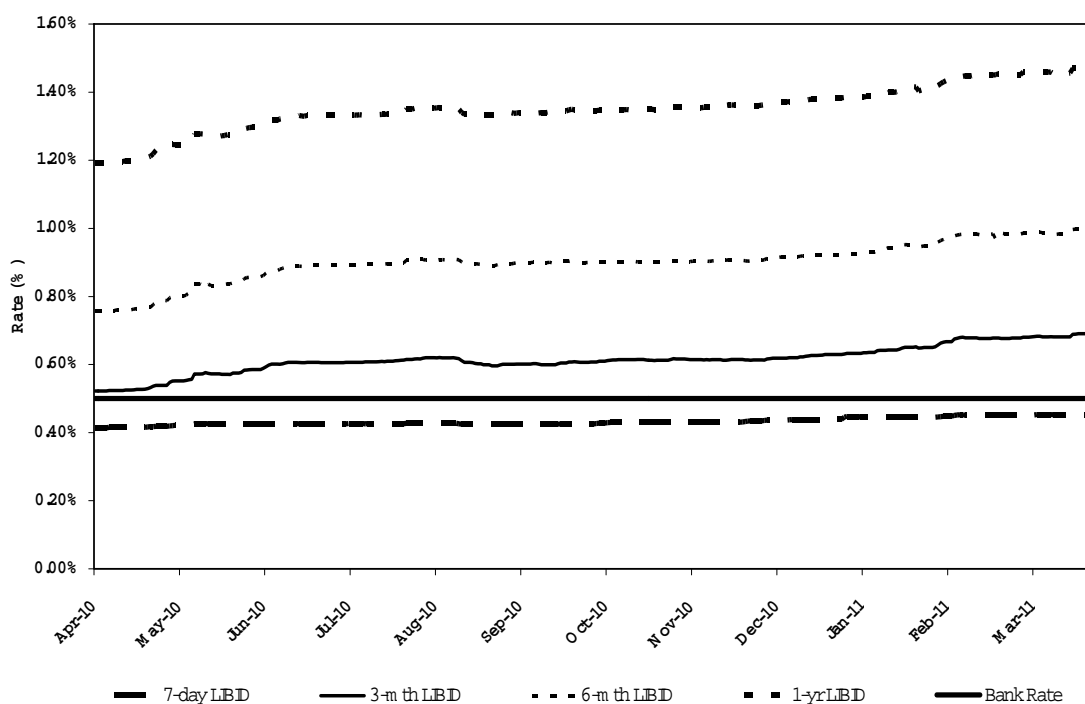
8. Investment Rates in 2010/11

The tight monetary conditions following the 2008 financial crisis continued through 2010/11 with little material movement in the shorter term deposit rates. Bank Rate remained at its historical low of 0.5% throughout the year, although growing market expectations of the imminence of the start of monetary tightening saw 6 and 12 month rates picking up.

Overlaying the relatively poor investment returns was the continued counterparty concerns, most evident in the Euro zone sovereign debt crisis which resulted in rescue packages for Greece, Ireland and latterly Portugal. Concerns extended to the European banking industry with an initial stress testing of banks failing to calm counterparty fears, resulting in a second round of testing currently in train. This highlighted the ongoing need for caution in treasury investment activity.

| | Overnight | 7 Day | 1 Month | 3 Month | 6 Month | 1 Year |
|------------|------------|------------|------------|------------|------------|------------|
| 01/04/2010 | 0.41% | 0.41% | 0.42% | 0.52% | 0.76% | 1.19% |
| 31/03/2011 | 0.44% | 0.46% | 0.50% | 0.69% | 1.00% | 1.47% |
| High | 0.44% | 0.46% | 0.50% | 0.69% | 1.00% | 1.47% |
| Low | 0.41% | 0.41% | 0.42% | 0.52% | 0.76% | 1.19% |
| Average | 0.43% | 0.43% | 0.45% | 0.61% | 0.90% | 1.35% |
| Spread | 0.03% | 0.04% | 0.07% | 0.17% | 0.24% | 0.28% |
| High date | 31/12/2010 | 30/03/2011 | 31/03/2011 | 31/03/2011 | 31/03/2011 | 31/03/2011 |
| Low date | 01/04/2010 | 01/04/2010 | 01/04/2010 | 01/04/2010 | 01/04/2010 | 01/04/2010 |

Investment Rates 2010-11



9. Investment Outturn for 2010/11

Include and amend whichever of the below is applicable.

Investment Policy – the Authority’s investment policy is governed by WAG guidance, which was been implemented in the annual investment strategy approved by the Authority on 22nd March 2010. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties.

Resources – the Authority’s longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Authority’s core cash resources comprised as follows, and met the expectations of the budget:

| Balance Sheet Resources (£m) | 31 March 2010 | 31 March 2011 |
|------------------------------|---------------|---------------|
| Balances | 2.358 | 4.602 |
| Earmarked reserves* | 3.964 | 4.116 |
| Provisions | 0.418 | 0.418 |
| Usable capital receipts | 0.025 | 0.475 |
| Total | 6.765 | 9.611 |

* (includes PFI Equalisation reserve)

Investments held by the Authority - the Authority maintained an average balance of £8.8 million of internally managed funds. The internally managed funds earned an average rate of return of 1.84%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.433%. This compares with a budget assumption of £5.0m investment balances earning an average rate of 0.40%.

Prudential and treasury indicators

This appendix has been included in case clients prefer to use this format as below

| 1. PRUDENTIAL INDICATORS | 2009/10 | 2010/11 | 2010/11 |
|---|----------------|-----------------|----------------|
| Extract from budget and rent setting report | actual | original | actual |
| | £'000 | £'000 | £'000 |
| Capital Expenditure | £4,770 | £8,180 | £7,461 |
| Ratio of financing costs to net revenue stream | 2.56% | 2.64% | 4.81% |
| Net borrowing requirement | | | |
| brought forward 1 April | £18,363 | £19,311 | £20,754 |
| carried forward 31 March | £20,754 | £30,311 | £20,933 |
| in year borrowing requirement | £2,391 | £11,000 | £179 |
| Capital Financing Requirement as at 31 March | £36,625 | £37,825 | £41,195 |
| Annual change in Cap. Financing Requirement | £690 | £1,200 | £4,570 |
| | | | |
| | | | |

| 2. TREASURY MANAGEMENT INDICATORS | 2009/10 | 2010/11 | 2010/11 |
|--|---------|----------|---------|
| | actual | original | actual |
| | £'000 | £'000 | £'000 |
| Authorised Limit for external debt - | | | |
| borrowing | £38,000 | £ | £46,000 |
| other long term liabilities | £ | £ | £12,000 |
| TOTAL | £38,000 | £ | £58,000 |
| Operational Boundary for external debt - | | | |
| borrowing | £29,500 | £ | £44,000 |
| other long term liabilities | £ | £ | £11,000 |
| TOTAL | £29,500 | £ | £55,000 |
| Actual external debt | £36,997 | £ | £ |
| Upper limit for fixed interest rate exposure expressed as either:- | | | |
| Net principal re fixed rate borrowing / investments OR:- | 100% | 100% | 100% |
| Upper limit for variable rate exposure expressed as either:- | | | |
| Net principal re variable rate borrowing / investments | 20% | 20% | 20% |
| Upper limit for total principal sums invested for over 364 days | £0 | £0 | £0 |

| Maturity structure of fixed rate borrowing during 2010/11 | upper limit | lower limit |
|---|-----------------|-------------|
| | under 12 months | 25% |
| 12 months and within 24 months | 30% | 0% |
| 24 months and within 5 years | 50% | 0% |
| 5 years and within 10 years | 70% | 0% |
| 10 years and above | 95% | 0% |

Note. Movements in the treasury management and prudential Indicators for 2010/11 reflect the changes brought about by the introduction of International Financial Reporting Standards. Therefore balance sheet impacts of P.F.I. and finance leases are included.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 9

FINANCE AUDIT & PERFORMANCE MANAGEMENT
COMMITTEE

17 OCTOBER 2011

REPORT OF THE ACO CORPORATE SERVICES

REVIEW OF GREAT PLAINS STOCK MANAGEMENT SYSTEM**SUMMARY**

This report updates Members on the work undertaken following the internal audit of key financial controls.

RECOMMENDATION

That Members note the work and findings of the review team.

1. BACKGROUND

- 1.1 An internal audit was carried out by RSM Tenon in January 2011 to evaluate the financial controls within the organisation; this included the stock management system Microsoft Dynamics Great Plains.
- 1.2 Members have previously considered the full report at their meeting of the 21 March 2011, Agenda Item Number 9, Appendix 6.

2. ISSUE

- 2.1 The management team response to this audit was that an internal process review tracking all stages in the process from requisition, purchase, issue, returns and ledger entries will be undertaken.
- 2.2 The review started in March 2011 with the aim of reviewing the business processes involved in order to identify the way that stock is currently processed through the system and potentials for improvement.

2.3 The methodology undertaken was a 'systems thinking' approach, whereby the existing business processes were individually mapped out by the project team; these processes were then redesigned and streamlined with and duplication and waste removed.

2.4 When the business processes were mapped several conclusions were identified and potential areas for improvement addressed; these are summarised below:

- The stock management system currently in place is fit for purpose and actually has far greater capability than we currently utilise or even require.
- A complete redesign of all stages of the stock management process has been undertaken with the aim of simplifying the process. From setting up inventory cards for new stock items up to dispatch to requester previously involved 80 separate steps for consumables and 87 for uniform; this has been replaced by one standard process for all stock items with 55 steps in the process.
- The review highlighted that the accuracy of the electronic stock bins is crucial and this process has been completely redesigned to remove the potential for human error. The redesign incorporates the integration of the data from a spreadsheet with mandatory fields.
- All items issued from stores are now held on stock cards, this means that there will no longer be large numbers of free issue or special items being put through the holding account, the only exceptions to this will be low volume, high value items such as senior officers uniform and special shoes ordered due to medical reasons.
- The way in which transactions are processed through the system has been changed to remove the need for the additional postings previously used to create the internal 'sale' and 'payment' for goods. This has now been replaced with a much simpler and more streamlined cash transaction with a debit and credit being processed on the same account.

- Minimum and maximum stock levels are now being built in for all stock items; this will allow the system to automatically generate purchase orders to replenish stock levels when the minimum has been reached. This will ensure a more effective turnover of stock, less delays in orders and better use of store staff resources.
 - A new process has already been instigated to address uniform returns and ensure that returns are credited to the appropriate budget account. A further process is going to be put into place, whereby when uniform is returned because it is the wrong size and a straight like for like swap takes place then this will be treated as an exchange whereby there will be no budget implications.
 - The process maps produced as part of this review will be used to form working procedures for each stage in the stock management process.
 - Dynamic reports on the intranet accessible by individual budget holders are being investigated. Consumable reports by station showing detailed breakdown of spend will be produced for the Operations Department to enable robust monitoring of their budgets.
 - To ensure the continued improvement in the accuracy of the stock records held, monthly self audits are being implemented and any discrepancies identified will be investigated to identify and eradicate causes.
- 2.5 In total there were 8 recommendations arising from the report and 6 of these have been fully addressed and solutions implemented through the project. Of the remaining two, one will be fully addressed by the end of October 2011; with the other a solution has been identified and further enquiries need to be completed before it can be fully progressed.

3. FINANCIAL IMPLICATIONS

- 3.1 The work has been undertaken under the premise that there are no financial implications. However, if any future major redesigns were anticipated which could incur costs then the

proposals would be submitted for approval in the normal manner.

4. RECOMMENDATION

4.1 That Members note the work and findings of the review team.

SALLY CHAPMAN
ACO CORPORATE SERVICES

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SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 10

FINANCE, AUDIT & PERFORMANCE MANAGEMENT
COMMITTEE

17 OCTOBER 2011

REPORT OF THE ACO CORPORATE SERVICES & THE
INTERNAL AUDITORS

INTERNAL AUDIT REPORT

SUMMARY

This report updates Members upon progress being made against the Internal Audit Plan 2011/12.

RECOMMENDATION

That Members note the work and findings of the Internal Audit.

1. BACKGROUND

1.1 As Members will be aware, RSM Tenon are appointed as the Authority's Internal Auditors, and an Internal Audit Action Plan was approved by this Committee on 21 March 2011.

2. ISSUE

2.1 Progress against the Plan has been steady with two final reports being issued since the commencement of the Plan, covering Performance Management Reporting and Capital Funding, and two draft reports covering audits for Promotional Items, and Risk Management. Scopes have been prepared for other areas and the full Internal Audit Progress Report written by RSM Tenon is attached as Appendix 1.

2.2 Performance Management & Reporting

The audit conducted to review Performance Management focused on the calculation of the Strategic Performance

Indicators set by the Welsh Government, with a view to provide assurance on the accuracy of calculation.

2.2.1 This audit was advisory in nature (i.e. no assurance level was provided), and one medium category recommendation was raised which is detailed in the Audit Summary Sheet attached as Appendix 2.

2.3 **Capital Funding**

An audit review of two property category related properties was undertaken, together with a case study exercise on a property related project to evidence the robustness of planning, and business case preparation, within the organisation.

2.3.1 This audit resulted in three medium category recommendations being raised and an amber assurance level being provided, details of which can be found in the Audit Summary Sheet attached as Appendix 3.

3. **RECOMMENDATION**

3.1 That Members note the work and findings of the Internal Audit.

SALLY CHAPMAN **ACO CORPORATE SERVICES**

Background Papers:-

Appendix 1 – Internal Audit Progress Report

Appendix 2 – Performance Management & Reporting

Appendix 3 – Capital Funding

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RSM Tenon

SOUTH WALES FIRE & RESCUE SERVICE

Internal Audit Progress Report

Finance, Audit and Performance Management Committee: 17 October 2011

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1. INTRODUCTION

1.1 The periodic internal audit plan for 2011/12 was approved by the Finance, Audit and Performance Management Committee on 21 March 2011. This report summarises the outcome of work completed to date against that plan. Appendices A and B provide cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

2.1 We have finalised two reports since the last Finance, Audit and Performance Management Committee as follows:

- Performance Management and Reporting (1.11/12)
- Capital Funding (3.11/12)

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

3.1 No matters have arisen from our finalised audit work in the year to date that will impact on the HOIA opinion.

4. WORK IN PROGRESS OR PLANNED

4.1 We have issued a further two draft reports since the last Finance, Audit and Performance Management Committee. These are in the areas of:

- Promotional Items (2.11/12); and
- Risk Management (4.11/12).

4.2 Scopes have been prepared for the following areas:

- Creditors
- Debtors
- Cash, Bank & Treasury Management
- Fuel Follow Up
- Stocks and Stores
- IT Management Strategy and Replacement Programme

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 We have met with the Head of Corporate Services and the Head of Service Secretaries to discuss progress against the plan and to clarify audit requirements on a monthly basis..
- 5.2 It was agreed that the scope for the Communications and the IT audits would be prepared later in the year after management have had the opportunity to consider the requirements of the audits.
- 5.3 We also met with Lisa Williams, Wales Audit Office to discuss the Performance Monitoring and Reporting review. Our audit file has been subject to review.

6. CHANGES TO OUR PLAN

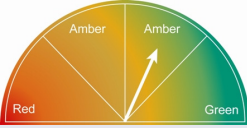
- 6.1 There have been no changes to the plan in the year to date.

7. CLIENT BRIEFINGS

- 7.1 There have been no further relevant client briefings issued since the last Finance, Audit and Performance Management Committee.

APPENDIX A: 2011/12 WORK COMPLETED TO DATE INCLUDING SUMMARY OF ASSURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Committee are shown in italics.

| Auditable Area | Start Date | Debrief date | Draft report issued | Responses received | Final report issued | Audit Committee | Assurance level given | Number of Recommendations Made | | | | |
|---|------------------|-----------------|---------------------|--------------------|---------------------|-----------------|---|--------------------------------|----------|----------|----------|----------|
| | | | | | | Actual | | High | Medium | Low | In Total | Agreed |
| <i>Performance Management and Reporting (1.11/12)</i> | <i>June 2011</i> | <i>23/06/11</i> | <i>6 Jul 11</i> | <i>25 Jul 11</i> | <i>26 Jul 11</i> | <i>Sept 11</i> | <i>Advisory</i> | <i>0</i> | <i>1</i> | <i>4</i> | <i>5</i> | <i>4</i> |
| <i>Capital Funding (03.11/12)</i> | <i>Aug 11</i> | <i>05/08/11</i> | <i>12/08/11</i> | <i>15/08/11</i> | <i>15/08/11</i> | <i>Oct 11</i> |  | <i>0</i> | <i>3</i> | <i>1</i> | <i>4</i> | <i>3</i> |
| | | | | | | | | 0 | 4 | 5 | 9 | 7 |

APPENDIX B: WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)

| Auditable Area | Start Date | Debrief date | Draft report issued | Planned Audit Committee |
|--|------------|--------------|---------------------|-------------------------|
| IT Management Strategy and Replacement Programme | Nov 11 | | | January 2012 |
| Cash Bank and Treasury Management | Dec 11 | | | April 2012 |
| Creditors and Debtors | Nov 11 | | | January 2012 |
| Stores and stock | Oct 11 | | | January 2012 |
| Promotional Items (2.11/12) | Jun 11 | 18 Jul 11 | 27 Jul 11 | October 2011 |
| Fuel Follow Up | Dec 11 | | | April 2012 |
| Risk Management | Sep 11 | 8 Sept 11 | 15 Sept 11 | November 2011 |
| Governance | Jan 12 | | | April 2012 |
| Follow Up | Oct 11 | | | January 2012 |

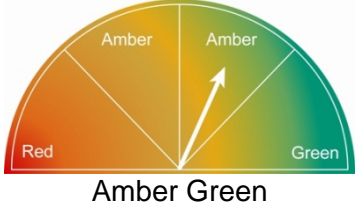
South Wales Fire & Rescue Service – Internal Audit Reports 2010/11

Assignment Name: **Performance Management and Reporting (01.11/12)**

| | |
|--|--|
| This report focused on (objective specific): | <p>RSM Tenon undertook a review of the Core and Strategic Performance Indicators set by the Welsh Government with a view to providing the Fire & Rescue Service with assurance as to the accuracy of the calculation of the indicators.</p> <p>Each of these indicators was examined individually and calculations were re-performed. We also consulted the relevant staff members in order to verify the process followed to obtain the information and how the figures are calculated</p> <p>Findings were summarised on the documentation provided by the WAO.</p> |
| Assurance Level Provided: | No opinion provided. |
| Any controls / Systems failure giving rise to High / Medium recommendations: | <p>One medium category recommendation was raised as follows:</p> <p>All figures provided to calculate the indicators on the return should be documented and evidenced as the numbers reported do not reconcile directly to the OWLe system and require adjustment for timing differences.</p> <p>The recommendation was accepted – it was noted that SWFRS is in the process of stream-lining their IT system in order to alleviate the problems identified above, to verify the records against the reports and to ensure the information produced is accurate and timely. It is hoped that this system will be finalised in time for the next end of financial year reports.</p> |
| Any issues / recommendations not agreed with management: | One low category recommendation relating to documentation of narrative to support variances was not accepted on the basis that the narrative had been completed for the one instance identified but had not been incorporated on the report provided to Internal Audit. |
| Any non compliance issues clearly agreed with management | None identified. |
| Benchmarking | Not applicable |

South Wales Fire & Rescue Service – Internal Audit Reports 2011/12

Assignment Name: **Capital Funding (01.11/12)**

| | |
|---|---|
| <p>This report focused on (objective specific):</p> | <p>An audit of Capital Funding was undertaken as part of the approved internal audit periodic plan for 2011/12.</p> <p>We reviewed two Property Category projects, the Ebbw Vale and Maindee Stations refurbishment projects which are managed by the Head of Property Maintenance.</p> <p>We also reviewed the Britannia project as a case study to evidence the robustness of planning and business case preparation within the organisation. This project is still in the planning process for which the construction stage will commence in February 2012.</p> |
| <p>Assurance Level Provided:</p> |  <p style="text-align: center;">Amber Green</p> |
| <p>Any controls / Systems failure giving rise to High / Medium recommendations:</p> | <p>Three medium category recommendations were raised as follows:</p> <ol style="list-style-type: none"> 1. A mechanism should be put in place where it is ensured that all projects are registered with the Projects and Initiatives website. It should be ensured that use of the website is mandatory with all project information being uploaded onto the website. This will ensure that relevant templates are used, there is a consistency in running the projects and central reporting to the Senior Management Team can be made using the website. 2. Specific risks for projects should be identified, recorded and updated on an on-going basis. 3. Profiled budgets for projects and programmes should be introduced to ensure that delays/overspends in project completion are detected in time for Management to take action. |
| <p>Any issues / recommendations not agreed with management:</p> | <p>The first two points above were partially accepted. Management felt that the mechanism was in place, however acknowledged that the use of templates would ensure consistent application.</p> |

| | |
|--|---|
| Any non compliance issues clearly agreed with management | None identified other than the lack of consistency referred to above. |
| Benchmarking | See below |

| Level of Assurance | Percentage of Reviews | Results of this Audit |
|--------------------|-----------------------|-----------------------|
| Green | 81.87% | |
| Amber | 18.18% | X |
| Red | 0.00% | |

| Recommendations | Average number in similar audits | Number in this audit |
|----------------------|----------------------------------|----------------------|
| Recommendations made | 2.36 | 4 |

ACTION PLAN – CAPITAL FUNDING (03.11/12)

The priority of the recommendations made is as follows:

| Priority | Description |
|------------|--|
| High | Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses. |
| Medium | |
| Low | |
| Suggestion | These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider. |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|------|--|----------------|----------------|--|---------------------|---|
| 1.11 | <p>A mechanism should be put in place where it is ensured that all projects are registered with the Projects and Initiatives website.</p> <p>It should be ensured that use of the website is mandatory with all project information being uploaded onto the website.</p> <p>This will ensure that relevant templates are used, there is a consistency in running the projects and central reporting to the Senior Management Team can be made using the website.</p> | Medium | Partially | <p>A mechanism is already in place as projects form part of our business plans. These are updated on a quarterly basis and cover general progress of the projects and update on the risks (risk register) associated with the projects.</p> <p>However, we agree with comment regarding the use of relevant templates and will adopt these as standard going forward on all future capital projects. Therefore, we will utilise these on the Hirwaun RDS refurbishment and next whole-time refurbishment</p> | 31/10/11 | Stuart Howison – Building Maintenance Manager |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|------|--|----------------|----------------|---|---------------------|---|
| 1.14 | Profiled budgets for projects and programmes should be introduced to ensure that delays/overspends in project completion are detected in time for Management to take action. | Medium | Yes | The projected timing of expenditure will be discussed and agreed with project leads to enable the annual budget profile to be established. Future reporting will then be compared against profiles and total budgets for each project and replacement programme to assess delivery against both cost and timescales. | 31/10/2011 | Head of Finance & Procurement |
| 1.17 | Specific risks for projects should be identified, recorded and updated on an on-going basis. | Medium | Partially | <p>A mechanism is already in place as projects form part of our business plans. These are updated on a quarterly basis and cover general progress of the projects and update on the risks (risk register) associated with the projects.</p> <p>However, we agree with comment regarding the use of relevant templates and will adopt these as standard going forward on all future capital projects. Therefore, we will utilise these on the Hirwaun RDS refurbishment and next whole-time refurbishment.</p> | 31/10/2011 | Stuart Howison – Building Maintenance Manager |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|------|--|----------------|----------------|--|---------------------|---|
| 1.18 | Best practice and specific issues experienced during the projects should be recorded on a central place to ensure that dissemination of best practice and efficient problem solving are carried out. | Low | Yes | A central database to record Best practice and specific issues experienced during the project is essential if SWFRS is to learn and develop in undertaking large capital scheme. We will look to develop a useable database. | 31/3/12 | Stuart Howison – Building Maintenance Manager |

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 11

FINANCE, AUDIT & PERFORMANCE MANAGEMENT
COMMITTEE

17 OCTOBER 2011

REPORT OF THE ACO CORPORATE SERVICES

AUDIT ACTION UPDATES**SUMMARY**

To consider an update on actions arising from internal audits, showing a presentation of progress since February 2010, a snapshot of the current situation by action category, and a summary of actions completed since 1 September 2010.

In addition to consider a brief report showing ongoing actions categorised as high or fundamental.

RECOMMENDATION

It is recommended that Members:

1. Note the contents of the report.

1. BACKGROUND

- 1.1 All actions placed upon Officers following internal audits are recorded on an electronic database. Each month Officers are requested to provide progress updates on ongoing actions assigned to them.

2. RECOMMENDATIONS

It is recommended that Members:

1. Note the contents of the report.

SALLY CHAPMAN
ACO CORPORATE SERVICES

Appendix 1: Report of ongoing internal audit actions categorised as high or fundamental.

Background Papers:
Electronic audit action database

Contact Officer:
Howard Thomas
Performance Management Officer
Ext: 2348
Email: H-Thomas@southwales-fire.gov.uk

Fundamental and High Internal Audit Actions as at 4 October 2011

| Audit/Scheme/ Circular name | Date of FAPM approval of action | Action Description | Audit Action Ref: | Directorate | Current due date | Action Owner progress update |
|--------------------------------|--|---|-------------------------|--------------------|---------------------|--|
| 02.10.11 Fuel | 15/11/2010 | It should be ensured that the 'S7' Tally Books submitted by the stations are reviewed on a monthly basis to ensure compliance with the procedure. | 4.2(a) | Corporate Services | 31/12/2011 | <p>16/11/2010 - As highlighted in the management response, due to insufficient resource procurement will be unable to progress this action. Further discussion will need to be taken at Director level to find an action owner.</p> <p>04/01/2011 - A project team has been put together to look into the purchase of a fuel management system. This is being lead by Fleet and Engineering and should assist them with monitoring of tank levels.</p> <p>17/02/2011 - The tender process is ongoing. Once the system is in place it will assist Fleet and Engineering in the monitoring of tank levels.</p> <p>08/03/2011 - Tender currently under evaluation</p> <p>04/04/2011 - Tender currently under evaluation</p> <p>12/05/2011 - Tender currently under evaluation.</p> <p>Discussion needs to take place with Head of Transport regarding issues surrounding submitted offers and strategy for fuel monitoring</p> <p>06/09/2011 - Tender costs submitted by Suppliers proved prohibitive. ICT Department working on reduced specification in order to retender.</p> <p>Decision needs to be taken whether to purchase fuel monitoring system or find resources internally.</p> <p>03/10/2011 - Report was submitted to FAPM on 18th July 2011. Action will be closed pending confirmation of the follow up audit in December 2011.</p> |

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 12

FINANCE AUDIT & PERFORMANCE MANAGEMENT
COMMITTEE

17 OCTOBER 2011

REPORT OF THE DEPUTY CHIEF FIRE OFFICER

**RISK REDUCTION PLAN – RELOCATION/DETRIMENT
ARRANGEMENTS FOR DAY DUTY CREWED STAFF****SUMMARY**

Officers have presented the representative bodies with an offer of a one-off payment in lieu of the ongoing and annual detriment package that will be paid to the individuals concerned.

RECOMMENDATION

Members to note the progress and action taken by Officers and to receive a further report on the response from the representative bodies.

1. BACKGROUND

- 1.1 The South Wales Fire & Rescue Service Risk Reduction Plan 2007 proposed changes to how five fire stations were crewed, ie Ebbw Vale changing to a shift-based station; and Abercarn, Abertillery, Caldicot and Cowbridge changing from day crewed to retained duty system status.
- 1.2 As part of workforce negotiations to these changes, a day crewed package was agreed with the representative bodies. The package consists of rent, a retainer, fuel, lighting and average turnouts, and was negotiated for protection for a period of five years. In addition to this detriment package, a travel detriment arrangement was also negotiated that runs for a period of four years.

- 1.3 There are currently 45 persons receiving the detriment package and they are all at different stages of receiving this remuneration.
- 1.4 Officers have presented the representative bodies with an offer of a one-off payment in lieu of the ongoing and annual detriment package that will be paid to these individuals. The offer constitutes a one-off payment calculated at 40% of an individual's annual detriment allowance and would be calculated over the remaining duration of the package.

2. FINANCIAL IMPLICATIONS

- 2.1 The financial implication of having the two detriment packages running on payment and travel is contained in Appendix 1 and 2.
- 2.2 Appendix 1 shows the detriment package on payment and rental allowance etc for 2011/12 as £422,841, rising to £438,356 in 2013/14. The assumptions based in Appendix 1 are being drawn from Cowbridge changing status from day crewed to retained on 1 April 2013.
- 2.3 The calculations of travelling payments are shown in Appendix 2.

3. RECOMMENDATION

- 3.1 Members to note the progress and action taken by Officers and to receive a further report on the response from the representative bodies.

HUW JAKEWAY
DEPUTY CHIEF FIRE OFFICER

Contact Officer:

Huw Jakeway

Deputy Chief Fire Officer

Tel: 01443 232002

Email: h-jakeway@southwales-fire.gov.uk

APPENDIX 1

| Detriment | Watches | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Total estimated forecast |
|--------------|-----------------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|--------------------------|
| COWBRIDGE | Red = 7 White = 6 | 0 | 0 | 10,462 | 14,027 | 17,565 | 19,864 | 14,621 | 69,883 | 66,877 | 63,173 | 59,469 | 59,469 | 395,410 |
| ABERCARN | Red = 7 White = 7 | 708 | 2,887 | 14,652 | 44,141 | 60,158 | 82,361 | 88,982 | 79,349 | 54,033 | 40,156 | 21,136 | 0 | 488,564 |
| ABERTILLERY | Red = 7 White = 8 | 258 | 1,116 | 18,819 | 33,660 | 50,946 | 124,568 | 117,174 | 102,446 | 77,349 | 6,056 | 0 | 0 | 532,392 |
| EBBW VALE | Red = 9 White = 10 | 763 | 3,272 | 6,005 | 16,233 | 188,242 | 127,590 | 127,590 | 123,470 | 116,508 | 12,509 | 0 | 0 | 722,181 |
| CALDICOT | Red = 7 White = 7 | 209 | 82 | 4,947 | 20,526 | 61,258 | 68,458 | 68,458 | 63,209 | 47,463 | 6,061 | 0 | 0 | 340,671 |
| TOTAL | | 1,939 | 7,356 | 54,886 | 128,587 | 378,169 | 422,841 | 416,825 | 438,356 | 362,229 | 127,956 | 80,605 | 59,469 | 2,479,218 |

NOTES: From ledger

Includes 10% NI

£2,479,356.31

Assume Cowbridge changes status on 1 April 2013

£2,479,218.00

All detriment packages will finish by 1 April 2018

£138.31 difference

Ebbw Vale was one of the rope rescue stations before TRU was set up, therefore this will effect call outs

APPENDIX 2

Calculation:

Find mileage = 8

then times by journeys to and from station

$8 \times 8 = 64$ (unless stated per return journey)

then times by 0.45 pence per mile

28.80

then times how many tours usually 4 in a month

$28.80 \times 4 = £115.20$ in total

per return journey

$64 \times 0.45 = \text{SUM}$

$\text{sum} \times 4 = \text{TOTAL}$

| | 1ST SCENARIO | 2ND SCENARIO | 3RD SCENARIO | 4TH SCENARIO | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 1 | £86.40 | £144.00 | £216.00 | £288.00 | |
| 2 | £100.80 | £230.40 | £316.80 | £345.60 | |
| 3 | £100.80 | £100.80 | £129.60 | £216.00 | |
| 4 | £115.20 | £158.40 | £244.80 | £259.20 | |
| 5 | £115.20 | £158.40 | £244.80 | £259.20 | |
| 6 | £56.60 | £72.00 | £100.80 | £100.80 | |
| 7 | £115.20 | £158.40 | £244.80 | £259.20 | |
| 8 | £100.80 | £230.40 | £316.80 | £432.00 | |
| 9 | £115.20 | £158.40 | £244.80 | £259.20 | |
| 10 | £100.08 | £129.60 | £129.60 | £158.40 | |
| 11 | £100.08 | £129.60 | £129.60 | £158.40 | |
| 12 | £86.40 | £129.60 | £144.00 | £187.20 | |
| per month | £1,192.76 | £1,800.00 | £2,462.40 | £2,923.20 | per month |

Therefore if you calculate the above scenarios:-

| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
|---|--------------------|--------------------|--------------------|--------------------|
| People who are already on travel | £9,072.50 | £9,072.50 | £9,072.50 | £9,072.50 |
| People who are eligible for travel | £1,192.76 | £1,800.00 | £2,462.40 | £2,923.20 |
| TOTAL PER MONTH | £10,265.26 | £10,872.50 | £11,534.90 | £11,995.70 |
| TOTAL PER YEAR | £123,183.12 | £130,470.00 | £138,418.80 | £143,948.40 |
| OVERALL TOTAL FOR 4 YEARS | £492,732.48 | £521,880.00 | £553,675.20 | £575,793.60 |

The above is dependent on where the personnel choose to relocate to, the prospective travel tab is only a forecast on where personnel may choose to go. For this exercise we have chosen the nearest station to their home along with other stations near their home for comparison.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 13

FINANCE, AUDIT & PERFORMANCE MANAGEMENT MEETING

17 OCTOBER 2011

REPORT OF THE ACFO TECHNICAL SERVICES

THE MANAGEMENT OF HEALTH AND SAFETY IN THE GB FIRE AND RESCUE SERVICE**SUMMARY**

The following report covers the outcomes of a benchmarking exercise against the recommendations of the consolidated report of the Health and Safety Executive that was based on the inspections of 8 Fire & Rescue Services. The report identifies that in the majority of areas, South Wales Fire & Rescue Service is performing satisfactorily but there are 4 key areas for improvement.

RECOMMENDATION

That Members note the content of the report.

1. BACKGROUND

- 1.1. In 2009/10 the Health and Safety Executive carried out inspections of 8 Fire & Rescue Services throughout the UK. One of these was North Wales FRS.
- 1.2. The purpose of these inspections was to:
 - Obtain evidence to assure compliance
 - Educate HSE on operational issues
 - Identify any areas of concern for wider engagement
 - Seek to ensure FRS continue to give appropriate consideration to safety critical activities
 - Provide FRSs with feedback.
- 1.3. On the conclusion of the inspections, the Health & Safety Executive produced a report entitled "The Management of Health and Safety in the GB Fire and Rescue Service. Consolidated Report based on the 8 Inspections completed by HSE in 2009/10. October 2010." (The Consolidated Report)

- 1.4. This Consolidated Report also took account of the HSE policy statement 'Balancing Operational and Health and Safety duties in the FRS' and the knowledge they had gained from involvement in 6 recent investigations of serious incidents where firefighters have died.
- 1.5 The findings of the Consolidated Report confirmed the fundamental importance of 2 complimentary aspects of effective safety management; namely
- Competence assessment of all firefighters, including managers
 - A proportional approach to risk assessment
- 1.6 The Consolidated Report also documented some contextual factors that had previously been anecdotal stating:
- “We are led to believe that due to a decrease in the occurrence of serious large fires that firefighters have had direct exposure to the risks they create. Nevertheless this remains the most common setting for firefighter deaths”, and
- “The extent to which FRSs can create realistic and effective training opportunities to compensate for the comparative shortage of 'Live' exposure is extremely important”.
- 1.7 The Consolidated Report then continued to give an overview of the findings followed by the reasonable expectations that an inspector should find in any FRS and a summary of recommendations.

2. ISSUE

- 2.1 SWFRS has carried out a detailed self-assessment of current performance in light of the reasonable expectations identified in the Consolidated Report and its recommendations.
- 2.2 This self-assessment identified that although the Service was generally performing satisfactorily, particularly in the area of provision of risk critical information, there were areas that need to be improved. These were as follows:
- The relative infrequency of exposure to compartment fires of RDS firefighters indicates there is a need for enhanced training in Compartment Fire Behaviour.

- There is not currently adequate recording of station based training.
 - There is not currently adequate quality assurance of the delivery and effectiveness of core skills training.
 - While the Service has a robust method of initial training and assessment of Incident Commanders, there is no system to assure maintenance of competence.
- 2.3 There is currently a project underway to address the issues of recording of training and training plans are being adjusted to support a risk based approach to training for core skills that recognises the differences in available training time between Wholetime (WDS) and Retained (RDS) firefighters.
- 2.4 However this still leaves the issues of lack of exposure of RDS firefighting to CFB, the potential lack of capability of supervisory managers to deliver effective core skills training and lack of ongoing assessment or certification of Incident Commanders at all levels. (This area for development has also been identified in the tactical Officers Review).

Actions

- 2.5 In light of these vulnerabilities, the Service will now undertake a review of the adequacy of CFB training for all operational staff with a view to:
- Identify the appropriate level of exposure
 - Identify options for achieving this exposure and any extra facilities required.
- 2.6 Undertake an assessment of the existing capability of Supervisory Managers to deliver training and carry out effective assessments of core skills. This will include:
- Assessment of current risk
 - Development of a suitable 'Train the Trainer' course – recommendation of the scale of training required
 - Delivery options and costs.
- 2.7 Develop a certification process for Incident Commanders at all levels.

3. FINANCIAL IMPLICATIONS

3.1 3 projects have potential financial implications (predominantly in staff costs).

4. PERSONNEL IMPLICATIONS

4.1 These will become evident during the development of the projects.

5. REPRESENTATIVE BODY CONSULTATION

5.1 This will be undertaken as the projects develop.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1 Equality and diversity of the projects will be undertaken.

7. RECOMMENDATION

7.1 That Members note the content of the report.

ROD HAMMERTON **ACFO TECHNICAL SERVICES**

Background Papers:

Appendix 1

SWFRS Benchmarking analysis against the main recommendations of the Consolidated Report

Contact Officer:

Rod Hammerton

ACFO Technical Services

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HSE Consolidated Report Part 1- Main Recommendations

| 1.1 <u>Breathing apparatus (BA) and compartment fire behaviour (CFB) training. FRA's should:</u> | SWFRS Response | Further Requirements | Risk Assessment |
|---|---|--|---|
| ❶ Ensure that relevant, effective BA & CFB initial and refresher training is provided to all firefighters/officers; | Initial programme established with 2 week programme integrating CFB. BAR's programmed on a two year cycle with themes consulted and agreed every two years. Officers previously given updates on tactical officer programme | ❶ Review being undertaken for officers as part of the tact officer implementation programme. ❷ Still a number of fire-fighters outside the 2 year period. CFBT & BAR's are planned to be annual after March 2012. | ❶ Actions Already Planned ❷ Remedial Action Required |
| ❷ Provide effective arrangements for the training and assessment of BA entry control officers; | Initial programme develops role of BACO. Also BAR tests theoretical and practical role and responsibilities | ❶ Work currently in progress to develop PDR Pro+ which will specify frequency and assessment. | ❶ Actions Already Planned |
| ❸ Have effective processes to assess competence; | The initial BA programme is part of the NVQ modern apprenticeship scheme and BTEC approved. The BAR tests theoretical knowledge and practical competence | ❶ Reviews are to programme every two years. | ❶ No further Action necessary |
| ❹ Assess the quality and effectiveness of station-based training; | PDR-pro and FF dev programme supports station based personnel to maintain competence | ❶ Having identified shortcomings (no robust recording etc) via interrogation of PDR Pro, ODART, Audit etc, reviews being conducted on both PDR-pro recording mechanism and developing new FF development programme. | ❶ Actions Already Planned |
| ❺ Assure themselves that BA and CFB instructors and those who carry out station based training maintain their competence in the use of BA and in training and assessment; | All training and station based instructors are qualified to BAI status at the FSC. An all Wales peer assessment programme is in place with BA & CFB being scrutinised | ❶ Extend skill sets to Stn based instructors. Maintain portfolios for instructors | ❶ Remedial Action Required |
| ❻ Maintain accurate records of training; | PDR-pro and BA log books in place | ❶ As in ❹ above | ❶ Actions Already Planned |

| | | | |
|---|--|---|---|
| | | | |
| <p>1.4 Provision of risk critical information (PLANNING AND IMPLEMENTING)- <i>It is important that the risk critical information provided to an Incident Commander is accurate, timely and suitable (i.e. easily understandable and applicable to the incident). Services need to ensure that their systems to capture and maintain risk critical information are robust to allow appropriate information to be used and understood at the point of use. FRA's should:</i></p> | | | |
| <p>❶ Provide adequate training for staff gathering and assessing risk critical information;</p> | <p>MDT training currently being progressed</p> <p>Site Specific Information (SSI) is provided in 3 formats:</p> <ul style="list-style-type: none"> • 7.2.(d) forms containing written information on a premises/site – staff enter raw information into relevant fields on the form i.e. no of floors. The 7.2.(d) form is being revised as part of the Gazetteer & Geospatial Data (G2D) project (itself part of the overall Operational Intelligence workstream) and further training in raw data-capture and assessment will be provided to staff as part of this project; • Operational Tactical Plans (OTPs) for higher risk sites are written by the Operational Intelligence Team in liaison with staff on fire stations. The Operational Intelligence Team assesses raw data in terms of how risk-critical it is as part of the production of each site and scenario-specific plan. The OTP project is part of the overall Operational Intelligence workstream. • CAD Plans – building layout drawings – the Fire Safety CAD team provide these in the appropriate format to be accessed by Mobile Data Terminals on fire appliances (MDTs), and in consultation with the Operational | <p>❶ Exercises being developed to test IC utilising risk critical information on MDT's</p> <p>❷ In due course identify who will need to do these for RDS Stn grounds.</p> | <p>❶ Action Already Planned</p> <p>❷ Remedial Action Required</p> |

| | | | |
|--|---|---|-----------------------------------|
| | Intelligence Team/stations as appropriate. | | |
| <p>② Ensure there is a system in place to actively collect relevant risk critical information;</p> | <p>7.2.(d) data is collected by stations in accordance with their 7.2.(d) re-inspection programme. Sites with OTPs also fall within this programme.</p> <p>The current SWFRS Gazetteer & Geospatial Data (G2D) project aims to ensure that risk-critical incident-ground information (termed Key Operational Information or KOI by SWFRS) that is gathered by multiple departments can be accessed at incidents on Mobile Data Terminals on fire appliances (MDTs). This will be achieved by the creation of a single and truly 'corporate' gazetteer within SWFRS.</p> | <p>① Check there is a sustainable system in place to do this..</p> | <p>① Remedial Action Required</p> |
| <p>③ Ensure they monitor the effectiveness of these arrangements;</p> | <p>The ODART monitor and review the use of operational risk critical information at incidents and exercises and provide feedback via the ODART Steering Group.</p> <p>The Operational Intelligence Team monitors submission (including reviews) of all 7.2.(d) forms, by means of an 'assurance' process prior to making the information available on Mobile Data Terminals on fire appliances (MDTs). Sites with OTPs also fall within this process.</p> | <p>① Team to report on effectiveness of system and any recommendations for improvement.</p> | <p>① Remedial Action Required</p> |
| <p>④ Ensure risk critical information is kept up to date and is in a suitable format;</p> | <p>7.2.(d) data is collected by stations in accordance with their 7.2.(d) re-inspection programme. Sites with OTPs also fall within this programme.</p> <p>The Operational Intelligence Team monitors submission (including reviews) of all 7.2.(d) forms, by means of an 'assurance' process prior to making the information available on Mobile Data Terminals on fire appliances (MDTs). Sites with OTPs also fall within this process.</p> <p>The format of 7.2.(d) forms will change as part of</p> | <p>① Monitor current system to ensure it is sustainable.</p> | <p>① Action Already Planned</p> |

| | | | |
|---|--|---|--------------------------------------|
| | <p>the Gazetteer & Geospatial Data (G2D) project (itself part of the overall Operational Intelligence workstream) to ensure that the raw information within the current 7.2.(d) form is better 'focussed' to support incident command planning and decision making.</p> <p>The current format of Standard Operating Procedures (SOPs) and Operational Tactical Plans (OTPs) is the result of an extensive review of both document types – with the reviews focussing on accessibility and suitability to support incident command planning and decision-making.</p> | | |
| <p>5 Ensure incident commanders are able to access the information to inform their command decisions.</p> | <p>The 2011/12 Operational Intelligence Team Level 3 Service Plan includes delivery of training and assessment in accessing risk critical information (including SOPs, OTPs, CAD Plans, and 7.2.(d) information) on Mobile Data Terminals (MDTs). The training and assessment is for all operational personnel up to and including Group Manager role. Pre-learning is provided to all staff, followed by a 2-hour training and practical assessment session. Assessment is done individually - approximately 1500 staff have been programmed to undertake the training and assessment. A 'pre-learning' pack has been provided for all staff. The Operational Intelligence Team is conducting all training and assessment to ensure uniform quality of delivery and assessment.</p> | <p>1 Continue with current arrangements</p> | <p>1 No further Action necessary</p> |

**FORWARD WORK PROGRAMME FOR
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2011/12**

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|-------------------------------|---|---|---|---|------------------|
| Revenue Budget Setting Report | <p><u>Policy Audit or Development</u> To assist in determining the appropriate revenue budget required to meet the Service's requirements for the financial year</p> | <p>Our resources Our Community Sustainability</p> | <p>Treasurer/ ACO CS Contact Officer: Sally Chapman/ Geraint Thomas</p> | <p>21 Nov 2011 16 Jan 2012</p> | |
| Revenue Monitor | <p><u>Policy Audit Or Development</u> To provide an update on revenue expenditure against the revenue budget for the year</p> | <p>Our resources</p> | <p>Treasurer/ ACO CS Contact Officer: Geraint Thomas</p> | <p>Each meeting from September '11</p> | <p>On Agenda</p> |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|-----------------|--|--|--|---|-----------|
| Revenue Outturn | <p><u>Policy Audit Or Development</u> To advise on total revenue expenditure for the year against the set revenue budget following the year end and to explain variations</p> | Our resources | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Geraint Thomas</p> | 18 July 2011 | Completed |
| Capital Monitor | <p><u>Policy Audit Or Development</u> To provide an update on capital expenditure against the capital budget for the year</p> | Our resources | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Geraint Thomas</p> | Each meeting from September '11 | On Agenda |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|-------------------------------|--|--|---|---|-----------|
| Capital Outturn | <p><u>Policy Audit Or Development</u> To advise on total capital expenditure for the year against the set capital budget following the year end and to explain variations</p> | Our resources | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Geraint Thomas</p> | 18 July 2011 | Completed |
| Capital Budget Setting Report | <p><u>Policy Audit Or Development</u> To assist in delivering the appropriate capital budget required to meet the Service's requirements for the financial year</p> | Our resources Sustainability | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Sally Chapman/ Geraint Thomas</p> | 21 Nov 2011 16 Jan 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|---|---|--|--|--|-----------|
| WAO Audit of Accounting Statements (ISA 260 Report) | <p><u>Policy Audit Or Development</u> To provide an opinion on the accuracy, adequacy and statutory compliance of the Authority's statement of accounts - for final FA determination</p> | Our resources | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Steve Greenslade/ Geraint Thomas</p> | Due to meeting constraints this will be considered by FA in Sept '11 and any specific issues referred for scrutiny | |
| Treasury Management Outturn Report | <p><u>Policy Audit Or Development & Scrutiny</u> To advise on performance against the treasury management policy and strategy following financial year end</p> | Our resources | <p>Treasurer/ ACO CS</p> <p>Contact Officer: Steve Greenslade/ Geraint Thomas</p> | 17 Oct 2011 | On Agenda |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--------------------------------------|---|--|--|---|----------|
| Treasury Management Interim Report | To update Members on treasury management activity during the year to date | Our Resources | Treasurer Contact Officer: Geraint Thomas | 21 Nov 2011 | |
| Uniformed & Non-Uniformed Pay Awards | <u>Policy Audit Or Development</u> To advise on the agreed pay awards for the year and how these could be met from existing resources | Our resources | ACO People Services/ Treasurer/ ACO CS Contact Officer: Mark Malson | Following agreement of each pay award | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--------------------------------|---|--|--|---|-----------|
| Internal Audit Programme | <p><u>Scrutiny & Policy Audit Or Development</u> To outline the planned internal audit coverage for the financial year and to seek comment and approval</p> | Our resources and others dependant on scope of programme | ACO CS Contact Officer: Calvin Powell | 19 March 2012 | |
| Internal Audit Progress Report | <p><u>Scrutiny & Policy Audit Or Development</u> To provide an updated position of work performed against the internal audit plan and to highlight any significant issues arising from the internal audit work performed</p> | Dependant upon reviews reported upon | ACO CS Contact Officer: Calvin Powell | As required | On Agenda |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|------------------------------|--|--|---|---|-----------|
| Audit Action Updates | <p><u>Policy Audit Or Development</u> To advise Members of progress against all outstanding audit actions</p> | Dependent upon actions reported | <p>ACO CS Contact Officer: Sally Chapman/ Kevin Rudge</p> | <p>17 Oct 2011 19 March 2012</p> | On Agenda |
| Internal Audit Annual Report | <p><u>Policy Audit Or Development</u> To provide an opinion on the adequacy and effectiveness of risk management, control and governance processes based on the internal audit work undertaken during the financial year. This will support the statement of internal</p> | Our resources and others dependant upon scope of annual plan | <p>ACO CS Contact Officer: Sally Chapman</p> | 19 March 2012 | |

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|-------------------------------|--|--|--|---|----------|
| | control | | | | |
| WAO Regulatory Calendar & Fee | <p><u>Policy Audit Or Development</u> To outline the planned external audit coverage for the year and to seek comment and approval. To advise of the proposed WAO fee for the year and to seek approval</p> | Our resources and others dependant upon scope of annual plan | ACO CS Contact Officer: Sally Chapman | 16 Jan 2012 or 19 March '12 dependent upon Auditor general consultations timescales | |
| WAO Annual Audit Letter | <p><u>Audit and Development</u> To provide an opinion on adequacy and effectiveness of risk management, control and governance processes based on the WAO work undertaken during the year</p> | Our resources and others dependant upon scope of annual plan | ACO CS Contact Officer: Sally Chapman | 16 Jan 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|---|---|--|--|---|----------|
| WAO Annual Improvement Letter | <p><u>Audit and Development</u> To provide an opinion on adequacy and effectiveness of the organisation and its potential to improve, including its approach to risk management, control and governance processes based on the WAO work undertaken during the year</p> | Our resources and others dependant upon scope of annual plan | ACO CS Contact Officer: Sally Chapman | 19 March 2012 | |
| WAO annual meeting with FAPM Committee without Officers being present at end of meeting | To enable Members and WAO to meet together without officers present to discuss pertinent issues | Dependent upon discussion items | Chairman of FAPM Cttee Cllr. R.W. Greenland | 19 March 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|-------------------------------------|--|--|--|---|--|
| Publication of the Improvement Plan | <u>Policy Audit Or Development</u> To seek Members' approval of the plan content prior to publication | Dependant on plan | DCO Contact Officer: Kevin Rudge | 17 Oct 2011 | This was taken to FA Meeting on 26 Sept 2011 |
| Corporate Risk Register | <u>Policy Audit Or Development</u> To seek Members' views upon the Corporate Risk Register | All | ACO CS Contact Officer: Kevin Rudge | 21 Nov 2011 19 March 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|------------------------------|--|--|---|---|------------------------------|
| Quarterly Performance Report | <u>Scrutiny</u> To scrutinise specific issues of performance identified and referred by Fire Authority | All | DCO Contact Officer: Kevin Rudge | As required | |
| Quarterly Statistics Report | <u>Scrutiny</u> To scrutinise specific statistics or trends as identified and referred by Fire Authority | Our Community & Our Resources | DCO Contact Officer: Kevin Rudge | As required | |
| Efficiency Targets | <u>Scrutiny</u> To update Members upon progress against WG efficiency targets | Our Resources & Our Organisational | ACO CS Contact Officer: Kevin Rudge & Geraint Thomas | 17 Oct 2011 | Requirement Ended April 2010 |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|---|---|--|---|---|----------|
| Draft annual report of the work of the FAPM Committee | <p><u>Scrutiny</u> <u>Policy, audit, development & scrutiny</u> To consider the draft report on the annual work of the Committee before its submission to FRA</p> | All | Chairman of FAPM Committee & ACO/CS Contact Officer: Sally Chapman | 19 March 2012 | |
| Review of Medium Term Financial Strategy | <p><u>Policy</u> To ensure the Authority has a robust financial strategy to deliver its service over the next 3-5 years</p> | Our Resources | Treasurer / ACO Corporate Support | Post Elections | |
| Annual Report on discharge of terms of reference of the Finance Working Group | <p><u>Policy, Development & Scrutiny</u> To ensure the Authority has efficient use of resources and</p> | Our Resources | Chair of Working Group & ACO CS | 16 Jan 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--|---|---|---|---|----------|
| | robust procedures in place to ensure and manage this | | Contact Officer: Sally Chapman | | |
| Annual Report on discharge of terms of reference of the Asset Management Working Group | <u>Policy, Development & Scrutiny</u> To ensure the Authority has efficient use of resources and robust procedures in place to ensure and manage this and to review the working of the Committee and workload with a view to making improvements where possible | Our Resources Sustainability Our Organisational | Chair of Working Group & ACO CS Contact Officer: Sally Chapman | 16 Jan 2012 | |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--|--|--|---|---|---|
| Fuel Monitoring and reporting and tender responses | <p><u>Scrutiny</u> To review the processes & procedures in place to monitor and regulate the use of fuel within the Service To advise Members of tender responses in order that Members may take an informed decision about the use of funds to purchase an electronic fuel management system to address audit issues</p> | Our Resources Sustainability | ACFO TS Contact Officer: Rod Hammerton | 18 July 2011 | Further report requested on fuel tender responses at March'11 meeting and May'11 meeting – May mtg report deferred to July'11 mtg |
| Report on outcome of meeting of all 3 Welsh FRA's on Member involvement in the | <p><u>Scrutiny</u> To brief Members of the outcome of discussions with the other Welsh FRA's</p> | Dependent on review | CFO Contact Officer: Andy Marles | TBC | Deferred pending meeting of Members of all 3 Welsh FRA's |

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|---|---|--|--|---|---|
| Peer Assessment Reviews | about Member involvement in the peer assessment reviews | | | | |
| Consideration of the proposed draft work programme for inclusion within the re-tender for internal audit work in 2012 | <p><u>Scrutiny & Audit</u> To consider the formation and adequacy of the proposed areas of internal audit coverage for inclusion within the tender documents for the internal audit service for the Authority in the light of the known risks facing the organisation and the services it is responsible for delivering</p> | Our Resources | ACO CS Contact Officer: Calvin Powell | 17 Oct 2011 | Revised tendering process adopted – where historical data will be provided and recommendations of Auditors taken on board to try to ensure that widest coverage of areas is considered in accordance with Members previous concerns |

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|---|--------------------------------------|---|---|--|-----------------|
| Report on the progress of the high and medium actions resulting from the stock control audit together with an update of the systems review underway in relation to the process and the control mechanisms that have been implemented for year end accounting purposes | To keep Members apprised of progress | Our Resources | ACO CS Contact Officer: Geraint Thomas | 17 Oct 2011 | On Agenda |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--|---|--|---|---|-----------|
| Report on implications of buying out day crewing allowances | To advise Members of the financial implications of considering the possibility of buying out day crewing allowances so that an informed decision can be taken on whether Members wish Officers to pursue this possibility | Our Resources | CFO and DCO Contact Officer: Andy Marles & Huw Jakeway | 17 Oct 2011 | On Agenda |
| Benchmarking Review against consolidated report in the Health and Safety Inspections | To advise Members of current status of SWFRS against the areas benchmarked in recent H&S inspections in selected UK FRS | Our Communities Our People Our Organisation Our Resources | | | On Agenda |

| Report Name | Purpose of Piece of Work | Links to Strategic Themes & Corporate Objectives | Lead Director/ Contact Officer | Expected Date of Decision/ Submission/ Review | Progress |
|--|--|---|--|---|----------|
| Relationship between SWFRS and Welsh Water | To outline the difficulties being experienced with Welsh Water | Requirement of Finance Working Group 30 Sept 2011 | ACFO Technical Services Contact Officer: Rod Hammerton | 21 Nov 2011 | |

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