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SOUTH WALES FIRE & RESCUE AUTHORITY

COMMITTEE: Finance, Audit & Performance Management Committee

DATE: Monday, 26 July 2021 at 1030 hours

VENUE: To be held on Star leaf, access code: 4468062444

Please ensure you join the meeting 15 minutes prior to meeting time

**Any issues please contact
01443 232000 and ask for Member Services**

A G E N D A

1. Apologies for Absence
2. Declarations of Interest

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 & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairperson's Announcements
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Signature of Proper Officer:



MEMBERSHIP

Councillors:

M	Colbran	Merthyr Tydfil
M	Spencer	Newport
P	Drake	Vale of Glamorgan
S	Ebrahim	Cardiff
S	Evans	Torfaen
W	Hodgins	Blaenau Gwent
A	Hussey	Caerphilly
S	Morgans	Rhondda Cynon Taf
V	Smith	Monmouthshire
D	White	Bridgend

SOUTH WALES FIRE & RESCUE AUTHORITY**MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT
COMMITTEE MEETING HELD ON MONDAY, 15 MARCH 2021
VIA STARLEAF****48. PRESENT**

Councillor	Arrived	Left	
S Evans (Chair)			Torfaen
S Bradwick			Rhondda Cynon Taf
M Colbran			Merthyr Tydfil
DT Davies		10:55	Caerphilly
P Drake			Vale of Glamorgan
J Harries		11:47	Rhondda Cynon Taf
S Ebrahim		12:01	Cardiff
A Hussey	10:40		Caerphilly
V Smith			Monmouthshire
M Spencer			Newport
D White		12.10	Bridgend

APOLOGIES

W Hodgins
Blaenau Gwent

OFFICERS PRESENT: DCO S Chapman – Monitoring Officer; Mr C Barton – Treasurer; Mr G Thomas – Head of Finance & Procurement; Mrs S Watkins – Head of Corporate Services; Mr S Gourlay – TIAA.

49. DECLARATIONS OF INTEREST

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

The Chair declared an interest in agenda item 56 - Capital Monitoring Report 2020/21 in relation to New Inn Fire and Rescue Station, advising that he is a member of the Planning Committee within his home authority.

50. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

51. MINUTES OF PREVIOUS MEETINGS

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

- Finance, Audit & Performance Management Committee meeting held on 23 November 2020.
- Finance, Asset & Performance Management Scrutiny Group meeting held on 12 October 2020.

52. TREASURY MANAGEMENT STRATEGY 2021/22

The Treasurer presented the Authority's Treasury Management Strategy for 2021/22 for members' consideration.

He drew Members attention to the table on page 23 showing the estimates for capital expenditure for each year, advising that there will not be any significant increases, and that slippage from the current financial year has been accounted for.

He also drew Members attention to the table on page 26 which details the actual gross debt as at 31st March. He advised this reflects an element of aspiration, and depends on programme being delivered with no other finances being received via grant funds.

The last table on page 27 shows actual percentage of revenue budget which shows a gradual increase of 7.5% which reflects the aspirations of the current programmes. He confirmed that it is not intended for financing costs to reach 10%, confirming that slippage is experienced throughout the year, also some projects attract grants, so avoiding the need to borrow.

RESOLVED THAT

52.1 Members approved the following:

- Treasury Management Strategy Statement (TMSS)
- Capital prudential indicators and Minimum Revenue Provision (MRP) policy
- Borrowing policy and treasury indicators/limits
- Annual Investment Strategy (AIS)

52.2 Members approved the Treasurer to update strategies and policies as necessary throughout the year.

53. HEALTH CHECK OF PRIORITY ACTIONS AND Q3 PROGRESS AGAINST THE STATUTORY PI'S

The Deputy Chief Officer presented the Health Check of priority actions and Quarter three progress against the statutory performance indicators.

Of note, she advised that the Learning Evaluation After a Fire (LEAF) training has been rolled out to all stations. 30 invitations to participate have been sent but no responses have been received as yet, hence no evaluation information is available. Also, the Waterside Community Responder Scheme that has been underway in Cardiff Bay has now been rolled out in Newport which will hopefully be of benefit when Covid restrictions have been lifted.

She further advised that Business Fire Safety have now completed all site specific risk audits of high rise and residential care premises.

She further confirmed that a response has been submitted to the Welsh Government consultation on Fire and Rescue Authority statutory consultees for planning applications which is likely to be coming into place shortly. The Deputy Chief Officer confirmed a report will be presented to the Fire and Rescue Authority at their next meeting in relation to the Building Safety White paper recently consulted upon.

Regards Job Evaluation, the Deputy Chief Officer advised that it will not be possible to report the findings to the HR & Equalities Committee and the Fire and Rescue Authority as indicated within the report due to a slight delay as moderation needs to be undertaken to ensure consistency of application of the conventions.

The Deputy Chief Officer noted there is just one indicator over 5% on target - Total False alarms Attended, advising this is due to many premises being closed due to Covid. There are two performance indicators up to 5% above target, and four indicators better than or equal to target. She confirmed that all Members will receive a breakdown for their home authority.

Councillor White advised that his authority are informed of all applications as a statutory requirement, and queried whether there will be any difference for the Service.

The Deputy Chief Officer advised that the new proposals will make the Service statutory consultees for all local planning applications of specific types for all 10 unitary authorities, which will see a big rise in consultations and consequently workload for the Service.

Councillor Evans advised that he is involved with the planning process in his home authority as well as licencing applications and queried whether the Fire and Rescue Service are consulted with licencing applications.

The Deputy Chief Officer confirmed that the Service does not get consulted on licences but the new proposals will mean the Service being consulted on key developments in council areas from a planning perspective.

Councillor Smith queried the incident with the faulty freezer querying what process is in place. The Deputy Chief Officer confirmed that data is collated nationally by all fire and rescue services in relation to fires in specific white goods, and any trends picked up nationally.

RESOLVED THAT

Members noted the contents of the report.

54. DRAFT ANNUAL REPORT OF THE WORK OF THE FINANCE AUDIT & PERFORMANCE MANAGEMENT COMMITTEE AND THE DISCHARGE OF THE TERMS OF REFERENCE OF THE FINANCE, ASSET & PERFORMANCE MANAGEMENT SCRUTINY GROUP

The Head of Corporate Services presented the report on the work of the Finance, Audit and Performance Management Committee and its Scrutiny Group for the municipal year 2020/2021, providing a summary of the report.

The Chair thanked the Head of Corporate Services for a very clear concise report and summary.

RESOLVED THAT

Members considered the report and resolved there were no amendments to be made to the content prior to reporting to the Fire & Rescue Authority as a summary of the workload carried out by the Committee and Scrutiny Group during the municipal year.

55. REVENUE MONITORING REPORT 2020/21

The Head of Finance and Procurement presented the report detailing the annual revenue budget and associated information for the year ending 31 March 2021, and an update of the major changes affecting the revenue budget since the last meeting held on 23 November 2020.

He advised that the updated projections indicate an underspend of £453k, a change of £876k on the previously reported overspend of £424k.

He gave a detailed summary of all costs, including employee costs, training costs and transport.

Councillor Smith commented on the considerable staff movements and queried whether the Authority covers the costs for individuals retiring on ill health grounds.

The Head of Finance and Procurement confirmed that the majority of pension costs are funded through Welsh Government, but added that the Service does incur some costs in the event of an individual retiring with ill health.

The Chair queried whether Covid funding from Welsh Government is up to date. The Head of Finance and Procurement confirmed that requests are submitted to Welsh Government on a quarterly basis, and all is line with timelines.

Councillor Drake queried misting systems, and where they will be fitted.

The Head of Finance and Procurement advised that misting systems are provided to extremely vulnerable individuals where risk has been identified.

Councillor White advised that it was his understanding the legal requirement was for sprinklers to be fitted.

The Deputy Chief Officer confirmed that it is a legal requirement that all new residential homes built in Wales to be fitted with sprinklers, but that this does not apply to commercial buildings. Commercial buildings are regulated by the Fire Safety Order.

RESOLVED THAT

Members noted and agreed the content of the report.

56. CAPITAL MONITORING REPORT 2020/21

The Head of Finance and Procurement presented the Capital Monitoring report which provides detail of the capital budget, transactions to date and the forecast year end position.

He drew Members attention to a number of areas that have an impact, advising that overspend is mainly driven by one project, the Search and Rescue (USAR)

building at Whitchurch. He advised that whilst this is an unbudgeted project, it will be fully funded by Welsh Government.

He advised that works at Pontypridd station have been completed with the exception of external works, which will include the demolishing of the existing drill tower and a build of a new drill tower within the next financial year.

He advised that procurement tenders have been returned for the purchase of rescue tenders at a cost of £299k per vehicle rather than the £235k per vehicle stated in the Vehicle Replacement Programme, thus creating an overspend of £192k as the three tenders have been ordered. It was noted that they will not be delivered during this financial year.

The purchase of operational equipment is slightly over budget due to changes within the purchase framework the Service uses, plus a number of improvements that were identified as required to the helmets.

The Chair commended the utilisation of one old vehicle, which is prudent considering the costs of the tenders. He touched on the impact Brexit has had on rising costs.

Councillor Ebrahim commented that there was a lot of uncertainty last year with Brexit, and now with Covid-19 it is anticipated that there will be a big rise in costs of vehicles.

The Head of Finance and Procurement advised that the Service is not seeing a huge increase because of Brexit, and that costs are naturally rising. He confirmed that a big impact on budget is the shift to electric vehicles, which will result in a rise in costs, but added that savings will be seen within the running costs of the electric vehicles. He confirmed that only a small proportion of purchasing comes direct from Europe.

Councillor Smith queried the absence of Abergavenny station within the capital programme and queried whether the Police are still occupying the porta cabin, and whether there is any income from co-locating stations.

The Head of Finance and Procurement confirmed that the Police are still occupying the site, adding that the Police have decided to look for an alternative site so the planned refurbishment will not now go ahead. He confirmed that the Service does receive income from co-locating stations to offset higher running and maintenance costs.

The Chair declared an interest in New Inn advising that he is a member of the Planning Committee within his home authority.

RESOLVED THAT

Members noted the budget and progress of capital schemes and approved alterations identified in appendix 1 and associated movements in funding.

57. INTERNAL AUDIT REPORT

The auditor from TIAA gave Members a detailed overview of the progress being made against the Internal Audit Plan 2020/2021 and ran through the recommendations.

Of note, the auditor advised that the Service is the first to request a sustainability audit including paper usage and should be commended for their forward thinking.

Councillor Smith advised that whilst she accepts there are costs associated with the provision of paper copies of agendas and reports, until such time as ICT improves, she would not be able to manage without paper copies.

The auditor outlined the risks in relation to Brexit and Core HR, which centred on the location of stored HR data. He also advised on an important recommendation in relation to internal controls, which centres on procedure of roles clearly affected by Covid, and long term effects of new ways of working.

Regards Estate management he reported an overall robust governance, with just two recommendations in place, which deal with ensuring spreadsheets used are kept up to date and the enhancement of how decisions are documented for planned/reactive maintenance to ensure transparency.

Discussion ensued in relation to the Summary of recent Fraud alerts, particularly the parking machine scam.

The Chair advised he has seen an increase in scams during lockdown, particularly email scams, and queried what providers can do to help eliminate.

The Treasurer advised internet providers would block scams as a matter of course. There has been a trend recently for computerised creation of server addresses which are more difficult to identify as they change regularly.

The auditor advised that the Service does have preventative measures in place such as fire walls, and advised Members of 'Action Fraud', the UK's national reporting centre for fraud and cyber-crime.

RESOLVED THAT

Members noted the internal audit recommendations and work completed to date on the Internal Audit Annual Plan.

58. INTERNAL AUDIT ANNUAL PLAN 2021/2022

The Auditor presented the report detailing the proposed Internal Audit Annual Plan for 2021/2022, for Members approval.

RESOLVED THAT

Members approved the Internal Audit Annual Plan for 2021/2022.

59. INTERNAL AUDITORS ANNUAL REPORT YEAR ENDING 31 MARCH 2021

The Auditor presented the report that summarised the internal audit work that has been undertaken this year. He stressed that the Annual Report is currently in draft, but he is not anticipating any changes. He confirmed that it has been agreed that the 'outside commitments, personal and business interests' audit will now be reviewed, commencing this week.

RESOLVED THAT

Members noted the work and overall opinion of the Internal Auditors for the financial year 2020/2021.

60. COMPLETION OF 2019/20 ACCOUNTS

The Treasurer presented the Audit of Accounts Report for 2019-20 from Audit Wales. He expressed apologies from the WA auditor, who, due to technical issues, has been unable to link into the meeting. The Treasurer confirmed that the auditor did not intend to raise anything from the report.

The Treasurer advised that Members will be receiving a request to complete their End of Year Related Party Transactions for 2020-21, he requested that Members complete the forms.

The Treasurer advised that regards to the capital budget setting process, he will be recommending that a review take place due to the slippage that has been encountered. He also advised that the review and development of the Authority's medium term strategy and how capital will be built in will be picked up in due course.

RESOLVED THAT

Members noted the report.

61. PROPOSED NEW TERMS OF REFERENCE FOR SCRUTINY COMMITTEE

The Deputy Chief Officer presented the report that proposes updated Terms of Reference for a newly formed Scrutiny Committee further to Members consideration of earlier reports since the 12 October 2020 on proposed reform of Fire & Rescue Authority (FRA) scrutiny.

The Deputy Chief Officer summarised the reports that had been taken to the current Scrutiny Committee and HR & Equalities committee and highlighted the ramifications of changing the current structures in terms of member numbers on each committee if other committees remained in situ, terms of reference, meeting frequency and decision making.

The Deputy Chief Officer also advised that combining the Finance Committee and the HR & Equalities Committee into a single Resources Committee would allow for more members on the Scrutiny Committee meaning attaining quorum at meetings would be easier.

Members considered the information provided and discussed the implications these changes will have on other committees, and with one abstention, agreed to the proposal.

The Deputy Chief Officer agreed to include proposals into the report to the Fire and Rescue Authority, reflecting today's discussions.

RESOLVED THAT

The amalgamation of the HR and Equalities Committee and the Finance Committee into a Resources Committee be included within the report on scrutiny reform for consideration by the Fire and Rescue Authority at its meeting in March.

62. STRATEGIC RISK REGISTER REPORT 2020/21 QUARTER 3

The Deputy Chief Officer presented the Strategic Risk Register report for 2020/21 Quarter three.

RESOLVED THAT

Members noted the report.

63. REGISTER OF GIFTS AND HOSPITALITY

The Head of Corporate Support presented the report that provides Members with an overview of the gifts and hospitality offered and accepted or declined that are recorded on the Hospitality and Gifts Register for 2020.

She wished to advise Members of an error in the entry, where an individual won a home office makeover, confirming that the gift was not accepted.

She confirmed that there has been an increase in gifts being received, this is due to Covid 19 and the public wishing to show their appreciation and advised that, compared to previous years there has been a 183% increase,

The Chair commented that it shows the esteem the Service is held in by public.

RESOLVED THAT

Members noted the contents of the Hospitality and Gifts Register.

64. SECOND DRAFT OF ANNUAL GOVERNANCE STATEMENT 2020/21

The Head of Corporate Support presented the report that advises Members of the second draft of the Annual Governance Statement to be included with the 2020/21 Statement of accounts.

RESOLVED THAT

Members agreed the Statement and did not wish to make any amendments to the document.

65. AUDIT WALES ENQUIRIES TO 'THOSE CHARGED WITH GOVERNANCE' – DRAFT RESPONSE

The Head of Finance and Procurement presented the draft response to the Audit Wales paper on 'Those Charged with Governance' when approving financial statements.

RESOLVED THAT

Members confirmed the response to the Audit Wales questions, as detailed in Appendix 1.

66. FORWARD WORK PROGRAMME 2021/21

The Deputy Chief Officer presented the Forward Work Programme.

RESOLVED THAT

Members noted the completion of the Forward Work Programme for 2020/21.

67. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1 OR 2)

There were no items of business that the Chairman deemed urgent (Part 1 or 2)

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**

AGENDA ITEM NO 5

26 JULY 2021

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

REVENUE OUTTURN 2020/21**THIS REPORT IS FOR DECISION**

REPORT APPROVED BY TEMP ASSISTANT CHIEF OFFICER CORPORATE SERVICES

REPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT & PROPERTY

SUMMARY

Subject to the external audit process, this report outlines the revenue outturn position for the financial year end 2020/21 and resultant impact on reserves.

RECOMMENDATIONS

The outturn position, with the net revenue surplus and transfer to usable reserves, is received and noted.

1. BACKGROUND

- 1.1 The objective of this report is to present Members with a summary of the revenue outturn for the year (Appendix 1) whilst noting that the accounts are subject to external audit and to this end a final position will not be definite until the audit process is complete.
- 1.2 Appendix 1 details the annual budget, total transactions for the financial year and variance analysis, i.e. over / underspend against budget.
- 1.3 Appendix 2 charts the forecast positions, the variances between these reported at each FAPM committee and cumulatively up to 31 March 2021.
- 1.4 The reserve statement at Appendix 3 presents the year end movements and the position for scrutiny and financial planning purposes.
- 1.5 Appendix 4 presents a summary of Covid-19 related expenditure across the service and has been included in revenue monitoring reports throughout the year.
- 1.6 Appendices 5 and 6 detail grant funded initiatives and the impact on revenue and capital budgets. Throughout the year both revenue and grant funded initiatives have been reported at each FAPM committee meeting. As part of the year end accounts process, all grant related transactions have been incorporated into the revenue outturn position so as to present

a full financial picture. Revenue monitoring reports in 2021/22 will be presented inclusive of grant transactions for improved clarity.

2. ISSUE / PROPOSAL

- 2.1 Monitoring reports provided during the later part of the year identified an underspend. The actual underspend has increased since 15 March reporting by £861k to £1.3 million. Offsetting this to a degree are grant funded initiatives which have over spent by £86k. Expenditure and funding for these initiatives are included in the outturn figures as is now required for year end reporting.
- 2.2 In summary, increased under spending since previous reporting is mainly within non-employee budgets and equates to £2million with the £1.2million over spend (due to grant cost inclusion) in employee budgets offsetting this.
- 2.3 The following narrative highlights the most significant changes since previous reporting.
- 2.4 **EMPLOYEE COSTS - £1.2 million increase in overall over spend**

Revenue salaries are £222k less than previously reported and this is largely due to vacancies on establishment. The latest establishment figures are shown below.

Establishment figures (FTE) as at 31 March 2021

	Strength*	Budgeted
WDS	788.30	792.00
RDS (100%)	384.30	426.40
Control	42.50	36.50
Support Staff	275.93	274.40
Fire Cadets	65.63	85.00
Auxiliary Reserve	73.00	80.00

Total Leavers & Joiners April 2020 to March 2021 (Headcount)

	Starters	Leavers*
Control	0	2
Support Staff	18	15
RDS	89	52
WDS	28	52
Auxiliary Reserve	0	7
Fire Cadets	0	3
Volunteers	10	4
Total	145	135

*Includes new starters or leavers to the service, not additional contracts

2.4.1 Offsetting the increased underspend on the revenue budget above, is £1.4 million for externally funded salary costs. Grant income has increased to cover these costs and is commented below.

2.4.2 **PREMISES COSTS - £50k decrease in underspend**

Revenue expenditure has increased by £37k and relates to repairs and maintenance works completed prior to the end of the financial year, i.e. driveway repairs, fencing and yard works at various sites.

In addition, cleaning costs increased by a further £13k as a result of Covid-19, (this includes cleaning services and supplies) and these costs were reflected in the final claim for 20/21 to Welsh Government and grant income to fund this is included below.

The above items have been offset by an under spend in gym equip repair costs at £19k

Grant funded rental costs of £19k are now included for the higher of grass/hedge cutting equipment in conjunction with NRW, income to cover this is included below.

2.4.3 **TRAINING COSTS - £34k increase in underspend**

Revenue expenditure is £132k less than the previous forecast for both training and seminars / conferences (L&D) and is the result of the ongoing effects of the pandemic. £46k from this underspend was utilised by the training department to purchase IT equipment to support training delivery at Cardiff Gate.

£98k of grant costs have been included and have had the effect of reducing the overall training under spend to £34k, income included below.

2.4.4 **SUPPLIES AND SERVICES - £529k increase in overspend**

£87k additional costs were incurred for HR's Core system, i.e. support and maintenance, of which, £36k was reclaimed from MWWFRS and is included in income below.

Uniform costs were £95k less than forecast due to a year end stock adjustment for kit received from retirees and leavers, £80K. In addition to the re-scheduling of an RDS recruits course after the 31 March, £15k.

Advertising and promotional costs were £81k less than forecast due to the impact of COVID-19.

Ongoing restrictions impacted training related expenditure, i.e. catering and competition entry fees, with events having to be cancelled or postponed resulting in an underspend of £38k.

Licence costs decreased by £31k as the introduction of systems, such as the Patient Management System in Occupation Health, have been delayed until 2021/22.

Equipment costs reduced by £47k as a result of year end stock adjustments, a cheaper price variances against budgeted costs for kit in Business Fire Safety for meeting the new ISO standard and an under spend in Fire Cadet PPE due to the pandemic and lack of face to face engagement.

Furniture costs reduced by £33k largely due to the Business Support Units (BSU) re-assessment of conference room plans and in ops a delay in the cooker replacement programme until 2021/22.

Equipment repair and maintenance costs reduced by £37k which includes a reduction in hydrant repair charges. This is due to Welsh Water being unable to progress with as much chargeable work as planned.

A number of smaller variances across a number of budgets equate to a further under spend of £47k within S&S's providing for a total of £322k of underspends prior to grant inclusion.

External funding costs of £843k have been included in the final outturn position. £286k relates to Home Fire Safety equipment which is almost, £19k, offset by grant funding reporting in income below.

2.4.5 TRANSPORT COSTS - £55k decrease in underspend

The majority of the increase is due to purchases of vehicle parts £32k. This included a new engine for a hydraulic platform which was unforeseen and incurred in the latter part of the year.

Over spends of £33k have been offset by end of year stock adjustments, a reduction in the lease car, tyre budget and a small reduction vehicle lease scheme costs.

Externally funded lease car costs of £26k are now included and the income is included below.

2.4.6 CONTRACTED SERVICES - £57k increase in overspend

Revenue spending in this area has decreased by £64k and is largely due to less legal work being outsourced and the impact of Covid-19 on inspection schedules.

External funding costs of £121k have been included in the final position with the funding included in income below.

2.4.7 CAPITAL COSTS - £90k increase in underspend

The increase in underspend is due to a reduction in the Minimum Revenue Provision (MRP) charge. This charge is dependent on the capital forecast and as Members will be aware, the capital outturn report details less capital spend as a result of delays on completion of various schemes.

2.4.8 INCOME - £2.642 million additional

Various streams of additional income, £148k are offset by reductions of £55k. The most significant are identified below.

There has been an increase in reimbursements for salary related costs of £53k.

A refund for overpayment of Wi-Fi charges by the Public Sector Broadband Aggregation relating to the period from January 2018 to June 2020 of £20k.

£36k of Support and Maintenance charges reclaimed from MWWFRS as part of the cost sharing agreement relating to the CORE HR system.

The standpipe rebate from Welsh Water was lower than expected by £21k and property lease income is lower by £34k as the previous forecast contained a minor error.

£2.5 million of grant funding has now been included in the outturn and is the main cause of the variance.

3. IMPLICATIONS

The unaudited net revenue budget surplus of £1.3 million will be transferred to useable reserves.

3.1 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Well-Being Of Future Generations (Wales) Act	No
Socio Economic Duty	No
Sustainability / Environment / Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

3.2 Regulatory, Strategy and Policy

Legal	No
Financial	Yes
Procurement	No
Corporate Risk	No
Information Management	No
Data Protection / Privacy	No
Health, Safety and Wellbeing	No
Governance & Audit	No
Service Policy	No
National Policy	No

3.3 Resources, Assets and Delivery

Human Resources and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	Yes

4 EVALUATION & CONCLUSIONS

- 4.1 The revenue budget for 2020/21 was £74.9 million with an end of year outturn of £73.6, providing an underspend of £1.3 million. This includes grant funding overspends of £86k.

5 RECOMMENDATIONS

- 5.1 The outturn position, with the net revenue surplus and transfer to usable reserves, is received and noted.

Contact Officer:	Lisa Mullan Head of Finance, Property & Procurement	
Background Papers	Date	Source / Contact
Capital Monitoring Reports	2020/21	Head of Finance, Property & Procurement
Revenue Monitoring Reports	2020/21	Head of Finance, Property & Procurement

Appendices	
Appendix 1	Revenue Outturn 2020/21
Appendix 2	Revenue Reporting Variances 2020/21
Appendix 3	Reserve Statement 2020/21
Appendix 4	Covid-19 Revenue Expenditure and Income 2020/21
Appendix 5	Grant Outturn Report 2020/21
Appendix 6	Grant Outturn Report 2020/21 - Tables

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REVENUE OUTTURN 2020/21
Appendix 1
Revenue Outturn 2020/21

SOUTH WALES FIRE & RESCUE SERVICE						
REVENUE OUTTURN 2020/21						
	Original Budget 2020/21 £	Revised Budget (vired budget) 2020/21	Actual at 31.03.21 £	Outturn at 31.03.21 £	Over/Under Spend Against Revised	Over/ Under Spend %
Employee Costs						
Salaries, NI & superann.	59,523,373	59,523,373	59,697,898	61,138,669	-1,615,296	-2.2%
Pensions (ill health)	909,134	909,134	1,082,134	1,082,134	-173,000	-0.2%
Travel and Subsistence	462,000	462,000	274,453	287,723	174,277	0.2%
Total Employee Costs	60,894,507	60,894,507	61,054,486	62,508,526	-1,614,019	-2.2%
Premises Related Expenses	5,563,897	5,563,897	5,306,590	5,440,793	123,105	0.2%
Training Expenses	1,482,236	1,429,599	243,467	1,325,067	104,531	0.1%
Supplies & Services	4,109,480	4,168,912	3,878,300	5,151,700	-982,788	-1.3%
Transport Related Expenses	1,405,846	1,405,846	1,300,161	1,337,652	68,194	0.1%
Third Party Payments (Contracted Services)	851,816	845,022	815,951	938,708	-93,687	-0.1%
Capital costs / leasing	4,834,101	4,834,101	4,335,389	4,334,814	499,287	0.7%
Contingency	0	0	0	0	0	0.0%
Total Expenditure	79,141,883	79,141,883	76,934,343	81,037,260	-1,895,376	-2.5%
Income						
Employee Related	-3,003,034	-3,003,034	-3,072,715	-3,078,343	75,309	0.1%
Lease Car Contributions	-167,500	-167,500	-136,916	-136,916	-30,584	0.0%
Co-Location Re-imbusement	0	0	0	-2,821	2,821	0.0%
Covid-19 Funding (WG)	0	0	0	-3,055,038	3,055,038	4.1%
Other Income	-1,091,552	-1,091,552	-1,200,371	-1,198,055	106,502	0.1%
Total Income	-4,262,086	-4,262,086	-4,410,003	-7,471,173	3,209,087	4.3%
CONTRIBUTION BUDGET 2020/2021	74,879,797	74,879,797	72,524,340	73,566,086	1,313,711	1.8%
Key						
	Overspend					
	Underspend					

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REVENUE OUTTURN 2020/21
Appendix 2
Revenue Reporting Variances 2020/21

SOUTH WALES FIRE & RESCUE SERVICE																			
REVENUE OUTTURN 2020/21																			
	Original Budget 2020/21 £	Revised Budget (vired budget) 2020/21 £	FAPM Forecast 21.09.20 £	FAPM Forecast 23.11.20 £	FAPM Forecast 15.03.21 £	Outturn 31.03.21 £	Variance at FAPM 21.09.20 to Revised Budget	Variance at FAPM 23.11.20 to FAPM 21.09.20	Variance at FAPM 15.03.21 to FAPM 23.11.20	Variance at Outturn to FAPM 15.03.21	Cumulative Variances against Revised Budget	Summary on variances previously reported*							
Employee Costs																			
Salaries, NI & superann.	59,523,373	59,523,373	60,337,082	60,191,565	59,913,395	61,138,669	-813,709	145,517	278,171	-1,225,274	-1,615,296	* Unfunded project related costs and supernumery posts Increase in pension costs due to number of new members increasing since budget setting							
	59,523,373	59,523,373	60,337,082	60,191,565	59,913,395	61,138,669	-813,709	145,517	278,171	-1,225,274	-1,615,296								
Pensions (ill health)	909,134	909,134	1,000,275	1,034,832	1,070,386	1,082,134	-91,141	-34,557	-35,554	-11,749	-173,000	Additional ill health retirements Reduction in Travel and Subs due to impact of Covid-19							
Travel and Subsistence	462,000	462,000	416,483	382,038	310,590	287,723	45,517	34,445	71,447	22,867	174,277	**/** Staff vacancies, increase in retirements and reduction in Travel and Subs offset by further ill health retirements							
Total Employee Costs	60,894,507	60,894,507	61,753,840	61,608,435	61,294,371	62,508,526	-859,333	145,405	314,064	-1,214,156	-1,614,019								
Premises Related Expenses	5,563,897	5,563,897	5,286,365	5,350,264	5,390,829	5,440,793	277,532	-63,899	-40,565	-49,964	123,105	* NNDR less than budgeted along with reduction on WAN charges anticipated ** Increase in cleaning contract and supplies as an impact of Covid-19 *** Reduction in telecommunication, increase in energy costs offset by savings within R&M							
Training Expenses	1,482,236	1,429,599	1,492,888	1,501,473	1,358,709	1,325,067	-63,289	-8,585	142,764	33,642	104,531	* Increase in PFI due to RPI ** Reduction in training courses scheduled due to impact of Covid-19							
Supplies & Services	4,109,480	4,168,912	4,688,959	4,701,806	4,622,955	5,151,700	-520,047	-12,847	78,851	-528,745	-982,788	* Overspend on HFS funding of £271k Covid-19 related expenditure: £190k on IT equipment and a further £144k on PPE Additional £71k on Support and Maintenance due to Command and Control revenue charges Above partially offset by £34k managed service for helmet care now being undertaken in-house ** Overspend on HFS stock funding no longer expected Increase in IT due to planned purchases to support a change in working practices due to Covid-19 Additional PPE to ensure staff remain protected from the pandemic ***Reduction in uniform costs due to retirements / leavers. Decrease in insurance premiums than budgeted, reduced office running costs (printer cartridges) offset by increases in IT due to remote working							
Transport Related Expenses	1,405,846	1,405,846	1,426,524	1,347,118	1,282,820	1,337,652	-20,678	79,406	64,298	-54,832	68,194	* Change in vehicle lease scheme agreements as per FA 13.07.20 ** Above relates to a reduction in employee lease contributions and reflected in income Reduction in fuel usage compared to trend in previous years ***Reduction in fuel and purchase of vehicle parts as a result of Covid-19							
Third Party Payments (contracted services)	851,816	845,022	856,818	905,633	881,374	938,708	-11,797	-48,815	24,260	-57,335	-93,687	** Includes job evaluation project costs agreed to be funded from reserves ***Consultancy costs driven by property projects, medical consultancy and JC collaboration							
Capital costs / leasing	4,834,101	4,834,101	4,613,885	4,451,201	4,425,276	4,334,814	220,216	162,684	25,924	90,463	499,287	* Reduction in MRP due to projects slipping into 21/22 **/** Further reduction in MRP in addition to new borrowing costs projected no longer required							
Contingency	0	0	0	0	0	0	0	0	0	0	0								
Income	-4,262,086	-4,262,086	-4,460,336	-4,562,349	-4,829,094	-7,471,173	198,249	102,013	266,745	2,642,080	3,209,087	* £220k WG funding re: Covid-19 spend ** Additional WG funding re: Covid-19 spend offset by reduction in employee lease contributions in relation to new vehicle lease scheme ***WG funding re: Covid-19, updated income due re: JC agreement with MWWFRS and 3rd party gain share monies							
CONTRIBUTION BUDGET 2020/2021	74,879,797	74,879,797	75,658,943	75,303,581	74,427,239	73,566,086	-779,146	355,362	876,341	861,153	1,313,711								

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REVENUE OUTTURN 2020/21
Appendix 3
Reserve Statement 2020/21

Reserve	Purpose and Control	Balance at year start	Transfers in and (out)	Balance at year end	Variations arising between budgeted and actual levels of reserves
General	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
Managed under spends	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-49,157	5,512	-43,646	Spending against carry forward requests within revenue
Change Management	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-4,868,982	-1,413,711 -107,212 -5,512 -3,414	-6,398,831	Forecast revenue overspend and transfer of annual joint control lease costs Balance remaining against CFBT reserve Balance remaining within Managed under spends for project now completed Transfer from capital spend on OHU
CFBT Reserve	This reserve has been set up to fund capital investment activities in this facility which is to be housed at Cardiff Gate.	-128,036	20,824 107,212	0	Capital spend on CFBT Balance remaining transferred to Change Management
PFI Equalisation	To meet future costs of the Training Centre PFI project	-3,798,607	115,438	-3,683,169	Final figures for 20.21
Capital Receipts	To meet costs of the capital programme. Reserve applied as receipts are generated	-74,363	-55,162	-129,525	Amount received for 20.21
Joint Control Lease Reserve	To meet the lease costs over an eight year period (from 2017/18)	-500,000	100,000	-400,000	Annual Joint Control lease costs
	TOTAL	-12,419,146	-1,236,025	-13,655,171	

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REVENUE OUTTURN 2020/21
Appendix 4
Covid-19 Revenue Expenditure and Income 2020/21

SOUTH WALES FIRE & RESCUE SERVICE			
Total Covid-19 spend to 31.03.2021			
		Actual at 31.03.21 £	Total at 31.03.21 £
Employee Costs			
	Salaries, NI & superann.	155,329	155,329
	Travel and Subsistence	1,259	1,259
Total Employee Costs		156,588	156,588
Premises Related Expenses		113,132	113,132
Training Expenses		6,650	6,650
Supplies & Services		414,884	414,884
Transport Related Expenses		15	15
Third Party Payments (Contracted Services)		0	0
Capital costs / leasing		0	0
Contingency		0	0
Total Expenditure		691,268	691,268
Income			
	Covid-19 Funding (WG)	-557,436	-557,436
Total Income		-557,436	-557,436
<i>*ICT costs can only be claimed at 50%</i>			
<i>Above costs are reported within the budget outturn / monitoring report</i>			

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REVENUE OUTTURN 2020/21
Appendix 5
Grant Outturn Report 2020/21

1. BACKGROUND

1.1 This report presents an update of the major changes and final outturn position of the grant budget since the last FAPM report in March 2021.

The below shows variances of grants previously reported on.

2. ISSUES

2.1 Since the last reporting period there have been a number of changes to individual projects as summarised below:

2.1.1 HFS STOCK - £15.6k decrease in forecasted overspend

Forecasted spends were met for 'business as usual' within the Home Fire Safety department, but a reduced amount of misting systems purchased resulted in a decrease of £15.6k in forecasted overspends.

The outturn position for HFS stock was an overspend of £62.4k. An overall All Wales underspend on the HFS stock grant meant that £43.7k was offset against these underspends and £18.7k was absorbed by the SWFRS revenue budget.

2.1.2 YOUTH - £8.3k increase in forecasted underspend

Covid-19 restrictions throughout 2020/21 has had a detrimental effect on the delivery of both the Phoenix and Crimes and Consequences courses, resulting in an underspend of £8.3k.

Overall there was an All Wales underspend which WG agreed North Wales FRS could use as a contribution towards the production of a video called 'Olivia's Story', an awareness video for young drivers following the tragic death of 17 year old Olivia Alkir in 2019.

2.1.3 NATIONAL RESILIENCE - £13.8k increase in forecasted overspend

Since the last report further NR training courses have been booked, subsequently increasing spends by £26.6k. Lease car and employee costs also increased spends by £3.4k.

Forecasted LTCM maintenance costs have reduced by £7k, ICT equipment and electrical services spends totalling £9.2k have been transferred to the Capital grant.

Overall there was an increase in forecasted overspends of £13.8k within the NR grant but underspends on an All Wales basis ensured there was no impact on the SWFRS budget.

2.1.4 MTA - £10k increase in forecasted overspend

MTA spends have increased by £7k in overtime costs following the delivery of training exercises, and also lease car costs of £3k.

Overall there was an increase in forecasted overspends of £10k which has been absorbed by the All Wales grant underspends.

2.1.5 USAR - £4.9k increase in forecasted underspend

A member of the USAR team was temporarily promoted to cover a period of sickness, increasing employee costs by £11.7k.

Items including ICT equipment, operational equipment, fire dog provisions and special clothing costs have been transferred to the Capital grant, resulting in a reduction in Revenue spends within supplies and services of £16.6k.

Overall the forecasted underspend in USAR has increased by £4.9k.

2.1.6 NR CAPITAL - £38k increase in forecasted underspend

Forecasted costs have decreased by £41.8k in numerous areas of the Capital grant including:

- LCD detection units - £6.4k
- ISO containers - £1.3k
- USAR PPE & Equipment - £3.5k
- HVP PPE & Equipment - £11k
- USAR upgrade - £19.6k

Increased forecasted costs of £3.8k are made up of:

- ICT Equipment - £1k
- NR vehicle – £2.8k

In total there was an increase in forecasted underspends of £38k which was absorbed on an All Wales basis and the Capital grant was fully spent.

3. FINANCIAL IMPLICATIONS

Expenditure and income has been included in the revenue outturn report and the overall net overspend across all grant funding was £86k.

REVENUE OUTTURN 2020/21
Appendix 6
Grant Outturn Report 2020/21 - Tables

SOUTH WALES FIRE & RESCUE SERVICE REVENUE GRANT REPORTING 2020/21																							
SOUTH WALES FIRE & RESCUE SERVICE REVENUE GRANT REPORTING 2020/21																							
	Revenue	FIRE CRIME	HFS STOCK	YOUTH	MOMENTUM	ANTI SOCIAL BEHAVIOUR	NATIONAL RESILIENCE	MTA	USAR	FBU	JESG	NRW	HIGH RISE	AVON FRS	MERSEYSIDE FRS	CIRCULAR ECONOMY	WAST VOLUNTEERS	COVID-19	FF APPRENTICES	CYBER TRAINING	AFAN PROJECT		
Employee Costs	Actual	94,184	0	92,503	56,054	31,907	290,745	96,499	340,859	73,391	78,006	0	510	100,607	85,056	0	75,305	156,588	0	0	2,269		
Training Expenses	Actual	2,400	0	1,682	0	0	157,527	0	0	0	0	0	0	0	0	0	0	6,650	0	3,000	0		
Supplies & Services	Actual	15,873	285,821	1,981	0	0	490,209	53,878	4,961	0	0	18,630	0	0	36	6,338	0	528,016	0	0	0		
Transport Related Expenses	Actual	10,088	0	6,831	0	0	5,990	2,995	275	0	2,995	0	-3,000	0	5,230	0	0	15	0	0	0		
Income	Actual	-122,545	-267,127	-102,997	-56,054	-28,000	-944,471	-153,372	-346,095	-73,391	-81,001	-18,630	0	-100,607	-90,323	-6,338	-75,305	-557,436	-67,800	-3,000	-2,269	Reporting Total / Transfer to Revenue	
(Under)/Overspend	Actual	0	18,695	0	0	3,907	0	0	-0	0	0	0	-2,490	0	0	0	0	133,832	-67,800	0	0	86,144	

SOUTH WALES FIRE & RESCUE SERVICE CAPITAL GRANT REPORTING 2020/21		
	Capital	NATIONAL RESILIENCE
<u>Equipment</u>		
<i>LCD Detection Units</i>	Actual	241,568
<i>ISO Containers</i>		8,625
<i>ICT equipment</i>		20,255
<i>USAR PPE & Equipment</i>		9,550
<u>Property</u>		
<i>USAR upgrade/relocation</i>	Actual	585,536
<u>Vehicle</u>		
<i>NR Vehicle</i>	Actual	23,829
Income	Actual	-889,362
(Under)/Overspend	Actual	0

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 6

26 JULY 2021

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE DEPUTY CHIEF OFFICER

CAPITAL OUTTURN REPORT 2020/21

THIS REPORT IS FOR DECISION

REPORT APPROVED BY TEMPORARY ACO CORPORATE SERVICES

REPORT PRESENTED BY TEMPORARY HEAD OF FINANCE,
PROCUREMENT & PROPERTY

SUMMARY

The following report provides the capital outturn position for the year ended 31 March 2021, the financing arrangements and the budget slippage required to complete capital schemes in 2021/22.

RECOMMENDATION

That this report is noted and Members approve the budget slippage as detailed in appendix 1.

1. BACKGROUND

- 1.1. Monitoring reports have been presented to this committee throughout the financial year to provide updated forecast information, with the latest report presented to the 15th March 2021 committee meeting.
- 1.2 In summary, the total available budget equated to £7.9 million, the outturn and slippage for the year is £3.6m and £4.4m respectively. Since previous reporting the projected spend has decreased by £1.1m and slippage increased by £700k.
- 1.3 Appendix 1 provides a detailed breakdown of the schemes contributing to the aforementioned position together with the necessary financing arrangements. This following provides a narrative update in support of figures detailed in Appendix 1.

2. ISSUES

- 2.1. Appendix 1 details the level of capital expenditure approved by Members for the year. This is compared to the actual cost of capital investment and any resulting variance providing for an over/under spend position.

- 2.2. The table below illustrates the budgeted and actual capital expenditure and the funding mechanisms supporting this:-

Capital Expenditure	Budget £'000	Actual £'000
Approved capital spend	3,424	1,918
19/20 Budget slippage	4,477	1,669
Total budget 2020/21	7,901	3,587
Capital Financing		
Borrowing	7,701	3,298
Revenue contribution	200	203
Revenue Reserves	0	17
Grant Funded	0	69
Total funding 2020/21	7,901	3,587

- 2.3. The variance in budget to outturn is £4,314 and is analysed as follows:-

- £48k overspend
- £4.361m in budget slippage

If approved, budget slippage will be carried into 2021/22 to complete capital projects.

2.4 Property

- 2.4.1 The outturn position for Property is £388k less than the last forecast. This is largely due to work at Pontypridd and Tonypany which has slipped into 21/22. Variances since last reporting comprise the following;

PONTYPRIDD	-151
NEW INN	-27
TONYPANDY	-230
LLANTWIT MAJOR	-28
CFBT (reserves funded)	21
OCCUPATIONAL HEALTH (reserves funded)	-3
WHITCHURCH / USAR (grant funded)	-17
PLANNED & PREVENTATIVE MAINTENANCE	47
TOTAL	-388

2.4.2 Pontypridd

Internal work is nearing completion and we are awaiting the final account from the contractor. This work is due to be completed on June 11th. External works are ongoing following the switch to a new contractor which has caused some delays. These works are due to be completed in September.

2.4.3 Tonypandy

A delay due to issues with the Western Power changeover has meant that the project is now 2 weeks behind schedule. The project is now due for completion in July.

2.5 Vehicle Replacement Programme (VRP)

The outturn position for vehicles is £62k less than the previous forecast. This variance is caused by the below vehicles.

OPERATIONAL 4WD	1
VAN/OPS ESTATE CAR	-63
TOTAL	-62

2.5.1 Van/Ops Estate Car

The previous monitoring report was hopeful these vehicles would be delivered before March 31 2021. However delivery and the budget have been slipped into 2021/21.

2.5.2 There were a number of vehicles that were not ordered in time to be delivered during 2020/21 and therefore have been slipped into 2021/22. These vehicles are as follows:

TRUCK (SLIDE DECK / CRANE)	150
WATER LADDERS	464
RESCUE TENDERS	705
VAN/OPS ESTATE CAR	62
TOTAL	1,381

2.6 Equipment

2.6.1 The outturn has decreased by £683k and this is due to the below projects;

BREATHING APPARATUS	16
STRUCTURAL KIT	645
THERMAL IMAGING CAMERA	22
TOTAL	683

2.6.2 Structural Kit

The previous monitoring report detailed we were awaiting final deliveries of the new kit. There were several issues with the supplier throughout the year which led to delivery delays.

2.7 ICT

2.7.1 The outturn has decreased by £11k since previous reporting, as follows;

WIRELESS LAN CONTROLLERS	-16
GPS REPEATERS ON ALL STATIONS	4
TRANMAN UPGRADE	3
INFRASTRUCTURE MANAGEMENT	8
MICROSOFT 365	18
JOINT CONTROL	-6
TOTAL	11

3. FINANCIAL IMPLICATIONS

3.1. Appendix 1 illustrates capital scheme details and is supported by paragraphs 2.1 to 2.7 above.

Overall the capital budget has a net over spend of £48k and is offset by grants and third party contributions of £644k. The difference is managed by using under spends to support over spends first followed by consideration of reserve and revenue budget contributions. This is analysed as follows;

	Overspends	Underspends	Additional Funding	Report Variances
PONTYPRIDD	-212			-212
PENARTH		80		80
COWBRIDGE		30		30
MAINDEE		300		300
MONMOUTH (co-location scheme)		247		247
LLANTWIT MAJOR		28		28
CFBT	-21			-21
OCC HEALTH		3		3
PLANNED & PREVENTATIVE MAINT	-11			-11
MINIBUS		8		8
RECOVERY UNIT		115		115
RESCUE TENDERS		0		0
RESCUE BOAT		45		45
OPERATIONAL4WD	-1			-1
HELMETS	-78			-78
GLOVES	-4			-4
BREATHING APPARATUS		0		0
THERMAL IMAGING CAMERA		22		22
INFRASTRUCTURE MANAGEMENT		25		25
MICROSOFT 365		40		40
MULTIMEDIA	-27		13	-14
SERVER & STORAGE REPLACEMENT	-7			-7
JOINT CONTROL	-6		3	-3
WHITCHURCH USAR (grant funded)	-605		605	0
PRIME MOVER (grant funded)	-23		23	-0
TOTAL	-993	945	644	596

3.2. Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Well-Being Of Future Generations (Wales) Act	No
Socio Economic Duty	No
Sustainability / Environment / Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

3.3. Regulatory, Strategy and Policy

Legal	No
Financial	Yes
Procurement	No
Corporate Risk	No
Information Management	No
Data Protection / Privacy	No
Health, Safety and Wellbeing	No
Governance & Audit	No
Service Policy	No
National Policy	No

3.4. Resources, Assets and Delivery

Human Resources and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	Yes

4. RECOMMENDATION

- 4.1 That Members note the progress of the capital schemes, approve alterations identified in Appendix 1 and note the associated funding streams.

Contact Officer:	Lisa Mullan Head of Finance, Property & Procurement	
Background Papers	Date	Source / Contact
Capital Monitoring Reports	2020/21	Head of Finance, Property & Procurement
Revenue Monitoring Reports	2020/21	Head of Finance, Property & Procurement

CAPITAL PROGRAMME 2020/21							APPENDIX 1	
	Project Total £000	SLIPPAGE B/F 2018/19 £000	2019/20 BUDGET £000	ACTUAL AS AT 31.03.21 £000	COMMIT- TED AS AT 31.03.21 £000	OUTTURN POSITION 31.03.21 £000	BUDGET UNDER/O VER SPEND £000	SLIPPAGE C/F 2021/22 £000
PROPERTY								
STATION REFURBISHMENTS								
PONTYPRIDD	1,000	672	0	535	0	535	-212	289
MONMOUTH (co-location scheme)	600	537	0	0	0	0	247	350
PENARTH	1,600	0	100	0	0	0	80	20
CO'WBRIDGE (co-location scheme)	530	0	30	0	0	0	30	0
NEW INN	2,000	437	0	3	0	3	0	434
TONYPANDY	800	247	482	320	0	320	-0	409
MAINDEE	300	0	300	0	0	0	300	0
LLANTWIT MAJOR		0	0	-28	0	-28	28	0
CFBT reserves funded		0	0	21	0	21	-21	0
OCCUPATIONAL HEALTH reserves funded		0	0	-3	0	-3	3	0
WHITCHURCH / USAR grant funded	608	0	0	33	0	33	-605	572
PLANNED & PREVENTATIVE MAINT	150	0	150	117	0	117	-11	44
	7,588	2,013	1,062	1,057	0	1,057	-160	2,178
VEHICLES								
OPERATIONAL 4WD	243	243	0	244	0	244	-1	0
TRUCK (SLIDE DECK / CRANE)	150	150	0	0	0	0	0	150
WATER LADDERS	464	0	464	0	0	0	0	464
RESCUE TENDERS	705	235	470	0	0	0	-132	837
RECOVERY UNIT (unimoq)	115	115	0	0	0	0	115	0
VAN/OPS ESTATE CAR	155	155	0	33	0	33	-0	62
RESCUE BOAT	45	45	0	0	0	0	45	0
MINIBUS	56	0	56	48	0	48	8	0
PRIME MOVER grant funded	0	0	0	23	0	23	-46	23
	1,933	943	990	407	0	407	-70	1,596
EQUIPMENT								
BREATHING APPARATUS	300	18	0	-2	0	-2	0	20
HELMETS	242	242	0	320	0	320	-78	0
RADIOS AND BATTERIES	435	5	0	5	0	5	0	0
STRUCTURAL KIT	1,850	0	1,850	1,205	0	1,205	-0	645
THERMAL IMAGING CAMERA	252	0	252	230	0	230	22	0
GLOVES	36	0	36	40	0	40	-4	0
	3,715	265	2,138	1,797	0	1,797	-53	665
ICT								
WIRELESS LAN CONTROLLERS	80	0	80	30	0	30	0	50
GPS REPEATERS ON ALL STATIONS	45	0	45	36	0	36	0	9
PATIENT MANAGEMENT SYSTEM	60	0	60	0	0	0	0	60
TRANMAN UPGRADE	52	0	52	33	0	33	-0	19
INFRASTRUCTURE MANAGEMENT	50	43	0	18	0	18	25	0
MICROSOFT 365	40	40	0	0	0	0	40	0
MULTIMEDIA part grant funded	120	120	0	147	0	147	-27	0
SERVER & STORAGE REPLACEMENT	100	0	50	57	0	57	-7	0
LCD DETECTION UNIT grant funded	320	0	0	0	0	0	-248	248
JOINT CONTROL		0	0	6	0	6	-6	0
	867	203	287	326	0	326	-222	386
TOTAL	14,103	3,424	4,477	3,587	0	3,587	-511	4,825
FUNDING ANALYSIS								
						BORROWING	3,237	
						CO-LOCATION CONTRIBUTIONS	0	
						REVENUE CONTRIBUTION	203	
						REVENUE RESERVES	18	
						CAPITAL GRANT	63	
						CAPITAL RECEIPTS	0	
							3,587	

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2021 Audit Plan – South Wales Fire and Rescue Authority

Audit year: 2020-21

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit the South Wales Fire and Rescue Authority's (the Authority) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Authority has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Authority has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Authority is likely to (or has) met these requirements.

Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many audited bodies may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and wellbeing of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the Authority as the 2021 position becomes clearer.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
- an opinion on the on the 'truth and fairness' of the Authority's financial statements for the financial year ended 31 March 2021; and
 - an assessment as to whether the Authority's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Authority.
- 12 In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Authority to support preparation of Whole of Government Accounts (where the Authority exceeds given financial thresholds);

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary); and
 - auditing the Authority's Fire Fighters' Pension Fund account.
- 13 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Fire Authority prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 There have been no limitations imposed on me in planning the scope of this audit.
- 16 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of the Authority.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

Audit risk	Proposed audit response
Other audit risks	
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency continues and the pressures on staff resources and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>McCloud judgement</p> <p>In 2015, the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government and Fire pensions schemes closed in October 2020. The Government recently announced that for unfunded schemes the underpin will be the deferred choice model for the remedy. No announcement has yet been made on the Local Government Pension Scheme. Final details are expected to be published during 2021.</p> <p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the outcome of the consultation to be applied in the Local Government and Firefighters pension schemes.</p>

Audit risk	Proposed audit response
Other audit risks	
<p>Following the audit in 2019-20, I highlighted the following points:</p> <ul style="list-style-type: none"> • reinstating robust quality assurance arrangements would benefit the Authority; • the Accounts and Audit Regulations 2014 should be properly adhered to when preparing the senior officer disclosures; • the process for the collection of annual declarations from members could be strengthened; and • grant income and expenditure should be accounted for correctly and not netted off. 	<p>My audit team will review the progress made by the Authority in addressing the agreed recommendations arising from the audit of the 2019-20 accounts.</p>

Performance audit

- 18 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 19 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats. For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly.
- 20 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 21 In my consultation I have set out and sought views on proposals to:
- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
 - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
 - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.

- 22 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 23 In view of the above factors, I intend to retain a high degree of flexibility in my local performance audit programme at the Authority and will continue to update the Authority as the audit programme changes.
- 24 For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22.

Performance audit programme	Brief description
Local Government Measure 2009	Audit of improvement plan and assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Further details to follow.
Value for Money review	Further details to follow.

Statutory audit functions

- 25 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 26 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 27 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;

- information provided to support the financial statements is in accordance with the agreed audit deliverables document;
- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

28 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

29 Your estimated fee for 2021 is set out in **Exhibit 3** and is at the same level as the planned fee last year (an additional fee of £4,000 was raised in 2019-20 due to issues identified during the audit). Please note that this proposed fee currently remains subject to final moderation by the Auditor General.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	57,022	61,022
Performance audit work ³	15,295	15,295
Total fee	72,317	76,317

30 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Authority.

31 Further information on my [fee scales and fee setting](#) can be found on our website.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2020 to October 2021.

³ Payable April 2021 to March 2022.

Audit team

32 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320651	derwyn.owen@audit.wales
Gillian Gillett	Audit Manager (Financial Audit)	02920 829305	gillian.gillett@audit.wales
Nick Selwyn	Audit Manager (Performance Audit)	02920 320612	nick.selwyn@audit.wales

33 I can confirm that my team members are all independent of the Authority and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

34 The key milestones for the work set out in this plan are shown in **Exhibit 5**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

35 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

Exhibit 5: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	February – March 2021	March 2021
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February – July 2021	July 2021 July 2021 (tbc) September 2021
Performance audit work: <ul style="list-style-type: none"> • Annual Audit Summary • Local Government Measure 2009 • Well-being of Future Generations • Value for Money review 	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	
Annual Audit Summary	N/A	December 2021



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 8
26 JULY 2021

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE TREASURER

**STATEMENT OF ACCOUNTS 2020/21
THIS REPORT IS FOR INFORMATION**REPORT OF THE TREASURER
REPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT &
PROPERTY**SUMMARY**

This report presents Members with the audited Statement of Account and accompanying reports required to demonstrate financial stewardship for the financial year ending 31 March 2021.

The draft annual statement of account 2020/21 was completed and certified by the Treasurer by the 31 May. The audit process will complete imminently and certification is scheduled to take place by the 31 July.

The Appointed Auditor is required to give his opinion on the financial statements for the year ended 31 March 2021. This report considers the statutory ISA260 report, the audited Statement of Account and the letter of representation.

RECOMMENDATIONS

That Members note the audited Statement of Account 2020/21.

That Members receive the ISA260 report and note letter of representation contained therein (provided electronically).

1. BACKGROUND

- 1.1 The Treasurer to the South Wales Fire & Rescue Authority is responsible for the preparation of the statutory financial statements and information contained within the annual Statement of Account according to generally accepted accounting practices.

- 1.2 The Auditor General is also required to give an opinion on whether the financial statements of the Authority and the Fire Fighters Pension Fund Account give a true and fair view of the financial position and performance as at 31 March each year, and its income and expenditure for the year then ended.

2. ISSUE

- 2.1 The Treasurer approved the draft Statement of Accounts for 2020/21 on 31 May 2021, and these have been subject to an external audit process during June and July.
- 2.2 The audit has now been substantially completed by Audit Wales (AW) as the appointed auditors and their statutory ISA260 report is being finalised. A copy of the final report will be circulated electronically prior to the FAPM meeting. The auditors' report draws attention to corrected and uncorrected misstatements in addition to areas of uncertainty.
- 2.3 The final audited Statement of Accounts will be published on the Authority's website following FAPM and Chair, Treasurer and Auditor endorsement.
- 2.4 The overall opinion of the external auditor is likely to be favourable and audit completion should take place within expected timescales. This reflects the planning and work undertaken by the accountancy staff of the Fire & Rescue Service, in addition to the support they have received from the AW team.
- 2.5 It is normal practice for the External Auditor to require a letter of representation from the Authority. A draft of this letter will be contained within the ISA260 report.

3. FINANCIAL IMPLICATIONS

- 3.1 Whilst there have been changes made to the draft financial statements, these do not affect the overall financial position of the Fire & Rescue Authority and as a result there are no financial implications arising directly from this report.

4. RECOMMENDATIONS

- 4.1 That Members note the audited Statement of Account 2020/21.
- 4.2 That Members receive the ISA260 report and note letter of representation contained therein (provided electronically).

Contact Officer:	Background Papers:
Lisa Mullan Temp Head of Finance, Procurement & Property	Statement of Accounts 2020-21 AW ISA260 Report Proposed Report of the Auditor General to the South Wales Fire & Authority Letter of Representation

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SOUTH WALES FIRE AND RESCUE AUTHORITY



STATEMENT OF ACCOUNTS

2020/2021

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NARRATIVE REPORT

The purpose of this narrative is to explain the structure of the accounts, briefly describe the activity and structure of the South Wales Fire and Rescue Authority (the Authority) and consider the overall financial position of the Authority in the current economic context.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to provide clear information about the financial position, performance and accountability of resources for the Authority for the financial year.

The Authority's accounts for 2020/2021 consist of the following;

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Authority and its officers for the preparation and approval of the Statement of Accounts.

Annual Governance Statement

This statement provides a continuous review of the effectiveness of the Authority's governance framework including the system of internal control and risk management systems, so as to give assurance on their effectiveness and to produce a management action plan to address identified weaknesses.

Comprehensive Income and Expenditure Statement (CIES) – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local Authorities raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. Even though this Authority does not raise income related to tax, local authority accounting regulations stipulate these accounts are prepared accordingly.

Movement in Reserves Statement (MIRS) – this statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other, non-usable reserves. The Total Comprehensive Income & Expenditure Statement line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund and the Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund before any discretionary transfers are undertaken.

Balance Sheet – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g. Revaluation Reserve), where amounts would

only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line, 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement - the Cash Flow Statement shows the change in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

Fire Fighters Pension Fund Account – This shows the financial position of the Fire Fighters pension fund account, indicating whether the Pension Fund owes, or is owed money by the Welsh Government in order to balance the account, together with details of its net assets. The Account consolidates the 1992, 2006, 2015 and the 2016 Retained Modified Firefighter Pension Schemes.

Notes to the accounting statements - The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They disclose information not presented elsewhere in the financial statements that are relevant to an understanding of them.

Reporting, Audit and Materiality

These accounts are produced in draft to meet the initial 31 May financial reporting deadline for the year ending 31 March each year. From 1 June the accounts undergo a process of audit to determine whether or not they provide a true and fair view of the financial performance and position of the Authority. The deadline for reporting and approving the audited accounts by the Fire & Rescue Authority is 31 July.

The audit process is important in providing an objective and expert opinion on the state of the accounts and in doing so, auditors employ the concept of materiality in reporting any departures from accepted accounting principles and regulation. The concept of materiality means that financial information is material to the financial statements if it would change the opinion or view of the reader.

South Wales Fire and Rescue Authority

South Wales Fire and Rescue Authority (the Authority) is responsible for providing an efficient and effective fire and rescue service to the communities of South Wales. The Authority covers 10 unitary authority areas and is made up of 24 elected members drawn from those authorities representative to the number of registered electors.

The Authority incurs revenue spending on items, which are generally consumed within the year, and this is largely financed by contributions from the ten constituent local authorities in proportion to population. For 2020/21, the proportions were as follows:

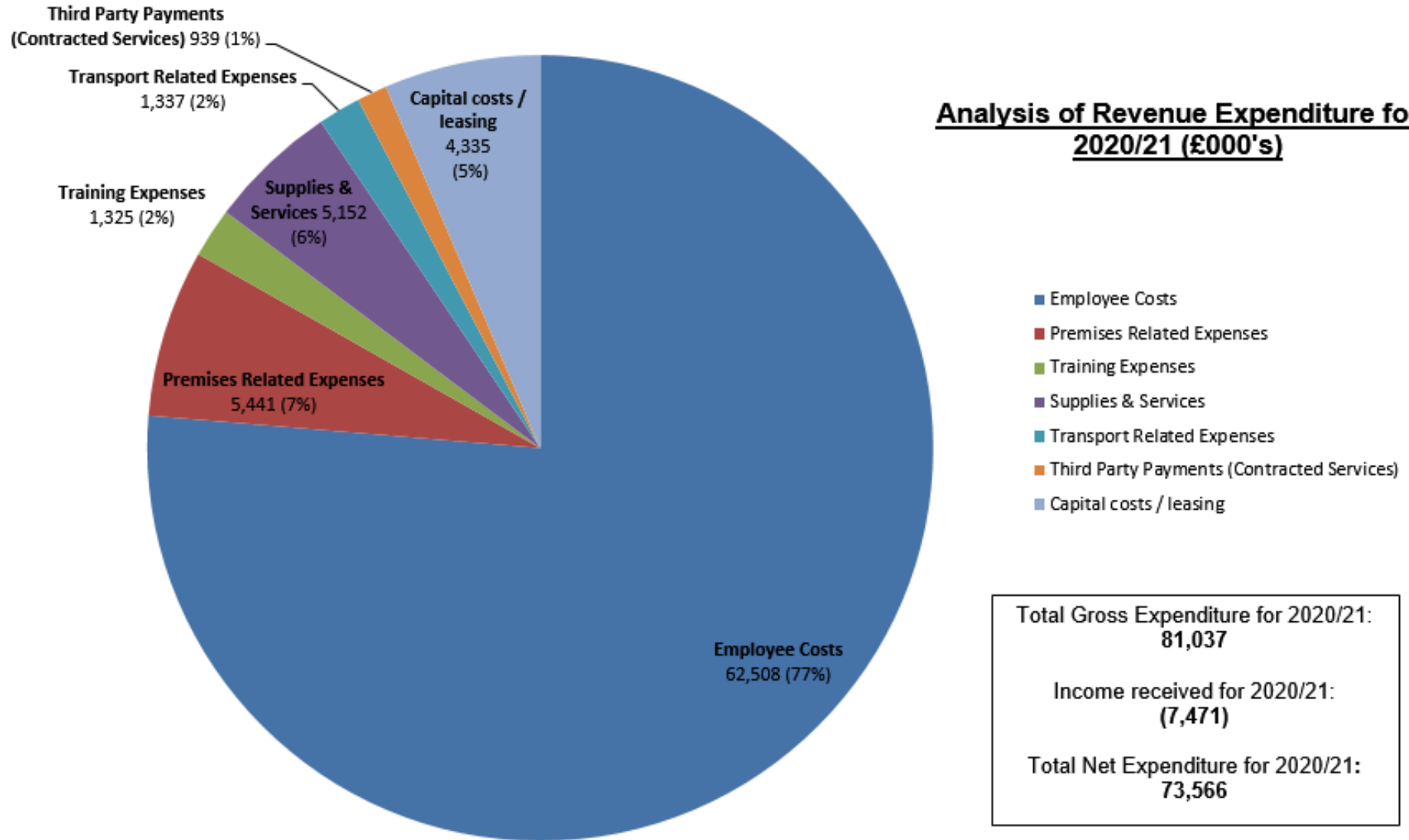
	Values £000	%
Blaenau Gwent County Borough Council	3,406	5
Bridgend County Borough Council	7,055	9
Caerphilly County Borough Council	8,872	12
Cardiff County Council	17,986	24
Merthyr Tydfil County Borough Council	2,924	4
Monmouthshire County Council	4,584	6
Newport County Borough Council	7,408	10
Rhondda Cynon Taff County Borough Council	11,731	16
Torfaen County Borough Council	4,533	6
The Vale of Glamorgan Council	6,381	8
Total (note 29)	74,880	100

Financial Performance in 2020/21

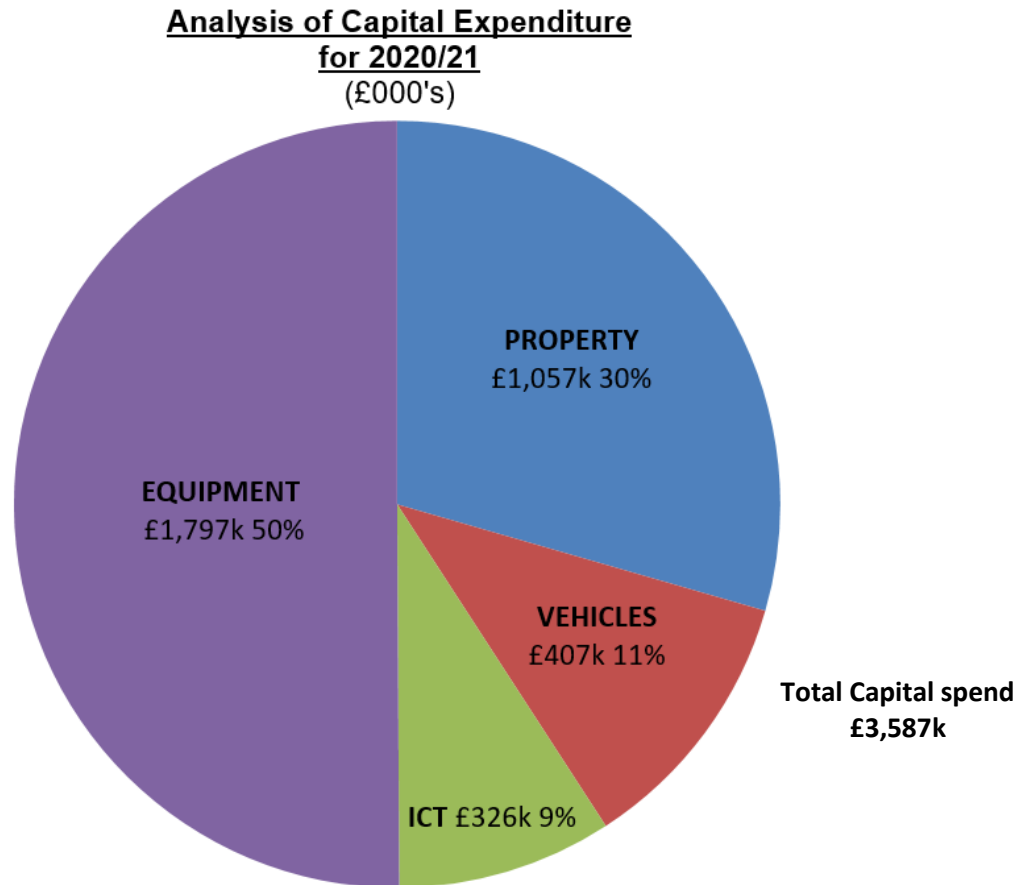
The financial performance is presented below. Both the revenue and capital positions have been scrutinised by the Finance, Audit and Performance Management (FAPM) Committee and the Finance and Asset Management Scrutiny Group throughout the year.

Budget Outturn	Budget £000	Actual £000	Variance £000
Revenue			
Expenditure (note 5)	79,142	81,037	1,895
Income (note 5)	(4,262)	(7,471)	(3,209)
Net Expenditure (note 5)	74,880	73,566	(1,314)
Unitary Authority (note 29)	74,880	74,880	0
(Surplus) /Deficit	0	(1,314)	(1,314)
Capital (inc slippage)			
Capital Spending (note 30)	7,901	3,587	(4,314)

Expenditure by type 2020/21



Capital expenditure in the year amounted to £3.6 million



Borrowing

The Prudential Code allows the Authority to determine its own borrowing limits subject to the Responsible Financial Officer (RFO) deeming it to be prudent, sustainable and affordable. Loans outstanding comprise those provided by the Public Works Loans Board (PWLB) and Salix Finance Ltd. New PWLB borrowing of £5 million was arranged during the year following 6 years of internal borrowing (utilising internal cash balances).

Charges for Consumption of Capital Assets

The charge made to the service revenue account to reflect the cost of fixed assets used in the provision of services was £4.2 million. This is a notional charge for depreciation and impairments, an adjustment is made to nullify the effect on the general fund balance.

Non Financial Performance in 2020/21

In 2020/21 the Authority successfully delivered a balance of prevention, protection and emergency response services, with the improvement objectives for the year continuing to be aimed at reducing deliberate fire setting and improving and ensuring the future sustainability of the Service.

The Finance Audit and Performance Management Committee regularly received reports on service performance and indicators as well as scrutinising the progress report cards against each of the strategic objectives.

The following link highlights some of the activity in making South Wales safer in the past twelve months - [Performance Statistics - South Wales Fire and Rescue Service](#)

Future Financial Plans

Looking longer term further funding pressures are anticipated, including the financial impacts on the Authority following the Covid-19 outbreak. The 2021/22 revenue budget approved by the Fire and Rescue Authority in February gave an increase of 3.54% taking the annual budget to £77.5 million. This was mainly to address increase in the salary budget.

The medium term financial strategy assumes further funding pressures making the challenge of producing a balanced budget increasingly difficult when faced with inflationary pressures and the investment required to maintain operational effectiveness.

The capital programme continues to invest in our asset portfolio, in particular refurbishment of stations and vehicle replacement. Investment also continues in operational equipment, PPE and ICT, ensuring our personnel have the best equipment available.

Pension liability

In 2020/21, there were 49 whole-time duty system (WDS), 3 retained modified scheme (RMS) operational staff retirements and 1 deferral.

Under International Accounting Standard (IAS) 19 (Employee Benefits) the Authority is required to provide details of assets and future liabilities for pensions payable to employees, both past and present. This is outlined in greater detail in the disclosures to the accounts (note 34).

Provisions, Contingencies and Write offs

The provision remains for the outstanding payments to on-call fire fighters as a result of the part time workers' conditions settlement. There has been a further provision made during the 2020/21 financial year relating to retirees affected by the review of protected pension age liabilities.

Reserve Accounting

At the end of the financial year, the Statement of Accounts shows financial reserves carried forward into 2021/22. This is consistent with the accounting treatment of previous years, with the maintenance and utilisation of reserves forming a cornerstone of corporate financial stability and operational service planning in the short and medium term.

Impact of the Current Economic Climate

The financial implications of the current economic climate were clearly reflected in the updated Medium Term Financial Strategy. Throughout the year the service continued to place an emphasis on efficiencies, proactive budget management and improved procurement planning in an effort to reduce in year costs and impacts on future budgets.

The Brexit transition period ended 1 January 2021 and new agreements with the EU are provisionally in place until 1 May 2021 after which time they formally come into force. Most of the financial year was spent in transition with no impact on the ability to deliver our services. Moving forward there remains uncertainty in regards to the full impact of Brexit although early indications are the supply of goods and services with any EU providers are set to become more formalised. The ongoing situation will continue to be monitored and reviewed through supply chain impact analysis.

The continuing impact of the Covid-19 pandemic has meant homeworking for corporate staff in a bid to support the front line provision has been maintained. Stock and supply chain challenges have eased and financial assistance in the form of the Hardship Fund from Welsh Government have ensured we can continue to protect our staff in maintaining essential services and is set to continue in 2021/22.

Additional Information

Additional information about these accounts is available from the Head of Finance and Procurement. Interested members of the public also have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised on the website for the Authority (www.southwales-fire.gov.uk).

Acknowledgements

Finally, I wish to thank all Finance staff and their colleagues throughout the Authority, who have worked on the preparation of these statements. I also wish to thank the Chief Fire Officer and Corporate Directors for their assistance and co-operation throughout this process.

Chris Barton
Treasurer

Dated:

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts, including the Pension Fund Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code").

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Treasurer has also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE TREASURER & FIRE & RESCUE AUTHORITY CHAIR

I certify that the accounts provide a true and fair view of the financial position of the Authority as at the 31 March 2021 and its income and expenditure for the year then ended.

Signature: _____ **Treasurer**

Date:

I confirm that these accounts were approved by the Fire Authority;

Signature: _____ **Fire & Rescue Authority Chair**

Date:

ANNUAL GOVERNANCE STATEMENT YEAR ENDING MARCH 2021

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the “Delivering Good Governance Framework”. This Annual Governance Statement explains how the Authority has complied with the framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and agreed priorities.

1. Scope of Responsibility

South Wales Fire & Rescue Authority (SWFRA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. SWFRA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, SWFRA is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

This statement explains how SWFRA has complied with the Governance Framework.

2. The Purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values, by which SWFRA is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables SWFRA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of SWFRA’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively, and economically.

This Statement gives assurances that the governance framework has been complied with at SWFRA for the year ending 31 March 2021 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

The Governance Framework describes the key elements of the systems and processes that comprise SWFRA's governance arrangements and are as follows:

SWFRA is responsible for ensuring that South Wales Fire & Rescue Service (SWFRS) is effective, efficient and accountable to the public.

Membership is made up of Members of the 10 unitary authorities covered by the SWFRS service area as defined by the Fire Service (Combination Scheme) Order 1995.

SWFRA is organised into committees and a scrutiny group which are appointed at the annual meeting. Each committee and the scrutiny group has a comprehensive set of terms of reference. Working groups are established on an ad-hoc basis as and when required.

The Executive Leadership Team (ELT), comprising the Chief Fire Officer, Corporate Directors and Treasurer, is responsible for strategic leadership, political interface and corporate challenge. The Senior Management Team (SMT) includes the same officers and Heads of Service, both uniformed and corporate, and provide organisational leadership, functional challenge and service delivery.

The Treasurer is responsible for the proper administration of SWFRA's financial affairs as required by Section 112 of the Local Government Finance Act 1988, and SWFRA's financial management arrangements are assessed against the governance requirements set out in the Chartered Institute of Public Finance and Accountancy Statement on the Role of the Chief Finance Officer in Public Organisations (2009).

Constitutional Documents – SWFRA has a suite of constitutional documents that can be found on its [website](#). These include General Standing Orders, Procedural Standing Orders, Contract Standing Orders, Scheme of Delegations and Financial Regulations. These documents are regularly reviewed by the Monitoring Officer and Treasurer, and any identified changes needed are carried out under delegated authority or are reported to SWFRA for their approval.

In order to provide a practical method of operational and financial management throughout the organisation, officers have been given certain powers by SWFRA in the form of Officer Delegations. Under the Local Government Act 1972, a list of these powers must be maintained and this is done by the Monitoring Officer who regularly reviews their effectiveness. Any identified changes needed are carried out under delegated authority or are reported to SWFRA for their approval. These powers form an integral part of the Governance arrangements and were last reviewed in March 2019.

The current Medium Term Financial Strategy (MTFS) covers the period to 2020-2022 and forms the cornerstone of the detailed budget construction annually. It provides a view on potential funding both nationally and locally. [MTFS can be seen in page 79 of the document accessed by this link.](#)

The Strategy considers:

- An assessment of potential un-hypothecated grant settlements and local taxation yields for constituent councils based on best, worst and anticipated figures.
- Intelligence from outturn for last financial year and current year's revenue budget as the base.
- A view on relevant indices to be applied to the base.
- A snapshot of transformational projects currently identified within the period of the MTFS.
- A planned approach to reserves as a result of the MTFS projection and Reserve Strategy.
- A view on potential funding gaps and planned approaches to these over the period in question.

[Strategic Plan](#) – The plan outlines the direction that the organisation is taking and how we intend to meet the challenges over the next 10 years in order to continue to deliver high quality services that meet the needs of our communities.

SWFRA's performance against the Strategic Plan and Statutory indicators is reported regularly to SWFRA and Finance Audit and Performance Management (FAPM) Committee together with an overall report that is reported annually to SWFRA and on our website through the document [Annual Improvement Plan What we did 2019/2020 and What We Plan to do 2021/2022](#).

Strategic Planning Framework – Our vision is to make South Wales safer by reducing risk. We recognise that safer communities can only be achieved by challenging and improving the way we work through a safe and competent workforce and effectively managing our resources. We therefore set a strategic direction for the organisation through our [Strategic Plan](#) which now covers a ten year period and addresses the requirements of the Well-being of Future Generations (Wales) Act 2015 together with the requirements of the Welsh Government's Wales Fire and Rescue Services National Framework Document 2016. Each directorate and department formulate their own plans in support of the strategic objectives which are reported on quarterly.

Risk Management Policy – the policy sets out the process we use to identify and control exposure to uncertainty, which may impact on the achievement of our objectives or activities. Senior managers identify, review and score the Strategic Risks assessing them in terms of likelihood and impact; identify any actions in place and any further actions required to prevent the likelihood of risk occurring or to mitigate the impact should they occur. The Corporate Risk Register records these risks, and they are regularly monitored and reported. Strategic Risks are reported to the SWFRA's FAPM Committee.

The FAPM Committee considers the effectiveness of the SWFRA's risk management arrangements and the work of the Internal and External Auditors. The FAPM Committee has the opportunity to meet with the auditors privately following each committee meeting. In 2020/2021, the FAPM Scrutiny Group also considered departmental risks on 18 January 2021.

There are established arrangements for effective financial controls through SWFRA's accounting procedures, key financial systems and the Financial Regulations. These include established budget planning procedures and regular reporting to Authority Members and comparing actual revenue and capital expenditure to annual budgets. SWFRA's Treasury Management arrangements follow professional practice and are subject to annual review by Members.

The Service has signed up to the Wales Fire & Rescue Services' Procurement Strategy which makes the best of opportunities to deliver efficiencies and other improvements in the acquisition of goods, services and the awarding of contracts across the Fire & Rescue Services in Wales.

The Director of Corporate Services is designated the Monitoring Officer in accordance with the Local Government and Housing Act 1989, and ensures compliance with established policies, procedures, laws and regulations.

SWFRA has in place counter fraud arrangements and whistleblowing arrangements which are regularly reviewed by officers. There are agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000 which have been agreed by the Office of the Surveillance Commissioner and key staff have received training in the application of these regulations.

Internal Audit is outsourced to a private sector organisation, TIAA Limited, who work to the Public Sector Internal Audit Standards which are applicable to all Internal Audit providers in Wales. The Annual Internal Audit Plan is agreed by the FAPM Committee which receives regular reports on the audits undertaken together with TIAA's annual report.

The Auditor General for Wales is SWFRA's statutory auditor, with the audit provided by Audit Wales. They provide challenge under the Public Audit (Wales) Measure 2004, The Local Government (Wales) Measure 2009, the Local Government Act 1999 and the Code of Audit Practice. They issue annual reports or statements on the performance of SWFRA, namely to:

- Examine and certify if the financial statements are true and fair.
- Assess if proper arrangements to secure economy, efficiency and effectiveness in the use of resources have been made.
- Audit and assess if the duties and requirements of the Measure have been met.
- Undertake studies to enable considered recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

The Auditor General and Audit Wales present their Audit Plan to Members annually, and regularly report progress and outcomes to them. Audit Wales also has the opportunity to have private meetings with Members following FAPM Committee meetings where they can discuss issues without officers being present. All reports are published on the Audit Wales website (www.audit.wales).

The Annual Pay Policy Statement is approved by the SWFRA and published in accordance with the Localism Act 2011.

Members' allowances are paid in accordance with the Independent Remuneration Panel recommendations and are published in accordance with their requirements.

Under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (the public sector Regulations), all public authorities are required to publish gender pay gap information by reporting the percentage differences in pay between their male and female employees.

Public authorities must publish the required information based on data captured on the snapshot date of 31 March, 2020, within 12 months. Accordingly SWFRA published this information within the deadline. SWFRS 2020 Gender Pay Gap Report can be accessed [here](#).

All users of SWFRA's ICT equipment use an online acceptance tool which individuals have to pass through before using internet facilities, agreeing to the organisation's ICT policies.

Related party returns are completed and signed by SWFRA Members and senior officers in accordance with the Code of Practice on Local Authority Accounting in the UK. These returns help to establish transactions and balances as required by the relevant accounting standard (International Accounting Standard 24, Related Party Disclosures) and assist in identifying actual, potential or perceived conflicts of interest.

4. Review of Effectiveness

SWFRA has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. The review of effectiveness is informed by the work of the Executive Leadership Team within the Service who have responsibility for the development and maintenance of the governance environment, and the work and reports of the internal and external auditors. The work of peer assessors is also considered.

The regular and ongoing processes that have been applied to maintain, review and improve effectiveness of the Governance Framework include:

- Regular review of policies and procedures by the officer responsible and by the Service Senior Management Team.
- Regular review of the constitutional documents and ethical governance arrangements by the Monitoring Officer and Treasurer, which were last reviewed in March 2019.
- The FAPM Committee regularly scrutinises the revenue and capital expenditure against the allocated budget together with regular scrutiny of the performance of the Service against the Strategic Plan.
- Senior officers regularly review the organisational risks with regular reports to Members through the FRA and FAPM Committee.
- SWFRA receives annual reports from each of its committees and the Scrutiny group outlining the work that had been undertaken throughout the year, giving Members the opportunity to challenge and scrutinise any area that they feel fit.

- The appointed internal auditor TIAA Limited provides SWFRA, through its FAPM Committee, with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. The Head of Internal Audit has confirmed in their annual report that:

Head of Internal Audit Opinion

***“TIAA is satisfied that, for the areas reviewed during the year, South Wales Fire and Rescue Service has reasonable and effective risk management, control and governance processes in place.*”**

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by South Wales Fire and Rescue Service from its various sources of assurance.”

The Auditor General also provides assurance to SWFRA, through their Annual Audit Letter – South Wales Fire and Rescue Authority 2019-20 dated 20 January 2021. Stating that:

“The Authority complied with its responsibilities relating to financial reporting and use of resources”

and

“I am satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources”

further confirming

“I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2020”

The Auditor General provided the following assurance opinion on financial matters in the 2019/2020 Financial Statements in their report dated 29 September 2020.

“In my opinion the financial statements:

- ***give a true and fair view of the financial position of South Wales Fire and Rescue Authority as at 31 March 2020 and of its income and expenditure for the year then ended; and***
- ***have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-2020.”***

Audit Wales in their [South Wales Fire and Rescue Authority Annual Audit Summary 2019/20](#) confirmed the work completed since the last Annual Improvement Report 2018/2019 which was issued on 24 July 2020 stating that:

Audit of South Wales Fire and Rescue Authority’s 2019-20 Accounts:

- ***The Auditor General gave an unqualified true and fair opinion on the FRA’s financial statements on 29 September 2020.***

- *The FRA's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were consistent with the financial statements prepared by the Authority and with our knowledge of the FRA.*
- *The key matters arising from the accounts audit were reported to the FRA in the Audit of Financial Statements report on 28 September 2020.*
- *Our Audit of South Wales FRA's assessment of 2019-20 performance was issued on 10 December 2020.*
- *The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed.*

Well-being of Future Generations Examination – Review of Involvement

The examination that we undertook in 2019-20 reviewed the FRA's approach and management of involving stakeholders when proposing service and policy changes, and in the design of activities. We undertook a more detailed look at:

- *how the FRA is involving stakeholders in developing the new Strategic Equality Plan 2020-2025; and*
- *in planning public engagement events such as fire station open days, the United Kingdom Rescue Organisation (UKRO) event in 2018 and joint Emergency Services event in 2019*

We conclude that the FRA is good at involving partners and communities but needs to strengthen its evaluation to demonstrate the positive impact of its work.

Continuous improvement

The Auditor General certified that the FRA has met its legal duties for improvement planning and reporting and believes that is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

5. How We Met Significant Governance Issues and Challenges for 2020/2021

Whilst Covid-19 had little impact on the committee governance arrangements in 2019/2020, one FRA meeting was cancelled, the 30 March 2020 FRA meeting. In this meeting SWFRA would usually have received annual reports from each of its committees and the Scrutiny group outlining the work that had been undertaken throughout the year, giving Members the opportunity to challenge and scrutinise any area as appropriate. This activity resumed for the 2020/2021 municipal year.

Using the powers contained within the Coronavirus Act 2020, a new process to allow our Members to continue to run Authority meetings remotely was put in place for 2020/2021. Meetings of the Authority were held virtually using video conferencing software and were recorded for publication online. The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 made emergency provision for FRAs to meet remotely during the Covid-19 pandemic. It has become clear that remote working is a viable, cost-effective and sustainable way of operating, which has been made permanently open to public bodies regardless of the pandemic. The Local Government and Elections (Wales) Act 2021 made permanent the ability for the FRA to maintain remote attendance at FRA meetings and the requirement for certain meeting documents to be published electronically.

The Service learned that it was able to continue to operate all of the governance functions remotely.

The Critical Incident Team (CIT) managed the Service's response to continuing developments of the pandemic to ensure compliance with Welsh Government measures and restrictions. The CIT met at least weekly to ensure that the Service evaluated all the information being forwarded by the UK and Welsh Governments and associated Public Health Organisations, putting in place provisions to safely serve the communities of South Wales and support partner organisations.

The Service has three distinct groups of employees: Operational staff (firefighters), Joint Fire Control staff and Corporate staff, all of whom were allocated as key workers. In order to continue to deliver critical services to the communities we serve the Service carried out robust risk assessments implementing actions to allow staff to socially distance, maintain good hygiene and work safely both within operational incidents and in the general workplace. Robust and effective processes to allow office-based staff to work from home were also implemented.

Operational response continued to operate as normal and the Service procured the required PPE (based on NFCC guidance) to ensure firefighters attending operational incidents were protected. The implementation of remote working allowed staff in certain roles to work from home. Staff were encouraged to do so whilst ensuring that all teams were represented effectively in the workplace.

Some activities such as working with young people, visiting schools, carrying out Safe and Well visits and Fire Safety Audits were temporarily minimised until safer and more innovative ways of delivering those services were developed. A very good level of service was delivered. We continued to ensure those most at risk were as safe as possible, whilst also introducing innovative ways to deliver our interventions. This work will continue in 2021/2022.

The Covid 19 situation tested the Service's business continuity processes on a long term basis instigating a review and implementation of lessons learned providing more robust and integrated Business Continuity plans. A specific Strategic Covid-19 Risk was developed and associated control tasks implemented. The actions taken ensured that the effects of the pandemic were mitigated wherever possible.

Significant investment was made to enable remote working and facilitate improved engagement with stations and partners by the purchase and commission of video conferencing equipment at all Service locations. This substantial investment was partially supported with Welsh Government funding and will enable future improvements and development of the Service.

The Service progressed with the significant investment in the new Structural Firefighting Kit on an All Wales basis with close consultation with Operational Firefighters.

The Service worked closely with partners to provide assistance during the pandemic. Close working arrangements were made to support the Welsh Ambulance Service Trust (WAST) with volunteers across the Service providing

driving support. The Service responded to numerous requests for support from partner agencies.

The Welsh Language (Wales) Measure 2011 replaced the Welsh Language Act 1993, and as part of the new legislation, in Wales the Welsh language has equal legal status with English and must not be treated less favourably. Public bodies no longer need to develop and implement Welsh Language Schemes but instead must now comply with a set of national Welsh Language Standards.

The Welsh Language Commissioner set out the [Standards that apply to SWFRA](#) in September 2016 along with any exemptions and their implementation dates. SWFRA received the internal annual report on compliance against the standards in 22 February 2021.

The Service continued to develop the Business Management Information System (BMIS) which enables the Service to link and display overall performance to help inform the Service of its progress and drive decision making. Over the last twelve months further functionality of the system was developed to establish additional internal assurance. The system was rolled out to stations to allow greater interaction and use of the system particularly the additional statistical data measures. A suite of Critical Incident Team (CIT) dashboards were developed which provides up to date information informing the Service's Covid response and decision making, including dashboards for Personal Protective Equipment Inventory on station, sickness absence levels for all staff groups and facility Covid Compliance.

The system continued to deliver our Business Plans and station Community Risk Management Plans (CRMPs), as well as statistical performance data (including incident statistics).

The Service's integrated Core HR and Payroll system successfully rolled out the online recruitment module enabling prospective employees to apply for posts electronically.

The aim of the Well-being of Future Generations Act 2015 is to improve the social, economic, environmental and cultural well-being of Wales. The Service's statement of wellbeing is published in the [Strategic Plan 2020/30](#) which is available on our [website](#).

We continued to work with local health boards to share information to identify the extent of unreported injuries resulting from fires to enable identification of potential vulnerable people or higher risk premises.

As one of the statutory partners on nine Public Service Boards, we continued to support the local Well-being Plans, and have evidenced through annual review how the goals are being achieved. We have ensured that we were able to deliver against the needs and expectations of each Public Service Board's objectives without impacting on the day-to-day service delivery of the organisation.

The Service maintained its co-location projects in a number of locations. Significant building works have continued this year. Due to Covid-19 there was a need to review the schedules of works due to temporary materials issues and to enable Covid compliant working routines. The refurbishment of Pontypridd Fire Station was temporarily delayed at the beginning of the pandemic but all internal works were completed in the 2020/2021 financial year. Additional significant projects were the adoption of the facilities management of the Compartment Fire Behavioural Training facility at the Cardiff Gate Training Centre and Phase 1 of the Electric Vehicle charging infrastructure works at the Headquarters site which will facilitate the purchase of electric fleet vehicles. Works commenced on the refurbishment of Tonypany Station.

The Service maintained compliance with the National Framework for Fire and Rescue Services whilst also continuing to engage with the Welsh Government White Paper on Reform of Fire and Rescue Authorities in Wales.

The Service progressed the Job Evaluation project following the implementation of the revised structure for Green Book staff. The interview stage was completed. The analysis and subsequent pay modelling elements continued to be developed.

Changes to pension and tax legislation continued to provide challenges to the organisation. Regular updates on progress and emerging issues were reported to and monitored by the Local Pension Board.

The Accounts and Audit (Wales) (Amendment) Regulations 2018 set the requirement to approve and publish the accounts by 31 May and 31 July respectively. The internal closure of the accounts at year end was a successful project for the second year running and the 31 May deadline was met, although audited accounts were not published by 31 July 2020 as members of the public were unable to exercise their right to inspect the accounts and ask questions of the auditor, due to the Covid-19 outbreak.

In November 2018 the Welsh Government published for consultation a White Paper "Reform of Fire and Rescue Authorities in Wales". A full consultation response on the proposed changes to governance, funding and performance management arrangements for FRAs was completed in February 2019. The Service will await Welsh Government's response to the consultation and will consider the implications for both the SWFRA and the Service at this time.

The Local Government and Elections (Wales) Act 2021 (the 'LGE Act') was passed by the Senedd on 18 November 2020 and received Royal Assent on 20 January 2021. Having monitored the Bills progress since publication in November 2019 and having actively engaged with the public consultation the most recent of which was the response to the consultation on the Regulations to establish corporate joint committees. The Service is now reviewing the requirements placed on it by the LGE Act.

As a result the Service will be putting in measures to enable the Standards Committee to produce an annual report to the FRA after the end of each financial year, with effect from 5 May 2022. After which the FRA will consider the report and

any recommendations made by its Standards Committee within three months of its receipt.

Although the Act dis-applies the Local Government Measure ('2009 Measure') for principal councils this has not yet been commenced in respect of Fire and Rescue Authorities. In order to dis-apply the 2009 Measure, new performance management arrangements will need to be developed under section 167 of the Act, which in turn depends on developing a new National Framework for Fire and Rescue Services under section 21 of the Fire and Rescue Services Act 2004. Discussions and work to create a new National Framework and performance arrangements were paused due to heightened pressures as a result of the Covid-19 pandemic, and will be resumed following the Senedd elections. Until a new National Framework and revised arrangements have been introduced, the 2009 Measure will continue to apply to FRAs in Wales. FRAs are therefore still required to continue to set improvement objectives for 2021/2022 under the 2009 Measure. A report assessing performance against the 2020/2021 improvement objectives is required to be published by 31 October 2021.

The FRA continued to follow the progress of national negotiations on pay and the broadening of the firefighter role and continued to assess any consequent impacts upon the Authority.

The Service developed Biodiversity and Carbon Reduction plans.

This Annual Governance Statement is a reflection of the operation of the Service during the whole of the 2020/2021 financial year and up to the date of approval of the publication of the Statement of Accounts.

6. Significant Governance Issues and Challenges for 2021/2022

The Service will be maintaining its response to the Covid-19 Pandemic with the continuation of the CIT regime to access and respond to the latest UK and Welsh Government advice ensuring that we maintain operations and support in Covid compliant environments. The Service will also continue its support to partner agencies and continue to respond to calls for support as and when required. Recovery activities will be maintained and developed as we move through the progression of the pandemic.

The Strategic Covid-19 Risk and associated control tasks will continue to be monitored and the response tailored to emerging situations. The actions taken will ensure that we continue to mitigate the effects of the pandemic on the Service and its work in our wider communities. However as the pandemic continues into 2021/2022, the full and lasting effects are yet to be seen.

Using the powers contained within the Coronavirus Act 2020, meetings of the Authority will, for the foreseeable future, continue to be held virtually, using video conferencing software and recorded for publication online. Until the full provisions of the LGE Act are embodied.

The Service will continue to safely deliver critical services to the communities we serve using the robust risk assessments by implementing actions to allow staff to socially distance, maintain good hygiene and work safely both within operational incidents and in the general workplace. The ability for office-based staff to work from home will be maintained.

Operational response will continue to operate as normal using required PPE (based on NFCC guidance) to ensure firefighters attending operational incidents are protected. Staff who can work from home are still encouraged to do so whilst ensuring that all teams are represented effectively in the workplace. The safer and more innovative ways of delivering services that were developed will be maintained and built upon during 2020/2021.

Over the next 12 months the Service will continue the development of the Business Management Information System (BMIS) to support both the Covid-19 response and support business as usual.

The Service's integrated Core HR and Payroll system will again be further developed looking to rollout new modules which will further improve efficiency and internal processes. The new Personal Review process is being rolled out across the Service utilising the Talent Module within Core HR.

Following the success of the IIP review in 2020/2021 where the Service achieved Gold in the People award and Silver in the Wellbeing award the Service will look to embed these successes and build on these for future reviews. Actions from the reviews will be carried out through normal business planning processes and recorded in the BMIS system utilised by the Service. The Services Wellbeing Steering Group is active in promoting and generating Wellbeing improvements for all staffing groups.

The Service will complete the Job Evaluation Project and it is expected that in 2021/2022 a new pay structure will be developed.

Changes to pension and tax legislation will continue to provide challenges to the organisation and the capacity to deal with the complex issues with existing resources continues to be of concern with various options continuing to be explored.

Public Sector Funding also remains a challenge. The impact of spending reductions in the public sector is a key issue for SWFRA and the settlements that local authorities face is always taken into account when SWFRA sets its annual budget. These factors are always carefully considered when determining the Medium Term Financial Strategy.

The Accounts and Audit (Wales) (Amendment) Regulations 2018 set the requirement to approve and publish the accounts by 31 May and 31 July, notwithstanding the Covid-19 pandemic plans and preparations for maintaining the shortened timetable in 2021/2022 are well underway using recent lessons learned.

Initial work was undertaken in 2020/2021 to assess the extent to which the Service meets the requirements set out in the CIPFA Financial Management Code 2019. Unfortunately due to the restrictions in working practices introduced as a result of COVID 19, the full consideration was not undertaken with the Service senior management team. The full assessment will be completed during the 2021/2022 financial year.

When the Welsh Government provides its response to the consultation on the White Paper “Reform of Fire and Rescue Authorities in Wales”, the Service will consider the implications for both the SWFRA and the Service at this time and respond accordingly.

The Authority will take necessary actions to ensure that all the requirements placed on it by the Local Government and Elections (Wales) Act 2021 to ensure that all provisions are implemented.

The FRA will continue to follow the progress of national negotiations on pay and the broadening of the firefighter role and assess any consequent impacts upon the Authority.

Looking to longer term improvement and developments the Service will continue to progress the Biodiversity and Carbon Reduction plans and also implement actions in support of the Social Economic Duty.

The current Scrutiny Committee arrangements within the Authority are under review. It is envisaged the new Scrutiny Committee will cover wider organisational areas of scrutiny and thematic reviews within the Authority. The effect of these proposed reforms on the FAPM Committee and the HR & Equalities Committee and associated changes to the agreed terms of reference are being deliberated.

7. Governance Action Plans

Governance Action Plan 2020/2021				
Issue	Action	Outcome	Completion Date	Progress
Reform of Fire and Rescue Authorities in Wales Lead Officer: Deputy Chief Officer - Director Corporate Services	Respond to the requirements placed upon the organisation.	The Service will be in compliance with requirements from Welsh Government and able to evidence robust Governance, Financial arrangements and performance management.	To be determined pending Welsh Government response to the White Paper.	The Service continues to proactively engage with Welsh Government. Once Welsh Government direction of travel is released the Service will implement necessary actions. This has been included as an action in the 2021/2022 Governance Action Plan.
Brexit Lead Officer: Assistant Chief Fire Officer - Director Technical Services	Provide adequate planning and resilience through the Brexit Process.	The Service will continue to deliver all functions during the Brexit process and beyond.	Extended to September 2021 from original date of March 2021.	Significant preparations have been made with regular internal meetings and updates. External meetings with Local Resilience Forums will ensure a consistent approach. This has been included as an action in the 2021/2022 Governance Action Plan to monitor ongoing issues following withdrawal from the EU.

Governance Action Plan 2020/2021				
Issue	Action	Outcome	Completion Date	Progress
Pensions Appeals Lead Officer: Assistant Chief Officer - Director People Services	To implement the decisions of national pensions appeals in line with national guidance when issued.	Appeals determined.	As per the national guidance.	The internal pensions appeals process was fully supported and completed. The Service continued to monitor external appeals as appropriate. Progress around internal pensions appeals and external appeals have been monitored regularly and potential impacts discussed with the Fire Authority. The local pension board have been active in supporting and providing input to this process.
Job Evaluation Lead Officer: Deputy Chief Officer - Director People Services	The 227 Corporate (Green Book) posts within the Service will be reviewed to Ensure that our people are remunerated fairly in line with their current roles and responsibilities.	Identify appropriate remuneration for individual roles.	September 2021.	The interview stage was been completed. The analysis and subsequent pay modelling elements are expected to complete in the 2021/2022 FY.
Biodiversity and Carbon Reduction Plan Lead Officer: Deputy Chief Officer – Director Corporate Services	To seek to maintain and enhance biodiversity in the proper exercise of the Services functions, and in doing so promote the resilience of ecosystems.	Develop and implement the first 3 year plan to reduce the impact of the Service on the environment and support the Environmental objectives of the Wellbeing Future Generations Act.	March 2023.	The Biodiversity and Carbon Reduction plans have been approved by the Fire Authority. The Service has recruited a Sustainability Officer to support the implementation of these plans.

Governance Action Plan 2020/2021

Issue	Action	Outcome	Completion Date	Progress
<p>Covid-19 Response and Recovery</p> <p>Lead Officer: Chief Fire Officer</p>	<p>To review the Services response to and recovery from the Covid-19 pandemic.</p> <p>Develop a Covid-19 Secure Workplace.</p> <p>Deliver value for money and effective governance in a Covid-19 Environment.</p> <p>Identify new and innovative ways to deliver Services and Engage with the public in a post Covid-19 environment.</p>	<p>Improved business continuity plans to respond to and recover from future instances.</p> <p>A robust Service able to deliver services with less disruption.</p> <p>The Service maintains the high standards of conduct with regard to financial administration and corporate governance,</p> <p>New ways of working to safely deliver Services and engage with our communities in person, remotely and virtually.</p>	<p>March 2021.</p>	<p>The CIT has operated throughout the pandemic to steer the Service response to emerging situations.</p> <p>The Service has implemented new working practices and implemented measures to provide a Covid secure workplace for all its staff.</p> <p>The Service has invested in additional ICT equipment to improve remote working and the ability to engage with partners and conduct business over the numerous digital platforms that are being used.</p> <p>Operational response has been maintained and new innovative ways to educational, engagement and risk reduction services have been developed.</p>

Governance Action Plan 2021/2022				
Issue	Action	Outcome	Lead Officer	Completion Date
Reform of Fire and Rescue Authorities in Wales	Respond to the requirements placed upon the organisation.	The Service will be in compliance with requirements from Welsh Government and able to evidence robust Governance, Financial arrangements and performance management.	Deputy Chief Officer - Director Corporate Services	To be determined pending Welsh Government response to the White Paper.
Constitutional Documents	To review and update the Constitutional Documents of the Service.	The constitutional documents will be updated to reflect the outcomes of: 1) Reform of Fire and Rescue Authorities in Wales. 2) Local Government and Elections (Wales) Act taking necessary actions as a consequence implemented.	Deputy Chief Officer - Director Corporate Services	1) To be determined pending Welsh Government Direction. 2) 14 June 2021.
Brexit	Provide adequate planning and resilience through the Brexit Process.	The Service will continue to deliver all functions during the Brexit process and beyond.	Assistant Chief Fire Officer - Director Technical Services	September 2021.
Pensions Appeals	To implement the decisions of national pensions appeals in line with national guidance when issued.	Appeals determined.	Assistant Chief Officer - Director People Services	As per the national guidance.

Governance Action Plan 2021/2022				
Issue	Action	Outcome	Lead Officer	Completion Date
Job Evaluation	The 227 Corporate (Green Book) posts within the Service will be reviewed to ensure that our people are remunerated fairly and in line with their current roles and responsibilities.	Identify appropriate remuneration for individual roles. Completion of the process may involve the appropriate processing of appeals and the development of a new pay structure.	Assistant Chief Officer - Director People Services	Q2 2021.
Biodiversity and Carbon Reduction Plan	To seek to maintain and enhance biodiversity and reduce the carbon footprint in the proper exercise of the Services functions, and in doing so promote the resilience of ecosystems.	Develop and implement the first 3 year plan to reduce the impact of the Service on the environment and support the Environmental objectives of the Wellbeing Future Generations Act.	Deputy Chief Officer - Director Corporate Services	March 2023.

Governance Action Plan 2021/2022				
Issue	Action	Outcome	Lead Officer	Completion Date
Covid-19 Response and Recovery	<p>To continue to review and reflect on learning from the Services response to and recovery from the Covid-19 pandemic.</p> <p>Maintain a Covid-19 Secure Workplace.</p> <p>Deliver value for money and effective governance in a Covid-19 Environment.</p> <p>Identify new and innovative ways to deliver Services and Engage with the public in a Covid-19 environment.</p>	<p>Tested business continuity plans to respond to and recover from future instances.</p> <p>A robust Service able to deliver services within a Covid19 working environment.</p> <p>The Service continues to maintain the highest of standards of conduct with regard to financial administration and corporate governance.</p> <p>New ways of working to safely deliver Services and engage with our communities in person, remotely and virtually to ensure the Service continues to reduce risk across the communities that it serves.</p>	Chief Fire Officer	Extended to December 2021 from an original date of March 2021.

Governance Action Plan 2021/2022				
Issue	Action	Outcome	Lead Officer	Completion Date
Socio Economic Duty	Implement the principles of the Socio – Economic Duty in our planning and reporting systems. To enable the Service when making any strategic decisions, to have due regard of the need to reduce the inequalities resulting from socio-economic disadvantage.	<p>Ensuring that strategic decisions made by the Service:</p> <ul style="list-style-type: none"> - Take account of evidence and potential impact through consultation and engagement - Understand the views and needs of those impacted by the decision, particularly those who suffer socio-economic disadvantage - welcome challenge and scrutiny - drive change in the way 	Deputy Chief Officer - Director Corporate Services	<p>Fire Authority Report Template 14 June 2021.</p> <p>Strategic Plan October 2021.</p>
CIPFA Financial Management Code 2019	Undertake a full assessment of the Service's compliance with the principles of the CIPFA FM Code.	<p>Improve financial resilience of the Service by embedding enhanced standards of financial management.</p> <p>Identify and address any gaps or limitations in compliance with the FM Code.</p>	Treasurer	December 2021.

Internal documents referred to in this statement can be found on our website at <https://www.southwales-fire.gov.uk/>

8. Summary Conclusion

South Wales Fire and Rescue Authority recognises its responsibility as a public service organisation to both provide a vision for the community it serves and to lead by example in its decision making and other processes and actions, with Members and officers acting in accordance with high standards of conduct. The organisation operates in an economical, effective, efficient and ethical manner.

The Authority recognises that good governance provides the foundation for the delivery of good quality services that meet the needs of stakeholders and ensures that public money is well spent. The Authority considers that its governance arrangements for 2020/2021 continue to be regarded as fit for purpose.

It is believed that that the scrutiny, internal and external audit processes as well as risk management have demonstrated that the Corporate Governance in this organisation is effective, existing arrangements are fit for purpose and the Authority is well placed to meet its aims and objectives, to achieve the intended outcomes for the community and service users.

The Authority is satisfied that appropriate governance arrangements are in place and remains committed to enhancing these through the implementation of the action plan for 2021/2022.

9. Joint Statement by the Fire & Rescue Authority Chairperson and Chief Fire Officer

We propose to take steps to address all of the above matters to further enhance our governance arrangements during the coming year as outlined in the plan above. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. However due to external influences beyond our control it may not be possible to achieve everything identified.

The Annual Governance Statement for 2021/2022, will include an updated position against the governance issues identified in the 2020/2021 Statement.

Signed:	Signed:
Fire & Rescue Authority Chairperson	Chief Fire Officer
Date:	Date:

AUDITOR'S REPORT

The independent auditor's report of the Auditor General for Wales to the members of South Wales Fire and Rescue Authority

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements of South Wales Fire and Rescue Authority for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

South Wales Fire and Rescue Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, The Fire Fighters' Pension Fund and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of South Wales Fire and Rescue Authority as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the South Wales Fire and Rescue Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Fire and Rescue Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Fire and Rescue Authority's ability to continue as a going concern,

disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, relating to the South Wales Fire and Rescue Authority's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- Obtaining an understanding of the South Wales Fire and Rescue Authority's framework of authority as well as other legal and regulatory frameworks that the South Wales Fire and Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the South Wales Fire and Rescue Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Finance, Audit and Performance Management Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Fire and Rescue Authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential

bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the South Wales Fire and Rescue Authority's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of South Wales Fire and Rescue Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
28 July 2021

24 Cathedral Road
Cardiff
CF11 9LJ

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

2019/20

2020/21

Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
83,693	-7,260	76,433	Fire Fighting costs	82,809	-7,466	75,343
83,693	-7,260	76,433	Cost of Services	82,809	-7,466	75,343
0	-31	-31	Other operating income & expenditure (note 6)	0	-55	-55
25,376	-79	25,297	Financing and investment income and expenditure (note 7)	22,080	-2	22,078
0	-73,259	-73,259	Taxation and non-specific grant income (note 8)	0	-75,995	-75,995
		28,440	Deficit on Provision of Services			21,371
2,295	-4,935	-2,640	Surplus or Deficit on Revaluation of Property, Plant and Equipment	85	0	85
		-85,770	Re-measurement of the net defined benefit (asset) / liability (note 21 & 34)			88,470
		-88,410	Other Comprehensive (Income) and Expenditure (MIRS)			88,555
		-59,970	Total Comprehensive (Income) and Expenditure			109,926

MOVEMENT IN RESERVES STATEMENT (MiRS)

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2020 carried forward	-3,000	-9,345	-74	-12,419	870,866	858,447
Total Comprehensive Income and Expenditure	21,371	0	0	21,371	88,555	109,926
Adjustments between accounting basis and funding basis under regulations (note 3)	-22,685	133	-55	-22,607	22,607	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-1,314	133	-55	-1,236	111,162	109,926
Transfers to/(from) Earmarked Reserves	1,314	-1,314	0	0	0	0
(Increase)/Decrease in 2020/21	0	-1,181	-55	-1,236	111,162	109,926
Balance as at 31 March 2021 carried forward	-3,000	-10,526	-129	-13,655	982,028	968,373

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2019 carried forward	-3,000	-12,448	-901	-16,349	934,766	918,417
Total Comprehensive Income and Expenditure	28,440	0	0	28,440	-88,410	-59,970
Adjustments between accounting basis and funding basis under regulations (note 3)	-28,393	3,056	827	-24,510	24,510	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	47	3,056	827	3,930	-63,900	-59,970
Transfers to/(from) Earmarked Reserves	-47	47	0	0	0	0
(Increase)/Decrease in 2019/20	0	3,103	827	3,930	-63,900	-59,970
Balance as at 31 March 2020 carried forward	-3,000	-9,345	-74	-12,419	870,866	858,447

BALANCE SHEET

31 March 2020		31 March 2021	
£000		£000	Notes
82,924	Property, Plant and Equipment	82,243	9
134	Intangible assets	137	
400	Long Term Debtors	300	13
83,458	Long Term Assets	82,680	
711	Inventories	1,046	
3,242	Short Term Debtors	7,016	13
1,900	Cash and Cash Equivalents	3,198	14
5,853	Current Assets	11,260	
-229	Short Term Liabilities	-365	33
-2,571	Short Term Borrowing	-1,082	10
-4,647	Short Term Creditors	-7,013	15
-165	Provisions	-118	16
-7,612	Current Liabilities	-8,578	
-24,061	Long Term Borrowing	-28,146	10
-4,461	Other Long Term Liabilities – PFI	-4,096	33
-911,624	Liability related to defined benefit pension schemes	-1,021,493	34
-940,146	Long Term Liabilities	-1,053,735	
-858,447	Net Assets	-968,373	
-12,419	Usable Reserves	-13,655	17
870,866	Unusable Reserves	982,028	18
858,447	Total Reserves	968,373	

CASH FLOW STATEMENT

2019/20		2020/21
£000		£000
28,440	Net deficit on the provision of services (CIES & note 23)	21,371
-35,285	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 23)	-24,025
-1,304	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 23)	-1,499
-8,149	Net cash (inflow)/outflow from Operating Activities	-4,153
6,460	Investing Activities (note 24)	3,659
6,143	Financing Activities (note 24)	-804
4,454	Net (increase) or decrease in cash and cash equivalents	-1,298
6,354	Cash and cash equivalents at the beginning of the reporting period	1,900
1,900	Cash and cash equivalents at the end of the reporting period (note 14)	3,198

Note

A detailed breakdown of the above is provided in note 23 and 24.

ACCOUNTING POLICIES

GENERAL

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position for the year ended 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ACCRUALS INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for, net of recoverable VAT, in the year in which they arise, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and consumption they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash in no more than three months with insignificant risk of change in value.

CHARGES TO REVENUE FOR NON CURRENT ASSETS

Cost of services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

- Amortisation of intangible assets attributable to the service

The Authority is not required to raise contributions to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by contributions made from General Fund Balances i.e. minimum revenue provision (MRP) and capital expenditure to revenue account (CERA) by way of an adjusting transaction with the Capital Adjustment Account in the MiRS.

EMPLOYEE BENEFITS

Benefits payable during employment

Salaries and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period ('accumulated absences') is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy/retirement. These costs are charged on an accruals basis when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST EMPLOYMENT BENEFITS

Pensions

The Authority participates in distinct pension schemes for Fire fighter and corporate members of staff. The schemes are as follows:

1. Fire Fighter Pension Schemes (FPS)

The Fire Fighters pension schemes are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet the actual pension payments as they fall due. Employee and employer contributions are based on a percentage of pensionable pay set nationally by the Welsh Government and this is subject to triennial revaluation by Government Actuary's Department (GAD).

The pension fund is treated as a separate income and expenditure statement in the Statement of Accounts and is ring fenced to ensure accounting clarity, please

see notes 21, 34 and the 'Fire fighters Pension Fund Account' for more detail. It is through the pension fund that the Authority discharges its responsibility for paying the pensions of retired officers, their survivors and others who are eligible for benefits under the scheme.

The estimated long term liability to the Authority to meet these costs is disclosed by a note to the accounts as required by IAS 19.

2. Corporate and Control Room Staff

This is a funded scheme with pensions paid from the underlying investment funds managed by Rhondda Cynon Taff County Borough Council pension fund (the 'fund') which is part of the Local Government Pension Scheme (LGPS). Actuaries determine the employer's contribution rate. Further costs, which arise in respect of certain pensions paid to retired employees, are paid on an unfunded basis. Please see note 34 for more detail.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified.

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting).

PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying

amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

This means that for most borrowings of the authority, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest if applicable); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority has adopted a simple approach to impairment and measures the loss of Trade Debtors and Loans to Third Parties at an amount equal to expected lifetime loss using a provision largely based on the age of the debt. This method ensures early recognition of the impairment of financial assets.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and third party contributions are recognised as income at the date the Authority satisfies the conditions of entitlement, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has either been incurred or there exists reasonable expectation. Revenue grants are matched in service revenue accounts with service expenditure to which they relate. Grants to cover general expenditure are credited to the foot of the CIES after Net Operating Expenditure.

INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the balance sheet at the lower of cost or NRV. The cost of inventories is assigned using the Average Cost Method (AVCO).

LEASES

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Authority, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to 'Financing and Investment Income and Expenditure' costs in the CIES.

Operating Leases

Where assets are available for use under leasing arrangements, the rentals payable are charged to the cost of service on a straight-line basis irrespective of the payment arrangements. Since the Authority does not own these assets, the cost does not appear in the Balance Sheet.

PROPERTY, PLANT AND EQUIPMENT

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, Plant and Equipment are capitalised where:

- it is held for use in delivering services;
- it is probable that future economic benefits will flow to, or service potentially be provided to, the Authority;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the cost of the individual asset is at least £10,000;
- the items form a group of assets which individually have a cost of at least £250, collectively have a cost of at least £10,000, where the assets are functionally interdependent, they broadly have simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; and
- the items form part of the initial equipping and setting-up cost of a new building or refurbishment of a station or offices, irrespective of their individual or collective cost. Where a large asset, for example a building, includes a number

of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement (Valuation Basis)

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property is subsequently valued for the financial statements on the basis of 'fair value' (FV) and, where the property is of a specialist nature, i.e. operational and there is no active market, depreciated replacement cost (DRC) has been applied.

Land and building assets are valued every 5 years by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Annual impairment reviews are carried out in other years internally. The annual reviews are conducted using the most appropriate information available at the date of the review. A full revaluation was last carried out 31 March 2020.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction - historical cost.
- Surplus assets – fair value.
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives and/or low values, depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

The Revaluation Reserve contains revaluation gains recognised since 31 March 2010 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Comprehensive Income and Expenditure Statement (CIES) and 'other comprehensive income and expenditure'.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the remaining life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the remaining useful life (if bought before 31 December in the year of account).
- Land – depreciation is not applied to land.
- Software is depreciated on a straight line basis over periods of up to 5 years.
- No residual value is accounted for.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off

against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal of assets are categorised as capital receipts and credited to the Capital Receipts Reserve to be used only for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against contributions, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Private Finance Initiative (PFI)

The Authority has entered into a long term contractual agreement under PFI for the provision of the training centre at Cardiff Gate. Under the scheme the Welsh Government provides some revenue support to the project in the form of an annual grant (PFI credits), and the Authority funds the balance by making contributions from the annual revenue budget.

In order to spread contributions evenly over the life of the contract an equalisation reserve is operated whereby surplus credits and contributions are invested and used to reduce contributions in later years. The reserve will be reviewed annually and contributions amended with the intention that the balance on the reserve at the end of the contract will be nil.

Provisions

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate revenue account when the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.

Contingent Liabilities

IAS 37 defines contingent liabilities as either:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control,
- or a present obligation that arises from past events but is not recognised because:
 - a) it is not probable that a transfer of economic benefits will be required to settle the obligation, or
 - b) the amount of the obligation cannot be measured with sufficient reliability.

Where a contingent liability exists it would not be recognised within the accounts as an item of expenditure, but would be disclosed in a note to the balance sheet which would describe the nature of the contingent liability and where practicable an estimate of its financial effect and an indication of the uncertainties related to the amount of any outflow.

Reserves

The Authority maintains reserves to meet future expenditure. These are disclosed within the balance sheet and their purposes are explained in the notes to the balance sheet.

Value Added Tax (VAT)

The Authority is reimbursed for VAT incurred and the revenue accounts have therefore been prepared exclusive of this tax.

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 9 Financial Instruments
- Amendments to IAS 39 Financial Instruments: Recognition and measurement
- Amendments to IFRS 7 Financial Instrument: Disclosures
- Amendments to IFRS 4 Insurance Contracts
- Amendments to IFRS 16 Lease

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the statement of accounts are;

- There is a high degree of uncertainty about future levels of funding for local Government. However the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

Note 2 - ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liabilities (note 34)	Assumptions have been made in the accounts as to the value of future pension costs and income, i.e. liabilities and assets. This is to provide an understanding as to the potential liabilities faced by the Authority.	Changes to pension assumptions will affect the value of assets and liabilities and will impact on the main financial statements, i.e. MIRS, CIES, Balance Sheet and Cash Flow.

Note 3 - ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATION

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments between accounting basis and funding basis under regulations

2019/20					2020/21				
General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Movements in Unusable reserves £000		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Movements in Unusable Reserves £000	
				Adjustments primarily involving the Capital Adjustment Account:					
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
-6,009	0	0	6,009	Charges for depreciation and impairment of non-current assets	-4,182	0	0	4,182	
				Revaluation losses on Property Plant and Equipment					
143	0	0	-143	Capital grants and contributions applied	69	0	0	-69	
-62	62	0	0	PFI transactions to earmarked reserves	-116	116	0	0	
				Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement					
31	0	-31	0		0	0	0	0	
-5,897	62	-31	5,866		-4,229	116	0	4,113	
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
				Statutory provision for the financing of Capital Investment					
2,909	0	0	-2,909	Capital expenditure charged against the General Fund	3,133	0	0	-3,133	
454	2,994	0	-3,448		203	17	0	-220	
				Adjustments primarily involving the capital receipts reserve:					
				Transfer of cash sale proceeds credited as part of the gain/loss on disposal					
0	0	0	0	Contribution from the Capital Receipts Reserve to finance new capital expenditure	55	0	-55	0	
0	0	858	-858		0	0	0	0	
3,363	2,994	858	-7,215		3,391	17	-55	-3,353	
				Adjustments primarily involving the Pensions Reserve:					
				Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement					
-36,762	0	0	36,762	Employer's pension contributions and direct payments to pensioners payable in the year	-32,739	0	0	32,739	
11,242	0	0	-11,242		11,340	0	0	-11,340	
-25,520	0	0	25,520		-21,399	0	0	21,399	
				Adjustment primarily involving the Accumulated Absences Account:					
				Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (note 22)					
-339	0	0	339		-448	0	0	448	
-28,393	3,056	827	24,510	Total Adjustments:	-22,685	133	-55	22,607	

Note 4 – EXPENDITURE AND FUNDING ANALYSIS (EFA)

2019/20			2020/21			
Net Expenditure Chargeable to General Fund £000	Adjustments between the funding & Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund £000	Adjustments between the funding & Accounting Basis £000	Net Expenditure in the CIES £000
71,874	4,209	76,083	Fire Fighting Services	73,566	1,705	75,271
71,874	4,209	76,083	Net Cost of Services	73,566	1,705	75,271
-71,827	24,184	-47,643	Other Income and Expenditure	-74,880	20,980	-53,900
47	28,393	28,440	(Surplus) / Deficit (Note 4 and Note 5)	-1,314	22,685	21,371
-3,000			Opening General Fund Balance	-3,000		
47			+/- (Surplus) / Deficit on General Fund	-1,314		
-47			Transfers to / (from) earmarked reserves	1,314		
-3,000			Closing General Fund Balance at 31 March	-3,000		

	2020/21			
Adjustments from General Fund to arrive at the CIES Amounts	Adj's for Capital Purposes £000	Net change for the Pensions Adj's £000	Other Differences £000	Total £000
Fire Fighting Services	1,076	889	-260	1,705
Net Cost of Services	1,076	889	-260	1,705
Other income and expenditure from the Expenditure and Funding Analysis	-55	20,510	525	20,980
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on the Provision of Services	1,021	21,399	265	22,685

	2019/20			
Adjustments from General Fund to arrive at the CIES Amounts	Adj's for Capital Purposes £000	Net change for the Pensions Adj's £000	Other Differences £000	Total £000
Fire Fighting Services	2,655	1,669	-115	4,209
Net Cost of Services	2,655	1,669	-115	4,209
Other income and expenditure from the Expenditure and Funding Analysis	-31	23,850	365	24,184
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on the Provision of Services	2,624	25,519	250	28,393

Note 5 - EXPENDITURE AND INCOME ANALYSED BY NATURE

The Authority's Income & Expenditure (I&E) is analysed as follows:

	2019/20 £000	2020/21 £000
Expenditure		
Salaries, NI & Superannuation	58,170	61,138
Pensions (ill health)	992	1,082
Travel & Subsistence	440	288
Total Employee Costs	59,602	62,508
Premises Related Expenses	4,973	5,441
Training Expenses	1,400	1,325
Supplies & Services	4,172	5,152
Transport Related Expenses	1,405	1,337
Contracted Services	802	939
Capital Costs / leases	4,630	4,335
Gross Expenditure	76,984	81,037
Income	-5,110	-7,471
(Surplus) / Deficit for the year	71,874	73,566

Reconciliation of I&E to the Provision of Services in the CIES

Amounts in the CIES not reported In the I&E

Accumulated absences	339	448
IAS 19 adjustments	25,520	21,399
PFI operating costs	1,724	1,454
Financing adjustment re: PFI /Leases	358	451
Depreciation (Inc impairments)	6,009	4,182
Capital grant	-143	-69
Non-current asset disposal	-31	-55
Contributions from constituent authorities	-71,827	-74,880
PFI Grant	-1,082	-1,043

Amounts included in I&E not in the CIES

CERA	-455	-203
MRP (excluding PFI & Leases)	-2,899	-2,904
Contribution to PFI	-947	-975

(Surplus) / Deficit on the Provision of Services	28,440	21,371
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From 2020/21, grant expenditure and income is reported in the Authority's Income and Expenditure analysis. This was not the case prior to 2020/21, and only the net impact on the revenue outturn was included. In 2019/20, additional expenditure financed by grants amounted to £2.4m of which £1.1m related to employee costs and £1.3m related to other costs.

Note 6 - OTHER OPERATING EXPENDITURE AND INCOME

2019/20		2020/21
£000		£000
-31	Net (Gain)/Loss on disposal of non-current assets	-55
-31	Total	-55

Note 7 - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019/20		2020/21
£000		£000
1,526	Interest payable and similar charges	1,570
23,850	Pensions interest cost and expected return on pensions assets	20,510
-79	Interest receivable and similar income	-2
25,297	Total	22,078

Note 8 - TAXATION AND NON SPECIFIC GRANT INCOME

2019/20		2020/21
£000		£000
71,827	Local Authority Contributions (note 29)	74,880
350	Capital Grants & Contributions	72
1,082	Government Grants – PFI (note 33)	1,043
73,259	Total	75,995

Note 9 - PLANT, PROPERTY, EQUIPMENT (PPE)

Fixed Assets 2020/21

	Land & Buildings	Vehicles & Equipment	Training Centre / PFI	PPE Total
<u>Cost/Valuation</u>	£000	£000	£000	£000
Gross book value at 31 March 2020	62,889	35,080	5,890	103,859
Additions	1,057	2,478	0	3,535
Disposal of Assets	0	-570	0	-570
Impairment	-132	-56	0	-188
Gross book value at 31 March 2021	63,814	36,932	5,890	106,636
<u>Depreciation and Impairments</u>				
Accumulated depreciation at 31 March 2020	0	20,935	0	20,935
Annual depreciation	1,485	2,363	180	4,028
Disposal of Assets	0	-570	0	-570
Accumulated depreciation as at 31 March 2021	1,485	22,728	180	24,393
Net book value at 31 March 2020	62,889	14,145	5,890	82,924
Net book value at 31 March 2021	62,329	14,204	5,710	82,243

Note: all properties with exception of PFI are freehold.

Fixed Assets 2019/20

	Land & Buildings	Vehicles & Equipment	Training Centre / PFI	AUC Total	PPE Total
<u>Cost/Valuation</u>	£000	£000	£000	£000	£000
Gross book value at 31 March 2019	66,502	32,099	5,750	1,965	106,316
Additions	3,647	2,914	0	0	6,561
Revaluation	727	0	84	0	811
Assets under construction	1,933	32	0	-1,965	0
Reclassification of PFI	-56	0	56	0	0
Adjustment for 16/17 disposals	0	621	0	0	621
Disposal of Assets	-10	-169	0	0	-179
Impairment	-9,854	-417	0	0	-10,271
Gross book value at 31 March 2020	62,889	35,080	5,890	0	103,859
<u>Depreciation and Impairments</u>					
Accumulated depreciation at 31 March 2019	7,443	18,435	824	0	26,702
Annual depreciation	1,851	2,048	160	0	4,059
Adjustment for 16/17 disposals	0	621	0	0	621
Disposal of Assets	-10	-169	0	0	-179
Accumulated Depreciation on Revaluation	-9,284	0	-984	0	-10,268
Accumulated depreciation as at 31 March 2020	0	20,935	0	0	20,935
Net book value at 31 March 2019	59,059	13,664	4,926	1,965	79,614
Net book value at 31 March 2020	62,889	14,145	5,890	0	82,924

Note: all properties with exception of PFI are freehold.

Assets under construction (AUC)

Movements relate to the breathing apparatus project and Compartment Fire Behaviour Training (CFBT) facility which have now been completed.

Note 10 - FINANCIAL INSTRUMENTS

1. Financial Instruments Balances

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments

	Long-Term		Current	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000
Borrowing				
Financial liabilities (principal amount)	24,061	28,146	2,416	916
+ Accrued Interest (accrued interest is short term)	0	0	155	166
Total borrowings	24,061	28,146	2,571	1,082
PFI liabilities	4,461	4,096	229	365
Creditors				
Financial liabilities at amortised cost	0	0	4,647	7,013
Investments				
Loans and receivables (principal amount)	0	0	0	0
+ Accrued interest	0	0	0	0
Cash and Cash Equivalents	0	0	0	0
Total investments	0	0	0	0
Total debtors	400	300	3,242	7,016

Note 1 – Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or invested. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year.

2. Financial instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Financial Instruments Gains and Losses				
	2019/20		2020/21	
	Financial Liabilities Measured at amortised cost £000s	Financial Assets Loans and receivables £000s	Financial Liabilities measured at amortised cost £000s	Financial Assets Loans and receivables £000s
Interest expense in Surplus or Deficit on the Provision of Services	1,526	0	1,570	0
Interest income in Surplus or Deficit on the Provision of Services	0	79	0	2
Net gain/(loss) for the year	1,526	79	1,570	2

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

Period/Term	Approved Minimum limits	Approved Maximum limits	Actual 31 March 20 £000's	Actual 31 March 21 £000's
Less than 1 year	0%	25%	2,416	916
Between 1 and 2 years	0%	30%	916	1,409
Between 2 and 5 years	0%	50%	4,186	4,183
Between 5 and 10 years	0%	70%	7,860	8,454
More than 10years	0%	95%	11,100	14,100
Total			26,478	29,062

The debt portfolio comprises of both Equal Installment of Principal (EIP) and Maturity loans and the average debt rate equates to 3.83%. Loans outstanding at the balance sheet date comprise £29 million with PWLB, Invest to save borrowing became payable over a 3 year period commencing 2017/18 and matured the financial year 20/21 and £20k with Salix. Salix Funding of £83k became payable over a 6 year period commencing 2016/17.

Note 11 - FAIR VALUE OF ASSETS & LIABILITIES CARRIED AT AMORTISED COST

Financial liabilities and assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- ✓ For loans payable from the PWLB, the fair value can be included under debt redemption procedures;
- ✓ For loans receivable (of which there are none), the prevailing benchmark market rates would be used to provide the fair value;

- ✓ No early repayment or impairment is recognised;
- ✓ Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- ✓ The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Fair values pertaining to loans are as follows:

	£000s	31 March 2020		31 March 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt		26,443	30,934	29,041	33,895
Non-PWLB debt		35	35	21	21
Total debt		26,478	30,969	29,062	33,916

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available in the market at the balance sheet date.

Note 12 - SHORT TERM INVESTMENTS

In accordance with the treasury management strategy, there are no short term investments outstanding at the end of the year.

Note 13 - DEBTORS

31 March 2020		31 March 2021
£000		£000
1,288	Central Government Bodies	4,826
1,584	Other Local Authorities*	1,949
80	NHS Bodies	0
0	Public Cooperations	23
690	Other Entities and Individuals	518
3,642	Total	7,316

* Includes long term debtors of 400k for 19/20 and £300k for 20/21.

Note 14 - CASH & CASH EQUIVALENTS

31 March 2020		31 March 2021
£000		£000
0	Cash held by the Authority	0
1,900	Bank current accounts	3,198
0	Fixed term deposits	0
<u>1,900</u>	Total	<u>3,198</u>

Note 15 - CREDITORS

31 March 2020		31 March 2021
£000		£000
1,464	Central government bodies	1,163
572	Other local authorities	507
15	NHS Bodies	13
0	Public Corporations and Trading Funds	716
845	Other Entities and Individuals	1,747
914	Pension Fund Creditor – FFPF	0
0	Receipts in Advance	1,582
837	Accumulated Absences (note 22)	1,285
<u>4,647</u>	Total	<u>7,013</u>

Note 16 - PROVISIONS

31 March 2020		31 March 2021
£000		£000
38	Part time worker regulations	38
127	Protected pension age (PPA)	80
<u>165</u>	Total	<u>118</u>

Note 17 - USABLE RESERVES

Balance at 1 April 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2020		Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021
£000	£000	£000	£000		£000	£000	£000
5,895	-1,146	120	4,869	Change Management Reserve	0	1,531	6,400
600	-100	0	500	Joint Control Lease Reserve	-100	0	400
3,861	-62	0	3,799	PFI Equalisation Reserve	-116	0	3,683
116	-67	0	49	Managed Under Spend Reserve	-6	0	43
1,976	-2,348	500	128	Compartment Fire Behaviour Training (CFBT) Reserve	-128	0	0
901	-858	31	74	Capital Receipts	0	55	129
3,000	-47	47	3,000	General Fund	-1,314	1,314	3,000
16,349	-4,628	698	12,419	Total Usable Reserves	-1,664	2,900	13,655

Movement in earmarked reserves have occurred during the year, as follows;

- The revenue under spend and annual lease costs for the Joint Public Service Centre, along with balances remaining on the CFBT reserve and within the managed underspend reserve for projects now completed, have been transferred to the change management reserve.
- The balance remaining on the Joint Public Service Centre lease which is payable over 8 years, commencing from 2017/18, is shown as a separate reserve.
- The PFI equalisation reserve exists to ensure the necessary funds are available to accommodate future payments to the PFI provider.
- £6k has been transferred from the managed under spend reserve to the change management reserve as detailed above.
- Movements on the CFBT reserve relate to the in year costs of the project, with the balance remaining being transferred to the change management reserve.
- Capital receipts are ring fenced to fund capital investment although none have been applied as at the balance sheet date. A further £55k were received during the year.

General Fund

In addition to the earmarked reserves above, the General Fund Balance is sustained at a minimum level deemed adequate to provide a level of operational resilience in respect of major incidents/catastrophes.

Note 18 - UNUSABLE RESERVES

31 March 2020		31 March 2021
£000		£000
-14,017	Revaluation Reserve (note 19)	-13,770
-27,578	Capital Adjustment Account (note 20)	-26,980
911,624	Pensions Reserve (note 21)	1,021,493
837	Accumulated Absence Reserve (note 22)	1,285
870,866	Total Unusable Reserves	982,028

Note 19 - REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed and gains are realised.

2019/20 £000		2020/21 £000
-12,001	Balance at 1 April	-14,017
-4,935	Revaluation Adjustment	0
2,295	Impairment adjustment	85
624	Difference in fair value and historical cost depreciation	162
<hr/> -14,017 <hr/>	Balance at 31 March	<hr/> -13,770 <hr/>

Note 20 - CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority to finance the cost of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2010, the date that the Revaluation Reserve was created to hold such gains.

2019/20 £000	Capital Adjustment Account	2020/21 £000
-25,605	Balance as at 1 April	-27,578
-2,909	MRP (note 30)	-3,133
3,553	Depreciation (net of revaluation)	3,916
1,832	Impairments	104
-455	Capital expenditure financed from revenue resources (CERA) (note 30)	-203
-143	Capital Grants (note 30)	-69
-2,994	Assets funded from General Fund (note 30)	-17
0	Net non-current asset disposal	0
-857	Assets funded by Capital Receipts	0
<hr/> -27,578 <hr/>		<hr/> -26,980 <hr/>

Note 21 - PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement. The benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require any benefits earned to be financed as the Authority makes employer contributions to pension funds or, eventually pays pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000		2020/21 £000
971,874	Balance at 1 April	911,624
-85,770	Remeasurements of the net defined benefit liability (asset)	88,470
36,762	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	32,739
-11,242	Employer's pensions contributions and direct payments to pensioners payable in the year	-11,340
911,624	Balance at 31 March	1,021,493

Note 22 - ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2019/20		2020/21
£000		£000
-498	Balance at 1 April	-837
498	Settlement or cancellation of accrual made at the end of the preceding year	837
837	Amounts accrued at the end of the current year (note 15)	1,285
-339	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements. (note 3)	-448
-837	Balance at 31 March	-1,285

Note 23 - CASH FLOW STATEMENT – OPERATING ACTIVITIES

2019/20 £000		2020/21 £000
28,440	Net Deficit on the Provision of Services	21,371
	Adjustments to Net Deficit for Non Cash Movements;	
-16	Increases/(Decrease) in stock	334
-3,036	Increase/(Decrease) in debtors	3,680
-396	(Increase)/Decrease in creditors	-2,065
-6,009	Depreciation charge (inc impairment)	-4,182
31	Gain on asset disposal	55
-25,519	IAS 19 adjustments	-21,399
-340	Other non cash-items charged to the net deficit on the provision of services	-448
-35,285	Less Total	-24,025
	Adjustments for items included in the net deficit on the Provision of Services that are Investing and Financing Activities;	
-1,526	Interest Payable	-1,570
79	Interest Receivable	2
143	Capital Grants	69
-1,304	Less Total	-1,499
-8,149	Net Cash Flow from Operating Activity	-4,153

Note 24 - CASH FLOW – INVESTING AND FINANCING ACTIVITIES

2019/20		2020/21
£000		£000
6,629	Purchase of property, plant and equipment, investment property and intangible assets	3,783
-26	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-55
-143	Capital Grants received	-69
6,460	Net cash (in)/outflow from investing activities	3,659
0	Cash Receipts from short & long term borrowing	-5,000
-93	Other receipts from financing activities	-9
9	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	229
4,510	Repayments of short and long-term borrowing	2,416
1,717	Other payments for financing activities	1,560
6,143	Net cash (in)/outflow from financing activities	-804

Note 25 - MEMBERS' ALLOWANCES

During 2020/21, under the Local Authorities (allowances for Members of Fire Authorities) (Wales) Regulations 2004, the following annual rates were payable;

2019/20		2020/21
£000		£000
63	Total of members' allowances	71
3	Total of members' expenses	0
66	Total	71

The Fire & Rescue Authority comprises 24 councillors from the 10 Local Authorities that combined to form it. All members' expenses were paid as a reimbursement of costs in pursuance of duties.

Note 26 - OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Title	Year	Salary £000	Expenses £000	*Benefits in Kind £000	Total Excluding Pension £000	Employers Pension £000	Gross remuneration £000
Chief Fire Officer	2020/21	138	0	0	138	38	176
	2019/20	136	2	6	144	37	181
Deputy Chief Officer	2020/21	105	0	0	105	16	121
	2019/20	103	2	0	105	17	122
Asst Chief Fire Officer Service Delivery (A)	2020/21	104	0	0	104	30	134
	2019/20	102	1	4	107	30	137
Asst Chief Fire Officer Service Delivery (B)	2020/21	17	0	0	17	5	22
	2019/20	18	0	4	22	5	27
Asst Chief Fire Officer Technical Services	2020/21	104	0	0	104	28	132
	2019/20	102	1	4	107	28	135
Asst Chief Officer People Services	2020/21	86	0	4	90	13	103
	2019/20	84	1	0	85	14	99
Treasurer	2020/21	28	0	0	28	4	32
	2019/20	27	0	0	27	4	31

* Benefits in kind relate to an allowance for a vehicle on the service lease car scheme.

* Service Delivery B was temporarily promoted between 27/01/2020 – 31/05/2020 to provide cover for Service Delivery A sick leave.

Authority employees receiving more than £60,000 remuneration for the year were paid in the following amounts:

Salary Bracket	Number 2019/20	Number 2020/21
£60,000 to £64,999	15	15
£65,000 to £69,999	3	8
£70,000 to £74,999	1	0
£75,000 to £79,999	1	3
£80,000 to £84,999	1	0
£85,000 to £89,999	4	3
£90,000 to £94,999	0	0
£95,000 to £99,999	0	0
£100,000 to £104,999	1	0
£105,000 to £109,999	2	3
£110,000 to £114,999	0	0
£115,000 to £119,999	0	0
£120,000 to £124,999	0	0
£125,000 to £129,999	0	0
£130,000 to £134,999	0	0
£135,000 to £139,999	0	0
£140,000 to £144,999	1	1

Remuneration includes all sums paid to/receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The above data does not include employer's pension contributions or arrears of pay. Individuals reported in the above salary brackets are also included in the senior officers' remuneration table above.

The median remuneration across the Service for 2020/21 is £30k and the ratio of the CFO remuneration to the median remuneration is 4.66:1.

For 2019/20 the median remuneration across the Service was £30k and the ratio of the CFO remuneration to the median remuneration is 4.56:1.

In previous years the median calculation was calculated using the 'main' salary of each member of staff regardless of how many contracts/roles they held. This year and last year the calculation has been based on the posts, rather than the person as some members of staff may hold two posts.

The median remuneration is based on FTE salary and does not include taxable expense allowances. This allows the calculation to tie back to a specific salary grade.

Note 27 - EXTERNAL AUDIT COSTS

2019/2020 £000		2020/2021 £000
-7	Fees / refunds for previous years	4
72	Current year fees paid / due to the Auditor General for Wales	72
65	Total	76

Note 28 - GRANTS

Gains relating to grants and donated assets are recognised in the CIES. Income is credited at the point when the Authority has met all stipulations, conditions and restrictions agreed with the entity providing the gain. (Grants from Welsh Government are marked WG).

2019/20 £000	Revenue	2020/21 £000
748	Community Risk Reduction (WG)	549
1,164	New Dimensions and USAR Funding (WG)	1,263
156	MTFA (WG)	140
12	Crown Premises Inspector (WG)	0
316	Other*	345
632	Fire Link (WG)	632
28	Anti-Social Behaviour	28
8	Natural Resources Wales	19
5	Circular Economy (WG)	6
2,977	SCAPE (WG)	2,852
0	WAST Volunteers	75
0	Covid-19 (WG)	557
0	FF Apprentices	68
0	Cyber Training (WG)	3
0	AFAN Project	2
6,046		6,539
	Capital	
143	Mobile Data Terminal's (MDT's) (WG)	0
0	NR – USAR Property Build (WG)	33
0	USAR Vehicle (WG)	23
0	Covid – ICT Multimedia (WG)	13
143		69

* Other grants (external funding) comprise funding for small, non-recurring project.

Note 29 - RELATED PARTIES

The Authority is required to disclose material transactions with related parties (bodies) or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to bargain freely.

RELATED PARTY TRANSACTIONS

The South Wales Fire and Rescue Authority has a number of links with constituent authorities and this is reflected in the income detailed below which represents the 'Fire Levy' payable to the Service to finance annual running costs each.

Each member of the Fire and Rescue Authority is also a member of one of the constituent local government authorities.

During the year transactions with related parties arose as shown below.

	In Year Transactions		Balances Outstanding at 31 st March, 2021	
	Income	Expenditure	Owed to Authority (Debtor)	Owed by Authority (Creditor)
	£000	£000	£000	£000
Blaenau Gwent CBC	3,406	2	0	0
Bridgend CBC	7,055	0	0	0
Caerphilly CBC	8,872	7	0	0
Cardiff CC	17,986	68	0	0
Merthyr Tydfil CBC	2,924	3	0	0
Monmouthshire CC	4,584	8	0	0
Newport CBC	7,408	8	0	0
Rhondda Cynon Taf CBC	11,731	155	0	5
Torfaen CBC	4,533	5	0	1
The Vale of Glamorgan CBC	6,381	9	0	0
	74,880	265	0	6

Payments include the costs for supplies and services. Also included are associated costs of unfunded pensions, fire pension reforms and payroll charges. National Non Domestic Rates (NNDR) and salary deductions have been excluded from the above.

Members and senior officers of the Authority were asked to declare any third party transactions during the year. The declarations disclosed a variety of potential related parties, with the following table being the only relationships where payments have been made.

Related Party Organisation	Nature of relationship	No. of transactions	In Year Transactions		Balances Outstanding at 31 st March, 2021	
			Income £	Expenditure £	Owed to Authority (Debtor) £	Owed by Authority (Creditor) £
Law Society	FAPM Member - Membership	2	0	3,028	0	0
Aneurin Bevan Health Board	FAPM Member-Nominee	12	0	56,054	0	9,342
Coleg Gwent	FAPM Member-Employment	18	0	7,054	0	2,240
Gwent Police	Deputy Chief Officer - Spouse	14	22,451	65,273	7,451	10,993
Miss Tilley's	Deputy Chief Officer - Friend	1	0	53	0	0
Purple Shoots	Deputy Chief Officer - Friend	6	0	1,040	0	0
Trivallis Housing Association	FAPM Member - Representative	1	82	0	0	0
Royal-British Legion	FAPM Member - Membership	1	0	1,200	0	0
St.Johns's (Medical Practice)	Deputy Chief Officer - Spouse	1	0	115	0	0
St.John's (Ambulance)	Deputy Chief Officer - Spouse	3	0	1,108	0	0

Welsh Government is regarded as a related party due to its control of relevant legislation and funding. Significant financial transactions with Welsh Government relate to a top up grant for funding Fire Fighters' pensions (see Firefighter's Pension Fund Account see Note 34) and grants (see Note 28).

This note has been compiled in accordance with the current interpretation and understanding of IAS 24 as applicable to the public sector.

Joint Operations

In April 2014 South Wales Fire and Rescue Service (SWFRS) entered into a Memorandum of Understanding with South Wales Police and Mid and West Wales Fire and Rescue Service (MAWWFRS) to work together to establish a Joint Public Service Centre (JPSC). In October 2017 the JPSC went “live”. SWFRS and MAWWFRS have joint control of the operation and the agreed approach is set out in a Service Level Agreement (SLA). The SLA outlines a set of agreed high-level principles in relation to the day-to-day management of the team. It is the expectation of both Chief Fire Officers that the FRSs will work in collaboration to achieve the aims and objectives set out within the SLA.

The SLA provided that as from the point of the team becoming operational (October 2017) the staff budget (direct and indirect costs) for the JPSC would be shared on a 50% basis. For 2018/19 onwards the SLA was renegotiated resulting in a revised basis – direct staff costs 60% SWFRS and 40% MAWWFRS, and 50% each for indirect staff costs.

The Authority’s share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below.

Joint Public Service Centre from Oct 2017	2019/20		2020/21	
	Joint Operation Total	SWFRS Share	Joint Operation Total	SWFRS Share
Revenue				
Staff Expenditure	2,717	1,630	2,686	1,611
Non-Staff Expenditure	124	62	168	84
Total Expenditure	2,841	1,692	2,854	1,695
Intangible Asset - Command & Control System				
Gross Book Value	308	154	308	154
Accumulated Amortisation	(126)	(63)	(192)	(96)
Net Book Value	182	91	116	58

The authority also has a long-term debtor of £300k and short-term debtor of £100k with South Wales Police in relation to the Joint Public Service Centre.

Note 30 - CAPITAL EXPENDITURE AND CAPITAL FINANCING

2019/20		2020/21
£000		£000
42,185	<i>Opening Capital Financing Requirement (CFR)</i>	41,465
6,638	Property, Plant and Equipment investment	3,587
6,638	Total Additions	3,587
	<i>Sources of finance</i>	
-143	Government grants and other contributions (note 28)	-69
-2,994	Sums set aside from revenue (note 20)	-17
-455	Direct revenue contributions (note 20)	-203
-857	Capital Receipts	0
-2,909	MRP/loans fund principal (note 20)	-3,133
41,465	<i>Closing Capital Financing Requirement (CFR)</i>	41,630
	<i>Increase in underlying need to borrow</i>	
-720	Increase/(Decrease) in CFR	165

Capital expenditure is incurred on schemes which have a life beyond one year, and is largely financed by a mix of borrowing and revenue contributions, albeit capital receipts can and will be used.

Note 31 - FINANCING OF CAPITAL SPEND

Capital expenditure in the year was financed as follows:

2019/20		2020/21
£000		£000
455	Revenue contribution (note 30)	203
2,994	Reserves (note 20)	17
143	Grant funding (note 28)	69
2,189	Internal Borrowing	3,298
857	Capital Receipts	0
6,638	Total	3,587

Note 32 - CAPITAL COMMITMENTS

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the balance sheet date. Capital expenditure committed at the 31 March 2021 for future periods equates to £2.609m (2019/20: £1.053m). The commitments relate to property refurbishments, and the vehicle, ICT and Equipment programmes.

Note 33 - PFI.

During 2005/06 financial year, the Authority entered into a Private Finance Initiative (PFI) arrangement for the provision of a training centre at Cardiff Gate. The arrangement will run until September 2030. There is a commitment of £15.8m (Net Present Value) over the duration of the contract, which is to be funded by a combination of PFI Credits, agreed by the Welsh Government and Fire and Rescue Authority resources.

The Authority meets the costs of the Unitary Charge from its own resources and receives an annual grant from the Welsh Government. The profile of funding from the Assembly reduces annually until the expiry of the contract term whereas the unitary charge payable by the Authority increases annually over the same period. This results in a "surplus" of resources for PFI when compared to payments for the initial period of the contract period. These surplus amounts are set-aside in an earmarked reserve to fund the later part of the contract period where annual payments are greater than annual resources.

As at 31 March 2021, the balance on the PFI equalisation earmarked reserve is £3.683 million. The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element and these payments will be made over the life of the PFI contract. Annual funding from the Welsh Government has been and will be receivable for the life of the contract. The PFI Finance Lease Liability will be written down over the life of the PFI contract.

The below table details the aforementioned movement;

PFI Element		2019/20	2020/21	2021/22	Payable	Payable
		£'000	£'000	£'000	2 - 5 years	6 - 10 years
		£'000	£'000	£'000	£'000	£'000
Unitary Charge						
	Service Charge	1,724	1,454	1,329	6,530	6,528
	Interest	358	451	491	1,463	1,707
	Finance Lease	9	229	365	1,266	2,829
		2,091	2,134	2,185	9,259	11,064
Grant Funding		-1,082	-1,043	-1,004	-3,624	-3,333
Fire Authority Contribution		-947	-975	-1,004	-4,330	-5,530
Net contribution to equalisation		62	116	177	1,305	2,201
Equalisation Account						
	O/balance	-3,861	-3,799	-3,683	-3,506	-2,201
		62	116	177	1,305	2,201
	C/balance	-3,799	-3,683	-3,506	-2,201	0
Liability @ 31 March						
	Short Term	229	365	419	538	
	Long Term	4,461	4,096	3,677	2,292	0
		4,690	4,461	4,096	2,830	0

Note 34 - PENSIONS (IAS 19)

(i) Local Government Services and Control Staff

In 2020/21 the Authority paid employer pension contributions of £1.36 million to 'the fund' which provides members with defined benefits related to pay and service. Under current pension regulations, contribution rates are set to meet 100% of the overall liabilities of 'the Fund'.

Pension contributions to be paid into the scheme for the financial year 2021/22 are estimated to be £1.343 million for the employer.

The LGPS is a funded defined benefit plan (but also includes certain unfunded pensions) with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earning scheme (CARE).

The unfunded pension arrangements (Compensatory Added Years) relate to termination benefits made on a discretionary basis upon early retirement.

Further information on the RCT Pension Fund can be found in the Pensions Fund Annual Report and Accounts which is available on request from the Pensions Section, Rhondda Cynon Taf C.B.C. Bronwydd House, Porth, Rhondda, CF39 9DL or on the website rctpensions.org.uk.

(ii) Fire Fighters

The Fire Fighters' pension scheme is an unfunded scheme with defined benefits. In 2020/21 the Authority paid employer pension contributions of £8.868 million. Pensions paid from revenues equated to £1.082 million. For 2021/22, the employer contribution to the scheme is estimated to be £8.905 million and the current estimate for pensions paid from revenue is £946k. The majority of pension payments to retired Fire Fighters are paid from a separate Pension Fund account administered by the Authority, details of the Fund and how it operates is provided by the Fire Fighters' Pension Fund Account and related disclosures.

On 1 April 2015 the 2015 pension scheme was introduced in addition to the original 1992 FPS and the (new) 2006 NFPS. The 2015 scheme introduced new contributions rates for both employers and employees and resultant pensioner benefits in an attempt at affordability. Members of the 1992 and 2006 schemes who do not meet the prescribed criteria, will transition into the 2015 scheme under a tapering arrangement. The three schemes are combined in the following tables.

On 1st April 2016 the retained Modified Pension Scheme was introduced. The scheme allowed individuals who were employed as Retained members of staff between the years 2000 – 2006 the opportunity to buy back service. If the individuals were still employees then they could enter into the Retained Modified Pension Scheme which benefits from the same contribution rates as the 1992 scheme.

Transactions Relating to Post-employment Benefits

In accordance with the requirements of International Accounting Standard No 19 – Retirement Benefits (IAS19) the Authority has to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in 'Accounting Policies', the Authority participates in two schemes, the Fire Fighters' Pension Scheme for full time Fire Fighters which is unfunded, and the Local Government Pensions Scheme (RCT Pension Fund) for other employees which is administered by Rhondda Cynon Taf County Borough Council. In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

To comply with IAS19 the Authority appoints actuaries on an annual basis to assess the assets and liabilities of both schemes. Aon Hewitt was appointed to assess the Local Government Pension Scheme and the Government Actuary's Department the Fire Fighters' scheme as they relate to past and current employees of South Wales Fire Authority. For the Local Government Pension scheme the actuary assessed that the net liability to the Authority as at 31 March 2021 was £31 million (*31 March 2020, £26 million*) and for the Fire Fighters' schemes the liability was £990 million as at 31 March 2021 (*31 March 2020, £886 million*). A breakdown of the assets and liabilities of both schemes and the assumptions used in the actuarial calculations can be found overleaf.

The Government has recently published a further consultation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the 'interim solution' to those members who reach State Pension Age after 5 April 2021. A past service cost was included for 2019/20 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, it is expected that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any costs are yet to be determined but it is expected to be a relatively small uplift for a relatively small subset of members.

Following the Court of Appeal, the McCloud judgment that was handed in December 2018 concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme. Currently the UK Government is progressing detailed plans to implement the remedy following the consultation undertaken during 2020. The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuaries have based the estimate on the major provisions of the remedy.

2019/20 £000	Movements on Pension Reserve	2020/21 £000
	Income and Expenditure Account	
	Net Cost of Service	
	Current Service Cost	
-23,060	- Fire Fighters	-22,950
-3,210	- Local Government Pension Scheme	-3,090
	Past Service Cost	
2,700	- Fire Fighters	0
0	- * Local Government Pension Scheme	0
10,658	Top Up Grant	13,811
	Net Operating Expenditure	
	Interest Cost	
-23,290	- Fire Fighters	-19,930
-2,170	- Local Government Pension Scheme	-2,080
	Expected Return on Pension Assets	
0	- Fire Fighters	0
1,610	- Local Government Pension Scheme	1,500
	Total Post-employment benefit charged to the surplus or deficit on the provision of services	
-36,762		-32,739
	Remeasurements of the net defined benefit liability (asset)	
85,600	- Fire Fighters	-85,530
170	- * Local Government Pension Scheme	-2,940
49,008	Total Post-employment benefit (charged)/credited to the C.I.E.S	-121,209
	Movement on Reserve Statement	
971,874	Opening Balance 1 April	911,624
-49,008	Reversal of Net Charges for IAS 19	121,209
	Actual Amount Charged against the General Fund Balance for pensions in the year	
	Employer Contributions	
-8,923	Fire Fighters	-9,295
-1,690	Local Government Pension Scheme	-1,390
-629	Retirement benefits paid to Fire Fighters	-655
0	Transfers in	0
-60,250	Movement on Pension Reserve	109,869
911,624	Closing Balance	1,021,493

*The LGPS movements on pension reserve are inclusive of unfunded pension benefits arrangements; 2020/21 – Interest cost of £10k, actuarial loss of £60k and net benefits paid out £30k.

Pension Schemes – Assets / Liabilities

The Authority's estimated share of assets and liabilities from 31 March 2017 to 31 March 2021 were as follows:

	31 March				
	2017	2018	2019	2020	2021
Estimated share of liabilities in the Fire Fighters' Pension Scheme	-849,560	-897,550	-947,849	-885,690	-990,340
Estimated share of liabilities in the Rhondda Cynon Taff Pension Fund	-80,250	-85,480	-91,335	-91,164	-117,564
Total liabilities	-929,810	-983,030	-1,039,184	-976,854	-1,107,904
Share of assets in the Rhondda Cynon Taff Pension Fund	57,780	61,120	67,310	65,230	86,411
Net Pension Deficit	-872,030	-921,910	-971,874	-911,624	-1,021,493

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The Fire Fighters' Scheme has been valued by the Government Actuary's Department and the LGPS Fund liabilities have been valued by Aon Hewitt, an independent firm of actuaries. The main assumptions used in the calculations are as follows:

Basis for estimating assets and liabilities

	Fire Fighters' Scheme		LGPS Fund	
	2020 %	2021 %	2020 %	2021 %
Rate of Inflation;				
RPI				
CPI	2	2.4	1.9	2.7
Rate of increase in Salaries	4	4.15	3.15	3.95
Rate of Increase in Pensions	2	2.4	1.9	2.7
Rate of Discounting Scheme Liabilities	2.25	2	2.3	2.1
Future Life Expectancy at 65 Men				
Current Pensioners	21.3	21.4	21.7	21.8
Future Pensioners	23	23.1	22.7	22.8
Women				
Current Pensioners	21.3	21.4	24	24.1
Future Pensioners	23	23.1	25.5	25.6

Sensitivity analysis

The scheme actuary of the LGPS scheme has estimated the approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation. In each case, only the assumption mentioned is altered, all other assumptions above remain the same.

Discount rate assumption

Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	114.39	119.53
% change in present value of total obligation	-2.2%	2.2%
Projected service cost (£m)	4.44	4.76
Approximate % change in projected service cost	-3.4%	3.5%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	117.43	116.49
% change in present value of total obligation	0.4%	-0.4%
Projected service cost (£m)	4.60	4.60
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	119.07	114.85
% change in present value of total obligation	1.8%	-1.8%
Projected service cost (£m)	4.76	4.44
Approximate % change in projected service cost	3.5%	-3.4%

Post retirement mortality assumption

Adjustment to discount rate	-1 year	+1 year
Present value of total obligation (£m)	121.17	112.87
% change in present value of total obligation	3.6%	-3.5%
Projected service cost (£m)	4.79	4.42
Approximate % change in projected service cost	4.1%	-4.0%

The scheme actuary of the Fire Fighters' Pension scheme has estimated the approximate impact of changing the key assumptions on the present value of the defined benefit obligation.

Impact on defined benefit obligation	%	£ million
Rate of discounting scheme liabilities +0.5%p.a.	-9.5%	-94
Long term rate of increase in salaries +0.5% p.a.	2.0%	20
Rate of increase in pensions / deferred revaluation +0.5% p.a.	8.0%	77
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.5%	35

Assets

The Fire Fighters' Pension scheme is an unfunded scheme and as such holds no assets to generate income to meet the schemes liabilities. Funding for the payments made from the scheme is met from employers and employees contributions in the year and an annual grant from the Welsh Government.

The Local Government scheme is a funded scheme and as such has built up assets over the years to generate income to meet future liabilities. Assets in the RCT Pension Fund are valued at fair value, principally bid value for investments, and consist of:

Plan Asset Split	%
2021	
Equity Investments	70.7
Bonds	22.1
Property	6.4
Cash	0.8
Total	100.0
2020	
Equity Investments	63.7
Bonds	26.8
Other Assets	9.5
Total	100.0

The overall return on pension assets was 31.9% for 20/21 (2019/20: -3%).

The movement in the pension deficit for the year can be analysed as followed based on the present value of the scheme liabilities.

2019/20 £000 Fire Fighters	2019/20 £000 LGPS	Liabilities	2020/21 £000 Fire Fighters	2020/21 £000 LGPS
-947,849	-91,335	Balance as at 1 April	-885,690	-91,164
-23,060	-3,210	Current Service cost	-22,950	-3,090
-23,290	-2,170	Interest	-19,930	-2,080
-4,160	-560	Contributions by scheme members	-4,300	-590
85,600	3,630	Actuarial Gains and Losses	-85,530	-22,330
24,780	2,481	Benefits Paid	28,470	1,690
2,700	0	Past Service Cost	0	0
-411	0	Transfers in	-410	0
-885,690	-91,164	Pension Liabilities at Year End	-990,340	-117,564

Changes to the fair value of assets during the accounting period

2019/20	Assets	2020/21
£000		£000
LGPS		LGPS
67,310	Balance 1 April	65,230
1,610	Return on Pension Assets	1,500
-3,460	Actuarial Gain/Losses on Assets	19,390
1,690	Contributions by employer	1,390
560	Contributions by Scheme members	590
-2,480	Net benefits paid out*	-1,689
65,230	Pension Assets at Year End	86,411

* Consists of net benefits cash-flow out of the Fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums and Fund administration expenses. Excluding £30k unfunded pension payments.

Actual return on assets

	31 March 2020	31 March 2021
	£ Million	£ Million
Interest income on assets	1.61	1.50
Re-measurement gain/ (loss) on assets	-3.00	19.39
Actual return on assets	-1.39	20.89

Note 35 - CONTINGENT LIABILITIES

The Fire Authority has reaffirmed its decisions on a number of cases related to the pensions of former employees. These include cases related to 'Rule B5C' of the Fire Pension Scheme and USAR allowances. The Authority believes that it has no further financial liability in respect of these cases however, it is possible that the group of pensioners / employees concerned could challenge the outcome via the Pension Ombudsman or through the courts.

There are also a number of national issues ongoing in respect of pension schemes and the value of any potential liabilities is yet to be determined. One such case is that of O'Brien, it has been ruled by the courts that a decision to limit the period in which part-time workers could retrospectively purchase past pensionable service was incorrect and no such limit should be applied. The UK Government have recognised the right for retained firefighters employed before 01 July 2000 to elect to become a special member from the start of their employment. This will necessitate a second options exercise for which legal discussions have commenced but no timescales are

known at this stage. Further details of the Appeals or potential remedies are not known at present.

Note 36 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movement.

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage the above risks. At the beginning of the financial year Members are presented with a report outlining the Treasury Management Strategy to be followed for the year and setting out the Prudential Indicators (PI's) for the year. Half way through the year a report detailing progress against strategy and if necessary a revision of the PI's. At year end the final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments are detailed in the treasury reports presented to Members and can be accessed from www.southwales-fire.gov.uk.

The highest credit risk is for the investments and these are managed through the Treasury Management Strategy as detailed above. The current strategy states the Authority will only invest short term, up to a maximum of 12 months, with institutions that are on the Authority's counterparty list. On a daily basis the Authority is updated with any changes to the credit status of institutions on the counterparty list and if any institutions are downgraded and fail to meet the criteria set out in the Treasury Management Strategy then they are removed from the list. If an institute failed to repay an investment then the financial loss to the Authority could be in excess of £1m. However, due to careful management of the portfolio no institutions have failed to repay monies due.

The Authority has ready access to borrowing from the Public Works Loan Board and there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is provided in note 10 (2) Financial Instruments.

Interest rate risk - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing

financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury activities, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price risk - The Authority, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

FIRE FIGHTERS' PENSION FUND ACCOUNT (FFPF)

2019/2020		2020/2021
£000	Income to the fund	£000
	Contributions receivable:	
	from employer	
-8,567	normal contributions	-8,868
-363	other contributions	-427
-4,076	from members	-4,199
-93	Past service contributions (retained modified scheme)	-105
<u>-13,099</u>		<u>-13,599</u>
-413	Transfers in from other pension funds	-430
-13,512	Total Income to the Fund	-14,029
	Spending by the Fund	
	Benefits Payable:	
20,898	Pension payments	21,441
2,998	Pension commutations and lump-sum retirement benefits	5,790
128	Other Payments	307
<u>24,024</u>		<u>27,538</u>
	Payments to and on account of leavers:	
0	Transfers out to other authorities	230
<u>24,024</u>	Total Spending by the Fund	<u>27,768</u>
10,512	Net amount payable for the year	13,739
-10,512	Annual top up grant receivable from Welsh Government	-13,739
<u>0</u>	Net amount payable for the year	<u>0</u>

2019/2020	Net Asset Statement	2020/2021
£000		£000
	Current Assets;	
0	Top up grant due from Welsh Government	3,224
0	Payments in advance to pensioners	0
914	Amount owed from general fund	0
<u>914</u>		<u>3,224</u>
	Current Liabilities;	
-914	Top up grant due to Welsh Government	0
0	Commutations due to pensioners	0
0	Amount owed to general fund	-3,224
<u>0</u>		<u>0</u>

NOTES TO THE FIRE FIGHTERS' PENSION FUND ACCOUNT

The Fund was established 1 April 2007 and covers the 1992, 2006, 2015 and 2016 Retained Modified Fire Fighters' Pension Schemes and is administered by the Authority. The 2015 scheme introduced new contributions rates for both employers and employees and reduced pensioner benefits. On 1st April 2016 the retained Modified Pension Scheme was introduced in addition to the original 1992, 2006 and 2015 schemes. The scheme allowed individuals who were employed as retained members of staff between the years 2000 – 2006 the opportunity to buy back service. If the individuals were still employees then they could enter into the Retained Modified Pension Scheme which benefits from the same contribution rates as the 1992 scheme.

Employee and employer (the Authority) contributions are paid into the Fund from the revenue budget and payments to pensioners are made from here. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by Welsh Government (WG) and are subject to triennial revaluations by the Government Actuary's Department (GAD). The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by the top up grant receivable from the Welsh Government (WG).

Transfers into the scheme are a transfer of pension benefits from another pension scheme for new or existing employees and transfers out are transfer benefits for employees who have left the Authority and joined another pension scheme.

At the beginning of the financial year an assessment is made of the amount of Top Up grant required from WG and 80% of the estimate is paid in addition to the surplus/deficit (asset/Liability) payable/receivable from the previous year. As such, any asset/liability on the Pension Fund is matched by a corresponding value on the Authority balance sheet. The 2020/21 estimate includes an assessment of the number of Fire Fighters retiring within the year and as a result, an estimate of pension payments is calculated. In 2020/21 a total of 53 (including 1 deferred member) Fire Fighters retired compared to the estimate of 26. At the year end WG was a debtor to the Pension Fund with a value of £3.224 million.

The Fire Fighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period. Details of the long term pension obligations can be found in note 21 and 34 to the core financial statements.

The accounting policies adopted for the production of the Pensions Fund Account are in line with recommended practice and follow those that apply to the Authority's primary statements.

Contribution Rates

Under the Fire Fighters' Pension Regulations the employer contribution rates for the 1992, 2006, 2015 and Retained Modified Schemes were 29.3%, 26.6%, 27.3% and 29.3% respectively. Employee rates are determined by a tiered system according to salary bands with higher earners contributing at a higher rate relative to their salary, i.e. rates start at 8.5% and end at 17% for the current period.

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Audit of Accounts Report – South Wales Fire and Rescue Authority

Audit year: 2020-21

Date issued: July 2021

Document reference: 2493A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 statement of accounts in this report.
- 2 We have already discussed these issues with the Treasurer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £2.1 million for this year's audit of the main financial statements and £0.56 million for the Fire Fighters Pension Fund.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Officer remuneration – £1,000
 - Senior Officer/Member Related party transactions and balances – £10,000
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this Year's Audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none"> We received the draft accounts on 1 June 2021 as planned. This is in line with last year and with regulatory deadlines. The Finance, Audit and Performance Management Committee (FAPM) is due to consider and approve the audited statement of accounts on 26 July 2021 We expect your audit report to be signed on 28 July 2021.
Electronic signatures	<p>The Chair, Treasurer and Auditor General will use electronic signatures to approve and certify the accounts respectively.</p>
Audit evidence	<p>Our audit of the financial statements was undertaken remotely. Authority officers effectively supported us in this by continuing to provide us with appropriate and timely information to inform our audit. Specifically:</p> <ul style="list-style-type: none"> officers provided electronic working papers in accordance with our agreed Audit Deliverables Report; officers provided audit evidence to the audit team via e-mail or a shared portal accessible via the Authority’s shared server; the audit team had remote read only access to the Authority’s ledger which enabled the team to query the ledger and hence reduce the burden on officers to provide this information; and officers were available by video-conferencing for discussions which enabled the audit team to correspond effectively with officers throughout the audit.

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed audit opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 12 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.

- 13 Once you have provided us with your Letter of Representation, we intend to issue an unqualified audit opinion on your 2020-21 statement of accounts. Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 14 There are no misstatements identified in the statement of accounts which remain uncorrected.

Corrected misstatements

- 15 There were initially misstatements and disclosure errors in the draft statement of accounts. These have now been corrected by management and have no impact on the Authority's reported net expenditure. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other Significant Issues arising from the audit

- 16 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year.

Recommendations

- 17 We will report recommendations arising from our audit separately. There are no issues sufficiently significant to warrant bringing to your attention. We will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

Final Letter of Representation

South Wales Fire and Rescue Authority Letterhead

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

26 July 2021

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of South Wales Fire and Rescue Authority for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibility for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2020-21; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects South Wales Fire and Rescue Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Finance, Performance Management and Audit Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Finance, Audit and Performance Management Committee on 26 July 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Treasurer

Date: 26 July 2021

Signed by:

Chair of the Finance, Audit and
Performance Management Committee

Date: 26 July 2021

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of South Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of South Wales Fire and Rescue Authority for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

South Wales Fire and Rescue Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, The Fire Fighters' Pension Fund and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of South Wales Fire and Rescue Authority as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the South Wales Fire and Rescue Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Fire and Rescue Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Fire and Rescue Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management and those charged with governance, relating to the South Wales Fire and Rescue Authority's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of the South Wales Fire and Rescue Authority's framework of authority as well as other legal and regulatory frameworks that the South Wales Fire and Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the South Wales Fire and Rescue Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Finance, Audit and Performance Management Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Fire and Rescue Authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the South Wales Fire and Rescue Authority's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of South Wales Fire and Rescue Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
28 July 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
<p>£638,000</p> <p>£nil impact on disclosed net assets</p>	<p>Fire Fighters Pension Fund Accounts</p> <p>Commutations paid to pensioners in March 2021 have been disclosed as a liability due to pensioners in the Fire Fighters Pension Fund rather than as an amount owed to the general fund.</p> <p>Total current liabilities shown in the Fire Fighters pension Fund net asset statement were correctly stated.</p>	<p>To correctly disclosed the current liabilities of the Fire Fighters Pension Fund.</p>
<p>£638,000</p> <p>£nil impact on disclosed net expenditure</p>	<p>Note 15 Creditors</p> <p>Creditors due to central government bodies included commutations paid to pensioners in March 2021 and was therefore overstated. Creditors due to other entities and individuals included a corresponding debit entry for commutations paid to pensioners in March 2021 and was therefore understated.</p> <p>The total creditors balance in Note 15 was correctly stated.</p>	<p>To correctly disclose the classification of creditor balances.</p>
<p>There have also been a number of minor amendments and disclosure updates as a result of our work.</p>		



Audit Wales

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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 10
26 JULY 2021

FINANCE AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE ACO CORPORATE SERVICES

**INTERNAL AUDIT REPORT
THIS REPORT IS FOR INFORMATION**REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT &
PROPERTY**SUMMARY**

This report updates Members upon progress being made against the Internal Audit Plan 2020/2021.

RECOMMENDATIONS

Members are asked to note Internal Audit recommendations and work completed to date on the Internal Audit Annual Plan 2020/2021.

1. BACKGROUND

- 1.1 As Members will be aware, TIAA Limited are appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Plan 2020/2021, which was approved by the FAPM Committee on 15 June 2020.
- 1.2 As previously agreed, all audit reports with an assurance level of limited or no assure will be provided in full. Recommendations only will be provided for reports with an assurance level of substantial or reasonable.

2. ISSUES

- 2.1 The areas of internal audit reviews within the Annual Plan were completed with 1 final report being issued:-

- **Outside Commitments Personal and Business Interests**

The Summary Internal Audit Progress Report written by TIAA limited is attached as Appendix 2.

2.2 Outside Commitments Personal and Business Interests

2.2.1 The review provided assurance over the processes in place to identify, record and assess the risk of Outside Commitments, Personal and Business Interests and the monitoring and updating of those of existing staff.

2.2.2 The audit received a reasonable level of assurance with three routine recommendations and one area of operational effectiveness identified.

3. IMPLICATIONS

3.1 Community and Environment

Equality, Diversity and Inclusion	Yes/No
Welsh Language	Yes/No
Wellbeing of Future Generations (Wales) Act 2015	Yes/No
Socio Economic Duty	Yes/No
Sustainability/Environment/Carbon Reduction	Yes/No
Safeguarding	Yes/No
Consultation and Communications	Yes/No
Consultation with Representative Bodies	Yes/No
Impact Assessment	Yes/No

3.2 Regulatory, Strategy and Policy

Legal	Yes/No	Data Protection / Privacy	Yes/No
Financial	Yes/No	Health, Safety and Wellbeing	Yes/No
Procurement	Yes/No	Governance & Audit	Yes/No
Corporate Risk	Yes/No	Service Policy	Yes/No
Information Management	Yes/No	National Policy	Yes/No

3.3 Resources, Assets and Delivery

Human Resource and People Development	Yes/No
Assets and Resources (Property/Fleet/ICT/Equipment)	Yes/No
Service Delivery	Yes/No
Procurement	Yes/No
Budget Revenue/Capital	Yes/No

4. EVALUATION & CONCLUSIONS

- 4.1 The issues raised within this report have no adverse impact on the protected characteristics, and would have been considered during the audit process.

5. RECOMMENDATIONS

- 5.1 Members are asked to note the Internal Audit recommendations and work completed to date on the Internal Audit Annual Plan 2020/2021.

Contact Officer:	Temp ACO Geraint Thomas
Background Papers	Appendix 1 – Summary report ‘Outside Commitments Personal and Business Interests’ Appendix 2 – SICA report

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Internal Audit

FINAL

South Wales Fire and Rescue Service

Assurance Review of Outside Commitments, Personal and Business Interests

2020/21

June 2021

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Ensuring the workforce is aware of the duty to register Outside Commitments, Personal and Business Interests and understand what contacts meet the criteria for referral.

SCOPE

The review provided assurance over the processes in place to identify, record and assess the risk of Outside Commitments, Personal and Business Interests and the monitoring and updating of those of existing staff. The review did not provide assurance that all registers are complete.

KEY STRATEGIC FINDINGS



The procedures that define and reflect the requirements for the notification and/or approval of Outside Commitments, Personal and Business Interests are out of date and currently in the process of being reviewed. They currently make no reference to Data Protection Act 2018 requirements or the need to communicate changes.



Members of the Authority have submitted the required Related Party Transactions declarations for 2020/21.



Sample testing of ten Outside Employment P25 forms confirmed that all had been completed, reviewed and approved in accordance with the procedures.

GOOD PRACTICE IDENTIFIED



Line Managers complete specific training with regards to reviewing and monitoring Outside Commitments, Personal and Business Interests.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	3	1

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The HR Manager (Employee Relations) documented the Outside Employment procedures in October 2017 and these were due for review in December 2020. The HR Manager stated that a review of the procedure has commenced and currently the new draft document has been through the first round of consultation. Work is currently still being progressed to review and update the Procedure.	The Outside Employment procedure be reviewed, updated and approved as planned.	3	<i>Accepted. The review of this procedure will be completed in the next 6 months with due consideration to the additional points raised throughout this audit.</i>	31/12/2021	Employee Relations Manager

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>The Outside Employment procedures outline the process that needs to be followed if an employee wishes to undertake outside employment ensuring that any working arrangements comply with relevant Health and Safety legislation, including the European Working Time Directive and EC Driver's Hours and Tachograph Rule for Goods Vehicles (Regulation 561/2006), and their associated UK legislation. The procedure is mandatory and applies to all Authority staff with the exception of staff who only have an On Call Duty System contract and staff that are still within their probationary period.</p> <p>A review of the document confirmed that there was no explicit reference to how the Authority intends to handle the data in relation to General Data Protection Regulations and Data Protection Act 2018.</p>	The Outside Employment procedure be amended to include consideration of the General Data Protection Regulations and Data Protection Act 2018.	3	<p><i>The Service's Privacy Statement highlights how data will be collated and secured. This is also within the Contract of Employment which signposts this procedure.</i></p> <p><i>However to clarify the position with the employee a statement will be placed to this effect within the Outside Employment P-25 form to remind the employee.</i></p>	31/12/2021	Employee Relations Manager

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	A review of the Outside Employment Procedure and of the Outside Employment P-25 form confirmed that there was no reference to the fact that employees must communicate any changes to the Authority following approval to ensure the records remain accurate and any changes are appropriate and authorised.	The Outside Employment procedures and Outside Employment P-25 form be amended to require staff to report and communicate any changes to the Authority.	3	<p>Section 6.2 of the procedure highlights the need to re-apply when there is a variation to the initial application.</p> <p>However to clarify the position with the employee a statement will be placed to this effect on the Outside Employment P-25 form to remind the employee.</p>	31/12/2021	Employee Relations Manager

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The procedures state that each approval is limited to a maximum period of three years. A review of the processes in place at similar sector organisations (Bluelight) noted that the most common timeframe is for an annual review. The Authority could consider implementing a maximum approval period of one year which would be consistent with other Bluelight organisations.	Consideration be given to reduce the maximum approval period of Outside Employment P25 forms from three years to one year.	<i>Consideration will be given to this suggested action.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

South Wales Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report

2021/22

July 2021

Summary Internal Controls Assurance

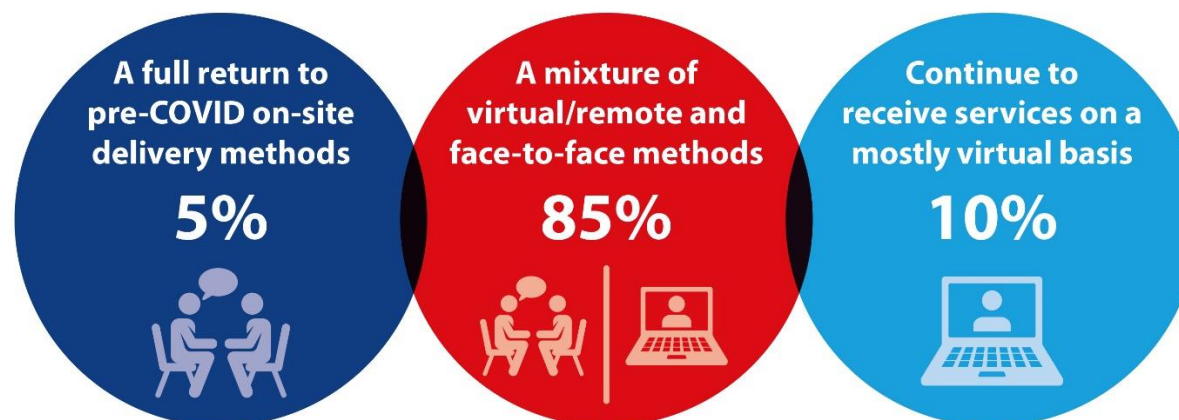
Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at South Wales Fire and Rescue Service as 14th July 2021.

Emerging Governance, Risk and Internal Control Related Issues

2. With the easing of restrictions come the decisions by many businesses as to how they are going to operate in a post-lockdown world. There is a balance between the creativity and collaboration that arises from being in the same workplace and the benefits that arise from remote working and embracing of technology. Our approach is largely driven by how our clients are going to operate so we decided to ask their thoughts as part of our annual client survey. The majority of respondents said that they would prefer a mixture of virtual/remote and face-to-face provision of assurance services in the future. This is largely what we expected, although we recognise that is likely to vary between sectors.

How our clients would like their organisation's assurance services provided



3. Whichever model is adopted, we will continue to consider the impact on Governance, Risk and Internal Control of any changes to working practices.

Audits completed since the last SICA report to the Audit Committee

4. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
No reports have been issued as 'Final' to date.								

5. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2021/22 Annual Plan

6. Our progress against the Annual Plan for 2021/22 is set out in Appendix B.

Changes to the Annual Plan 2021/22

7. There have been no changes to the Annual Plan 2021/22.

Progress in actioning priority 1

8. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

Root Cause Indicators

9. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for South Wales Fire and Rescue Service. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel. A downward arrow signifies a positive reduction in risk in relation to the specific RCI.

RCI – Direction of Travel Assessment

Root Cause Indicator	Qtr 1 (2021/22)	Qtr 2 (2021/22)	Qtr 3 (2021/22)	Qtr 4 (2021/22)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	-	-	-	-	-	No reports have been issued as 'Final' to date.
Risk Mitigation	-	-	-	-	-	
Control Compliance	-	-	-	-	-	
Delivery						
Performance Monitoring	-	-	-	-	-	
Financial Constraint	-	-	-	-	-	
Resilience	-	-	-	-	-	

Frauds/Irregularities

10. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

11. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report.

Briefing Note
Ensuring Wording on Job Applications Reflects the Revised DBS Rules
Revoking of Public Sector Exit Payments
Cyber - The Importance of Preparedness
NAO Good Practice Guidance: Fraud and Error
National Audit Office – Guidance for Senior Leaders to improve operational delivery

Briefing Note
Grenfell Inquiry Fire Safety Bill
Public Procurement Update June 2021

Fraud Alert
COVID-19 Air Purifying Device Scam
Smishing Texts from Banks
Fraud in the Recruitment Process
COVID-19 Vaccine Passport Scam

Responsibility/Disclaimer

12. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Executive Summaries and Management Action Plans


The following Executive Summaries and Management Action Plans are included within the Finance and Performance Management Committee papers. Full copies of the reports are available on request. Where a review is a 'Limited' or 'No' Assurance assessment the full report will be presented.


Review	Evaluation
No reports have been issued as 'Final' to date.	NA

Progress against Annual Plan

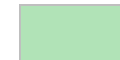
System	Planned Quarter	Current Status	Comments
Strategic Planning	1	Fieldwork commenced 28/06/2021	
Safeguarding	1	Fieldwork commenced 14/06/2021	
Payment Cards	1	Draft Report issued 13/07/2021	
Performance Management	2	Fieldwork commenced 12/07/2021	
Core HR	2	Fieldwork to commence 04/08/2021	
ICT Cyber Security	2	Fieldwork to commence 23/08/2021	
Mitigating Controls	3	Fieldwork to commence 13/12/2021	
Key Financial Controls	3	Fieldwork to commence 08/11/2021	
Equality and Diversity	4	Fieldwork to commence 10/01/2021	
Station Visits	4	Fieldwork to commence 10/01/2021	
Brexit	4	Fieldwork to commence 17/01/2021	
Follow-up	4	Fieldwork to commence 04/01/2021	
Annual Planning	1	Annual Plan issued as final 19/03/2021	
Annual Report	4		
Audit Management	1-4		

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued





Priority 1 Progress update




No Priority 1 recommendations have been made in 2021/22 to date.

Briefings on developments in Governance, Risk and Control


TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs and Fraud Alerts issued in the last three months which may be of relevance to South Wales Fire and Rescue Service is given below. Copies of any CBNs are available on request from your local TIAA team.


Summary of recent Client Briefing Notes (CBNs)


CBN Ref	Subject	Status	TIAA Comments
21002	Ensuring Wording on Job Applications Reflects the Revised DBS Rules		Action Required Employers to reconsider their approach to enquiring about criminal records information to ensure they do so in a way that ensures compliance with the new legislation.
21005	Revoking of Public Sector Exit Payments		Action Required Not Urgent Boards and Governing Bodies to be made aware of the revocation of the earlier direction on Public Sector Exit Payments.
21007	Cyber - The Importance of Preparedness		Action Required Audit Committees and Boards are recommended to obtain assurance or independent assessment, that IT incident management plans are robust and tested. A holistic approach is needed linking backup provisions, business continuity plans, and IT incident response plans.
21008	NAO Good Practice Guidance: Fraud and Error		Action Required: For Information Only Boards and Governing Bodies to be made aware of the NAO Good Practice Guidance, in particular the Fraud and Error Audit Framework.

CBN Ref	Subject	Status	TIAA Comments
21014	National Audit Office – Guidance for Senior Leaders to improve operational delivery		Action Required Not Urgent Chief Executives, Chief Operating Officers and Operational senior management are asked to note the guidance and to reflect on the principles outlined in respect of the application within their own organisation.
21015	Grenfell Inquiry Fire Safety Bill		No Action Required To note awaiting further legislation and potential action.
21020	Public Procurement Update June 2021		No Action Required To note

Summary of recent Fraud Alerts

Date	Subject	Status	TIAA Comments
April 2021	COVID-19 Air Purifying Device Scam		Action Required The alert provides information and advice about fraud and economic crime and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: https://reporting.actionfraud.police.uk/ If think you may have lost money to a scam, contact your bank immediately.

Date	Subject	Status	TIAA Comments
April 2021	Smishing Texts from Banks		<p>Action Required</p> <p>The alert provides information and advice to employees about fraud and economic crime, and the risks associated with it.</p> <p>If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: https://reporting.actionfraud.police.uk/</p> <p>If you have given your bank details and think you may have lost money, contact your bank immediately.</p>
May 2021	Fraud in the Recruitment Process	NA	<p>Throughout the pandemic, a relaxation in recruitment processes, has resulted in an increase in fraud risks, especially as documentation verification checks are likely to have been less stringent.</p> <p>TIAA is able to provide advice on a robust recruitment process to ensure your organisation is protected against fraudulent candidates.</p> <p>Fraud risks include false ID or right to work documents, false degree certificates and false references/employment histories. False qualification certificates, along with other documentation, can readily be bought on-line.</p> <p>While any initial misrepresentation on a CV or application form may be deemed as a little white lie, it can lead to bigger reputational and financial costs in years to come.</p> <p>As well as an in-depth review of recruitment policies and procedures, TIAA can undertake investigations to a criminal standard, and provide advice on identity document validation technologies that can assist in quickly establishing the authenticity of documents such as passports and driving licences.</p>

Date	Subject	Status	TIAA Comments
June 2021	COVID-19 Vaccine Passport Scam		<p>Action Required</p> <p>The alert provides information and advice about fraud and economic crime during the pandemic and the risks associated with it.</p> <p>If you have fallen victim to fraud you should report it to Action Fraud by calling 0300 123 2040, or visit: https://reporting.actionfraud.police.uk/</p> <p>If you have given your bank details and think you may have lost money, contact your bank immediately.</p>

**FORWARD WORK PROGRAMME FOR
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2021/22**

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
As required	Internal Audit Progress Report & Audit Action Updates	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	DCO Contact Officer: Geraint Thomas	On agenda
As required	Performance Report	To scrutinise specific issues of performance identified and referred by Fire Authority	DCO Contact Officer: Sally Chapman	
As required	Statistics Report	To scrutinise specific statistics or trends as identified and referred by Fire Authority	DCO Contact Officer: Sarah Watkins	
As required	WAO Reports	To advise Members of the conclusions of WAO Reports and to consider the implications for the Service	DCO Contact Officer: Sally Chapman	
26 July 2021	Revenue Outturn	To advise on total revenue expenditure for the year against the set revenue budget following the year end and to explain variations and impact on reserves	Treasurer Contact Officer: Geraint Thomas	On agenda

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
26 July 2021	Capital Outturn	To advise on total capital expenditure for the year against the set capital budget following the year end and to explain variations	Treasurer Contact Officer: Geraint Thomas	On agenda
26 July 2021	Audit Wales Audit Plan 2021	To advise Members of the work set out by Audit Wales to be undertaken during 2021	DCO Contact Officer: Geraint Thomas	On agenda
26 July 2021	Audited Statement of Accounts	To advise Members of the content of the Audited Statement of Accounts	Treasurer Contact Officer: Geraint Thomas	On agenda
26 July 2021	Audit Accounts report (ISA 260 Report)	To advise Members of the content of the Auditor Generals ISA 260 report including the final letter of representation, proposed audit opinion and corrections/recommendations	Treasurer Contact Officer: Geraint Thomas	On agenda
26 July 2021	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer Contact Officer: Lisa Mullan	
26 July 2021	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer Contact Officer: Lisa Mullan	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
20 Sept 2021	Health Check of Priority Actions and Q1 progress against the Statutory PI's	To scrutinise progress of the Services Priority Actions and statutory PI's as at the end of Q1	DCO Contact Officer: Sarah Watkins	
20 Sept 2021	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer Contact Officer: Lisa Mullan	
20 Sept 2021	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer Contact Officer: Lisa Mullan	
20 Sept 2021	Treasury Management Outturn Report	To advise on performance against the treasury management policy and strategy following financial year end	Treasurer Contact Officer: Lisa Mullan	
20 Sept 2021	Medium Term Financial Strategy Update, Reserves Strategy and Revenue & Capital Budget Setting Report	To update Members on the MTFS to inform and influence the budget setting process to meet the Service's requirements for the following financial year	Treasurer Contact Officer: Geraint Thomas	
20 Sept 2021	Audit Wales Final Audit Letter	To advise on conclusion of financial audit	Treasurer Contact Officer: Geraint Thomas	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
13 Dec 2021	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer Contact Officer: Lisa Mullan	
13 Dec 2021	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer Contact Officer: Lisa Mullan	
13 Dec 2021	Revenue & Capital Budget Setting Update Report	To assist in determining the appropriate revenue & capital budget required to meet the Service's requirements for the financial year	Treasurer Contact Officer: Geraint Thomas	
13 Dec 2021	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	DCO Contact Officer: Sarah Watkins	
13 Dec 2021	Treasury Management Interim Report	To update Members on treasury management activity during the year to date	Treasurer Contact Officer: Lisa Mullan	
13 Dec 2021	Annual Audit Plan Financial Audits	To advise Members of the proposed timetable for financial audits in the forthcoming audit year	Treasurer Contact Officer: Lisa Mullan	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
7 March 2022	Treasury Management Strategy Report	To secure Members' approval to the adoption of the Treasury Management Strategy for the following financial year	Treasurer Contact Officer: Lisa Mullan	
7 March 2022	Health Check of Priority Actions and Q3 progress against the Statutory PI's	To scrutinise progress of the Services Priority Actions and statutory PI's as at the end of Q3	DCO Contact Officer: Sarah Watkins	
7 March 2022	Draft Annual Report of the Work of the FAPM Committee and the Discharge of the Terms of Reference of the Finance, Asset & Performance Management Scrutiny Group	To consider the draft report on the annual work of the Committee before its submission to the Fire Authority and to ensure the Authority has efficient use of resources and robust procedures in place to ensure and manage this	Chair of FAPM & DCO Contact Officer: Sarah Watkins	
7 March 2022	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer Contact Officer: Lisa Mullan	
7 March 2022	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer Contact Officer: Lisa Mullan	
7 March 2022	Internal Audit Programme	To outline the planned internal audit coverage for the financial year and to seek comment and approval	DCO Contact Officer: Geraint Thomas	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
7 March 2022	Internal Audit Annual Report	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 control.	DCO Contact Officer: Geraint Thomas	
7 March 2022	Corporate Departmental Risk Register	To seek Members' views upon the Corporate Departmental Risk Register	DCO Contact Officer: Sarah Watkins	
7 March 2022	Register of Gifts and Hospitality	To advise Members of gifts and hospitality accepted and declined by Members and Officers during the year	DCO Contact Officer: Sarah Watkins	

Sally Chapman - DCO
Dewi Rose - ACFO Service Delivery
Sarah Watkins - Head of Corporate Support

Chris Barton - Treasurer
Geraint Thomas - Head of Finance & Procurement
Lisa Mullan – Senior Accountant

AGENDA ITEM NO 12

**To consider any items of business that the Chairperson deems urgent
(Part 1 or 2)**

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1. Apologies for Absence
2. Declarations of Interest

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 & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairperson's Announcements
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