

Due to the current heightened security level at all our premises, Members are reminded to wear their identity badges whilst attending meetings. Any visitors must produce photographic identification at Reception.

## **FIRE & RESCUE AUTHORITY SUMMONS**

### **SOUTH WALES FIRE & RESCUE AUTHORITY**

You are required to attend a meeting of the Finance, Audit and Performance Management Committee to be held on:

**Monday, 5 December 2022 at 1000 hours**

**In person at South Wales Fire & Rescue Service Headquarters,  
Forest View Business Park, Llantrisant, CF72 8LX**

**or**

**Remotely via Microsoft Teams - <https://bit.ly/FAPM-05-12-22>**

**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 declare both orally and in writing any personal and/or prejudicial interest 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

4. To receive the minutes of;
- Finance, Audit & Performance Management Committee held on 10 October 2022 5

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#### **REPORT FOR DECISION**

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- 13.i. Audit Wales – Cyber Resilience in the Public Sector 115

Signature of Monitoring Officer:



**MEMBERSHIP****Councillors:**

J	Morgan	Blaenau Gwent
M	Hughes	Bridgend
C	Wright	Caerphilly
B	Proctor	Cardiff
D	Isaac	Merthyr Tydfil
M	Powell	Monmouthshire
M	Al Nuaimi	Newport
D	Parkin	Rhondda Cynon Taf
S	Evans	Torfaen
I	Buckley	Vale of Glamorgan

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**SOUTH WALES FIRE & RESCUE AUTHORITY**  
**MINUTES OF THE FINANCE, AUDIT & PERFORMANCE**  
**MANAGEMENT MEETING**  
**HELD ON MONDAY 10 OCTOBER 2022 AT**  
**IN MEETING ROOM 8 OR VIA TEAMS**

**9. PRESENT:**

<b>Councillor</b>	<b>Left</b>	
S Evans (Chair)		Torfaen
J Morgan (Deputy Chair)		Blaenau Gwent
I Buckley		Vale of Glamorgan
M Hughes		Bridgend
D Parkin	11.30	Rhondda Cynon Taff
M Al Nuaimi		Newport
C Wright		Caerphilly
M Powell		Monmouthshire

**APOLOGIES:** B Proctor Cardiff

**ABSENT:** D Isaac Merthyr

**OFFICERS PRESENT:-** Temp ACO G Thomas – Monitoring Officer & Temp Director of Corporate Services, Mr C Barton – Treasurer, Area Manager Garry Davies – Head of Service Delivery, Mrs L Mullan – Temp Head of Finance, Procurement & Property, Mr Wayne Thomas – Head of Performance Management, Mr S Gourlay – TIAA Internal Auditor,

**10. DECLARATIONS OF INTEREST**

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

The Chair declared a personal interest in items which related to planning applications for New Inn Fire Station. Cllr Buckley declared a personal interest in items related to Penarth Fire Station and any stations where members of his family work.

**11. CHAIR'S ANNOUNCEMENTS**

There were no Chairman's Announcements to record.

## **12. MINUTES OF PREVIOUS MEETING**

The minutes of the previous Finance, Audit & Performance Management meeting held on 25 July 2022, were received and accepted as a true record of proceedings.

## **13. REPORTS FOR DECISION**

### **13.1 MEDIUM TERM FINANCIAL STRATEGY, RESERVE STRATEGY AND REVENUE BUDGET UPDATE**

The Treasurer went through the report with the group advising that it was presented at the last Fire Authority meeting. There has been an increase in the budget projection figures from 9.1% to 10.6%. All the assumptions will be reviewed over the next few months. The Treasurer reported that the Service will attend all Local Authority Partner meetings so that they are made aware of the challenges to come from the Service.

Cllr Morgan asked whether the Service applies for any grants and was advised that WG give cash flat grants for National Resilience, Community Safety Work and Pensions.

Cllr Morgan enquired whether there would be an affect on staffing or buildings. The Treasurer reported that there was no provision for staffing or building work cuts and will maintain the cohort as planned.

Cllr Hughes asked whether there was a timeline of the final outcome of the National Statistics (Official Population Data). The Treasurer advised that they are awaiting this information from WG and once received he will share with Members.

### **RESOLVED THAT**

Members noted the risks and uncertainties within the projections and approved the Strategy as the basis for financial planning over the Strategy period.

### **13.2 REVENUE MONITORING REPORT 2022/23**

The Temporary Head of Finance, Procurement & Property presented the Revenue Monitoring report 2022/23 which details the annual revenue budget and associated forecasts for the year ending 31 March 2023.

Cllr Morgan asked if the Youth activities were now taking place in individual authority areas and AM Davies confirmed that they were all

back up and running after they had to be put on hold during COVID and this was also the case for the Cadets.

Cllr Buckley spoke about the current poverty issues affecting communities and whether in collaboration with Health Boards and or Housing Associations the Service could look to issue Air fryers as these have been shown to use a lot less electricity and be health beneficial. The Head of Service Delivery stated that heat detectors are now issued for kitchen use but this is something that could be raised with Welsh Government.

Cllr Buckley asked if the Training given to Wales and West Utilities by Devon FRS could be done by our Service and so bring in an income for the Service. This will be discussed with training as previously Domino Training was provided to the Company employees.

### **RESOLVED THAT**

Members noted and agreed the content of the report.

### **13.3 CAPITAL MONITORING REPORT 2022/23**

The Temporary Head of Finance Procurement & Property presented the Capital Monitoring Report for 2022/23 which provides details of the capital budget, transactions to date and the forecast year end position.

The Temporary Head of Finance, Procurement & Property advised that the trial for 2 properties to be fitted with solar panels has been put on hold as some further detailed work has to be completed first. It was further advised that all WDS and a number of RDS stations will be fitted with dual electric chargers. All the light vehicles will eventually be replaced with electric vehicles but there is currently a 70 week delivery time – there are 30 electric vehicles in Service.

### **RESOLVED THAT**

Resolved that Members note the budget and progress of capital schemes and approve the alterations and associated movements in funding.

### **13.4 2021/22 ANNUAL TREASURY MANAGEMENT REVIEW**

The Temporary Head of Finance Procurement & Property presented the 2021/22 Annual Treasury Management Review and the results of treasury management activities for the ending 31 March 2022 which has previously been presented at the last Fire Authority meeting. She gave

a detailed overview of the report, including capital expenditure, borrowing and investments.

## **RESOLVED THAT**

Members resolved to recommend that the Fire and Rescue Authority note the annual Treasury Management Review for 2021/22 and approve the actual prudential and treasury indicators set therein.

## **14. REPORTS FOR INFORMATION**

### **14.1 HEALTH CHECK OF PRIORITY ACTIONS AND Q1 PROGRESS AGAINST THE STATUTORY PI'S**

The Head of Performance Planning went through the themes and improvement objectives with Members advising that there are 156 tasks linked to the eight strategic themes within the Plan which are updated quarterly updated by owners.

The Head of Service Delivery went through the Performance Monitoring Report stating that there had been an increase in Special Service Call that the Service has been receiving and that this was due to increase in the number of bariatric rescues and that they were tending to assist on a more regular basis with WAST. There has been an increase of deliberate fires and they continue to educate communities of the risks.

Cllr Powell asked if the reducing from 30 mph to 20 mph in urban areas was helping to reduce the number of collisions. The Head of Service Delivery informed the group that they continue to educate people to slow down and the benefits. However the reduction of speed may also impact on RDS turn out times. The Head of Service Delivery advised that a trial is currently being undertaken in Usk where the turn out time has been increased to 7 minutes.

The Chair asked what was the Service doing around Bonfire Night. The Head of Service Delivery confirmed that a lot of work is taking place on all stations; Operation Bang, advising people to go to organised displays, working with communities and other partners ensuring people understand the dangers and getting Risk Assessments done and removing any dangers to the public.

Each member will get a more localised report of their LA area after the meeting.



**RESOLVED THAT**

Members noted the Health Check of Priority Actions and Q1 Progress Against the Statutory Pi's.

**14.2 AUDIT WALES FINAL AUDIT LETTER**

The Treasurer presented the 'Notice of Certification of Completion of the Audit' from Audit Wales.

**RESOLVED THAT**

Members noted the contents of the Notice of Certification of Completion of the Audit' from Audit Wales.

**15. FORWARD WORK PROGRAMME**

The Temporary Director of Corporate Service provided Members with the Forward Work Programme for 2022/2023.

**RESOLVED THAT**

Members noted the Forward Work Programme for 2022/2023.

**16. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIR DEEMS URGENT (PART 1 OR 2)**

Cllr Morgan reported that she had recently attended Abertillery Fire Station and she was shown the Station Audit Report and she wanted her thanks noted for all the good work that the station has been doing.

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 5  
5 DECEMBER 2022

FINANCE, AUDIT &amp; PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF ASSISTANT CHIEF OFFICER CORPORATE SERVICES

**REVENUE MONITORING REPORT 2022/23****THIS REPORT IS FOR DECISION**REPORT APPROVED BY ASSISTANT CHIEF OFFICER CORPORATE  
SERVICESREPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT &  
PROPERTY**SUMMARY**

The Revenue Monitoring Report provides details of the annual revenue budget and associated information for the year ending 31 March 2023.

**RECOMMENDATIONS**

That the Finance, Audit and Performance Management Committee note and agree the report content.

**1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the revenue budget since the Finance, Audit and Performance Management (FAPM) Committee on 10 October 2022.
- 1.2 Appendix 1 details the original budget, a revised budget to reflect authorised virements, transactions to date i.e., actuals, the forecast position on 31 March and variance analysis, i.e., the over or under spend. The revenue monitoring report has been presented inclusive of grant transactions for a full financial picture.
- 1.3 Appendix 2 charts the budget variances reported at each FAPM Committee reconciling to the most recent position.
- 1.4 The reserve statement at Appendix 3 presents the forecast, year end position and the impact on useable reserves for scrutiny and financial planning purposes.
- 1.5 Appendices 4 and 5 detail grant funded initiatives and the impact on revenue budgets.

## 2. ISSUE / PROPOSAL

- 2.1 An increase of £297k is forecast to the previously reported overspend of £935k, to a revised forecast of £1.232million. This increase is comprised of a further £869k overspend on employee budgets, offset by a £572k underspend against all other spending and additional income received. Included within these figures is an overall overspend of £88k against grant funded initiatives which is detailed in appendices 4 and 5.
- 2.2 The following narrative highlights the most significant changes.

### 2.2.1 EMPLOYEE COSTS - £869K increase in overspend

Employee costs are forecast to be £871k more than budgeted and this is driven by the difference in budgeted pay awards at 1.5% and the current estimate of an average 5% across all employees because of the inflation crisis. This latest forecast includes these estimated average pay awards, along with the implications and increases to employer's pension payments also. Members are reminded that pay awards are not yet agreed and any changes in the actual awards from the estimated 5%, will impact forecasts further.

Also contributing to this, are differences between budgeted and actual strength numbers in the establishment with the latest establishment figures shown below.

#### Establishment figures (FTE) at Sept 2022

	<b>Strength</b>	<b>Budgeted</b>	<b>Difference</b>
WDS	851.00	792.00	59 over
RDS (100%)	307.29	426.40	119.11 under
Control	63.21	35.50	27.71 over
Support Staff	262.18	272.74	10.56 under
Fire Cadets	53.62	85.00	31.38 under
Auxiliary Reserve	60.00	84.00	24 under

#### Total Leavers & Joiners April 2022 to Sept 2022 (Headcount)

	<b>Starters</b>	<b>Leavers*</b>
Control	4	4
Support Staff	17	16
RDS	60	32
WDS	18	23
Auxiliary Reserve	0	7
Fire Cadets	0	1
Volunteers	1	1
<b>Total</b>	<b>100</b>	<b>84</b>

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

### 2.2.2 PREMISE COSTS - £13k increase in underspend

A reduction in telephone and communication costs has seen a saving forecast in this area.

### 2.2.3 TRAINING COSTS - £98k increase in underspend

£38k of the learning and development department budget has been re-allocated to Supplies and Services and Contracted Services to cover unbudgeted costs, as detailed below. In addition, £53k has been re-allocated to Supplies and Services within the training department to cover training related costs, such as equipment and catering requirements. This re-allocation of budget is therefore reporting a decrease in spend against this area.

### 2.2.4 SUPPLIES AND SERVICES - £72k increase in overspend

There are several over and under spends in this area with a summary of the largest variances since previously reported provided.

The budget setting process included a potential increase to annual insurance premiums. This increase has not occurred and therefore costs have reduced £122k in this area. In addition, a reduction of £20k between equipment and furniture budgets is also forecast.

IT costs are forecast to increase by £92k with £45k of this relating to authorised virements from other departments for the purchase of IT equipment. A further £53k in support and maintenance includes charges for the extension of current versions of software held and maintaining the level of support provided.

Managed care costs for uniform are to increase by £41k due to additional auxiliary reserves.

Subscription costs are forecast to increase by £25k, since budget setting, with £15k being transferred within learning and development, as detailed in training above, to cover these costs.

Overspends against external funding initiatives is also included within these figures, with further detail found in appendices 4 and 5 in support of this.

### 2.2.5 TRANSPORT - £26k increase in underspend

The most significant driver of this under spend is a decrease in external funding costs of £58k, as detailed in the supporting appendices. This is offset by an increase in fuel charges of £29k with budgeted costs based on those known at the time of budget

setting, alongside the trend of expenditure for 21/22. Any further changes will be reported to members throughout the monitoring process.

#### **2.2.6 CONTRACTED SERVICES - £75k increase in overspend**

External funding costs are forecast to increase by £47k and more information is detailed in the attached appendices. An unbudgeted increase to the annual pension service level agreement provided by Rhondda Cynon Taf Council of £12k has been met from budget re-allocated within departmental budgets

#### **2.2.7 CAPITAL COSTS - £12k increase in underspend**

The decrease is due to a reduction in capital costs than budgeted. This includes a reduction in the Minimum Revenue Provision (MRP) charge. This charge is dependent on the capital forecast and is as detailed within the capital monitoring report.

#### **2.2.8 INCOME - £570k additional**

This is largely due to £307k additional grant funding confirmed since previous reporting with the majority being employee cost related:

- National Resilience - £43k
- USAR – decrease in income of £1k
- FBU Secondment - £29.7k
- Merseyside FRS secondment - £12.6k
- FF Apprentices - £222.7k

In addition, as previously reported, bank interest rates were zero at the time of budget setting. As interest rates have increased, along with further increases forecast, so has our income on deposits. In consequence, additional income is anticipated equating to £176k.

An additional £57k has been received in legal reimbursements, including insurance settlements and court fines.

### **3. IMPLICATIONS**

An overall projected overspend on the revenue budget equating to £1.232 million.

### 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 overall net revenue expenditure for year is forecast at £83 million and this includes the costs of running grant funded initiatives. Local Authority funding for the year and grants, equate to £79.3 and £2.5 million respectively, resulting in a £1.2 million overspend. There are number of variables that can affect this position and updates will be reported to members throughout the monitoring period.

## 5. RECOMMENDATIONS

- 5.1 That the Finance, Audit and Performance Management Committee note and agree the report content.

<b>Contact Officer:</b>	Lisa Mullan Temp Head of Finance, Property & Procurement	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
Capital Monitoring Report	2022/23	Temp Head of Finance, Property & Procurement

<b>Appendices</b>	
Appendix 1	Revenue Monitoring 2022/23 (05.12.2022)
Appendix 2	Revenue Variances to Date 2022/23 (05.12.2022)
Appendix 3	Reserve Statement 2022/23 (05.12.2022)
Appendix 4	Grant Monitoring Report 2022/23 (05.12.2022)
Appendix 5	Grant Monitoring Report 2022/23 – Table (05.12.2022)



**REVENUE MONITORING 2022/23**  
**Appendix 1**  
**Revenue Monitoring 2022/23 (05.12.2022)**

SOUTH WALES FIRE & RESCUE SERVICE									
BUDGET MONITORING 2022/23									
	Original Budget 2022/23 £	Revised Budget (vired budget) 2022/23 £	Original Revenue Grant Funding 2022/23 £	Total Revenue Budget 2022/23 £	Actual Spend at 21.10.22 £	Revenue Forecast at 31.03.22 £	Over/Under Spend Against Revised Budget	Over/Under Spend %	
<b>Employee Costs</b>									
Salaries, NI & superann.	62,247,239	62,247,239	937,612	63,184,850	35,982,639	64,942,684	-1,757,833	-2.2%	
Pensions (ill health)	849,601	849,601	0	849,601	376,907	904,879	-55,278	-0.1%	
Travel and Subsistence	385,000	385,000	0	385,000	212,251	425,717	-40,717	-0.1%	
<b>Total Employee Costs</b>	<b>63,481,840</b>	<b>63,481,840</b>	<b>937,612</b>	<b>64,419,452</b>	<b>36,571,797</b>	<b>66,273,280</b>	<b>-1,853,828</b>	<b>-2.3%</b>	
<b>Premises Related Expenses</b>	5,654,123	5,661,497	20,016	5,681,513	2,693,752	5,676,065	5,449	0.0%	
<b>Training Expenses</b>	1,771,002	1,760,972	99,917	1,860,889	284,454	1,785,475	75,414	0.1%	
<b>Supplies &amp; Services</b>	5,336,442	5,340,091	1,015,635	6,355,727	3,882,845	6,550,594	-194,867	-0.2%	
<b>Transport Related Expenses</b>	1,477,793	1,477,793	98,568	1,576,361	857,801	1,559,973	16,388	0.0%	
<b>Third Party Payments (Contracted Services)</b>	941,296	940,304	65,794	1,006,098	613,666	1,170,485	-164,388	-0.2%	
<b>Capital costs / leasing</b>	4,874,253	4,874,253	0	4,874,253	377,234	4,738,250	136,003	0.2%	
<b>Contingency</b>	0	0	0	0	0	0	0	0.0%	
<b>Total Expenditure</b>	<b>83,536,749</b>	<b>83,536,749</b>	<b>2,237,542</b>	<b>85,774,291</b>	<b>45,281,550</b>	<b>87,754,121</b>	<b>-1,979,830</b>	<b>-2.5%</b>	
<b>Income</b>									
Employee Related	-3,108,266	-3,108,266	0	-3,108,266	-824,141	-3,160,477	52,211	0.1%	
Lease Car Contributions	-100,500	-100,500	0	-100,500	-58,752	-100,410	-90	0.0%	
Co-Location Re-imbursment	0	0	0	0	0	0	0	0.0%	
Other Income	-1,023,926	-1,023,926	0	-1,023,926	-607,822	-1,412,223	388,297	0.5%	
<b>Total Income</b>	<b>-4,232,692</b>	<b>-4,232,692</b>	<b>0</b>	<b>-4,232,692</b>	<b>-1,490,715</b>	<b>-4,673,110</b>	<b>440,418</b>	<b>0.6%</b>	
<b>NET BUDGET / FORECAST 2022/23</b>	<b>79,304,057</b>	<b>79,304,057</b>	<b>2,237,542</b>	<b>81,541,599</b>	<b>43,790,835</b>	<b>83,081,011</b>	<b>-1,539,411</b>	<b>-1.9%</b>	
Local Authority Contributions	-79,304,057	-79,304,057	0	-79,304,057	0	-79,304,057	0	0.0%	
External Funding (WG)	0	0	-2,237,542	-2,237,542	-703,806	-2,544,599	307,057	0.4%	
<b>OVERALL REVENUE OVER / UNDERSPEND</b>						<b>-1,232,355</b>			
<b>Key</b>									
■	Overspend								
■	Underspend								

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**REVENUE MONITORING 2022/23**  
**Appendix 3**  
**Reserve Statement 2022/23 (05.12.2022)**

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
<b>General</b>	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
<b>Managed under spends</b>	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-114,906	71,260	-43,646	Spending against carry forward requests within revenue
<b>Change Management</b>	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-10,255,147	-71,260 1,132,355	-9,194,053	Carry forward reserves transferred from Managed Under Spends Revenue underspend and transfer of annual joint control lease costs
<b>PFI Equalisation</b>	To meet future costs of the Training Centre PFI project	-3,503,807	235,109	-3,268,698	Current figures which may change slightly with indexation
<b>Capital Receipts</b>	To meet costs of the capital programme. Reserve applied as receipts are generated	0	0	0	All capital receipts received in year will be used to fund capital expenditure
<b>Joint Control Lease Reserve</b>	To meet the lease costs over an eight year period (from 2017/18)	-300,000	100,000	-200,000	Annual Joint Control lease costs
<b>TOTAL</b>		<b>-17,173,860</b>	<b>1,467,464</b>	<b>-15,706,396</b>	

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**REVENUE MONITORING 2022/23**  
**Appendix 4**  
**Grant Monitoring Report 2022/23 (05.12.2022)**

## **1. BACKGROUND**

- 1.1 This report presents an update of the major changes affecting the grant budget since the last FAPM report 10 October 2022. It comprises of any variances in overspends along with any increases in funding since previously reported to members in addition to the impact on revenue budgets.

## **2. ISSUES**

- 2.1 Since previously reported any changes to individual projects are summarised below:

### **2.1.1 NATIONAL RESILIENCE - £39.4k increase in overspend**

An overspend of £33.9k has been forecasted in relation to NR salary costs mainly due to a changeover of staff from MWWFRS to SWFRS. This has been offset against additional income of £43k, resulting in an underspend of £9.1k within salary costs.

Unbudgeted costs and a rise in RPIx in relation to the long-term maintenance capability budget has increased the overspends in this area by £48.5k.

### **2.1.2 MTA - £15.5k decrease in overspend**

The movement of staff within NR and MTA has seen a break in establishment resulting in a forecasted underspend of £15.5k in salary costs.

### **2.1.3 USAR - £29.4k decrease in overspend**

Due to retirements and changes to staff there has been a decrease in salary related costs of £29.4k within the USAR budget.

### **2.1.4 FF APPRENTICES - £79k decrease in underspend**

Overall, we are forecasting £301.7k income for the whole year from Cardiff and Vale College to offset against salary related costs of £301.7k with regards to the learning and development of new recruits to the service.

### **2.1.5 £307k - Increase in income**

Since last reported, there has been an increase in forecasted income for the whole year in the following areas, the majority being employee cost related:

- National Resilience - £43k
- USAR – decrease in income of £1k

- FBU Secondment - £29.7k
- Merseyside FRS secondment - £12.6k
- FF Apprentices - £222.7k

The above grant funding is monitored on a quarterly basis with any changes reported to members throughout the year.

### **3. FINANCIAL IMPLICATIONS**

Overall, there is a projected overspend on grants equating to £88k that this is anticipated to be charged to revenue.

£93.5k of this is anticipated to be charged to revenue which is offset by a projected underspend between National Resilience, MTA and USAR funding of a combined total of £5.5k



**REVENUE MONITORING 2022/23**  
**Appendix 5**  
**Grant Monitoring Report 2022/23 – Table (05.12.2022)**

SOUTH WALES FIRE & RESCUE SERVICE REVENUE GRANT REPORTING 2022/23										
	FIRE CRIME	HFS STOCK	YOUTH	MOMENTUM	ANTI SOCIAL BEHAVIOUR	NATIONAL RESILIENCE	MTA	USAR	FBU	JESG
<b>Employee Costs</b>										
Salaries, NI & superann.	45,421.90	0.00	105,790.94	0.00	37,188.57	366,427.13	71,273.24	256,442.45	44,530.32	0.00
Travel & Subs	0.00	0.00	0.00	0.00	0.00	6,290.57	1,584.54	648.08	0.00	113.17
<b>Premises Related Expenses</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Training Expenses</b>	0.00	0.00	0.00	0.00	0.00	93,732.96	0.00	0.00	0.00	0.00
<b>Supplies &amp; Services</b>	0.00	416,167.62	0.00	10,000.00	0.00	598,165.30	40,728.84	10,203.81	0.00	0.00
<b>Transport Related Expenses</b>	9,777.89	0.00	8,291.92	0.00	0.00	7,083.76	3,191.27	9,400.10	0.00	0.00
<b>Third Party Payments (Contracted Services)</b>	52,548.21	0.00	0.00	60,000.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditure</b>	<b>107,748.00</b>	<b>416,167.62</b>	<b>114,082.86</b>	<b>70,000.00</b>	<b>37,188.57</b>	<b>1,071,699.72</b>	<b>116,777.89</b>	<b>276,694.44</b>	<b>44,530.32</b>	<b>113.17</b>
<b>Other/Additional Income</b>	0.00	0.00	0.00	0.00	0.00	-43,000.00	0.00	1,000.00	-29,686.88	0.00
<b>Grant Income</b>	<b>-107,748.00</b>	<b>-329,900.00</b>	<b>-111,355.00</b>	<b>-70,000.00</b>	<b>-35,785.00</b>	<b>-989,270.00</b>	<b>-132,304.00</b>	<b>-307,053.24</b>	<b>-14,843.44</b>	<b>-113.17</b>
<b>(Under)/Overspend to be transferred to Revenue</b>	<b>0.00</b>	<b>86,267.62</b>	<b>2,727.86</b>	<b>0.00</b>	<b>1,403.57</b>	<b>39,429.72</b>	<b>-15,526.11</b>	<b>-29,358.80</b>	<b>0.00</b>	<b>0.00</b>

	MERSEYSIDE FRS	CIRCULAR ECONOMY	WAST VOLS	FF APPRENT	CYBER TRAINING	AFAN PROJECT	ANEURIN BEVAN UHB	CARDIFF & VALE UHB	WALES & WEST UTILITIES	Total
<b>Employee Costs</b>										
Salaries, NI & superann.	40,833.94	0.00	183.47	301,706.16	0.00	1,698.46	366.21	1,447.90	0.00	1,273,310.69
Travel & Subs	118.91	0.00	0.00	0.00	0.00	2,405.53	0.00	0.00	0.00	11,160.80
<b>Premises Related Expenses</b>	0.00	20,015.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,015.78
<b>Training Expenses</b>	0.00	0.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	94,332.96
<b>Supplies &amp; Services</b>	394.24	0.00	0.00	0.00	0.00	442.64	0.00	0.00	5,000.00	1,081,102.45
<b>Transport Related Expenses</b>	2,402.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,147.25
<b>Third Party Payments (Contracted Services)</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	112,548.21
<b>Total Expenditure</b>	<b>43,749.40</b>	<b>20,015.78</b>	<b>183.47</b>	<b>301,706.16</b>	<b>600.00</b>	<b>4,546.63</b>	<b>366.21</b>	<b>1,447.90</b>	<b>5,000.00</b>	<b>2,632,618.14</b>
<b>Other/Additional Income</b>	-12,678.18	0.00	0.00	-222,709.60	0.00	0.00	18.00	0.00	0.00	-307,056.66
<b>Grant Income</b>	<b>-31,071.22</b>	<b>-20,015.78</b>	<b>-183.47</b>	<b>-78,996.56</b>	<b>-600.00</b>	<b>-1,471.03</b>	<b>-384.21</b>	<b>-1,447.90</b>	<b>-5,000.00</b>	<b>-2,237,542.02</b>
<b>(Under)/Overspend to be transferred to Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,075.60</b>	<b>0.00</b>	<b>-0.00</b>	<b>0.00</b>	<b>88,019.46</b>

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6  
5 DECEMBER 2022

FINANCE, AUDIT &amp; PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF ASSISTANT CHIEF OFFICER CORPORATE SERVICES

**CAPITAL MONITORING REPORT 2022/23****THIS REPORT IS FOR DECISION**

REPORT APPROVED BY ASSISTANT CHIEF OFFICER CORPORATE SERVICES

REPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT &amp; PROPERTY

**SUMMARY**

The Capital Monitoring Report provides details of the capital budget, transactions to date and the forecast year end position for the year ending 31 March 2023.

**RECOMMENDATIONS**

That Members note the budget and progress of capital schemes, approve alterations identified in appendix 1 and associated movements in funding.

**1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the capital budget since the Finance, Audit and Performance Management (FAPM) Committee on 10 October 2022.
- 1.2 Appendix 1 illustrates budget information and funding analysis for all approved capital investment plans for the current financial year. Longer time horizons are expected for capital investment schemes, this often results in budgets being phased over more than one financial year and this is referred to as slippage.
- 1.3 In summary, Appendix 1 presents the total budget (2021/22 slippage + 2022/23 budget) of £12.0 million, set against this is the forecast outturn position, budget over spend and slippage as £10.3 million, £2.1 million and £3.7 million respectively.
- 1.4 Appendix 2 details grant funded initiatives and the impact these have on the capital budget and associated funding streams.

- 1.5 Below a detailed narrative supports the above position and a funding analysis provides information on how we intend to finance the investment. Members are minded that SWFRS does not receive a funding settlement in support of capital activities and is the main driver of our borrowing.

## **2. BUDGET HEADINGS**

### **2.1 Property - £217k decrease**

2.1.1 The overall budget for the year is £4.5million, forecast expenditure and budget slippage are £3m million and £3.1m respectively. A net overspend of £1.6m is driven by a number of schemes, per appendix 1, the largest of these being the Urban Search & Rescue (USAR) facility at Whitchurch £1m, Boiler Replacement £200k and Electric Vehicle (EV) infrastructure enlargement £169k. £1.1m out of the £1.6m overspend will be fully funded by Welsh Government (WG) grants.

More detail on individual schemes is provided below;

#### **2.1.2 Monmouth**

Discussions remain ongoing with WAST over this co- location project and as such it is forecast that £50k will be spent this year on fees only.

#### **2.1.3 Whitchurch (USAR)**

This grant funded scheme has been delayed as we await approval from the sustainable urban drainage approval body (SAB). The additional timeframe needed is being negotiated with the contractor and an estimate of £24k for 4 weeks has been added to the forecast. Along with several other alterations this has resulted in a £73k overspend being forecast. Discussions are ongoing with WG as to whether further grant funding can be made available to cover this.

#### **2.1.4 Solar Panelling**

This project is on hold pending further site investigations as initial intentions to fit at HQ and Barry have not come to fruition as roofs are suitable to hold the solar panels. Salix funding i.e. interest free, has been secured for the project but not drawn as a result. Surveys will now be carried out on a number of other stations to access suitability.

## 2.2 **Vehicle Replacement Programme (VRP) - £27k increase**

2.2.1 The overall budget equates to £5.4m, forecast expenditure and budget slippage are £5.2m and £665k respectively. A net overspend of £474k is largely due to the £353k increase in cost of Water ladders and Rescue tenders. There are less significant over spends in other areas the largest of these relates to the purchase of a Detection, Identification and Monitoring (DIM) light vehicle at £75k, and is wholly funded by WG.

### 2.2.2 **Van/Ops Estate Cars**

Orders have now been placed for 2 diesel vans and 7 electric vans, with the diesel vans to be delivered in January. As the electric vans will not be delivered until June 2022, the remaining budget has been slipped into the next financial year.

### 2.2.3 **Non Operational 4WD**

This budget has slipped into next year due to the supplier cancelling an order that had been placed. We are not waiting for their order books to reopen. Given the timescales it is very unlikely that delivery would take time before year end.

### 2.2.4 **DIM Electric Light Vehicle**

Costs have been finalised since last reporting and an order place for 2 electric vans costing a combined £101k. This is £26k higher than initially forecast due to current market conditions but these are to be funded by an underspend in Box Lorries WG funding which is held by MWWFRS.

## 2.3 **Operational Equipment - £11k increase**

2.3.1 The overall budget equates to £1.4m, forecast expenditure is £1.4m with an underspend of £27k. There has been a large underspend on cutting equipment which has been offset by an overspend on DIM equip, although the latter will be WG funded.

### 2.3.2 **RTC Cutting/Rescue Tender Equipment**

All equipment has now been ordered and deliveries have started to arrive. The £11k increase in forecast is due to the order of 6 vehicle stabilisation struts. The £241k underspend is due to a change in specification to include a mix of hydraulic and battery operated equipment. All items are due to be delivered in this financial year.

## 2.4 ICT Equipment - £1k decrease

2.4.1 The overall budget £748k, forecast spend is £767k resulting in a £19k overspend. This overspend is due to cost increases and dollar exchange rate variances since the budget was set.

## 3. IMPLICATIONS

3.1 Appendix 1 illustrates current capital spending plans for the year and how this differs from the original budget.

A forecast spend of £10.3m and slippage of £3.7m result in a net £2.1m overspend. Contributing to this is £2.3m of overspends of which £1.4 is grant funded, £254k of underspends can be used to offset with remaining £607k to be funded by the Authority. This is analysed below.

CAPITAL SCHEME	Over spend	Under spend	Additional Funding	Report Variances
PONTYCLUN	-90			-90
PLANNED & PREVENTATIVE MAINT	-38			-38
WHITCHURCH USAR (grant funded)	-1,025		952	-73
SOLAR PANELS	-37		37	0
EV CHARGERS	-169		169	0
BOILER WORKS	-200			-200
TRUCK (SLIDE DECK / CRANE)	-47			-47
WATER LADDERS	-160			-160
RESCUE TENDERS	-193			-193
LADDERS		1		1
DIM ELECTRIC LIGHT VEHICLE (grant funded)	-101		101	0
RTC CUTTING/RESCUE TENDER EQUIPMENT		241		241
WET WEATHER GEAR	-7			-7
BA COMPRESSOR	-22			-22
DIM EQUIPMENT (grant funded)	-185		185	0
GPS REPEATERS ON ALL STATIONS		5		5
THIN CLIENT REPLACEMENT	-3			-3
VOICE GATEWAYS REPLACEMENT	-7			-7
HQ INNER FIREWALLS REPLACEMENT	-21			-21
SERVER SOFTWARE UPGRADE		7		7
<b>TOTAL</b>	<b>-2,305</b>	<b>254</b>	<b>1,444</b>	<b>-607</b>

### 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. EVALUATION & CONCLUSION

- 4.1 The total capital investment for the year is forecast at £10.3m and will be largely funded through borrowing, grants, a revenue contribution and capital receipts.

## 5. RECOMMENDATIONS

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

<b>Contact Officer:</b>	Lisa Mullan Temporary Head of Finance, Property & Procurement	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
Revenue Monitoring Report	2022/23	Head of Finance, Property & Procurement

<b>Appendices</b>	
Appendix 1	Capital Monitoring 2022/23 (05.12.2022)
Appendix 2	Grant Monitoring Report 2022/23 - Capital (05.12.2022)



**CAPITAL MONTORING 2022/23**  
**Appendix 1**  
**Capital Monitoring 2022/23 (05.12.2022)**

CAPITAL PROGRAMME 2022/23							APPENDIX 1		
	Project Total £000	SLIPPAGE B/F 2021/22 £000	2022/23 BUDGET £000	ACTUAL AS AT 15.08.22 £000	COMMITTED AS AT 15.08.22 £000	OUTTURN POSITION 31.03.23 £000	BUDGET UNDER/ OVER SPEND £000	SLIPPAGE C/F 2023/24 £000	
<b>PROPERTY</b>									
<b>STATION REFURBISHMENTS</b>									
MONMOUTH (co-location scheme)	600	350	0	0	0	50	0	300	
NEW INN	3,800	1,960	0	14	79	100	0	1,860	
PONTYCLUN	1,100	10	0	0	0	100	-90	0	
PENARTH	3,250	0	25	0	0	25	0	0	
WHITCHURCH / USAR (Grant)	1,040	0	0	488	495	1,025	-1,025	0	
ON-CALL STATION PROJECT	1,850	0	1,500	98	198	600	0	900	
PLANNED & PREVENTATIVE MAINT	0	187	450	58	521	675	-38	0	
SOLAR PV HQ (Grant)	300	0	0	8	29	37	-37	0	
EV CHARGERS (Grant)	169	0	0	1	90	169	-169	0	
BOILER WORKS	200	0	0	0	0	200	-200	0	
	<b>12,309</b>	<b>2,507</b>	<b>1,975</b>	<b>667</b>	<b>1,411</b>	<b>2,981</b>	<b>-1,558</b>	<b>3,060</b>	
<b>VEHICLES</b>									
TRUCK (SLIDE DECK / CRANE)	150	150	0	0	197	197	-47	0	
WATER LADDERS	3,719	1,934	1,785	2,467	1,413	3,879	-160	0	
RESCUE TENDERS	705	705	0	897	1	898	-193	0	
VAN/OPS ESTATE CAR	454	299	155	0	386	55	0	399	
LIGHT UTILITY 4WD	240	0	240	0	0	0	0	240	
NON OP 4WD	26	0	26	0	27	0	0	26	
LADDERS	108	0	108	107	0	107	1	0	
DIM ELECTRIC LIGHT VEHICLE (Grant)	75	0	0	0	0	101	-101	0	
	<b>5,477</b>	<b>3,088</b>	<b>2,314</b>	<b>3,471</b>	<b>2,024</b>	<b>5,237</b>	<b>-500</b>	<b>665</b>	
<b>EQUIPMENT</b>									
RTC CUTTING/RESCUE TENDER EQUIPMENT	300	494	795	288	746	1,048	241	0	
WET WEATHER GEAR	100	100	0	0	107	107	-7	0	
BA COMPRESSOR	22	0	0	22	0	22	-22	0	
DIM BIOLOGICAL & EXPLOSIVE DETECTION EQUIPMENT (Grant)	185	0	0	0	36	185	-185	0	
	<b>607</b>	<b>594</b>	<b>795</b>	<b>288</b>	<b>853</b>	<b>1,362</b>	<b>27</b>	<b>0</b>	
<b>ICT</b>									
WIRELESS LAN CONTROLLERS	80	26	0	0	0	26	0	0	
GPS REPEATERS ON ALL STATIONS	45	5	0	0	0	0	5	0	
THIN CLIENT REPLACEMENT	250	47	0	50	0	50	-3	0	
END USER COMPUTER REPLACEMENT	450	0	150	56	62	150	0	0	
VOICE GATEWAYS REPLACEMENT	20	20	0	21	7	27	-7	0	
HQ INNER FIREWALLS REPLACEMENT	30	30	0	33	18	51	-21	0	
CORE SWITCH REPLACEMENT	130	130	0	0	8	130	0	0	
SERVERS AND STORAGE REPLACEMENT	150	0	150	122	0	150	0	0	
SERVER SOFTWARE UPGRADE	150	0	150	143	0	143	7	0	
WIRELESS ACCESS POINTS	40	0	40	0	13	40	0	0	
	<b>1,345</b>	<b>258</b>	<b>490</b>	<b>425</b>	<b>107</b>	<b>767</b>	<b>-19</b>	<b>0</b>	
<b>TOTAL</b>	<b>19,738</b>	<b>6,447</b>	<b>5,574</b>	<b>4,851</b>	<b>4,395</b>	<b>10,347</b>	<b>-2,051</b>	<b>3,725</b>	
<b>FUNDING ANALYSIS</b>									
						8,665			
						BORROWING			
						0			
						200			
						REVENUE CONTRIBUTION			
						0			
						REVENUE RESERVES			
						1,444			
						CAPITAL GRANT			
						39			
						CAPITAL RECEIPTS			
						<b>10,347</b>			

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**CAPITAL MONITORING 2022/23**  
**Appendix 2**  
**Grant Monitoring Report 2022/23 – Capital (05.12.2022)**

	NATIONAL RESILIENCE
<b><u>Vehicles</u></b>	
<i>DIM Light Electric Vehicle</i>	101,259
<b><u>Equipment</u></b>	
<i>DIM Biological &amp; Explosive Detection Equipment</i>	185,000
<b><u>Property</u></b>	
<i>USAR property development</i>	1,025,000
<i>EV Chargers</i>	169,000
<i>Solar PV HQ</i>	37,000
<b>Income</b>	-1,444,259
<b>(Under)/Overspend</b>	<b>73,000</b>

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 7  
5 DECEMBER 2022

FINANCE, AUDIT &amp; PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE TREASURER

**REVENUE & CAPITAL BUDGET SETTING UPDATE REPORT****THIS REPORT IS FOR DECISION**REPORT APPROVED BY TREASURER  
PRESENTING OFFICER TREASURER**SUMMARY**

This report is to update the Committee on preparations for the setting of the 2023/24 budget and to seek approval for the draft budget for consultation.

It includes the latest projections based on the Authority's plans and strategies as informed by the general financial and operational environment in which services are provided.

The report builds on the Medium Term Financial Strategy (MTFS) report that was considered by Fire Authority in September 2022 and by this Committee on 10 October. The report still indicates that the Authority's cost base will significantly increase both this year and next in response to the prevailing inflationary pressures in the economy.

The report now includes the likely impact of population projections flowing from the data underpinning the Local Government Settlement which form the basis of the distribution of the Fire Contributions budget.

The report updates the latest projections based on known changes around pay inflation, changes made by central Government and those resulting from further work undertaken by officers of the Service as requested by Members.

**RECOMMENDATIONS**

1. That Members note the continued risks and uncertainties within the proposed draft revenue budget and recommend it to the Fire Authority as the basis of consultation.

## **1. BACKGROUND**

- 1.1 The Authority operates an MTFS which provides a backdrop to the planning of resource allocation and spending. This report updates the 2023/24 revenue budget projections that were presented to Fire Authority in September 2022.
- 1.2 The Finance, Audit and Performance Management Committee (FAPM) considered the MTFS at its 10 October meeting as did the Scrutiny Committee on 23 September.
- 1.3 As reported previously, the cost of living crisis has significantly affected all aspects of the Service's running costs, not least pay, energy and fuel but also other costs of goods and services which are increasing as supplier costs rise and are passed on.
- 1.4 Few firm forward financial plans have been released by central government whether nationally or regionally in the wake of the current cost of living crisis. Forward planning with any accurate assessment of external funding factors is therefore very challenging.
- 1.5 There is still an ongoing discussion with Welsh Government regarding the broadening of the role of firefighters but currently, no clear parameters exist to base assumptions on.

## **2. ISSUE / PROPOSAL**

- 2.1 The 2023/24 budget must be set by 15 February 2023 at the latest, despite any ongoing uncertainty in planning that may remain.

### **2.2 LOCAL GOVERNMENT SETTLEMENT**

2.2.1 In recent years, the Welsh Government has started to increase resources within the local government settlement. In the current financial year, Welsh Government gave Councils in South Wales an unprecedented 10% growth in resources.

2.2.2 Welsh Government indicated in its settlement that resources in Wales could increase by 3.5% in 2023/24 and 2.4% in 2024/25. This is likely to be significantly less than the cost pressures within local government in those years. Recent discussions with Welsh Government officials indicate that there is little scope for these projections to increase given the current economic climate. Announcements by the Chancellor in the Autumn Statement may well increase the overall Welsh Government budget and in particular the announcements around Schools and Adult Social Care may

increase the resources directed to local government. These increases would of course be targeted to specific cost pressures in councils. The draft Welsh Government budget is currently scheduled for release on 13 December 2022 with the final budget agreed on the 28 February 2023. Local Government settlements are usually released a day later.

2.2.3 In previous years, the Fire Authority has been informed of the consistent pattern of increases in local taxation which assists in budget setting for Council services which includes fire and rescue services. Council tax yield has typically increased by an average of between 4% and 5%. Councils continued the trend of increases in Council Tax albeit at a lower level than previously (2.2% in the current year). Council Tax still accounts for around one quarter of their net revenue to fund services.

## 2.3 WELSH GOVERNMENT FUNDING TO FIRE & RESCUE SERVICES

2.3.1 The Authority relies on several streams of Welsh Government funding to support its budget. As in previous years, no forward commitment has been given to support these key income streams. Pension costs, national initiatives such as Airwave and National Resilience together with community safety activities all rely heavily on this cash and the lack of long-term commitment represents a risk. Including pensions and PFI grant, the funding can amount to over £20m per annum.

2.3.2 In most years, Welsh Government provides a cash flat grant profile. For the non-pension related grants, this represents a real terms cut as costs increase. Likely inflation in 2023/24 will significantly erode the value of these grants should this pattern continue.

## 2.4 POPULATION DATA

2.4.1 The distribution of the contributions budget across the ten constituent authorities is based on population data from the local government settlement process. As the data changes from year to year, so do individual council contributions even before the Fire Authority determines the overall change in its budget.

2.4.2 The Fire Authority has no control of the mechanism for distribution, it is set out in statutory regulations. The impact is shown in the table below.

Council	22/23 Budget £	22/23 Population No.	23/24 Population No.	Population Change %	Contributions Change £
Bridgend	7,544,032	147,892	147,031	-0.58%	18,264
The Vale of Glamorgan	6,917,880	135,617	134,192	-1.05%	(15,952)
Rhondda Cynon Taf	12,384,513	242,784	240,528	-0.93%	(13,317)
Merthyr Tydfil	3,107,504	60,919	59,963	-1.57%	(23,385)
Caerphilly	9,286,956	182,060	179,096	-1.63%	(75,451)
Blaenau Gwent	3,547,672	69,548	68,204	-1.93%	(39,707)
Torfaen	4,800,641	94,111	93,314	-0.85%	(1,189)
Monmouthshire	4,870,934	95,489	94,393	-1.15%	(15,960)
Newport	8,067,501	158,154	159,446	0.82%	133,341
Cardiff	18,776,424	368,090	365,711	-0.65%	33,356
<b>Total</b>	<b>79,304,057</b>	<b>1,554,664</b>	<b>1,541,879</b>	<b>-0.82%</b>	<b>-</b>

## 2.5 BASE BUDGET CONSIDERATIONS

2.5.1 The 2023/24 budget has been constructed based on the latest budget monitoring information for the current 2022/23 financial year.

2.5.2 The most significant part of the Authority's budget is employee costs representing around 75% of spend. The Authority underspent its budget by around £3.8m in 2021/22 partly because of over-provision for pay inflation. Current year budget monitoring shows that this situation will reverse in 2022/23 with a likely overspend having to be met from reserves as an alternative to asking constituent councils for supplementary in-year funding. The size of this overspend is difficult to predict given the uncertainty of pay negotiations but it could be between £1m and £3m.

2.5.3 The green book (support staff) pay offer was agreed in November at a flat rate of £1,925 per FTE pa. This represented an increase of around 7% across the whole support staff budget. The Service has estimated the pay award for next year as 3%.

2.5.4 Negotiations on the grey book (uniformed staff) are ongoing. Currently, a 5% pay offer has been made and rejected after an initial 2% pay offer was rejected. Industrial action of some sort is therefore expected in the new year if no other agreement can be reached. A risk therefore remains in this large area of expenditure. Again, there will be a further inflationary pay rise next year and this is modelled at 3%.



- 2.5.5 Further pressures and complications exist in the employee budget due to a legal action ongoing regarding the Firefighters' Pension Fund. Successful national challenges resulted in firefighters being given the option to return to their legacy pension schemes resulting in potentially higher costs and / or compensation. Due to the complexity of the cases involved and the time taken to frame new legislation, it is difficult to accurately assess any impact on the budget. At present, the accounts of the Authority include actuarial assessments of the long-term liabilities of these cases but the annual impact on the budget is uncertain. Welsh Government has confirmed that there will be no increases effective from April 2023 following the ongoing Pension Fund valuation.
- 2.5.6 The employee budget is built up based on the full establishment as approved by the Fire Authority and includes the recently completed job evaluation exercise. Overall, the Authority could see an increase in its pay budget of over £6m per annum.
- 2.5.7 Following consideration of this report by the Scrutiny and FAPM Committees, officers have undertaken a review of the pay budget to consider what reasonable adjustments can be made. These are as follows:-
- ***NI reduction following mini budget confirmation – (£454k)***
  - ***Re-calculation of Green Book Pay Inflation provision – (£20k)***
  - ***Detailed Re-assessment of all pay estimates / provisions – (£201k)***
  - ***Inclusion of vacancy provisions across the Service – (£459k)***
  - ***Funding of Job Evaluation Protection from reserves – (£23k)***
  - ***Funding of other temporary posts/costs from reserves – (£226k)***
- 2.5.8 The Premises budget includes provisions to cover additional building maintenance in 2023/24 (£270k). Energy costs are expected to significantly increase (£440k) because of worldwide market price fluctuations despite the work the service is undertaking to reduce carbon emissions. Increased costs associated with the new Emergency Services Network project (£600k) are assumed over a two-year period from 2025 however, an increase in the costs of the existing Firelink service (£100k) is also built in to next year's budget.
- 2.5.9 Following a review of the premises budget, no changes are recommended.
- 2.5.10 The Authority commenced a process of investment in its ICT infrastructure some years ago and this investment will continue into

2023/24. This is being compounded by anticipated inflationary rises in licences and support fees (£270k). Investment in essential operational equipment is included in next year's budget (£175k). Other supplies budgets reflect inflationary increases or reductions according to planned activities but where inflation is applied, we anticipate higher increases than normal resulting from current RPI levels. The Authority's insurance cover is currently being re-tendered and cost increases are anticipated (£200k).

2.5.11 Following a review of the ICT and operational equipment budgets, consideration has been given to considering an earmarked reserve to level out variances in the required annual provisions for replacement. Further work will be required during 2023/24 to bed in this mechanism.

• ***This option could reduce the ICT budget by £123k next year and the operational equipment budget by £166k.***

2.5.12 Transport costs continue to be targeted for reductions by reducing vehicle movements and reducing the use of fossil fuels across the fleet. The introduction of electric vehicles and cleaner diesel vehicles will underpin this trend however, fossil fuel costs have increased substantially as have vehicle parts costs ((£180k).

2.5.13 Capital financing costs are assumed to increase annually (4%pa) reflecting the approved capital programme with the overall exposure to these costs monitored through the Authority's Treasury Management Strategy and budget monitoring. Recent interest rate rises do not directly impact the Authority's budget as much of its debt is long term. There are opportunities to increase returns on invested cash, but this will depend on the Treasury Management policy from year to year. Generally, the avoidance of borrowing is still more cost effective than investing. The Authority's proposed capital programme as reported and monitored regularly through the FAPM Committee is attached at Appendix 2.

2.5.14 The budget monitoring shows increased investment income and provision has been made in the 2023/24 for this increase. Given the further recent rate rises by the Bank of England, additional income could be generated.

• ***Following review, an additional £255k has been assumed***

### 3. IMPLICATIONS

#### 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	Yes
Safeguarding	No
Consultation and Communications	Yes
Consultation with Representative Bodies	No
Impact Assessment	No

3.1.1 The MTFs includes assumptions of savings derived from Carbon Reduction initiatives.

3.1.2 The MTFs includes budget projections that will form the basis of consultation with the ten constituent authorities.

#### 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

3.2.1 The MTFs includes detailed plans of the Authorities finances and is prepared in compliance with several regulatory Codes of Practice.

#### 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

3.3.1 The MTFs forms the basis of the revenue and capital budget planning for the coming financial year.

## 4 EVALUATION & CONCLUSIONS

4.1 The updated MTFs projections that result in annual increases in budget are as follows. Members should note the significant health warnings regarding the projections in the MTFs at this time.

<b>Financial Year</b>	<b>Increase in Budget</b>
23/24	8.2%
24/25	2.0%
25/26	2.1%
26/27	1.7%

4.2 The overall budget contributions resulting from an 8.19% increase together with the population changes outlined earlier would result in the following constituent council contributions.

<b>Council</b>	<b>23/24 Budget £</b>	<b>Contribution Change £</b>	<b>Contribution Change %</b>
Bridgend	8,181,420	637,388	8.45%
The Vale of Glamorgan	7,466,986	549,106	7.94%
Rhondda Cynon Taf	13,384,022	999,509	8.07%
Merthyr Tydfil	3,336,615	229,111	7.37%
Caerphilly	9,965,648	678,692	7.31%
Blaenau Gwent	3,795,162	247,490	6.98%
Torfaen	5,192,382	391,741	8.16%
Monmouthshire	5,252,449	381,515	7.83%
Newport	8,872,243	804,742	9.98%
Cardiff	20,349,731	1,573,307	8.38%
<b>Total</b>	<b>85,796,659</b>	<b>6,492,601</b>	<b>8.19%</b>

## 5 RECOMMENDATIONS

5.1 That Members note the continued risks and uncertainties within the proposed draft revenue budget and recommend it to the Fire Authority as the basis of consultation.

<b>Contact Officer:</b>	Chris Barton Treasurer	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
None		

<b>Appendices</b>	
Appendix 1	Proposed Draft Revenue Budget 2023/24
Appendix 2	Capital Budget 2023/24

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**REVENUE & CAPITAL BUDGET SETTING UPDATE REPORT**  
**Appendix 1**

**Proposed Draft Revenue Budget 2023/24**

	<b>2022/23 Budget</b>	<b>2023/24 Budget excluding 100% grant funded costs</b>
<b>Direct Employee Costs</b>		
Whole time uniformed staff	32,196,142	34,741,154
On Call fire fighters	6,638,791	6,728,613
Auxillary Reserve	230,542	193,192
Control staff	1,410,584	1,515,587
Non-uniformed staff	9,019,333	10,065,206
Members expenses	65,187	83,828
Overtime & Other Allowances	2,075,722	2,154,133
Apprenticeship Levy	245,100	245,100
<b>Indirect Employee Costs</b>		
FF Scheme – employer’s contributions	8,878,258	9,859,357
LGP Scheme – employer’s contributions	1,377,534	1,533,334
LGPS strain costs	34,872	35,929
FF Ill health pensions	849,601	856,062
NHS Reimbursements, Class 1 NI, Scheme Admin	74,174	65,160
Eye Tests	1,000	1,000
Travel & Subsistence	385,000	426,000
	<b>63,481,840</b>	<b>68,503,654</b>
<b>Premises Related Expenses</b>		
Repair & maintenance	1,179,939	1,447,809
Grounds maintenance	36,996	40,695
Cleaning	587,813	693,436
Rates etc.	1,452,550	1,408,329
Lease/Rent	18,200	18,000
Water	40,000	44,000
Energy	812,907	1,250,905
Security	104,608	115,068
Telephones/Communications	1,421,111	1,518,613
	<b>5,654,123</b>	<b>6,536,855</b>
<b>Training Expenses</b>	<b>1,771,002</b>	<b>1,776,112</b>
<b>Supplies &amp; services</b>		
Furniture	144,989	141,099
Operational equipment	492,060	508,205
Other equipment	196,500	242,810
RTC (Scrap Vehicles)	69,296	68,500

	<b>2022/23 Budget</b>	<b>2023/24 Budget excluding 100% grant funded costs</b>
Fitness/training equipment	40,000	40,000
Equipment repair & maintenance	128,050	95,900
Fire Ground consumables (foam)	12,000	20,000
I.C.T.	1,668,502	1,911,154
Clothing & Uniforms	671,862	704,270
Photocopying	15,545	9,000
Stationery	23,400	22,640
Printer & print consumables	41,500	22,000
Postage & freight	21,622	26,522
Advertising (vacancies, etc.)	184,200	184,400
Text books, Reference	8,710	11,250
Licences	170,260	114,393
Literature / subscriptions	168,251	171,124
Competition entry fees	15,000	15,000
Spoilt meals	1,000	1,200
Fire ground provisions	12,300	12,300
Catering supplies (canteen)	46,070	40,750
Presentations & awards	25,900	14,800
Insurances	1,179,426	1,377,956
	<b>5,336,442</b>	<b>5,755,273</b>
<b>Transport</b>	<b>1,477,793</b>	<b>1,619,040</b>
<b>Contracted Services</b>	<b>941,296</b>	<b>1,152,085</b>
<b>Capital costs / leasing</b>	<b>4,874,253</b>	<b>5,069,223</b>
<b>GROSS EXPENDITURE</b>	<b>83,536,749</b>	<b>90,412,242</b>
<b>Income</b>	<b>-4,232,692</b>	<b>-4,615,582</b>
<b>NET EXPENDITURE</b>	<b>79,304,057</b>	<b>85,796,659</b>



## REVENUE & CAPITAL BUDGET SETTING UPDATE REPORT Appendix 2

### Capital Budget 2023/24 \*

	2022/23 Slippage	2023/24	Total 2023/24
<b>PROPERTY</b>			
Penarth		250	250
New Inn	1,860	4,000	5,860
Tower Works Package		200	200
RDS Site Improvements	900	2,000	2,900
	<b>2,760</b>	<b>6,450</b>	<b>9,210</b>
<b>FLEET</b>			
Water Ladder		1,995	1,995
Van/Ops Estate Car	454	155	609
Light Utility 4WD	240	250	490
Non-Ops 4WD		30	30
Water Carrier		200	200
Rescue Boat		30	30
Wildfire Unit		100	100
Ladders		95	95
	<b>694</b>	<b>2,855</b>	<b>3,549</b>
<b>ICT</b>			
End User Computer Replacement		150	150
Wireless Access Points		140	140
Backup Replacement System		80	80
	<b>0</b>	<b>370</b>	<b>370</b>
<b>TOTAL</b>	<b>3,454</b>	<b>9,675</b>	<b>13,129</b>

\*Slippage based on current budget monitoring position and subject to change at 2023/23 year end

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 8  
5 DECEMBER 2022

FINANCE, AUDIT &amp; PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE TREASURER

**TREASURY MANAGEMENT MID-TERM REVIEW REPORT 2022/23****THIS REPORT IS FOR INFORMATION**REPORT APPROVED BY THE TREASURER  
PRESENTING OFFICER – CHRIS BARTON**SUMMARY**

The Treasury Management Mid-Term Review Report provides an update on the Authority's treasury activities for the period 1 April – 30 September 2022.

**RECOMMENDATION**

That Finance Audit & Performance Management Members note the report and treasury activity for the period.

**1. BACKGROUND**

- 1.1 The Fire & Rescue Authority approved the Treasury Management Strategy Statement (TMSS) for 2020/21 on 28 March 2022. The TMSS sets out the reporting framework for monitoring performance and compliance of treasury management activities.
- 1.2 This report contains indicators and information for the 6 months leading up to 30 September 2022. Treasury procedures and reporting are intended to limit the Authority's exposure to unforeseen and unbudgeted financial consequences and to ensure that treasury management activity has been conducted in accordance with legislation and the agreed strategy.

**2. ISSUE**

- 2.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 2.2 The primary requirements of the Code are as follows:

- 2.2.1 Creation and maintenance of a Treasury Management Policy Statement (TMSS) which sets out the policies and objectives of the Authority's treasury management activities.
- 2.2.2 Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
- 2.2.3 Receipt by the full Authority of;
- An annual TMSS to include the Annual Investment Strategy (AIS) and Minimum Revenue Provision (MRP) Policy for the year ahead;
  - A Mid-year Review Report (this report), and
  - An Annual Report, (stewardship report), covering activities during the previous year.
- 2.2.4 Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- 2.2.5 Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority the delegated body is the Finance, Audit & Performance Management (FAPM) Committee.
- 2.3 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - The Authority's capital expenditure and how these plans are financed
  - The impact of the changes in capital expenditure plans on prudential / treasury indicators and limits and the underlying need to borrow;
  - A review of the Authority's investment portfolio;
  - A review of the Authority's borrowing strategy;
- 2.3.1 Appendix 1 provides an economic update for the 6 months leading up to the 30 September in addition to forecast information to inform treasury activities.

### **3. TREASURY MANAGEMENT STRATEGY STATEMENT UPDATE**

- 3.1 The Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by this Authority on 28 March 2022. There are no policy changes

to report and a review of the indicators and limits are set out in the below table.

<b>Prudential/Treasury Indicators 2020/21</b>	<b>TMSS £000</b>	<b>Revised £000</b>
<b>Capital expenditure</b>	10,338	10,347
Financing:		
Capital grants	-1,143	-1,444
Revenue	-250	-200
Capital receipts	0	-39
Net financing requirement	8,945	8,665
Less MRP	-3,915	3,817
CFR at 1 April	41,541	41,630
Increase / decrease in CFR	5,030	4,848
CFR at 31 March	46,571	46,478
<b>External debt</b>		
Loan Debt as at 1 April	28,147	28,147
New Borrowing	5,000	0
Repayment of Borrowing	-1,409	-1,409
Loan Debt as at 31 March	31,738	26,738
Other long term liabilities (OLTL)	3,679	3,679
Increase / -decrease in (OLTL)	-418	-418
Gross debt at 31 March	35,417	30,417
Under / (over) borrowed position	11,154	16,061
<b>Operational Boundary;</b>		
Debt	46,000	Unchanged
Other long term liabilities	5,000	Unchanged
Total	51,000	Unchanged
<b>Authorised limit</b>		
Debt	48,000	Unchanged
Other long term liabilities	5,000	Unchanged
Total	53,000	Unchanged
<b>Affordability:</b>		
Ratio of Financing costs to Revenue	6.85%	6.28%
Operational limit	9%	Unchanged
Authorised limit	10%	Unchanged
<b>Bank / current rates</b>		
Lloyds	0%	2.9%
Barclays		2.9%

3.2 SWFRS banking rates track the BoE rate minus 0.10%. The current BoE rate is 3% with the most recent 0.75% increase announced 3 November 2022. During this year SWFRS banking rates have increased as follows;

<b>2022/23</b>	<b>BOE RATE</b>	<b>Current Account Rate</b>
Apr-22	0.75%	0.65%
May-22	1.00%	0.90%
Jun-22	1.25%	1.15%
Jul-22	1.25%	1.15%
Aug-22	1.25%	1.15%
Sep-22	2.25%	2.15%

### 3.3 Narrative Update

3.3.1 There are no major changes since the strategy has been set other than the intent to borrow. The strategy contained an estimate for borrowing of £5million during the year and work is ongoing to mitigate this need as forecasts indicate a short-term cash shortfall.

3.3.2 A key indicator is how the CFR compares to the borrowing position. Borrowing should remain below the CFR limit, at least in the medium to long term and this position is described as either under or over borrowed. This indicator helps ensure borrowing is undertaken for capital purposes only. The above table indicates the Authority currently anticipates continuing with it's under borrowed position, i.e. £16m at 31 March 2023.

3.3.3 In addition to CFR, borrowing limits are in place for both external loans and other financial instruments, i.e. lease and PFI arrangements. This is to ensure borrowing is prudent, controlled and is monitored. It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30<sup>th</sup> September 2022, the Authority has operated within the treasury and prudential indicators set out in the TMSS 2022/23, as indicated in the above table. The Treasurer reports that no difficulties are envisaged for the current or future years in complying with these indicators and that the approved limits within the Annual Investment Strategy (AIS) were not breached during the period ended 30<sup>th</sup> September 2022. All treasury management operations have also been conducted in compliance with the Authority's Treasury Management Practices (TMP's).

3.3.4 Investments have not been undertaken during the year as the strategy is utilise surplus cash balances to mitigate borrowing need and the cost differential between investment income and borrowing charges. Deposits of £11,173,04.53 were held at 30 September and are set to reduce over the remainder of this financial as we continue

to internally fund capital investment which is characteristically, year-end heavy.

3.3.5 As a result of sharp increase in BoE rate SWFRS has received unbudgeted income of £91k up to 30 September and is anticipated to double by the end of the financial year.

### 3.4 Interest Rate Forecasts

3.4.1 The Authority's treasury advisor, Link Group, provided the following forecasts 27 September 2022.

3.4.2 The table sets out a view that both short and long-dated interest rates will be elevated for the short while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

## 4. FINANCIAL IMPLICATIONS

4.1 The financial implications of treasury activities have been factored into the Authority's budgeting and reporting processes.

## 5. IMPLICATION

### 5.1 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

## 5.2 Regulatory, Strategy and Policy

Legal	Yes
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

## 5.3 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

## 6. RECOMMENDATION

- 6.1 That Finance Audit & Performance Management Members note the report and treasury activity for the period.

<b>Contact Officer:</b>	<b>Background papers:</b>
Chris Barton Treasurer	- TMSS 22/23 - TM Outturn Report 21/22 - Revenue / Capital Monitoring Report - Link Service Information



## APPENDIX 1

### Economics update

- The second quarter of 2022/23 saw:
  - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
  - Signs of economic activity losing momentum as production fell due to rising energy prices;
  - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
  - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
  - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak

close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6<sup>th</sup> November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3<sup>rd</sup> November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23<sup>rd</sup> November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21<sup>st</sup> June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31<sup>st</sup> October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14<sup>th</sup> October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28<sup>th</sup> September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14<sup>th</sup> October or it decides to delay quantitative tightening beyond 31<sup>st</sup> October, even as it raises interest rates. So far

at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

### 3.2 Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

The latest forecast on 27<sup>th</sup> September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10





# AUDIT ACTIONS REPORT

Health Check

2022-2023 Quarter 2



Gwasanaeth Tân ac Achub  
De Cymru

South Wales  
Fire and Rescue Service

Produced in

# BMIS

Business Management  
Information System

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# Introduction

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This report details the progress made on Audit Actions arising from:

1. Internal Audits carried out by TIAA as our appointed auditors
2. Corporate Schemes and Government Circulars
3. Operational Assurance Peer Reviews (if applicable)
4. Audit Wales Thematic Reviews (External Audits)

*The information shown is as held within our Business Management Information System (BMIS) as at Quarter 2 (i.e. up to 30 September 2022)*

Once audits/reviews are completed then actions arising from them are assigned to an Officer and loaded onto BMIS for monitoring.

Each quarter officers provide an update with a Red, Amber, Green (RAG) status and commentary.





















The report below details of the actions that have been agreed and loaded onto BMIS for all audit reports up to the end of September 2022.

**Note:** The terms ‘audit actions’ and ‘audit tasks’ mean the same thing and are interchangeable within the report.

# Internal Audits Level of Assurance and Tasks Performance Summary

The table below relates to **ALL INTERNAL AUDITS HAVING OUTSTANDING TASKS**. It shows the Level of Assurance of each audit (Substantial, Reasonable, Limited or None). The tasks columns show the progress of audit tasks and the RAG status of the worst performing task for each audit.

-  All Actions are expected to be completed on time
-  1 or more action(s) are not expected to be completed on time
-  1 or more action(s) has an issue that needs attention

AUDIT TITLE	DATE	LEVEL OF ASSURANCE	STAGE	TASKS COMPLETED	TASKS OUTSTANDING	30/09/22
11.10/11 IT Disaster Recovery Planning - Follow Up	30 Nov 2017		In Progress	0	1	
Compliance Review of Key Financial Controls	30 Nov 2017	Reasonable Assurance	In Progress	3	1	
Assurance Review of HR Management - Rosters Dec 18	30 Nov 2017		In Progress	4	1	
Internal Audit Follow Up Review	30 Nov 2017		In Progress	4	1	
Appraisal Review of Risk Management - Anti-Fraud Arrangements	30 Nov 2017		In Progress	8	1	
Assurance Review of Estate Management Delivery February 2021	01 Oct 2018	Reasonable Assurance	In Progress	3	0	
Assurance Review of ICT Strategy	09 Sep 2019	Reasonable Assurance	In Progress	7	0	
Compliance Review of Key Financial Controls 2019-20	23 Jan 2020	Reasonable Assurance	In Progress	0	1	
Assurance Review of Communications	01 Sep 2020	Substantial Assurance	In Progress	0	1	
Assurance Review of Procurement 2020/21	01 Sep 2020	Substantial Assurance	In Progress	0	3	
Assurance Review of Sustainability: Paper Usage Nov 2020	16 Nov 2020	Reasonable Assurance	In Progress	1	5	
Assurance Review of Outside Commitments, Personal and Business Interests	09 Jun 2021	Reasonable Assurance	In Progress	2	1	
Assurance Review of Payment Cards 2021/2022	06 Aug 2021	Substantial Assurance	In Progress	0	1	
Assurance Review of Performance Management	01 Sep 2021	Substantial Assurance	In Progress	0	1	
Assurance Review of Safeguarding 2021/22	10 Nov 2021	Reasonable Assurance	In Progress	2	6	
Assurance Review of CoreHR	03 Feb 2022	Reasonable Assurance	In Progress	4	0	
Assurance Review of Death in Service Scheme	10 Feb 2022	Reasonable Assurance	In Progress	1	0	
Assurance Review of Equality and Diversity	03 Mar 2022	Substantial Assurance	In Progress	3	0	
Assurance Review of Mitigating Controls	23 Mar 2022	Substantial Assurance	In Progress	1	0	
Assurance Review of Station Visits	30 Mar 2022	Substantial Assurance	In Progress	1	0	



# Internal Audit Action Progress

The below “scorecards” show the number of ongoing TIAA actions within date (Ongoing) or Overdue. It shows the number of actions by their RAG status.

Audit Actions Ongoing					
Internal Audit					
▲	●	★	Unknowns	Total	
1	5	11	0	17	

Audit Actions Overdue					
Internal Audit					
▲	●	★	Unknowns	Total	
2	3	2	0	7	

## Internal Audit Actions Cancelled / Completed during Q2

Audit Name	Audit Task and Management Comment	Owner	Dept	RAG	Comments	Target date
Assurance Review of ICT Strategy Internal Audit	<p>The Red Kite Assets system be incorporated into the central data hub to provide an overarching asset management system in accordance with the ICT Strategy.</p> <p>(The tender specification for the new Asset Management System included requirements for replacing the Red Kite System. However other areas of the service are currently being integrated into the new Asset Management System with the Red Kite System being left until last as this had a useable system and some other areas did not.</p> <p>ICT Applications Manager will meet with the Head of Operational Risk Management to discuss integrating the Red Kite System into the new Asset management System.</p> <p>Note: The implementation date is for the decision to integrate the Red Kite System following extensive research and consultation.)</p>	Heather Mitchell	ICT		After much consideration it has been decided that this task is not viable and will not proceed.	01/06/2022

## Commentary on Overdue Internal Audit Actions – as at 30/09/2022

Audit Name	Audit Task and Management Comment	Owner	Dept	RAG	Comments	Target date
Assurance Review of Safeguarding 2021/22 Internal Audit	<p>A full review of the Safeguarding Database be undertaken to ensure that records are correct and up to date. Management Comment: The database has been refreshed to a BMIS page with restricted access, this allows clearer understanding of the cases and their current statuses.</p> <p>A review of the SG database will be actioned, but this is currently linked to a full review of the SG process from initial receipt to a referral being made to partner agencies.</p> <p>Alternative databases are being investigated with support from ICT that will support future practices</p>	Melanie Evans	Risk Reduction		Safeguarding Team have liaised with ICT and options have been identified. Due to workload in ICT department and roll out of Office 365, this work will not be started until January 2023.	31/01/2022

Assurance Review of Safeguarding 2021/22 Internal Audit	The Authority should consider introducing a quality assurance process whereby a random sample of recently closed cases are selected and reviewed to ensure that the correct process has been followed and that information within the Safeguarding Database has been entered correctly. Management Comment: The aspect of quality assurance is captured within the Strategic SG plan. A department review of the current SG makeup and resilience is underway, the future quality assurance of cases is being discussed as part of this review and how other resources within CS&P may be able to support with resilience for the SG lead. The aim is allow the SG lead to conduct QA as necessary once we have established the necessary support.	Melanie Evans	Risk Reduction		New structure in place within department. Awaiting recruitment of new safeguarding practitioner role, held up due to staff shortages in Employee Relations and unable to evaluate role prior to advertising. Work needs to be done in relation to Job Descriptions. Discussions to follow with Employee Relations.	31/03/2022
Assurance Review of Safeguarding 2021/22 Internal Audit	The Safeguarding Database be amended by ICT so that the key fields are marked as mandatory thus preventing cases from being closed or marked as completed without all necessary fields being completed. Management Comment: The SG database is under a full review with the support of ICT. Alternative databases are being explored that will allow easier understanding of case statuses.	Melanie Evans	Risk Reduction		Safeguarding Team have liaised with ICT and options have been identified. Due to workload in ICT department and roll out of Office 365, this work will not be started until January 2023.	01/04/2022

Assurance Review of Safeguarding 2021/22 Internal Audit	The Safeguarding structure and governance arrangements be defined and clearly outlined within the new Safeguarding Procedure with roles and responsibilities included in job descriptions as planned. Management Comment: The SG structure will be included within the revised SG policy and procedures. This will include roles and responsibilities at all levels. The policy is currently under review and will be published with all necessary amendments.	Melanie Evans	Risk Reduction		Governance was due to be signed off in the latest Strategic Safeguarding meeting but was postponed until January. Review of current policy will then commence.	31/01/2022
Assurance Review of Performance Management Internal Audit	<p>Recommendation: Consideration be given to establishing an approved performance management framework.</p> <p>Management comment: The Planning, Performance and Risk Team have started to collate the information required to begin drafting a performance management framework for our organisation. A member of the team will create the first draft, which will then be subject to wider discussion and further amending as deemed necessary. The framework, when finalised, can then be escalated in order for the required formal approval to be obtained.</p>	Suzanne Absalom	Planning, Performance & Risk		Document is in final draft form and due to be made available on the intranet.	31/03/2022

11.10/11 IT Disaster Recovery Planning - Follow Up Internal Audit	Management should ensure that the priority of recovery for key IT systems and data following a disaster event is determined, approved by senior management and included within the IT DR element of the organisation's ICT BCP.	Tim Gilberts	ICT		This will be delivered by ICT21.10 but, the finalised reviewed dept BCP's not yet available mean that ICT cannot complete the Gap analysis and prioritisation work.  Q2 update for ICT21.10 - It is possible that this will slip into Quarter 1 2023 if revised BCP's are not finalised.	30/06/2021
Internal Audit Follow Up Review Internal Audit	Anti fraud Cyber Crime 2013/14 - A Forensic Readiness Procedure be documented detailing the processes to be followed in the event of a suspected or actual network security incident. Original Due Date 7/31/2018	Tim Gilberts	ICT		This will be delivered by Business Plan Action ICT20.12.  Q2 update for ICT20.12 - This is awaiting time at SMT to discuss out of hours provision approach to incorporate in the response plan.	30/09/2020

## Commentary on Internal audit actions within latest due date as at 30/09/2022

Audit Name	Audit Task and Management Comment	Owner	Dept	RAG	Comments	Target date
Assurance Review of Safeguarding 2021/22 Internal Audit	A Terms of Reference be developed for the Strategic Safeguarding Group setting out the role and responsibility of the Group and all meetings of the Group to be formally minuted. Management Comment: Terms of reference have been discussed and agreed at the Strategic SG group.  Minutes of meeting are now actioned and recorded.	Dewi Rose	Service Delivery		The restructure of the Community Safety department has now been implemented. The draft terms of reference will now be approved at the next Strategic Safeguarding Group meeting in October, due to cancellation of the September meeting. The group will then aim to progress key actions identified on BMIS Safeguarding page and the external audit report..	31/12/2022
Assurance Review of Outside Commitments, Personal and Business Interests Internal Audit	Recommendation: The Outside Employment procedure be reviewed, updated and approved as planned.  Management comment: The review of this procedure will be completed in the next 6 months with due consideration to the additional points raised throughout this audit.	Gillian Goss	Human Resources		Update provided by Andrew Jones - No progress to date but this will be achieved by 31/03/23	31/03/2023

Assurance Review of Payment Cards 2021/2022 Internal Audit	Write and approve a Payment Card Policy	Jennifer Sambell	Finance & Procurement		Still in the draft stages.	31/03/2023
Assurance Review of Procurement 2020/21 Internal Audit	The Authority's Action Plan for meeting the Commitments in the Welsh Governments' Code of Practice – Ethical Employment in Supply Chains be reviewed by HR to assign responsibilities and implementation target dates. (Discussion to be held between Senior Procurement Officer and HR Manager to review and agree action plan.)	Lee Bunkham	Finance & Procurement		Action is still in progress. Discussed at Strategic Procurement Board on 28/09/22. Some items against the action plan have been completed and are now embedded as part of our procurement packs.	31/12/2022
Assurance Review of Procurement 2020/21 Internal Audit	The latest version of the Modern Slavery and Human Trafficking Statement be uploaded to the Authority's website. (The Modern Slavery Statement forms part of the Code of Practice for Ethical Employment. Procurement will work with HR to draft and seek approval of the statement. )	Lee Bunkham	Finance & Procurement		HR Lead has now returned to work. There has been some discussion at National Procurement Network and examples have been received.	31/12/2022
Assurance Review of Procurement 2020/21 Internal Audit	The Sustainable Procurement Policy 2020 be reviewed and approved by the Senior Management Team. (The draft Sustainable Procurement Policy will be reviewed and amended as appropriate)	Lee Bunkham	Finance & Procurement		Met with Sustainability Officer to discuss how we embed within procurement. Policy will form part of this and will be reviewed ready for approval.	31/03/2023



Appraisal Review of Risk Management - Anti-Fraud Arrangements Internal Audit	<p>The formal designation of a Money Laundering Reporting Officer for the Service be included in the next review of the Financial Procedures.</p> <p>(The next review of the Financial Regulation procedures will include designation of the Treasurer/deputy treasury as the Money Laundering Reporting Officer.)</p>	Lisa Mullan	Finance & Procurement		Initial draft going to contracts standing order group on 24 <sup>th</sup> October and to Fire and Rescue Authority 19 <sup>th</sup> December.	31/03/2023
Compliance Review of Key Financial Controls Internal Audit	<p>The Financial Procedure Rules be reviewed and any changes be approved by the Fire &amp; Rescue Authority</p> <p>(Review work is currently being undertaken and any amendments will be reported through committees and to the Fire Authority in the 2019 municipal year.)</p>	Lisa Mullan	Finance & Procurement		Initial draft going to contracts standing order group on 24 <sup>th</sup> October and to Fire and Rescue Authority 19 <sup>th</sup> December.	31/03/2023
Compliance Review of Key Financial Controls 2019-20 Internal Audit	<p>Recommendation: The Finance Procedure Rules have not been reviewed and updated since July 2013. The Financial Procedure Rules be reviewed and updated as previously agreed.</p> <p>Management comment: An update to this document will be undertaken by the end of the current financial year, i.e. 2019/20 with a more in depth review to be undertaken during 2020/21.</p>	Lisa Mullan	Finance & Procurement		Initial draft going to contracts standing order group on 24 <sup>th</sup> October and to Fire and Rescue Authority 19 <sup>th</sup> December.	31/03/2023

Assurance Review of Safeguarding 2021/22 Internal Audit Follow Up Review Internal Audit	<p>Recommendation: Consideration be given to adding a safeguarding page to the Authority's website.</p> <p>Management Comment: This will be discussed at the SG Strategic meetings with any changes agreed and implemented as necessary.</p>	Melanie Evans	Risk Reduction		Further discussion is required with Safeguarding boards on content and what should be included and linking in with NFCC Safeguarding group.	30/11/2022
Assurance Review of Sustainability: Paper Usage Nov 2020 Internal Audit	<p>Recommendation: The review of how Fire Authority, Committee and Senior Management Team papers be undertaken as planned.</p> <p>Management comment: Discussions will be held with Fire Authority Members and SMT to review the best options for reducing the need for paper reports.</p>	Sarah Watkins	Corporate Services		With the exception of Chairs and Deputy Chairs at committee the majority of members and officers now receive electronic copies.	31/03/2023
Assurance Review of Sustainability: Paper Usage Nov 2020 Internal Audit	<p>Recommendation: Data be developed on paper usage and waste disposal through implementation of the projects in place to procure alternative printer and waste collection services.</p> <p>Management comment: Improvements in data capture and reporting are part of the review mentioned above. This will be further enhanced with the appointment of the Sustainability officer within the team.</p>	Sean Deasy	Finance & Procurement		<p>ICT have been contacted. A new printer contract is currently being obtained and is expected to be in place imminently. This will provide data records of printing at HQ, Occupational Health and Cardiff Gate. Monitoring of printer use at stations will be the next thing to tackle once this is set up.</p> <p>New waste management contract is being progressed with the aim of coming into effect on 1<sup>st</sup> April 2023. This will provide us with data on paper being recycled.</p>	31/03/2023

<p>Assurance Review of Sustainability: Paper Usage Nov 2020 Internal Audit</p>	<p>Recommendation: Periodic waste audits be implemented to examine the volumes and variations in waste across the organisation and to physically inspect locations to identify wasteful practices.</p> <p>Management comment: This too forms part of the waste management review and will be implemented along with the other findings.</p>	<p>Sean Deasy</p>	<p>Finance &amp; Procurement</p>		<p>The waste management contract meeting identified this as a key priority going forward. Waste audit methodology has been researched. Plan of initial programme of waste audits needs to be determined. Further collaboration with other FRSs will be useful.</p>	<p>31/03/2023</p>
<p>Assurance Review of Sustainability: Paper Usage Nov 2020 Internal Audit</p>	<p>Recommendation: The service wide engagement and communication to raise awareness and encourage ideas for carbon reduction be undertaken as planned.</p> <p>Management comment: A media and communications strategy will be drawn up to deliver several media campaigns across the service. This will be used as a tool for behavioural change to make the necessary improvements on all of our sites and in every department.</p>	<p>Sean Deasy</p>	<p>Finance &amp; Procurement</p>		<p>A draft engagement strategy has been created and has steered the direction of the below actions:</p> <ul style="list-style-type: none"> <li>-Discussions with Media and Communications Manager have formulated a plan to include a 30 min sustainability presentation/ talk to new recruit inductions and also for station commander inductions.</li> <li>-Positive pointers are currently being drafted in liaison with Learning and Development.</li> <li>-Intranet page is nearing completion and will soon be in a position to launch.</li> </ul>	<p>31/12/2022</p>

Assurance Review of Communications Internal Audit	<p>Recommendation: To help support the Strategy aims noted, it is recommended that the objectives and estimated social media interaction at the outset of the campaign are incorporated into the campaign evaluations to provide a comparison of how the campaign performed against the original targets set.</p> <p>Management comment: A review of the detailed evaluations produced for our last three campaigns will be undertaken prior to planning and launching our next campaign. This will enable us to devise several objectives and estimated social media interactions that we would be targeting at the outset of the campaign as recommended.</p>	Wayne Thomas	Corporate Services		<p>The Lead Digital Communications Officer has identified three campaigns to evaluate to enable the team to set challenging targets relating to social media engagement during campaigns of various sizes.</p> <p>The selected campaigns are likely run into Q3, meaning that the action may not be finalised until Q4.</p>	31/12/2022
Assurance Review of Sustainability: Paper Usage Nov 2020 Internal Audit	<p>Recommendation: South Wales Fire and Rescue Service formally document its waste pathways into and out of the organisation and continue to keep this document up to date to support delivery of the Carbon Reduction Plan 2020-2030.</p> <p>Management comment: A review of waste management across the service is currently underway. The aim is to reduce overall waste, recycle where possible and to standardise the approach across all of our sites.</p>	Sean Deasy	Finance & Procurement		<p>New waste management contract is being progressed and aiming to be in place by April 2023. Built into the tender pack is the requirement for waste collections to be measured and recorded. Also, there is a requirement for the contractor to carry out engagement with staff to reduce waste and increase recycling.</p>	31/03/2023

Assurance Review of HR Management - Rosters Dec 18 Internal Audit	<p>Recommendation: Reporting of Crew Manager and Watch Manager over and under availability be developed and reported to management alongside the existing performance data.</p> <p>Management comment: Meeting to be arranged with Kronos to discuss reporting system on RAPS.</p>	Zoe Davis	Operations		This is ongoing, discussing the possibility of recording these figures when submitting the monthly optimum and minimum crewing figures with central staffing.	31/03/2023
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## Other Audits Summary as at 30/09/2022

### Corporate Schemes and Circular Actions

Scheme Name	Task	Owner	Department	RAG	Current target date	Comments
Strategic Equality Plan Corporate Scheme	Promote in-house equality and diversity good practice.	Andrew Jones	Human Resources		27/03/2025	The Diversity Officer has drafted a key ED&I Framework document which will ensure that the Service continues to recognise and capitalise upon best practice. Not progressed further at this stage due to ED&I lead leaving the organisation.

## Operational Assurance Actions

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There are currently no Operational Assurance actions recorded in BMIS.

## External Audit Actions (Audit Wales Thematic Reviews)

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Audit Name	Task and Management Comment	Owner	Department	RAG	Current target date	Comments
External Audit Annual Improvement Report 2017-18	Agreeing common measures with other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends.	Mike Davies	Finance & Procurement		28/02/2022	No progress made to date due to other priorities.

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**

**SOUTH WALES FIRE & RESCUE AUTHORITY**

AGENDA ITEM NO 10  
5 DECEMBER 2022

FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE

REPORT OF THE ACO CORPORATE SERVICES

**INTERNAL AUDIT PROGRESS REPORT & AUDIT ACTION UPDATE**

**THIS REPORT IS FOR INFORMATION**

REPORT APPROVED BY ACO CORPORATE SERVICES

REPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT & PROPERTY

**SUMMARY**

This report updates Members upon progress being made against the Internal Audit Plan 2022/2023.

**RECOMMENDATIONS**

Members are asked to note Internal Audit recommendations and work completed to date on the Internal Audit Annual Plan 2022/2023.

**1. BACKGROUND**

- 1.1 TIAA Limited have been appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Plan 2022/2023. The plan was approved by the FAPM Committee on 11 April 2022.
- 1.2 As previously agreed, all audit reports with an assurance level of limited or no assurance 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 2 final reports being issued:-

- **GENERAL DATA PROTECTION REGULATIONS (GDPR)**

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

## 2.2 GENERAL DATA PROTECTION REGULATIONS

- 2.2.1 The audit assessed compliance with the key UK General Data Protection Regulation (GDPR) elements and also considered the efficiency and effectiveness of the processes for dealing with requests for personal data under GDPR. The key strategic findings are as follows:-
- 2.2.2 Key policies and procedures are in place although require review dates to be updated.
- 2.2.3 Quarterly reports are sent to the Security Risk Group and include general data protection and information security updates.
- 2.2.4 A Records Management Policy is not in place.
- 2.2.5 Good practice identified by the auditor was that an overarching privacy notice is in place and available on the website and privacy notices for bespoke projects are also in place.
- 2.2.6 The overall assessment is that of substantial assurance with 3 routine and 1 operational action points to address.

## 2.3 HUMAN RESOURCES MANAGEMENT – WELLBEING

- 2.3.1 The review considered the arrangements in place to ensure the Service has an appropriate wellbeing framework in place to promote wellbeing, identify potential issues and provide appropriate support to staff in relation to mental health. The review considered how wellbeing is monitored and reported and how the effectiveness of actions being taken is determined. The following lists the strategic finding of the audit:-
- 2.3.2 A suite of strategies, policies and procedures are in place relating to health and wellbeing which are undergoing a review with a view to streamlining and reducing the number of documents maintained.
- 2.3.3 Through the strategy and policy documents, preventative and reactive activities have been implemented aimed both at supporting staff to remain well and in work, and supporting staff who are absent to return to work
- 2.3.4 The organisation has a Silver level of the Investors in People, 'We invest in wellbeing accreditation and was working towards achieving Gold.

2.3.5 Audit also identified two areas of good practice:-

- A wellbeing tag process was launched in February 2020 to monitor and support operational and fire control officers who may be struggling following a traumatic incident.
- Implementation of the MIND Blue Light Programme which aims to establish training of Blue Light Champions and trained Line Managers to spot, signpost and support staff with mental health concerns.

2.3.6 The overall assessment is that of substantial assurance with 1 routine action point to address.

### 3. IMPLICATIONS

#### 3.1 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Wellbeing of Future Generations (Wales) Act 2015	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	Data Protection / Privacy	Yes
Financial	No	Health, Safety and Wellbeing	No
Procurement	No	Governance & Audit	No
Corporate Risk	No	Service Policy	Yes
Information Management	Yes	National Policy	No

#### 3.3 Resources, Assets and Delivery

Human Resource and People Development	Yes
Assets and Resources (Property/Fleet/ICT/Equipment)	Yes
Service Delivery	No
Procurement	No
Budget Revenue/Capital	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 2022/2023.

<b>Contact Officer:</b>	ACO Geraint Thomas
<b>Background Papers</b>	Appendix 1 – Final Report GDPR Appendix 2 – Final Report HR Management Wellbeing Appendix 3 – SICA Report



ICT Audit

FINAL

## South Wales Fire and Rescue Service

Assurance Review of General Data Protection Regulation (GDPR)

**2022/23**

November 2022

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

None identified

### KEY STRATEGIC FINDINGS



The key policies and procedures are in place and require review dates to be updated.



Quarterly reports are sent to the Security Risk Group. These reports include general data protection and information security updates.



A Records Management Policy is not in place.

### GOOD PRACTICE IDENTIFIED



An overarching privacy notice is in place and available on the website. Privacy notices for bespoke project are also in place.

### SCOPE

The review assessed compliance with the key UK General Data Protection Regulation (GDPR) elements of:

- Privacy Impact Assessments;
- Data Subject rights (e.g. Right to be forgotten);
- Data Classification and Asset management;
- Data Security & Breach Management;
- Governance & Consent;
- Data Controllers & Processors.

The review also considered the efficiency and effectiveness of the processes for dealing with requests for personal data under GDPR.

### 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	<p>The Data Protection and Information Security policies and procedures have recently been reviewed and are fit for purpose but the review dates have not been updated.</p> <p>A Records Management Policy is currently not in place and is under consideration.</p> <p>There is a retention period for documents stored within the Microsoft Teams system. This is currently set at 12 months from the last date the document was modified.</p>	<p>The Data protection and Information Governance policies and procedures review dates be updated.</p> <p>A Records Management Policy be put in place.</p>	3	<p><i>The relevant data protection ISMS procedures have been reviewed by their owner (Head of Corporate Support) and sent to Employee Relations with approval to extend their review dates for a further 12 months.</i></p> <p><i>Our new Information Governance and Compliance Officer commenced in post at the beginning of October 2022. They will lead the drafting process of a Records Management procedure for the organisation.</i></p>	30/06/23	Head of Service Performance and Communications

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>SWFRS uses CCTV for detection and prevention of crime and staff safety. A CCTV and Image Recording Systems Procedure is in place and has recently been reviewed. The review dates have not been updated.</p> <p>The CCTV is used in compliance with the legislation including the General Data Protection Regulation, the Data Protection Act 2018 and the Human Rights Act 1998.</p> <p>A guidance document for requesting CCTV footage is in place.</p>	The CCTV and Image Recording Systems Procedure review date be updated.	3	<i>A draft review of the CCTV and Image Recording Procedure has been produced...some key areas of the drafted document are being discussed by the Senior Management Team. Once approved, the document's review date will be updated accordingly.</i>	31/03/23	Head of Service Performance and Communications
3	Directed	<p>The Information Governance (IG) Team deals with the data breaches. Following a data breach, the Data Protection Officer (DPO) prepares a data breach report and send it to Senior Information Risk Owner (SIRO) within 24-48 hours. The SIRO then may add an improvement action plan to avoid a similar data breach in the future. Only two data breaches have been reported to ICO in last three years.</p> <p>A Managing Information Security Incidents Procedure is in place and has been recently reviewed. The review dates have not been updated.</p>	The Managing Information Security Incidents Procedure review date be updated.	3	<i>The relevant data protection ISMS procedures have been reviewed by their owner (Head of Corporate Support) and sent to Employee Relations with approval to extend their review dates for a further 12 months.</i>	31/03/23	Head of Service Performance and Communications

## 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	Delivery	Currently, the Data Protection Officer (DPO) has support from the Head of Service Performance and Communications, a legal officer and two administrative officers. The legal officer and DPO have cross skills and knowledge. The most appropriate staff resource is deployed when needed depending on the scenario.	A formal data protection staff resources plan be put in place.	<i>Our new Information Governance and Compliance Officer commenced in post at the beginning of October 2022. We are already in the process of discussing formal routes of approval for the various tasks undertaken by the team (by role) and the resilience plan to support them in the event that designated individuals are unavailable.</i>

ADVISORY NOTE

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

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Internal Audit

**FINAL**

## South Wales Fire and Rescue Service

Assurance Review of Human Resources Management – Wellbeing

**2022/23**

November 2022

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

There were no strategic risks in relation to Wellbeing at the time of review. Strategic Risk 211: Health & Wellbeing was downgraded to a departmental risk as part of the Senior Management Team strategic risk review of 17<sup>th</sup> March 2022.

### KEY STRATEGIC FINDINGS



A suite of strategies, policies and procedures are in place relating to health and wellbeing which are undergoing a review with a view to streamlining and reducing the number of documents maintained.



Through the strategy and policy documents preventative and reactive activities have been implemented aimed both at supporting staff to remain well and in work and supporting staff who are absent return to work



The organisation was at a Silver level of the Investors in People's 'We invest in wellbeing' accreditation and was working towards achieving the Gold level.

### GOOD PRACTICE IDENTIFIED



A Wellbeing Tag process was launched in February 2020 to monitor and support operational and fire control officers who may be struggling following a traumatic incident.



Implementation of the MIND Blue Light Programme which aims to establish training of Blue Light Champions and trained Line Managers to spot, signpost and support staff with mental health concerns.

**SCOPE**

The review considered the arrangements in place to ensure that the Service has an appropriate wellbeing framework in place to promote wellbeing, identify potential issues and provide appropriate support to staff including in relation to mental health. The review considered how wellbeing is monitored and reported and how the effectiveness of actions being taken is determined. The review did not review absence management processes although data relating to absences was considered.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	0	1	0

## 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 suite of strategies, policies and procedures in place relating to health and wellbeing was undergoing a review with a view to streamlining and reducing the number of documents maintained. It was agreed that a recommendation be raised to track progress to completion of this task.	The review of the suite of documents relating to health and wellbeing be completed as planned.	3	<i>This activity has already commenced and will ensure a more simplified suite of documents is put in place.</i>	31/03/23	Karen Davies (Attendance Management)

### 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
No operational effectiveness matters were identified.				

ADVISORY NOTE

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

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## South Wales Fire and Rescue Service

### Summary Internal Controls Assurance (SICA) Report

**2022/23**

November 2022

## Summary Internal Controls Assurance

### Introduction

1. This summary controls assurance report provides the Finance Audit and Performance Management (FAPM) 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 11<sup>th</sup> November 2022.

### Emerging Governance, Risk and Internal Control Related Issues

2. Corporate social responsibility (CSR) refers to the self-imposed responsibility of businesses to society in areas such as the environment, the economy, employee well-being, and competition ethics. Many businesses use internal CSR regulation as a form of moral compass to positively influence the ethical development of their business.

Traditionally, CSR was viewed as something only large businesses practiced. In the past, simply having a CSR intention in place was already enough for a business to be recognised as socially responsible, even if the idea of social responsibility did not influence the business model or the production processes. In today's market however, businesses of all sizes are increasingly held responsible for their social and environmental impact by their customers. And because every business is part of a value/supply chain consisting of other businesses, when they advocate for sustainability, ethical practices, and generosity, this creates a positive ripple effect on all stakeholders.



**Audits completed since the last SICA report to the Finance, Audit and Performance Management Committee**

3. The table below sets out details of audits finalised since the previous meeting of the Finance, Audit and Performance Management Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
General Data Protection Regulation (GDPR)	Substantial	5 <sup>th</sup> October 2022	8 <sup>th</sup> November 2022	8 <sup>th</sup> November 2022	-	-	3	1
Human Resources Management – Wellbeing	Substantial	9 <sup>th</sup> September 2022	8 <sup>th</sup> November 2022	9 <sup>th</sup> November 2022	-	-	1	-
ICT – Network Security	Reasonable	3 <sup>rd</sup> November 2022	8 <sup>th</sup> November 2022	11 <sup>th</sup> November 2022	-	3	1	-

4. There are no issues arising which would require the annual Head of Audit Opinion to be qualified.

**Progress against the 2022/23 Annual Plan**

5. Our progress against the Annual Plan for 2022/23 is set out in Appendix A.

**Changes to the Annual Plan 2022/23**

6. There are no additional areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2022/23.

**Progress in actioning priority 1 recommendations**

7. We have made no new Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA and no Priority 1 recommendations were reported in the previous report. More information is provided in Appendix B.

## Root Cause Indicators

8. 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	2021/22	Qtr 1 (2022/23)	Qtr 2 (2022/23)	Qtr 3 (2022/23)	Qtr 4 (2022/23)	Medium term Direction of Travel	Audit Observation
<b>Directed</b>							
Governance Framework	35% (6)	-	-	50% (4)	-	↑	
Risk Mitigation	6% (1)	-	-	37.5% (3)	-	↑	Increase in risk related recommendations
Control Compliance	35% (6)	-	-	12.5% (1)	-	↑	
<b>Delivery</b>							
Performance Monitoring	18% (3)	-	-	-	-	↔	
Resources (2021/22) / Sustainability (2022/23)	-	-	-	-	-	↔	
Resilience	6% (1)	-	-	-	-	↔	

## Frauds/Irregularities

9. We were advised of a potential irregularity in relation to the unapproved use of a fuel card. This was investigated by the Service and found not to be fraudulent.

## Other Matters

10. We have issued a number of briefing notes and fraud digests, shown in Appendix C, since the previous SICA report. The actions taken by South Wales Fire and Rescue Service are summarised below:

### Briefing Note

No relevant Client Briefing Notes issued since the last SICA.

### Fraud Alert

Procurement Fraud

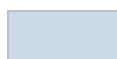
**Responsibility/Disclaimer**

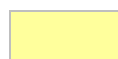
11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements 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.


## Progress against Annual Plan 2022-23

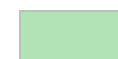
System	Planned Quarter	Current Status	Comments
Collaboration – Co-location	1	Fieldwork commenced	
Rosters	1	Fieldwork commenced	
Human Resources Management – Wellbeing	1	Final Report Issued: 09/11/2022	Presented to November 2022 meeting
Station Visits	2	Fieldwork commenced	
Payroll	2	Fieldwork commenced	
Contract Management	2	Fieldwork commenced	
General Data Protection Regulation (GDPR)	2	Final Report Issued: 8/11/2022	Presented to November 2022 meeting
ICT Network Security	3	Final Report Issued: 11/11/2022	Presented to November 2022 meeting
Key Financial Controls	3	Fieldwork commenced	
Risk Management – Mitigating Controls	3	Planned date: 05/12/2022	
Human Resources Management – Training	3	Planned date: 31/10/2022	
Sustainable Procurement	4	Planned date: 20/02/2023	
Follow Up	4	Planned date: 16/01/2023	
Annual Planning	1	<b>Final issued: 20/04/2022</b>	
Annual Report	4		
Audit Management	1 – 4		

### KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

## Priority 1 Recommendations - Progress update (Not Applicable)

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
No new priority 1 recommendations						

**KEY:**

**Priority Grading**

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
----------	---------------	--

**Risk Mitigation**


<b>CLEARED</b>	Internal audit work confirms action taken addresses the risk exposure.	<b>ON TARGET</b>	Control issue on which action should be taken at the earliest opportunity.	<b>EXPOSED</b>	Target date not met & risk exposure still extant
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## 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 since the last Finance Audit and Performance Management (FAPM) Committee 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.

CBN Ref	Subject	Status	TIAA Comments
	No relevant Client Briefing Notes issued since the last SICA.	NA	NA

### Summary of recent Fraud Alerts

Date	Subject	Status	TIAA Comments
October 2022	Procurement Fraud		<p><b>Action Required</b></p> <p>This alert provides information and advice to staff about fraud and economic crime, and the risks associated with it. If you or your organisation has fallen victim to fraud you should contact your internal audit provider or follow your internal procedures for reporting fraud.</p>



**FORWARD WORK PROGRAMME FOR  
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2022/23**

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
As required	Audit Wales Reports	To advise Members of the conclusions of Audit Wales reports and to consider the implications for the Service	D	T/ACO CS  Contact Officer: Geraint Thomas	
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	I	T/ACO CS  Contact Officer: Lisa Mullan	
As required	Performance Report	To scrutinise specific issues of performance identified and referred by Fire Authority	I	ACFO SD  Contact Officer: Sarah Watkins	
As required	Statistics Report	To scrutinise specific statistics or trends as identified and referred by the Fire Authority	I	T/ACO CS  Contact Officer: Sarah Watkins	
25 July 2022	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	D	Treasurer  Contact Officer: Lisa Mullan	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
25 July 2022	Capital Outturn	To advise on total capital expenditure for the year against the set capital budget following the year end and to explain variations	D	Treasurer Contact Officer: Lisa Mullan	Completed
25 July 2022	Audit Wales Audit Plan 2022	To advise Members of the work set out by Audit Wales to be undertaken during 2022	I	T/ACO CS Contact Officer: Lisa Mullan	Completed
25 July 2022	Audited Statement of Accounts	To advise Members of the content of the Audited Statement of Accounts	I	Treasurer Contact Officer: Lisa Mullan	Completed
25 July 2022	Audit Accounts report (ISA 260 Report)	To advise Members of the content of the Auditor General's ISA 260 report including the final letter of representation, proposed audit opinion and corrections/recommendations	I	Treasurer Contact Officer: Lisa Mullan	Completed
10 Oct 2022	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	D	Treasurer Contact Officer: Lisa Mullan	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
10 Oct 2022	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	D	Treasurer Contact Officer: Lisa Mullan	Completed
10 Oct 2022	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	D	Treasurer Contact Officer: Lisa Mullan	Completed
10 Oct 2022	Treasury Management Outturn Report	To advise on performance against the treasury management policy and strategy following financial year end	I	Treasurer Contact Officer: Lisa Mullan	Completed
10 Oct 2022	Health Check of Priority Actions and Q1 progress against the Statutory PI's	To scrutinise progress of the Service's Priority Actions and statutory PI's as at the end of Q1	I	T/ACO CS & ACFO SD Contact Officer: Sarah Watkins	Completed
10 Oct 2022	Audit Wales Final Audit Letter	To advise on conclusion of financial audit	I	Treasurer Contact Officer: Lisa Mullan	Completed
5 Dec 2022	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	D	Treasurer Contact Officer: Lisa Mullan	On agenda

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
5 Dec 2022	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	D	Treasurer Contact Officer: Lisa Mullan	On agenda
5 Dec 2022	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	D	Treasurer Contact Officer: Lisa Mullan	On agenda
5 Dec 2022	Treasury Management Interim Report	To update Members on treasury management activity during the year to date	I	Treasurer Contact Officer: Lisa Mullan	On agenda
5 Dec 2022	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	I	T/ACO CS Contact Officer: Sarah Watkins	On agenda
5 Dec 2022	Annual Audit Plan Financial Audits	To advise Members of the proposed timetable for financial audits in the forthcoming audit year	I	Treasurer Contact Officer: Lisa Mullan	On agenda
13 March 2023	Treasury Management Strategy Report	To secure Members' approval to the adoption of the Treasury Management Strategy for the following financial year	D	Treasurer Contact Officer: Lisa Mullan	

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
13 March 2023	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	D	Chair of FAPM & T/ACO CS  Contact Officer: Sarah Watkins	
13 March 2023	Internal Audit Programme	To outline the planned internal audit coverage for the financial year and to seek comment and approval	D	T/ACO CS  Contact Officer: Lisa Mullan	
13 March 2023	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	D	Treasurer  Contact Officer: Lisa Mullan	
13 March 2023	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	D	Treasurer  Contact Officer: Lisa Mullan	

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information /Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
13 March 2023	Health Check of Priority Actions and Q3 progress against the Statutory PI's	To scrutinise progress of the Service's Priority Actions and statutory PI's as at the end of Q3	I	T/ACO CS & ACFO SD  Contact Officer: Sarah Watkins	
13 March 2023	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.	I	T/ACO CS  Contact Officer: Lisa Mullan	
13 March 2023	Corporate Departmental Risk Register	To seek Members' views upon the Corporate Departmental Risk Register	I	T/ACO CS  Contact Officer: Wayne Thomas	
13 March 2023	Register of Gifts and Hospitality	To advise Members of gifts and hospitality accepted and declined by Members and Officers during the year	I	T/ACO CS  Contact Officer: Sarah Watkins	

## AGENDA ITEM NO 12

**To consider any items of business that the Chairperson deems urgent  
(Part 1 or 2)**

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## AGENDA ITEM NO 13

**NOT FOR PUBLICATION TO THE PRESS OR PUBLIC BY VIRTUE OF SECTION 100A AND PARAGRAPH 15 OF PART 4 OF SCHEDULED 12A OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED)**

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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 declare both orally and in writing any personal and/or prejudicial interest 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	
4.	To receive the minutes of;	
	<ul style="list-style-type: none"> <li>• Finance, Audit &amp; Performance Management Committee held on 10 October 2022</li> </ul>	5
	<b>REPORTS FOR DECISION</b>	
5.	Revenue Monitoring Report 2022/23	11
6.	Capital Monitoring Report 2022/23	27
7.	Revenue & Capital Budget Setting Update Report	37
	<b>REPORTS FOR INFORMATION</b>	
8.	Treasury Management Mid-Term Review Report 202/23	51
9.	Audit Actions Report Health Check 2022 – 2023 Quarter 2	61
10.	Internal Audit Progress Report & Audit Action Update	81
11.	Forward Work Programme for Finance, Audit & Performance Management Committee 2022/2023	105
12.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	111

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**REPORT FOR DECISION**

13.	<b>NOT FOR PUBLICATION TO THE PRESS OR PUBLIC BY VIRTUE OF SECTION 100A AND PARAGRAPH 15 OF PART 4 OF SCHEDULED 12A OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED)</b>	113
13.i.	Audit Wales – Cyber Resilience in the Public Sector	115