

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.

COMMISSIONERS OF FIRE & RESCUE AUTHORITY SUMMONS

You are required to attend a meeting to be held on:

Monday 12 February 2024, 13.00pm

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

or

Remotely via Microsoft Teams -

**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 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.	REPORTS FOR DECISION	3
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4.ii	Contract for Office Cleaning	27
5.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	31

Signature of Monitoring Officer:



MEMBERSHIP

Commissioners:

C	Foulkes
V	Randeniya
Baroness	Wilcox
K	Williams

AGENDA ITEM NO 4

Reports for Decision

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

AGENDA ITEM NO 4.i

REPORT OF THE TREASURER

REVENUE AND CAPITAL BUDGET DETERMINATION FOR 2024/25**THIS REPORT IS FOR DECISION**REPORT APPROVED BY TREASURER
PRESENTING OFFICER TREASURER**SUMMARY**

The report includes the recommended revenue and capital budget for 2024/25 together with the responses to the consultation exercise undertaken.

The Fire Authority is asked to approve the proposed revenue budget of £95,840,240 representing a 7.23% increase over that set for 2023/24. This increase assumes that the Welsh Government will transfer additional firefighter pension funding to constituent councils in the final local government settlement in accordance with the practice it commenced at this stage last year. Members should note that without this funding change, the underlying like for like increase in the revenue budget would be 5.8%.

RECOMMENDATIONS

That the Fire Authority approve the proposed revenue and capital budgets included within the report.

That the Fire Authority gives delegated authority to the Treasurer to make an appropriate adjustment to the revenue budget, if any additional pension funding is directed to the Fire Authority via specific grant.

1. BACKGROUND

- 1.1 The Fire Authority, Finance, Audit and Performance (FAPM) Committee and Scrutiny Group have considered a range of reports on the budget over the last year and this report is the culmination of that work. The Fire Authority approved a draft budget for consultation at its December meeting.
- 1.2 The Medium-Term Financial Strategy (MTFS) includes information regarding the basis for budget planning and this report provides the

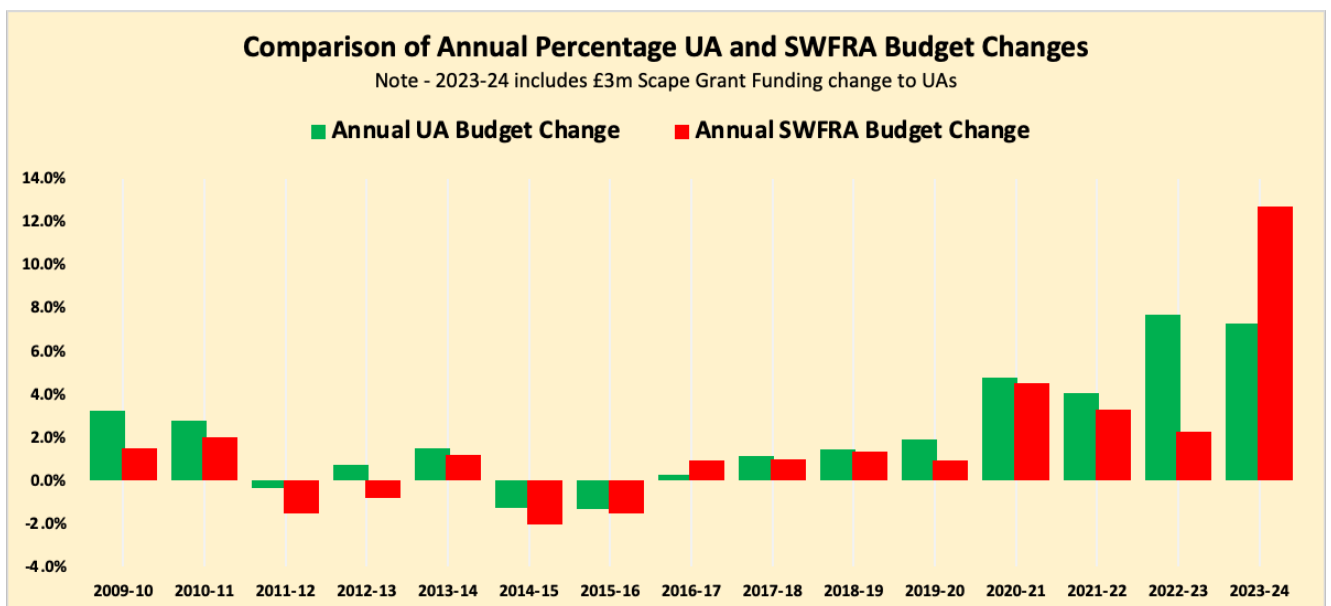
proposal for the 2024/25 financial year, together with the supporting capital programme. The MTFS is informed by regular monitoring reports on the budget for the current year.

- 1.3 The FAPM and Scrutiny Group considered the background and detail to the budget at its meetings and made recommendations for inclusion.

2. ISSUE / PROPOSAL

Medium Term Financial Strategy and Historical Context

- 2.1 The approved MTFS includes historical context to the budget together with projections for future years' budgets.
- 2.2 For the current financial year, the Fire Authority set a budget of £89.4m. In setting its annual budget, the Authority has always been mindful of the resources available to its constituent councils both from Welsh Government and local taxpayers.
- 2.3 The following chart shows the historical trend of increases / reductions in the revenue budget compared to the resources available to councils from Welsh Government and Council Tax. The impact of the cost of living crisis and problems forecasting pay and price inflation has caused significant turbulence in the last two financial years with the Fire Authority setting a budget significantly lower than comparable funding increases in local councils in 2022/23 and higher in 2023/24. Cumulatively, increases in Fire budgets remain lower than the comparative levels in constituent councils over the period.



Local Government Settlement

- 2.4 The draft Welsh Government Budget was announced after the Fire Authority considered the budget in December. Local Government Funding for next financial year will increase by an average of 3.1% on a like for like basis. It is important to note that this draft settlement may again be subject to change in respect of the transfer of specific grants previously paid to the Fire Authority. This issue is discussed later within the report.
- 2.5 Along with the resources Welsh Government provides to constituent councils from revenue support grant and non-domestic rates, the councils also raise council tax to meet the demands on their budgets. There is a historical pattern of increasing yield from council tax of 4% to 5% and there is no indication that this broad trend will discontinue.
- 2.6 The Fire Authority has always been cognisant of the settlement together with the overall resources available to councils when setting its budget.

Population Change

- 2.7 Total population data agreed by the Welsh Government Distribution Sub Group for use in the Welsh Government Settlement is the basis on which the Fire Authority's budget is distributed and funded by the ten constituent councils in the South Wales area. The Fire Authority has no power to use anything else other than population as the basis of the distribution as this is set out in legislation.
- 2.8 The table below illustrates the change in the distribution of current contributions based on the new population data for 2024/25. It is important to note that councils which see increases in population generally benefit from a proportionately more favourable Welsh Government settlement and vice versa.

Authority	Budget 23/24	Population 23/24	Population 24/25	Change %	Change £
Bridgend	8,522,690	147,031	146,136	-0.61%	(47,118)
Vale of Glamorgan	7,778,455	134,192	133,492	-0.52%	(36,208)
Rhondda Cynon Taf	13,942,307	240,528	239,018	-0.63%	(79,780)
Merthyr Tydfil	3,475,795	59,963	58,883	-1.80%	(60,708)
Caerphilly	10,381,343	179,096	176,130	-1.66%	(166,184)
Blaenau Gwent	3,953,469	68,204	67,014	-1.74%	(66,802)
Torfaen	5,408,971	93,314	92,860	-0.49%	(23,292)
Monmouthshire	5,471,544	94,393	93,886	-0.54%	(26,359)
Newport	9,242,329	159,446	161,506	1.29%	124,670
Cardiff	21,198,575	365,711	372,089	1.74%	381,781
	89,375,478	1,541,879	1,541,014	-0.06%	0

- 2.9 These changes at council level will be reflected in variations from the overall average increase in contributions set by the Fire Authority.

Budget Planning Considerations

- 2.10 Pay inflation has once again been the biggest challenge facing the Authority in the current and next financial year. Settlement of pay awards in the current year at a level higher than budgeted has resulted in a significant projected overspend. Monitoring reports to the FAPM Committee have already reported on this matter. The Authority will absorb any such overspend from its reserves rather than pass these costs back to the constituent councils. Without any certainty on next year's pay inflation, the Authority must again assume pay inflation levels based on the current trend of CPI levels in the economy in general. For planning purposes, the Authority is assuming 3% for pay increases.
- 2.11 Pension costs are subject to inflation from underlying pay awards but also from the revaluation of the Firefighters' Pension Fund this coming year. Welsh Government (via the Government Actuary) has signalled a 3.7% increase in costs with around 3.4% of that arising from technical changes in the 'SCAPE' rate and the settlement of O'Brien (part time firefighter) cases. For the purposes of this budget setting report, the Fire Authority will assume that this funding will be forthcoming and also make an assumption about the route through which it will be delivered.
- 2.12 It is a most unsatisfactory position for both the Fire Authority and constituent councils to be setting budgets in the absence of confirmation of central funding for the coming year. Welsh Government will not publish its final budget until 5th March, almost three weeks after the deadline by which the Fire Authority has to set its budget.
- 2.13 Widening of the role of the firefighter is still a current topic. For the purposes of the budget, it has again been assumed that should any move be made towards this ambition, any additional costs arising would be matched by additional funding from within the Welsh Public Sector.
- 2.14 Temporary staffing costs will be accommodated from reserves as they do not represent an ongoing burden on the base budget.
- 2.15 The cost of living crisis does not just affect pay. Premises costs in terms of energy and external contracts are rising with the high levels of inflation in the economy. The Authority is actively working to reduce energy consumption across the estate but it will not offset increased unit costs.
- 2.16 Unavoidable inflationary pressures on budgets like communication systems, ICT, operational equipment and fleet will result in increased costs. The Authority's budget plan has also been amended to fund large

equipment purchases from reserves in a move to reduce budget volatility and make savings next year.

- 2.17 The capital programme attached to the report as Appendix 2 results in increased capital financing costs. In considering the construction of the budget and Treasury Management strategy for the coming year, further savings have been factored in to the revenue budget including additional income arising from increasing interest rates.
- 2.18 Capital Financing Costs will represent around 5.5% of total budget, well within the levels deemed appropriate given the nature of the organisation and its funding regime.
- 2.19 Since the approval of the Medium Term Financial Strategy, the Authority has identified over £2.05m worth of reductions and around £0.25m worth of consequential budget increases. The net reduction of £1.8m has reduced the potential impact of the Service's running costs on its funding partners.
- 2.20 In deliberations on the budget, the Authority has considered the level of its current and future reserves which are outlined in the table below.

Reserve	Balance 31/3/23 £000	Use 23/24 £000	Balance 31/3/24 £000	Use 24/25 £000	Balance 31/3/25 £000
General	3,000	-	3,000		3,000
General reserves equate to 3.4% of revenue budget					
Change Management	3,094	(1,325)	1,769	(226)	1,543
Required to fund forecast overspend in 23/24 plus budget reductions in 24/25					
Cultural Review	340	(340)	0	-	0
Fully committed to meet known liabilities.					
Carbon Reduction	3,000	-	3,000	-	3,000
Reserve maintained to fund projects as identified.					
Equality, Diversity & Inclusion	2,000	-	2,000	-	2,000
Reserve maintained to fund projects as identified.					
Equipment Renewals	2,000	(289)	1,711	(570)	1,141
Reserve used to fund equipment renewals and one off costs avoiding impact on revenue budget.					
PFI Equalisation	3,192	(287)	2,905	(322)	2,583
Fully committed to match reductions in grant v expenditure to mitigate impact on revenue budget.					
Managed Underspends	141	(141)	0	-	0
Fully committed to meet known liabilities.					
Joint Control Lease	200	(100)	100	(100)	0
Fully committed to meet known liabilities.					
Total	16,967	(2,482)	14,485	(1,218)	13,267

- 2.21 The Authority must be particularly mindful of the availability, commitment and sustainability of usable reserves in accordance with the Financial Management Code. The table shows that £2.5m of reserves will be committed in the current year and a further £1.2m in 2024/25.

Welsh Government Grant Funding Announcements

- 2.22 The Deputy Minister has again announced that grants to the Fire Authority will be changing next year. With one exception, existing grants continue on a cash flat basis as in previous years. This of course represents a real terms cut in funding and this is even more apparent with higher inflation rates prevailing.
- 2.23 There are however, two main areas where changes in this funding regime need to be considered.

Community Safety Grants

- 2.24 The Minister has indicated that revenue grant funding will be reduced in respect of community fire safety programmes and that the funding which remains should focus on ***“..... the Service’s work with children and young people which reduces the risk of offending and other adverse experiences, and promotes access to training and employment. In the current climate I cannot justify continued funding of arson reduction programmes which fall within your statutory duty to promote fire prevention. Nor can I continue to fund the secondment of an occupational therapist, which has struggled to show a positive and strategic impact in the 5 years we have supported it.”*** The Service estimates the financial impact in South Wales as £128k pa. Given the very short notice of this change, it is suggested that the Service agrees to fund any ongoing costs from reserves until consideration can be given to the Service’s response to this announcement. A report will be brought forward to the FAPM Committee considering the Service’s response to the announcement.

Firefighters’ Pension Fund Revaluation

- 2.25 The revaluation of the Firefighters’ Pension Fund has been undertaken by the Government Actuary. Employer costs are likely to increase by around 3.7% of pay. Most of this increase (3.4%) arises from two sources.
- Firstly, a change in a technical rate used in the valuation called the ‘SCAPE’ rate. A change in this rate has caused costs to increase for the second time. Previously when this happened, funding was made available from Westminster to offset the increase. To add to the complexity of the issue, last year the first tranche of funding was moved from fire services into the local government settlement. This coming year promises a second tranche of costs (estimated at £520k) but as yet, no confirmation of funding.

For the purposes of this report, the Fire Authority must assume funding will be added to the final local government settlement in common with the first tranche.

- Secondly, the revaluation also includes costs (estimated at £750k) relating to the settlement of O'Brien (part time firefighter) cases. These costs relate to a successful equality case brought by part time firefighters who argued they were denied access to comparable pension terms. Again, the Fire Authority is assuming that having been brought against the Government, the case will result in additional funding.

2.26 This pension funding, if it arrives through the local government settlement, should be cost neutral for both the Service and the constituent councils.

Proposed Budget 2024/25

2.27 As discussed earlier in the report, population changes impact directly on the level of budget contributions from individual councils. The proposed budget if approved will result in the following contributions. The supporting budget is set out in Appendix 1.

Authority	Budget 2023/24 £	Budget 2024/25 £	Change £	Change %
Bridgend	8,522,690	9,088,632	565,942	6.64%
The Vale Of Glamorgan	7,778,455	8,302,264	523,809	6.73%
Rhondda Cynon Taf	13,942,307	14,865,240	922,933	6.62%
Merthyr Tydfil	3,475,795	3,662,109	186,314	5.36%
Caerphilly	10,381,343	10,954,048	572,705	5.52%
Blaenau Gwent	3,953,469	4,167,800	214,331	5.42%
Torfaen	5,408,971	5,775,239	366,268	6.77%
Monmouthshire	5,471,544	5,839,049	367,505	6.72%
Newport	9,242,329	10,044,538	802,209	8.68%
Cardiff	21,198,575	23,141,321	942,746	9.16%
Total	89,375,478	95,840,240	6,464,762	7.23%

2.28 It is important to note that the above table assumes additional grant of £1.266m will transfer into the local government settlement. This is based on the latest discussions that have taken place with Welsh Government which indicate that there will be no mechanism for passing this funding directly to FRAs in the form of a specific grant. On a like for like basis without this transfer, the increase in budget would have been 5.8%.

2.29 Given the current uncertainty of the transfer, the Authority is asked to delegate powers to the Treasurer to vary the approved budget if for any reason, additional grant funding for pensions is paid directly to the Fire Authority.

- 2.30 The revenue budget supports the financing of the capital programme of the Authority. The Programme is regularly updated through monitoring reports to the FAPM Committee. The current capital programme is shown at Appendix 2.
- 2.31 The Authority receives regular reports on its Treasury Management Strategy. The Treasury Management Strategy determines the likely cost of borrowing, income from investments and Minimum Revenue Provision which form part of the revenue budget. There has been no significant change in the Treasury Management Strategy for some years now reflecting the stable and low interest rates in the economy over that period. As short-term interest rates have started to rise, appropriate steps are being taken to secure investment income, as always, against the low risk criteria set out in the Strategy.

Consultation

- 2.32 Since October, the Fire Authority Chair and relevant Members have been supporting the Chief Fire Officer and Treasurer in meeting with all ten constituent councils to share as much information about the budget position as possible together with the Service's plans and operations.
- 2.33 Following on from last year's policy, a request was made to the ten constituent councils that they send the formal consultation letter to all their council members individually in order to elicit a wider response.
- 2.34 Formal consultation responses are included in Appendix 3 to the report. Appendix 3 also includes correspondence between the Minister for Finance & Local Government and the Chair of the Fire Authority in respect of next year's budget.

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 Where specific projects or proposals impact the revenue budget, those decisions are reflected in appropriate assessments undertaken and reported at the time of consideration.

3.2 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

3.2.1 The Authority must comply with the regulatory requirements around budget setting and approval including the timescales set out in legislation.

3.3 Resources, Assets and Delivery

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

3.3.1 The budget underpins the Service's asset and resource base and its Service Delivery.

4 EVALUATION & CONCLUSIONS

4.1 Financial projections are included within the MTFs and budget reports. The Authority has adopted CIPFA's Financial Management Code.

4.2 In the context of financial resilience, the Authority's budget includes assumptions of income and expenditure for next year and the medium term. There are inevitably financial and other risks inherent in these assumptions and the operation of the organisation.

4.3 Non-financial risks are included and monitored in the Authority's risk register through the Senior Management Team, FAPM Committee and the Fire Authority.

4.4 The main financial risks to the organisation include

- The level of inflation for the coming year, in particular pay increases
- The uncertainty of Welsh Government grant funding
- Overspending
- Delivery of efficiency savings
- Controlling and managing capital investment
- Meeting liabilities that may be identified and / or fall due

4.5 The Treasurer as the Responsible Finance Officer confirms that in terms of the MTFs, budget and assumptions therein, the level of reserves and financial health of the Authority is sustainable and resilient. In reaching this conclusion, regard was had for the following

- The Authority complies with CIPFA's Financial Management Code
- The Authority maintains adequate levels of reserves
- Liabilities are identified and properly accounted for
- Audit and other regulatory reports are favourable
- Budgets are monitored
- There is no history of unplanned overspending
- The Authority adheres to other relevant Codes of Practice
- The Authority's governance arrangements are sound

5 RECOMMENDATIONS

5.1 That the Fire Authority approve the proposed revenue and capital budgets included within the report.

5.2 That the Fire Authority gives delegated authority to the Treasurer to make an appropriate adjustment to the revenue budget, if any additional pension funding is directed to the Fire Authority via specific grant.

Contact Officer:	Chris Barton Treasurer

Appendices	
Appendix 1	Revenue Budget 2024/25
Appendix 2	Capital Programme
Appendix 3	Consultation Responses

REVENUE AND CAPITAL BUDGET DETERMINATION FOR 2024/25
Appendix 1
REVENUE BUDGET 2024/25

	2023/24 Budget	2024/25 Budget excluding 100% grant funded costs
Direct Employee Costs		
Whole time uniformed staff	34,741,154	36,532,111
On Call fire fighters	6,728,613	7,109,730
Auxiliary Reserve	193,192	311,548
Control staff	1,515,587	1,593,613
Non-uniformed staff	10,065,206	10,668,165
Members expenses	83,828	86,380
Overtime & Other Allowances	2,154,133	2,347,903
Apprenticeship Levy	245,100	260,000
Indirect Employee Costs		
FF Scheme – employer’s contributions	9,859,357	12,808,492
LGP Scheme – employer’s contributions	1,533,334	1,724,007
LGPS strain costs	35,929	38,281
FF III health pensions	856,062	962,724
NHS Reimbursements, Class 1 NI, Scheme Admin	65,160	65,160
Eye Tests	1,000	1,000
Travel & Subsistence	426,000	426,000
	68,503,654	74,935,114
Premises Related Expenses		
Repair & maintenance	1,447,809	1,250,972
Grounds maintenance	40,695	42,000
Cleaning	693,436	738,180
Rates etc.	1,408,329	1,207,500
Lease/Rent	18,000	18,000
Water	44,000	43,992
Energy	1,250,905	2,102,000
Security	115,068	115,200
Telephones/Communications	1,518,613	1,656,613
	6,536,855	7,174,457
Training Expenses	1,776,112	1,834,599
Supplies & services		
Furniture	141,099	141,099
Operational equipment	508,205	454,205
Other equipment	242,810	367,960
RTC (Scrap Vehicles)	68,500	68,500
Fitness/training equipment	40,000	50,000

	2023/24 Budget	2024/25 Budget excluding 100% grant funded costs
Equipment repair & maintenance	95,900	119,900
Fire Ground consumables (foam)	20,000	20,000
I.C.T.	1,911,154	2,056,654
Clothing & Uniforms	704,270	721,694
Photocopying	9,000	-
Stationery	22,640	22,640
Printer & print consumables	22,000	13,000
Postage & freight	26,522	26,222
Advertising (vacancies, etc.)	184,400	181,400
Text books, Reference	11,250	11,800
Licences	114,393	107,207
Literature / subscriptions	171,124	218,293
Competition entry fees	15,000	15,000
Spoilt meals	1,200	1,200
Fire ground provisions	12,300	12,300
Catering supplies (canteen)	40,750	43,270
Presentations & awards	14,800	14,800
Insurances	1,377,956	1,178,380
	5,755,273	5,845,524
Transport	1,619,040	1,724,590
Contracted Services	1,152,085	1,352,970
Capital costs / leasing	5,069,223	5,305,190
GROSS EXPENDITURE	90,412,242	98,172,444
Income	-1,036,764	-2,332,204
NET EXPENDITURE	89,375,478	95,840,240

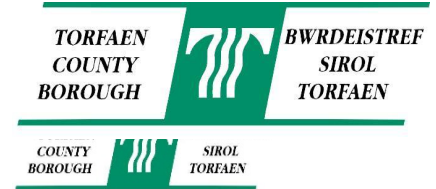
REVENUE AND CAPITAL BUDGET DETERMINATION FOR 2024/25
Appendix 2
CAPITAL PROGRAMME

	2023/24 Slippage *	2024/25 Submission	Total 2024/25
PROPERTY			
Monmouth	328		328
Penarth	125	2,000	2,125
New Inn	5,348	2,000	7,348
Pontyclun FS		50	50
RDS Site Improvements	1,710	1,500	3,210
Equality & Diversity	100	250	350
	7,611	5,800	13,411
FLEET			
Water Ladder		2,142	2,142
Van/Ops Estate Car		155	155
Forktruck		45	45
Ladders		75	75
		2,417	2,417
ICT			
Screen replacement		75	75
NetScaler replacement		80	80
		155	155
ORM			
PPV fans		195	195
Joint Control		135	135
TOTAL	7,611	8,702	16,313

* Slippage as currently reported

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DEPUTY CHIEF EXECUTIVE (RESOURCES)
DIRPRWY BRIF WEITHREDWR (ADNODDAU)
Nigel Aurelius, CPFA



Your re/Eich cyf:
 Our ref/Ein cyf: DL/2
 Date/Dyddiad: 25th January 2024

Please contact/Cysyllter â Nigel Aurelius
 Direct line/Llinell union: (01495) 742623

Email/Ebost:
 nigel.aurelius@torfaen.gov.uk

Sent by email only (treasurer@southwales-fire.gov.uk)

Chris Barton,
 South Wales Fire and Rescue Service Headquarters,
 Forest View Business Park, Llantrisant, Pontyclun,
 CF72 8LX

South Wales Fire and Rescue Authority Budget and Contributions 2024/25

Dear Chris,

Thank you for the opportunity to comment on the Fire and Rescue Authority draft revenue budget for 2024/25 as outlined in your letter of the 20th December 2023.

There is no doubt these are extremely challenging times for all public services. We are seeing an increasing demand for and cost of services at a time when funding is falling significantly in real terms. It is causing us all to have to face and make difficult choices as we seek to protect as far as possible the essential front-line services the public rely on.

We were appreciative of the meeting held here in Pontypool in October during which you outlined the financial challenges you were experiencing and that your medium-term financial pressures for 2024/25 would, unmitigated, require a budget uplift of around 7.8%. As part of that discussion, we felt there was an understanding that you recognised that local government was looking at an uplift of only 3.1% and that you were looking to bring your ask close to that level. That was then the basis of our planning. In reality the draft budget received for consultation is based around an average uplift of 5.8% with our uplift being 5.36%. Whilst recognising your efforts to make savings the result is still in well in excess of our funding uplift. Effectively this will mean, for example, that we will be increasing the fire levy more than we are able to increase our school budgets.

Clearly, we accept that further reductions to bring your ask closer to the local government uplift will be difficult, but it is important that we ask you to consider that prior to you finalising your plans.

I think it is also important that there is early and meaningful engagement to mitigate for future years.

THIS DOCUMENT IS AVAILABLE IN LARGER PRINT UPON REQUEST

1

You are welcome to correspond in Welsh or English / Mae croeso i chi ysgrifennu yn Gymraeg neu Saesneg
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 Y Ganolfan Ddinesig, Pont-y-pŵl Torfaen NP4 6YB Ffon 01495 762200 Ffacs 01495 742439

www.torfaen.gov.uk

Yours sincerely

**Nigel Aurelius,
Deputy Chief Executive.**

cc:

Cllr Anthony Hunt, Leader, Torfaen County Borough Council;

Cllr Sue Morgan, Executive Member for Resources;

Stephen Vickers, Chief Executive Officer;

David Lilly, Director - Financial Services;

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Chairs of Fire and Rescue Authorities
 Chief Fire Officers

15 January 2024

Dear Chairs of Fire and Rescue Authorities and Chief Fire Officers,

In December I published both the Welsh Government budget and the Local Government Settlement for 2024-2025. I have been clear that against the backdrop of increasing demand and persistently high inflation the Welsh Government has had to make some very difficult choices. The Local Government Settlement increases by 3.1% on average with a funded floor to ensure no authority has an increase lower than 2%. As my written statement sets out I recognise that Principal Local Authorities will need to make some difficult decisions about services, efficiencies, and council tax as they set their budgets, balancing the need to continue to deliver services with the impact of council tax increases on their local communities. They will need to engage meaningfully with their communities about these choices.

Fire and Rescue Authorities also deliver essential services and the decisions you make will similarly impact on the level of council tax and the budgets of local households. It is not appropriate for the Welsh Government to set an arbitrary level of council tax increase. I encourage you to continue to consider very carefully the impact of increasing the level of your levy on overall levels of council tax and therefore on household finances. I am aware that you are already contemplating increases which are out of line with the increase in the local Government Settlement and many discussions regarding local council tax, effectively taking a bigger share of already scarce local authority revenue. I, and ministerial colleagues, have received representations that the current system is unfair and lacks transparency; and while there will be no change to it for now, if it continues to produce inequitable results then the pressure for change is bound to increase. I hope that across Wales you, as elected members and officers alike, will strive to find ways to make the best use of resources to make the most difference for your communities without adding unreasonably to the cost-of-living pressures being felt by so many.

Yours sincerely,

Rebecca Evans

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
 0300 0604400

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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SOUTH WALES FIRE & RESCUE AUTHORITY
AWDURDOD TÂN AC ACHUB DE CYMRU

Fire Service Headquarters/
Pencadlys Gwasanaeth Tân
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Llantrisant CF72 8LX

Chairperson/Cadeirydd: Steve Bradwick

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Our Ref./Ein cyf: SB/PMB
Your Ref/Eich

Date/Dyddiad: 23 January 2024

Rebecca Evans AS/MS
Minister for Finance & Local Government
Welsh Government
Cardiff Bay
Cardiff
CF99 1SN

Via Email

Dear Rebecca

Thank you for your letter of 15th January regarding the pressures faced by local councils in setting their budgets for next year.

Firstly, can I reassure you that Fire Authority Members have always been very mindful of the level of resources available to constituent councils when making budget decisions. Indeed, the budget reports considered by the Authority include specific information on Local Government settlements past, present and future. This has already been the case this year and the average 3.1% increase you reference has been noted.

The Authority sets its budget based on its requirements to deliver services, the vast majority of which are not discretionary. The Authority complies with CIPFAs Financial Management Code in respect of financial sustainability criteria and as demonstrated by external regulators, has a strong track record of good financial management. Local and Service specific circumstances inevitably impact decisions from one year to the next and I believe that in replying to your letter it is pertinent to consider the historic budget decisions made by the Authority over the past few years.

Going back to the commencement of the Westminster Government's austerity agenda over a decade ago, percentage increases (or reductions) in the Authority's budget have consistently been favourable when compared to the like for like changes in the average budget requirement of its constituent councils. More recently, Covid and the cost of living crisis has caused significant turbulence in budgets and comparability is more difficult but the record for the last two years together with current draft budgets for next year is as follows:

Year	% Change in Council AEF	% Change in Council Tax Yields	% Change in Council Budget Requirements	% Change in Fire Authority Budgets
2022/23	9.55	2.43	7.67	2.29
2023/24	7.87	5.53	7.29	*8.98
2024/25 (projected)	3.28	**4.36	3.55	*5.82
Cumulative Change	22.05	12.81	19.62	17.96

*Adjusted comparator to account for transfer of pension grant funding to local councils

**Estimated from the average annual percentage increase in council tax yield over 15 years

The Authority believes that the above table shows that far from being unfair, lacking in transparency or being inequitable, the decisions of the Authority are based on its estimation of need at the time of setting its budget. The budget is not simply set by reference to AEF, an arbitrary Welsh Government budget allocation line.

In terms of *"taking a bigger share of already scarce local authority revenue"*, I would draw your attention to the following statistic. At the commencement of the austerity agenda in 2009/10, the Authority's revenue budget was equivalent to 2.99% of the total budget requirement of the ten constituent councils in South Wales. Following budget setting in 2023/24, the Authority's revenue budget was equivalent to 2.49% of the total budget requirement of the ten constituent councils in South Wales. Whilst acknowledging that there have been many changes along the way, the Authority's budget appears to be reducing rather than increasing as a share of net council spending.

You will, I am sure be fully briefed on the statutory funding mechanism for Fire & Rescue Authorities over which the Authority has little if any control. The distribution of the contributions budget is population based with the population numbers used being those agreed through the Welsh Government Distribution Sub Group. These numbers are utilised within the Local Government settlement formula both as an indicator of general need but also specifically as the mechanism for distributing the Fire Service IBA within the formula.

When the Authority sets its budget, it acknowledges that individual constituent councils will be impacted differently because of annual changes in these population numbers. It would generally be the case that councils that take a greater proportion of the contributions budget, also benefit from a better than average settlement. Other factors within the formula do not make this a straightforward linear relationship but these factors are outside the Authority's control.

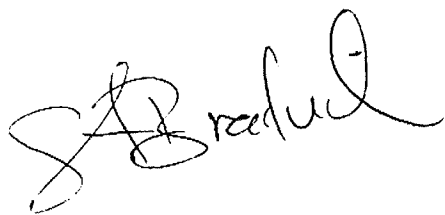
To put this in context, with no change in the Authority's budget next year, Cardiff would need to pay an additional £382k (+1.7%), whilst Caerphilly would pay £166k less (-1.7%). The Authority accepts that these population swings do exacerbate the funding challenges faced by councils, but these challenges are not of this Authority's making.

It was against the background of the matters you raise in your letter, that the Authority's response to the 2018 *"Consultation on reform of the Fire and Rescue Authorities in Wales' governance and funding arrangements"*, suggested that an alternative funding mechanism should be found, such as precepting. The Authority viewed this as a positive way forward to remove some of the challenges that our constituent councils face and to positively engage with the population and taxpayers of South Wales about how much they were willing to pay towards the running of their Fire & Rescue Service. Sadly, Welsh Government did not see this as a way forward at the time. It would be remiss of me not to point out that the White Paper also stated at the time that *"...in recent years, FRAs have largely exercised their funding powers responsibly"*. The Authority believe this continues to be the case.

You have asked Members to continue to consider very carefully the impact of increasing the level of the "levy". I can give you my assurance that Members will continue to do this as their decisions also impact on their host councils and consequently their local

taxpayers. I will ensure your correspondence is included as part of the budget decision papers, ensuring all Members are fully aware of your views and concerns.

Your sincerely

A handwritten signature in black ink, appearing to read 'S Bradwick', written in a cursive style.

Cllr Steve Bradwick
Chairperson

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

COMMISSIONERS OF SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 4.ii

REPORT OF THE MONITORING OFFICER

CONTRACT FOR OFFICE CLEANING

THIS REPORT IS FOR DECISION

REPORT APPROVED BY MONITORING OFFICER

REPORT PRESENTED BY ACO GERAINT THOMAS, MONITORING OFFICER

SUMMARY

South Wales Fire & Rescue has an ongoing requirement for office cleaning services across all our workplace locations. The current contract expires at the end of February 2024 and therefore a procurement tender process has taken place to ensure a new contract is available from the start of March 2024.

The value of the contract is above the delegated threshold. Therefore, in line with the Authority's Contract Standing Orders, the Monitoring Officers seeks Fire and Rescue Authority approval to proceed with the award of contract.

RECOMMENDATION

That Members approve the award of the contract for office cleaning services to Adapt Business Services Ltd.

1. BACKGROUND

- 1.1 The Service has an ongoing requirement for the provision of cleaning service across all of our workplace locations to ensure a clean and safe environment for all employees and visitors.
- 1.2 The current contract for cleaning services ends on 28 February 2024 and the new contract will commence from 1 March 2024 for a period of three year with the option to extend for a further four years subject to performance.
- 1.3 Following a procurement tender exercise which included advertising via Sell2, an assessment of returned tenders took place based on a criteria and weighting and the evaluation methodology was provided to all interested contractors.

- 1.4 In addition to the evaluation criteria the contract has TUPE implications and these have been covered by the tender process and contract award criteria.
- 1.5 The award of the contract for the provision of cleaning services is based on the most economically advantageous tender (MEAT) criterion which reflects qualitative, technical and price considerations.

2. ISSUE

- 2.1 The Fire and Rescue Authority Contract Standing Orders state:

“The awarding of contracts that are expected to exceed £750,000 for a one year term or £1,500,000 for a term in excess of one year shall also be approved by the Fire and Rescue Authority.”

- 2.2 The contract for the provision of office cleaning services covers 50 workplace locations for the Service.
- 2.3 The existing contract was awarded in 2019 for three years with an option to extend until 2024. At the conclusion of this period it became necessary to retender the contract and therefore seek value for money for the Service by advertising a competitive tender process via Sell2Wales.
- 2.4 Following a pre-qualification questionnaire, interested contractors were invited to submit and twelve submissions were received.
- 2.5 Detailed evaluation was undertaken and the successful submission was selected on MEAT criterion.

3. IMPLICATIONS

3.1 Community and Environment

Equality, Diversity and Inclusion	Yes
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	Yes

- 3.1.1 Impact assessments have been undertaken prior to the commencement of the procurement process.

3.2 Regulatory, Strategy and Policy

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

3.2.1 Costs outlined in the report are covered within the approved annual revenue budget.

3.2.2 The total contact award value for the initial three years is £1,775,034.

4. RECOMMENDATION

4.1 That Members approve the award of the contract for the provision of cleaning services to Adapt Business Services Ltd.

Contact Officer:	ACO Geraint Thomas Director of Corporate Services & Monitoring Officer
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Background Papers:	Date	Source/Contact
None		

Appendices:
None

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AGENDA ITEM NO 5

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

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1.	Apologies for Absence	
2.	Declarations of Interest	
	Members 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.	REPORTS FOR DECISION	3
4.i.	Revenue and Capital Budget Determination for 2024/25	5
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