

COMMISSIONERS FOR FIRE & RESCUE SERVICE

Papers for the Finance and Audit Committee to be held on:

Friday 26 July 2024, 1130hrs

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

Or

**Remotely via MS Teams <https://bit.ly/FinanceAuditCommittee-26-07-24>
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

Commissioners 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 South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 and the Local Government Act 2000.

3. Chairperson's Announcements
4. To receive the minutes of;

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Signature of Monitoring Officer:



MEMBERSHIP

Commissioners:

C	Foulkes
V	Randeniya
Baroness	Wilcox
K	Williams

COMMISSIONERS FOR SOUTH WALES FIRE AND RESCUE SERVICE

MINUTES OF THE FINANCE AND AUDIT COMMITTEE HELD ON FRIDAY, 19 APRIL 2024 IN MEETING ROOM 8 OR REMOTELY VIA TEAMS

COMMISSIONERS PRESENT

Baroness Wilcox of Newport (Chair)
Kirsty Williams CBE

OFFICERS PRESENT:- CFO Stuart Millington, Mr G Thomas – Monitoring Officer & ACO Corporate Support, T/ACFO Dean Loader – Director of Service Delivery, T/ACFO Brian Thompson – Director of Technical Services, Mrs L Mullan – T/Head of Finance, Procurement & Property, Mr S Gourley – TIAA Internal Auditor

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

3. REPORTS FOR DECISION

3.1 COMMUNITY SAFETY FUNDING 2024-2025

The Temporary ACFO Technical Services reported on the Deputy Minister's announcement regarding the change in grants this year.

He advised the revenue grant funding has been reduced and approved for community fire safety programmes and the loss to the Service equates to £167k, with this funding directly impacting on the Arson Reduction Grant of £107k and the Innovations Grant of £60k. He further advised that this report was now for information purposes only as the funding has been secured since the writing the report.

RESOLVED THAT

3.1.1 The Commissioners for SWFRS approved the report following slight amendment to paragraph 1.4 and agreed to support funding of £20k for 6 months, for the continuation of two distinct arson reduction activities impacted by the loss of grant funding, these

being the out of hours services for Domestic Violence and Cylinder Retrieval. These projects will continue to be supported by the Commissioners for SWFRS and absorbed into business as usual work.

3.1.2 Lady Wilcox wished to note her thanks to the Cabinet Secretary for her reply to the correspondence relating to funding which will not now need to be sought from the Service's reserves.

3.1.2 A further review to take place in 3 months' time.

3.2 REVENUE MONITORING REPORT 2023/2024

The Head of Finance, Procurement and Property provided details on the annual revenue budget and associated information for the year ending 31 March 2024.

The Monitoring Officer explained 'modern.Gov' will assist the Service in moving to a paperless system and become in line with legislation. The stipulation is that Welsh Government can require FRS's to comply with this legislation, which will only be a matter of time. The Service will consider its implementation once the ICT department have the capacity to do so. It was noted that the Service does not need to comply to this legislation at present.

Kirsty Williams queried whether the Service carries out analysis on the capturing of information in relation to the foundation of the economy including purchasing power to demonstrate to Welsh Government the type of work that the Service carries out for the benefit of the economy, as a good news story as it is a very positive narrative. The Head of Finance, Procurement and Property advised that there is a NFCC toolkit in place for this.

Lady Wilcox stressed that increasing costs will be carefully discussed by the Commissioners of SWFRS who will be mindful not to infringe on the public purse. Further, Lady Wilcox advised that Welsh Government need to understand the seriousness of the changes that need to be made, costs are not cost-neutral and the Commissioners of SWFRS will not spend rashly. If there is a need for extra resources, this will be for the need to improve the Service by delivering the transformation programme in order to make the Service better.

Kirsty Williams stressed the Service requires a plan and governance structure around this as it seems a little piecemeal. She advised of the need to work with colleagues to consider what the implementation plan is and what other resources need to be allocated to the plan and some de-

prioritised. She further advised that although the Head of Finance, Procurement and Property is well placed to support the Commissioners of SWFRS to allocate resources appropriately however a clear plan is required, in governance structure form, together with an audit trail.

Lady Wilcox reiterated that a clear audit trail is essential in all that the Service carries out and there will be a cost to the huge transformation task given.

The Chief Fire Officer explained he had to respond swiftly and make decisions quickly, which was demand led. The Service is now at a time of reflection and will devise a governance structure, going forward. The Monitoring Officer reported that, in relation to prioritising, there is a need on occasion to pump-prime projects for medium to longer term results for transformation projects and decide what will drop off. Lady Wilcox stressed that the Commissioners of SWFRS are aware of the strains upon the public purse however this is being carried out appropriately.

RESOLVED THAT

3.2.1 The Commissioners for SWFRS noted and agreed the report content, following slight amendment to paragraph 2.2.2.

3.2.2 The Commissioners of SWFRS requested that a 'Scrutiny' column be added to the reserve statement table at Appendix 3 for future reporting.

3.2.3 The Commissioners for SWFRS requested the grant monitoring table at Appendix 4 be enlarged for reporting at future meetings.

3.2.4 The Head of Finance, Procurement and Property to provide Kirsty Williams with additional information on University Health Boards.

3.3 CAPITAL MONITORING REPORT 2023/2024

The Head of Finance, Procurement and Property provided details on the capital budget, transactions to date and the forecast year end position for the year ending 31 March 2024.

Lady Wilcox wished to note that the figures contained within this report will always increase and raised concern with budget lines.

RESOLVED THAT

3.3.1 The Commissioners for South Wales Fire and Rescue Service noted the budget and progress of capital schemes and approved

the alterations identified in Appendix 1 and associated movements in funding.

3.3.2 Lady Wilcox requested regular updates in relation to New Inn Station.

3.3.3 Lady Wilcox requested regular updates in relation to operational equipment.

3.3.4 Lady Wilcox requested an update on the RAAC survey.

4. REPORTS FOR INFORMATION

4.1 REGISTER OF GIFTS AND HOSPITALITY

The Monitoring Officer provided an overview of the gifts and hospitality recorded on the Register of Gifts and Hospitality for the 2023-2024 financial year.

RESOLVED THAT

4.1.1 The Commissioners for South Wales Fire and Rescue Service noted the contents of the Register of Gifts and Hospitality in line with internal audit recommendations.

4.1.2 Lady Wilcox requested that, in future, an electronic version of the register be produced to include an open forum, for the purposes of transparency to the public.

4.2 INTERNAL AUDIT PROCESS REPORT & AUDIT ACTION UPDATE

The Monitoring Officer and Internal Auditor provided an update on progress being made against the Internal Audit Plans for 2022/23 and 2023/24.

The Monitoring Officer wished to report that he has nominated the Accountancy Team at the Finance Wales Awards scheduled to take place on Thursday, 16 May at Mercure Holland House Hotel, Cardiff.

Lady Wilcox wished to take the opportunity to thank the internal auditor on behalf of the Committee for the work being undertaken for the Service which is greatly appreciated.

RESOLVED THAT

- 4.2.1 The Commissioners of SWFRS noted the internal audit recommendations and work completed to date.
- 4.2.2 An invite to be extended to Lady Wilcox and the Chief Fire Officer for attendance at the Finance Wales Awards Ceremony.
- 4.2.3 Lady Wilcox to be involved in the Annual Audit Programme, going forward.

4.3 BUSINESS PLAN ACTIONS REPORT 2023-2024 QUARTER 3

The Chief Fire Officer and Monitoring Officer reported on the business plan actions health check 2023-2024 Quarter 3 (1 October-31 December 2023).

The Chief Fire Officer reported that the Service does need to identify a more robust process to meet gains and highlight areas where there are issues. Improvements are being made and the report does present a clear picture of challenges that are not being achieved.

Kirsty Williams suggested devising a more performance/policy type report and highlight areas causing difficulties and cause for concern. She further noted the need to give consideration to continuous improvement and the need for floor to board clear reporting. Further, she highlighted the need to create a culture of psychological safety, for staff to feel comfortable asking for help. The organisation's approach is to improve its culture. Departments are struggling to report to Commissioners, therefore, a process of continued learning is also required. Staff need to know how to respond when being told things are going badly, and consideration be given to what process is in place. Staff are to be assured they can raise concerns and the Service will provide the support without fear.

The Chief Fire Officer raised the importance of the Service moving to a position where all staff have the confidence to raise issues without fear of repercussions, he stressed the importance of doing so to avoid situations getting any worse.

The Monitoring Officer took a forward view on how the Service will compile the report going forward to identify more robust processes in capturing ongoing work.

RESOLVED THAT

4.3.1 The Commissioners for SWFRS noted and agreed the content of the report following slight wording amendment to the Bariatric update at page 152.

4.3.2 Chief Fire Officer to keep Lady Wilcox regularly updated on the position on unwanted fire signals.

5. FORWARD WORK PROGRAMME

Lady Wilcox provided a brief update and explained the Forward Work Programme for 2024/2025 is a working document.

RESOLVED THAT

5.1 The Commissioners for SWFRS agreed to note the content of the Forward Work Programme for 2024/2025.

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

There were no further items of business to consider that Lady Wilcox deemed urgent.

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 5
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

REVENUE OUTTURN REPORT 2023/24**THIS REPORT IS FOR DECISION**REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT &
PROPERTY**SUMMARY**

Subject to the external audit process, this report outlines the revenue outturn position for the financial year end 2023/24 and resultant impact on reserves.

RECOMMENDATIONS

1. That the Commissioners for South Wales Fire and Rescue Service note and agree the report content.

1 BACKGROUND

- 1.1 The objective of this report is to present Commissioners with a summary of the revenue outturn for the year ending 31 March 2024. The statutory accounts are subject to external audit and to this end, a final position will not be definite until the audit process is complete.
- 1.2 Appendix 1 details the original and revised budgets, summary transactions, the 31 March 2024 position and variance analysis. Information is inclusive of grant transactions to provide a full financial picture.
- 1.3 Appendix 2 charts budget variances reported throughout the year and final year end position.
- 1.4 The reserves statement at Appendix 3 presents the year end movements and position.
- 1.5 Appendix 4 details grant funded initiatives and the impact on the revenue budget.

2 ISSUE / PROPOSAL

- 2.1 Monitoring reports provided throughout the year initially indicated an overspend, however the final outturn is an underspend of £214k.
- 2.2 The overall underspend comprises a £682k overspend against employee budgets, £123k underspend on non-employee budgets, £587k additional income and a further £186k of grant funding since initial budget setting.
- 2.3 The following highlights the most significant changes since previous reporting.

2.3.1 EMPLOYEE COSTS - £43k Increase in Overspend

- Ill health retirement costs increased by £186k due to 3 additional retirements.
- Offsetting the above is a £94k decrease in salary costs due to support staff vacancies in addition to £35k in employer pension costs due to actual retirements and leavers being greater than estimated.
- Travel and subsistence costs decreased by £49k as accommodation and mileage costs were less than the trend for 2022/23.

2.3.2 PREMISES COSTS - £753k Decrease in Overspend

- Radio and communication costs have decreased by £420k due to service credits received from Firelink following a recalculation of 2022/23 RPI payments (Firelink is a home office initiative introduced to ensure a nationwide digital, radio service between emergency services).

Due to a national issue with Airwave, charges in the last quarter of the year are in question, consequently a Firelink Competition and Markets Authority (CMA) reserve has been established to accommodate a potential repayment if an appeal by Motorola is successful. This issue is reflected in the draft statement of accounts as a contingent liability.

- Several minor planned repair and maintenance projects were not completed by 31st March due to contractor delays and specifications for scheduled work being revisited. This has resulted in £209k less spend than anticipated and planned works being rescheduled for 2024/25.

- Energy costs were £76k less which comprised a reduction in gas of £33k and electricity of £27k due to lower consumption and profiling of costs.
- National Non-Domestic Rates (NNDR) costs decreased by £46k due to a re-apportionment of RCT payments which affected the forecasting assumptions.

2.3.3 TRAINING COSTS - £54k Increase in Underspend

- A £54k reduction in training costs was due to courses being postponed until 2024/25. In addition, a decision not to continue with an Assessment Development Centre which include a cost impact of role actors for recruitment purposes.

2.3.4 SUPPLIES AND SERVICES - £105k Increase in Underspend

- IT costs increased by £76k due to backup system costs transferring from the capital budget to revenue as costs related to annual licences.
- The cost of hydrant repairs signed off by Welsh Water increased by £66k. This is a historically difficult budget to forecast as we have little control over the timing and need for repairs.
- Offsetting the above increased spends are various equipment underspends, equating to £102k. There were a mix of reasons for this e.g. difficulty sourcing items before the year end cut off date and departmental efforts to make savings to offset additional spending elsewhere.
- Advertising and promotional costs decreased by £46k as planned spend related to 2024/25 activities.
- Uniform costs decreased by £34k as the purchase of new helmets for Fire Cadets was postponed with the intention of collaborating on an all-Wales procurement project. In addition, PPE returns to stores increased due to improved stock management based on the requirement for all firefighters to be in possession of two kits.
- A delay in training course dates also saw a reduction in associated catering costs of £16k.

- There was a £51k reduction in spending across various external funding areas which is detailed in the attached appendices.

2.3.5 CONTRACTED SERVICES - £40k Decrease in Overspend

- A further £102k was incurred in relation to work undertaken by Service Solicitors relating to the Independent Culture Review. Overall spend for 2023/24 was £441k with £340k met from reserves.
- HR Consultancy costs increased by a further £23k for external investigative work due to insufficient internal resources.
- Legal Consultancy costs decreased by £68k due to court dates being adjourned and legal fees for not being required for property related issues at Penarth and New Inn.
- A final service of technical equipment i.e. smoxidiser, contained within the Real Fire Training Facility (RFTF) at Cardiff Gate was not carried out by the supplier Lion, before the end of the year and as a result, charges within Property were £56k less than forecast.
- A Part-Time Workers Regulations provision of £38k was written off during the year. We are at the point where it is clear there are no further payments to make and we have previously overstated revenue expenditure by the same amount.

2.3.6 CAPITAL COSTS - £146k Decrease in Underspend

- An £186k increase in Capital Expenditure from Revenue Account (CERA) relates to initial costs of a new command and control system in the Joint Public Service Centre (JPSC) i.e. Control. The increase is offset (as detailed in income below) by income received from Mid & West Wales Fire & Rescue (MWWFRS) as costs are split 50:50 as part of the collaboration agreement. There is no overall cost impact on the revenue account.
- A £51k reduction in capital financing costs, i.e. the minimum revenue provision (MRP), has offset the above and is related to achievement of the capital investment plans. More detail is provided in the capital outturn report.

- £13k of additional interest was incurred at year end in relation to borrowing.

2.3.7 INCOME - £266k additional

- £186k was received in relation to capital partner contributions for the JPSC and offsets the increase in CERA, detailed above.
- Bank interest receivable increased by £15k from amounts held in deposit.
- Further to appeals lodged by the Service, rate rebates of £123k were received in relation to Maindee, Pontyclun and Whitchurch sites. It is difficult to know for certain if such appeals will be successful and as such.
- Offsetting the above is a reduced £78k in external funding largely attributable to items that have been carried forward to match project spend in 2024/25.

3 IMPLICATIONS

- 3.1 The £214k underspend will be transferred to useable reserves. Without authorised reserve funding of £556k, the above would have resulted in an over-spend in excess of £340k. Costs incurred during year to be funded from reserves are as follows;

- £340k Cultural Review
- £100k JPSC rent
- £97k departmental spend from carried forward budgets
- £18k Equipment Renewal

3.1.1 Community and Environment

- The revenue budget pays for the running costs of South Wales Fire and Rescue Service including all response, protection and education work within our communities.

3.1.2 Regulatory, Strategy and Policy

- The Combination Scheme Order 1995 sets out how the Service will be funded and CIPFA codes of practice set out expectations for financial management of public finances.

3.1.3 Resources, Assets and Delivery

- Explanations are set out above and within the body of this report.

4 EVALUATION & CONCLUSIONS

4.1 The overall net revenue expenditure for year is £91.8 million and this includes costs associated with grant funding. Local Authority funding for the year and grants, equate to £89.4million and £2.7 million respectively, resulting in a £214k underspend.

5 RECOMMENDATIONS

5.1 That the Commissioners for South Wales Fire and Rescue Service note and agree the report content.

Contact Officer: Lisa Mullan Head of Finance, Procurement & Property		
Background Papers	Date	Source / Contact
Capital Outturn Report Online (CP) budget reports Cost profile information	2023/24	Head of Finance, Property & Procurement

Appendices	
Appendix 1	Revenue Outturn 2023/24
Appendix 2	Revenue Variances to Outturn 2023/24
Appendix 3	Reserve Statement 2023/24
Appendix 4	Grant Outturn Report 2023/24

REVENUE OUTTURN REPORT 2023/24 - Appendix 1: Revenue Outturn 2023/24

SOUTH WALES FIRE & RESCUE SERVICE									
BUDGET OUTTURN 2023/24									
		Original Budget 2023/24 £	Revised Budget (vired budget) 2023/24 £	Original Revenue Grant Funding 2023/24 £	Total Revenue Budget 2023/24 £	Actual Spend at 31.03.24 £	Revenue Outturn at 31.03.24 £	Over/Under Spend Against Revised Budget £	Over/Under Spend %
Employee Costs									
	Salaries, NI & superann.	67,421,592	67,421,592	1,237,393	68,658,985	69,059,417	69,059,417	-400,433	-0.4%
	Pensions (ill health)	856,062	856,062	0	856,062	1,211,035	1,211,035	-354,972	-0.4%
	Travel and Subsistence	426,000	426,000	2,225	428,225	354,846	354,841	73,384	0.1%
Total Employee Costs		68,703,654	68,703,654	1,239,618	69,943,272	70,625,297	70,625,293	-682,021	-0.8%
Premises Related Expenses		6,336,855	6,352,851	0	6,352,851	6,376,584	6,378,018	-25,167	0.0%
Training Expenses		1,776,112	1,763,615	47,805	1,811,420	1,617,225	1,617,225	194,195	0.2%
Supplies & Services		5,755,273	5,756,016	1,034,113	6,790,129	6,491,770	6,491,707	298,422	0.3%
Transport Related Expenses		1,619,040	1,615,540	29,285	1,644,825	1,557,994	1,557,994	86,831	0.1%
Third Party Payments (Contracted Services)		1,152,085	1,151,343	114,856	1,266,199	1,799,093	1,799,093	-532,894	-0.6%
Capital costs / leasing		5,069,223	5,069,223	0	5,069,223	4,781,494	4,968,142	101,080	0.1%
Contingency		0	0	0	0	0	0	0	0.0%
Total Expenditure		90,412,242	90,412,242	2,465,677	92,877,919	93,249,457	93,437,472	-559,553	-0.6%
Income									
	Employee Related	-201,687	-201,687	0	-201,687	-61,233	-50,155	-151,532	-0.2%
	Lease Car Contributions	-100,500	-100,500	0	-100,500	-80,899	-80,899	-19,601	0.0%
	Co-Location Re-imbursement	0	0	0	0	0	-186,621	186,621	0.2%
	Other Income	-734,576	-734,576	0	-734,576	-1,421,204	-1,306,210	571,633	0.6%
Total Income		-1,036,763	-1,036,763	0	-1,036,763	-1,563,336	-1,623,885	587,122	0.7%
NET BUDGET / OUTTURN 2023/24		89,375,478	89,375,478	2,465,677	91,841,156	91,686,120	91,813,587	27,569	0.0%
	Local Authority Contributions	-89,375,478	-89,375,478	0	-89,375,478	-89,375,478	-89,375,478	0	0.0%
	External Funding (WG)	-2,465,677	0	-2,465,677	-2,465,677	-2,651,997	-2,651,997	186,319	0.2%
OVERALL REVENUE OVER / UNDERSPEND							213,888		
Key									
	Overspend								
	Underspend								

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REVENUE OUTTURN REPORT 2023/24 - Appendix 2: Revenue Variances to Outturn 2023/24

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REVENUE OUTTURN REPORT 2023/24 - Appendix 3: Reserve Statement 2023/24

Reserve	Purpose and Control	Balance at year start	Transfers in and (out)	Balance at year end	Variations arising between budgeted and actual levels of reserves
General	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
Managed under spends	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-141,021	97,375	-43,646	Spending against carry forward requests within revenue
Change Management	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-3,094,370	-97,375 -18,131 -340,000 425,425 -313,888	-3,438,339	Carry forward reserves transferred from Managed Under Spends Equipment renewals spending transferred from reserve Cultural Review spending / transfers from reserve Transfer to newly established earmarked reserves Revenue overspend and transfer of annual joint control lease costs
Cultural Review	To meet costs across the service as part of the Independent Cultural Review process.	-340,000	440,650 -100,650	0	Cultural Review spending within revenue / transfer from Change Management
Carbon Reduction	Costs to achieve aims set out in the Carbon Delivery Plan 2020-2030.	-3,000,000	0	-3,000,000	Carbon Reduction spending within revenue
Equality, Diversity & Inclusion	Costs to support the framework to promote in-house equality, diversity and good practice.	-2,000,000	0	-2,000,000	EDI spending within revenue
Equipment Renewals	To level out cost variances in the required annual provisions for replacement.	-2,000,000	18,131	-1,981,869	Equipment renewals spending within revenue
PFI Equalisation	To meet future costs of the Training Centre PFI project	-3,191,623	464,844	-2,726,779	Final figures for 2023.24
Capital Receipts	To meet costs of the capital programme. Reserve applied as receipts are generated	0	-98,236 98,236	0	Capital receipts used on capital expenditure
Joint Control Lease Reserve	To meet the lease costs over an eight year period (from 2017/18)	-200,000	100,000	-100,000	Annual Joint Control lease costs
Firelink CMA	Established due to a national issue with Airwave charges in the final quarter of the 2023/24 year and potential repayment.	0	-425,425	-425,425	Transferred from Change Management Reserve
TOTAL		-16,967,013	250,956	-16,716,058	

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REVENUE OUTTURN REPORT 2023/24 - Appendix 4: Grant Outturn Report 2023/24

	ARSON REDUCTION	HFS STOCK	YOUTH	INNOVATIONS & DIVERSIFICATION	ANTI SOCIAL BEHAVIOUR	NATIONAL RESILIENCE	MTA	USAR	FBU	NRW
Employee Costs										
Salaries, NI & superann.	36,644	0	118,573	0	38,970	302,031	82,970	239,839	49,251	44,329
Travel & Subs	444	0	1,716	0	405	13,290	3,364	112	0	0
Premises Related Expenses	23	0	152	0	0	164	0	788	0	0
Training Expenses	5,303	0	60	0	0	42,821	223	0	0	0
Supplies & Services	32,145	466,987	14,855	0	0	584,562	1,345	36,246	0	0
Transport Related Expenses	259	0	9,766	0	0	8,520	3,619	6,852	0	0
Third Party Payments (Contracted Services)	0	35,654	0	64,163	711	1	0	61	0	0
Total Expenditure	74,818	502,641	145,122	64,163	40,085	951,388	91,522	283,897	49,251	44,329
Other/Additional Income	32,930	-35,654	-28,767	-4,163	0	15,388	2,716	71,268	-47	-631
Grant Income	-107,748	-329,900	-116,355	-60,000	-40,085	-966,776	-94,238	-355,165	-49,204	-43,699
(Under)/Overspend to be transferred to Revenue	0	137,087	0	0	0	-0	-0	0	-0	-0
	MERSEYSIDE FRS	NFCC	HAFOD	CIRCULAR ECONOMY	FF APPRENT	CYBER TRAINING	TRAINING LAPTOPS	NWFRS	Total	
Employee Costs										
Salaries, NI & superann.	94,941	56,263	19,374	0	0	0	0	1,836	1,085,020	
Travel & Subs	1,115	153	174	0	0	0	0	154	20,928	
Premises Related Expenses	0	0		5,067	0	0	0	0	6,194	
Training Expenses	0	0		0	0	0	0	0	48,407	
Supplies & Services	109	0		0	0	0	0	0	1,136,249	
Transport Related Expenses	4,444	0			0	0	0	0	33,459	
Third Party Payments (Contracted Services)	0	0			0	0	0	0	100,589	
Total Expenditure	100,609	56,416	19,547	5,067	0	0	0	1,990	2,430,846	
Other/Additional Income	-33,181	-984	2,752	11,135	-262,692	600	45,000	0	-184,329	
Grant Income	-67,428	-55,432	-12,526	-16,202	-105,320	-600	-45,000	-1,990	-2,467,668	
(Under)/Overspend to be transferred to Revenue	-0	0	9,773	0	-368,012	0	0	0	-221,151	

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SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 6
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

CAPITAL OUTTURN REPORT 2023/24

THIS REPORT IS FOR DECISION

REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY

SUMMARY

The following report provides the capital outturn position for the year ended 31 March 2024, the financing arrangements and the budget slippage required to complete capital schemes in 2024/25.

In addition, a treasury management update has been provided for the first quarter of 2024/25.

RECOMMENDATION

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

1. BACKGROUND

- 1.1. The objective of this report is to present Commissioners with a summary of the Capital outturn for the year ending 31 March 2024. Monitoring reports have been presented throughout the financial year to provide update and facilitate oversight and scrutiny. The latest report was presented to Commissioners on 18th April 2024.
- 1.2 Appendix 1 illustrates budget information for all approved capital investment plans. In summary, appendix 1 presents the total budget, (2022/23 slippage + 2023/24 budget) the outturn, budget over spend and slippage as £16.5 million, £6.8 million, £1.1 million and £10.7 million respectively. A detailed narrative has been provided below and supports this position. In addition, the funding analysis provides information on how we have financed the investment.
- 1.3 Expenditure on capital schemes has reduced since previous reporting from £7.2 to £6.8 million which is a reduction of £376k.

Reductions comprise:

- £402k Vehicle Replacement Programme (VRP)
- £110k in Joint Control
- £51k ICT

This is offset by increased spending of £154k in property schemes and £32k in equipment.

- 1.4 Appendix 2 outlines the variances in the final outturn position when compared with the forecast outturn presented at the last committee meeting on April 18th 2024.
- 1.5 Appendix 3 details grant funded investments and associated funding streams.
- 1.6 Appendix 4 provides an updated treasury position for the first quarter of 2024/25. Commissioners will be aware that capital investment has a significant impact on treasury activity.
- 1.7 The following provides a narrative in support of appendix 1 and 2.

2. ISSUES

- 2.1. Appendix 1 details the level of capital expenditure approved for the year. This is compared to the actual cost of capital investment and the resulting variance detailed as an over/under spend.
- 2.2. The table below illustrates the budgeted and actual capital expenditure and the funding mechanisms supporting this:-

Capital Expenditure	Budget £'000	Actual £'000	Variance £'000
Approved capital spend	10,356	2,938	7,447
22/23 Budget slippage	6,099	3,898	2,201
Total budget 2023/24	16,484	6,836	9,648
Capital Financing			
Borrowing	16,146	5,706	10,440
Co-location contribution	0	187	-187
Revenue contribution	200	200	0
Revenue Reserves	0	0	0
Grant Funded	138	645	-507
Capital Receipts	0	98	-98
Total funding 2023/24	16,484	6,836	9,648

- 2.3. The overall underspend is £9.6m, slippage is £10.7m and the reason we are slipping forward more budget than we have remaining is due to grant

funding, partner contributions and the redirection of underspends which have a combined value of £1m.

If approved, budget slippage of £10.7m will be carried into 2024/25 to complete capital projects.

2.4 **Property**

2.4.1 The final outturn is £154k more than previously forecast. This is the result of several changes

- On-Call Station Project - £198k
- EV Chargers - £184k

These large overspends are offset by a number of smaller underspends as Appendix 1.

2.4.2 New Inn - **£30k increase**

The outturn position is £30k greater than the previous forecast due to timing as a new temporary site was identified and tests were completed to discover whether our fire service requirements could be met.

The site has since been deemed appropriate and work is progressing to prepare for crews to be relocated while construction on the New Inn site takes place. Construction is expected to begin in October 2024.

2.4.3 Pontyclun - **£71k decrease**

£50k decrease in expenditure here is due to the tower project accommodating the costs under Planned & Preventative.

The remaining decrease is due to a change in focus to accommodate cross contamination issues at Cardiff Gate Real Fire Training Facility (RFTF).

2.4.4 On-call Station Project - **£198k increase**

Work on Treorchy station is nearing completion and is responsible for the increased costs due to the discovery of asbestos throughout construction. We are awaiting the final account to confirm full project costs.

The unspent budget of £1.3m will be slipped into the next financial year to continue the work already in progress and address remaining sites.

2.4.5 Equality, Diversity & Inclusion - **£127k decrease**

The underspend relates to a reprioritisation towards firefighter health and safety and decontamination from this package of works.

2.4.6 Solar Panels - **£34k decrease**

Spend has been recategorised into the Whitchurch project resulting in the variance.

2.4.7 Merthyr - **£18k increase**

This overspend relates to an unplanned boiler replacement completed in 2022/23 with an unexpected and final payment demanded this financial year.

2.4.8 EV Chargers - **£184k increase**

This project has been omitted from previous reporting and relates to the installation of 7kw chargers on 24 operational sites, and 50kw chargers at 4 strategic sites. Grant funding of £113k has been received to support this.

2.4.9 Abertillery - **£30k decrease**

This is an accrual adjustment for a long standing retention that is no longer required.

2.5 **Vehicle Replacement Programme (VRP)**

The outturn position for vehicles is £401k less than previously forecast and can be detailed as follows;

2.5.1 Truck (Slide Deck/Crane) - **£72k decrease**

The £72k spent on this vehicle is a prepayment and relates to the purchase of the cab. The remainder of the vehicle has been ordered and the build process and subsequent delivery will take place in 2024/25.

2.5.2 Vans/Ops Estate Cars - **£234k decrease**

One vehicle was purchased and delivered in 2023/24. A further five vans were ordered although delivery didn't take place until 2024/25 and so the budget has been slipped.

2.5.3 Wildfire Unit - **£100k decrease**

These vehicles have been difficult to source however an order for four vehicles was placed in 2023/24. Delivery of three of these vehicles has taken place in 2024/25 with a further vehicle to be delivered shortly.

2.6 Equipment

2.6.1 The outturn has increased by £32k, due to the below project;

2.6.2 Detection Identification Monitoring (DIM) Equipment - **£29k increase**

Further grant funding of £29k became available since previous reporting which funded several high value equipment purchases, including various substance identification units.

2.7 ICT

2.7.1 The outturn has decreased by £51k, as follows;

2.7.2 End User Computer Replacement – **£13k decrease**

A reassessment of the remaining useful life of this equipment has negated the requirement to invest and lead to a variance between reporting of £13k which has been slipped into the new year.

2.7.3 Wireless Access Points - **£35k decrease**

The impact of price changes and licencing options on cost forecasts have previously been reported to committee. Project costs were originally estimated at £140k, this fell to £106k in the previous report and the final spent position is £71k, with £41k of budget slippage required to complete work in the new year, resulting in an underspend of £28k.

3. FINANCIAL IMPLICATIONS

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

Overall, the capital budget has a net over spend of £1.1m and is offset by grants of £645k, a partner contribution of £187k and the utilisation of £192k of underspends as detailed in the below table;

Management of Overspends				
Capital Schemes	Over spends	Under spends	Ext Funding	Variance
PONTYCLUN	-19			-19
PLANNED & PREVENTATIVE MAINT	-79			-79
WHITCHURCH USAR (grant funded)	-51		51	0
SOLAR PANELS (part salix funded)	-96			-96
MERTHYR	-18			-18
EV CHARGERS (part grant funded)	-184		113	-71
ABERTILLERY		30		30
LADDERS		1		1
DETECTION IDENTIFICATION MONITORING (DIM) VEHICLES (grant funded)	-54		42	-12
USAR VEHICLES (grant funded)	-55		55	0
RTC CUTTING/RESCUE TENDER EQUIPMENT	-124			-124
BREATHING APPARATUS	-5			-5
MTA EQUIPMENT (grant funded)	-28		28	0
DIM EQUIPMENT (grant funded)	-350		350	-0
HAZMAT MATERIALS RESPONSE UNIT EQUIPMENT (grant funded)	-5		5	0
WIRELESS LAN CONTROLLERS		3		3
END USER COMPUTER PLACEMENT		50		50
BACKUP REPLACEMENT SYSTEM		80		80
CORE SWITCH REPLACEMENT	-3			-3
SERVERS AND STORAGE REPLACEMENT		0		0
SERVER SOFTWARE UPGRADE		0		0
WIRELESS ACCESS POINTS		28		28
JOINT CONTROL (partner contribution scheme)	-187		187	-0
TOTAL	-1,258	192	832	-235

4. RECOMMENDATION

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

Contact Officer:	Lisa Mullan Head of Finance, Property & Procurement	
Background Papers	Date	Contact
Capital Monitoring Reports	2023/24	HFP&P
Revenue Monitoring Reports	2023/24	HFP&P

CAPITAL OUTTURN 2023/24 APPENDIX 1

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CAPITAL PROGRAMME 2023/24						APPENDIX 1	
	Project Total £000	SLIPPAGE B/F 2022/23 £000	2023/24 BUDGET £000	ACTUAL AS AT 31.03.24 £000	OUTTURN POSITION 31.03.24 £000	BUDGET UNDER/ OVER SPEND £000	SLIPPAGE C/F 2024/25 £000
PROPERTY							
STATION REFURBISHMENTS							
MONMOUTH (co-location not confirmed)	600	338	0	12	12	0	326
NEW INN	3,800	1,848	4,000	442	442	0	5,406
PONTYCLUN	1,100	10	0	29	29	-19	0
PENARTH	3,250	25	250	73	73	0	202
ON-CALL (OCDS) STATION PROJECT	1,850	1,210	2,000	1,898	1,898	0	1,312
PLANNED & PREVENTATIVE MAINT	0	58	200	337	337	-79	0
EQUALITY, DIVERSITY & INCLUSION	400	0	400	173	173	0	227
WHITCHURCH USAR (grant funded)	0	0	0	51	51	-51	0
SOLAR PANELS (part salix funded)	130	0	0	96	96	-96	0
MERTHYR	0	0	0	18	18	-18	0
EV CHARGERS (part grant funded)	113	0	0	184	184	-184	0
ABERTILLERY	0	0	0	-30	-30	30	0
	11,243	3,489	6,850	3,281	3,281	-417	7,473
VEHICLES							
TRUCK (SLIDE DECK / CRANE)	150	150	0	0	0	0	150
WATER LADDERS	3,692	1,697	1,995	1,859	1,859	0	1,833
VAN/OPS ESTATE CAR	257	73	155	23	23	0	205
LIGHT UTILITY 4WD	250	240	250	8	8	0	482
NON OP 4WD	1	26	30	27	27	0	29
WILDFIRE UNIT	100	0	100	0	0	0	100
RESCUE BOAT	30	0	30	0	0	0	30
WATER CARRIER	200	0	200	0	0	0	200
LADDERS	95	0	95	94	94	1	0
Detection Identification Monitoring (DIM) vehicles (grant funded)	84	0	0	54	54	-54	0
USAR VEHICLES (grant funded)	60	0	0	55	55	-55	0
	4,919	2,186	2,855	2,120	2,120	-108	3,029
EQUIPMENT							
RTC CUTTING/RESCUE TENDER EQUIPMENT	300	240	0	364	364	-124	0
BREATHING APPARATUS	0	0	0	5	5	-5	0
MTA EQUIPMENT (grant funded)	28	0	0	28	28	-28	0
DIM EQUIPMENT (grant funded)	350	0	0	350	350	-350	0
HAZMAT MATERIALS RESPONSE UNIT EQUIPMENT (grant funded)	0	0	0	5	5	-5	0
USAR BIO-DIESEL UPGRADE (grant funded)	40	0	0	0	0	0	0
	718	240	0	753	753	-512	0
ICT							
WIRELESS LAN CONTROLLERS	80	27	0	24	24	3	0
END USER COMPUTER REPLACEMENT	450	0	150	87	87	50	13
BACKUP REPLACEMENT SYSTEM	30	0	80	0	0	80	0
CORE SWITCH REPLACEMENT	130	123	0	126	126	-3	0
SERVERS AND STORAGE REPLACEMENT	150	27	0	0	0	0	27
SERVER SOFTWARE UPGRADE	150	7	0	0	0	0	7
WIRELESS ACCESS POINTS	40	0	140	71	71	28	41
	1,030	184	370	308	308	158	88
JOINT CONTROL (partner contribution scheme)	675	0	310	373	373	-187	124
TOTAL	18,585	6,099	10,385	6,836	6,836	-1,066	10,714
				FUNDING ANALYSIS			
				BORROWING	5,619		
				PARTNER CONTRIBUTION	187		
				SALIX FUNDING	87		
				REVENUE CONTRIBUTION	200		
				REVENUE RESERVES	0		
				CAPITAL GRANT	645		
				CAPITAL RECEIPTS	98		
					6,836		

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CAPITAL MONITORING VARIANCES 2023/24

Appendix 2

PROPERTY	Monitoring	Outturn	Variance
MONMOUTH (co-location not confirmed)	20	12	-8
NEW INN	412	442	30
PONTYCLUN	100	29	-71
PENARTH	61	73	12
ON-CALL (OCDS) STATION PROJECT	1,700	1,898	198
PLANNED & PREVENTATIVE MAINT	358	337	-21
EQUALITY, DIVERSITY & INCLUSION	300	173	-127
WHITCHURCH USAR (grant funded)	46	51	5
SOLAR PANELS (part salix funded)	130	96	-34
MERTHYR	0	18	18
EV CHARGERS (part grant funded)	0	184	184
ABERTILLERY	0	-30	-30
	3,127	3,281	154
VEHICLES			
TRUCK (SLIDE DECK / CRANE)	72	0	-72
WATER LADDERS	1,859	1,859	0
VAN/OPS ESTATE CAR	257	23	-234
LIGHT UTILITY 4WD	0	8	8
NON OP 4WD	27	27	0
WILDFIRE UNIT	100	0	-100
RESCUE BOAT	0	0	0
WATER CARRIER	0	0	0
LADDERS	94	94	0
Detection Identification Monitoring (DIM) vehicles (grant funded)	54	54	-0
USAR VEHICLES (grant funded)	58	55	-3
	2,521	2,120	-401
EQUIPMENT			
RTC CUTTING/RESCUE TENDER EQUIPMENT	364	364	0
BREATHING APPARATUS	0	5	5
MTA EQUIPMENT (grant funded)	350	28	-322
DIM EQUIPMENT (grant funded)	0	350	350
HAZMAT MATERIALS RESPONSE UNIT EQUIPMENT (grant funded)	5	5	0
USAR BIO-DIESEL UPGRADE (grant funded)	2	0	-2
	721	753	32
ICT			
WIRELESS LAN CONTROLLERS	27	24	-3
END USER COMPUTER REPLACEMENT	100	87	-13
BACKUP REPLACEMENT SYSTEM	0	0	0
CORE SWITCH REPLACEMENT	126	126	0
SERVERS AND STORAGE REPLACEMENT	0	0	0
SERVER SOFTWARE UPGRADE	0	0	0
WIRELESS ACCESS POINTS	106	71	-35
	359	308	-51
JOINT CONTROL (partner contribution scheme)	483	373	-110
TOTAL	7,212	6,836	-376

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GRANT MONITORING 2023/24 – CAPITAL

Appendix 3

	CAPITAL
<u>Vehicles</u>	
<i>USAR Bob Cat Replacement</i>	54,949
<i>DIM Vehicle Replacement</i>	41,855
<u>Equipment</u>	
<i>MTA Training Manikins</i>	28,496
<i>DIM Equipment Uplift</i>	350,475
<i>Hazmat Materials Response Unit Equipment</i>	5,022
<u>Property</u>	
<i>USAR property development</i>	51,239
<i>EV Chargers</i>	183,540
Income	-645,036
(Under)/Overspend	70,540

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TREASURY MANAGEMENT UPDATE 01.04.2024 – 30.06.2024

Appendix 4

1.1 Borrowing

The Operational Boundary represents the limit beyond which external debt is not expected to exceed while the Authorised Limit for external debt signifies a legal limit beyond which external debt is prohibited. Both are presented below.

Operational Boundary £000	2024/25 Estimate
Debt	65,000
Other long-term liabilities	5,000
Total	70,000

Authorised Limit £000	2024/25 Estimate
Debt	67,000
Other long-term liabilities	5,000
Total	72,000

*other long term liabilities include the PFI arrangement at Cardiff Gate.

Below is a snapshot of our loan register as at 30.06.2024. This confirms that our outstanding loans are within our Operational Boundary and Authorised limit.

	Loan No	Original Principal (£)	(%)	Principal OS 31/03/2024	Interest 2024/25	Principal Repayment 2024/25	Principal OS 31/03/2025	EIP/ MATURITY
1	483674	1,031,000	4.38	1,031,000	22,553	1,031,000	0	MATURITY
2	484680	1,042,000	4.88	1,042,000	25,399	0	1,042,000	MATURITY
3	485618	750,000	5.25	750,000	39,699	0	750,000	MATURITY
4	485858	702,000	4.88	702,000	34,223	0	702,000	MATURITY
5	487013	1,500,000	4.75	210,000	4,631	90,000	120,000	EIP
6	487547	536,000	4.40	85,760	3,147	21,440	64,320	EIP
7	487909	1,488,000	4.30	267,840	5,439	89,280	178,560	EIP
8	488829	1,773,000	5.25	417,176	10,495	104,294	312,882	EIP
9	490551	3,678,000	4.35	842,875	33,079	153,250	689,625	EIP
10	492842	2,000,000	4.55	2,000,000	45,500	0	2,000,000	MATURITY
11	494280	4,100,000	4.41	4,100,000	182,296	0	4,100,000	MATURITY
12	496947	2,000,000	4.62	2,000,000	92,400	0	2,000,000	MATURITY
14	501402	1,000,000	3.41	1,000,000	34,007	0	1,000,000	MATURITY
15	501403	1,000,000	3.57	1,000,000	35,602	0	1,000,000	MATURITY
16	502789	2,000,000	4.23	2,000,000	84,136	0	2,000,000	MATURITY
17	502790	2,000,000	4.26	2,000,000	84,733	0	2,000,000	MATURITY
18	502791	1,000,000	4.28	1,000,000	42,565	0	1,000,000	MATURITY
19	281803	1,000,000	1.27	1,000,000	12,700	0	1,000,000	MATURITY
20	281805	2,000,000	1.02	2,000,000	20,400	0	2,000,000	MATURITY
21	201807	2,000,000	1.32	2,000,000	26,400	0	2,000,000	MATURITY
22	705243	2,500,000	5.70	2,500,000	129,226	2,500,000	0	MATURITY
		35,100,000		27,948,651	968,629	3,989,264	23,959,387	

EIP – Equal Instalment of principal repayments throughout the life of the loan Maturity – Loan fully repaid on maturity (end of loan period)

1.2 Investments

On 15th May 2024 investments under the following terms were made.

- £2,000,000 for 1 month at a rate of 5.1%
- £5,000,000 for 3 months at a rate of 5.11%

Both sums were invested in the Standard Chartered Bank – Sustainable Deposit and are in line with the investment criteria set out in the Treasury Management Strategy Statement.

The service has also made use of our Lloyds overnight investment account which currently has a rate of 5.14% and can be called back daily.

1.3 Interest Rates

At the Bank of England’s Monetary Policy Committee (MPC) meeting on June 20th 2024, the MPC voted by a majority of 7-2 to maintain Bank Rate at 5.25%.

The latest bank rate forecast can be found below.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00

Subsequently, annual CPI fell from 3.2% to 2.3%, but this was above the Bank of England and consensus view of 2.1%.

Forecasts predict the CPI measure of inflation will fall close to or below 2% when next reported and based on Capital Economics’ latest forecasts is likely to fall close to 1% within the next year.

1.4 General

The Treasurer reports that there has been no breach of the limits set or changes in indicators since the Treasury Management Strategy Statement was agreed on 28th March 2024.

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 7
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE TREASURER

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

THIS REPORT IS FOR DECISION

PRESENTING OFFICER TREASURER

SUMMARY

This report details a draft response to the Audit Wales paper on 'Those Charged with Governance' when approving financial statements.

RECOMMENDATIONS

1. That the Commissioners confirm its response to the Audit Wales enquiries detailed in Appendix 1.

1. BACKGROUND

- 1.1 Audit Wales (AW) has requested a response from the Commissioners to a series of questions based on the draft paper 'Audit enquiries to those charged with governance and management'. Paragraphs 2.1 to 2.7 detail the enquiry.

2. ISSUE

- 2.1 Those charged with governance are accountable for the accuracy and quality of the Authority's financial reporting. The respective responsibilities towards the financial statements are set out in the Statement of Responsibilities of Auditors and of Audit Bodies, which states that:

2.1.1 *"The financial statements, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the audited body to:*

- *put in place systems of internal control to ensure the regularity and lawfulness of transactions;*
- *maintain proper accounting records; and*
- *prepare financial statements that give a true and fair view of the financial position of the body, its expenditure and income and that they are in accordance with applicable laws, regulations, and accounting policies.”*

2.2 The responsibilities of the Authority in respect of the financial statements are summarised in the Statement of Responsibilities contained within the statement of account.

2.3 The Statement of Responsibilities of Auditors and of Audited Bodies goes on to say that:

2.3.1 *“Auditors audit the financial statements and give their opinion, including:*

- *whether they give a true and fair view of the financial position of the audited body and its expenditure and income for the year in question; and*
- *whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.*

In carrying out their audit of the financial statements, auditors will have regard to the concept of materiality.”

2.4 International Standards of Auditing (ISAs) guide AW in their approach and several ISAs require AW to make specific enquiries.

2.5 This paper focuses on the following requirements;

- ISA 240 – auditor’s responsibility to consider fraud in an audit
- ISA 250 – consideration of laws and regulations in an audit of financial statements
- ISA 550 – sufficient understanding of related party relationships / transactions to recognise fraud risk factors and assess impact.

2.6 The enquiry paper is structured by each of the above ISAs, briefly summarising the requirements, then setting out a series of questions to those charged with governance.

2.7 Towards the end of the audit, a Letter of Representation will be provided as part of the Authority’s reporting requirement. This letter will include reference to the consideration of several issues contained in this paper, in addition to any specific assertions arising from the audit process.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising directly from this report, however, AW seeking assurance from management and Commissioners, that overall the financial statements are free from material misstatement and error on the points raise in para 2.5 above.

4. RECOMMENDATION

- 4.1 That the Commissioners confirm its response to the Audit Wales enquiries detailed in Appendix 1.

Contact Officer:	Background Papers:
Lisa Mullan - Head of Finance, Procurement & Property	Audit Enquiries to those Charged with Governance

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Lisa Mullan
Temporary Head of Finance, Procurement & Property
South Wales Fire and Rescue Authority
Fire Service Headquarters
Forest View Business Park
Llantrisant
CF72 8LX
Via email

Reference: SWFRA2023-24/Audit Enq.

Date issued: 29 April 2024

Dear Lisa

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Council and 'those charged with governance'.

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2023-24 financial statements.

For ease of reference, I have attached the information that you provided for 2022-23 so far as practicable, and I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2023-24.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by **31 July 2024**. In the meantime, if you have queries, please contact me on 02920 829315 or kate.havard@audit.wales

Yours sincerely

Kate Havard

Engagement Lead

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2022-23 and future audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Council is the Governance & Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected, or alleged fraud, management's process for identifying and responding to the risks, and the internal controls established to mitigate them.

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud?</p> <p>What is the nature, extent and frequency of management's assessment?</p>	<p>We consider the risk to be minimal and are not aware of any fraud that would impact materially on our financial statements. Robust internal controls, internal audit process and annual reviews including key financial controls and counter fraud policies exist to reduce risks in this area.</p> <p>Some internal controls are practiced on a transaction basis such as segregation of duties and financial reconciliations of systems and information, others are undertaken less frequently and annually, e.g., financial comparative analysis, completion of the CIPFA disclosure checklist, audit of key financial controls etc. Underpinning these are policies and processes that apply to everything we do</p>	<p>We consider the risk to be minimal and are not aware of any fraud that would impact materially the financial statements. Robust internal controls, internal audit process and annual reviews including key financial controls and counter fraud policies exist to reduce risks in this area.</p> <p>Some internal controls are practiced on a transaction basis such as segregation of duties and financial reconciliations of systems and information, others are undertaken less frequently and annually, e.g., financial comparative analysis, completion of the CIPFA disclosure checklist, audit of key financial controls etc. Underpinning these are applicable policies and processes</p>
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>There have been no instances of actual or suspected fraud since 1st April 2022.</p>	<p>Yes, 1 case of unproven fraud/theft by an employee during the financial year of 2023/24 that is being progressed. This relates largely to the use of the Services credit card with a value in the region of £16k.</p>

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>Robust systems of internal controls exist and are tested through a programme of planned internal audits each year. Financial regulations, Anti-Fraud and Whistleblowing Policies and procurement procedures provide an operating framework for all personnel.</p> <p>Personnel have previously completed a fraud awareness e-learning package and the sharing of potential fraud attempts is active bolster vigilance. These controls have successfully identified previous cases of fraud and act as a deterrent.</p>	<p>Robust systems of internal controls exist and are tested through a programme of planned programme of internal audits each year. Financial regulations, there is a policy and resource framework relating to Anti-Fraud and Whistleblowing in addition to procurement procedures that provide an operating system for all personnel.</p> <p>Policies include the Whistleblowing Policy, Anti-Fraud and Corruption Policy, Financial Regulations and Contract Procedure Rules. Where wrongdoing is suspected arrangements are in place to ensure that it is thoroughly investigated.</p> <p>Personnel have previously completed fraud awareness and the sharing of potential fraud attempts is active bolster vigilance. These controls have successfully identified previous cases of fraud /theft.</p>
4. What classes of transactions, account balances and disclosures have you	Classes of transactions most at risk are assets and expenditure	Purchases made through the Services' credit card carry a higher risk, in addition to purchasing activities undertaken through the revenue and capital budgets.

Enquiries of management – in relation to fraud		
Question	2022-23 Response	2023-24 Response
identified as most at risk of fraud?		
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	<p>A total of 66 complaints received in 2022-2023 and a total of 84 letters of thanks</p> <p>There were two cases that qualify as whistleblowing items during 2022-2023. These cases were investigated, and responses provided to the complainant. Where appropriate recommendations to improve processes have been implemented.</p>	<p>A total of 76 complaints received in 2023-2024. (111 letters of thanks received during 2023/24)</p> <p>There were 56 cases that qualify as disclosures or concerns items during 2023-2024.</p> <ul style="list-style-type: none"> • WHISTLE BLOWING – 0 • FRS SPEAK UP – 53 • RAISING CONCERNS EMAIL – 2
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	The Anti-Fraud and Corruption policy, Whistle-blowing policy, fraud response plan and associated organisational procedures exist and provide the necessary reporting guidelines.	The Anti-Fraud and Corruption policy, Whistle-blowing policy, fraud response plan and associated organisational procedures exist and provide the necessary reporting guidelines.
7. What is management's communication, if any, to	The senior management team through consultation with its middle managers has	The Senior Leadership Team through consultation with the middle manager cohort has adopted a

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
employees regarding their views on business practices and ethical behaviour?	<p>adopted a comprehensive set of values which have been disseminated to all staff with guidance on how these values should be exhibited. These values are supported by a comprehensive suite of policies and procedures which are constantly being reviewed through working groups and when finalised communicated to staff in various ways.</p> <p>A standards and expectations policy has been drafted through engagement with middle leaders which sets out the standards that all employees are expected to meet in a number of areas related to conduct and behaviour. This complements Appendix 5 of General Standing Orders which outlines Officers code of conduct, applicable to all staff.</p>	<p>comprehensive set of values which have been disseminated to all staff with guidance on how these values should be exhibited. These values are supported by a suite of policies and procedures which are being reviewed through working groups and when finalised, will be communicated to staff in various ways.</p> <p>A standards and expectations policy has been drafted through engagement with middle leaders which sets out the standards that all employees are expected to meet in several areas related to conduct and behaviour. This complements Appendix 5 of General Standing Orders which outlines Officers code of conduct, applicable to all staff.</p>
8. Are you aware of any instances of actual, suspected or alleged fraud within the RCT Pension Fund (service organisation) since 1 April 2023?	We are not aware of any fraud within the RCT pension fund since 1st April 2021.	We are not aware of any fraud within the RCT pension fund since 1st April 2023.

Enquiries of those charged with governance – in relation to fraud

Question	2022-23 Response	2023-24 Response
1. Do you have any knowledge of actual, suspected, or alleged fraud affecting the audited body?	There have been no reported instances of actual fraud since April 2022. Suspected frauds have been identified during the year and the Fraud Response Plan has been activated twice. Ensuing investigations have shown these were not fraud and that our systems are effective in identifying such instances.	<p>There have been 5 allegations of fraud / since April 2023 and all. Fraud Response Plan has been activated in all cases.</p> <p>Status of the 5;</p> <ul style="list-style-type: none"> • 3 active investigations • 1 no evidence to support allegation • 1 resolved through internal processes <p>Systems are effective in identifying cases although additional workforce education is required to support.</p>
2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?	<p>Fraud</p> <p>We have a contract for internal audit services that includes fraud alerts, advice, and awareness sessions. The last alert we received was in June 2022 in relation to fuel fraud because of the escalating cost of fuel. Following the alert, the issue was highlighted at a</p>	<p>Risks are minimal and we are not aware of any fraud that would impact materially the financial statements. Robust internal controls, internal audit process and annual reviews including key financial controls and counter fraud policies exist to reduce risks in this area.</p> <p>The finance team particularly, receive awareness and training updates from internal audit and</p>

Enquiries of those charged with governance – in relation to fraud

Question	2022-23 Response	2023-24 Response
	senior management team meeting and a review of our processes was undertaken. This would be the usual approach to alerts from our contractor. The finance team regularly receive awareness and training updates from banking providers to ensure vigilance against financial fraud. Instances of attempted fraud are shared with the wider team and logged with ICT as these attempts are usually electronic and made via email.	banking providers to ensure vigilance against financial fraud. Instances of attempted fraud through the creditor's ledger are logged and shared for awareness and understanding.
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"> management's processes for identifying and responding to the risk of fraud in the audited body, and the controls that management has established to mitigate these risks? 	<p>The FAPM committee undertakes this role on behalf of the Fire and Rescue Authority. The FAPM committee scrutinise the corporate risk register on which it receives quarterly reports. They also scrutinise internal audit reports to ensure risks are managed and controls are robust. A key consideration of the Fraud Response Plan is the reporting of actual frauds to FAPM.</p>	<p>The Fire Authority's, Finance, Audit & Performance Management Committee superseded by the Welsh Government (WG) Commissioners, Finance & Audit Committee, undertake this role.</p> <p>The relevant committee scrutinises the corporate risk register on which it receives quarterly reports. They also scrutinise internal audit reports to ensure risks are managed and controls are robust.</p>

Enquiries of those charged with governance – in relation to fraud		
Question	2022-23 Response	2023-24 Response
		A key consideration of the Fraud Response Plan is the reporting of actual frauds to Committee and their respective Chair.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
<p>1. How have you gained assurance that all relevant laws and regulations have been complied with?</p> <p>Are there policies and procedures in place?</p>	<p>The Monitoring Officer has a general advisory role to the Fire and Rescue Authority as well as serving as Director of Corporate Services. He and the Head of Corporate Support are supported by a legal Services officer and specialist external legal advisors.</p> <p>In his role as responsible financial officer (S112) the Treasurer to the authority also ensures compliance with up to date regulations and guidance relating to financial reporting. The Treasurer is supported by a qualified and experienced finance team.</p>	<p>The Monitoring Officer has a general advisory role to the Fire and Rescue Authority / WG Commissioners as well as serving as Director of Corporate Services. He and the Head of Corporate Support are supported by a legal Services officer and specialist external legal advisors.</p> <p>In their role as Responsible Finance Officer (s112) the Treasurer to 'those charged with governance' also ensures compliance in relation to financial reporting. The Treasurer is supported by a qualified and experienced finance team.</p>
<p>2. Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?</p>	<p>Management are not aware of any non-compliance with relevant laws or regulations in 2022/23.</p>	<p>Management are not aware of any non-compliance with relevant laws or regulations in 2023/24.</p>

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
3. Are there any potential litigations or claims that would affect the financial statements?	All litigations or claims are explicitly disclosed or recorded as contingent liabilities in the financial statements.	Material litigations or claims are disclosed or recorded as contingent liabilities in the financial statements.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	Management is not aware of any such non-compliance.	Management is not aware of any such non-compliance.
5. Are you aware of any non-compliance with laws and regulations within RCT Pension Fund (service organisation) since 1 April 2023?	Management is not aware of any such non-compliance.	Management is not aware of any such non-compliance.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	The Fire and Rescue Authority are not aware of any instances of non-compliance with laws or regulation in 2022/23.	<p>We are not aware of any instances of non-compliance with laws or regulation in 2023/24.</p> <p>The South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 came into force 6 February 2024 which nominated 4 Commissioners to undertake the governance function previously undertaken by the Fire Authority. Whilst this represents a change in those who govern the Service, it is not a fundamental change in operations of the entity.</p>
2. How do those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	The Fire and Rescue Authority adopts a system of sub committees and working groups together with designated lead members for specific areas of work, through this framework members are able to effectively scrutinize the processes and actions taken to ensure compliance has taken place.	The Fire and Rescue Authority / Commissioners have adopted a system of sub committees and working groups by which governance is exercised through this framework which has facilitated scrutiny of the processes and decisions to ensure compliance.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2022-23 Response	2023-24 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	Related parties have remained substantially the same and are disclosed in detail in the statement of account.	Related parties have remained substantially the same and are disclosed in detail in the statement of account.
2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	Details of related parties are disclosed in the statement of account. An audit trail has been maintained within our working paper files to support this.	Details of related parties are disclosed in the statement of account. An audit trail has been maintained within our working paper files to support this.
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	An annual disclosure for the Statement of Accounts is required for all senior officers, any officer with budget responsibility in addition to Fire Authority members to declare any related party transactions in accordance with IAS 24.	An annual disclosure for the Statement of Accounts is required for all senior officers, any officer with budget responsibility in addition to Fire Authority members / Commissioners to declare any related party transactions in accordance with IAS 24.

Enquiries of management – in relation to related parties

Question	2022-23 Response	2023-24 Response
	Each year at the AGM members sign a declaration of interests which is also held on file and is cross referenced to the related party disclosure for consistency and completeness.	At each AGM members sign a declaration of interests which is also held on file and is cross referenced to the related party disclosure for consistency and completeness.
<p>4. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none"> • with related parties, and • outside the normal course of business? 	The same controls as for any significant transactions, i.e., procurement processes, segregation of duties/authorisation, internal risk assessments, internal audit regime etc. Outside normal business items are discussed and agreed SMT level.	<p>The same controls as for any significant transactions, i.e., Finance, Procurement and HR processes, segregation of duties / authorisation, internal risk assessments, internal audit, public reporting to tcwg.</p> <p>Outside normal business, items are discussed at SLT and if appropriate a report taken to tcwg in line with our constitutional requirements.</p>

Enquiries of those charged with governance – in relation to related parties

Question	2022-23 Response	2023-24 Response
1. How those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	Through FAPM scrutiny, forward work programmes, Fire and Rescue Authority approval of the annual statement of accounts and audit of the same.	Through Fire Authority / FAPM / F&A and Commissioner scrutiny, forward work programmes. Annual reporting of the annual statement of accounts and audit of the same.

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 8
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE DIRECTOR OF STRATEGIC CHANGE AND TRANSFORMATION

APPOINTMENT OF HEAD OF COMMUNICATIONS AND ENGAGEMENT

THIS REPORT IS FOR DECISION

REPORT APPROVED BY THE INTERIM CHIEF OFFICER
PRESENTING OFFICER DIRECTOR OF STRATEGIC CHANGE AND TRANSFORMATION

SUMMARY

The Service must prioritise communication and engagement with our staff, our partners and our communities to ensure transparency, clarity and timeliness of messaging in relation to delivery of our mission to make South Wales safer, by reducing risk.

This report follows the appointment of the Director of Strategic Change and Transformation and the further identification of areas of improvement that will play a key role in the success of delivering cultural and process improvements.

Timelines are to make sure that full and sustainable implementation of all the recommendations within South Wales Fire and Rescue Service culture and values review and any other associated reports can be met, as part of the service's wider transformation programme.

RECOMMENDATIONS

1. That the Commissioners approve the immediate recruitment of a permanent Head of Communications and Engagement
2. That the Commissioners note the associated job description

1. BACKGROUND

- 1.1 This report is being presented to the Commissioners following the appointment of the Director of Strategic Change and Transformation. The

recommendation to recruit a Head of Communications and Engagement looks to support sustained cultural and service improvement.

- 1.2 The recommendations follow the identification of effective leadership, communication and engagement as key priorities for Service improvement.
- 1.3 The Service must make sure that it has an effective communication strategy and that this includes plans, systems and processes to consult, communicate and engage with staff, partners and our community.
- 1.4 An effective communication strategy is essential in delivering change and transformation. Ineffective communication and engagement are consistently identified as a cause of failure in transformation programmes. The importance of clarity of vision and our staff understanding this is clear through best practice and change management methodology. Successful transformation programmes recognise the critical role of employee engagement. By empowering their workforce, organisations can create a culture of ownership and enthusiasm that drives successful transformation. Enhanced communication channels and engagement strategies will foster buy-in and participation from our staff and make sure they feel heard, valued and empowered to contribute to ongoing improvement.

2. PROPOSAL

- 2.1 The Service will immediately recruit a permanent Head of Communications and Engagement.
- 2.2 The Head of Communications and Engagement will work as an integral part of the Strategic Leadership Team to provide strategic advice, guidance, and leadership of the Corporate Communications function. They will ensure communications and engagement play a key role in the effective delivery of services and the success of the organisation.
- 2.3 They will provide proactive, strategic, ethical, and pragmatic advice, challenge and support to the Chief Officer, Executive Leadership Team and Board of Commissioners.
- 2.4 The Head of Communications and Engagement will report directly to the Director of Strategic Change and Transformation.

3. IMPLICATIONS

3.1 Community and Environment

3.1.1 Equality, Diversity and Inclusion

Equality, Diversity and Inclusion and the delivery of the strategic equality plan and the inclusive action plan remains a priority. As part of the service's cultural improvement programme there are also several recommendations from the Morris review that focus on this area. To achieve this the service requires an effective communications and engagement strategy.

3.1.2 Welsh Language

Welsh language is current a responsibility within Corporate Service. Welsh language is an essential element of both our internal and external communication and increased strategic leadership and delivery of an effective communication strategy will drive efficiencies and improvements.

3.1.3 Consultation and Communications

The proposed recruitment of a Head of Communications and Engagement will directly improve consultation and engagement, through clearer strategic direction.

3.1.4 Consultation with Representative Bodies

As part of service improvement there is a commitment to maintain ongoing consultation with representative bodies. This will further be improved through delivery of effective communication strategies.

3.2 Regulatory, Strategy and Policy

3.2.1 Financial

This post will alter the Services staffing structure, establishment and base budget cost, resulting in an additional Head of Service at a current annual cost of £89k and with ongoing cost implications for future financial years.

The additional cost is unbudgeted and at this early stage of the financial year, and in the absence of revenue monitoring information, costs will be borne from reserves with the authorisation of the Treasurer. As such, any additional costs to those outlined above will require further authorisation and an

assessment of the effectiveness of the investment in addition to consultation and engagement with trade unions.

3.2.2 Strategic Change and Transformation

Communication and engagement remain a transformation priority. Recruitment to this post will lead on a comprehensive and data-driven Communications Strategy that deliver the objectives of the service, and promotes its purpose, vision, and values.

Recruitment to this post will also enable the development and delivery of a comprehensive plan of communications and engagement activity, with clear and measurable objectives and outcomes that deliver the Strategy.

The successful postholder will also lead the continual improvement of our communication systems and processes and develop and update our platforms to make sure they remain innovative and fit for the future.

3.2.3 Morris Report

The Head of Communication and Engagement will become the accountable person for delivery of all communication and engagement work within the cultural change programme and will lead on delivery of recommendations including communicating change and involving and engaging staff.

3.3 Resources, Assets and Delivery

3.3.1 Human Resources and People Development

The Director of People, Head of People Services and Head of Finance have been consulted on the recruitment process and requirements. There will be no additional recruitment fees.

3.3.2 Budget

Head of Finance has been consulted. It is noted that there will be ongoing cost and potentially process requirements, as outlined above.

4 EVALUATION & CONCLUSIONS

- 4.1 The proposed recruitment of a Head of Communication and Engagement will lead to the deliverables identified above. This will support the service in its change and transformation programme.

- 4.2 The National Fire Chief Council (NFCC) Fire Standard for Communication and Engagement will be used to measure success of the new post and make sure recruitment leads to the desired outcomes.
- 4.3 A fire and rescue service whose leaders understand and champion its inclusive approach to communications and engagement, contributing to its positive culture and working environment. Through good leadership, everyone knows both when to use effective communication to support the safety and well-being of their communities and people, and when to engage to gain insight, encourage involvement and build trust.

5 RECOMMENDATIONS

- 5.1 That the Commissioners approve the immediate recruitment of a permanent Head of Communications and Engagement.
- 5.2 That the Commissioners note the associated job description.

Contact Officer: DIRECTOR OF STRATEGIC CHANGE AND TRANSFORMATION		DOMINIC MIKA Director of Strategic Change and Transformation
Background Papers	Date	Source / Contact
NFCC Fire Standard Communication and Engagement	May 2023	NFCC
SWFRS Cultural Review Report		

Appendices	
Appendix 1	Head of Communication and Engagement Job Description
Appendix 2	Temporary Communication and Engagement Team Structure (Media, Design and Communication)

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Appendix 1: Head of Communication and Engagement Job Description

MAIN PURPOSE OF THE ROLE

The Head of Communications and Engagement works as an integral part of the Strategic Leadership Team to provide strategic advice, guidance, and leadership of the Corporate Communications function (Media, Design and Communications). They will ensure communications and engagement play a core part in the effective delivery of services and the success of the organisation.

DUTIES AND RESPONSIBILITIES

1. Be an active and integral member of the Strategic Leadership Team.
2. Provide proactive, strategic, ethical, and pragmatic advice, challenge and support to the Chief Officer, Executive Leadership Team and Board of Commissioners¹.
3. Develop on-call arrangements for major incidents and business critical out of hours incidents. This includes working with Joint Control to ensure media relations and social media channels are used effectively at all times.
4. Develop a comprehensive and data-driven Communications Strategy that delivers the objectives of the Services, and promotes its purpose, vision, and values. The strategy will be reviewed on a cycle agreed with the Chief Officer and Director of Strategic Change and Transformation.
5. Develop and deliver a comprehensive Plan of communications and engagement activity, with clear and measurable objectives and outcomes that deliver the Strategy.
6. Lead the continual improvements of our communication systems and processes and develop and update our platforms to make sure they remain innovative and fit for the future.
7. Act as Brand Guardian for the Service to ensure a consistent approach to tone of voice, visual representation, and key messages.
8. Lead on training programme for spokespeople, including incident command at Station and Group Manager level and senior leadership (Area Manager and above).
9. Ensure the capacity and skills of the communications and engagement teams meet the requirements of the Strategy and Plan by identifying skills, any gaps, and development needs.
10. Provide strategic leadership and day-to-day management of the Corporate Communications and Engagement functions, including internal communications staff and community engagement and consultation, external affairs, marketing, and attraction (recruitment), and associated budgets.

11. Manage, mentor, and develop communications and engagement colleagues.

¹ Board of Commissioners will be replaced by a new governance body in due course.

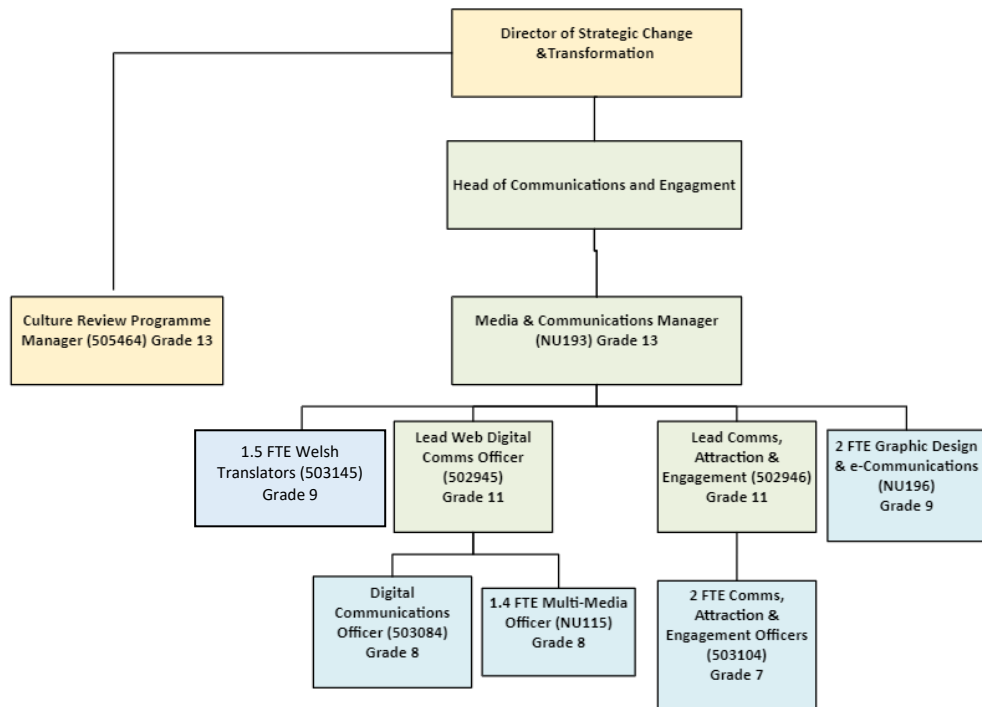
PERSON SPECIFICATION

<i>Criteria</i>	<i>Essential</i>	<i>Desirable</i>
Relevant advanced degree, or professional qualification, or experience gained in similar leadership roles	X	
Evidence of contributing to transformation, cultural change, or organisational development in a communications role	X	
Able to meet the criteria of a strategic manager aligned to the Fire Service National Core Code of Ethics	X	
Commitment to SWFRS purpose, vision and values	X	
Commitment to working within Social Partnership principles ²	X	
Experience in a communications managerial role (PR, marketing, IC) in a public facing organisation	X	
Excellent communications skills – interpersonal and written	X	
Commitment to continuing professional development	X	
Ability to work flexibly and meet the operational communications needs of a dynamic Fire and Rescue Service	X	
Experience of working effectively with press and other external media, including as a spokesperson	X	
Membership of a relevant professional body, preferably with Chartered status, eg CIPR, CIM, IoIC		X
Leadership, coaching, or mentoring qualification, eg ILM		X
Experience as a senior communications manager in public facing organisations, preferably gained in a variety of organisations		X
Evidence of skills relevant to our work: organisational change, behaviour change campaigns, internal communications, staff engagement, recruitment campaigns, political communications / public affairs ³		X
Evidence of managing a departmental budget		X

² As defined by the Social Partnership and Public Procurement (Wales) Act 2023.

³ The role requires a well-rounded communications professional, with the ability to lead across the communications and engagement disciplines. We do not expect expertise in all areas.

Appendix 2: Temporary Communications and Engagement Structure. (Media, Design and Communications)



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South Wales Fire and Rescue Authority – Detailed Audit Plan 2024

Audit year: 2023-24

Date issued: July 2024

Document reference:

This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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

Maeir ddogfen hon hefyd ar gael yn Gymraeg.

About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

DRAFT

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Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

I am required to issue a report on your financial statements (including the Firefighters Pension Fund) which includes an opinion on their 'truth and fairness' and the proper preparation in accordance with accounting requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

There have been no limitations imposed on me in planning the scope of this audit.

Performance audit work

I must satisfy myself that the Authority:


- has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.
- is complying with the sustainable development principle when setting and taking steps to meet their well-being objectives; and
- Under the Local Government (Wales) Measure 2009 (the Measure) the Authority has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Authority is likely to (or has) met these requirements.

My work programme is informed by specific issues and risks facing the Authority and wider local government in Wales. I have also taken account of the work that is being undertaken or planned by other external review bodies and by internal audit.

My performance audit work is designed to comply with auditing standards set out by the International Organisation of Supreme Audit Institutions (INTOSAI). This is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

DRAFT

Your audit at a glance



My financial statements audit will concentrate on your risks and other areas of focus

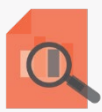
My audit planning has identified the following risks:

Significant financial statement risk

- Management override of controls


Other areas of audit focus

- Valuation of pension fund net liability
- Valuation of land and buildings
- Senior officer remuneration
- Impact of culture review and appointment of Commissioners



My performance audit will include:

- Thematic work – setting of Wellbeing objectives



Materiality

Materiality	£2.2 million
Reporting threshold	£112,000
Materiality – Firefighters Pension Fund	£0.59 million



My performance audit will include:

Reporting Threshold – Firefighters Pension Fund	£29,000
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DRAFT

Financial statements' materiality



Materiality £2.2 million

Firefighters Pension Fund £0.59 million

My aim is to identify and correct material misstatements, that is, those that might otherwise cause the user of the accounts to be misled.

Planning materiality is calculated using:

- 2022-23 actual expenditure of £112 million
- 2022-23 actual expenditure of £29.7 million (Firefighters Pension Fund)
- Materiality percentage of 2%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- Senior Officer remuneration £1,000
- Commissioners' allowances £1,000
- Related party disclosures £10,000 (for disclosures relating to individual members, commissioners, and officers)

Group Audit

DRAFT

Significant financial statements’ risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>Management override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements.• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>Valuation of pension fund net liability</p> <p>The Local Government Pension scheme (LGPS) and Firefighters Scheme pension fund liability as reflected in the financial statements are material estimates.</p> <p>The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.</p> <p>In addition, due to current economic conditions, some pension schemes are in surplus (for accounting purposes), and there are complex accounting requirements relating to this.</p> <p>There are also several legal cases potentially impacting on the valuation of the net liability.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work. • assess the competence, capabilities and objectivity of the actuary who carried out the valuations. • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability. • test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary. • assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required; and • assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately

	recognised and disclosed within the financial statements.
<p>Valuation of land and buildings</p> <p>The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.</p> <p>Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity depending on the specialist and management assumptions adopted and changes in these can result in material changes to valuations.</p> <p>Assets are required to be revalued every five years, but values may also change year on year and there is a risk that the carrying value of assets reflected in the accounts could be materially different to the current value of assets as at 31 March 2024, particularly in the current economic environment.</p> <p>Our understanding is that the Authority has chosen to revalue its asset portfolio as at 31 March 2024 to mitigate this risk.</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• review the information provided to the valuer to assess for completeness.• evaluate the competence, capabilities, and objectivity of the professional valuer.• test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements; and• test the reconciliation between the financial ledger and the asset register.
<p>Impact of culture review and appointment of Commissioners</p>	<p>The audit team will:</p> <ul style="list-style-type: none">• consider the impact of the review and appointment of

<p>On 4 February 2024, the Welsh Government appointed Commissioners to deliver the functions of the Fire and Rescue Authority. This followed the publication of the SWFRS Culture Review Report published by Fenella Morris KC in January 2024.</p> <p>The findings of the report, and the intervention by Welsh Government, could impact on the disclosures required in the financial statements.</p>	<p>Commissioners on the financial statements; and</p> <ul style="list-style-type: none"> • where disclosures are included in the financial statements, ensure that these are complete, accurate and consistent with our understanding. This includes, but is not necessarily limited to: <ul style="list-style-type: none"> • the Annual Governance Statement; and • Commissioner allowances
<p>Senior Officer Remuneration</p> <p>There have been changes in appointments to senior officer posts in 2023-24 and there is a risk that these are not appropriately disclosed in the financial statements.</p> <p>Remuneration paid to senior officers continues to be of high interest and are material by nature. Therefore, even low value errors in the disclosure could result a material misstatement.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • understand the movements in the senior management team during 2023-24. • ensure that remuneration disclosed is consistent with supporting evidence; and • ensure that amounts paid are consistent with those approved by the Authority.

Financial statements’ audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Detailed Audit Plan	April – May 2024	July 2024
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	July – October 2024	November 2024

Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

Exhibit 4: key dates for delivery of planned outputs

Local project work – Setting Wellbeing Objectives	A review of how the Authority has set its wellbeing objectives in line with the sustainable development principle.	Autumn to Winter 2024
Local Government Measure 2009	Audit of improvement plan and performance report	Improvement Plan – Summer 2024 Performance Report – November 2024

Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I've made no allowance in the fee below. If I do receive questions and objections, I will discuss potential audit fees at the time.

Fee and audit team

In January 2024 we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4% as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £89,588.

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

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables sets out the expected working paper requirements to support the financial statements and includes timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 5: breakdown of audit fee

	1	
Audit of financial statements ²	£72,160	£67,820
Performance audit work ³	£17,428	£16,380 ⁴
Total fee	£89,588	£84,200

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

² Payable November 2023 to October 2024.

³ Payable April 2024 to March 2025.

⁴ Fee remains an estimate as work is ongoing

My ongoing planning work will consider whether there is any additional work, and consequently, cost to the Authority, required for me to be able to discharge my statutory duties.

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The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my local audit team

Name	Role	Contact details
Gary Emery	Engagement Director/Audit Director (Performance Audit)	gary.emery@audit.wales
Kate Havard	Audit Director (Financial Audit)	kate.havard@audit.wales
Gillian Gillett	Audit Manager (Financial Audit)	gillian.gillett@audit.wales
Carwyn Rees	Audit Manager (Performance Audit)	carwyn.rees@audit.wales
Charles Rigby	Audit Lead (Performance Audit)	charles.rigby@audit.wales
Lucy Herman	Audit Lead (Financial Audit)	lucy.herman@audit.wales

I can confirm that my team members are all independent of the Authority and your officers.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies and to support those bodies in continuing to improve the services they provide to the people of Wales.

Visit our website to find:

	<p>our <u>Good Practice</u> work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.</p>
	<p>our <u>newsletter</u> which provides you with regular updates on our public service audit work, good practice, and events.</p>
	<p>our <u>publications</u> which cover our audit work completed at public bodies.</p>
	<p>information on our <u>forward performance audit work programme 2023-2026</u> which is shaped by stakeholder engagement activity and our picture of public services analysis.</p>
	<p>various <u>data tools</u> and <u>infographics</u> to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.</p>

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



Audit Wales

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We welcome correspondence and
telephone calls in Welsh and English. Rydym

yn croesawu gohebiaeth a galwadau ffôn yn
Gymraeg a Saesneg.

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 10
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

DRAFT STATEMENT OF ACCOUNTS 2023/24

THIS REPORT IS FOR INFORMATION

REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY

REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY

SUMMARY

This report provides the Draft Statement of Accounts for the year ending 31st March 2024.

RECOMMENDATIONS

1. That Commissioners receive and note the unaudited Statement of Accounts 2023/24.
2. It is noted that the audited Statement of Accounts will be presented to Commissioners following the completion of the external audit process by Audit Wales, along with associated information.

1. BACKGROUND

- 1.1 The Treasurer to the South Wales Fire & Rescue Authority is responsible for the preparation of the statutory financial statements and information contained within the annual Statement of Account according to accepted accounting practices.
- 1.2 This report presents the draft annual Statement of Accounts for the financial year ending the 31 March 2024. The Statement of Accounts is subject to external audit by the Audit Wales (AW).
- 1.3 As a result of the South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 coming into force on 6 February, the 24 political Members of the Fire Authority have been replaced by four Commissioners nominated by the Welsh Government (WG). The

Authority continues to exist, and the consequent authorisation of the audited statement of responsibilities and Annual Governance Statement will now be provided by the Commissioner for Finance and Audit, Lady Wilcox in conjunction relevant officers of the Service.

- 1.4 Consistent with the previous financial year i.e. 2022/23, there is a delay in Audit Wales commencing audit work and as such the provisional sign off date remains as 30th November 2024. AW have advised that there is an aspiration to return to the statutory sign off date of July 31st which is in line with the faster closure timetable for local government.
- 1.5 Information received from the Society of Welsh Treasurers (SWT) provides the following provisional timelines.

2023/24 - Draft Accounts 30th June 2024 / Published Audited Accounts 30th November 2024

2024/25 - Draft Accounts 30th June 2025 / Published Audited Accounts 31st October 2025

2025/26 - Draft Accounts 30th June 2026 / Published Audited Accounts 30th September 2026

2. ISSUE

- 2.1 The Head of Finance, Procurement & Property approved the draft Statement of Accounts for 2023/24 on 31 May 2024.
- 2.2 The draft accounts are subject to change following the completion of the external audit process. However, the draft accounts will enable readers to have oversight and awareness of our financial performance and position for 2023/24 while we await a final position.
- 2.3 The audit commenced on July 1st and AW have advised they aim to complete the process within 4 weeks.
- 2.4 Following the completion of this work, the final Statement of Accounts for 2023/24 will be presented along with the ISA260 report and the letter of representation.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

4. RECOMMENDATIONS

- 4.1 That Commissioners receive and note the unaudited Statement of Accounts 2023/24.
- 4.2 It is noted that the audited Statement of Accounts will be presented to Commissioners following the completion of the external audit process by Audit Wales, along with associated information.

Contact Officer:	Background Papers:
Lisa Mullan Head of Finance, Procurement & Property	Draft Statement of Accounts 2023-24

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Gwasanaeth Tân ac Achub

De Cymru

South Wales

Fire and Rescue Service

APPENDIX 1



SOUTH WALES FIRE AND RESCUE SERVICE

Statement of Accounts 2023/2024

**RAISING AWARENESS
REDUCING RISK**

This document is also available in Welsh

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NARRATIVE REPORT

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

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

The accounts for 2023/2024 consist of the following;

Statement of Responsibilities for the Statement of Accounts

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

Annual Governance Statement

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

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

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

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

The second category of reserves includes reserves that hold unrealised gains and losses (e.g. Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line, 'adjustments between accounting basis and funding basis under regulations.

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

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

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

Reporting, Audit and Materiality

These accounts are produced in draft to meet the initial 31 May financial reporting deadline for the year ending 31 March each year. From 1 June the accounts undergo a process of audit to determine whether they provide a true and fair view of the financial performance and position of the Authority / Commissioners. The deadline for reporting and approving the audited accounts by the Fire & Rescue Authority / Commissioners is 31 July.

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

South Wales Fire and Rescue Authority / Commissioners

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

The Authority / Commissioners incurs revenue spending on items, which are generally consumed within the year, and this is largely financed by contributions from the 10 constituent local authorities. For 2023/24, the proportions were as follows:

	Values £000	%
Blaenau Gwent County Borough Council	3,953	4
Bridgend County Borough Council	8,523	10
Caerphilly County Borough Council	10,381	12
Cardiff County Council	21,199	24
Merthyr Tydfil County Borough Council	3,476	4
Monmouthshire County Council	5,472	6
Newport County Borough Council	9,242	10
Rhondda Cynon Taff County Borough Council	13,942	15
Torfaen County Borough Council	5,409	6
The Vale of Glamorgan Council	7,778	9
Total (note 29)	89,375	100

Financial Performance in 2023/24

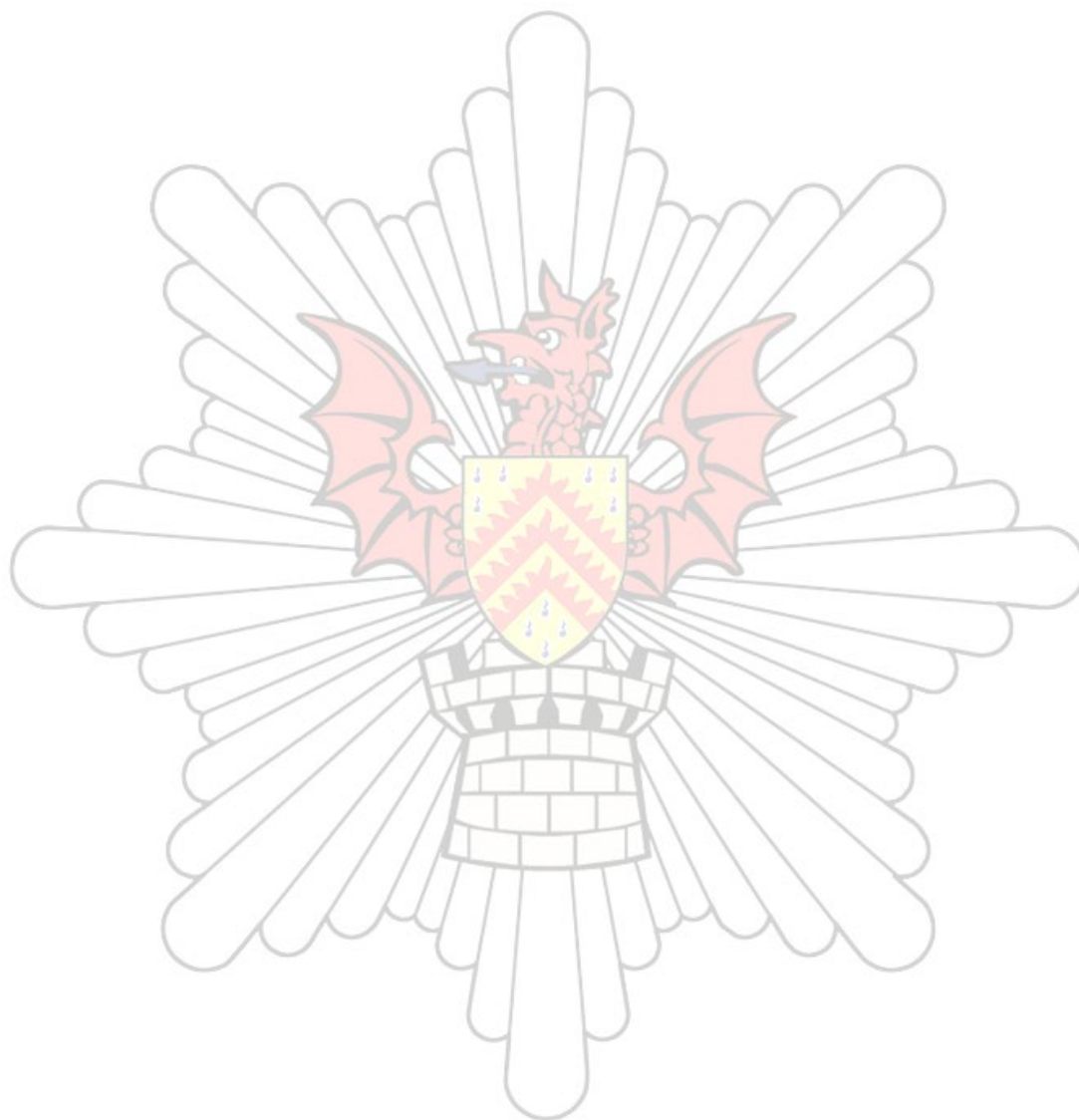
A significant underspend in 2021/22 allowed the Authority / Commissioners to restrict the 2022/23 budget uplift to 2.29%. This was a challenging settlement considering the UK inflation crisis that transpired between budget setting and the beginning of financial year. This was also a short-term strategy and the 2023/24 average settlement of 12.7% sought to address said inflationary pressures in addition to changes in external funding i.e. withdrawal of £2.9 million Pension Scape grant and £600k FireLink funding. The withdrawal of external funding added a 4.5% increase on what would have been an 8.2% settlement on a like for like basis.

A combination of effective budget management and capacity constraints have helped mitigate the impact on financial reserves.

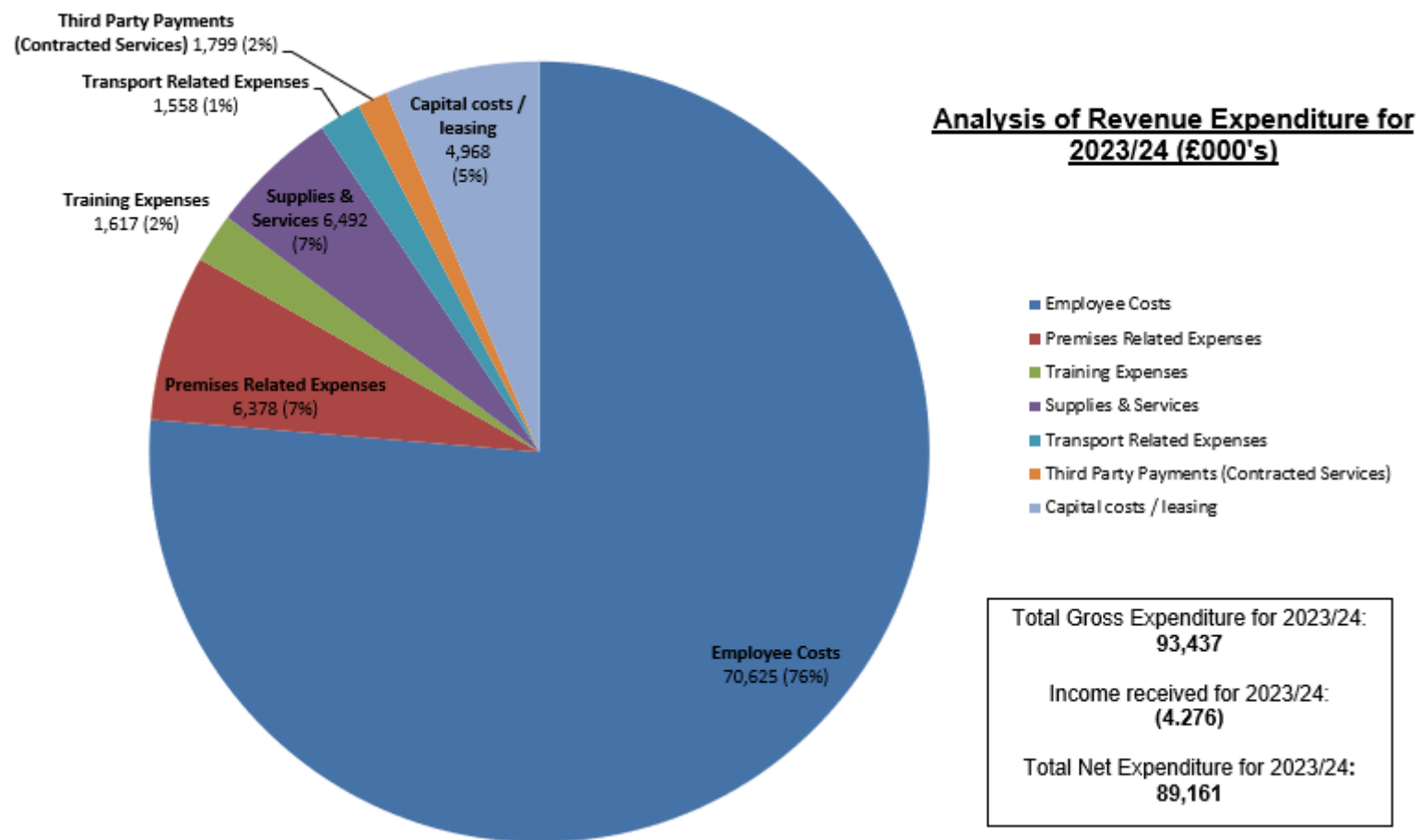
The financial performance is presented below. Both the revenue and capital positions have been scrutinised by the Finance, Audit and Performance Management (FAPM) Committee and the Finance and Asset Management Scrutiny Group throughout the year.

Budget Outturn	Budget £000	Actual £000	Variance £000
Revenue			
Expenditure (note 5)	90,412	93,437	3,025
Income (note 5)	(1,037)	(4,276)	(3,239)
Net Expenditure (note 5)	89,375	89,161	(214)

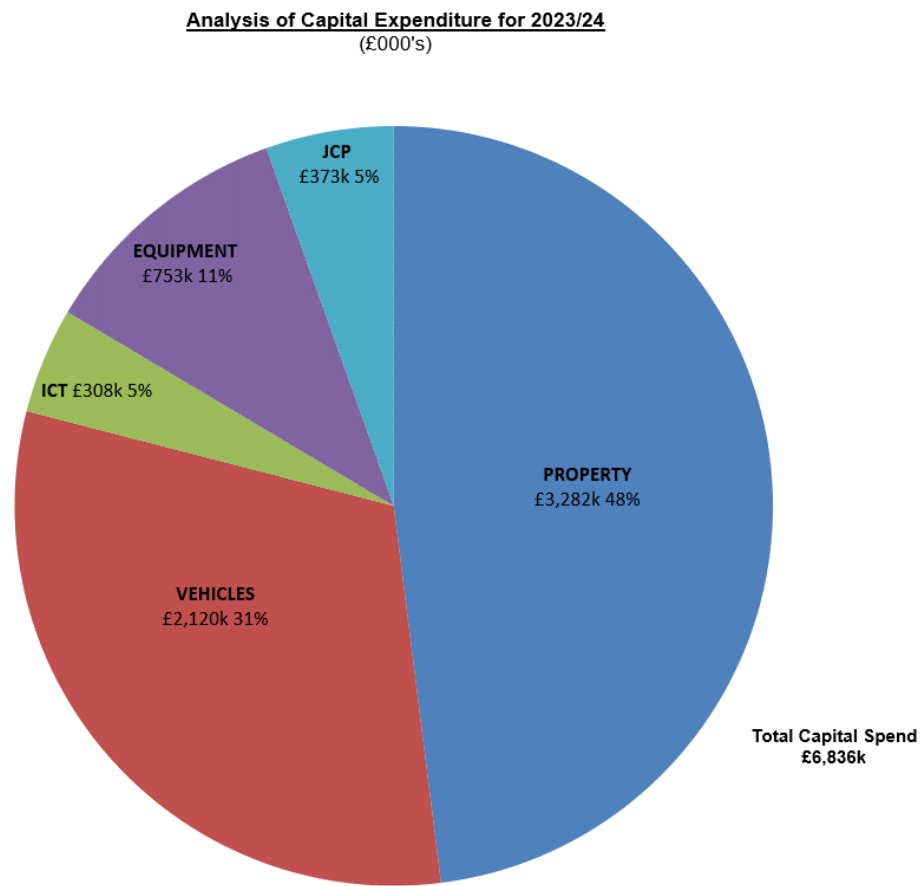
Unitary Authority / Commissioners (note 29)	89,375	89,375	0
(Surplus) /Deficit	0	(214)	(214)
Capital (inc slippage)			
Capital Spending (note 30)	16,455	6,836	(9,619)



Expenditure by type 2023/24



Capital expenditure in the year amounted to £6.8 million



Borrowing

The Prudential Code allows the Authority / Commissioners to determine its own borrowing limits subject to the Responsible Financial Officer (RFO) deeming it to be prudent, sustainable, and affordable. Loans outstanding relate to finance secured with the Public Works Loans Board (PWLB). In accordance with its Treasury Management Strategy the Authority / Commissioners has continued to utilise cash balances to fund the capital programme therefore no PWLB loans were taken out this year.

Charges for Consumption of Capital Assets

The charge made to the service revenue account to reflect the cost of fixed assets used in the provision of services was £8.3 million. This is a notional charge for depreciation and impairments, an adjustment is made to nullify the effect on the general fund balance.

Non-Financial Performance in 2023/24

In 2023/24 the Authority / Commissioners successfully delivered a balance of prevention, protection, and emergency response services, with the improvement objectives for the year continuing to be aimed at reducing deliberate fire setting and improving and ensuring the future sustainability of the Service.

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

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

More qualitative service information is available in the Annual Governance Statement contained within this statement.

Future Financial Plans

On 12 February 2024, Commissioners chose to confirm revenue budget proposals with an average increase of 7.23%. This figure represents the higher of two scenarios outlined in the consultation with Councils, taking the annual budget to £95.8 million. Welsh Government indicated funding for increased firefighter pension costs will again be channelled to Councils rather than directly to the Service and it was on this basis the settlement rose from 5.82% to 7.23%.

The medium-term financial strategy assumes steadier inflationary burdens from 2025/26 onwards, although increased budget pressures are expected from change and transformation work to deliver on the Morris report recommendations and the terms of reference of the South Wales Fire and Rescue Service Commissioners.

Long term capital planning continues with investment in our asset portfolio, i.e. stations, vehicle replacement programme, operational equipment projects, PPE, and ICT. 2023/24 marked a step change in the funding, planning and administration arrangements for strategic equipment replacement plans. A new reserve has been set up to fund the change. Our continued investment is critical in ensuring our personnel have the best equipment available and are effective in serving our communities.

Pension liability

In 2023/24, there were 27 whole-time duty system (WDS) and 10 retained staff retirements and 9 deferrals.

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

Provisions, Contingencies and Write offs

The provision remains for the outstanding payments to on-call fire fighters as a result of the part time workers' conditions settlement.

Reserve Accounting

At the end of the financial year, the Statement of Accounts shows financial reserves carried forward into 2023/24. This is consistent with the accounting treatment of previous years, with the maintenance and utilisation of reserves forming a cornerstone of corporate financial stability and operational service planning in the short and medium term.

Impact of the Current Economic Climate

Various supply chains continue to challenge the Service and our inability to attract competitive suppliers in procurement processes continue, in particular areas. We continue with flexible pre-contracting and collaborative approaches to contract management with stakeholders. Regular supply chain impact analysis is continuing and links with our National Fire Chief Council (NFCC) network are vital in sharing information nationally to gain understanding.

The Service is continuing its support of national charities, i.e. Fire Aid, who in turn provide support to our firefighting counterparts in Ukraine with donations of end-of-life personal protective equipment (PPE), operational and communications equipment.

Additional Information

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

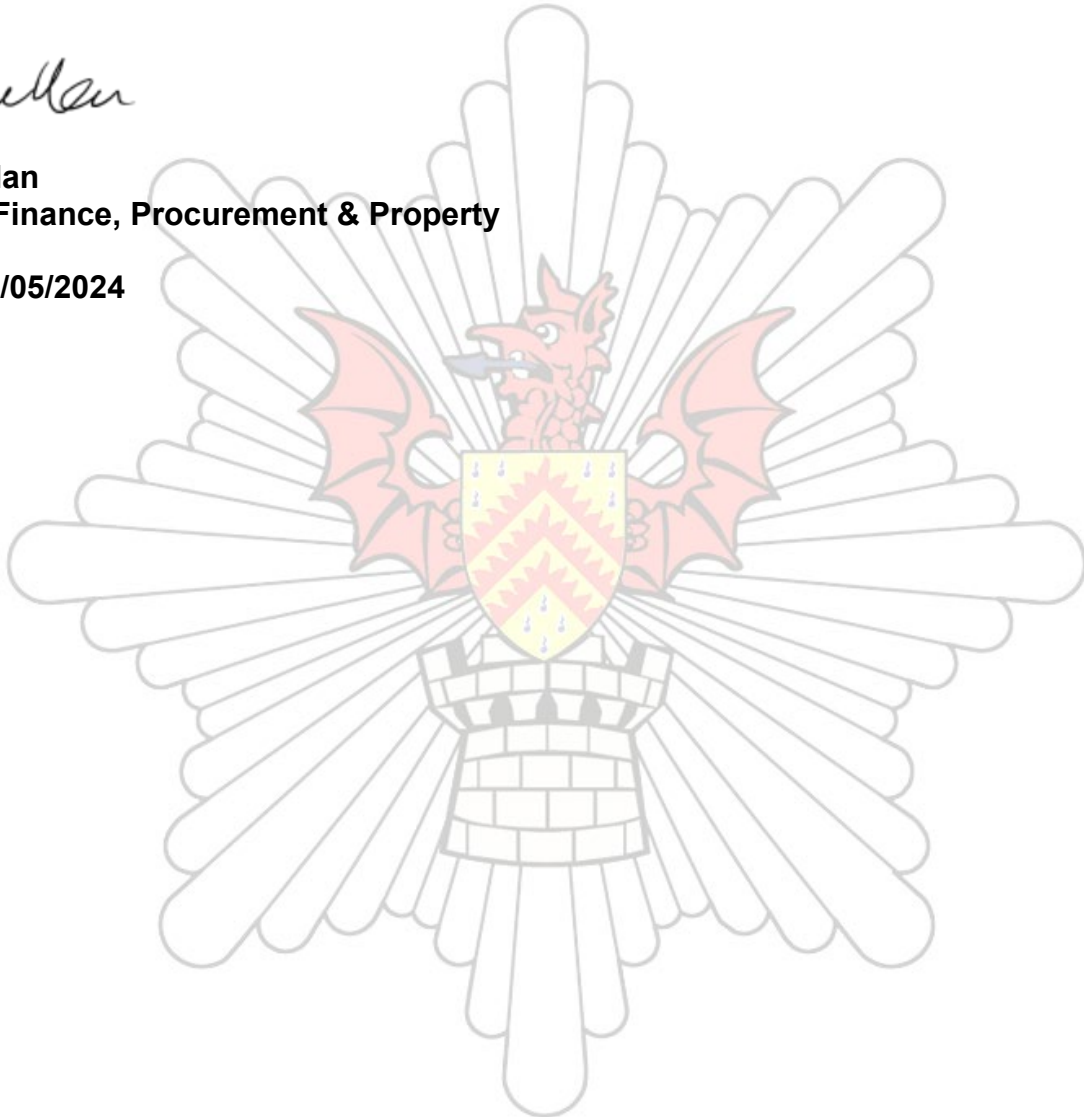
Acknowledgements

Finally, I wish to thank Finance personnel and our key partners and colleagues throughout the organisation who have either worked on the preparation of these statements or fed into the process.



Lisa Mullan
Head of Finance, Procurement & Property

Dated: 31/05/2024



STATEMENT OF RESPONSIBILITIES

The Authority / Commissioners Responsibilities

The Authority / Commissioners is required:

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

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Commissioners Statement of Accounts, including the Pension Fund Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code").

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

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

CERTIFICATE OF THE TREASURER & COMMISSIONERS

I certify that the accounts provide a true and fair view of the financial position of the Authority / Commissioners as at the 31 March 2024 and its income and expenditure for the year then ended.

Signature:

Treasurer

Date:

I confirm that these accounts were approved by the Commissioners;

Signature:

Commissioner

Date:

ANNUAL GOVERNANCE STATEMENT YEAR ENDING MARCH 2024

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the “Delivering Good Governance Framework.” This Annual Governance Statement explains how the Authority has complied with the framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and agreed priorities. (See Fig.1)

Relationships between the Seven Principles for Good Governance in the Public Sector - Achieving the intended Outcomes While Acting in the Public Interest at all times.

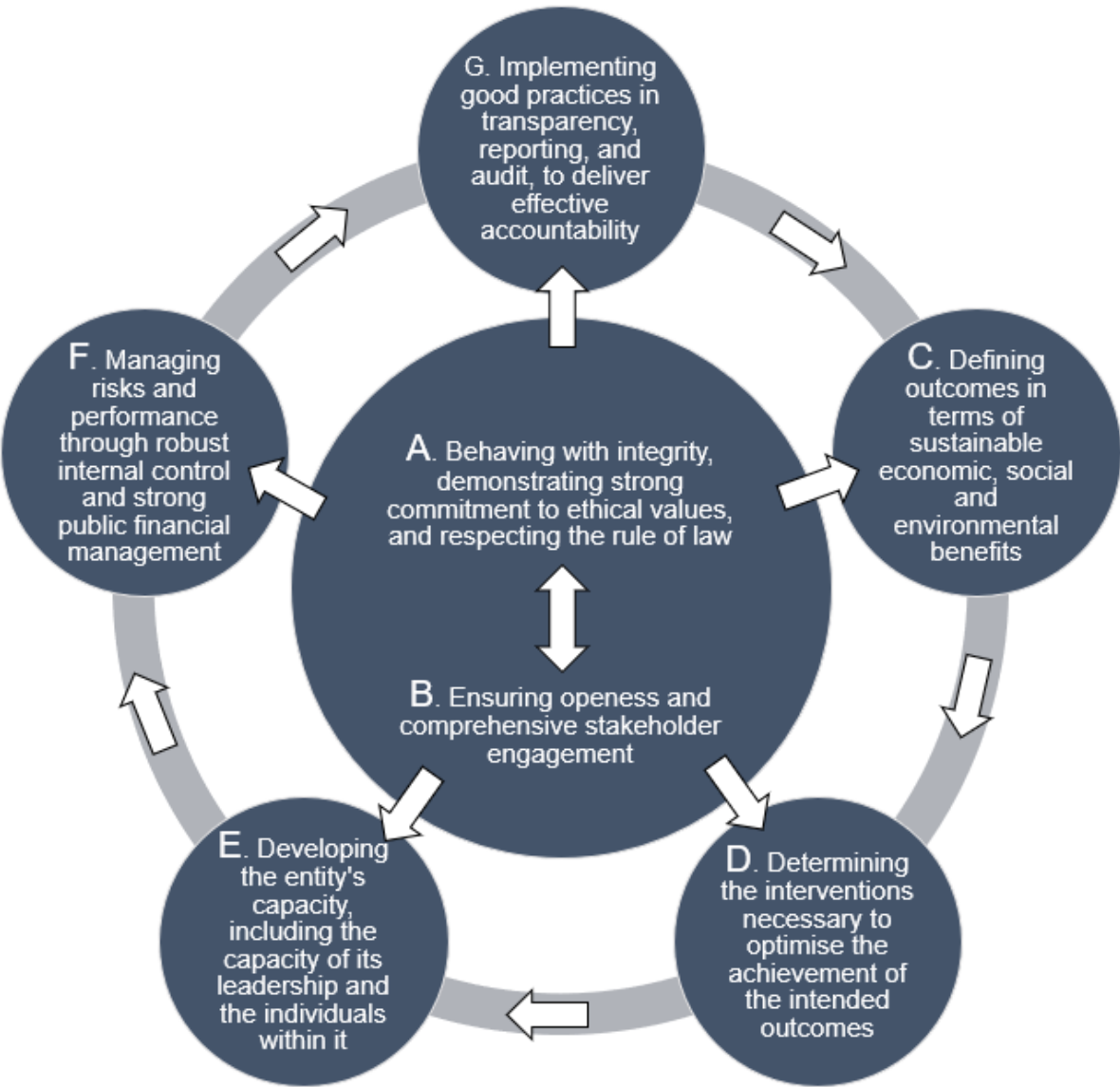


Fig. 1 Seven Principles of Good Governance

1. Scope of Responsibility

Until 5th February 2024 South Wales Fire & Rescue Authority (SWFRA) was responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. SWFRA also had a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

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

Following the publication of the Independent Culture Review Report (Morris Report) Welsh Government enacted powers of intervention. The Deputy Minister for Social Partnership made [an oral statement on 9 January 2024](#). On 6 February 2024, the Deputy Minister made [a further oral statement](#) and issued [Directions to the Fire and Rescue Authority \(FRA\)](#).

The Directions award all functions of the FRA to 4 Commissioners:

- The Baroness Wilcox of Newport, former leader of Newport City Council and the Welsh Local Government Authority (WLGA)
- Kirsty Williams, former Member of the Senedd for Brecon and Radnor
- Vij Randeniya, former Chief Fire Officer of West Midlands Fire and Rescue Service
- Carl Foulkes, former Chief Constable of North Wales Police.

This statement explains the previous governance arrangements of SWFRA for the period 01 April 2023 – 05 February 2024 and then how the Commissioners for South Wales Fire and Rescue Service for the period 05 February 2024 to the end of March 2024, have reviewed previous arrangements and instigated stronger governance systems and processes.

2. The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an

ongoing process designed to identify and prioritise the risks to the achievement of the organisations policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively, and economically.

This Statement gives assurances that the governance framework has been reviewed and reinvigorated for the year ending 31 March 2024 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

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

From 01 April 2023 – 05 February 2024 SWFRA was responsible for ensuring that South Wales Fire & Rescue Service (SWFRS) was effective, efficient, and accountable to the public.

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

SWFRA was organised into committees which are appointed at the annual meeting. Each committee has a comprehensive set of terms of reference. Working groups were established on an ad-hoc basis as and when required. (See Fig.2)



Fig. 2 Committees of the Authority – member decision making model

Under SWFRA the Executive Leadership Team (ELT), comprised of the Chief Fire Officer (CFO), Directors, and the Treasurer of the Authority, was responsible for strategic leadership, political interface, and corporate challenge. The Senior Management Team (SMT) included the same officers and Heads of Service, both uniformed and corporate, and provided organisational leadership, functional challenge, and service delivery. (see Fig. 3)

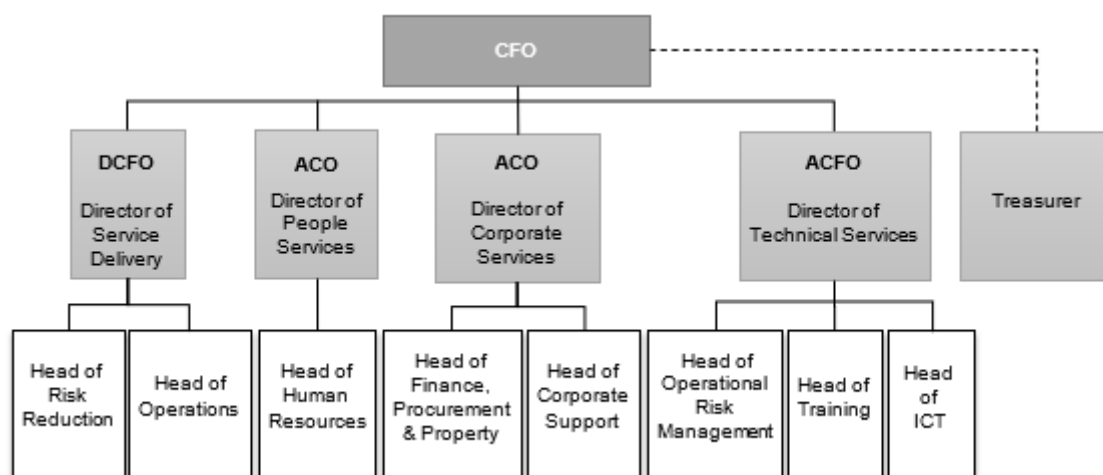


Fig. 3 Senior Management Structure of the Service

From 05 February 2024 to the end of March 2024 the Commissioners for SWFRS have established a new committee structure. Each committee has a comprehensive set of terms of reference. Working groups were established on an ad-hoc basis as and when required. (See Fig.4)

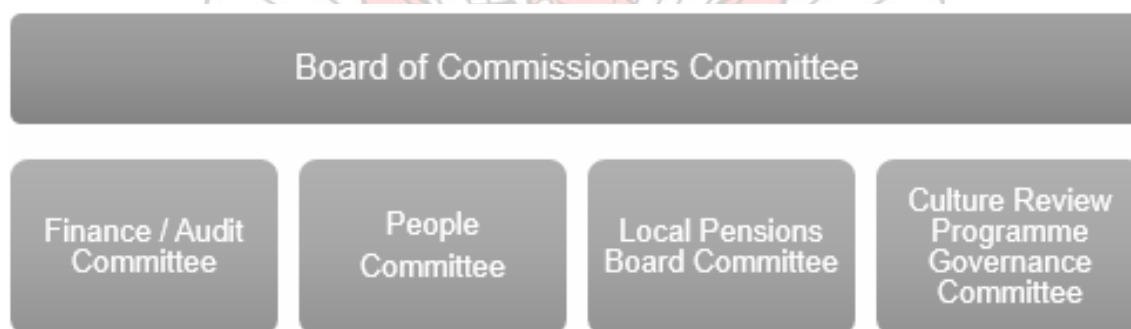


Fig. 4 Committees of the Board of Commissioners for South Wales Fire and Rescue Service – Commissioner decision making model

Under the Board of Commissioners for SWFRS the Executive Leadership Team (ELT), comprises the Chief Fire Officer (CFO), Directors, and the Treasurer, who are responsible for strategic leadership, political interface, and corporate challenge. The now renamed Senior Leadership Team (SLT) includes the same officers and Heads of Service, both uniformed and corporate, and provides organisational leadership, functional challenge, and service delivery. (see Fig. 5)

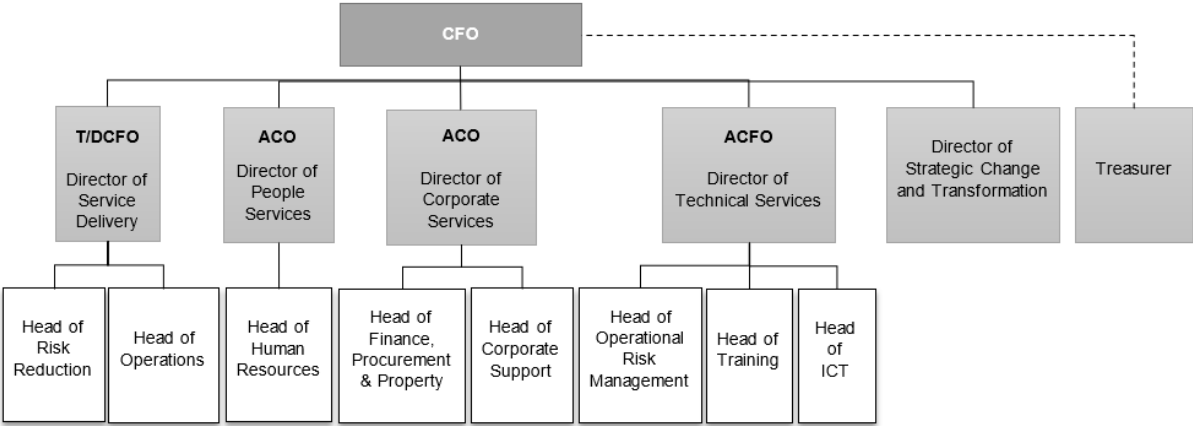


Fig. 5 Senior Leadership Structure of the Service

Under both governance arrangements the Chief Fire Officer is also the Head of Paid Service, responsible for ensuring that all the Authority functions are properly coordinated as well as organising staff and appointing appropriate management.

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

The Director of Corporate Services is designated the Monitoring Officer in accordance with the Local Government and Housing Act 1989, and ensures compliance with established policies, procedures, laws, and regulations. They are required to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of elected members and officers and, to be responsible for the operation of the organisation’s constitution.

Constitutional Documents – the SWFRA constitution was redrafted in 2022 and was published on the Service and was published on its [website](#). With the dissolution of SWFRA and the establishment of Commissioners for the Service the constitution is being revised and will be republished on the Website when approved by the Commissioners. The constitution includes Contract Standing Orders, Scheme of Delegations and Financial Regulations. The constitution is periodically reviewed by the Monitoring Officer and Treasurer, and any identified changes needed are carried out under delegated or are reported to the Board of Commissioners for their approval.

To provide a practical method of operational and financial management throughout the organisation, officers have been given certain powers through the governance framework in the form of Officer Delegations. Under the Local Government Act 1972, a list of these powers must be maintained, and this is done by the Monitoring Officer who regularly reviews their effectiveness. Any identified changes needed are carried out under delegated Authority or are reported to the Board of

Commissioners for their approval. These powers form an integral part of the Governance arrangements and were last reviewed by SWFRA in March 2023 and can be seen on page 87 of this linked [document](#). To ensure operational continuity these remain extant until they are reviewed in the redraft of the constitution.

The current Medium Term Financial Strategy (MTFS) covers the period to 2023-2024 to 2026-2027 and forms the cornerstone of the detailed budget construction annually. It provides a view on potential funding both nationally and locally. The MTFS was reported to the SWFRA on 25 September 2023 and the report can be reviewed on this [video link](#) and can be read on page 49 of this [link](#). Subsequently the Budget was approved by the Board of Commissioners on Monday February 12th, 2024. The final approved revenue budget can be read on page 5 of this [link](#) the presentation of this report can be reviewed on this [video link](#).

The Strategy considers:

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

[Strategic Plan](#) – The year five update on the plan outlines the direction that the organisation is taking and how we intend to meet the challenges over the 2020-2030 period to continue to deliver high quality services that meet the needs of our communities.

The organisations performance against the Strategic Plan and Statutory indicators was reported regularly to SWFRA and the FAPM Committee together with an overall report that is reported annually to SWFRA and on our website through the full document [Annual Improvement Plan How did we do in 2022-2023 and what we plan to do 2024-2025](#). There is also a [Quick Read Version of the Annual Improvement Plan How did we do in 2022-2023 and what we plan to do 2024-2025](#). This reporting schedule will continue to the Board of Commissioners.

Strategic Planning Framework – Our vision is to make South Wales safer by reducing risk. We recognise that safer communities can only be achieved by challenging and improving the way we work through a safe and competent workforce and effectively managing our resources. We therefore set a strategic direction for the organisation through our [Strategic Plan](#) which covers a ten year period and addresses the requirements of the Well-being of Future Generations

(Wales) Act 2015 together with the requirements of the Welsh Government's Wales Fire and Rescue Services National Framework Document 2016 and the Services responsibilities within the Socio Economic Duty 2021 as well as the Social Partnership and Public Procurement (Wales) Act 2023.

We therefore give due regard to socio-economic disadvantage in making strategic decisions, which contributes to the WFGA goals by producing Equality Impact Assessments when developing projects, amending, or writing policies, designing initiatives/campaigns, etc. These assessments are kept under review to ensure our activities are truly inclusive. By addressing any barriers to accessing our services, our focus is on the people we serve.

The Social Partnership and Public Procurement (Wales) Act 2023 directs public bodies in Wales which are in scope for the Social Partnership Duty to a framework which complements the WFGA and the Socio-economic duty in its four key principles:

- Social Partnership – consulting and working with trade unions or, where there is no recognized trade union, other staff representatives when setting well-being objectives and taking strategic decisions on their delivery.
- Socially Responsible Procurement – requires publication of a procurement strategy that ensures consideration of factors other than cost in public spending, including supply chain management.
- Fair Work – substituting 'fair work' for 'decent work' in the Prosperous Wales well-being goal focuses on providing conditions that enable a healthy, inclusive environment that is attentive to well-being.
- Sustainable Development – taking account of the impact of decisions taken today for the future.

These responsibilities are recognised in current processes and our plans. We will continue to build positive relationships with trade unions by introducing dedicated planning sessions and committing to delivering on the recommendation of the Independent Culture Review, with particular focus on well-being. The Wales's Fire and Rescue Service's Procurement Strategy 2022-2027 is being reviewed to address the new duty. For our Service, we have developed sustainable development principles which direct our decision-making processes, and we will continue to consider immediate need and long-term impact to ensure transparency and accountability.

Each directorate and department formulate their own plans in support of the strategic objectives which are reported on quarterly.

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

Specific financial risks are identified and managed within the MTFP and management accounting regime.

The SWFRA FAPM Committee and the Scrutiny Committee considered the effectiveness of the SWFRA's risk management arrangements and the work of the Internal and External Auditors. In 2023-2024, the Scrutiny Committee considered the Strategic Risks of the Service in the 11 December 2022 meeting and can be viewed on this [video link](#). A similar reporting schedule will continue to the Board of Commissioners.

There are established arrangements for effective financial controls through the organisations accounting procedures, key financial systems, and the Financial Regulations. These include established budget planning procedures and regular reporting, to those charged with governance, comparing actual revenue and capital expenditure to annual budgets. The organisations Treasury Management arrangements follow professional practice and are subject to annual review those charged with governance. Key financial controls are reviewed annually as part of the annual internal audit plan. Additionally, the adoption of the CIPFA Financial Management code, associated gap analysis and action plan further enhances the robustness of these controls.

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

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

Internal Audit is outsourced to a private sector organisation, who work to the Public Sector Internal Audit Standards which are applicable to all Internal Audit providers in Wales. The Annual Internal Audit Plan was agreed by the FAPM Committee which received regular reports on the audits undertaken together with the provider's annual report. This reporting and Scrutiny function will transfer the Finance & Audit Committee of the Board of Commissioners.

The Auditor General for Wales is SWFRA's statutory auditor, with the audit provided by Audit Wales. They provide challenge under the Public Audit (Wales) Measure 2004, The Local Government (Wales) Measure 2009 and The Local Government (Wales) Measure 2011, the Local Government Act 1999, and the Code of Audit Practice. They issue annual reports or statements on the performance of SWFRA, namely to:

- Examine and certify if the financial statements are true and fair.
- Assess if proper arrangements to secure economy, efficiency, and effectiveness in the use of resources have been made.

- Audit and assess if the duties and requirements of the Measure have been met.
- Undertake studies to enable considered recommendations for improving economy, efficiency, and effectiveness or for improving financial or other management arrangements.

The Auditor General and Audit Wales present their Audit Plan to those charged with governance annually, and regularly report progress and outcomes to them. All reports are published on the Audit Wales website (www.audit.wales).

The Annual Pay Policy Statement is approved by the organisation and published in accordance with the Localism Act 2011. This was approved at the Board of Commissioners meeting on 28 March 2023 and can be read on page 13 of this [link](#) or viewed on this [video link](#).

Members' allowances were paid in accordance with the Independent Remuneration Panel recommendations and are published in accordance with their requirements. On the dissolution of the Authority these Member payments ceased. The ongoing costs of Commissioners salaries, allowances and expenses, as agreed by Welsh Government, will be met by the Service.

Under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (the public sector Regulations), all public authorities are required to publish gender pay gap information by reporting the percentage differences in pay between their male and female employees. Public authorities must publish the required information based on data captured on the snapshot date of 31 March 2023, within 12 months. Accordingly, SWFRA published this information within the deadline. SWFRS 2023 Gender Pay Gap Report can be accessed on page 53 [here](#).

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

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

4. Governance Assurances aligned to CIPFA Principles

The following section provides a brief overview of the governance assurances undertaken by the organisation during 2023-2024. Although a criterion may be allocated under a particular principle there are many occasions when the same criteria will contribute to more than one criterion.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Vision Mission and Values - The Services Vision Mission and Values are published in the Strategic Plan and on the Services Website. These are the foundation of the decision making processes within the Service ([link](#)). These are to be reviewed in 2024 -2025 following the Morris Report ([link](#)).

Strategic and Improvement Plans – The Services 10 year strategic Plan ([link](#)) was published in 2019. This identified the Services longer-term aims and commitments and has an update published on an annual basis by 31st March each year ([Strategic Plan year five update](#)). This details the Improvement Objectives as required by the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015. The Stage 2 improvement Plan is published every October. Over a 12-week period between October and January, the Service consults on the proposed Improvement and Wellbeing Objectives ([full plan](#) or [quick read version](#)).

The Constitution - The Constitution is available on the Service's website ([link](#)) and explains how the organisation operates and how it makes decisions. The Constitution sets out the responsibilities of those charged with Governance, the decision-making model and framework and includes the Scheme of Delegation to Officers (section 11.7). The constitution was previously revised in 2022 following publication of the final Model Welsh Local Authority Constitution. Following the appointment of the Commissioners the constitution will be reviewed in 2024 and republished. There will also be an easy read constitution guide when republished.

The Code of Conduct for Members – which was published within section 16 of the 2022 Constitution, outlined the behaviours and conduct expected of Members. This was monitored by the Standards Committee ([link](#)).

The Code of Conduct for Officers (Staff) – is published within section 17 of the 2022 Constitution it outlined the behaviours and conduct expected of Officers (all members of staff [link](#)). This will also be included in the 2024 Constitution when published.

Complaints process – the Service has a procedure to receive and respond to any complaints made. Following the instigation of the Morris Report a number of additional ways of reporting were introduced including the FRS Speak Up scheme. There were regular internal communications to advise staff of the different ways to report issues. The [SWFRS Contact Us](#) webpage was updated. Following the [HMICFRS Values and culture in fire and rescue services Report](#) and associated action plan the Service established a Behaviours Overview Group to review Disciplinarys, Grievances and Complaints.

Head of Paid Service – the Chief Fire Officer is responsible for ensuring that all the Authority functions are properly coordinated as well as organising staff and appointing appropriate management.

Section 112 (2) Officer – also known as the Chief Financial Officer or Treasurer performs the duties of the Section officer. Section 112 of the Local Government Act 1972 requires FRSs to make arrangements for the proper administration of their financial affairs and appoint a S112 Officer to have responsibility for those arrangements. The Treasurer is a member of the Executive Leadership Team and is actively involved in decision-making.

The Monitoring Officer - has a specific duty to ensure the organisation, its Officers, and those charged with governance maintain the highest standards of conduct. The organisation's Monitoring Officer also has a specific duty to report matters they believe are, or are likely to be, illegal or amount to maladministration. The Monitoring Officer therefore ensures the lawfulness and fairness of the organisation's decision making. The Monitoring Officer also ensures that the necessary arrangements are in place to facilitate effective communication between Officers, those charged with governance, and the formal recording and publication of the democratic decision-making process.

To Minimise Risk of Fraud - Key policies are in place to prevent and minimise the risk of fraud. Policies include the Whistleblowing Policy, Anti-Fraud and Corruption Policy, Financial Regulations and Contract Procedure Rules. Where wrongdoing is suspected arrangements are in place to ensure that it is thoroughly investigated.

Legal Advice – When appropriate legal advice is sought during the decision-making processes within the Authority and Service.

Discipline – all allegations of wrongdoing are investigated in accordance with the Service's Disciplinary Procedure which complies with ACAS best practice. Following the [HMICFRS Values and culture in fire and rescue services Report](#) and associated action plan the Service established a Behaviours Overview Group to review Disciplinarys, Grievances and Complaints.

Strategic Equality Plan – the Service publishes a Strategic Equality Plan in compliance with the Equality Act 2010. Equality objectives and actions are reviewed annually and monitored throughout the year ([link](#)).

Ethical – The Service acts in an ethical way by considering its values in its decision-making processes. The Service is also committed to sustainable and ethical procurement buying local products when possible and ensuring that modern slavery safeguards are in place with all suppliers.

Working Wage employer – South Wales Fire and Rescue Service are currently paying employees over and above the Real Living Wage and is an accredited Real Living Wage employer ([link](#)).

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Corporate Planning Framework and Cycle - The Service has a well-established corporate planning framework and cycle which is regularly reviewed to ensure its effectiveness. Part of this cycle includes pre-engagement of the Improvement Objectives to be proposed in the October document.

Communications and Engagement Strategy - outlines the Service's approach to communication, including an overview of key stakeholders and the most appropriate mechanism to ensure effective communications and engagement with key target groups.

Access to Meetings and Information – All previous Fire Authority and now the Commissioners Board Committee meetings are advertised and open to the public. All of these meetings are now available on a multilocation basis where participants may be physically located in the meeting venue whilst others may join from other remote locations. This is defined in the 2022 constitution ([link](#)), the constitution is currently under review and will be republished on the Services Website. All previous Authority and now the Commissioners Board Committee meetings are recorded and published on the Services Website ([link](#)). Agendas and papers are available on the Service's website ([link](#)).

Commitment to openness – the Service demonstrates this by:

- open publication of reports provided to the Fire Authority / Commissioners for decision making.
- completion of impact assessments for all key decisions
- the Services Complaints Process
- regular engagement through programmed meetings and ad hoc engagement with all Employee Representative groups
- the Services whistleblowing policy
- specific Shout Forums following the publication of the Morris report.

Public Engagement - methods the Service employs include:

- directed communication using social media, with accounts on multiple social media platforms, engagement with young people via the Phoenix programme, Fire cadets and school visits.
- community safety engagement with householders and businesses
- positive action events such as Fire Fit for firefighter recruitment.
- attendance at open days/events– for example, the Eisteddfod and 999 weekend.

Internal communication - methods include:

- publications Routine Notice (weekly), Shout Newsletter (monthly), the Spark Annual review and the Service App.
- Opportunities for staff Discussions include Shout engagement forums, Principal officer visits to Stations and Departments, and Middle leader Events to share ideas and learning and to debate current and ongoing

issues.

- Service Update and Service Information Emails sent individually to all staff.

Media Campaigns - Our public media campaigns are led by the appropriate teams across the Service and delivered collaboratively with our Media and Communications team. We regularly collaborate with the other 2 Fire and Rescue Services in Wales in developing and delivering campaigns.

Partnership arrangements - are in place for Local Resilience Forum's, and their subsequent subgroups and membership of our local Public Services Boards and the Regional Partnership Boards. SWFRS also has partnership arrangements with other Public and Emergency Services including joint training exercises.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Well-being of Future Generations (Wales) Act 2015 - SWFRS is committed to supporting the Act and continues to play a key role in the formation of all the Local Well-being Plans, which represent the communities of South Wales.

Strategic Planning – the Services Strategic planning process contains the WBFGA at its core, the process begins with a PESTLE/SWOT analysis, involves significant engagement with staff, partners, and the public to ensure that the priorities of the Service are aligned with both public expectation, partner and communities needs and have our community's wellbeing at their core.

Financial Planning – the Service has robust Treasury, Capital and Medium-Term Financial Strategies that were regularly reviewed and scrutinised by the FAPM committee and full Fire Authority, this is now in place for the Board of the Commissioners and their Finance and Audit Committee. The key financial controls of the Service are audited on a regular basis.

Sustainability – The Service has published and reviewed its Carbon reduction and Biodiversity plans. The Service is also committed to improving its sustainable and energy efficiency infra structure from using Electric vehicles with suitable charging points on sites, to encouraging staff to develop biodiverse wellbeing areas, improving the biodiversity at our sites in sustainable ways.

Business Continuity – throughout the Covid Pandemic and during the recent planning for potential industrial action (IA) the Service has demonstrated its commitment and competence in developing and maintaining suitable business continuity arrangements.

Safeguarding – the Service has a Safeguarding policy and procedure in place to refer vulnerable people the Service meets, to other agencies.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Governance and Scrutiny – The governance and scrutiny provided by the those charged with governance of the Service is aimed to ensure robust assessment of Officer recommendations, the performance of and outcomes achieved by the Service.

Performance Reporting – there are regular performance and monitoring reports to the those charged with governance. The current Senior Leadership Team is developing a monthly scheduled timetable of assurance measures that are reviewed and scrutinised internally. These will cover progress reports and performance monitoring on operational performance, strategic indicators, and financial performance amongst others.

Internal and External Audit – the Service engages in regular internal and external audit programmes. The regular reporting and scrutiny of audit performance and monitoring of delivery on audit actions ensures that the Service continues to secure continuous improvement. This is evidenced in compliance certificates from Audit Wales.

Strategic Plans – The Service develops and delivers against multiple strategic plans which include the Strategic Plan, Strategic Equality Plan, Biodiversity and Carbon Reduction Plan. The Business Management system BMIS is used to monitor and record progress against these achievements.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Constitution – as described in Principle A the constitution is used as the guiding document to inform the workings of the Authority as well as the behavioural expectations for members and officers.

The NFCC leadership framework – has been adopted by the Service as the basis for the personal review process and is the framework for Pathways and continuous professional development (CPD). The Service has a robust Personal Review process. The pathways process includes future leadership development elements for all staff groups.

Training, Development, and Induction – Training and development opportunities are available for Commissioners and Officers alike throughout their time with the Service. There are proactive induction programmes for all and pathway programmes as well as online learning and development packages. The service has mandated that all members of the organisation will complete unconscious bias and inclusive leadership learning.

Health and Wellbeing – the Service understands the importance of health and wellbeing for operational and corporate staff alike. Challenging incidents attended by operational staff are tagged and a proactive programme of activity is carried out post

incident to make staff aware of the support available to them. The Service has a Wellbeing Delivery Group specifically putting in place supportive and preventative measures and programmes to support all staff.

Occupational Health – The Occupational Health offer to all staff encompasses both physical and mental health provisions throughout their career in Service. This ranges from Pre-employment medical examinations, Routine Medical Surveillance, LGV medical examinations for those that require this for their role. There are also Counselling Services for all that need them as well as targeted Post Critical Incident Support and Post Exposure Surveillance

Health and Fitness – in addition to the above the Service has gym provisions at all sites to enable staff to manage their fitness levels. The Services Health and Fitness Advisors support all staff in their fitness goals from regular fitness tests for Operational staff to fitness advice for corporate staff. They also provide nutrition advice and guidance as well weekly workouts published in Routine Notice.

Learning and development – The learning and development team regularly issue positive pointers to all staff within the Service which cover both, work-based learning, wellbeing support and health topics.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

Statutory Officers – as referred in Principle A the statutory officers (Head of Paid Service Treasurer and Monitoring Officer) have a key role in the management of risks, performance, robust internal control and strong financial management. The treasurer of the Authority is independent of the Head of Paid Service which enhances the robustness of the accounts management.

Performance Reporting – as referred to in Principle B.

Governance and Scrutiny – as referred to in Principle D.

Internal and External Audit – as referred to in Principle D, specifically the external audit of accounts.

Training, Development, and Induction - as referred to in Principle D. Ensuring the Service has trained and qualified staff.

Risk Management – the risk management process which identifies, monitors and manages risks on a strategic and departmental basis enables the Service to identify issues in advance and put in risk management strategies to manage, mitigate, and monitor risks.

Anti-Fraud, Anti-Bribery and Whistleblowing Policies– the Service has a dedicated Fraud Officer, as well as robust and embedded anti-fraud, anti-bribery, and whistleblowing policies. In addition, there is the expectation and requirement of officers and members to register declarations of interest, Related party returns and the M10 hospitality reporting process, as necessary.

Financial Procedure Rules – including the procurement frameworks, tendering process and where necessary the exceptional need for exemptions approval is carefully and closely controlled.

Information and Data protection – the Service has clearly defined processes and policies on information management and data security. The Security Risk Group meets on a regular basis and continually assesses potential risks to the Service. The Service has engaged in information sharing protocols with partners.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Access to Information – All governance committee meetings are documented with agenda and minutes as well as videos of the meetings being available on the Service Website for public scrutiny ([link](#)).

Annual Governance Statement – this statement itself is evidence of how the Service implements good practices in transparency, reporting, and audit to deliver effective accountability.

Governance and Scrutiny – as described in Principle D.

Performance Reporting – as described in Principle D.

Financial Procedure Rules – as described in Principle F.

Anti-Fraud, Anti-Bribery and Whistleblowing Policies – as described in Principle F.

Despite these measures and mitigations being in place, the Welsh Government in conjunction with the findings of the Morris report have instigated intervention measures against SWFRA. The timeline and reasons for this will be explored in further detail under the Review of Effectiveness within this Annual Governance statement.

5. Review of Effectiveness

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

It would be remiss in the Annual Governance Statement to not initially address the findings of the Morris Report and the considerations and actions of the Welsh Government following the recommendations and findings of the review.

Independent Culture Review (Morris Report)

On 3rd January 2024 the [Morris Report](#) was published. The Morris report made 82 recommendations [which can be seen on page 127](#) of the report. The Summary of the report can be seen below:

“The Service has many positive aspects. They include:

- 1) a universal proud commitment to service of the community;***
- 2) a usually warm and supportive watch culture;***
- 3) an excellent internal occupational health service;***
- 4) positive measures to support mental health and the neuro-diverse;***
and
- 5) the Chief Fire Officer's championing of the prevention of violence against women and girls.***

However, there are also serious deficiencies in the Service. They include:

- poor communications, systems, policies and procedures;***
- insufficient role modelling by leaders and managers;***
- a lack of transparency in recruitment and promotion procedures, meaning it is difficult to be certain that they are fair, and free from nepotism;***
- a lack of diversity;***
- the toleration of problematic behaviours, including: sexual harassment; negative assumptions about women; domestic abuse and physical aggression outside of work; the expression of negative views in relation to the protected characteristics of sex, race and/or religion; bullying; harmful ‘banter’; drug and alcohol abuse; and improper interference with procedures.***
- misconduct, including criminal conduct, that has previously gone insufficiently addressed, to the detriment of the Service's culture;***
- a lack of encouragement and support for people to speak up, and insufficient action when they do;***
- inadequate training, resulting in the problems identified above;***
- self-interest, and a lack of respect for colleagues in all roles and ranks***

We are encouraged by the steps the Service has already started to take to recognise and address its failings. These include:

- 1) the instigation of this Review;***
- 2) a greater commitment to equality, diversity and inclusion (“EDI”);***
- 3) improving its Human Resources functions;***
- 4) a more robust and consistent approach to disciplinary matters;***
- 5) improving promotion processes to address some of the issues that have been identified.***

Such actions demonstrate that the Service is committed to improving its culture. However, it has much further to go.”

In the [Senedd Plenary session on the 9th January 2024](#) Welsh Government responded to the Morris Report. The first Minister Mark Drakeford stated:

“...this is a highly critical report that exposes underlying failures in leadership, governance and decision making within the service. It demonstrates the need for fundamental cultural and managerial change.”

The First Minister continued:

“...The fire and rescue service is a constitutional anomaly in the sense that many of its responsibilities are not exercised at all here in the Welsh Government. But when a service fails, there are things that we can do, and the Deputy Minister will set out her initial thoughts about the actions that the Welsh Government may need to take in order to help with the recovery of that service, and to ensure that there are high-quality fire and rescue services available to the people of south Wales, delivered in a way that does not demonstrate the breakdown in culture and chains of responsibility that the report of Fenella Morris so vividly illustrates.”

The statement of the Deputy Minister Deputy Minister for Social Partnership Hannah Blythyn can be [read in full here](#). A Summary of the statement can be seen below

“...it is, in a word, damning.

- ***discriminatory attitudes and behaviours exist at all levels***
- ***Those responsible for them have brought disgrace to the service and tarnished the high regard in which firefighters are rightly held.***
- ***A boys’ club exists within the service, especially within senior management***
- ***There is widespread staff discontent and demotivation***
- ***A belief that nothing will ever change***
- ***Promotion arrangements are widely believed to be subject to bias and favouritism***
- ***Disciplinary procedures too often lead to inadequate sanctions or no sanctions at all***
- ***Key human resources policies are out of date, inadequate or concerned more with protecting the reputation of the service than the rights of individuals***
- ***the firefighting workforce remains overwhelmingly male and white.***

In short, there are many serious, long-running failures of management within the service.

The Deputy Minister Deputy Minister went on to state that:

“When I met the chair of the South Wales Fire and Rescue Authority yesterday, it was clear that he is taking the report seriously and accepts the recommendations in full. But that can only be the start of a long process of reform and cultural change. And I am far from convinced that the Authority alone is capable of designing, overseeing and implementing that process. To be clear, the issue is not whether the Welsh Government becomes involved, but how and to what extent.

In particular, I will need assurances on three issues.

Firstly, how can sustainable change take place when so many of the existing management structures and practices have been implicated in failure?

...I will need to be assured that the capacity, capability and willingness to complete that change programme is in place.

Secondly, there is a danger that the identified failures might also affect the delivery of front-line services. ...If the South Wales Fire and Rescue Service's ability to discharge its core functions has been affected, then that would clearly be a very serious matter indeed, and I will need very clear assurance about that.

Finally, we need to understand the role of the fire and rescue Authority in all of this. This report relates to failures of officer-level management, and it would be unfair to expect the Authority members to be fully aware of every detail of management practice. But the Authority is nonetheless the employer and the statutory body. It should show clear leadership and hold management to account. I am not convinced that it has done so.

I will be considering how the governance of the Authority might be strengthened to oversee sustainable change and prevent a recurrence of these failures....

...We simply cannot accept this level of discrimination and mismanagement in a public organisation charged with protecting people from serious harm.

On 15 January 2024 SWFRA accepted all 82 recommendations of the Morris Report, the meeting can be viewed on [this video link](#). The Authority agreed to create a Culture Review Implementation Committee, to oversee the development and delivery of the Action Plan and implementation of all the recommendations. The Draft Action Plan detailed four working groups to address themes raised in the Independent Culture Review Report:

- Policies and procedures
- Values, standards, leadership
- Training, promotions, recruitment
- Culture, EDI, communications

On [6th February 2024 the Deputy Minister made a further statement](#) to the Senedd. The transcript of the statement of the Deputy Minister Deputy Minister for Social Partnership Hannah Blythyn and the associated Senedd debate can be [read in full here](#). A Summary of the statement can be seen below

Sadly, I do not have confidence that the service has the internal capacity or capability to oversee its own recovery. Management at all levels, up to and including the highest, have been implicated in the identified failings. They cannot be both the problem and the solution. ...

The Authority's plan calls for support from the Welsh Government, the Welsh Local Government Association and others. That is reasonable. But such support needs strong foundations and clear and committed leadership

to drive through change, and I see no evidence of that...

I am also seriously concerned that these failings jeopardise the service's ability to function safely and effectively....These risks are real and immediate, and I have two recent examples of how the identified management failures directly and seriously affect core services.

Firstly, our chief fire and rescue adviser is a highly regarded and experienced former chief fire officer. He is also the statutory inspector of the FRAs in Wales, charged with making recommendations to them and me. In recent years, he has produced reports on the lessons of the Grenfell Tower fire, on improving service capacity and on firefighter training. Each of them contains fully evidenced recommendations to improve service standards and firefighter safety. It is therefore disappointing that South Wales Fire and Rescue Service has rejected many of these recommendations out of hand. Such a response would suggest the organisation is uninterested in better ways of fighting house fires or minimising the risk of fatigue, or ensuring that firefighters have the skills they need.

Secondly, false alarms have long outnumbered actual fires. Attendance at them commits firefighters to activity that wastes time and resources for prolonged periods. There are proven, simple and safe ways of reducing attendance, and our 2016 national framework for fire and rescue services called for action to do so. ... South Wales Fire and Rescue Service has done nothing meaningful. ...This reflects the same management insularity and tolerance of bad practice identified in the review. It has not just led to staff misconduct and discrimination, it is also affecting service quality and efficiency, and the safety of firefighters, and we must act to address that.

Finally, we have the fire and rescue Authority itself. It must show strategic leadership and hold senior management to account. It has clearly done neither. The failings date back to 2015, yet the Authority took no action during that period. Instead, it unanimously rejected some of the chief adviser's recommendations last March, and a few months later gave senior officers a significant pay rise. That action now looks very ill-judged.

The Authority's response establishes a committee to oversee the report's implementation. It also proposes to co-opt external expertise onto that committee, which is positive. But, I see no sign of the underlying weaknesses of governance changing. As with management, Authority members cannot be both the problem and the solution.

I am, therefore, issuing a direction to South Wales Fire and Rescue Authority today, requiring all of its functions to be exercised by four commissioners. Those commissioners will be charged with ensuring the full and sustainable implementation of the review's recommendations, as well as acting on the recommendations of our chief adviser. They will have full powers to restructure and reform service management and instil a positive, non-discriminatory culture, and they will remain until the work is finished and until South Wales Fire and Rescue Service is clearly an inclusive and

welcoming workplace for all.

The commissioners I am appointing are Baroness Wilcox, formerly leader of Newport City Council and leader of the Welsh Local Government Association; Kirsty Williams, formerly Member of the Senedd for Brecon and Radnorshire; Vijith Randeniya, formerly chief fire officer for the west midlands; and Carl Foulkes, formerly chief constable of North Wales Police.

As a result of the above statement the Welsh Government issued [Directions to the Fire and Rescue Authority](#). These Directions set out that the functions of the South Wales Fire and Rescue Authority must only be exercised by Commissioners appointed by the Welsh Ministers. This subordinate legislation can be viewed in full on this [link](#).

The Welsh Government through this [intervention](#) have discharged the following terms of reference for the Commissioners to:

- Implement of all the recommendations of the review of SWFRS culture and values within deadlines stipulated in it.
- Establish and oversee a new senior management team and related processes that are untainted by the failings identified in the report. As a first step, they will appoint a Chief Fire Officer and, as necessary, other senior staff necessary to contribute fully and effectively to the FRA's recovery.
- Establish and implement a process to identify grievance cases arising during the period covered by the report which may have been improperly and/or unfairly dealt with. They will also ensure those cases are reopened and re-examined, leading to a fair and just outcome.
- Implement all of the recommendations made in the Chief Fire and Rescue Adviser's thematic reviews on:
 - learning from Grenfell Tower Inquiry
 - fire and rescue service capacity
 - fire and rescue service operational training
- Make arrangements for a significant and sustained reduction in SWFRS's attendance at false alarms.
- Develop proposals for the future governance of FRA to minimise the risk of further such failings.
- Discharge other functions of the FRA and its members as set out in statute and the FRA's standing orders.
- Advise the Welsh Government on progress with the above, and on the potential for ending intervention.
- Undertake all their work in the full spirit of social partnership, and through continual and effective engagement with SWFRS staff and representative bodies.

Following this intervention the Commissioners for South Wales Fire and Rescue Service agreed for the temporary secondment of Stuart Millington, to the position of Interim Chief Fire Officer of South Wales Fire and Rescue Service (SWFRS) with effect Monday 12th February 2024. CFO Millington joined SWFRS on secondment from North Wales Fire and Rescue Service where he was an Assistant Chief Fire Officer. CFO Millington is working with the Commissioners and the Service to

ensure business continuity and progression against the terms of reference for the Commissioners.

Over and above this intervention the Welsh Government through the Equality and Social Justice Committee are receiving evidence in respect of the Governance of Fire and Rescue Services. There have been 8 scrutiny sessions receiving evidence from a number of panels which can be accessed on this [link](#). The outcomes of these evidence gathering panels will be reported and acted on by the Service when this information is available.

Clearly these issues have had an overriding impact on the review of effectiveness and will be referenced both in the 2024 – 2025 Action plan and the summary conclusion of this Annual Governance Statement.

In the meantime, the usual internal and external audit programmes have continued within the Service as have a number of usual governance processes that will be considered in the rest of this section.

External Auditor Programme of Audit and Reports – Audit Wales

The table below references the Audit Wales reports that have been utilised to review the effectiveness of the Service. For completeness and continuity with the previous Annual Governance Statement three years of reviews have been included.

Report	Issued
Wales South Wales Fire and Rescue Authority Annual Audit Summary 2023 (no link available)*	Jan 2023
South Wales Fire and Rescue Authority Audit of Accounts 2022/2023 Notice of Certification of Completion of the Audit (no link available)*	Dec 2023
Putting out the false alarms: Fire and Rescue Authorities' responses to Unwanted Fire Signals Report of the Auditor General for Wales October 2023	Oct 2023
Certificate of Compliance for the Audit of SWFRA's Improvement Plan 2023-24	Sep 2023
Fire False Alarm Reduction – South Wales Fire and Rescue Authority	May 2023
Cyber Resilience in the Public Sector – NOT FOR PUBLICATION (no link available) **	Dec 2022
Audit of South Wales Fire & Rescue Authority's Assessment of 2021-22 Performance	Dec 2022
Audit Wales - Certificate of compliance for the Audit of South Wales Fire & Rescue Authority's 2022-23 Improvement Plan	Jul 2022
Audit Wales Final Audit Letter	Jul 2022
Carbon Emissions Reduction	Apr 2022
Audit Wales Enquiries to 'Those Charged with Governance' – Draft Response	Feb 2022
South Wales Fire and Rescue Authority Annual Audit Summary 2022	Feb 2022

Report	Issued
Audit Wales Report – Joint Working Between Emergency Services Audit Wales Presentation FAPM Committee 25 July 2022	Jan 2022
South Wales Fire and Rescue Authority – Annual Audit Summary 2021	Jan 2022
South Wales Fire and Rescue Authority – Corporate Resilience Report June 2021	Nov 2021
South Wales Fire and Rescue Authority – Annual Audit Summary 2019-20	May 2021

Where possible links have been included to either Service reports to those in governance published on the Service Website or on the issuing organisations website.

*not yet published on Audit Wales website or in SWFRS public reports

**not published in the public domain due to security sensitivities.

Internal Auditor Programme of Audit and Reports

The tables below reference the internal audit programme that has been reports that have been utilised to review the effectiveness of the Service. For completeness and continuity with the previous Annual Governance Statement two years of the internal audit programme have been included. Once reason for this is that in the previous annual governance statement all the Assurance Assessments for 2022/23 were not available at the time of publication.

System	Type	Assurance Assessment 2023/24
Electric Vehicle Charging	A	Limited
Assets - Mobile Phones	A	Reasonable
ICT Data Assurance	A	Reasonable
Station Visits	C	Reasonable
Estates Strategy – Property Compliance	A	TBC
Risk Management – Mitigating Controls	A	N/A
O365 Implementation	A	Reasonable
Airwave / Emergency Services Network	A	N/A
Budgetary Control	A	Substantial
Pensions	A	Substantial
Sustainability	A	TBC
Health and Safety Management	A	TBC
Payroll – Core HR Pay Award and Month-end Payroll Processing	A	TBC
Core HR		Scheduled: 25/03/2024

System	Type	Assurance Assessment 2022/23
Rosters	A	Reasonable
Collaboration – Co-location	A	Reasonable

Human Resources Management – Wellbeing	A	Substantial
Station Visits	C	Reasonable
Payroll	A	Reasonable
Contract Management	A	Reasonable
General Data Protection Regulation (GDPR)	A	Substantial
ICT Network Security	A	Reasonable
Key Financial Controls	A	Reasonable
Risk Management – Mitigating Controls	A	Substantial
Human Resources Management – Training	A	Substantial
Sustainable Procurement	A	Reasonable

Type Key	A - Assurance	C - Compliance
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Chief Fire and Rescue Advisor Reports

Thematic Review	Issued
Learning from Grenfell Tower Inquiry	Feb 2021
Fire and Rescue Service Capacity - Broadening the Role of Firefighters in Wales	Oct 2022
Fire and rescue service operational training	Apr 2022

The Services previous responses to the above Chief Fire and Rescue Advisor Reports have been a key area of concern for the Welsh Government. The Terms of Reference for the Commissioners expressly references the implementation of the recommendations made in the above thematic reviews.

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

- Regular review of policies and procedures by the officer responsible and by the Senior Management/ Leadership Team.
- Periodic review of the constitution and ethical governance arrangements by the Monitoring Officer and Treasurer, which were last reviewed in March 2023. At the time of writing this report the constitution is again under review following the Welsh Government intervention and appointment of Commissioners.
- Those charged with governance regularly scrutinise the revenue and capital expenditure against the allocated budget together with regular scrutiny of the performance of the Service against the Strategic Plan.
- Senior officers regularly review the organisational risks with regular reports to those charged with governance.
- The previous SWFRA received annual reports from each of its committees including the Scrutiny group outlining the work that had been undertaken throughout the year, giving Members the opportunity to challenge and

scrutinise any area that they feel fit. Directorate reports were also presented to the Scrutiny Committee.

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

Draft Head of Internal Audit Opinion 2023/2024 issued 5th February 2024

"TIAA is satisfied that, for the areas reviewed during the year, South Wales Fire and Rescue Service has reasonable and effective risk management, control and governance processes in place. This is an indicative opinion and will be updated once all audit reports have been issued as final.

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

An update of the annual report will be completed at year end when all reviews are completed. The Indicative Internal Audit Annual Report 2023/24 can be viewed on page 171 of the Board of Commissioners Meeting papers presented to the Commissioners for SWFRS at the 28 March 2024 meeting on this [link](#).

The Auditor General also provides assurance to the organisation, through their South Wales Fire and Rescue Authority Audit of Accounts 2022/2023 Notice of Certification of Completion of the Audit Letter. In this document dated 5 December 2023 the Auditor general for Wales states:

"I am pleased to be able to advise you that the audit of your Authority's accounts for the year ended 31 March 2023 has been completed. I have not had to issue a report in the public interest under Section 22 of the Public Audit (Wales) Act 2004."

The Audit Wales South Wales Fire and Rescue Authority Annual Audit Summary 2023 shows the work completed since the last Annual Audit Summary which was issued in January 2023 stated that:

For 2022-23:

- ***the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 5 December 2023. The audit was delivered later than in previous years due to the impact of new auditing standard requirements, late revaluation of some property assets and the subsequent timing of the Finance, Audit and Performance Management Committee.***
- ***the draft statements were presented for audit on 31 May 2023. This was before the deadline of 31 July 2023 set by Welsh Government.***

- *the draft statements presented for audit were of good quality.*
- *the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.*
- *a small number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Finance, Audit and Performance Management Committee in our Audit of Financial Statements Report in December 2023.*
- *the Auditor General issued the certificate confirming that the audit of accounts for 2022-23 has been completed.*

Additionally, the Auditor General stated that for continuous improvement:

"The Auditor General certified that the Authority has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2022-23."

In respect of the Audit Wales Local project - False Fire Alarm Reduction:

In June 2023 we published our report on reducing false fire alarms within the Authority. We concluded that the Authority has made progress in its approach to managing fire false alarms. Making better use of data and learning from elsewhere will identify opportunities to better manage performance and risks.

The Audit Wales findings across the three Welsh Fire Authorities were published in the [Putting out the false alarms: Fire and Rescue Authorities' responses to Unwanted Fire Signals Report of the Auditor General for Wales October 2023](#).

In addition to the Internal and external audit programmes as outlined above a number of the day-to-day Corporate (Internal) Governance processes have operated satisfactorily throughout the year. The data in the table below is for the period 01 April 2023 to 31 March 2024

Issues identified	Performance in 2023-2024
Formal reports by Section 127 or Monitoring Officer	None issued
Issues Identified by those charged with governance or Monitoring Officer recommendations	No significant issues or breaches of Officer conduct have occurred
Proven frauds carried out by members of staff	None
Use of Regulation of investigatory Powers Act	There were no applications for RIPA authorisations in 2023-2024, nor were there any previous authorisations that carried onto 2022-2023.

Issues identified	Performance in 2023-2024
Complaints and Compliments received from members of the public	A total of 76 complaints received in 2023-2024. A total of 111 letters of thanks received during 2023 - 2024.
Number of disclosure or concerns of wrongdoing cases raised through the 3 potential routes indicated:	There were 56 cases that qualify as disclosures or concerns items during 2023-2024. <ul style="list-style-type: none"> • WHISTLE BLOWING – 1 • FRS SPEAK UP – 53 • RAISING CONCERNS EMAIL – 2
Grievances and Disciplinarys	Grievances - 11 Disciplinarys – 17 Dismissals - 9
Independent Culture Review	The Morris report identified 82 recommendations which can be seen on page 127 of the report

6. How We Met Significant Governance Issues and Challenges for 2023-2024

The Service fully supported the Independent Review of:

- the culture of the Service
- discipline processes
- historic cases of where employees have failed to uphold our professional values and standards.

The service fully cooperated with the Independent Culture Review team, encouraging staff past and present to openly engage with all aspect of the review.

When the review was published a series of events were held across the Service to engage with staff sharing the outcomes, the content of the Draft Action plan that was drawn up and to encourage staff from all across the organisation to volunteer for involvement in the Culture Review working groups.

Following the publication of the HMIFRS report on [Values and culture in fire and rescue services](#) in March 2023 the Service developed an action plan. This was progresses and reported to Welsh Government. An example of progress on this action plan was the introduction of DBS Checks for all staff at the Enhanced with Barring level.

On publication of the Morris Report and its associated recommendations a draft action plan was developed, and a widespread engagement programme initiated by the Senior Leadership Team at the time.

The during 2023/2024 the Service also continued to support the work of White Ribbon. Following suspension of the accreditation in December 2022 the Service continued to engage with White Ribbon in the development of a three-year action

plan. On the publication of the Morris Report White ribbon rescinded the South Wales Fire and Rescue Service Accreditation with immediate effect.

The Service also continued to engage with and perform against the IIP action plans that are currently running.

The Service continued to prepare for potential business continuity events including ensuring that the good preparation work for such events in the previous year were embedded and became business as usual. This involved regular exercising and testing of varied business continuity plans.

Meetings of the those charged with governance continued to be held in a hybrid fashion of in person and virtually, using video conferencing software and recorded for publication online. The Service continues to work towards embodying the full provisions of the LGE Act including the broadcasting and access to recordings of governance meetings.

The work that the Service was completing towards accepted recommendations from the two Welsh Government Fire Advisor Thematic reviews of broadening the role of the firefighter and operational training were not sufficient to satisfy Welsh Government that the Service was interested in better ways of fighting house fires or minimising the risk of fatigue, or ensuring that firefighters have the skills they need. This is one of the reasons that Welsh Government instigated the Commissioner led intervention.

The challenges within Fire Control continued to be considered by the Fire Control Review team. This work will be further advanced through the working groups that are delivering the recommendations of the Morris Report.

SWFRS will continue to safely deliver services to the communities we serve using the robust risk assessments by maintaining the procedures for safe systems of work, maintaining good hygiene and working safely both within operational incidents and in the general workplace.

Staff who can work from home were still enabled to do so whilst ensuring that all teams are represented effectively in the workplace. The Service was adopting a flexible approach to recognising that individuals will have a designated workplace, this work is now being progressed by the Policies and Procedures Cultural Review working group.

The Service continued the development of the Business Management Information System (BMIS) to support effective information gathering and real time decision making in times of business continuity events and to support business as usual.

The Service's integrated Core HR and Payroll system was further developed to streamline pay processes and the services offered for internal customers. The exit procedure was enhanced with auto generated questionnaires and the Services on boarding processes were improved.

The Services Wellbeing Delivery Group continued activity promoting and generating Wellbeing improvements for all staffing groups. The Service also began a review and refresh of Equality, Inclusion and Diversity activity, establishing a baseline and identifying future strategy. Station wellbeing areas continued to be developed across the Service resulting from the successful mental health project and biodiversity action plan which will continue to be a future focus of the organisation.

The Service did not however manage to progress Phase 2 of the Job Evaluation Project which will include reviews of Job Titles and allowances for on call / out of hours cover by green book staff.

Changes to pension and tax legislation continued to provide challenges to the organisation. The temporary restructure to provide capacity to deal with these complex issues was in place and progress was regularly reported to the Local Pension Board and those charged with governance.

Public Sector Funding continued to be an increasing challenge. The continuing impact of increased demand on public sector services and spending reductions in the wider public sector alongside the cost-of-living crisis is a key issue for the Service and the settlements that local authorities face is always considered when the Service sets its annual budget. These factors are always carefully considered when determining the MTFS.

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

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

Looking to longer term improvement and developments the Service continued to progress the Biodiversity and Carbon Reduction plans. The introduction of the Sustainability Steering Group (SSG) which has representation from key areas of the organisation i.e., Property, Facilities, Fleet, Procurement, Service Improvement, provided oversight of current and prospective sustainable projects in addition to monitoring the carbon footprint proving fruitful in embedding the changes required to begin to meet this significant challenge.

The Service saw progress in the preparatory and planning work to introduce and embed 'sustainable procurement' (SP), as a method of understanding where our suppliers are in their sustainability journey and to better monitor and aid decision making on the impact procurement has on the Services carbon footprint metric.

The Socio-Economic Duty continued to be embedded at the heart of decision making and delivering services. As a public body subject to the duty, the Service considered how strategic decisions can improve inequality of outcome for people who suffer socio-economic disadvantage. A statement on how we consider and act upon the Socio-Economic Duty can be seen on page 11 of the year 5 update of our Strategic plan which can be viewed [here](#).

The Service continues to be an active participant in the Joint Emergency Services Group (JESG) and along with the other partner agencies continue to work collaboratively to improve the services provided to and outcomes for our communities.

On the appointment of the Commissioners for South Wales Fire and Rescue Service a number of significant actions have been implemented at pace. An Interim Chief Fire Officer, Stuart Millington was appointed from outside the Service. Two Assistance Chief Fire Officers were temporarily promoted from substantive Area Managers within the Service. A Director of Strategic Change and Transformation, Domonic Mika, was appointed from outside the Service.

A number of engagement visits were carried out by Commissioners to familiarise themselves with the Service and current issues.

CFO Millington paused all Station visits from senior officers in the Service and embarked on a significant meet and greet programme across Stations and Departments within the Service to establish a baseline to develop areas for improvement.

An alternative executive governance programme and method of working began to be developed and established. Similarly, CFO Millington instigated an update of the Corporate (Internal) Governance structures within the Service.

7. Significant Governance Issues and Challenges for 2024-2025

There are several significant governance issues for the Service to address in 2024 – 2025 and beyond of which the most significant of these are noted in the Governance Action Plan 2024 – 2025 in this document. The purpose of this section is to provide context around the actions identified.

Following the Welsh Government Intervention the Executive Governance Model – Commissioner Led is nearing completion and will be finalised in the near term. Underpinning this the work to develop and instigate an improved Corporate (Internal) Governance Model is underway. The intention is to ensure that both governance models are developed and embedded with supporting performance indicators and assurance mechanisms.

The Assurance and Performance measures will be developed to be reflective of the true and proper situation that the Service

The achievement of all the Commissioners Terms of Reference are key deliverables. As summarised below will include but not be limited to:

- Implement the recommendations of the Morris Report
- Establish and oversee a new senior management team
- Establish and implement a process to identify grievance cases which may have been improperly and/or unfairly dealt with.
- Implement the recommendations made in the Chief Fire and Rescue Adviser's thematic reviews on:
 - learning from Grenfell Tower Inquiry

- fire and rescue service capacity
- fire and rescue service operational training
- Deliver a significant and sustained reduction in attendance at false alarms.
- Develop proposals for the future governance of FRA
- Discharge other functions of the FRA.
- Advise the Welsh Government on progress and identify an appropriate exit strategy.
- Undertake all their work in the full spirit of social partnership.

The development of an exit Strategy for the Commissioner Led Intervention with a new sustainable governance model is a longer-term outcome that will be achieved in partnership with Welsh Government.

The above will be achieved by supporting and enabling the Culture Review and Thematic Review working groups that have been internally commissioned to deliver the change and transformation programme. A key factor in this will be the support of the Director of Strategic Change and Transformation.

The culture improvement work planned within the Service is expected to be fully aligned with the ongoing work on the HMICFRS Values and Culture action plan. An element of that which will complete early in this governance plan is the DBS Checks Enhanced with Barring completed 2024/2025. Similarly, the introduction of 360 degree feedback as part of the personal review process which will be embedded at the Executive Team level initially with support this work.

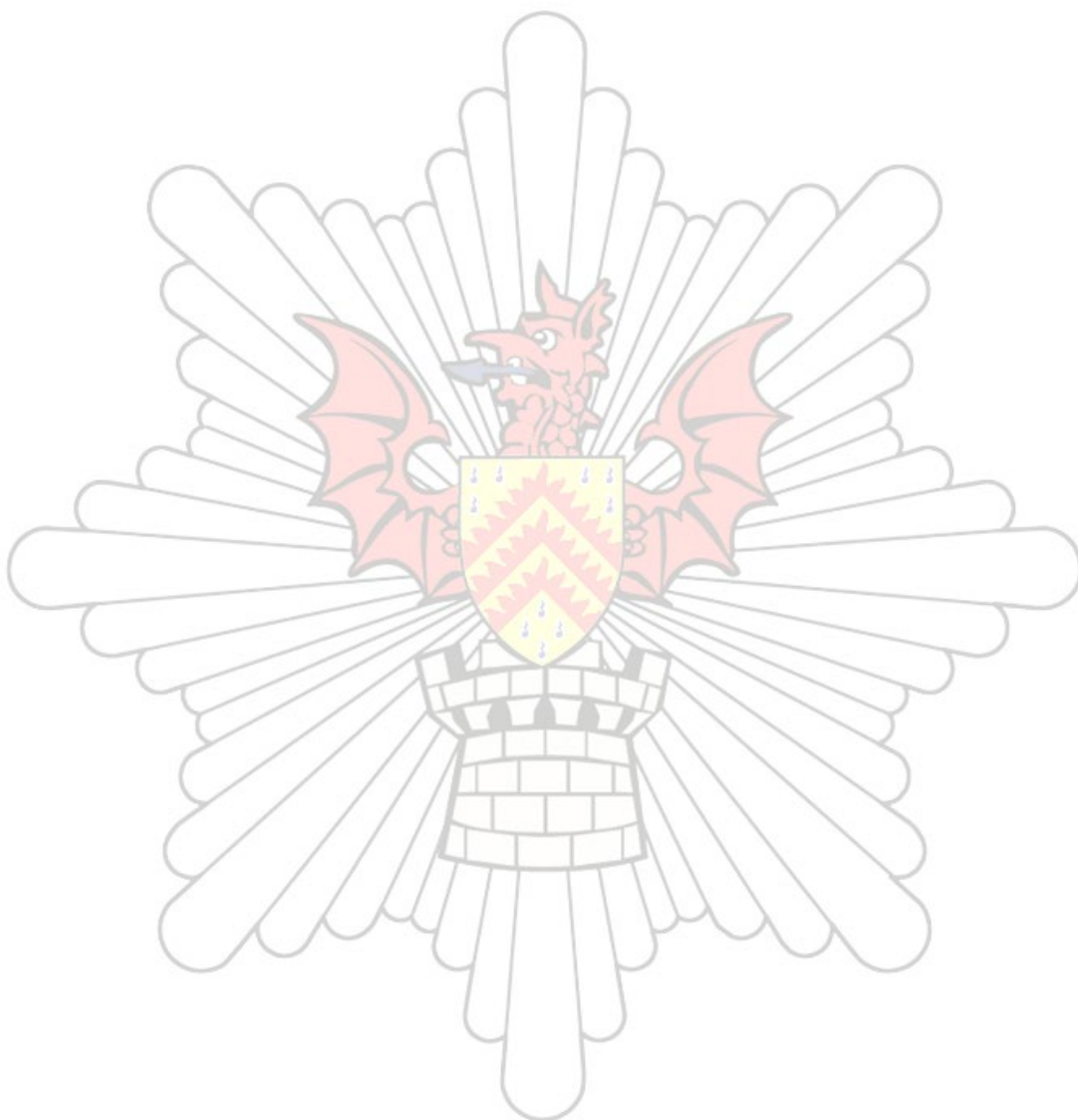
An independent review of Health and Safety provision within the Service been instigated to provide an impartial view of the current model and determine the most appropriate model going forward to support a modern progressive Fire and Rescue Service.

Recommendations and actions following on from the Welsh Government Equality and Social Justice Committee evidence panels in respect of the Governance of Fire and Rescue Services will be acted on by the Service when this information is available.

Public Sector Funding is an increasing challenge for all. The continuing impact of increased demand on public sector services and spending reductions in the public sector is a key issue for the organisation and the settlements that local authorities face will always be considered when the Service sets its annual budget. These factors, as well as the significant costs of addressing the shortcomings within the Service requiring the intervention of Welsh Government and subsequent improvement activity will be carefully considered when determining the MTFS update.

The Socio-Economic Duty will continue to be embedded at the heart of the Service decision making and delivering of services. As a public body subject to the duty, we consider how our strategic decisions can improve inequality of outcome for people who suffer socio-economic disadvantage. A statement on how we consider and act upon the Socio-Economic Duty and the Services responsibilities and obligations under the Social Partnership and Public Procurement (Wales) Act 2023 will be at

the heart of the refreshed long term strategic plan for the Service that will be published in March 2025.



8. Governance Action Plans

Governance action Plan 2023-2024

Governance Action Plan 2023-2024			
Improvement Area	Action	Outcome	Completion Date
Industrial Action (IA) Lead Officer: Assistant Chief Fire Officer – Director of Technical Services	To continue to test and have in place robust and effective business continuity plans to enable the Service to deliver its statutory duties in times of IA.	During times of IA, the Service can deliver its statutory duty to receive and action emergency incidents where there is risk to life or property.	Mar 2024
Progress: Exercises are ongoing to test capability against business continuity plans. The Service has a robust Auxiliary Firefighting and Control capability in place to provide reduced cover in periods of industrial action. Over the last 12 months a number of exercises have been facilitated to test the capability of response. Learning from these events has been incorporated into updated plans. The recruitment of additional Auxiliary FF and Control staff continues.			
Independent Review Lead Officer: Chief Fire Officer	To put in place, support and champion the mechanism and process of an independent review into: <ul style="list-style-type: none"> the culture of the Service discipline processes historic cases of where employees have failed to uphold our professional values and standards.	To receive learning and recommendations from the independent review; and to develop and implement actions to address the recommendations of the Review.	Mar 2024
PROGRESS: The review was supported by the Service throughout the process. The resulting Welsh Government Commissioner led intervention has begun with recommendations accepted and further terms of reference for the Commissioners being action planned for delivery will feature in the 2024-2025 Governance Action Plan			

Governance Action Plan 2023-2024			
Improvement Area	Action	Outcome	Completion Date
Job Evaluation Phase 2 Lead Officer: Assistant Chief Officer – Director People Services	1. Phase 2 of the programme to establish a more coherent approach for naming conventions across the Service for Corporate Roles. There will also be a review of the allowances applied to particular corporate roles. 2. Identify future working practices for the Service to enable consistent Job Evaluation activity	1. Review of Job Titles and Allowances. 2. Established process for future Job Evaluation activity.	1. Mar 2024 2. Sep 2023
PROGRESS: 1. Due to more pressing priorities the review of job titles and allowances has not been completed. An SLT task and finish group will be commissioned with this in 2024-2025. 2. Complete. Job Evaluation processes and capability within the People Services Department have been established.			
Fire Fighter Pensions Lead Officer: Assistant Chief Officer - Director People Services	To implement the decision of the Employment Tribunal in respect of: <ul style="list-style-type: none"> McCloud / Sargeant - age. Matthews / Obrien (M/O) par time working regs 	Firefighters' pensions corrected and calculated appropriately going forward.	As per the new legislative framework.
Progress: <ul style="list-style-type: none"> Completed. McCloud / Sargeant - response and actions have transitioned to business as usual. Matthews/Obrien delay in Wales has hampered implementation of the regulations. This will continue to feature in the 2024 – 2025 Governance Plan. 			

Governance Action Plan 2023-2024			
Improvement Area	Action	Outcome	Completion Date
Living Wage Foundation Accreditation Lead Officer: Assistant Chief Officer - Director People Services	Achieve confirmation of living wage accreditation.	Become an accredited living wage employer.	Sept 2024
PROGRESS: South Wales Fire and Rescue Service are currently paying employees over and above the Real Living Wage and is an accredited Real Living Wage employer (link).			
Biodiversity and Carbon Reduction Plan Lead Officer: Assistant Chief Officer - Director Corporate Services	To seek to maintain and enhance biodiversity and reduce the carbon footprint in the proper execution of the Services functions, and in doing so promote the resilience of ecosystems.	Develop and implement the first 3-year plan to reduce the impact of the Service on the environment and support the Environmental objectives of the Wellbeing Future Generations Act.	Mar 2024
PROGRESS: The annual Carbon reduction Plan (CRP) updated was reported to the 25 September 2023 Fire Authority with the following highlights for 2023/24 - <ul style="list-style-type: none"> • Introduction of sustainable procurement practices. • Increased / Improved green spaces. • Establishing repeatable baseline data format Work will continue into 2024-2025 and beyond			

Governance Action Plan 2023-2024			
Improvement Area	Action	Outcome	Completion Date
CIPFA Financial Management Code 2019 Lead Officer: Treasurer	Embody actions and recommendations from the self-assessment of the Service's compliance with the principles of the CIPFA FM Code.	Improve financial resilience of the Service by embedding enhanced standards of financial management. Address any gaps or limitations in compliance with the FM Code.	Mar 2024 Planned to continue into 2023-24
PROGRESS: <ul style="list-style-type: none"> • The revised budget consultation has been actioned. • Performance Data development has been completed for consideration in the new Governance arrangements. • Similarly project documentation and sign off has been completed for consideration in the new Governance arrangements. • An audit has been undertaken regarding Contract Management with a supporting action plan to act on recommendations and improve. 			
COVID Enquiry Lead Officer: Chief Fire Officer	Prepare to respond to the Covid 19 Enquiry		Mar 2024
PROGRESS: Complete. During the Service's Covid response decisions made at the time were fully recorded and learning points extracted during the process. This documentation has been safely collated and archives in preparation of response.			

Governance Action Plan 2023-2024			
Improvement Area	Action	Outcome	Completion Date
Internal Communication of Constitution and contents Lead Officer: Assistant Chief Officer - Director Corporate Services	To complete and evidence communication and understanding of the constitution across the Service specifically officer code of conduct section	All staff within the Service have read and understood the Officers Code of Conduct	Dec 2023
PROGRESS: Following the publication of the Morris report, a review of the officer's code of conduct will form part the Culture Review Working Groups areas for consideration. These will be updated and implemented in line with the recommendations made in the Morris Report.			
Fire Control Review Lead Officer: Assistant Chief Fire Officer - Director of Service Delivery	Implementation of the Joint Fire Control review report 5 Key Task Areas (KTA) published in September 2021.	Service able to fulfil its statutory duty. An efficient, effective, and resilient Joint Fire Control room function.	Mar 2024
PROGRESS: Work continues to work collaboratively between the Services in full consultation with the staff groups and their representative bodies. Learning from the Morris Report is being embodied into future action. This action will now be subsumed into normal business and the improvement work from the Morris Report and the work of the Commissioners.			

Governance action Plan 2024-2025

Governance Action Plan 2024-2025			
Improvement Area	Planned Action	Lead Officer	Completion Date
Commissioners Governance Model	Identify and implement a suitable governance model for the Commissioner led intervention	Assistant Chief Officer - Director Corporate Services	Sep 2024
Revise the Constitution of the Service	Revise and publish the Constitution	Assistant Chief Officer - Director Corporate Services	Sep 2024
Establish and oversee a new senior management team	Establish a Senior Leadership Team to deliver the Service through the change programme.	Chief Fire Officer	Sep 2024
Implementation of Morris Report Recommendations	Address the recommendation in the Morris Report to establish an improved culture in SWFRS.	Assistant Chief Officer - Director Strategic Change and Transformation	Sep 2025
Delivery of Thematic Reviews Recommendations	Commission Thematic review working groups to deliver the recommendation from the Chief Fire Advisor Thematic reviews.	Chief Fire Officer	Mar 2025
Deliver the Terms of Reference of the Commissioners	Complete the terms of reference charged to the Commissioners	Chief Fire Officer	Sep 2025
Corporate (Internal) Governance and KPI review	Establish a high functioning corporate (internal) governance structure with associated performance and assurance metrics to evidence realistic assessment of performance.	Chief Fire Officer	Aug 2024
Review of historic grievance cases.	Establish and implement a process to identify grievance cases which may have been improperly and/or unfairly dealt with	Assistant Chief Officer - Director People Services	Mar 2025
Reduction of False Alarm attendance.	Deliver a significant and sustained reduction in attendance at false alarms	Assistant Chief Fire Officer - Director Service Delivery	Dec 2024
Future Governance	Develop proposals for the future governance of the Fire and Rescue Authority	Assistant Chief Officer - Director Corporate Services	Sept 2025

Governance Action Plan 2024-2025

Improvement Area	Planned Action	Lead Officer	Completion Date
Intervention Exit Strategy	Advise the Welsh Government on progress and identify an appropriate exit strategy.	Chief Fire Officer	Sept 2025
Job Evaluation Phase 2	Phase 2 of the programme to establish a more coherent approach for naming conventions across the Service for Corporate Roles. There will also be a review of the allowances applied to particular corporate roles.	Assistant Chief Officer – Director People Services	Mar 2024
Fire Fighter Pensions	To implement the decision of the Employment Tribunal in respect of Matthews / Obrien part time working regs	Assistant Chief Officer - Director People Services	As per the new legislative framework.
Medium Term Financial Plan	Further develop the MTFP in terms of efficiency savings arising from Strategic Transformation across the Service	Treasurer	Feb 2025 budget setting.

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

The organisation recognises that good governance provides the foundation for the delivery of good quality services that meet the needs of stakeholders and ensures that public money is well spent. The Welsh Government did not consider that its governance arrangements for 20223-2024 remained fit for purpose and therefore dissolved the Fire Authority and implemented a commissioner led intervention to address the shortcomings that the Welsh Government identified.

It is believed that that some elements of the scrutiny, internal and external audit processes as well as risk management demonstrated that the Corporate (Internal) Governance in the organisation was partially effective. However, the existing arrangements were not deemed fit for purpose and the Service was not considered well placed to meet its aims and objectives, to achieve the intended outcomes for the community and service users.

The Commissioners are now satisfied that with the changes already instigated since their appointment and with the achievement of the Governance Action Plan 2024 - 2025 that appropriate governance arrangements will be in place for 2024 -2025 and beyond. The Commissioners are committed to further enhancing these through continual review of the governance improvement arrangements.

10. Joint Statement by the Commissioners for South Wales Fire & Rescue Service and Chief Fire Officer

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

The Annual Governance Statement for 2024-2025, will include an updated position against the governance issues identified in the 2023-2024 Statement.

Commissioners for South Wales Fire & Rescue Service	
Signed:	Date:
Chief Fire Officer	
Signed	Date:

AUDITOR'S REPORT

The report of the Auditor General for Wales to the members of South Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of:

- South Wales Fire and Rescue Authority;
- South Wales Fire and Rescue Authority Firefighters Pension Fund

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The Firefighters Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of South Wales Fire and Rescue Authority and the South Wales Fire and Rescue Authority Firefighters Pension Fund as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of South Wales Fire and Rescue Authority and South Wales Fire and Rescue Authority Firefighter's Pension Fund and

its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the South Wales Fire and Rescue Authority and the South Wales Fire and Rescue Authority Firefighter's Pension Fund's ability to continue as a going concern disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible officer anticipates that the services provided by South Wales Fire and Rescue Authority and South Wales Fire and Rescue Authority Firefighter's Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with section 13(2) of the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

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

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the South Wales Fire and Rescue Authority and South Wales Fire and Rescue

Authority Firefighter's Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

The maintenance and integrity of South Wales Fire and Rescue Authority's website is the responsibility of Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

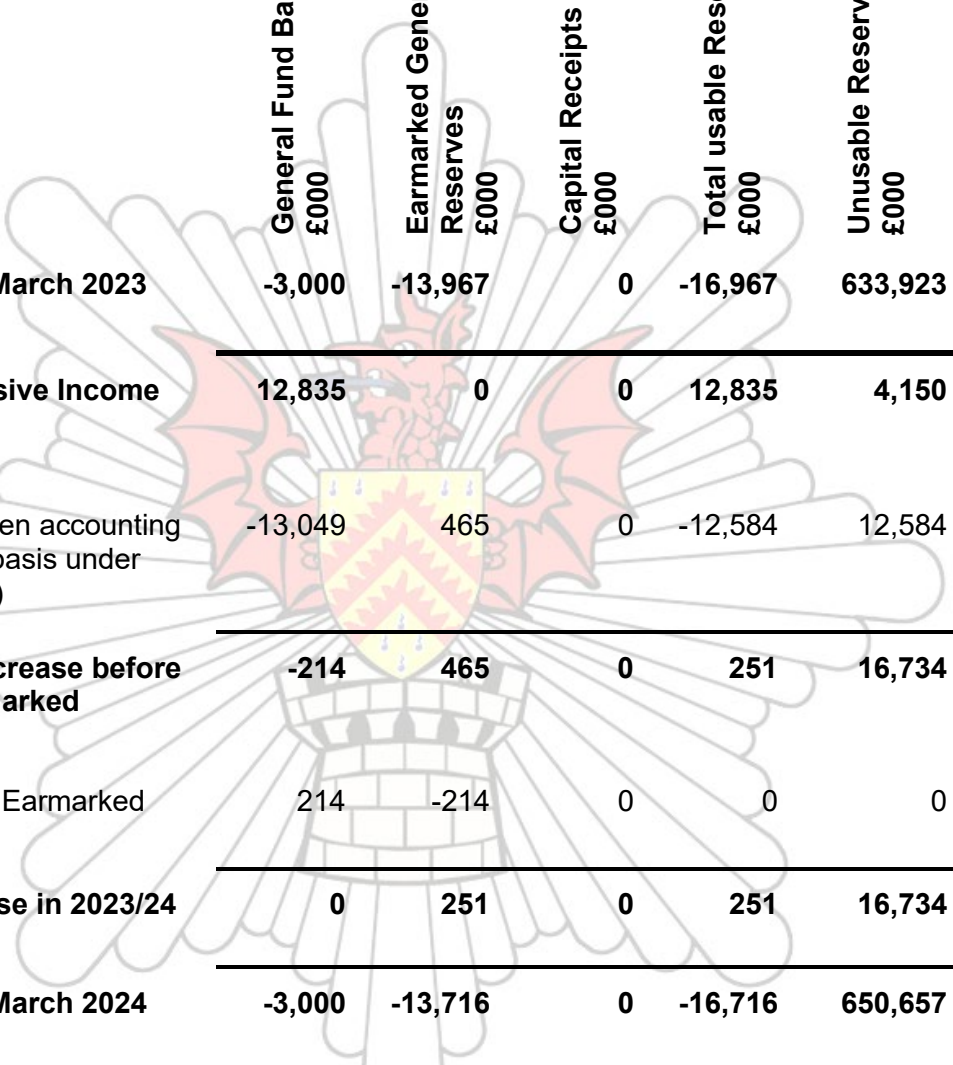
Adrian Crompton
Auditor General for Wales
Date:

1 Capital Quarter
Tyndall Street
Cardiff CF10 4BZ

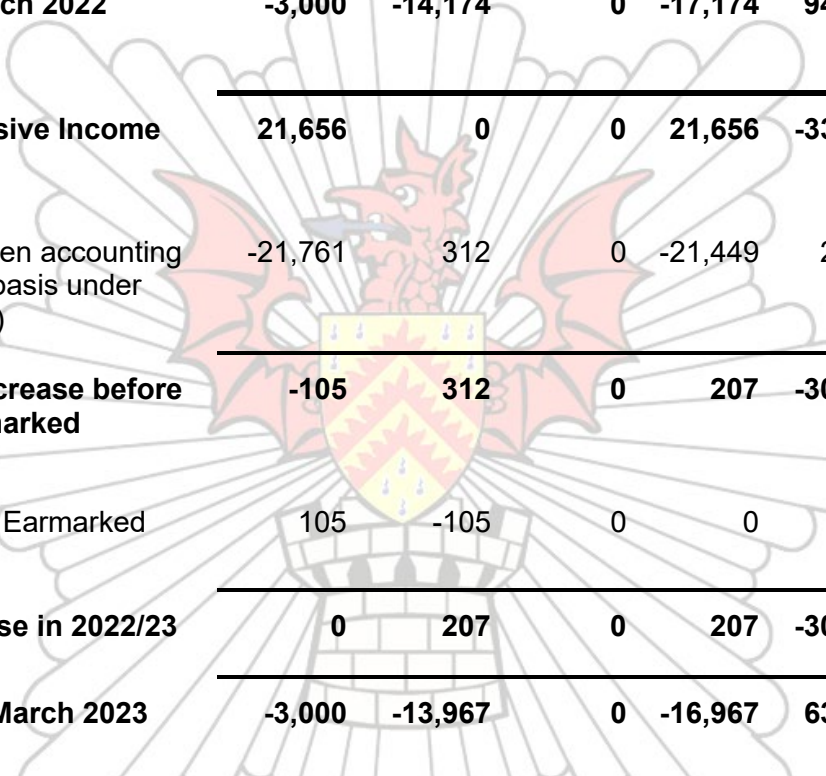
COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

2022/23				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
84,431	-8,398	76,033	Fire Fighting costs	75,456	-3,531	71,925
84,431	-8,398	76,033	Cost of Services	75,456	-3,531	71,925
0	13	13	Other operating income & expenditure (note 6)	0	-82	-82
27,564	-260	27,304	Financing and investment income and expenditure (note 7)	32,683	-558	32,125
0	-81,694	-81,694	Taxation and non-specific grant income (note 8)	0	-91,133	-91,133
		21,656	Deficit on Provision of Services			12,835
0	5,995	-5,995	Surplus or Deficit on Revaluation of Property, Plant and Equipment	0	1,930	1,930
		-324,600	Re-measurement of the net defined benefit (asset) / liability (note 21 & 34)			2,220
		-330,595	Other Comprehensive (Income) and Expenditure (MiRS)			4,150
		-308,939	Total Comprehensive (Income) and Expenditure			16,985

MOVEMENT IN RESERVES STATEMENT (MiRS)



	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance as at 31 March 2023 carried forward	-3,000	-13,967	0	-16,967	633,923	616,956
Total Comprehensive Income and Expenditure	12,835	0	0	12,835	4,150	16,985
Adjustments between accounting basis and funding basis under regulations (note 3)	-13,049	465	0	-12,584	12,584	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-214	465	0	251	16,734	16,985
Transfers to/(from) Earmarked Reserves	214	-214	0	0	0	0
(Increase)/Decrease in 2023/24	0	251	0	251	16,734	16,985
Balance as at 31 March 2024 carried forward	-3,000	-13,716	0	-16,716	650,657	633,941



	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2022 carried forward	-3,000	-14,174	0	-17,174	943,069	925,895
Total Comprehensive Income and Expenditure	21,656	0	0	21,656	-330,595	-308,939
Adjustments between accounting basis and funding basis under regulations (note 3)	-21,761	312	0	-21,449	21,449	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-105	312	0	207	-309,146	-308,939
Transfers to/(from) Earmarked Reserves	105	-105	0	0	0	0
(Increase)/Decrease in 2022/23	0	207	0	207	-309,146	-308,939
Balance as at 31 March 2023 carried forward	-3,000	-13,967	0	-16,967	633,923	616,956

BALANCE SHEET

31 March 2023		31 March 2024	Notes
£000		£000	
93,414	Property, Plant and Equipment	90,099	9
184	Intangible assets	127	
100	Long Term Debtors	0	13
93,698	Long Term Assets	90,226	
1,073	Inventories	1,078	
6,071	Short Term Debtors	4,241	13
2,163	Cash and Cash Equivalents	416	14
9,307	Current Assets	5,735	
-437	Short Term Liabilities	-91	33
-1,535	Short Term Borrowing	-4,259	10
-5,425	Short Term Creditors	-2,712	15
-38	Provisions	0	16
-7,435	Current Liabilities	-7,062	
-25,354	Long Term Borrowing	-23,959	10
-3,240	Other Long Term Liabilities – PFI	-3,149	33
-683,932	Liability related to defined benefit pension schemes	-695,732	34
-712,526	Long Term Liabilities	-722,840	
-616,956	Net Assets	-633,941	
-16,967	Usable Reserves	-16,716	17
633,923	Unusable Reserves	650,657	18
616,956	Total Reserves	633,941	

CASH FLOW STATEMENT

2022/23		2023/24
£000		£000
21,656	Net deficit on the Provision of Services (CIES & note 23)	12,835
-25,749	Adjustments to net surplus or deficit on the Provision of Services for non-cash movements (note 23)	-17,575
161	Adjustments for items included in the net surplus or deficit on the Provision of Services that are Investing and Financing activities (note 23)	-240
-3,932	Net cash (inflow)/outflow from Operating Activities	-4,980
5,792	Investing Activities (note 24)	6,772
3,135	Financing Activities (note 24)	-45
4,995	Net (increase) or decrease in cash and cash equivalents	1,747
7,158	Cash and cash equivalents at the beginning of the reporting period	2,163
2,163	Cash and cash equivalents at the end of the reporting period (note 14)	416

Note

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

ACCOUNTING POLICIES

GENERAL

The Statement of Accounts summarises the Service's transactions for the 2023/24 financial year and its position for the year ended 31 March 2023. The Service is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

ACCRUALS INCOME AND EXPENDITURE

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

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

CASH AND CASH EQUIVALENTS

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

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

- Depreciation attributable to the assets used by the service

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

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

EMPLOYEE BENEFITS

Benefits payable during employment

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

Termination Benefits

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

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

POST EMPLOYMENT BENEFITS

Pensions

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

1. Fire Fighter Pension Schemes (FPS)

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

The pension fund is treated as a separate income and expenditure statement in the Statement of Accounts and is ring fenced to ensure accounting clarity, please see notes 21, 34 and the 'Fire fighters Pension Fund Account' for more detail. It is through the pension fund that the Service discharges its responsibility for paying the pensions of retired officers, their survivors and others who are eligible for benefits under the scheme.

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

2. Corporate and Control Room Staff

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Service becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing

and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

cover general expenditure are credited to the foot of the CIES after Net Operating Expenditure.

INVENTORIES AND LONG TERM CONTRACTS

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

LEASES

Finance leases

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

Operating Leases

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

PROPERTY, PLANT AND EQUIPMENT

Recognition

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

Property, Plant and Equipment are capitalised where:

- it is held for use in delivering services;
- it is probable that future economic benefits will flow to, or service potentially be provided to, the Service;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the cost of the individual asset is at least £15,000;
- the items form a group of assets which individually have a cost of at least £500, collectively have a cost of at least £60,000, where the assets are functionally interdependent, they broadly have simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; and

- the items form part of the initial equipping and setting-up cost of a new building or refurbishment of a station or offices, irrespective of their individual or collective cost. Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.
- Where the acquisition or creation of IT systems incorporates both physical hardware and licences to use the system, judgement is made as to whether this will be classified wholly as Property, Plant and Equipment or Intangible Assets, as per the CIPFA Code of Practice on Local Council Accounting.

Measurement (Valuation Basis)

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

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

Land and building assets are valued every 5 years by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Annual impairment reviews are carried out in other years internally. The annual reviews are conducted using the most appropriate information available at the date of the review. A full revaluation was last carried out 31 March 2020 and a desktop valuation was carried out as at 31 March 2024 to reflect increases in property value for buildings held at Depreciated Replacement Cost.

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

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

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

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

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

Subsequent expenditure

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

Revaluation and impairment

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

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

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

Depreciation

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

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

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Private Finance Initiative (PFI)

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

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

Provisions

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

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

Contingent Liabilities

IAS 37 defines contingent liabilities as either:

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

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

Reserves

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

Value Added Tax (VAT)

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

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

New standards and amendments to existing standards that have been published but not adopted by the Code until 2024/25 are:

- IFRS 16 Leases
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

It is not anticipated that the above amendments will have a material impact on the information provided in the Service's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

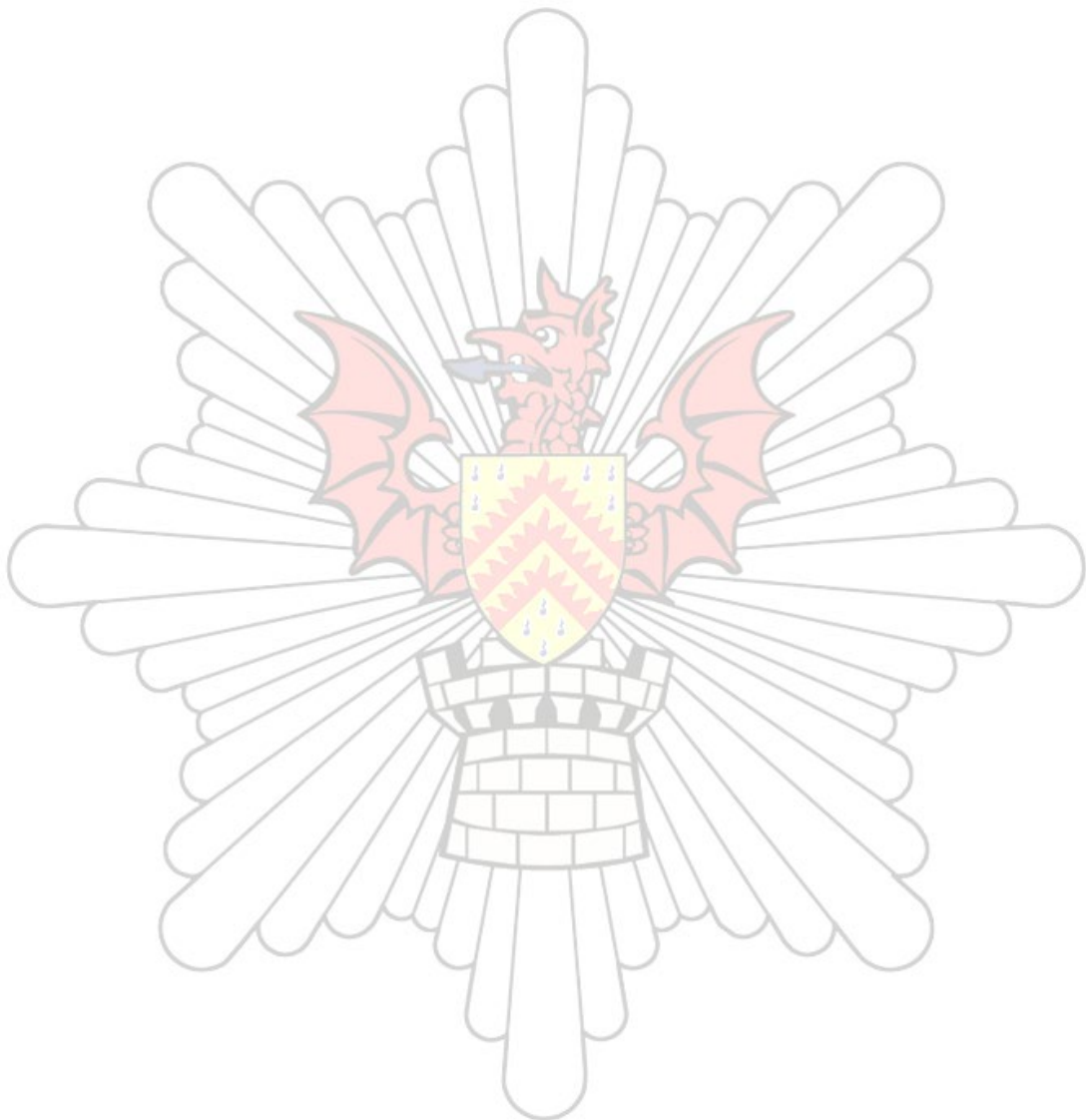
The Statement of Accounts contains estimated figures that are based on assumptions made by the Service about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined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

The items in the Service's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liabilities (note 34)	Assumptions have been made in the accounts as to the value of future pension costs and income, i.e. liabilities and assets. This is to provide an understanding as to the potential liabilities faced by the Service.	Changes to pension assumptions will affect the value of assets and liabilities and will impact on the main financial statements, i.e. MiRS, CIES, Balance Sheet and Cash Flow.
Property, Plant and Equipment (note 9)	The Service revalues its assets every 5 years. The last revaluation was undertaken in 2019/20. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions. Since the valuation date there has been a significant uplift in Building Cost Information Service (BCIS) construction data, therefore, as at 31 March 2024 a desktop revaluation exercise of all land and buildings was completed by the Service's Valuers.	A fluctuation in property values would impact on the values held in the Balance Sheet and on the corresponding depreciation charge.

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

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



Adjustments between accounting basis and funding basis under regulations

2022/23					2023/24			
General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Movements in Unusable reserves £000		General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Movements in Unusable Reserves £000
				Adjustments primarily involving the Capital Adjustment Account:				
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
-5,564	0	0	5,564	Charges for depreciation and impairment of non-current assets	-8,262	0	0	8,262
1,425	0	0	-1,425	Revaluation losses on Property Plant and Equipment				
-312	312	0	0	Capital grants and contributions applied	645	0	0	-645
				PFI transactions to earmarked reserves	-465	465	0	0
0	0	0	0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
-4,451	312	0	4,139		-8,082	465	0	7,617
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
3,630	0	0	-3,630	Statutory provision for the financing of Capital Investment	3,923	0	0	-3,923
200	0	0	-200	Capital expenditure charged against the General Fund	387	0	0	-387
				Adjustments primarily involving the capital receipts reserve:				
-13	0	-24	37	Transfer of cash sale proceeds credited as part of the gain/loss on disposal	82	0	-98	16
0	0	24	-24	Contribution from the Capital Receipts Reserve to finance new capital expenditure	0	0	98	-98
3,817	0	0	-3,817		4,392	0	0	-4,392
				Adjustments primarily involving the Pensions Reserve:				
-33,226	0	0	33,226	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-22,250	0	0	22,250
11,767	0	0	-11,767	Employer's pension contributions and direct payments to pensioners payable in the year	12,670	0	0	-12,670
-21,459	0	0	21,459		-9,580	0	0	9,580
				Adjustment primarily involving the Accumulated Absences Account:				
332	0	0	-332	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (note 22)	221	0	0	-221
-21,761	312	0	21,449	Total Adjustments:	-13,049	465	0	12,584

Note 4 – EXPENDITURE AND FUNDING ANALYSIS (EFA)

2022/23				2023/24		
Net Expenditure Chargeable to General Fund £000	Adjustments between the funding & Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund £000	Adjustments between the funding & Accounting Basis £000	Net Expenditure in the CIES £000
79,199	-4,591	74,608	Fire Fighting Services	89,161	-17,881	71,280
79,199	-4,591	74,608	Net Cost of Services	89,161	-17,881	71,280
-79,304	26,352	-52,952	Other Income and Expenditure	-89,375	30,930	-58,445
-105	21,761	21,656	(Surplus) / Deficit (Note 4 and Note 5)	-214	13,049	12,835
-3,000			Opening General Fund Balance	-3,000		
-105			+/- (Surplus) / Deficit on General Fund	-214		
105			Transfers to / (from) earmarked reserves	214		
-3,000			Closing General Fund Balance at 31 March	-3,000		

2023/24				
Adjustments from General Fund to arrive at the CIES Amounts	Adj's for Capital Purposes £000	Net change for the Pensions Adj's £000	Other Differences £000	Total £000
Fire Fighting Services	4,389	-21,660	-610	-17,881
Net Cost of Services	4,389	-21,660	-610	-17,881
Other income and expenditure from the Expenditure and Funding Analysis	-82	31,240	-228	30,930
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on the Provision of Services	4,307	9,580	-838	13,049
2022/23				
Adjustments from General Fund to arrive at the CIES Amounts	Adj's for Capital Purposes £000	Net change for the Pensions Adj's £000	Other Differences £000	Total £000
Fire Fighting Services	2,152	-4,581	-2,162	-4,591
Net Cost of Services	2,152	-4,581	-2,162	-4,591
Other income and expenditure from the Expenditure and Funding Analysis	13	26,040	299	26,352
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit on the Provision of Services	2,165	21,459	-1,863	21,761

Note 5 - EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2022/23 £000	2023/24 £000
Expenditure		
Salaries, NI & Superannuation	65,537	69,059
Pensions (ill health)	982	1,211
Travel & Subsistence	464	355
Total Employee Costs	66,983	70,625
Premises Related Expenses	5,642	6,378
Training Expenses	1,668	1,617
Supplies & Services	6,247	6,492
Transport Related Expenses	1,601	1,558
Contracted Services	1,159	1,799
Capital Costs / leases	4,556	4,968
Gross Expenditure	87,856	93,437
Income	-8,657	-4,276
(Surplus) / Deficit for the year	79,199	89,161

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

Amounts in the CIES not reported in the I&E

Accumulated absences	-332	-221
IAS 19 adjustments	21,459	9,580
PFI operating costs	1,420	1,604
Financing adjustment re: PFI /Leases	482	450
Depreciation (Inc impairments)	5,564	8,262
Capital grant	-1,425	-645
Non-current asset disposal	13	-82
Contributions from constituent authorities	-79,304	-89,375
PFI Grant	-965	-926

Amounts included in I&E not in the CIES

CERA	-200	-387
MRP (excluding PFI & Leases)	-3,211	-3,486
Contribution to PFI	-1,044	-1,100

(Surplus) / Deficit on the Provision of Services	21,656	12,835
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Note 6 - OTHER OPERATING EXPENDITURE AND INCOME

2022/23		2023/24
£000		£000
13	Net (Gain)/Loss on disposal of non-current assets	-82
13	Total	-82

Note 7 - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2022/23		2023/24
£000		£000
1,524	Interest payable and similar charges	1,443
26,040	Pensions interest cost and expected return on pensions assets	31,240
-260	Interest receivable and similar income	-558
27,304	Total	32,125

Note 8 - TAXATION AND NON SPECIFIC GRANT INCOME

2022/23		2023/24
£000		£000
79,304	Local Authority Contributions (note 29)	89,375
1,425	Capital Grants & Contributions	832
965	Government Grants – PFI (note 33)	926
81,694	Total	91,133

Note 9 - PLANT, PROPERTY, EQUIPMENT (PPE)

Fixed Assets 2023/24

	Land & Buildings	Vehicles & Equipment	Training Centre / PFI	AUC	PPE Total
<u>Cost/Valuation</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Gross book value at 31 March 2023	71,663	42,502	6,911	156	121,232
Additions	2,525	3,514	0	0	6,039
Revaluation	-6,538	0	56	0	-6,482
Assets under construction	156			-156	0
Disposal of Assets	0	-1,855	0	0	-1,855
Gross book value at 31 March 2024	67,806	44,161	6,967	0	118,934
<u>Depreciation and Impairments</u>					
Accumulated depreciation at 31 March 2023	435	27,383	0	0	27,818
Annual depreciation	2,027	3,268	234	0	5,529
Revaluation	-2,462	0	-234	0	-2,696
Disposal of Assets	0	-1,816	0	0	-1,816
Accumulated depreciation as at 31 March 2024	0	28,835	0	0	28,835
Net book value at 31 March 2023	71,228	15,119	6,911	156	93,414
Net book value at 31 March 2024	67,806	15,326	6,967	0	90,099

Note: all properties with exception of PFI are freehold.

Assets under Construction relate to Electric Vehicle Chargers that were delivered prior to 31st March 2023 but were not installed. These have since been installed during 2023/24.

Fixed Assets 2022/23

	Land & Buildings	Vehicles & Equipment	Training Centre / PFI	AUC	PPE Total
<u>Cost/Valuation</u>	£000	£000	£000	£000	£000
Gross book value at 31 March 2022	66,390	37,475	6,405	0	110,270
Additions	1,631	5,313	0	156	7,100
Revaluation	3,679	0	506	0	4,185
Disposal of Assets	-37	-286	0	0	-323
Gross book value at 31 March 2023	71,663	42,502	6,911	156	121,232
<u>Depreciation and Impairments</u>					
Accumulated depreciation at 31 March 2022	303	24,732	0	0	25,035
Annual depreciation	1,732	2,937	210	0	4,879
Revaluation	-1,600	0	-210	0	-1,810
Disposal of Assets	0	-286	0	0	-286
Accumulated depreciation as at 31 March 2023	435	27,383	0	0	27,818
Net book value at 31 March 2022	66,087	12,743	6,405	0	85,235
Net book value at 31 March 2023	71,228	15,119	6,911	156	93,414

Note: all properties with exception of PFI are freehold.

Note 10 - FINANCIAL INSTRUMENTS

1. Financial Instruments Balances

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

	Long-Term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
Borrowing	£000	£000	£000	£000
Financial liabilities (principal amount)	25,354	23,959	1,383	3,989
+ Accrued Interest (accrued interest is short term)	0	0	152	270
Total borrowings	25,354	23,959	1,535	4,259
PFI liabilities	3,240	3,149	437	91
Creditors				
Financial liabilities at amortised cost	0	0	5,425	2,712
Investments				
Loans and receivables (principal amount)	0	0	0	0
+ Accrued interest	0	0	0	0
Cash and Cash Equivalents	0	0	0	0
Total investments	0	0	0	0
Total Debtors	100	0	6,071	4,241

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

2. Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses				
	2022/23		2023/24	
	Financial Liabilities Measured at amortised cost	Financial Assets Loans and receivables	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables
	£000s	£000s	£000s	£000s
Interest expense in Surplus or Deficit on the Provision of Services	1,524	0	1,443	0
Interest income in Surplus or Deficit on the Provision of Services	0	260	0	558
Net gain/(loss) for the year	1,524	260	1,443	558

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

Period/Term	Approved Minimum limits	Approved Maximum limits	Actual 31 March 23 £000's	Actual 31 March 24 £000's
Less than 1 year	0%	25%	1,383	3,989
Between 1 and 2 years	0%	30%	1,395	1,406
Between 2 and 5 years	0%	50%	4,525	5,307
Between 5 and 10 years	0%	70%	9,334	8,146
More than 10years	0%	95%	10,100	9,100
Total			26,737	27,948

The debt portfolio comprises of PWLB Equal Installment of Principal (EIP) and Maturity loans. The loans outstanding at the balance sheet date is £27.9 million with an average debt rate equating to 3.94%.

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

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

- ✓ For loans payable from the PWLB, the fair value can be included under debt redemption procedures;

- ✓ For loans receivable (of which there are none), the prevailing benchmark market rates would be used to provide the fair value;
- ✓ No early repayment or impairment is recognised;
- ✓ Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- ✓ The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

Fair values pertaining to loans are as follows:

£000s	31 March 2023		31 March 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt	26,737	25,500	27,948	26,246
Non-PWLB debt	0	0	0	0
Total debt	26,737	25,500	27,948	26,246

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

Note 12 - SHORT TERM INVESTMENTS

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

Note 13 - DEBTORS

31 March 2023		31 March 2024
£000		£000
3,168	Central Government Bodies	1,420
1,415	Other Local Authorities*	1,433
63	NHS Bodies	40
1,525	Other Entities and Individuals	1,348
6,171	Total	4,241

* Includes long term Debtors of £100k for 22/23, all 23/24 Debtors are short term.

Note 14 - CASH & CASH EQUIVALENTS

31 March 2023		31 March 2024
£000		£000
2,163	Bank current accounts	416
2,163	Total	416

Note 15 - CREDITORS

31 March 2023		31 March 2024
£000		£000
1,482	Central government bodies	1,291
333	Other local authorities	480
22	NHS Bodies	22
0	Public Corporations and Trading Funds	45
2,805	Other Entities and Individuals	312
783	Accumulated Absences (note 22)	562
5,425	Total	2,712

Note 16 - PROVISIONS

31 March 2023		31 March 2024
£000		£000
38	Part time worker regulations	0
38	Total	0

Note 17 - USABLE RESERVES

Balance at 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000		Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000
10,255	-7,437	276	3,094	Change Management Reserve	-526	870	3,438
300	-100	0	200	Joint Control Lease Reserve	-100	0	100
3,504	-312	0	3,192	PFI Equalisation Reserve	-465	0	2,727
115	-71	97	141	Managed Under Spend Reserve	-97	0	44
0	0	340	340	Cultural Review Reserve	-441	101	0
0	0	3,000	3,000	Carbon Reduction Reserve	0	0	3,000
0	0	2,000	2,000	Equality, Diversity and Inclusion Reserve	0	0	2,000
0	0	2,000	2,000	Equipment Renewals Reserve	-18	0	1,982
0	0	0	0	Firelink CMA	0	425	425
0	-24	24	0	Capital Receipts	-98	98	0
3,000	-105	105	3,000	General Fund	-214	214	3,000
17,174	-8,049	7,842	16,967	Total Usable Reserves	-1,959	1,708	16,716

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

- The revenue underspend and annual lease costs for the Joint Public Service Centre have been transferred to the change management reserve. In addition, any projects completed during 2024/25, have been transferred from the managed underspend reserve along with identified equipment replacement costs from the equipment renewals reserve. Balances have been transferred from the culture review reserve for strategies identified. Transfers to newly established reserves are to support the strategies outlined in each area.
- The balance remaining on the Joint Public Service Centre lease which is payable over 8 years, commencing from 2017/18, is shown as a separate reserve.
- The PFI equalisation reserve exists to ensure the necessary funds are available to accommodate future payments to the PFI provider.
- £97k has been transferred to the change management reserve from the managed under spend reserve for projects completed in 2023/24.
- The cultural review reserve was established to accommodate costs set out as part of the Independent Cultural Review process across the service and has been transferred to the change management reserve for 2023/24 charges.
- The carbon reduction reserve is to achieve aims set out in the Carbon Delivery Plan 2020-2030.
- The equality, diversity and inclusion reserve is to support the framework to promote in-house equality, diversity and good practice.
- The equipment renewals reserves is to level out variances in the required annual provisions for replacement, with costs incurred in 2023/24 transferred to the change management reserve.
- Firelink Competition and Markets Authority (CMA) has been established due to a national issue with Airwave charges in the final quarter of the year and potential repayment.
- Capital receipts are ring fenced to fund capital investment with £24k received during the year and used against capital expenditure.

General Fund

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

Note 18 - UNUSABLE RESERVES

31 March 2023		31 March 2024
£000		£000
-24,142	Revaluation Reserve (note 19)	-21,684
-26,650	Capital Adjustment Account (note 20)	-23,953
683,932	Pensions Reserve (note 21)	695,732
783	Accumulated Absence Reserve (note 22)	562
633,923	Total Unusable Reserves	650,657

Note 19 - REVALUATION RESERVE

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

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

2022/23 £000		2023/24 £000
-18,492	Balance at 1 April	-24,142
-5,995	Revaluation Adjustment	-444
0	Impairment adjustment	2,374
345	Difference in fair value and historical cost depreciation	528
-24,142	Balance at 31 March	-21,684

Note 20 - CAPITAL ADJUSTMENT ACCOUNT

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

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

2022/23	Capital Adjustment Account	2023/24
£000		£000
-26,627	Balance as at 1 April	-26,650
-3,630	MRP (note 30)	-3,923
4,617	Depreciation (net of revaluation)	5,058
0	Revaluation	1,855
602	Non-enhancing Expenditure	821
-200	Capital expenditure financed from revenue resources (CERA) (note 30)	-387
-1,425	Capital Grants (note 30)	-645
37	Net non-current asset disposal	16
-24	Assets funded by Capital Receipts	-98
-26,650		-23,953

Note 21 - PENSIONS RESERVE

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

2022/23		2023/24
£000		£000
987,073	Balance at 1 April	683,932
-324,600	Remeasurements of the net defined benefit liability (asset)	2,220
33,226	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	22,250
-11,767	Employer's pensions contributions and direct payments to pensioners payable in the year	-12,670
683,932	Balance at 31 March	695,732

Note 22 - ACCUMULATED ABSENCES ACCOUNT

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

2022/23		2023/24
£000		£000
-1,115	Balance at 1 April	-783
1,115	Settlement or cancellation of accrual made at the end of the preceding year	783
783	Amounts accrued at the end of the current year (note 15)	562
332	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements. (note 3)	221
-783	Balance at 31 March	-562

Note 23 - CASH FLOW STATEMENT – OPERATING ACTIVITIES

2022/23 £000		2023/24 £000
21,656	Net Deficit on the Provision of Services	12,835
	Adjustments to Net Deficit for Non Cash Movements;	
111	Increases/(Decrease) in stock	6
1,233	Increase/(Decrease) in debtors	-1,936
-389	(Increase)/Decrease in creditors	1,894
-5,564	Depreciation charge (inc impairment)	-8,262
-13	Gain on asset disposal	82
-21,459	IAS 19 adjustments	-9,580
332	Other non cash-items charged to the net deficit on the provision of services	221
-25,749	Less Total	-17,575
	Adjustments for items included in the net deficit on the Provision of Services that are Investing and Financing Activities;	
-1,524	Interest Payable	-1,443
260	Interest Receivable	558
1,425	Capital Grants	645
161	Less Total	-240
-3,932	Net Cash Flow from Operating Activity	-4,980

Note 24 - CASH FLOW – INVESTING AND FINANCING ACTIVITIES

2022/23		2023/24
£000		£000
7,274	Purchase of property, plant and equipment, investment property and intangible assets	7,473
-24	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-98
-1,458	Capital Grants received	-603
5,792	Net cash (in)/outflow from investing activities	6,772
0	Cash Receipts from short & long term borrowing	-2,500
-227	Other receipts from financing activities	-595
419	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	437
1,409	Repayments of short and long-term borrowing	1,288
1,534	Other payments for financing activities	1,325
3,135	Net cash (in)/outflow from financing activities	-45

Note 25 - MEMBERS' AND COMMISSIONERS' ALLOWANCES

During 2023/24, under the Local Authorities (allowances for Members of Fire Authorities) (Wales) Regulations 2004, the following members' expenses were paid as a reimbursement of costs in pursuance of duties.

Following the implementation of "The South Wales Fire and Rescue Authority (Exercise of Functions)(Wales) Directions 2024" on the 6th February 2024, the Fire and Rescue Authority ceased to perform its duties. These duties were then fulfilled by the 4 Welsh Government appointed Commissioners, the following annual rates were payable;

2022/23		2023/24
£000		£000
74	Members Total Allowances	78
2	Members Total Expenses	1
0	Commissioners Total Allowances	78
0	Commissioners Total Expenses	1
76	Total	158

Note 26 - OFFICERS' REMUNERATION

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

Title	Year	Salary £000	Benefits in Kind £000	Total Excl Pension £000	Employers Pension £000	Gross remuneration £000
Chief Fire Officer Huw Jakeaway	2023/24	176	0	176	48	224
	2022/23	145	0	145	39	184
Interim Chief Fire Officer	2023/24	24	0	24	4	28
	2022/23	0	0	0	0	0
Deputy Chief Officer**	2023/24	2	0	2	0	2
	2022/23	33	0	33	2	35
Asst Chief Fire Officer Service Delivery (A) / DCFO	2023/24	141	0	141	37	178
	2022/23	114	0	114	30	144
Asst Chief Fire Officer Technical Services (A)	2023/24	67	0	67	16	83
	2022/23	97	0	97	27	124
Asst Chief Fire Officer Technical Services (B)	2023/24	128	0	128	26	154
	2022/23	39	0	39	9	48
Asst Chief Officer Corporate Services	2023/24	109	0	109	17	126
	2022/23	90	0	90	14	104
Asst Chief Officer People Services*	2023/24	109	4	113	17	130
	2022/23	90	5	95	14	109
Treasurer	2023/24	36	0	36	6	42
	2022/23	29	0	29	4	33
Asst Chief Fire Officer Industrial Action	2023/24	15	0	15	3	18
	2022/23	92	0	92	19	111
Asst Chief Fire Officer Technical Services (C)	2023/24	7	0	7	2	9
	2022/23	0	0	0	0	0
Asst Chief Fire Officer Service Delivery (B)	2023/24	8	0	8	2	10
	2022/23	0	0	0	0	0

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

** Backdated pay award pay – no in year salary for 23/24

Summary of movement

Role	Covered by	For the period	Due to
CFO	Interim CFO on a Secondment basis	12/02/2024 – Present	Permanent post holder on pre-retirement leave
DCFO	Post Vacant	14/03/2024 - Present	Permanent post holder on pre-retirement leave
Treasure	Post Vacant	25/03/2024 - Present	Post holder retired 25/03/24, recruitment ongoing
ACFO Technical Services(A)	ACFO Technical Services (B)	16/01/2023 – 07/03/2024	Temporary promotion due to post holder's ill health retirement
ACFO Technical Services(B)	ACFO Technical Services (C)	12/03/2024 - Present	Temporary post holder on pre-retirement leave
ACFO Service Delivery (A)	ACFO Service Delivery (B)	08/03/2024 - Present	Permanent post holder on pre-retirement leave
ACFO Industrial Action	N/A	Post ended 30/04/2023	Temporary post

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

Salary Bracket	Number 2022/23	Number 2023/24
£60,000 to £64,999	13	46
£65,000 to £69,999	11	22
£70,000 to £74,999	2	11
£75,000 to £79,999	0	9
£80,000 to £84,999	1	3
£85,000 to £89,999	1	0
£90,000 to £94,999	2	1
£95,000 to £99,999	2	1
£100,000 to £104,999	0	2
£105,000 to £109,999	1	0
£110,000 to £114,999	0	2
£115,000 to £119,999	1	0
£120,000 to £124,999	0	0
£125,000 to £129,999	0	0
£130,000 to £134,999	0	0
£135,000 to £139,999	0	1
£140,000 to £144,999	0	0
£145,000 to £149,999	1	1
£150,000 to £154,999	0	0
£155,000 to £159,999	0	0
£160,000 to £164,999	0	0
£165,000 to £169,999	0	0
£170,000 to £174,999	0	0
£175,000 to £179,999	0	0
£180,000 to £184,999	0	1

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

The median remuneration across the Service for 2023/24 is £34k and the ratio of the CFO remuneration to the median remuneration is 5.15:1.

The median remuneration across the Service for 2022/23 is £33k and the ratio of the CFO remuneration to the median remuneration is 4.46:1.

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

2022/23**Exit packages****2023/24**

Exit Package cost band	Number of compulsory Redundancies	Number of Other Departures agreed	Total number of Exit Packages in each Cost band	Total cost of packages in each Cost Band £000	Number of compulsory Redundancies	Number of Other Departures agreed	Total number of Exit Packages in each Cost band	Total cost of packages in each Cost Band £000
£0 - £20,000	0	1	1	20	0	1	1	6
£20,001 - £40,000	0	1	1	28	0	0	0	0
Total	0	2	2	48	0	1	1	6

Redundancy and other departure costs have been paid in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
Exit costs are accounted for in full in the year of departure. Ill Health retirement costs are met by SWFRS revenue.

Note 27 - EXTERNAL AUDIT COSTS**2022/2023****£000**

84

84

Current year fees paid / due to the Auditor General for Wales

Total**2023/2024****£000**

94

94

Note 28 - GRANTS

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

2022/23	Revenue	2023/24
£000		£000
606	Community Risk Reduction (WG)	650
1,353	New Dimensions and USAR Funding (WG)	1,247
265	MTA (WG)	92
122	Other*	150
632	Fire Link (WG)	0
31	Anti-Social Behaviour	39
22	Natural Resources Wales	44
4	Circular Economy (WG)	5
2,947	SCAPE (WG)	0
350	FF Apprentices	368
3	AFAN Project	0
21	NFCC	56
1	Cardiff & Vale UHB	0
2	Wales & West Utilities	0
13	Hafod	10
0	North Wales FRS	2
6,372		2,663
2022/23	Capital	2023/24
£000		£000
990	NR – USAR Property Build (WG)	27
102	DIM Electric Vehicles (WG)	0
165	DIM Detection Equipment (WG)	350
0	NR – Vehicle (WG)	42
156	Energy Efficiency (WG)	113
12	Low Carbon Heat Development (WG)	0
0	USAR Solar Panels (WG)	24
0	USAR Vehicles (WG)	55
0	MTA Training Manikins (WG)	29
0	HMRU Equipment (WG)	5
1,425		645

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

Note 29 - RELATED PARTIES

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

RELATED PARTY TRANSACTIONS

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

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

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

	In Year Transactions		Balances Outstanding at 31 st March, 2024	
	Income	Expenditure	Owed to Service (Debtor)	Owed by Service (Creditor)
	£000	£000	£000	£000
Blaenau Gwent CBC	3,953	3	0	0
Bridgend CBC	8,523	1	0	0
Caerphilly CBC	10,381	3	0	0
Cardiff CC	21,199	34	0	0
Merthyr Tydfil CBC	3,476	0	0	0
Monmouthshire CC	5,472	6	0	0
Newport CBC	9,242	0	0	0
Rhondda Cynon Taf CBC	13,942	197	0	5
Torfaen CBC	5,409	6	0	0
The Vale of Glamorgan CBC	7,778	3	0	0
	89,375	253	0	5

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

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

			In Year Transactions		Balances Outstanding at 31 st March, 2024	
Related Party Organisation	Nature of relationship	No. of transactions	Income £	Expenditure £	Owed to Service (Debtor) £	Owed by Service (Creditor) £
WAST (Welsh Ambulance Service Trust)	Parent	16	696	134,664	696	15,978
Cardiff & Vale Health Board	Self	3	21,647	0	0	0
Welsh Council for Deaf People	Self	1	180	0	0	0

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

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

Joint Operations

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

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

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

Joint Public Service Centre from Oct 2017	2022/23		2023/24	
	Joint Operation Total	SWFRS Share	Joint Operation Total	SWFRS Share
Revenue				
Staff Expenditure	2,690	1,614	2,783	1,670
Non-Staff Expenditure	128	64	196	98
Total Expenditure	2,818	1,678	2,979	1,768
Intangible Asset - Command & Control System				
Gross Book Value	308	154	1054	527
Accumulated Amortisation	(308)	(154)	(456)	(228)
Net Book Value	0	0	598	299

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

Note 30 - CAPITAL EXPENDITURE AND CAPITAL FINANCING

2022/23		2023/24
£000		£000
40,226	<i>Opening Capital Financing Requirement (CFR)</i>	42,804
7,857	Property, Plant and Equipment investment	6,836
7,857	Total Additions	6,836
	<i>Sources of finance</i>	
-1,425	Government grants and other contributions (note 28)	-645
0	Sums set aside from revenue (note 20)	0
-200	Direct revenue contributions (note 20)	-387
-24	Capital Receipts	-98
-3,630	MRP/loans fund principal (note 20)	-3,923
42,804	Closing Capital Financing Requirement (CFR)	44,587
	<i>Increase in underlying need to borrow</i>	
2,578	Increase/(Decrease) in CFR	1,783

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

Note 31 - FINANCING OF CAPITAL SPEND

Capital expenditure in the year was financed as follows:

2022/23		2023/24
£000		£000
200	Revenue contribution (note 30)	387
1,425	Grant funding (note 28)	645
6,208	Internal Borrowing	5,706
24	Capital Receipts	98
7,857	Total	6,836

Note 32 - CAPITAL COMMITMENTS

The Service is committed to capital expenditure in future periods arising from contracts entered into at the balance sheet date. Capital expenditure committed at the 31 March 2023 for future periods equates to £6.127m (2022/23: £5.083m). The commitments relate to property refurbishments, and the vehicle and ICT Equipment programmes.

Note 33 - PFI.

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

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

As at 31 March 2024, the balance on the PFI equalisation earmarked reserve is £2.727 million. The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element and these payments will be made over the life of the PFI contract. Annual funding from the Welsh Government has been and will be receivable for the life of the contract. The PFI Finance Lease Liability will be written down over the life of the PFI contract.

The below table details the aforementioned movement;

PFI Element				Payable 2 - 5 years £'000	Payable 6 - 10 years £'000
		2022/23 £'000	2023/24	2024/25	
Unitary Charge					
	Service Charge	1,420	1,604	2,053	6,302
	Interest	482	450	197	1,546
	Finance Lease	419	437	91	2,082
		2,321	2,491	2,341	9,930
Grant Funding		-965	-926	-886	-3,154
Fire Service Contribution		-1,044	-1,100	-1,133	-4,884
Net contribution to equalisation		312	465	322	1,892
Equalisation Account					
	O/balance	-3,504	-3,192	-2,727	-2,405
		312	465	322	1,892
	C/balance	-3,192	-2,727	-2,405	-513
Liability @ 31 March					
	Short Term	437	91	320	695
	Long Term	3,240	3,149	2,829	373
		3,677	3,240	3,149	1,068

Note 34 - PENSIONS (IAS 19)

(i) Local Government Services and Control Staff

In 2023/24 the Service paid employer pension contributions of £1.62 million to 'the fund' which provides members with defined benefits related to pay and service. Under current pension regulations, contribution rates are set to meet 100% of the overall liabilities of 'the Fund'.

Pension contributions to be paid into the scheme for the financial year 2024/25 are estimated to be £1.724 million for the employer.

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

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

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

(ii) Fire Fighters

The Fire Fighters' pension scheme is an unfunded scheme with defined benefits. In 2023/24 the Service paid employer pension contributions of £9.8 million. Pensions paid from revenues equated to £1.211 million. For 2024/25, the employer contribution to the scheme is estimated to be £11.542 million and the current estimate for pensions paid from revenue is £963k. The majority of pension payments to retired Fire Fighters are paid from a separate Pension Fund account administered by the Service, details of the Fund and how it operates is provided by the Fire Fighters' Pension Fund Account and related disclosures.

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

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

On 1 April 2022, following a court ruling, legacy schemes including the 1992, 2006 and Modified Pension Schemes were closed for future accruals, and all active members were transitioned into the 2015 Pension Scheme.

Transactions Relating to Post-employment Benefits

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

To comply with IAS19 the Service appoints actuaries on an annual basis to assess the assets and liabilities of both schemes. Aon Hewitt was appointed to assess the Local Government Pension Scheme and the Government Actuary's Department the Fire Fighters' scheme as they relate to past and current employees of South Wales Fire and Rescue Service. For the Local Government Pension scheme the actuary assessed that the net asset to the Service as at 31 March 2024 was £10.8 million (*31 March 2023, £2.7 million net liability*) and for the Fire Fighters' schemes the liability was £707 million as at 31 March 2024 (*31 March 2023, £687 million*). A breakdown of the assets and liabilities of both schemes and the assumptions used in the actuarial calculations can be found overleaf.

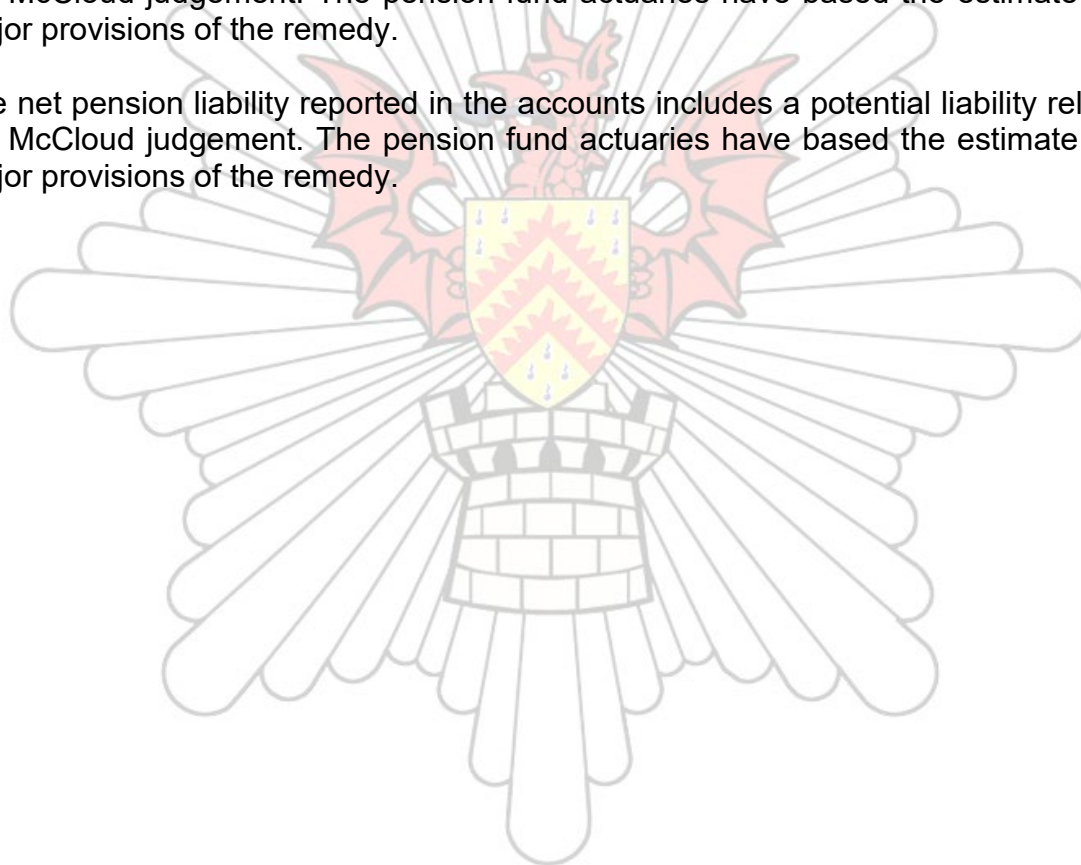
The Government has recently published a further consultation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the 'interim solution' to those members who reach State Pension Age after 5 April 2021. A past service cost was included for 2021/22 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, it is expected that this ruling will

be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any costs are yet to be determined but it is expected to be a relatively small uplift for a relatively small subset of members.

Following a Court of Appeal hearing, the McCloud judgment concluded that the transitional protections of the Firefighters' Pension Scheme introduced in 2015 were discriminatory based on age. Remedy Legislation to deal with the impact on scheme members came into force on the 1st October 2023, with further regulations due to correct other associated matters such as taxation and interest. In July 2021 the Service commenced payment of Immediate Detriment benefits for those active members that had given their retirement notice and these options ceased with the introduction of the new legislation on 1st October 2023. Remediable Service Statements must now be provided to all members, including those that have already retired, by March 2025, to ensure that those affected will see any detriment rectified. The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuaries have based the estimate on the major provisions of the remedy.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuaries have based the estimate on the major provisions of the remedy.



2022/23 £000	Movements on Pension Reserve	2023/24 £000
	Income and Expenditure Account	
	Net Cost of Service	
	Current Service Cost	
-18,210	- Fire Fighters	-5,300
-4,290	- Local Government Pension Scheme	-2,010
	Past Service Cost	
0	- Fire Fighters	60
0	- * Local Government Pension Scheme	-10
15,320	Top Up Grant	16,250
	Net Operating Expenditure	
	Interest Cost	
-25,410	- Fire Fighters	-31,410
-3,040	- Local Government Pension Scheme	-3,690
	Expected Return on Pension Assets	
0	- Fire Fighters	0
2,404	- Local Government Pension Scheme	3,860
-33,226	Total Post-employment benefit charged to the surplus or deficit on the provision of services	-22,250
	Remeasurements of the net defined benefit liability (asset)	
294,200	- Fire Fighters	-10,540
30,400	- * Local Government Pension Scheme	8,300
291,374	Total Post-employment benefit (charged)/credited to the C.I.E.S	-24,490
	Movement on Reserve Statement	
987,073	Opening Balance 1 April	683,932
-291,374	Reversal of Net Charges for IAS 19	24,490
	Actual Amount Charged against the General Fund	
	Balance for pensions in the year	
	Employer Contributions	
-9,607	Fire Fighters	-10,288
-1,510	Local Government Pension Scheme	-1,660
-650	Retirement benefits paid to Fire Fighters	-742
0	Transfers in	0
-303,141	Movement on Pension Reserve	11,800
683,932	Closing Balance	695,732

*The LGPS movements on pension reserve are inclusive of unfunded pension benefits arrangements;
2023/24 – Interest cost of £20k, actuarial loss of £20k and net benefits paid out £40k.

Pension Schemes – Assets / Liabilities

The Service's estimated share of assets and liabilities from 31 March 2020 to 31 March 2024 were as follows:

	31 March				
	2020	2021	2022	2023	2024
Estimated share of liabilities in the Fire Fighters' Pension Scheme	-885,690	-990,340	-962,740	-686,590	-706,520
Estimated share of liabilities in the Rhondda Cynon Taff Pension Fund	-91,164	-117,564	-113,865	-79,995	-79,795
Total liabilities	-976,854	-1,107,904	-1,076,605	-766,585	-786,315
Share of assets in the Rhondda Cynon Taff Pension Fund	65,230	86,411	89,532	82,653	90,583
Net Pension Deficit	-911,624	-1,021,493	-987,073	-683,932	-695,732

	2020	2021	2022	2023	2024
Fire Fighters' Pension Scheme	-885,690	-990,340	-962,740	-686,590	-706,520
Rhondda Cynon Taff Pension Fund	-25,934	-31,153	-24,333	2,658*	10,788*
Net Pension Deficit	-911,624	-1,021,493	-987,073	-683,932	-695,732

*Any surplus reported is not immediately obtainable as cash by the Service.

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

Basis for estimating assets and liabilities

	Fire Fighters' Scheme		LGPS Fund	
	2023 %	2024 %	2023 %	2024 %
Rate of Inflation;				
CPI	2.6	2.6	2.7	2.6
Rate of increase in Salaries	3.85	3.85	3.95	3.85
Rate of Increase in Pensions	2.6	2.6	2.7	2.6
Rate of Discounting Scheme Liabilities	4.65	4.75	4.7	4.8
Future Life Expectancy at 65 Men				
Current Pensioners	21.2	21.3	21.6	21.0
Future Pensioners	22.9	22.9	22.6	22.3
Women				
Current Pensioners	21.2	21.3	24.2	23.8
Future Pensioners	22.9	22.9	25.7	25.2

Sensitivity analysis

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

Discount rate assumption

Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	77.98	80.76
% change in present value of total obligation	-1.7%	1.8%
Projected service cost (£m)	1.83	1.99
Approximate % change in projected service cost	-4.0%	4.1%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	79.49	79.17
% change in present value of total obligation	0.2%	-0.2%
Projected service cost (£m)	1.91	1.91
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of total obligation (£m)	80.52	78.14
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£m)	1.99	1.83
Approximate % change in projected service cost	4.1%	-4.0%

Post retirement mortality assumption

Adjustment to discount rate	-1 year	+1 year
Present value of total obligation (£m)	81.39	77.35
% change in present value of total obligation	2.6%	-2.5%
Projected service cost (£m)	1.98	1.84
Approximate % change in projected service cost	3.5%	-3.5%

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

Impact on defined benefit obligation	%	£ million
Rate of discounting scheme liabilities +0.5%p.a.	-7.5%	-52
Long term rate of increase in salaries +0.5% p.a.	1.5%	10
Rate of increase in pensions / deferred revaluation +0.5% p.a.	7.0%	49
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5%	17

Assets

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

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

Plan Asset Split	%
2024	
Equity Investments	64.0
Bonds	27.8
Property	6.5
Cash	0.4
Other Assets	1.3
Total	100.0
2023	
Equity Investments	68.1
Bonds	22.9
Property	7.8
Cash	0.7
Other Assets	0.5
Total	100.0

The overall return on pension assets was 11.2% for 2023/24 (2022/23: -6.2%). The movement in the pension deficit for the year can be analysed as followed based on the present value of the scheme liabilities.

2022/23 £000 Fire Fighters	2022/23 £000 LGPS	Liabilities	2023/24 £000 Fire Fighters	2023/24 £000 LGPS
-962,740	-113,865	Balance as at 1 April	-686,590	-79,995
-18,210	-4,290	Current Service cost	-5,300	-2,010
-25,410	-3,040	Interest	-31,410	-3,690
-4,520	-640	Contributions by scheme members	-4,610	-680
294,200	39,240	Actuarial Gains and Losses	-10,540	3,000
30,390	2,600	Benefits Paid	32,130	3,590
0	0	Past Service Cost	60	-10
-300	0	Transfers in	-260	0
-686,590	-79,995	Pension Liabilities at Year End	-706,520	-79,795

Changes to the fair value of assets during the accounting period

2022/23		2023/24
£000	Assets	£000
LGPS		LGPS
89,532	Balance 1 April	82,653
2,404	Return on Pension Assets	3,860
-8,833	Actuarial Gain/Losses on Assets	5,320
1,510	Contributions by employer	1,660
640	Contributions by Scheme members	680
-2,600	Net benefits paid out*	-3,590
82,653	Pension Assets at Year End	90,583

* Consists of net benefits cash-flow out of the Fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums and Fund administration expenses. Excluding £40k unfunded pension payments.

Actual return on assets

	31 March 2023	31 March 2024
	£ Million	£ Million
Interest income on assets	2.41	3.86
Re-measurement gain/ (loss) on assets	-8.84	5.32
Actual return on assets	-6.43	9.18

Note 35 - CONTINGENT LIABILITIES

In recent years the Service has faced challenge with regards cases related to 'Rule B5C' of the Fire Pension Scheme and USAR allowances. More recently we have had confirmation that several individuals have taken their cases to the Pensions Ombudsman on the Rule B5C changes. The findings of the Ombudsman are still being finalised. It is not known at this point whether there will be any financial implications for the Service or the Pension Scheme.

The Service has been challenged on whether USAR payments should fall under the provisions of the Firefighters' Pension Scheme. Advice has indicated that they do not, but the Service is considering whether alternative pension provision should be made. No work has yet been completed to quantify potential costs of such provision.

The courts have ruled in the O'Brien case that a decision to limit the period in which part-time workers could retrospectively purchase past pensionable service was incorrect and no such limit should be applied. The UK Government have recognised

the right for retained firefighters employed before 01 July 2000 to elect to become a special member from the start of their employment. This has necessitated a second options exercise for those affected. This exercise commenced on the 1st February 2024, in Wales, with an 18 month implementation period. The precise financial consequences are unknown but the estimated liabilities arising from this judgement have been included in the most recent Government Actuary Valuation of the Pension Fund.

Following a Court of Appeal hearing, the McCloud judgment concluded that the transitional protections of the Firefighters' Pension Scheme introduced in 2015 were discriminatory based on age. Remedy Legislation to deal with the impact on scheme members came into force on the 1st October 2023, with further regulations due to correct other associated matters such as taxation and interest. In July 2021 the Service commenced payment of Immediate Detriment benefits for those active members that had given their retirement notice and these options ceased with the introduction of the new legislation on 1st October 2023. Remediable Service Statements must now be provided to all members, including those that have already retired, by March 2025, to ensure that those affected will see any detriment rectified. The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuaries have based the estimate on the major provisions of the remedy.

The Independent Culture Review published in January 2024 highlighted that the Service's disciplinary and grievance processes may have been inadequate. It is not clear currently whether any historical cases represent a risk in terms of legal action or financial liability.

The Firelink project is a Home Office initiative introduced to ensure a nationwide digital radio service transmissions between fire and rescue services and to and from radio systems used by the police and ambulance services. This was initially funded by the Home Office but funding ceased in 2023/24. During 2023/24, the Home Office recalculated the payments due in 2023/24 and found that the service had been overcharged. This led to a saving during the year but an appeal against these savings has been launched by Motorola. If successful this could lead to the repayment of these savings in the future. A useable reserve has been created to fund this.

Note 36 – CONTINGENT ASSETS

In 2010, the European Commission launched an investigation into price fixing and other cartel activities between 1991 and 2001. This led to fines totalling £2.9 billion being issued to a number of European truck manufacturers in July 2016. Those that have acknowledged guilt include DAF, Daimler, Iveco, MAN and Volvo/Renault. Scania maintain their innocence however their final appeal was dismissed by the Court of Justice in 2024. The activities include the following:

- Fixed gross and sometimes net list prices at Senior HQ management level.
- Aligned gross list prices in Europe including the UK at the start of the cartel.
- Reduced rebates when the Euro was introduced.
- Delayed the introduction of fuel efficient Euro 3, 4, 5 and 6 technologies.

- Agreed the cost that operators should pay for Euro technologies.

The vehicles involved are trucks of 6 tonnes or more, purchased, financed or leased between 1997 and 2011. Legal action is ongoing to reclaim the damages for the overcharge from the purchase of trucks and truck dependent services during the cartel and run off periods.

During 2023/24 the Defendants claimed that any overcharge was not suffered by the fire service, but by the local authorities that funded them. These local authorities will now look to create direct claims and pass the funding to South Wales Fire and Rescue Service. No specific value or percentage has been discussed.

Current payments under the Litigation Funding Agreement (VAT payable only) for 2023/24 totalled £1041.

Note 37 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Interest rate risk - The Service is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Service, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

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

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

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

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

FIRE FIGHTERS' PENSION FUND ACCOUNT (FFPF)

2022/2023		2023/2024
£000		£000
	Income to the fund	
	Contributions receivable:	
	From employer	
-9,274	Normal contributions	-9,800
-332	Other contributions	-489
-4,424	From members	-4,673
-98	Past service contributions (retained modified scheme)	-49
-14,128		-15,011
-298	Transfers in from other pension funds	-255
-14,426	Total Income to the Fund	-15,266
	Spending by the Fund	
	Benefits Payable:	
23,420	Pension payments	25,974
6,190	Pension commutations and lump-sum retirement benefits	4,295
110	Other Payments	117
29,720		30,386
0	Payments to and on account of leavers:	
29,720	Transfers out to other authorities	1,110
	Total Spending by the Fund	31,496
15,294	Net amount payable for the year	16,230
-15,294	Annual top up grant receivable from Welsh Government	-
0		16,230
	Net amount payable for the year	0
2022/2023	Net Asset Statement	2023/2024
£000		£000
	Current Assets;	
1,791	Top up grant due from Welsh Government	856
1,791		856
	Current Liabilities;	
-23	Commutations due to pensioners	0
-1,768	Amount owed to general fund	-856
0		0

NOTES TO THE FIRE FIGHTERS' PENSION FUND ACCOUNT

The Fund was established 1 April 2007 and covers the 1992, 2006, 2015 and Retained Modified Fire Fighters' Pension Schemes and is administered by the Service.

Following a recent age discrimination court case, 1st April 2022 saw the closure of the active 1992, 2006 and Retained Modified Fire Fighters' Pension Schemes and all active members (current employees) transferred into the 2015 pension scheme.

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

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

At the beginning of the financial year an assessment is made of the amount of Top Up grant required from WG and 80% of the estimate is paid in addition to the surplus/deficit (asset/liability) payable/receivable from the previous year. As such, any asset/liability on the Pension Fund is matched by a corresponding value on the Service balance sheet. The 2023/24 estimate includes an assessment of the number of Fire Fighters retiring within the year and as a result, an estimate of pension payments is calculated. In 2023/24 a total of 46 (including 9 deferred members) Fire Fighters retired compared to the estimate of 48. At the year end WG was a debtor to the Pension Fund with a value of £856k.

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

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

Contribution Rates

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

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 11
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT & PROPERTY

INTERNAL AUDIT PROCESS REPORT & AUDIT ACTION UPDATE

THIS REPORT IS FOR INFORMATION

REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY
REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY

SUMMARY

This report updates Commissioners on progress being made against the Internal Audit Plans for 2023/24.

RECOMMENDATIONS

1. Commissioners are asked to note the internal audit recommendations and work completed to date

1 BACKGROUND

- 1.1 TIAA Limited have been appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Plan as approved by the Finance, Audit and Performance Management (FAPM) Committee on 13 March 2023.
- 1.2 The agreed process is to report recommendations for final audit reports with an assurance level of substantial or reasonable. Detailed reports are provided where there is an assurance level of limited or not at all.

2. ISSUES

- 2.1 2 audits from the annual plans have been completed since previous reporting, as follows:-
 - Electric Vehicle Charging
 - Sustainability

2.2 Electric Vehicle Charging

2.2.1 The review considered the arrangements in place for the use and monitoring of electric vehicle charging points within the Service. This included the existence of policies and procedures, roles and responsibilities, location management and maintenance of inventory.

2.2.2 The key findings are as follows:

- The Service has a draft Electric Vehicle Charging Policy only which is currently being reviewed before formal introduction.
- The EV charge card sign out list be kept up to date and fully completed.
- All vehicles are required to be disconnected once fully charged to avoid being unnecessarily on charge.
- There is a requirement to investigate all anomalies which appear on the reporting system.

2.3 Sustainability

2.3.1 The review considered the implementation, monitoring and reporting on the South Wales Fire and Rescue Service's Carbon Reduction Strategy.

2.3.2 The key findings are as follows:

- There are Carbon Reduction and Biodiversity plans in place with annual reviews.
- The Service is a signatory to Public Service Boards (PSB's) Healthy Travel Charters with actions being implemented.
- An assessment of the risks associated with the Service's environmental impacts will be documented as part of its Green Dragon accreditation.

3. IMPLICATIONS

3.1 The auditors' findings and recommendations have been provided in individual audit reports. A mandatory response is required from management outlining how, when and who is responsible for improvements arising.

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 Commissioners are asked to note the internal audit recommendations and work completed to date.

Contact Officer:		Lisa Mullan Head of Finance, Procurement & Property
Background Papers	Date	Source / Contact
Internal Audit Plan 2023/2024	13/03/2023	Lisa Mullan

Appendices	
Appendix 1	Assurance Review of Electric Vehicle Charging
Appendix 2	Assurance Review of Sustainability

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South Wales Fire and Rescue Service

Assurance Review of Electric Vehicle Charging

2022/23

June 2023

APPENDIX 1

Internal Audit

FINAL

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk - DR FE004 Vehicle Fuelling change – “If - we do not adequately provide the required training, infrastructure and change in processes for fuelling vehicles -'then' -we will not be able to use our electric vehicle fleet effectively”.

SCOPE

The review considered the arrangements in place for the use and monitoring of electric vehicles charging points within the Service that included the following: The existence of policies and procedures in relation to the use of charging points; Roles and responsibilities for oversight and management of charging points; Charging point location management and maintenance of inventory; Charging point authorisation and access control; Charging point usage rules and etiquette (e.g. who, when and for how long and health and safety related advise); Arrangements for maintenance, servicing, and validation of charging points; Access to and management of data and reporting in relation to charging points (charging point use, energy usage/consumption and associated costs); Guidance and support provided to users.

KEY STRATEGIC FINDINGS



The Service has 12 electric vehicle charging points at Head Quarters with two charging outlets/sockets at each point. There are also charging points at 10 other sites and a further 26 points were being installed across the estate the week prior to and the week of the review.



The Service is yet to develop an electric vehicle policy that would define management and maintenance of charging points, access and usage permissions.



The Electric Vehicle EV Charge Card Sign Out Control List spreadsheet is not being fully maintained when RFID (Radio Frequency Identification Cards) are allocated.

GOOD PRACTICE IDENTIFIED



The charging points at Headquarters have locks whereby the cable could only be removed from the charging point with an RFID card.

ACTION POINTS

Urgent	Important	Routine	Operational
1	1	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	South Wales Fire and Rescue Service does not have an Electric Vehicle Charging Policy in place to support the Service's sustainability goals and to assist in lowering the carbon footprint, by introducing electric vehicle chargers across the estate for use by fleet cars. The Policy will need to set out the key responsibilities for the installation, ongoing maintenance and monitoring of usage for control and sustainability purposes. The Policy will also need to set out charging point usage rules and etiquette and also validation of charging points especially if there is to be any staff usage for private vehicles, if charges are to be imposed or not, and that priority will be given for operational/fleet needs.	An Electric Vehicle Charging Policy be developed and be communicated and made available to all staff.	1	The organization is in the process of completing the policy. Following the completion of the policy it shall be shared with the Heads of Service and senior management for signing off. The policy will include which department is responsible for each role and the etiquette around the use of chargers. It will also include the use for private vehicles and what must be done in order to use SWFRS charge points.	02/02/2023	Chris Temby Head of Fleet & Engineering

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	The RFID (Radio Frequency Identification Cards) cards that are not allocated to a vehicle are retained in the safe in the Finance Department. A spot check was undertaken to confirm that the cards that were listed on the EV Charge Card Sign Out List spreadsheet were in fact in the safe. The check revealed that out of the 22, 15 were present and for the remaining seven a vehicle registration was entered but no other details, such as date of issue and who they were issued to.	The EV Charge Card Sign Out List spreadsheet be kept up to date fully completed with date of issue and to whom the card was issued and their department.	2	<i>The EV Card issuing process has been reviewed and process notes completed for procurement staff to ensure correct procedure is followed.</i>	23/10/23	Senior Procurement Officer
3	Directed	An analytical review of the data on the BP Pulse portal revealed that there were 282 instances where a vehicle was left in charge for greater than 48 hours and 17 greater than 10 days. Whilst these are not necessarily incurring costs as the points do not charge vehicles where they have reached their capacity, these points could be made available for use by other vehicles. Also, if the battery has to sustain full capacity for an extended period, then it can start to have negative effects on the battery's lifespan.	All relevant managers be reminded to check and disconnect vehicles that are left unnecessarily on charge at Electric Vehicle Charging Points.	3	<i>The responsibility for disconnecting from the charge point lies with the vehicle user or fleet for service pool cars. This will be outlined within the EV Policy which is currently in draft format.</i>	01/02/2023	Chris Temby Head of Fleet & Engineering

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Directed	<p>The analytical review of the data on the BP Pulse portal revealed four instances where the end date of charging was prior to the start date. Given that the dates are automatically 'date stamped' by the system and no manual intervention can occur, this appears incorrect. The table in appendix C sets out the data.</p> <p>It was noted on the EV Charge Card Sign Out Control List spreadsheet that the last two cards were issued to the Fleet Department, however the first two were listed as being in the safe in the Finance Department. This could impact on the integrity of the data although it was noted that the kilowatt hour (kWh) value appeared reasonable.</p>	The four anomalies identified where the charging end date is prior to the start date be investigated with BP Pulse.	3	<p><i>These issues were raised with BP Pulse. The first two (56219601 and 56215735) have been corrected and are now correct on the system. BP Pulse are investigating the remaining two but have stated that these may be a system error relating to the card (74BC7063). The usage associated to the anomalies appear to be correct so we are confident that there has been no impact in the recording of kwh used. Future review of anomalies will be undertaken by the Business Improvement Officer.</i></p>	23/10/23	Business Improvement Officer
5	Delivery	At the time of the review the Business Improvement Officer was on long term sick leave and it could not be determined who was analysing and monitoring the data on the BP pulse system.	Resilience be identified for the ongoing analysing and monitoring of the data on the BP Pulse system.	3	<p><i>Analysis of the system has been undertaken by the Sustainability Officer to feed into the service's Carbon Reduction Actions.</i></p>	23/10/23	Sustainability Officer / Business Improvement Officer

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Delivery	Currently the Service can only charge up to 20 vehicles at a time at Headquarters with the 7kw chargers which equates to 140kw. There are currently 12 charging points installed. The Service is restricted by supply capacity and currently has a site capacity of 440kw. Charging will reduce to 3/4kw when there is too much demand. The Head of Fleet and Engineering Services confirmed that as the procurement of electric fleet increases, especially if larger vehicles, such as appliances, are procured then the Service will have to increase the capacity through the National Grid via Western Power.	Consideration be given to the possible increase in the electrical grid capacity as an emerging risk within the Departmental Risk Register.	<i>Some discussions have been held with National Grid and capacity does seem to be an issue with them. We are looking into the feasibility of bringing in a separate power source to assist with this. This is still in its infancy and is likely to come at a substantial cost if it's viable. It is likely that we will need to pick strategic locations as a starting point if we were to proceed.</i>

ADVISORY NOTE

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

Findings





Directed Risk:


Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Not in place	1,	-
RM	Risk Mitigation	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2, 3, and 4,	-











Other Findings

 The Finance and Procurement Department have documented BP Process Notes which are procedures to allocate RFID (Radio Frequency Identity Card) cards to a particular vehicle.

 The Property Services Department is responsible for implementing the infrastructure and ongoing maintenance and servicing of electric vehicle charging points (as stated in recommendation 1 this needs to be set out within the Electric Vehicle Charging Policy). The Service has 12 electric vehicle charging points at Head Quarters with two charging outlets/sockets at each point. There are also charging points at 10 other sites and a further 26 points were being installed across the estate the week prior to and the week of the review.

 The Service has entered into a contract for Electric Vehicle Infrastructure with BP Chargemaster following a tender process in November 2020. The contract, which is for three years included installation and maintenance.

Other Findings

-  Welsh Government provided additional funding of £169k to the Service in December 2022 to use to commission and install more EVCPs (Electric Vehicle Charging Points). The current installation is being undertaken by MM Electrical Limited to commission and fit new ECVPs at 26 sites. MM Electrical Limited are sub-contractors for BP Chargemaster.
-  The EVCPs are connected to the BP Pulse system to monitor usage. The service has access to the Customer Service Team to assist the Service with any system issues during office hours and outside of those hours the Service is automatically diverted to the Customer Care Team (operating 24/7 for technical queries).
-  At present, access to each EVCP is via an RFID (Radio Frequency Identity Card) only. The issuing of cards is controlled by the Finance Department with an EV Charging Card Sign Out List maintained.
-  The Business Improvement Officer, the Head of Procurement, Procurement Officer and Sustainable Officer have access to the BP Portal. The Portal has a dashboard facility with pages for maps of South Wales Fire and Rescue Service charging sites, list of sites, list of RFIDs, recharges (total charges per location) and account details.
-  The Service has identified one risk on the Departmental Risk Register - DR FE004 Vehicle Fuelling change. The risk states 'If' - we do not adequately provide the required training, infrastructure and change in processes for fuelling vehicles -'then' -we will not be able to use our electric vehicle fleet effectively. This risk is likely to be closed shortly as the infrastructure has grown significantly over the weeks prior to and during the audit.
-  The Sites page on the BP Portal includes the address of each site, site number, number of recharges, total of energy consumed in KWH (kilowatt hours), CO2 and status of the points (available or charging). For each site the Service is able to drill down into the relevant data for energy usage and total charge time. The data can be downloaded into Excel spreadsheets if required.
-  The RFIDs data includes columns for Card ID number, Expired, Barred, VRN (registration number), make, model and Energy consumed, the data can also be downloaded into Excel spreadsheets if required.
-  The Recharges includes columns for date, site number, location, socket number, time, duration and KWH consumed. The data can be downloaded into Excel spreadsheets if required.
-  A visit to the EVCPs at Headquarters was undertaken and each cable attached to the charging point had locks whereby the cable could only be removed from the charging point with an RFID card.
-  The Fleet Department has developed a guidance document to explain how to use the EVCP. A laminated version is retained in the pack for each electric vehicles for vehicle users as well as other key documentation and an RFID card allocated to that vehicle. The vehicles packs are held in the workshop during the working day and locked away after hours except for any requests for vehicles that are required out of hours.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	1
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	5	-

Other Findings



Currently there is no opportunity for staff with private electric vehicles to charge their vehicles on site at HQ or at other sites. This is being investigated via discussions in the Sustainability Steering Group. At present a tax exemption applies to remove the charge that might potentially arise where an individual charges the battery of a vehicle that is used by the employee. In the case of private vehicles "the exemption means that an employee is able to charge their own car, or one that they are driving or a passenger in, using a workplace charging free of any associated benefit in kind tax charge. There is no requirement that the electricity provided is used for business journeys; the exemption applies regardless of whether the charge powers business or private journeys".



The Business Improvement Officer provides data from the BP Pulse system to the Sustainable Officer to report on the Energy and Carbon Reporting as part of the requirements of the Companies Act 2006 as an employer consuming in excess of 40,000kwh. The Sustainable Officer can now access the system to obtain the data.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

- 1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- 2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. 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. 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.

Effectiveness of arrangements

- 3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- 4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- 5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- 6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	5 th April 2023	5 th April 2023
Draft Report:	30 th May 2023	18 th June 2024
Final Report:	21 st June 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	South Wales Fire and Rescue Service				
Review:	Electric Vehicle Charging				
Type of Review:	Assurance	Audit Lead:	Audit and Fraud Manager		
Outline scope (per Annual Plan):	The review considers the arrangements in place for the use and monitoring of electric vehicles charging points within the Service to include the following: The existence of policies and procedures in relation to the use of charging points; Roles and responsibilities for oversight and management of charging points; Charging point location management and maintenance of inventory; Charging point authorisation and access control; Charging point usage rules and etiquette (e.g. who, when and for how long and health and safety related advise); Arrangements for maintenance, servicing, and validation of charging points; Access to and management of data and reporting in relation to charging points (charging point use, energy usage/consumption and associated costs); Guidance and support provided to users.				
Detailed scope will consider:	Directed		Delivery		
	Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.		Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.		
	Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.		Sustainability: The impact on the organisation's sustainability agenda has been considered.		
	Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.		Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.		
Requested additions to scope:	As above				
Exclusions from scope:	None				
Planned Start Date:	24 th April2023	Exit Meeting Date:	26 th April 2023	Exit Meeting to be held with:	Head of Procurement, Procurement Officer and Head of Fleet & Engineering Services

SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N

Additional Findings

Appendix C

The following narrative provides additional detail in relation to findings.

Sample where End Charge dates preceded starting dates.

Charge Id	Date	Date End	Time Start	Time End	Duration	Address	Serial	Tag Serial	Socket	Kwh
56219601	02/02/2023	25/01/2023	15:16	08:24	-198h 0-52m	South Wales Fire & Rescue Service Headquarters	14015	64B86B63	1	58.7
56215735	01/02/2023	25/01/2023	14:47	08:08	-174h 0-39m	South Wales Fire & Rescue Service Headquarters	14018	E4556E63	1	72.7
50896712	01/02/2023	24/05/2022	15:09	07:43	-6080h 0-25m	South Wales Fire & Rescue Service Headquarters	14016	74BC7063	2	36.2
48543843	03/02/2023	21/01/2022	08:35	12:01	-9068h 0-34m	South Wales Fire & Rescue Service Headquarters	14011	74BC7063	1	12

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South Wales Fire and Rescue Service

Assurance Review of Sustainability

2023/24

April 2024

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Strategic Plan 2020/2030 risk linked to the strategic objective: ‘Protecting our Environment: Make sure that we are always planning and working in a way that helps sustain the plant for our future generations’.

SCOPE

The review considered the implementation, monitoring and reporting on the South Wales Fire and Rescue Service’s Carbon Reduction Strategy.

KEY STRATEGIC FINDINGS



Strategies and action plans are in place to further the Service’s carbon reduction and sustainability, but progress has been impacted by successive changes of staff in the Sustainability Officer role and support officer and other issues.



There is a recognised need to review current strategies and actions plans and the associated intentions.



Notable plans include staff awareness raising, Green Dragon accreditation and reporting through the website.



Recommendations are made to support development and implementation of these plans.

GOOD PRACTICE IDENTIFIED



The Service has improved its green spaces by developing a community garden at Ogmere Vale Station. This was delivered with funding from Keep Wales Tidy and the support of Bridgend County Borough Council and culminated in the official opening, 15th July 2023. The station is the first in the UK to be awarded a Green Flag community Award for its wellbeing and community garden.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	2	4

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 Service has developed a Carbon Reduction Plan and a Biodiversity Plan to support the service in implementing its commitment to sustainability. The latter also includes the Service's Nature Recovery Action Plan (NRAP) objectives. The Service has recognised the need to review and further refine and align these disparate action plans to provide consistency between the two in terms of content and timing of associated actions.	The Carbon Reduction Plan and Biodiversity Plan documents be reviewed and updated as planned.	2	<i>This has been recognised by Sustainability team as a priority and drafts will be presented ASAP.</i>	<i>Drafts presented by 10.04.2024</i>	<i>Sustainability Officer</i>
2	Directed	The Service has produced a Healthy Travel Charter which has included development of a walking routes map and communication of public transport discounts to staff. Discussion with the Sustainability Officer identified that although the Charter has been produced, actions associated with its implementation have not been progressed to the extent intended.	The actions associated with the Healthy Travel Charter be revisited and incorporated in the wider carbon reduction and biodiversity actions.	3	<i>The Service is a signatory to Healthy Travel Charters that are produced and managed by PSBs. Namely Gwent, and Cardiff HTCs</i> <i>It is the service's job to comply with all elements of the charter however some elements are subject to interpretation as they are designed with a broad range of public service providers in mind.</i> <i>Sustainability Officer recently attended Vale of Glamorgan HTC launch which mirrors the others and suggested changes to the wording of certain elements of the charter to address some of the barriers faced in previous charters.</i>	<i>Ongoing</i>	<i>Sustainability Officer</i>

PRIORITY GRADINGS

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

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

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

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	Although the Service's Strategic Plan has associated risks which are documented and reviewed through its performance monitoring arrangements, there has been no specific risk assessment undertaken in relation to the Carbon Reduction Plan and Biodiversity Plan.	The Service to undertake an assessment of the risks associated with the Service's environmental and diversity impacts and associated actions to be implemented. This would help the Service to potentially better understand its priorities and targets and align these to its actions. Particularly in the context that there are likely to be restrictions on the financial and staff resources available to deliver the plans and therefore could help prioritise where there is likely to be greatest impact.	3	<p><i>I agree with auditor comments. A lot of these impacts will be documented as part of aspects and impacts register working toward Green Dragon implementation. The biggest impacts can then be prioritised strategically.</i></p> <p><i>Another risk element yet to be explored is climate change adaptation- what will predicted sea level rises/ temp changes mean for assets across the estate and ability to provide essential services.</i></p>	<p><i>Impacts register to be completed before end of May 2024.</i></p> <p><i>Ongoing as part of site review and audit.</i></p>	Sustainability Officer

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	Oversight arrangements of the Carbon Reduction Plan and associated actions includes a Sustainability Steering Group. The Group has a documented terms of reference which describes its purpose, membership and structure. The Group is chaired by the Head of Finance, Procurement and Property.	Consideration be given to including a representative of People Services on the Sustainability Steering Group. Inclusion of such a member would provide the group with advice and guidance on strategies, policies and procedures that relate to staff and have potential sustainability implications, for example, policies and procedures relating to wellbeing and travel and subsistence.	<i>I don't think that it is a bad idea to involve someone from people services in the core SSG group. There may also be representatives from different departments that it would be useful to invite on an ad hoc basis.</i> <i>In order for this to be effective, changes have to be made to the structure and focus of SSG meetings. They have to be run with the idea that any member of the service could attend and understand what is being discussed. More detail and suggestions on this are included in initial desk environmental review including the creation of more of a narrative around sustainability work and 'streams' – 'waste and resource efficiency' 'transport' etc. and that it run through all meetings, policy, processes.</i>
2	Delivery	It is recognised that it is difficult to benchmark carbon emissions and associated reduction performance between organisations due to, for example, differences in the age and type of buildings and geographical spread of those buildings. However, the Sustainability Officer participates in national groups and also has links with the other Welsh Fire and Rescue Services in Mid and West Wales and North Wales.	It is recommended that contact is made through these relationships to consider the potential for benchmarking strategies, plans and data outcomes and if found possible, arrangements be put in place to share outcomes and best practice.	<i>Sustainability Officer finds these groups invaluable and will continue to utilise and build relationships in the name of benchmarking, shared learning and outcomes and general best practice.</i>

ADVISORY NOTE

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

Ref	Risk Area	Finding	Suggested Action	Management Comments
3	Delivery	The Service's Operation Audit and Support Team (OAST) undertake ongoing audits at station level. One part of these audits includes operational visits to stations within the annual cycle. All whole time and on call, retained duty stations will be subject to audit within the year. The station visit programme takes place alongside the monthly station audit for which data is uploaded to the Service's management information system, BMIS. The areas within the monthly audit include those relating to health and safety inspections, incident recording, training, equipment inspections, site-specific risk assessments and outstanding home fire safety checks.	Consideration be given to the potential to including elements relating carbon reduction, the environment, energy conservation and waste management into the ongoing programme of annual station visits and monthly audits.	<p><i>I think that as part of field environmental review that specific environmental audits should take place via the Sustainability Officer however following the initial review, I think it makes sense on an efficiency basis to include environmental audit elements in the wider audit as there will be lots of crossover with Health and Safety and visiting each site takes up a large amount of time.</i></p> <p><i>There will need to be a discussion around this with OAST because there will be an implication for time on their end also. There is also the possibility that they don't feel qualified to make comment on these areas. Wider discussion needed.</i></p>
4	Delivery	The Service does not currently have a response plan for dealing with complaints or incidents relating to the environment. An Environmental Response Plan (ERP) is a document that describes strategies, resources, plans, and procedures to prepare for and respond to an incident that threatens life, property, or the environment ¹ . It is also known as an Environmental Emergency Plan. The plan helps facilities to better prevent, prepare for, respond to and recover from an environmental emergency.	Consideration be given to developing and documenting an Environmental Response Plan or Environmental Emergency Plan.	<p><i>Fully agree that this needs to be progressed as a matter of urgency. After the completion of IER (Initial environmental review), aspects register this will be an easier and more focussed piece of work.</i></p> <p><i>This will be completed by the end of May 2024 but may require some consultancy assistance to ensure that it is covering all bases.</i></p>

ADVISORY NOTE

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

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, & 2	1
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	3	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings



South Wales Fire and Rescue Service's Strategic Plan 2020/2030 includes as one of its themes: 'Protecting our Environment: Make sure that we are always planning and working in a way that helps sustain the plant for our future generations'.

Four activities are listed as to be undertaken to support this, these are: Reducing our usage of single use materials; Exploring the use of electric vehicles; Reducing our energy use and our carbon footprint; and Considering how our activities impact on the environment.

The Strategic Plan 2020/2030 had an action plan and delivery targets to reduce carbon emissions by 2030 by 80%, see below.



To support delivery of intended outcomes an Action Plan has been developed which has seven objectives which support the 'Protecting Our Environment' Strategic Theme. The objectives are:

1. Reduce our use of single use materials.
2. Expand use of Ultra Low Emissions Vehicles (ULEV) and create a greener fleet.
3. Reduce and decarbonise our energy usage.
4. Reduce our carbon footprint by monitoring environmental data.
5. Reduce our waste and improve our waste management practices.
6. Engage with our stakeholders on our carbon journey and challenge.
7. Look for collaborative opportunities in identifying / progressing green projects.

Certain actions have subsequently been added to the Service Business Management Information (BMIS) system. As well as giving an oversight of sustainability actions, each action now links to the associated business plan or strategy where the item will be delivered, that is either the Carbon Reduction and Biodiversity Plans and Finance and Procurement.

Other Findings



The Service has developed a Carbon Reduction Plan and a Biodiversity Plan to support the service in implementing its commitment to sustainability. The latter also includes the Service's Nature Recovery Action Plan (NRAP) objectives.

TIAA has seen at other clients that organisations have often found difficulty co-ordinating and providing oversight of carbon reduction and sustainability actions where there can be a proliferation of strategies and multiple associated action plans, which also gives rise to duplication. For example, organisations may have carbon reduction and biodiversity plans, travel plans, estates and digital strategies as well sustainable procurement plans and those that relate to wellbeing.



Reports have been provided to Fire Authority in September 2022 and September 2023 setting out the progress made in the first and second years of the Carbon Reduction Plan and Biodiversity Forward Plan.



The Service produces and publishes an Annual Improvement Plan which describes progress made against the Strategic Plan 2020-2030. The latest Annual Improvement Plan was published in October 2023 being for performance in 2022-23 and outlining plans for 2024-25.

Review of the report confirmed that it includes sections on the 'Protecting our Environment' theme outlining performance in 2022-23 and outlining plans for 2024-25.

It was also noted that the service published a year four update of the Strategic Plan in April 2023 with similar information and setting out plans for 2023/24.



Oversight arrangements of the Carbon Reduction Plan and associated actions includes a Sustainability Steering Group. The Group has a documented terms of reference which describes its purpose, membership and structure. The Group is chaired by the Head of Finance, Procurement and Property.



The Service has produced a Healthy Travel Charter which has included development of a walking routes map and communication of public transport discounts to staff. Discussion with the Sustainability Officer identified that although the Charter has been produced, actions associated with its implementation have not been progressed to the extent intended.



Although the Service's Strategic Plan has associated risks which are documented and reviewed through its performance monitoring arrangements, there has been no specific risk assessment undertaken in relation to the Carbon Reduction Plan and Biodiversity Plan.



The service has not undertaken a data inventory of its carbon emissions. This documents the various data sources and responsibilities for production of data associated with environmental data collection and reporting, and also notes if certain data is not available, any concerns over the accuracy and any assumptions.

**Delivery Risk:**

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	2
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	3, & 4

Other Findings

The Carbon Reduction Plan 2020-23 set a four-stage delivery target to reduce carbon emissions by 25% in 2023, 50% by 2030, 65% by 2040 and 80% by 2050 (using baseline emissions data for 2018-19).

The Service has calculated its carbon footprint using Welsh Government's carbon footprint methodology, in line with other public bodies so that comparisons can be made. A comparison of emissions has also been made to baseline emissions for energy, fleet, supply chain, and business mileage from its baseline year of 2018-2019 where a decrease of 14% has been seen.

Such data and reporting establish a repeatable baseline and the Service completed the Welsh Government (WG) emissions return each year since its inception and could eventually enable meaningful benchmarks. The return format has been in development since its inception in 2021 and this makes annual comparisons with prior years difficult.



South Wales Fire and Rescue has taken the lead on an all-Wales Sustainable Procurement Group, including working collaboratively with WRAP Cymru to develop an integral procurement tool that provide benefits for both procurement practitioners and contract managers. A full internal audit review of Sustainable Procurement is planned for 2026/27.



A Sustainability Engagement Strategy has been produced and includes plans to further develop an internal Sustainability intranet page and extend this to the external website. The Sustainability Officer is also in the process of developing arrangements for Sustainability Champions to be appointed across the Service.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

- 1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- 2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. 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. 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.

Effectiveness of arrangements

- 3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- 4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- 5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- 6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	5 th May 2023	5 th May 2023
Draft Report:	3 rd April 2024	10 th April 2024
Final Report:	19 th April 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	South Wales Fire and Rescue Service		
Review:	Sustainability		
Type of Review:	Assurance	Audit Lead:	Director of Audit

Outline scope (per Annual Plan):	The review will consider the implementation, monitoring and reporting on the South Wales Fire and Rescue Service's Carbon Reduction Strategy.	
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>
Requested additions to scope:	None.	
Exclusions from scope:	As above.	

Planned Start Date:	5 th February 2024	Exit Meeting Date:	9 th February 2024	Exit Meeting to be held with:	Sustainability Officer
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N

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South Wales Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report

July 2024

Final

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 at 5th July 2024.

TIAA Ltd becomes a Certified B Corporation

- 2. TIAA Ltd has today announced its certification as a B Corporation (or B Corp), joining a growing movement of companies that are reinventing business for the benefit of all people and our shared planet. Verified by B Lab, the not-for-profit behind the B Corp movement, the achievement demonstrates that TIAA Ltd meets high standards of social and environmental performance, transparency, and accountability alongside a commitment to goals beyond shareholder value.

The news comes as the ongoing climate crisis and widening social inequality continue to pose urgent challenges to our economy. B Corp Certification assesses the entirety of a business’ operations and currently covers five main impact areas: Governance, Workers, Community, Environment and Customers. The certification process is rigorous, with companies required to reach a score of 80 points in the B Impact Assessment while providing evidence of responsible practices relating to energy supplies, waste and water use, worker compensation, diversity, and corporate transparency. A business must also legally embed their commitment to purpose as well as profit in their company articles. TIAA Ltd is now part of a growing community of over 8,000 businesses globally that have certified as B Corps. The B Corp community in the UK is one of the largest and fastest-growing in the world, with over 1,700 companies spanning a range of different industries and sizes. Names include: The Guardian, Innocent Drinks, Patagonia, Tony’s Chocolonely, The Big Issue, Finisterre, and Elemis.

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

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

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Sustainability	Reasonable	03/04/2024	10/04/2024	19/04/2024	-	1	2	4
Electric Vehicle Charging	Limited	30/05/2023	18/06/2024	21/06/2024	1	1	3	1

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

Progress against the 2023/2024 and 2024/2025 Annual Plans

5. Our progress against the Annual Plan for 2023/24 is set out in Appendix A and against the Annual Plan for 2024/25 in Appendix B

Changes to the Annual Plan 2024/25

6. There have been no changes to the Annual Plan for 2024/25 to date.

Progress in actioning Urgent (Priority 1) recommendations

7. We have made one Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA relating to the Electric Vehicle Charging.

Frauds/Irregularities

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

Other Matters

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

Responsibility/Disclaimer

10. 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.

Appendix A: Progress against Annual Plan 2023/24

System	Planned Quarter	Current Status	Comments
Electric Vehicle Charging	1	Final Report Issued: 21/06/2024	Presented to July 2024 meeting
Assets - Mobile Phones	1	Final report issued: 21/08/2023	Presented to September 2023 meeting
ICT Data Assurance	2	Final Report Issued: 22/02/2024	Presented to April 2024 meeting
Station Visits	2	Final Report Issued: 08/11/2023	Presented to April 2024 meeting
Estates Strategy – Property Compliance	2	Fieldwork commenced: 25/03/2024	Draft report pending
Payroll – Core HR Pay Award and Month-end Payroll Processing	2	Draft Report Issued: 03/04/2024	Replaced Airwave / Emergency Services Network
Risk Management – Mitigating Controls	3	N/A	Replaced by review of Core HR
Core HR	3	Draft Report issued: 25/04/2024	Replaced Risk Management – Mitigating Controls (above)
O365 Implementation	3	Final Report issued: 28/02/2024	Presented to April 2024 meeting
Airwave / Emergency Services Network	3	NA	Deferred to 2024/25, replaced by Payroll (above)
Budgetary Control	3	Final Report Issued: 08/11/2023	Presented to March 2024 meeting
Pensions	3	Final Report Issued: 06/11/2023	Presented to November 2023 meeting
Sustainability	4	Final Report Issued: 19/04/2024	Presented to July 2024 meeting
Health and Safety Management	4	Draft Report issued: 14/05/2024	
Follow Up	4	Fieldwork ongoing	
Annual Planning	1	Final issued: 14/03/2023	
Annual Report	4	Interim Draft Report issued: 02/02/2023	
Audit Management	1 – 4		


KEY:

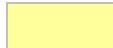
	To be commenced		Site work commenced		Draft report issued		Final report issued
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Appendix B: Progress against Annual Plan 2024/25

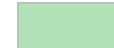
System	Planned Quarter	Current Status	Comments
ICT and Digital Strategy	1	Suggested date: 15/07/2024	New date to be agreed
Fleet Strategy	1	Suggested date: 22/07/2024	New date to be agreed
Communications	2	Suggested date: 02/09/2024	
Station Visits	2	Suggested date: 05/08/2024	
Procurement Cards	2	Suggested date: 16/09/2024	
Capital Planning	2	Suggested date: 27/08/2024	
Risk Management – Mitigating Controls	3	Suggested date: 28/10/2024	
Governance	3	Suggested date: 02/12/2024	
Estates Strategy – Planned and Preventative Maintenance	3	Suggested date: 07/10/2024	
Anti-Fraud	4	TBC	
Airwave / Emergency Services Network (Deferred from 2023/24)	4	Suggested date: 13/01/2025	
Follow Up	4	Suggested date: 09/01/2025	
Annual Planning	1	Final Plan agreed at Commissioners Meeting 10/04/2024	
Annual Report	4		
Audit Management	1-4		

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Appendix C: Briefings on Developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in governance, risk, control and 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 issued since the previous FAPM Committee which may be of relevance to South Wales Fire and Rescue Service is given below.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
25 JUNE 2024	All	TIAA Article	As featured in the Saturday Telegraph – Impact of Artificial Intelligence and the future of Internal Audit	As featured in the Saturday Telegraph - Impact of Artificial Intelligence and the Future of Internal Audit - TIAA	Our fifth article published in the Saturday Telegraph, talks about the impact of artificial intelligence and the future of Internal Audit.
25 JUNE 2024	All	Podcast	Ageing Workforce Podcast	Ageing Workforce Podcast - TIAA	People are living longer and working longer. Naturally, that brings its own set of challenges for managers and business owners. In this Podcast, Ruth Wragg-Jones from Fitzgerald HR and David Foley, Advisory Director at TIAA, talk about the complexities of the Ageing workforce, considerations to identify and explore and how to put a plan in place to help ensure your workforce remains effective and successful.
04 JUNE 2024	All	Data Protection Alert	The Data Protection and Digital Information Bill Failed	The Data Protection and Digital Information Bill Failed - TIAA	The Data Protection and Digital Information Bill has failed to complete its legislative passage in the necessary time frame before the General Election. It is understood that late amendments added by the Department of Work and Pensions are what caused the Bill to fail.
31 MAY 2024	All	TIAA Article	As featured in the Saturday Telegraph – Security Management, Is Your Public Venue “Terrorist Ready”?	As featured in the Saturday Telegraph - Security Management, is your public venue “terrorist ready”? - TIAA	Our latest article featured in the Saturday Telegraph dives into how the Terrorism (Protection of Premises) Bill impacts owners and operators of public venues and events. Learn more about what it takes to be “terrorist ready” and how to ensure the safety of your venue.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
24 MAY 2024	All/Charity	Case Study	Charity Care Provider Case Study	Charity Care Provider Case Study - TIAA	Our latest case study featuring a Charity Care Provider. This insightful read highlights the importance of internal audits and how they can positively impact organisations. Discover how our tailored solutions have helped this Charity Care Provider streamline their processes and enhance their overall performance.
22 MAY 2024	All	TIAA News	TIAA Becomes Certified B Corporation	TIAA becomes Certified B Corporation - TIAA	TIAA is delighted to announce its certification as a B Corporation (or B Corp), joining a growing movement of companies that are reinventing business for the benefit of all people and our shared planet.
13 MAY 2024	All	Newsletter	Fraud Stop Healthcare – Spring 2024	Fraud Stop Healthcare – Spring 2024 - TIAA	The Spring 2024 edition of our Fraud Stop Healthcare publication is now available. Our bi-annual Fraud Stop publication features emerging fraud trends identified at healthcare organisations, case studies that our specialists have been involved in and methods of fraud prevention.
13 MAY 2024	All	Newsletter	Fraud Stop All Sectors – Spring 2024	Fraud Stop All Sectors – Spring 2024 - TIAA	The Spring 2024 edition of our Fraud Stop All Sectors publication is now available. Our bi-annual Fraud Stop publication features emerging fraud trends identified at organisations, case studies that our specialists have been involved in and methods of fraud prevention.
07 MAY 2024	All	Survey Results	TIAA's Organisational Culture and Whistleblowing Survey Results	TIAA's Organisational Culture and Whistleblowing Survey Results - TIAA	TIAA has completed a snapshot survey across clients on their organisational culture and whistleblowing arrangements. The surge in high-profile incidents, often accompanied by damaging press coverage, prompted us to take action
03 MAY 2024	All	Campaign	International Internal Audit Awareness Month	International Internal Audit Awareness Month - TIAA	Started by The IIA in the 1990s, International Internal Audit Awareness Month helps promote the value of internal audit both inside and outside of organisations - Find out more about the role of Internal Audit in our 'Guide to Internal Audit'
30 APRIL 2024	All	Campaign	World Password Day	World Password Day - TIAA	World Password Day creates awareness about the importance of strong passwords. A compromised password can put our personal and financial information at risk. We offer key advice on creating strong passwords, looking after your passwords and protecting your accounts.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
22 APRIL 2024	All	TIAA Article	As featured in the Saturday Telegraph – Evolving Cyber Crime Threats Require a Different Approach to Cyber Security	As featured in the Saturday Telegraph - Evolving Cyber Crime Threats Require a Different Approach to Cyber Security - TIAA	Our latest feature in The Saturday Telegraph discusses the ever-evolving cyber crime landscape and why traditional security measures may not be enough. Learn how our Cyber Security Advisory services can help you stay protected all year round, not just during your annual penetration test.
17 APRIL 2024	All	TIAA Article	Earth Day – Invest in Our Planet: Green IT	Earth Day - Invest In Our Planet: Green IT - TIAA	Green IT is a drive for a more sustainable and responsible digital landscape. In this article, we delve into the significance of Green IT and its impact on our world.
12 APRIL 2024	All	TIAA Report	TIAA Environmental Performance Report 2022/23	TIAA Environmental Performance Report 2022/23 - TIAA	TIAA runs an Environmental Management System to manage and reduce its environmental impacts. Key environmental impacts considered as part of the Environmental Management System include energy use, waste generation, travel and resource use. Our Environmental Performance Report for 2022/23 is now available.

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SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 12
26 JULY 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE ASSISTANT CHIEF FIRE OFFICER OF SERVICE
DELIVERY

**PERFORMANCE REPORT - STRATEGIC PERFORMANCE INDICATORS
2023/2024**

THIS REPORT IS FOR INFORMATION

REPORT APPROVED BY THE ASSISTANT CHIEF FIRE OFFICER OF
SERVICE DELIVERY.

PRESENTING OFFICER - ASSISTANT CHIEF FIRE OFFICER OF SERVICE
DELIVERY, DEAN LOADER

SUMMARY

To consider the organisation's performance against the Strategic Performance Indicators compared to the predicted outcomes for 2023/2024.

RECOMMENDATIONS

1. That Commissioners note the Service's Strategic Performance Indicator totals for 2023/2024 and approve publication of this information onto the South Wales Fire and Rescue Service internet site.

1. BACKGROUND

- 1.1 To support performance monitoring and continuous improvement activity within the Service, Strategic Performance Indicator data is compared against predicted outcomes that are implemented at the start of the year. The Service's ongoing performance against these Strategic Performance Indicators is reviewed at public-facing Committee meetings and these indicators are referenced within corporate documents produced and published by the Service. They provide a point of reference for predicted demand and outcomes, against which more detailed incident data can be analysed.
- 1.2 There is a requirement under the Local Government (Wales) Measure 2009 to report our performance against seven Strategic Performance Indicators

annually to Welsh Government (WG). There are four incident-based indicators, two fatality and injury indicators and one effective response indicator.

- 1.3 The predicted outcomes for 2023/2024 were proposed prior to the start of the reporting year, utilising a profiling process that considered nine months of 2022/2023 actual incident data and a further four years of historic incident data to provide a baseline figure.
- 1.4 Factors that may influence the Service's ability to meet predicted outcomes include planned reduction strategies and changes in legislation that may change the call profile of the Service.

2. ISSUE / PROPOSAL

- 2.1 The purpose of these indicators is to measure activity that has a direct or significant impact on desired outcomes.

The indicators are:

- The number of incidents attended (made up of four separate indicators, which are for Total Fires Attended, Total False Alarms Attended, Total Road Traffic Collisions (RTCs) Attended, and Total Other Special Service Calls (SSCs) Attended).
 - The number of deaths and injuries caused by all fires and accidental fires (two indicators).
 - The percentage of dwelling fires which were confined within the room they originated (one indicator).
- 2.2 Appendix 1 provides full details of the six-year trend performance against the Strategic Performance Indicators.
 - 2.3 The total number of fires attended in 2023/2024 (5,452) was lower than the number attended during the previous reporting year (6,031) and lower than the predicted outcome (5,889).
 - 2.4 The total number of false alarms attended in 2023/2024 (9,461) was higher than the number attended during the previous reporting year (8,746) and higher than the predicted outcome (8,315).
 - 2.5 The total number of Road Traffic Collisions (RTCs) attended in 2023/2024 (870) was higher than the number attended during the previous reporting year (848) and higher than the predicted outcome (858).
 - 2.6 The total number of Other Special Service Calls (SSCs) attended in 2023/2024 (3,205) was higher than the number attended during the previous reporting year (3,080) and higher than the predicted outcome (2,698).

- 2.7 The total number of deaths and injuries arising from all fires in 2023/2024 (40) was lower than the number recorded during the previous reporting year (63) and lower than the predicted outcome (62).
- 2.8 The total number of deaths and injuries arising from all fires which were started accidentally in 2023/2024 (34) was lower than the number attended during the previous reporting year (52) and lower than the predicted outcome (45).
- 2.9 The percentage of dwelling fires which were confined within the room they originated in 2023/2024 (84.5%) was higher than during the previous reporting year (82.7%) but was lower than the predicted outcome (85%).

3. IMPLICATIONS

3.1 Community and Environment

- 3.1.1 Well-Being Of Future Generations (Wales) Act – Monitoring our performance against these Strategic Performance Indicators, and effectively implementing planned improvement strategies as necessary, enable us to continue to reduce the number of non-emergency incidents we attend. This contributes to the well-being goal of “A prosperous Wales”.
- 3.1.2 Sustainability / Environment / Carbon Reduction – Reducing the number of incidents that we attend and the number of fire appliances that attend these incidents will ensure that we reduce our impact on the environment.

3.2 Regulatory, Strategy and Policy

- 3.2.1 Legal – There is a requirement under the Local Government (Wales) Measure 2009 to report our performance against seven Strategic Performance Indicators annually to WG. Our annual return was compiled and returned to WG during June 2024 as required.

3.3 Resources, Assets and Delivery

- 3.3.1 Service Delivery – Monitoring our ongoing performance against these seven Strategic Performance Indicators enables us to review the effectiveness of our service delivery, and to implement improvements wherever possible.

4 EVALUATION & CONCLUSIONS

- 4.1 Three Strategic Performance Indicators performed better than the previous year and better than the prediction set at the beginning of the year (Total Fires Attended, Total Deaths and Injuries in Fires, Total Deaths and Injuries in Accidental Fires).
- 4.2 One Strategic Performance Indicator performed better than the previous year but did not meet the prediction set at the beginning of the year (Percentage of Dwelling Fires Confined to Room of Origin).
- 4.3 Three Strategic Performance Indicators performed worse than the previous year and did not meet the prediction set at the beginning of the year (Total False Alarms Attended, Total RTCs Attended, Total Other SSCs attended).
- 4.4 The Service will continue to monitor and report its ongoing performance against these Strategic Performance Indicators.

5 RECOMMENDATIONS

- 5.1 That Commissioners note the Service’s Strategic Performance Indicator totals for 2023/2024 and approve publication of this information onto the South Wales Fire and Rescue Service internet site.

Contact Officer:	Wayne Thomas Temporary Head of Corporate Support	
Background Papers	Date	Source / Contact
None		

Appendices	
Appendix 1	Strategic Performance Indicators - 2023/2024 Full Year



Strategic Performance Indicators

2023/2024 Full Year

Introduction

Welsh Government require Fire and Rescue Services in Wales to report annually on a series of measures, which include seven Strategic Performance Indicators of service delivery. Section 1 of this report provides an overview of how the Service has performed and Section 2 provides additional detail and analysis.

Section 1 – Overview of Strategic Performance Indicators Full Year Performance 2023/2024

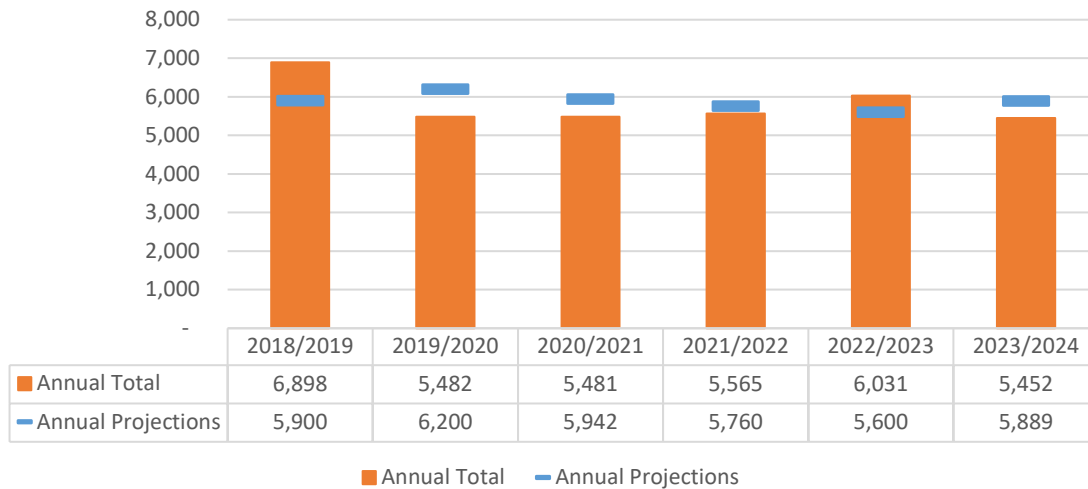
The table below displays the progress of each Strategic Performance Indicator based on its performance against the predicted outcome set by analysis at the start of the year.

	2022/2023 Previous Year Performance	2023/2024 Prediction	2023/2024 Performance	Year on Year Performance Difference # (%)	2023/2024 Actual v Prediction
Total Fires Attended	6,031	5,889	5,452	-579 (-10%)	★
Total False Alarms Attended	8,746	8,315	9,461	+715 (+8%)	▲
Total RTCs Attended	848	858	870	+22 (+3%)	●
Total Other SSCs Attended	3,080	2,698	3,205	+125 (+4%)	▲
Total Deaths and Injuries Arising from All Fires	63	62	40	-23 (-37%)	★
Total Deaths and Injuries Arising from Accidental Fires	52	45	34	-18 (-34%)	★
% of Dwelling Fires Confined to Room of Origin	82.7%	85%	84.5%	+1.8%	●

Performance Key	★ Better than or equal to prediction	● Up to 5% worse than prediction	▲ Over 5% worse than prediction
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Section 2 – Strategic Performance Indicators - analysis

Total fires attended compared to projections



2023/2024 Performance v 2022/2023

Total Fires ↓ 10% from 6,031 to 5,452.

7% **below** the projection of 5,889 in 2023/2024.

Accidental Fires ↓ 2%, from 1,749 to 1,716.

Deliberate Fires ↓ 13%, from 4,282 to 3,735.

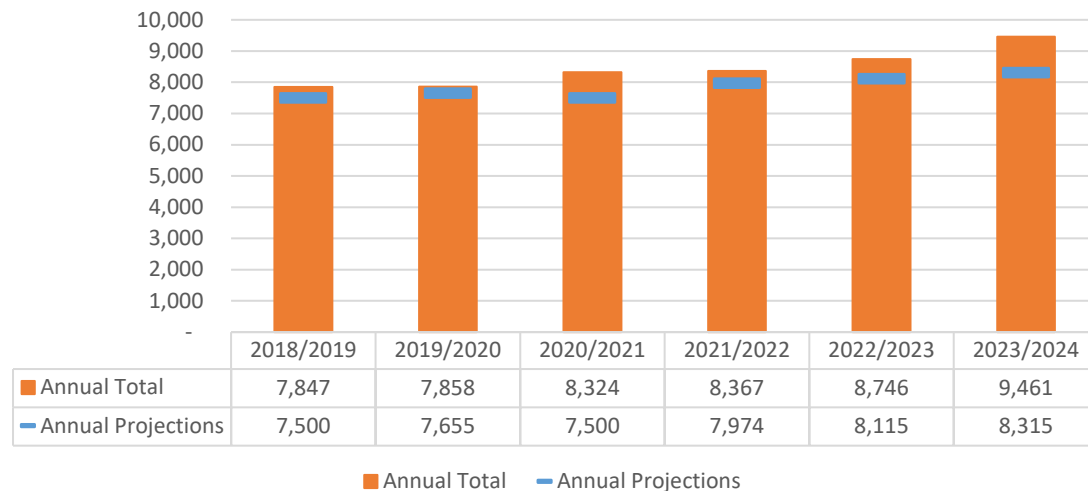
Deliberate Grass Fires ↓ 29%, from 1,073 to 758.

Deliberate Refuse Fires ↓ 11%, from 2,498 to 2,214.

Deliberate Road Vehicle Fires ↑ 15%, from 323 to 373. The largest increase was in Cardiff, going from 40 last year to 90 this year. Splott went from 12 to 26 and Ely went from 3 to 11.

Deliberate Fires accounted for 69% of all fires.

Total false alarms attended compared to projections



2023/2024 Performance v 2022/2023

Total False Alarms ↑ 8%, from 8,746 to 9,461.

14% **above** the projection of 8,315 in 2023/2024.

False Alarm Due to Apparatus ↑ 10%, from 5,419 to 5,982.

False Alarm Good Intent ↑ 7%, from 3,023 to 3,223.

False Alarm Malicious ↓ 16%, from 304 to 256.

Appliances in attendance at:

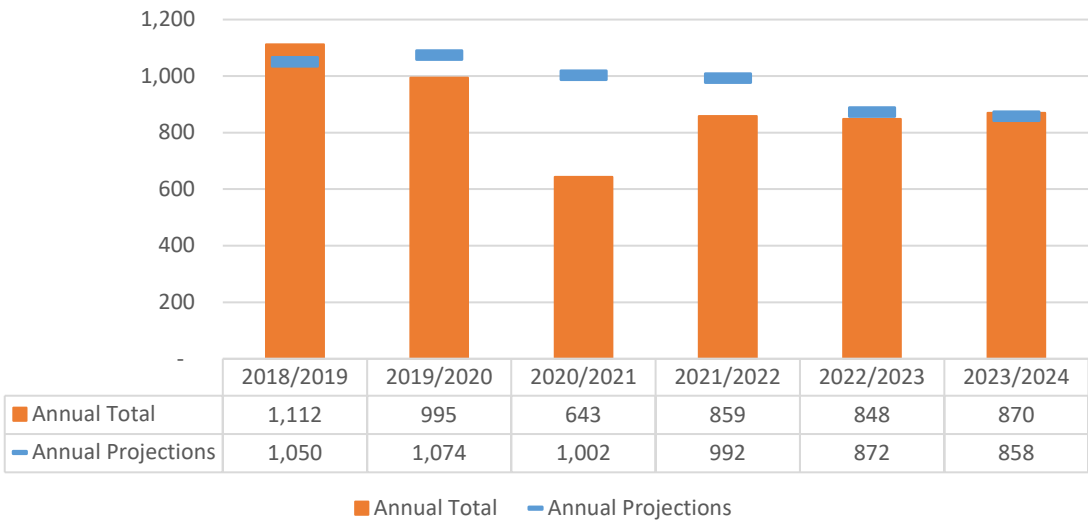
Education premises ↑ 20%, from 629 to 756.

Purpose built flats ↑ 8%, from 998 to 1,082.

Hospitals ↑ 7%, from 724 to 773.

Residential homes ↑ 2%, from 484 to 493.

Total RTCs attended compared to projections



2023/2024 Performance v 2022/2023

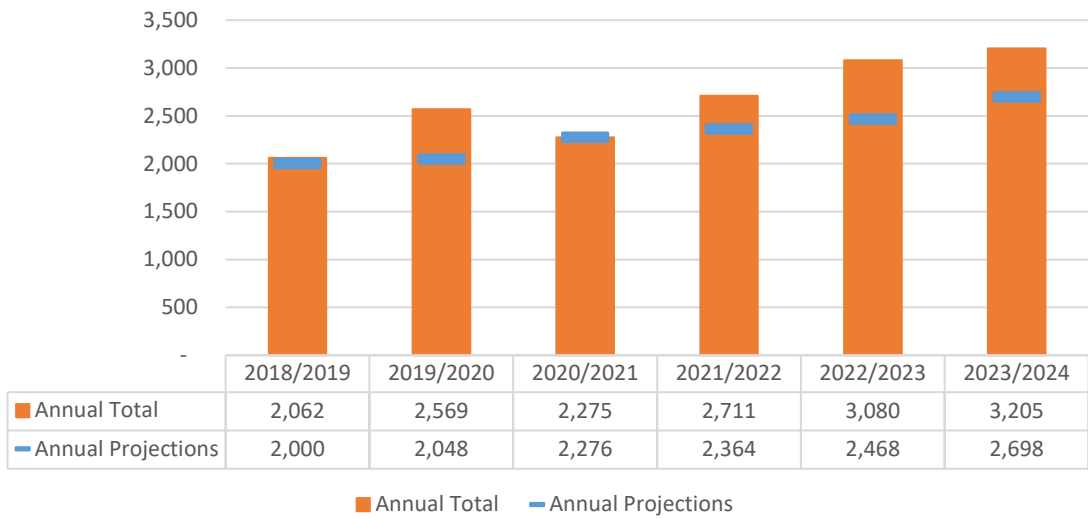
Total RTCs ↑ 3%, from 848 to 870.
1% **above** the projection of 858 in 2023/2024.

In 2023/2024, 16% of RTCs were extrications/release of persons compared to 19% last year.

There have been 23 fatalities at RTCs this year compared to 21 last year.

There have been 306 injuries compared to 338 last year (-9%).

Total other SSCs attended compared to projections



2023/2024 Performance v 2022/2023

Other SSCs ↑ 4%, from 3,080 to 3,205.
19% **above** the projection of 2,698.

Flooding ↓ 4%, from 255 to 246.

Rescue or evacuation from water ↑ 36%, from 47 to 64.

Other rescue/release of persons ↓ 18%, from 180 to 148.

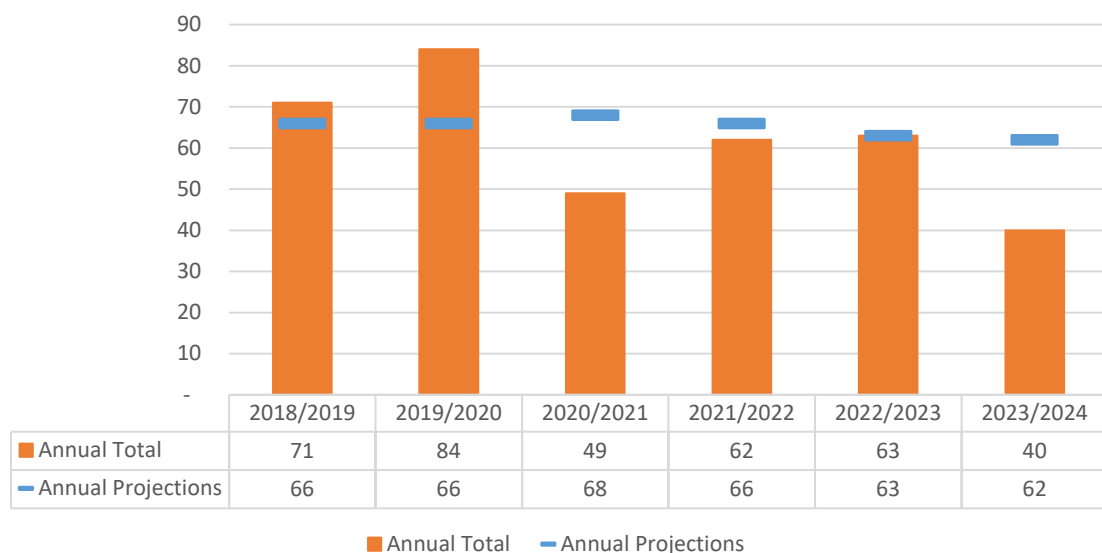
Assisting other agencies ↑ 30%, from 666 to 863.

Bariatric rescue/assistance ↑ 38%, from 221 to 306.

Suicide/attempts ↑ 20%, from 60 to 72.

Calls originating from the Ambulance Service ↑ 30%, from 641 to 831.

Total fatalities & injuries in fires compared to projections



2023/2024 Performance v 2022/2023

Total fatalities and injuries ↓ 37%, from 63 to 40.

35% **below** the projection of 62.

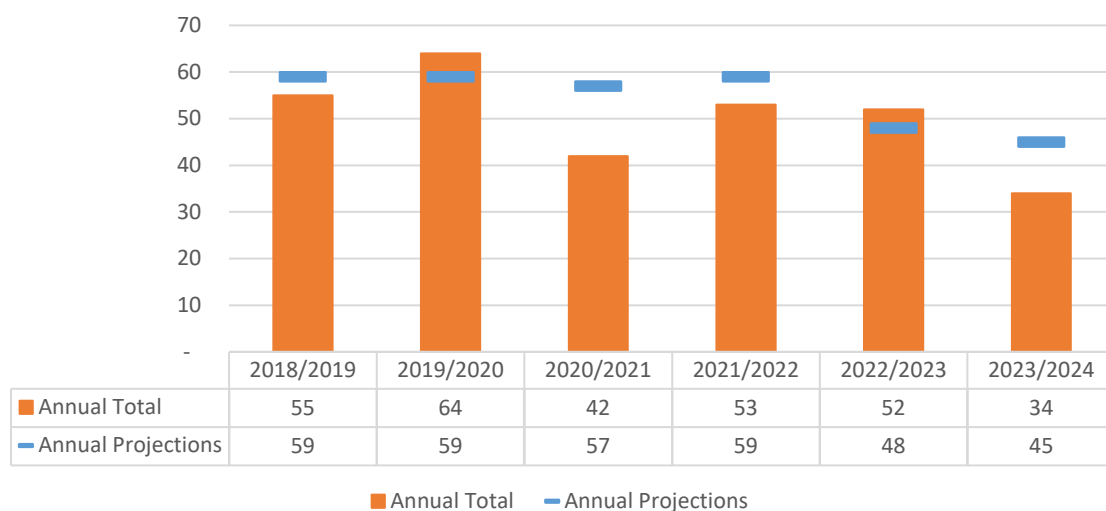
There were 4 fatalities from fire compared to 6 last year.

3 of the fatalities were in accidental dwelling fires and started in the bedroom. Alarms were present during all three incidents.

There were 8 serious injuries this year compared to 18 last year (-56%).

There were 28 slight injuries compared to 39 last year (-28%).

Total fatalities & injuries in accidental fires compared to projections



2023/2024 Performance v 2022/2023

Fatalities and Injuries in accidental fires ↓ 35%, from 52 to 34.

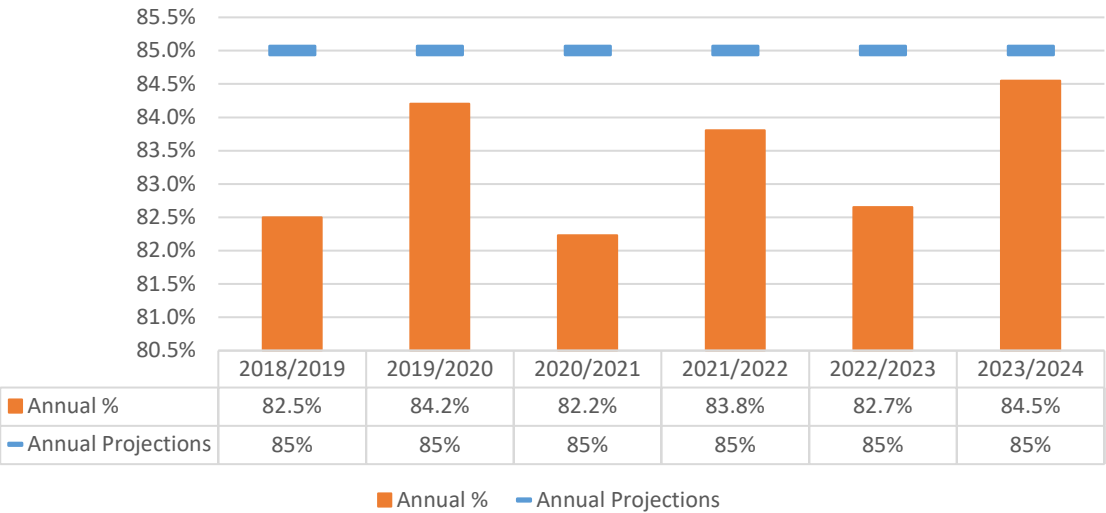
The 2023/2024 total (34) was 24% **below** the projection of 45.

There were 3 fatalities in accidental fires, which all started in the bedroom.

There were 3 serious injuries compared to 16 last year (-81%).

There were 28 slight injuries compared to 31 last year (-10%).

% of dwelling fires confined to room of origin compared to projections



2023/2024 Performance v 2022/2023

84.5% of dwelling fires were confined to the room of origin (580 of 686 dwelling fires) during 2023/2024.
0.5% **below** the projection of 85% in 2023/2024.

Torfaen had the **highest** percentage, with 93.2% of fires confined to the room of origin (41 of 44).

Merthyr had the **lowest** percentage, with 75.8% of fires confined to the room of origin (25 of 33).

Of the 106 fires **not confined** to the room of origin, there was no alarm present at 52 of them (49%).

AGENDA ITEM NO 13

FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Apr 2024	Annual Governance Statement	To consider the draft Annual Governance Statement and associated governance improvement plan for 2024/25 prior to inclusion in the annual statement of accounts.	D	ACO CS Contact Officer Sarah Watkins	
Apr 2024	Community Safety Funding 2024/25	To provide an overview of the approved Welsh Government grant funding for Community Safety workstreams in 2024/25 and the implications from reduced revenue and capital funds.	D	T/ACFO SD Contact Officer Dean Loader	

FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Apr 2024	Internal Audit Annual plan	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	ACO CS Contact Officer: Lisa Mullan	
Apr 2024	Register of Gifts and Hospitality	To advise Commissioners of gifts and hospitality accepted and declined during the year	I	ACO CS Contact Officer: Sarah Watkins	
Jul 2024	Audited Statement of Accounts / Audit Wales ISA 260 Report	To advise Commissioners 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	
Jul 2024	Treasury Management Monitoring Report	To update Commissioners on progress against Treasury Management activities of the first quarter of the financial year.	I	Treasurer Contact Officer: Lisa Mullan	

FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Jul 2024	Proposed Priority Actions 2025/26	To advise Commissioners of the proposed Priority Actions 2024/25 and to seek authority to enter into public consultation on these.	D	ACO CS Contact Officer: Sarah Watkins	
Jul 2024	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	
Jul 2024	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	
Jul 2024	Departmental Risk Register	To seek Commissioners' views upon the Corporate Departmental Risk Register	I	ACO CS Contact Officer: Wayne Thomas	
Apr / Jul / Sept / Dec / Feb	Revenue Budget Monitoring Reports	To provide an update on revenue expenditure against the revenue budget for the year	D	Treasurer Contact Officer: Lisa Mullan	

FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Apr / Jul / Sept / Dec / Feb	Capital Programme Monitoring Reports	To provide an update on capital expenditure against the capital budget for the year	D	Treasurer Contact Officer: Lisa Mullan	
Apr / Jul / Sept / Dec / Feb	Internal Audit Update Reports	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	ACO CS Contact Officer: Lisa Mullan	
Apr / Jul / Sept / Dec / Feb	Performance Reports – Statutory PI's (Quarterly)	To scrutinise progress of the Service's Priority Actions and statutory PI's as at the end of Q1	I	ACO CS & T/ACFO SD Contact Officer: Sarah Watkins	

Please note this is subject to change

AGENDA ITEM NO 14

**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	
	Commissioners 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 South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 and the Local Government Act 2000.	
3.	Chairperson's Announcements	
4.	To receive the minutes of;	
	Finance and Audit Committee Meeting held on 19 April 2024	3
	REPORTS FOR DECISION	
5.	Revenue Outturn Report 2023/24	9
6.	Capital Outturn Report 2023/24	23
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	REPORTS FOR INFORMATION	
9.	Audit Wales Annual Audit Plan 2024	69
10.	Draft Statement of Accounts 2023/24	95
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13.	Forward Work Programme for Finance and Audit Committee 2024/2025	261
14.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	265