

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

## FIRE & RESCUE AUTHORITY SUMMONS

### SOUTH WALES FIRE & RESCUE AUTHORITY

You are required to attend a meeting of the South Wales Fire & Rescue Authority to be held at **South Wales Fire & Rescue Service Headquarters, Forest View Business Park, Llantrisant, CF72 8LX** on **Monday, 21 September 2015 at 1030 hours.**

#### A G E N D A

1. Apologies for Absence
2. Declarations of Interest

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

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Signature of Proper Officer:



**MEMBERSHIP  
Councillors:**

D	Ali	Cardiff	A	Jones	Torfaen
S	Bradwick	Rhondda Cynon Taff	S J	Jones	Rhondda Cynon Taff
D T	Davies	Caerphilly	R	McKerlich	Cardiff
P	Drake	Vale of Glamorgan	B	Morgan	Rhondda Cynon Taff
C	Elsbury	Caerphilly	J	Morgan	Blaenau Gwent
E	Galsworthy	Merthyr Tydfil	G	Phillips	Cardiff
E	Hacker	Vale of Glamorgan	S	Pickering	Rhondda Cynon Taff
P	Hannon	Newport	M	Powell	Monmouthshire
C	Hawker	Caerphilly	M	Rahman	Newport
K	Hyde	Cardiff	P	Seabourne	Torfaen
C	James	Bridgend	C	Smith	Bridgend
M	Javed	Cardiff	V	Smith	Monmouthshire



**SOUTH WALES FIRE & RESCUE AUTHORITY**  
**MINUTES OF THE HR & EQUALITIES MEETING**  
**HELD ON MONDAY 23 MARCH 2015 AT**  
**SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

**39. PRESENT:**

<b>Councillor</b>	<b>Left</b>	<b>Authority</b>
S J Jones (Chair)		Rhondda Cynon Taff
P Drake		Vale of Glamorgan
E Hacker		Vale of Glamorgan
A Jones		Torfaen
B Morgan		Rhondda Cynon Taff
G Phillips		Cardiff
M Powell		Monmouthshire
P Seabourne		Torfaen

**APOLOGIES:**

S Bradwick		Rhondda Cynon Taff
C Elsbury		Caerphilly
E Galsworthy		Merthyr Tydfil
R McKerlich		Cardiff
J Morgan		Blaenau Gwent
S Pickering		Rhondda Cynon Taff
M Rahman (Deputy Chair)		Newport

**ABSENT:**

**OFFICERS PRESENT:-** ACO P Haynes – Director of People Services, Mr M Malson – Head of Human Resources, Mr C Powell – Deputy Monitoring Officer, A/AM I Greenman – Acting Head of Training & Development, Ms J Edwards – HR Manager, Occupational Health, GM J Evans – Training & Development

**40. DECLARATIONS OF INTEREST**

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

Officers declared an interest in Agenda Item 4, and would leave the room whilst the item was being considered.

#### **41. MINUTES OF PREVIOUS MEETING**

The minutes of the HR & Equalities meeting held on 26 January 2015 were received and accepted as a true record of proceedings subject to the following amendment:-

- Councillor Seabourne was in attendance and not absent as recorded

Apart from the ACO People Services, Officers withdrew from the meeting whilst the following item was being discussed.

#### **42. SOUTH WALES FIRE & RESCUE AUTHORITY – ANNUAL PAY POLICY STATEMENT - INCLUSION**

The ACO People Services informed Members that the South Wales Fire & Rescue Authority was required to publish a Pay Policy Statement for each financial year which provided information for the following financial year.

The Fire & Rescue Authority also determined that the HR & Equalities Committee should review the Pay Policy Statement and report to the full Committee. Recent developments relating to the substance of the Policy Statement had required that two elements be considered separately.

The ACO People Services also made Members aware of 4 non-uniformed Heads of Service Officers who were paid less than uniformed Officers by approximately £4,000 per annum. He raised his concerns on the differential with base line salaries, and recommended that Members consider an option to address the issue as a matter of principle, subject to receiving legal advice in due course.

The ACO People Services left the room whilst Members considered the recommendations.

#### **RESOLVED THAT**

- 42.1 Members agreed to the two inclusions to the South Wales Fire & Rescue Authority's Pay Policy Statement.
- 42.2 Members agreed to recommend the changes to the Fire & Rescue Authority for incorporation into the Authority's Pay Policy Statement.

- 42.3 Members noted the potential for the making of temporary honoraria as prescribed by the Pay Policy (Section 13) and Standing Orders to address baseline pay differentials.
- 42.4 Following lengthy discussion on concerns with different terms and conditions, Members further agreed to receive legal advice before determining whether to award 4 non-uniformed Heads of Service Officers with the same level of baseline pay as uniformed Officers.
- 42.5 Officers would include the above mentioned item in the 2015/2016 Forward Work Programme.

**43. SUMMARY OF THE NATIONAL ISSUES COMMITTEE – HUMAN RESOURCES AND TRAINING & DEVELOPMENT WORKSTREAMS**

The ACO People Services presented a report updating Members on the Fire & Rescue Services' All Wales National Issues Committee Human Resource Management and Training & Development work-streams for the Municipal Year 2014/2015.

**RESOLVED THAT**

Members agreed to note the content of the work-stream summary detailed in the report.

**44. OCCUPATIONAL HEALTH UNIT (OHU) – ACTIVITY REPORT – 1 JANUARY TO 31 DECEMBER 2014**

The Head of HR informed Members that the Occupational Health Unit Activity report spanned the period from 1 January to 31 December 2014. The report provided data on services and expenditure, updates on occupational health initiatives, and an outline of strategic development.

**RESOLVED THAT**

Members agreed to note the content of the report, and thanked Officers for all their hard work.

**45. REVIEW OF THE OCCUPATIONAL HEALTH SERVICES REPORT**

The Head of HR and HR Manager, Occupational Health, informed Members that the aim of the review was to establish the most efficient

and effective provision of Occupational Health Services to all of the employees of the South Wales Fire & Rescue Services (SWFRS) and Cardiff Council (CC), and at the same time to improve the capacity of the service provision to allow for greater collaboration between South Wales Fire & Rescue Service, and Cardiff Council, and other public sector bodies.

#### **RESOLVED THAT**

- 45.1 Members agreed to note the content of the report and the progress being made on the fundamental review of the Services occupational health provisions.
- 45.2 Members noted that a further report would be brought to the HR & Equalities Committee as part of the 2015/2016 Forward Work Programme.

The Chair congratulated Officers on their excellent report.

#### **46. SOUTH WALES FIRE & RESCUE SERVICE (SWFRS) – FIRE PROFESSIONAL FRAMEWORK UPDATE**

The Acting Head of Training & Development delivered a report and an electronic presentation informing Members of the way in which personnel were developed within the Service. The processes had recently been reviewed and amended to reflect how the Service was evolving, as well as to meet the financial scrutiny and a continually reducing budget.

#### **RESOLVED THAT**

Members agreed to note the contents of the report and electronic presentation.

#### **47. FORWARD WORK PROGRAMME**

The ACO People Services presented the Forward Work Programme, and confirmed that the Programme was now complete.

#### **RESOLVED THAT**

- 47.1 Members accepted the Forward Work Programme for the HR & Equalities Committee 2014/15, and noted that the Programme was now complete.

47.2 Following discussion, Members agreed to inform Officers of any specific areas they wished to focus on in the new 2015/2016 Municipal Year.

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

There were no items of urgent business.



## SOUTH WALES FIRE & RESCUE AUTHORITY

### MINUTES OF THE FIRE & RESCUE AUTHORITY MEETING HELD ON MONDAY 13 JULY 2015 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

#### 16. PRESENT:

Councillor	Left	Authority
D T Davies (Chair)		Caerphilly
S Bradwick (Deputy Chair)		Rhondda Cynon Taff
P Drake		Vale of Glamorgan
C Elsbury		Caerphilly
E Galsworthy (arrived 10:50 hrs)		Merthyr Tydfil
E Hacker		Vale of Glamorgan
C Hawker		Caerphilly
P Hannon		Newport
A Jones		Torfaen
S J Jones		Rhondda Cynon Taff
R McKerlich		Cardiff
B Morgan		Rhondda Cynon Taff
S Pickering		Rhondda Cynon Taff
M Rahman		Newport
P Seabourne		Torfaen

#### APOLOGIES:

D Ali	Cardiff
K Hyde	Cardiff
C James	Bridgend
M Javed	Cardiff
J Morgan	Blaenau Gwent
G Phillips	Cardiff
M Powell	Monmouthshire
C Smith	Bridgend
V Smith	Monmouthshire.

#### ABSENT:

**OFFICERS PRESENT:-** CFO H Jakeway, DCO S Chapman – Monitoring Officer, ACFO R Prendergast – Director of Technical Services, AM D Rose – Head of Operations, Mr C Barton – Treasurer, A/AM I Greenman – Acting Head of Training & Development, Mr G Thomas – Head of Finance & Procurement

## **17. DECLARATIONS OF INTEREST**

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

## **18. CHAIR'S ANNOUNCEMENTS**

### **SPONSORSHIP MONIES OWED FOR CHARITY CYCLE RIDE**

Members were reminded to pay any outstanding sponsorship monies owed to Officers who had successfully completed the recent Firefighters Charity Cycle Ride during May 2015.

### **MEMBERS OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE**

Members of the Finance, Audit & Performance Management Committee were requested to stay behind at the end of the meeting for an informal discussion relating to changes to the 2015/2016 Internal Audit Programme.

### **FIREFIGHTERS MEMORIAL SERVICE, LONDON**

The Chair informed Members that the Firefighters Memorial Service would take place in London on Sunday, 13 September 2015. Any Members who were interested in attending should inform Admin Officers within the Business Support team, and suitable transport arrangements would be provided to attend the event.

### **WELSH BACCALAUREATE**

The Chair was pleased to inform Members that on Friday, 10 July, 2015, he and a number of Officers had attended the launch of the Welsh Baccalaureate at Merthyr College. The campaign was a joint project between the WJEC, the three Welsh Fire & Rescue Services, and Merthyr College.

The Welsh Baccalaureate covered 4 Challenges:-

- Road Safety (Aimed at A Level students post 16 years)
- Accidental Fires in The Home (Aimed at post 16 year old students)
- Keeping Your Community Safe (Aimed at post 16 year old students)
- Educating Young People on the Devastation of Deliberately Set Fires (Aimed at Key Stage 4 students - 10 and 11 year olds)

The Chair took the opportunity to thank crews at Merthyr Fire Station for all their hard work and assistance in supporting the campaign.

## **19. MINUTES OF PREVIOUS MEETING**

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

- HR & Equalities meeting held on 26 January 2015, subject to the following amendment:-
  - Councillor Seabourne had submitted his apologies and was not absent as recorded
- Standards Committee meeting held on 2 March 2015
- Finance, Audit & Performance Management Committee meeting held on 9 March 2015
- Fire & Rescue Authority meeting held on 16 March 2015
- Finance, Audit & Performance Management Committee meeting held on 11 May 2015
- Annual General Meeting held on 8 June 2015
- Fire & Rescue Authority meeting held on 8 June 2015

## **20. UPDATE ON ACTIONS**

The Deputy Chief Officer informed Members of actions undertaken since the last meeting, and provided updates on minute numbers:- 13/14 – 18.1 & 18.2, 13/14 – 62, 13/14 – 78.12, 15/16 – 15.1.

Following a suggestion by the Deputy Chief Officer, Members agreed to close action 13/14 – 18.1 & 18.2.

Councillor Galsworthy arrived at 10:50 hours.

## **21. REPORTS FOR DECISION**

### **21.1 PORTH FIRE & RESCUE STATION PROPOSED DISPOSAL STRATEGY**

The Deputy Chief Officer presented a report which sought approval from Members to declare Porth Fire & Rescue Station (following its

closure) a surplus asset. Further approval was sought to proceed with the Station's disposal upon terms that reflected the best value achievable.

## **RESOLVED THAT**

21.1.1 Members declared Porth Fire & Rescue Station surplus to requirements following its closure on 21 July 2015.

21.1.2 Members approved the disposal strategy outlined within the report.

## **21.2 MEDIUM TERM FINANCIAL STRATEGY 2016/2021 & BUDGET 2016/2017**

The Treasurer presented a report for Members to consider the draft Medium Term Financial Strategy (MTFS) and the basis of planning the 2016/2017 Revenue Budget within its context.

The Fire & Rescue Authority had to address the challenges posed by Central Government's austerity programme and last year again matched the budget reductions imposed on its constituent Councils by setting a net budget which reduced by 1.54% in cash terms.

Financial planning projects remained difficult through to the end of the decade and this was made more problematic with the lack of firm financial data from the Welsh Government at this time. The Authority made significant real term reductions over the period of its last Medium Term Financial Strategy, and this trend would need to be maintained throughout the current planning period.

The report included the latest projections of inflation, budget pressures, reserves, and currently planned savings, together with estimates of the likely reductions in funding faced by constituent Authorities. In light of the information, it outlined the challenge for 2016/2017 and beyond.

Further work would be necessary in developing the budget and the Medium Term Financial Strategy as more information became available.

## **RESOLVED THAT**

21.2.1 Following consideration of the strategic approach and identified budget issues, Members approved the Medium Term Financial Strategy.

21.2.2 Members authorised the Treasurer to adjust the Medium Term Financial Strategy during the current budget cycle as newer and better information became available.

21.2.3 Members agreed the budget timetable shown at paragraph 6.7 within the report.

### **21.3 PERFORMANCE MONITORING REPORT 2014/2015**

On behalf of the ACFO Service Delivery, the Head of Operations presented a report for Members to review the performance information and recorded incident statistics from January to March 2015.

Following discussion on indicator stats for 'Dwelling Fires Where No Smoke Alarms were Fitted' following Finance, Audit & Performance Management Committee scrutiny, the Head of Operations assured Members that Officers used historical data to identify high risk groups and to target vulnerable people within communities.

#### **RESOLVED THAT**

21.3.1 Members agreed to review the performance details and statistical data for Quarter 4 and 2014/2015 year end contained within the report.

21.3.2 Members approved its publication onto the South Wales Fire & Rescue internet site.

### **21.4 HEALTH & SAFETY REPORT 2014/2015**

The ACFO Technical Services informed Members that the annual Health & Safety report for 2014/2015 presented statistics and activities which provided data on performance within South Wales Fire & Rescue Service.

The report continued to identify the downward trend in accidents and injuries from the base line date of 1997/1998 in line with the Service's Health & Safety Strategy, and for ease of reading showed graphical images over a 10 year period.

#### **RESOLVED THAT**

21.4.1 Members accepted the report on the performance of South Wales Fire & Rescue Service in the area of Health & Safety.

- 21.4.2 Members noted the overall success achieved in the area of Health & Safety across the Service area.
- 21.4.3 Members endorsed and supported the range of initiatives underway to proactively and reactively support Health & Safety for South Wales Fire & Rescue Service.
- 21.4.4 Members agreed that Members of the Finance, Audit & Performance Management Committee scrutinise the performance of South Wales Fire & Rescue Service in comparison to other appropriate Fire & Rescue Services, using suitable comparable data, benchmarking and performance indicators.

The Chief Fire Officer took the opportunity to thank Members for their support in helping the Service to focus on keeping Communities and Crews safe across the South Wales area.

#### **21.5 REPORT ON PROGRESS OF ACHIEVEMENT OF IMPROVEMENT OBJECTIVES AS AT THE END OF FINANCIAL YEAR 2014/2015**

The Deputy Chief Officer presented a report which would give assurance to Members of the Fire & Rescue Authority and Senior Management within South Wales Fire & Rescue Service on progress towards achievement of the Improvement Objectives agreed for 2014/2015 as at the end of the financial year.

#### **RESOLVED THAT**

- 21.5.1 Members agreed to accept the progress that had been achieved in delivering the improvement objectives for 2014/2015.
- 21.5.2 Members agreed to endorse the carrying forward or transfer of work detailed within Appendix 2 attached to the report to 2015/2016.
- 21.5.3 Members agreed to endorse the cancellation of one engagement action as detailed within Appendix 2 attached to the report.

## **21.6 ANNUAL MONITORING REPORT TO WELSH LANGUAGE COMMISSIONER 2014/2015 – BRIEFING PAPER**

On behalf of the ACO People Services, the Deputy Chief Officer provided Members with an overview of performance against the Authority's Welsh Language Scheme 2010/2013, which was still in force pending the introduction of Welsh Language Standards.

Following discussion on concerns regarding the cost implications to translate all documents into Welsh throughout the organisation, and the Service's statutory duties, the Deputy Chief Officer informed Members that discussions were ongoing concerning the sharing of a part-time translator's post with Mid & West Wales Fire & Rescue Service.

### **RESOLVED THAT**

- 21.6.1 Members agreed to accept the Annual Welsh Language Monitoring report for 2014/2015.
- 21.6.2 Members agreed to note the need to continue to implement and monitor the Authority's Welsh Language Scheme in order to provide the Welsh Language Commissioner with the evidence required to prove that the Authority was meeting its legal responsibilities with regard to the Welsh Language.
- 21.6.3 Following a question and answer session, Officers agreed to provide Members with an update report on the correspondence and enquiries or contact the Service received in Welsh from members of the public, and to also provide information on the cost implications for the Fire & Rescue Authority.

## **22. REPORTS FOR INFORMATION**

### **22.1 SUMMARY OF THE NATIONAL ISSUES COMMITTEE MEETING**

The Deputy Chief Officer updated Members on the outcomes of the April 2015 meeting of the Fire & Rescue Services' All Wales National Issues Committee.

The Chief Fire Officer also took the opportunity to provide Members with a progress report on the Joint Public Services Centre Command & Control Project. He was pleased to report that planning permission had been granted for the extension in Bridgend, and the Planning Team

were currently exploring opportunities to also share the premises with the Welsh Ambulance Trust.

## **RESOLVED THAT**

- 22.1.1 Members agreed to note the content of the National Issues Committee summary report.
- 22.1.2 Members agreed to note that the Joint Public Services Centre Command & Control Project was on schedule, and a further update report on the work-streams would be presented during the Autumn period.

## **22.2 FIREFIGHTERS' PENSION DISPUTE UPDATE ON INDUSTRIAL ACTION**

The ACFO Technical Services provided Members with a verbal update on the industrial action due to the Firefighters' Pension Dispute.

The ACFO Technical Services was pleased to report that strike action had not occurred since the last Fire & Rescue Authority meeting. A new Pension Scheme had been put in place on 1 April 2015, and the dispute was continuing with a mandate in place for the Fire Brigades Union to call strike action within 7 days. Members were also informed that 'Action Short Of Strike' was ongoing across two key areas. Members noted that representatives of the Fire Brigades Union were in the process of carrying out negotiations on legal issues, and Officers would continue to monitor the situation closely.

## **RESOLVED THAT**

Members agreed to note the verbal update on the industrial action due to the Firefighters' Pension Dispute.

## **22.3 USE OF EMERGENCY POWERS: JOINT PUBLIC SERVICES CENTRE PROJECT (JPSCP): COMMAND & CONTROL SYSTEM PROCUREMENT**

The Deputy Chief Officer presented a report which updated Members on the use of emergency powers to secure the joint procurement of the Command and Control system, part of the Joint Public Service Centre Project. This followed the evaluation of the tender returns from Company A and Company B.

**RESOLVED THAT**

Members agreed to note the use of emergency powers for the award of the Command and Control System contract to Company A.

**22.4 FORWARD WORK PROGRAMME**

The Deputy Chief Officer presented Members with the Forward Work Programme for 2015/2016.

**RESOLVED THAT**

Members accepted the Forward Work Programme for 2015/2016.

**23. RESOLUTION TO EXCLUDE THE PRESS AND PUBLIC BY VIRTUE OF SECTION 100A AND PARAGRAPH 12 OF PART 4 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED)**

A resolution to exclude the press and public by virtue of Section 100A and paragraph 12 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

**23.1 APPOINTMENT OF INDEPENDENT MEMBERS OF THE STANDARDS COMMITTEE**

The Deputy Chief Officer informed Members of the outcome of the selection process that was recently held to select Independent Members of the Standards Committee.

**RESOLVED THAT**

Members agreed to appoint three of the candidates, MK, AJ, and BH, to the role of Independent Member of the Standards Committee for an initial period of six years.

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

There were no items of urgent business.



## AGENDA ITEM NO 5

## UPDATE ON OUTSTANDING ISSUES ARISING FROM PREVIOUS FIRE & RESCUE AUTHORITY MEETINGS

### Meeting of: Fire & Rescue Authority

Sally Chapman – DCO Huw Jakeway – CFO Andy Thomas – ACFO SD	Chris Barton – Treasurer Phil Haynes – ACO PS Richie Prendergast – T/ACFO TS
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Minute No	Item	Action	Leading Officer	Current Status:
13/14 – 18.1 & 18.2	Ebbw Vale Fire & Rescue Station	Transfer of small area of forecourt to Blaenau Gwent Council for the nominal sum of £1 plus reasonable legal fees.	DCO	Blaenau Gwent CBC lawyers have not received instructions to complete to date. <b>Action Closed</b>
13/14 – 24.2	Hirwaun Station	Officers continue negotiations to reduce the additional claims.  Advice be sought on the potential of pursuing a legal claim.	DCO	Following ongoing discussions we are awaiting a response in relation to a settlement proposal. If this is not forthcoming we will progress adjudication proceedings.
13/14 - 59	Fire Cover Review Phase 1	Further report on land availability for the new fire and rescue station in the South Cornelly area.  Further public consultation on the transition to the new station.	DCO  DCO	Discussions have commenced with a local landowner in respect of a two acre site. Enquiries to identify further options for consideration are also ongoing. On hold pending new site being acquired.
13/14 - 62	Disposal of Lanelay Hall	Disposal to the preferred bidders on the agreed heads of term.	DCO	Contracts exchanged June 15. The purchaser has applied for

Minute No	Item	Action	Leading Officer	Current Status:
				<p>reserved matters planning consent and has recently received feedback from RCT. No committee date for determination has been given yet.</p> <p>Completion is conditional on planning, and nothing can progress until RCT have made their determination.</p>
13/14 – 86.6.2	NIC Fire Control Feasibility Study Update	Review the internal funding mechanism to fund the upfront element of the loan	Treasurer	It will be a priority to minimise the set up costs of the project which constitute much of the Authority's initial investment. Given that much of this cost relates to existing staff resource, it is likely that the base revenue budget will be able to contribute the funding necessary to finance these upfront costs. Final review will take place at the financial year end when the outturn is known.
13/14 – 92.1.2	Fire Cover Review Phase 2	Monmouthshire – A further report to be brought back to the FA in 12 months on the availability of the second appliances at Chepstow, Monmouth and Abergavenny stations.	ACFO SD	An update report is on the agenda. <b>Action to be closed</b>

Minute No	Item	Action	Leading Officer	Current Status:
		<p>Torfaen –</p> <ul style="list-style-type: none"> <li>Determine appropriate timing for the removal of the retained duty system appliance from the station, taking into account the legal requirements and circumstances of the staff affected.</li> <li>Provide Members with an update on discussions and brief the Authority when timelines are agreed.</li> <li>If required, serve Notice of Redundancy on affected individuals at the appropriate time.</li> <li>If required, determine the most appropriate method of funding redundancy payments.</li> </ul>	<p>ACFO SD</p> <p>DCO</p> <p>ACO PS</p> <p>Treasurer</p>	<p>The retained appliance will be removed on 20 October 2015. Relevant staff have been advised</p> <p>As per action update <b>Action Completed</b></p> <p>Being reviewed in light of agreed date to remove the retained appliance Being reviewed</p>
14/15 – 35.1	Fire Cover Review Phase 3	<p>Rhondda Cynon Taf –</p> <ul style="list-style-type: none"> <li>Determine the appropriate implementation of the closure of Porth Fire &amp; Rescue Station, taking into account the circumstances of the individual staff affected</li> <li>Update Members on discussions and timelines</li> <li>If required, serve Notice of Redundancy on affected individuals at the appropriate time</li> <li>If required, determine the most appropriate method of funding redundancy payments</li> </ul>	<p>ACFO SD</p> <p>DCO</p> <p>ACO PS</p> <p>Treasurer</p>	<p>Station closed on 21 July 2015. Staff have been informed <b>Action Completed</b></p> <p><b>Action Completed</b></p> <p><b>Action Completed</b></p> <p><b>Action Completed</b></p>
14/15 – 52.3	Dismissal Appeals	Amend the organisation's policies, procedures and Scheme of Delegations to reflect the agreed changes	DCO/ ACO PS	In progress
14/15 – 60.5	Local Pensions Board	Members to appoint to the Local Pensions Board at their AGM	Members	3 Labour vacancies still exist and need to be appointed to

<b>Minute No</b>	<b>Item</b>	<b>Action</b>	<b>Leading Officer</b>	<b>Current Status:</b>
15/16 – 15.1	Disposal of Former Blaina Fire & Rescue Station	To dispose of the former station in line with the disposal strategy	DCO	The site was auctioned on 8 July 2015 and a sale agreed. This sale has now completed and completion monies of £60,000 have been received.
15/16 – 19	Minutes of HR & Equalities – 26 January 2015	Amend apologies.	DCO	<b>Action Completed</b>
15/16 – 21.1	Porth Fire & Rescue Station	To dispose of the former fire & rescue station in line with the disposal strategy.	DCO	Ongoing
15/16 – 21.3	Performance Monitoring Report 2014/15	To publish the report on the internet	ACFO SD	<b>Action Completed</b>
15/16 – 21.6.3	Welsh Language Report	Update report on the demand for provision of services in Welsh, including correspondence, enquiries and contact, and the cost of provision of the service in Welsh	ACO PS	Included in the Fire Authority Forward Work Programme for December 2015.

AGENDA ITEM NO 6

**Reports for Decision**



**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6.i  
21 SEPTEMBER 2015

## REPORT OF THE DEPUTY CHIEF OFFICER

**PUBLICATION OF “How did we do in 2014-2015” - STAGE 2 OF THE ANNUAL IMPROVEMENT PLAN.****SUMMARY**

To publish the Service’s Annual Improvement Plan Stage 2 in accordance with the requirements of the Local Government (Wales) Measure 2009 incorporating the Draft Improvement Objectives for 2016-17.

**RECOMMENDATION**

It is recommended that Members:

1. Note the contents of the report and agree the general content.
2. Approve the publication of “How did we do in 2014-2015” - STAGE 2 OF THE ANNUAL IMPROVEMENT PLAN on the SWFRS Internet site by 31 October 2015 incorporating the Draft Improvement Objectives for 2016-17.

**1. BACKGROUND**

- 1.1 Members will be aware of the requirement to publish Stage 2 of the Annual Improvement Plan prior to the 31 October following the financial year to which it relates. This provides a detailed account of performance during the previous financial year, highlighting areas of improvement and areas where further improvement is required.
- 1.2 Our Annual Improvement Plan Stage 2 is the main vehicle to provide the wider communities of South Wales, as well as employees of the Authority, with information regarding the assessment of our performance for the previous year and our achievement so far towards the current year’s improvement objectives. It is also the primary vehicle with which we consult on our suggested improvement objectives for the following year.

**2. ISSUE**

- 2.1 The Authority is required to produce an Annual Improvement Plan in accordance with the Welsh Assembly Government, Local Government (Wales) Measure 2009 – Part 1 Guidance to Fire and Rescue Authorities, November 2009.
- 2.2 Our Annual Improvement Plan Stage 2 contains information on the performance of the organisation assessing the level of improvement in

service delivery. We review the results of the activities we delivered to achieve the 2014-2015 objectives.

- 2.3 Once approved, "How did we do in 2014-2015" is to be translated into Welsh prior to publication.
- 2.4 The summary of "How did we do in 2014-2015" is integrated within the main document and will be distributed as a stand alone document.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 In order to minimise printing and publication costs "How did we do in 2014-2015" and the Summary will be available to all employees and stakeholders via the SWFRS internet site.
- 3.2 Hard copies of "How did we do in 2014-2015" and the Summary will however be available on request.
- 3.3 A marketing and distribution strategy for "How did we do in 2014-2015" has been agreed and budget secured.
- 3.4 The strategy involves a social media campaign, targeted distribution of the summary document. These will advertise the assessment of performance; inform the public of the performance of the Service in their area. It will give our communities the opportunity to comment on the proposed improvement objectives, suggest an improvement objective and join the consultation panel.
- 3.5 In addition, community forums are being considered following on from the 'What matters to you' campaign and it is proposed that consultation on the proposed Improvement Objectives will be included as part of these forums.

### **4. EQUALITY IMPACT ASSESSMENT**

- 4.1 "How did we do in 2014-2015" and the Summary will undergo Equality Impact Assessment in accordance with SWFRS Equality and Diversity Schemes prior to final publication.
- 4.2 "How did we do in 2014-2015" and the Summary will be published in English and Welsh languages in accordance with the SWFRS Welsh Language Scheme.

### **5. RECOMMENDATION**

- 5.1 It is recommended that Members:

- 5.2 Note the contents of the report and agree the general content.
- 5.3 Approve the publication of “How did we do in 2014-2015” - STAGE 2 OF THE ANNUAL IMPROVEMENT PLAN on the SWFRS Internet site by 31 October 2015 incorporating the Draft Improvement Objectives for 2016-17.

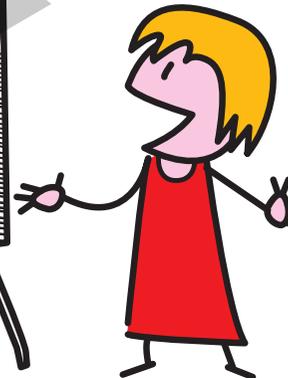
<b>Contact Officer:</b> Anne Fairclough Engagement & Transformation Officer	<b>Background Papers:</b> “How did we do in 2014-2015”
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# South Wales Fire and Rescue Service

## HOW DID WE DO IN 2014-2015?



October 2015

# INTRODUCTION



**Huw Jakeway**

Chief Fire Officer  
South Wales Fire and Rescue Service



**Cllr Tudor Davies**

Chairman  
South Wales Fire and Rescue Authority

It is with pleasure that we present this, our account of how we did in 2014 – 2015 as well as a comparison of how we have performed in the first quarter\* in 2015 compared with 2014.

South Wales Fire and Rescue Service's (SWFRS) five year Strategic Objectives for 2015 - 2020 supports our Vision **"To make South Wales Safer by Reducing Risk"** and specifies the need to:

- Reduce risk in our communities.
- Engage and consult with our staff, communities and stakeholders to jointly shape our future services.
- Align our resources to ensure they are fit for purpose and sustainable for the future.
- Make use of technological advances to meet service improvement and requirements.
- Explore partnership and collaborative opportunities to improve outcomes.

When deciding on our Improvement Objectives, we looked at the greatest risk to our communities. Deliberate fire setting accounted the largest proportion of fires in the South Wales area; 71% of all fires we attended in South Wales during 2014 – 2015 were deliberately set. This is why we set our first Improvement Objective as **'Reducing deliberate fire setting by 41% over four years using 2010 – 2011 results as a baseline'**. We are currently in year two of this objective and actually means that we will need to reduce our fires by 3924 incidents over this four year period. Our innovative and pro-active approaches combined with our professional, dedicated and driven staff working with partners are fundamental to our success. That is why we need to constantly review what we do, why we do and the difference we are making, this ensures we have the right people in the right place with the right skills at the right time to meet our communities needs. Please see page ?? for what we have done to meet this Objective.

\* Quarter 1 is April, May and June of each financial year

# INTRODUCTION

Our second Improvement Objective for last year, outlined our intention to **'Bring together and improve all our engagement activities to identify our communities and local business needs to shape our future service provision'**. We implemented a number of initiatives to help us meet this Objective:

We realised that we needed to take a more strategic approach to our engagement activities, this principle was adopted by our Community Engagement Group (CEG). The CEG is a Service wide group of middle managers tasked with developing and implementing the Service Community Engagement Strategy. We structured meetings to include representative from across our Service and we now hold an extensive list of our partners; private, public and volunteer groups.

During 2014, we commenced a campaign called 'We are South Wales Fire and Rescue Service' which raised our profile in our communities and helped us to inform our communities of the diverse range of Services we currently provide and which of the Services are statutory and or discretionary. This enabled us to seek further views on how the services will be delivered into the future. If you are particularly interested in this campaign and would like to know what we found, pages ?? and ?? provides further information.

We also undertook an analysis of where our stations were positioned to ensure they are in locations that reflected our community risk and demand. This led to a careful risk-based review of where our stations were positioned and where the greatest risk of fire and other risks. After the analysis of comprehensive information we carried out extensive consultation with relevant communities and this led to the repositioning of two. Please take some time to read about our journey and find out what this has meant to you (see page ?).

Acknowledging the Welsh Government's drive for great greater efficiencies and improve; we have focussed on improving our service delivery by challenging our current practices and embedding continuous improvement into everything we do. Consequently, we continue to promote innovation into the design of our services whilst still maintaining a safe professional and motivated workforce. The introduction of our 'Shaping our Future' programme has and will help our employees at all levels and roles to achieve this. Please go to page ?? to find out more about the programme and how it progressed through the early stages.

We hope this account provides you with a clear indication of how we did in 2014 - 2015. We will reflect on our successes and continue to strive for the improvements we identified last year and build them into our learning and development during 2015 - 2016 and on. We will strive to surpass our current standards and ensure our Service's sustainability for future generations. We aim to become more efficient and with this in mind; we have drafted three Improvement Objectives for 2015 - 2016. Please go to page ?? for the details of these.

We invite you to provide us with your views to help us to understand whether our Improvement Objectives are appropriate for your needs. Details of how you can provide us with your views can be found on page ?? or please contact us by the following means listed below.

[WWW.SOUTHWALES-FIRE.GOV.UK](http://WWW.SOUTHWALES-FIRE.GOV.UK)

 01443 232000

 [SWFIREANDRESOLVE](https://twitter.com/SWFIREANDRESOLVE)

 [@SWFIREANDRESOLVE](https://www.facebook.com/SWFIREANDRESOLVE)

# OUR IMPROVEMENT OBJECTIVES 2014-2015

**OBJECTIVE 1.** REDUCING DELIBERATE FIRE SETTING BY 41% OVER FOUR YEARS USING 2010 - 2011 RESULTS AS A BASELINE

This objective was chosen because deliberate fires, such as grass and refuse fires, continues to account for a large proportion of all fires we attend (71% of all fires attended).

**OBJECTIVE 2.** BRING TOGETHER AND IMPROVE ALL OUR ENGAGEMENT ACTIVITIES TO IDENTIFY OUR COMMUNITIES AND LOCAL BUSINESS NEEDS TO SHAPE OUR FUTURE SERVICE PROVISION.

This objective was chosen to continue with the community engagement work established in previous years, whilst embedding community engagement as business as usual within the Service.

# HOW DID WE DO AGAINST OUR 2014-2015 IMPROVEMENT OBJECTIVES?

## Objective 1:

Reducing deliberate fire setting by 41% over the next four years using 2010 – 2011 results as a baseline.

WHY IS THIS IMPORTANT?	HOW DID WE REDUCE DELIBERATE FIRE SETTING?	WHAT HAS BEEN THE IMPACT ON OUR COMMUNITIES?	WERE WE SUCCESSFUL?
<p>Deliberate fire setting accounts for 70% of all fires attended by SWFRS. We are experiencing a considerably higher level of deliberate fire setting compared with the See pages ? - ? for how this compares.</p>	<ul style="list-style-type: none"> <li>• We developed initiatives and activities to change the behaviours of those who fire set, such as Firesetting Intervention Scheme, our Bernie Project, which focuses on the areas affected by the highest levels of deliberate grass fires and anti-social behaviour. Our BANG initiative (Be a Nice Guy), which is used during the Bonfire season.</li> <li>• We have also taken a more targeted approach through the use of a wide scope of data systems and collaboration with partnership groups. We work closely with other agencies and stakeholders, such as the Police and group who support vulnerable people.</li> <li>• We work closely with other agencies and stakeholders, such as the Police and group who support vulnerable people.</li> <li>• We share information between departments and agencies and work closely with the Police to identify suspected arson activity.</li> <li>• We developed Community Risk Management Plans at Fire Stations to focus on local issues.</li> <li>• We used publicity and working groups to publicise how we could help the communities and vulnerable groups.</li> </ul>	<ul style="list-style-type: none"> <li>• The risk to communities has been reduced</li> </ul>	<ul style="list-style-type: none"> <li>• We have made excellent progress in meeting the target for reducing deliberate fire setting, having reduced the number of fires in 2013 – 14 by 4593 and by 821 fires in 2014 – 15.</li> </ul>

## HOW DID WE DO AGAINST OUR 2014-2015 IMPROVEMENT OBJECTIVES?

WHY IS THIS IMPORTANT?	HOW DID WE REDUCE DELIBERATE FIRE SETTING?	WHAT HAS BEEN THE IMPACT ON OUR COMMUNITIES?	WERE WE SUCCESSFUL?
	<ul style="list-style-type: none"> <li>• We have introduced support to those who are exposed to domestic abuse and hate crime, by 'target hardening' their properties. e.g. letter box guards and advice.</li> <li>• We developed a strategic approach to refuse arson.</li> <li>• We implemented risk reduction activities, such as our 'Stick It' initiative, which targets year six pupils who live in an area with a high number of deliberately set secondary fires.</li> </ul>		

# HOW DID WE DO AGAINST OUR 2014-2015 IMPROVEMENT OBJECTIVES?

## Objective 2:

Bring together and improve all our engagement activities to identify our communities and local business needs to shape our future service provision.

WHY IS THIS IMPORTANT?	HOW DID WE REDUCE DELIBERATE FIRE SETTING?	WHAT HAS BEEN THE IMPACT ON OUR COMMUNITIES?	WERE WE SUCCESSFUL?
<p>It was essential that we understood the requirements, needs and views of our communities to ensure we make the correct, informed decisions. Furthermore, to enable involvement from our communities and businesses in shaping future services.</p>	<p>Fire Cover Review:</p> <ul style="list-style-type: none"> <li>• Consultation arrangements were set up with communities, individuals, councils and local politicians.</li> <li>• External specialist support was seconded into the project.</li> <li>• Lessons were learnt on how to adjust the consultation process to get the maximum impact.</li> <li>• Uniformed staff were took part in the community engagement.</li> <li>• Display stands were positioned to locations in high streets where they would have the greatest impact.</li> <li>• Where required, a further period of additional consultation was arranged.</li> <li>• Workforce representatives were communicated and interacted with during the implementation of the change.</li> </ul>	<ul style="list-style-type: none"> <li>• They had an opportunity to voice their views.</li> <li>• This consultation raised the profile of SWFRS.</li> <li>• Communities and businesses have a better understanding of what has changed over a period of twenty years.</li> <li>• Resources are correctly positioned according to data evidence.</li> <li>• Financial resources are being used more effectively.</li> <li>• Our resources are located according to need.</li> </ul>	

## HOW DID WE DO AGAINST OUR 2014-2015 IMPROVEMENT OBJECTIVES?

WHY IS THIS IMPORTANT?	HOW DID WE REDUCE DELIBERATE FIRE SETTING?	WHAT HAS BEEN THE IMPACT ON OUR COMMUNITIES?	WERE WE SUCCESSFUL?
	<ul style="list-style-type: none"> <li>• Good communication practice with staff ensured consistency and clarity of messages.</li> <li>• All views were listened to and given due consideration. They were evaluated for feasibility and appropriateness and rationales were explained.</li> </ul>	<ul style="list-style-type: none"> <li>• At this early stage, there was no impact on the community</li> </ul>	<ul style="list-style-type: none"> <li>• This is ongoing</li> </ul>
	<p>We developed the early stages of the 'We are South Wales Fire and Rescue Service' survey to identify what our communities knew about the FRS and their views.</p>		

## HOW DID WE DO AGAINST OUR 2014-2015 IMPROVEMENT OBJECTIVES?

WHY IS THIS IMPORTANT?	HOW DID WE REDUCE DELIBERATE FIRE SETTING?	WHAT HAS BEEN THE IMPACT ON OUR COMMUNITIES?	WERE WE SUCCESSFUL?
	<p>We reviewed the approach taken to our Community Engagement Group meetings as follows:</p> <ul style="list-style-type: none"> <li>• One of the key roles of the group is to ensure that there is regular discussion about consultation and engagement activities going on across the service.</li> <li>• A more strategic and focussed approach was introduced whereby the group acts as the conduit for service-wide public engagement work.</li> <li>• The meetings were held bi-monthly are now becoming established with members of the group routinely sharing their communication and engagement experiences which should result in improved learning and greater effectiveness overall.</li> </ul>	<ul style="list-style-type: none"> <li>• The impact on the community will be indirect and is not yet proven. It should ultimately be improved as a result of improved sharing of engagement and communication activities across the service and by the adoption of best practice.</li> </ul>	

# OUR PERFORMANCE - STATUTORY PERFORMANCE\*

The following data shows how we have performed during 2014-2015.

STATUTORY PIS	ACTUAL FOR 2014-2015	TARGET 2014-2015	CAUSE	WHAT WE ARE DOING ABOUT IT	DID OUR ACTIONS HAVE ANY AFFECT?
Total Fires	5,918	6,000	Dwelling fires account for 13% of all fires attended and deliberate fires account for 70% of all fires attended.	We have intensified reduction initiatives.	Decreased since last year. Loose refuse can account for the majority.
Total Deliberate Fires	4,157	4,100	Deliberate fires are attributed to grass and refuse fires.	'Bernie'* initiative applied	822 below last years figures
Accidental Fire Injuries	42	52	Injuries involving cooking appliances can account for the majority of these incidents.	"Get out and Stay Out" campaign over the Christmas period	If reduction is maintained, we will be well below our target.
Accidental Fire Fatalities	5	5	These are very low, but an example of the cause is as a result of smoking materials.	"Get out and Stay Out" campaign over the Christmas period	If this reduction is maintained, we will be well below our target.
Accidental Dwelling Fires	655	678	Fires involving cooking appliances can account for the majority of these incidents.	'Electrical safety week' in September and 'Home fire safety' initiative in Jan/Feb.	If this reduction is maintained, we will be well below our target.

\*Statutory Performance Indicators (PIs) are set by Welsh Government (WG) Government.

# OUR PERFORMANCE – LOCAL PERFORMANCE\*

The following data shows how we have performed during 2014-2015.

LOCAL PIS	ACTUAL FIGURES 2014-2015	CAUSE	WHAT WE ARE DOING ABOUT IT	DID OUR ACTIONS HAVE ANY AFFECT?
Road Traffic Collisions	1,283	RTC incidents attribute to 7% of our incidents attended.	Poor Weather Driving', 'Drivers and Passengers' and 'Distraction-Eyes On The Road' campaigns.	RTC incidents attended have reduced by 4% since 2013-14.
Attacks on Crews	16	Attacks occur on crews mostly from verbal abuse (12 of the 16).	Work continues with the Police to reduce attacks by looking to charge and prosecute the perpetrators.	Incidents stayed the same compared to last year. Police made a number of arrests.
Other Special Service Calls (SSC)	2,005	Incidents such as flooding, rescues of animal and bariatric releases and assistance to other agencies.	Fire Control are aiming to challenge more SSC calls to either 'not attend' or redirect to a more suitable agency.	An increasing trend over the past 5 years with incidents such as effecting entry, bariatric support and animals rescues. A small decline in flooding and water rescues.
Deliberate Secondary Fires	3,455	Account for approx 58% of the total fires attended this year to date.	'Bernie Campaign' (Grass fires), 'Arson Awareness Week' (May).	There have been reductions in deliberate secondary fires attended, but in comparison with other Fire and Rescue Services, we need improvement.
% of Dwelling fires with No Smoke Alarm Fitted.	40.43%	These incidents account for 304 of our total Dwelling Fires for the year (752).	Targeted Home Fire Safety Checks to most vulnerable/high risk groups. 3rd Sector Partner agencies; Advertising via Twitter/Facebook and radio adverts 'Test it Tuesday'.	Could potentially rise this year.

**NB:** For 2015-2016, the Welsh Government (WG) will be publishing their proposal to replace the current statutory performance indicators (PIs) for Fire and Rescue Authorities (FRAs) in Wales. There will be a set of 3 headline performance indicators (PIs) made statutory under the Local Government (Wales) Measure.

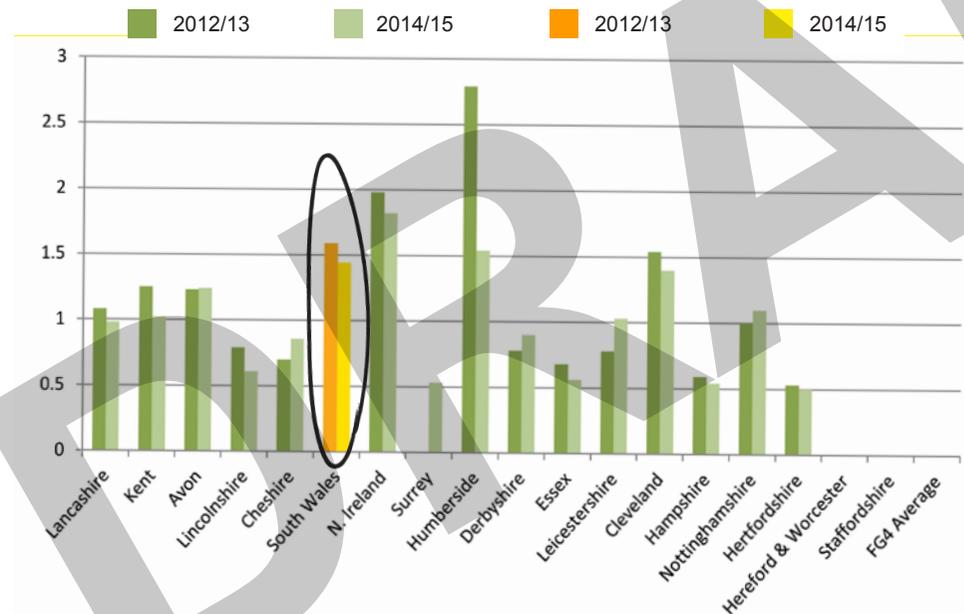
This is because they want us to only measure that which has the greatest impact on our communities. They also propose that supporting PIs, will be referenced in our future Improvement Plans. The three FRAs in Wales will work in partnership to ensure consistency in data collection and reporting.

\*Local Performance Indicators (PIs) are about performance that is specific to the Service.

# OUR PERFORMANCE COMPARED WITH OTHER UK FIRE AND RESCUE SERVICES

This graphs show how SWFRS is doing in comparison to some Fire and Rescue Services in the UK, for 2013-2014 and 2014-2015.

## DELIBERATE \*PRIMARY FIRES PER 10,000 POPULATION



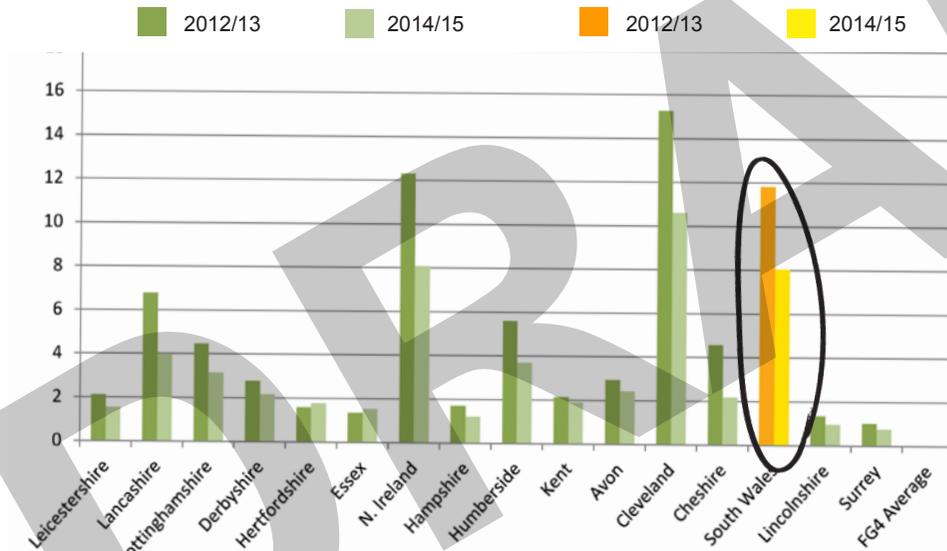
This graph shows that at the end of 2014-2015, South Wales Fire and Rescue Service was one of the worst performers of the group.

\*Primary fires - include all fires in buildings, vehicles and outdoor structures or any fire involving casualties, rescues or fires attended by 5 or more appliances.

# OUR PERFORMANCE COMPARED WITH OTHER UK FIRE AND RESCUE SERVICES

This graphs show how SWFRS is doing in comparison to some Fire and Rescue Services in the UK, for 2013-2014 and 2014-2015.

DELIBERATE \*SECONDARY FIRES PER 10,000 POPULATION



This graph shows that SWFRS has the third highest number of deliberate secondary fires in the graph shown.

\***Secondary fires** - are the majority of outdoor fires including grassland and refuse fires unless they involve casualties or rescues, property loss or five or more appliances attend. They include fires in single derelict buildings.

## BUSINESS FIRE SAFETY (BFS)

The Regulatory Reform (Fire Safety) Order 2005 (RRO) was introduced to merge a number of fire safety provisions and duties into one simplified set of goal-based requirements. The Order applies to all non-domestic premises and protects people in the case of fire in and around these premises.

Each premise must have a designated responsible person who will make sure certain responsibilities are carried out. These responsibilities would include preparing emergency plans and instruct and train employees in preparation for when a fire occurs. They should also provide and maintain a clear means of escape and make sure that all fire signs, notices and lighting are correctly positioned and clear.

We have a team of Business Fire Safety (BFS) Auditors who carry out stringent checks on these premises. If they find that premises are a risk to community safety, the Auditors have the authority to issue notices subject to certain circumstances. If there is still no compliance, then the case is referred to the courts and they may enforce penalties such as fines or imprisonment of up to two years.

Here is a brief outline of what action CFS took during 2014 – 2015; it clearly demonstrates the importance and value their work does to protect our communities in the South Wales area.



WORKING WITH OUR LOCAL COMMUNITIES AND BUSINESS

IF YOU ARE AN AGENCY OR A MEMBER OF THE PUBLIC WHO WOULD LIKE TO LEARN MORE, PLEASE GET IN TOUCH.

[WWW.SOUTHWALES-FIRE.GOV.UK](http://WWW.SOUTHWALES-FIRE.GOV.UK) • 01443 232000

## Notices and Prosecutions under the Regulatory Reform (Fire Safety) Order 2005 for 2014 - 2015

PREMISE TYPE	TOTAL NUMBER OF AUDITS CARRIED OUT	TOTAL NUMBER OF ENFORCEMENT NOTICES SERVED UNDER ARTICLE 30	TOTAL NUMBER OF PROHIBITION NOTICES SERVED UNDER ARTICLE 31	TOTAL NUMBER OF PROSECUTIONS FOR OFFENCES UNDER ARTICLE 32
Hospital	48	4	0	0
Care Homes	225	17	0	0
Purpose built flats with 4 or more storeys	115	3	0	0
Houses converted to flats	142	1	1	3
Other sleeping accommodation	458	3	0	0
Further education	15	1	0	0
Licensed premises	203	12	3	1
Shops	148	11	3	1
Hotels	149	5	0	0
Factories or warehouses	61	1	1	0
Offices	60	1	0	0
Other workplaces	44	1	0	0

Less Serious Notices ←

→ More Serious Notices

\*Article 30 (1) = If the enforcing authority is of the opinion that the responsible person or any other person mentioned in article 5(3) has failed to comply with any provision of this Order or of any regulations made under it, the authority may, subject to article 36, serve on that person a notice (in this Order referred to as “an enforcement notice”).

\*Article 31 (1) = If the enforcing authority is of the opinion that use of premises involves or will involve a risk to relevant persons so serious that use of the premises ought to be prohibited or restricted, the authority may serve on the responsible person or any other person mentioned in article 5(3) a notice (in this Order referred to as “a prohibition notice”).

\*Article 32 = in summary says it is an offence to comply with articles within the FSO

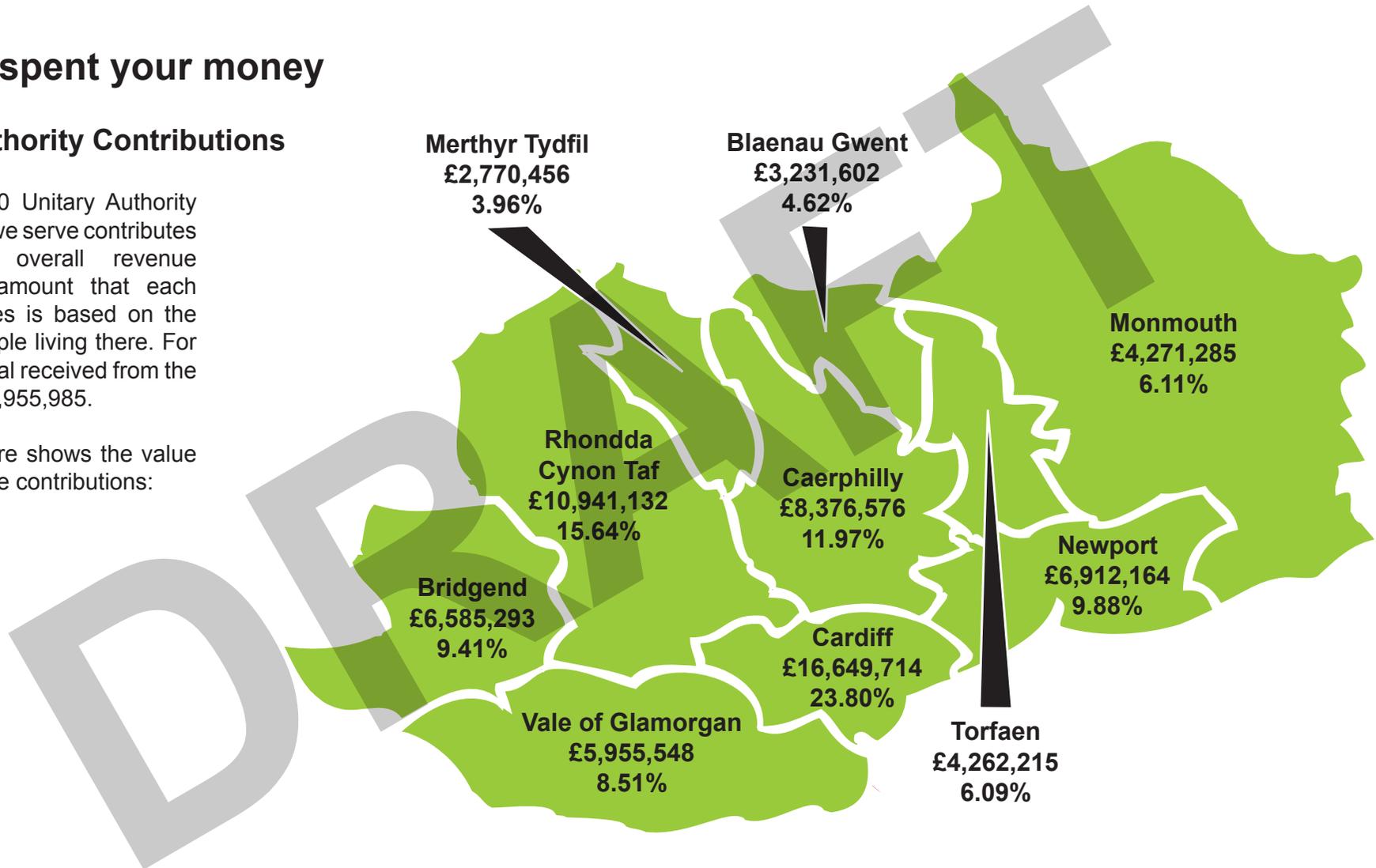
# OUR BUDGET

## How we spent your money

### Unitary Authority Contributions

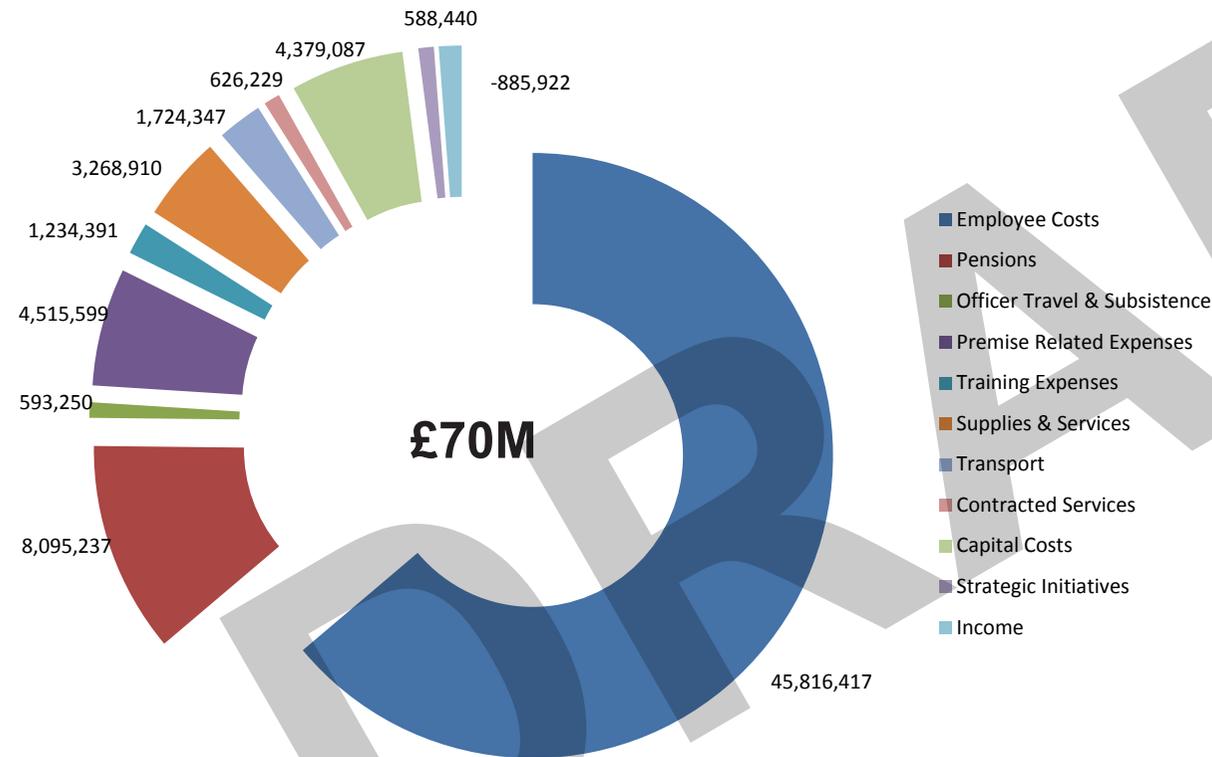
Each of the 10 Unitary Authority Areas (UAAs) we serve contributes towards our overall revenue budget. The amount that each UAA contributes is based on the number of people living there. For 2014/15 the total received from the UAAs was £69,955,985.

The picture here shows the value of each of those contributions:



# BUDGET BREAKDOWN 2014/15

The graph below illustrates exactly how our total budget is spent, how much money we spend on strategic initiatives. As with other organisations the vast majority of our expenditure is in employee costs. The income that we receive is from a variety of sources.



Figures have been rounded to 1 decimal place for ease of reporting

In 2015/16, the Service faces significant challenges in fulfilling our responsibilities with the current economic climate and public funding cuts. With an annual revenue budget of £69 million and a capital budget of under £5.5 million for 2014/15, we are committed to improving efficiency while still delivering a high quality and resilient service.

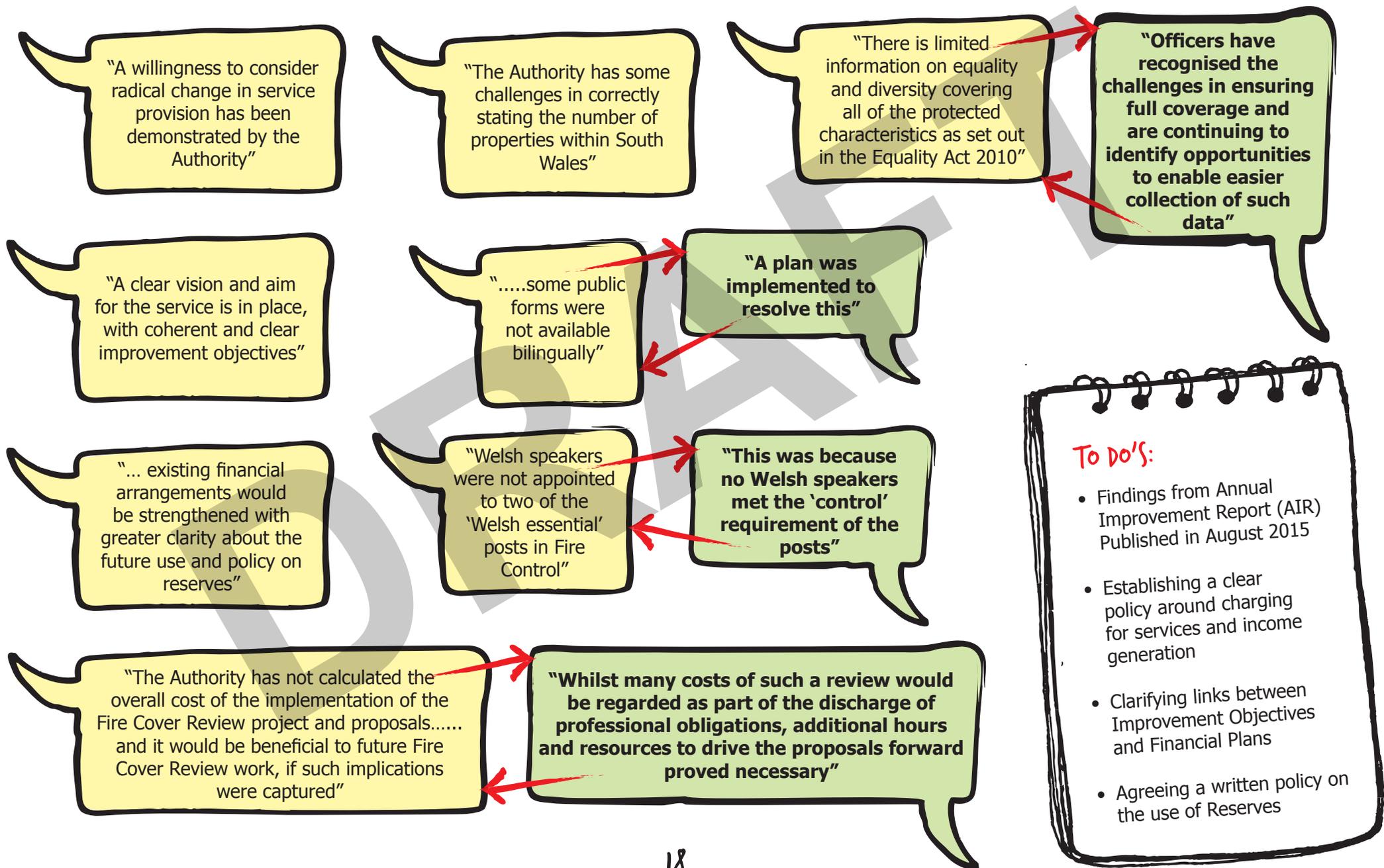
## Employees

Control	£1.62M
Retained Uniformed	£6.3M
Support Staff	£6.6M
Wholetime Uniformed	£28.8M
Overtime and Allowances	£2.3M
Fire Authority Members	£0.063M

## Indirect Employee Costs

Pensions	£8.09M
Training Expenses	£1.23M
Travel and Subsistence	£0.593M

# WHAT WALES AUDIT OFFICE (WAO) SAID ABOUT US



# OUR (CHALLENGES AND PROGRESS 2014-15

## (CHALLENGES

A revenue budget reduction of £1.5 million (2.05%) from the previous year.

## (CHALLENGE

Changes to Firefighter pensions.

## PROGRESS

Ground breaking Employability Programme supported by the Welsh Government and the Department for Work and Pensions (DWP).

## (CHALLENGES

Reduction of Community Safety Grant Funding of 52% from Welsh Government.



## PROGRESS

'Shaping Our Future' (SOF) programme was launched with a service wide engagement campaign.

## (CHALLENGES

There were difficulties in maintaining operational cover during Industrial Action.

## PROGRESS

Completion of the Fire Cover Review.

## PROGRESS

RDS duty station at Blaina closed on 31st March 2015.

## (CHALLENGE

Staff reaching retirement age and full service consecutively.

## PROGRESS

The planning and delivery of the NATO summit.

## PROGRESS

Cefn Forest and Bargoed were repositioned to each border as a combined station (Aberbargoed).

# QUARTER 1\* (COMPARISON FOR 2014-15 AND 2015-16)

From the 1st April 2015, Welsh Government (WG) made changes to the Performance Indicators (PIs) that the Fire and Rescue Authorities report against. The current PIs have been identified as those which “have a direct or significant impact on a desired outcome” this means that WG require us to only report on PIs which will have the greatest effect on the reduction of risk and the safety of our communities. We will therefore report our performance against the indicators outlined in their proposal.

If you would like further information about this change, please click on the following link. <http://gov.wales/docs/dsjlg/consultation/141128-frs-performance-indicators-consultation-en.pdf>

## Statutory Performance Indicator Comparison between Quarter One\* 2014 - 15 and 2015 - 16

Between the 1st April and 30th June 2015 South Wales Fire and Rescue Service attended 5593 incidents. This is an increase of 967 (+20.9%) incidents from the same period in 2014.

INCIDENT TYPE	NUMBER CHANGE	% CHANGE
Fires attended	+ 850	+ 46.50%
**Fatalities and Injuries from Fires	+ 6	+ 42.86%
**Fatalities and Injuries from Accidental Fires	+ 9	+ 100.00%
All False Alarms attended	+ 177	+ 8.94%
Road Traffic Collision attended	- 15	- 5.00%
Special Service Calls - OTHER	- 52	- 10.01%
Fires Confined to Room of Origin	- 21	- 19.63%

\* Quarter 1 is April, May and June of each financial year

\*\* Not including first aid or precautionary checks.

# NATIONAL ISSUES COMMITTEE (NIC) PROGRESS 2014-15

The National Issues Committee (NIC) was introduced in 2012 by the three Fire and Rescue Services in Wales. Its aim is to encourage collaborative working, to identify savings, efficiencies and economic benefits within the communities of Wales.

Currently, the NIC are focusing on six key areas of work.

## • NATIONAL OCCUPATIONAL HEALTH

The three Fire and Rescue Services in Wales encounter very similar issues in relation to work related sickness and fitness capacity. Each addresses them in slightly different ways. This work programme has been reviewing service delivery and has been evaluating options for future efficient and effective provision of occupational health services for all of the employees of the Fire and Rescue Services in Wales.

## • NATIONAL COMMUNITY SAFETY DELIVERY SYSTEMS

This aspect has been ensuring consistency to Business Fire Safety and Community Safety work across Wales. The three Fire and Rescue Services have been ensuring an 'all Wales approach' based on best practice.

## • JOINT PUBLIC SERVICE CENTRE PROJECT

This project has been implementing the merger of the Control Rooms of South Wales Fire and Rescue Service (SWFRS) and Mid and West Wales Fire and Rescue Service (MWWFRS) Fire Control departments. They will be relocated to form a combined team with the South Wales Police (SWP) Emergency Control Centre at South Wales Police Headquarters. The benefits of this project will be an improved level of service delivery to the public and a financial saving of over £1m per annum between the 3 organisations.

## • NATIONAL FIRE COVER REVIEW

Over time, communities have changed, such as newly built homes, roads and businesses. However, many of our Fire Stations are still in the same place with the same number of fire engines and Firefighters. Over the last ten years the number of emergencies we have attended has reduced. This means that the people of Wales are safer than ever before, but we believe we can still do more if our Firefighters and stations are in the right place.

We carefully considered a variety of information and identified where we needed to locate our resources to reflect current risks within our communities.

## • NATIONAL FLEET AND TRANSPORT

This project identified areas where efficiency savings could be made by working closer together, and establishing a joint approach to managing and maintaining our fleet. It is built upon the all Wales Fire and Rescue Service's strong collaborative relationships to help us to succeed.

## • NATIONAL ICT PLATFORMS

This was developed to ensure that all three Services are able to work with modern equipment and software. It has investigated local and international approaches and has been identifying the most efficient and appropriate ways of working, so that we can keep our communities safe.

**If you would like further information on the National Issues Committee and any of these initiatives, please go to [www.nicwalesfire.org.uk](http://www.nicwalesfire.org.uk)**

# OUR PROPOSED IMPROVEMENT OBJECTIVES FOR 2016-17

## **We will reduce the number of deliberate fires.**

Deliberate fire setting accounted for 70% of all fires attended by SWFRS in 2014 - 15. We are experiencing a considerably higher level of deliberate fire setting compared with the Welsh average and other Fire and Rescue Services in the UK. This presents a risk to our communities and our environment.

## **We will prioritise, resource and implement key workstreams to support the delivery of our Strategic Plan utilising continuous improvement to ensure the future sustainability of the service.**

### **Why we chose this objective?**

Continuous improvement is the foundation of ensuring we are sustainable for the future. It will provide you, our communities, with value for money. Our 'Shaping Our Future' Programme will support this work.

We will continue to review our processes to identify inefficiencies and undertake research to identify new and innovative approaches to the way we deliver our services and ensure the future sustainability of the Service.

We will ensure that all projects undertaken are prioritised to achieve our Strategic Objectives and appropriately resourced.

We will review the structure of our Service and implement appropriate, modern human resource practices which will prevent the risk of future skills gaps and the loss of valuable experience.

We will ensure that we embed fairness and equality into all our practices and that our learning and development will reflect our future needs and is fit for purpose.

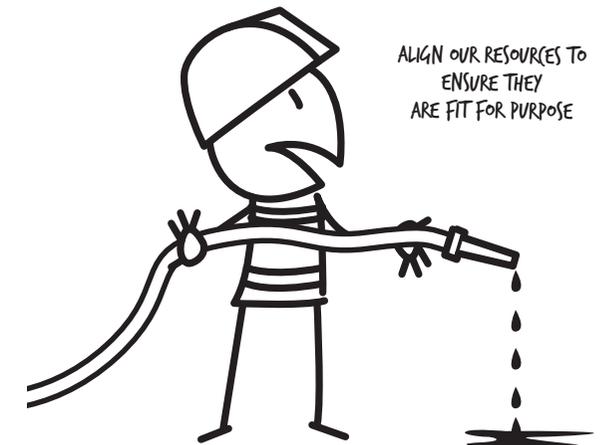
## **We will ensure ICT systems and services are available to ensure efficiencies and support Service delivery.**

### **Why we chose this objective?**

We recognise that Information Communication Technology (ICT) is a critical component of how our business operates. It improves efficiency and reduces labour-intensive processes and makes the sharing of information easier by improving communication. Automation reduces the likelihood of error and duplication.

Research indicates that after the initial investment, there are notable savings through the introduction of technology, which means that savings can be passed back to you, your families and your communities.

As the information is 'real-time', this means that we receive and release crucial information quickly and accurately, so that we can react and take immediate appropriate action. This means that we can respond to our needs in a timelier, informed way to protect and prevent the risks you may be exposed to.



## QUESTIONNAIRE TO BE ADDED

**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6.ii  
21 SEPTEMBER 2015

## REPORT OF THE TREASURER

**STATEMENT OF ACCOUNTS 2014/15****SUMMARY**

The South Wales Fire & Rescue Authority (SWFRA) is required to adopt its Statement of Accounts for 2014/15 by 30 September 2015, by which date the External Auditor is also required to provide his/her opinion on the financial statements. This report and Appendix discharges those obligations.

**RECOMMENDATION**

That the Fire & Rescue Authority adopt the Statement of Accounts for the year ended 31 March 2015 as provided electronically.

**1. BACKGROUND**

- 1.1 The Statements of Accounts for 2014/15 must be approved by the Fire & Rescue Authority by the 30 September each year. Regulation 8B of the Accounts and Audit (Wales) (Amendment) 2010 requires authorities using the CIPFA Code of Practice, for the Responsible Finance Officer (RFO) to prepare accounts, certify them as presenting a “true and fair” view of the financial position on or before the 30 June of the relevant financial year. Retaining the involvement of an Audit Committee or other appropriate body is strongly suggested as good practice following the RFO certification. Whilst the accounts will not be “approved” at this stage, ownership and scrutiny of their content following certification provides an important part of the governance process.
- 1.2 Effectively, formal approval of accounts will be based on audited rather than draft accounts. Immediately before the accounts are approved they will also be certified again by the RFO.
- 1.3 As before, the External Auditor is required to audit the Statements of Accounts and report to the Authority by 30 September each year. This duty is typically discharged by the Statutory ISA260 report. At the same time the Authority’s RFO is required to provide a letter of representation identifying the basis upon which he has completed and certified the accounts.

**2. ISSUE**

- 2.1 The Statement of Accounts for the 2014/2015 financial year was produced for the period from 1 April 2014 to 31 March 2015 and certified by me on 30 June 2015. In accordance with best practice, the Statement

was presented and scrutinised by the Finance, Audit & Performance Management (FAPM) Committee at its meeting of 14 September.

- 2.2 In the period from 30 June the accounts have been subject to External Audit. The updated Statement of Accounts is now presented to Members with a recommendation that they be adopted. The ISA260 report of the External Auditor identifying the findings of audit is included as another report on the agenda for the consideration of Members.
- 2.3 The external audit process has, in my view, been robust and I am grateful to the Auditors for their work. The external auditor intends to issue an unqualified audit report on the financial statements. Their report is self explanatory and largely favourable but, as one might expect, there are a few issues to report.
- 2.4 Corrections made to the draft financial statements are contained within the external auditors report, also on agenda.
- 2.5 It is normal practice for the External Auditor and the Wales Audit Office to require letters of representation from the Authority. A draft of these letters is included for consideration as an Appendix to the Auditors report.

### **3. EQUALITY RISK ASSESSMENT**

- 3.1 There are no Equality and Diversity impacts resulting directly from this report. Equality and Diversity risk assessments will have been undertaken by the Officer responsible in each department during the course of year as part of their departmental and spending plans.

### **4. RECOMMENDATION**

- 4.1 That this Committee recommends the Fire & Rescue Authority adopt the Statement of Accounts for the year ended 31 March 2015 as provided electronically.

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance & Procurement	None

# **SOUTH WALES FIRE & RESCUE AUTHORITY**



## **STATEMENT OF ACCOUNTS**

**2014/2015**

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## **SOUTH WALES FIRE & RESCUE SERVICE - VISION, MISSION AND VALUES**

### Vision

“To make South Wales safer by reducing risk.”

### Mission

The Mission helps us to achieve our new Vision, by defining our overall purpose as:

**S**erving our communities needs

**W**orking with others

**F**acing challenges through innovation and improvement

**R**educing risk through education, enforcement and response

**S**ucceeding in making South Wales safer

### Our values

“The Service badge is an important symbol of a high performing Service and is well associated by all in the Service and the public as an image of excellence. The 8 core values also represent the 8 points of our Service badge.”



### Explanatory Foreword

The purpose of this foreword is to provide a summary of the most significant matters reported in the Financial Statements. It explains the purpose of the Financial Statements that follow, summaries of the Authority's activities during 2014/2015 and its financial position as at 31 March 2015. It also looks to the future and considers the challenges faced by the Authority.

In 2014/15 South Wales Fire & Rescue Service successfully delivered a balance of prevention, protection and emergency response services against a backdrop of a revenue budget reduction of £1.5 million  $-(2.05\%)$  from the previous year.

The Service's improvement objectives for the year were aimed at reducing deliberate fire setting and improving our engagement activities to help us identify our community's needs, thereby shaping the future provision of our services.

The following table highlights some of the success the service has had making South Wales Safer in the past twelve months.

	2013/14	2014/15
Fires attended per 10,000 population	6,838	5,916
Deliberate fires attended per 10,000 population	4,978	4,156
Secondary Fires (grass, refuse etc) attended	4,663	3,860
Road Traffic Collisions attended	1,334	1282
Home Fire Safety checks undertaken	22,371	23,065
Business Fire Safety Audits undertaken	1,989	1,751
Crimes & Consequences attendees	2,985	3,638
Phoenix programme attendees	316	586
Young Fire Fighters	208	220

The rebuild of Hirwaun Fire Station was completed and officially opened by the Chair of the Fire & Rescue Authority on 20 September 2014. The station design won the Best Commercial Building Award at the Rhondda Cynon Taf Building Excellence Awards for its sustainability. It has also been shortlisted for the South Wales Local Authority Building Control Awards in April.

Following the conclusion of the three phases of the Fire Cover review, Cowbridge station changed from day crewed to a retained duty system (RDS) station. The crewing of the second pump at Barry Station changed from Wholetime to RDS and the retained duty station at Blaina closed on 31 March 2015.

September saw the launch of the 'Shaping Our Future' (SOF) programme with a service wide engagement campaign. The programme will review our current service delivery methods in order to identify opportunities to improve and ensure future sustainability of the Service.

In October the Service successfully supported our partner agencies in the planning and delivery of the NATO summit at the Celtic Manor in Newport, where Barack Obama became the first serving American President to visit Wales.

In November we became the first Fire & Rescue Service in the UK to receive the White Ribbon accreditation in recognition of our stance and fight against domestic abuse in our communities.

The Service continues to fully support the National Issues Committee (NIC) which sets out to collaborate with the other Fire and Rescue Services (FRS) in Wales. In December the NIC won the Outstanding Change Leadership Award at the All Wales Continuous Improvement Community National Conference in Cardiff.

Throughout the year the service delivered the ground breaking Employability Programme supported by the Welsh Government and the Department for Work and Pensions (DWP). A total of 70 participants attended the two week programmes which were aimed at assisting unemployed people to create positive lifestyle changes, promote learning and obtain transferable skills to enhance their employment opportunities. The two weeks contained fire fighting & RTC drills, a breathing apparatus course at Cardiff Gate Training Centre, input on home fire safety, fire crime and road safety Domino sessions. The individuals worked towards an Agored Cymru accreditation in Principles and Practice of Fire-fighting and also completed accreditation courses in Food hygiene, Health and Safety and Basic First Aid.

### **Future Financial Plans**

Looking longer term the current austerity measures are likely to continue into the foreseeable future, with further cuts anticipated. The 2015/16 revenue budget approved by the Fire & Rescue Authority in December saw a further reduction of 1.54% taking the annual budget to £68.878 million.

The medium term financial strategy assumes further funding reductions making the challenge of producing a balanced budget increasingly more difficult when faced with inflationary pressures and the investment required to maintain operational effectiveness. Therefore, to meet the anticipated funding gap, ranging between

£6.3-£15.0 million by 2020/21, a programme of transformational projects delivering significant savings is required.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to give clear information about the financial position and the financial performance of the South Wales Fire and Rescue Authority for the financial year 2014/15.

The Authority's accounts for 2014/2015 consist of the following;

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

Comprehensive Income & 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. Authorities raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. Even though this Authority does not raise income related to tax, Local Authority accounting regulations stipulate these accounts are prepared accordingly.

Statement of Financial Position (Balance Sheet) – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g. Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line, 'adjustments between accounting basis and funding basis under regulations'.

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

useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

Fire Fighters Pension Fund Account – This shows the financial position of the Fire Fighters pension fund account, indicating whether the Authority owes, or is owed money by the Welsh Government in order to balance the account, together with details of its net assets.

Statement of Responsibilities for the Statement of Accounts

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

Annual Governance Statement

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

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.

**SUMMARY OF THE FINANCIAL YEAR 2014/15**

<b>Budget Outturn</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
<b>Revenue</b>			
Expenditure (note 29)	70,842	68,553	(2,289)
Income (note 29)	(886)	(1,309)	(423)
Net Expenditure (note 29)	69,956	67,244	(2,712)
Unitary Authority Contributions	69,956	69,956	0
(Surplus) /Deficit	0	(2,712)	(2,714)
<b>Capital</b> (inc slippage)			
Capital Spending	10,970	4,827	6,143

## Reconciliation of 'Revenue Surplus' to the 'Surplus on the Provision of Services'

*Net Expenditure	67,244
**Accounting Adjustments	1,725
***Cost of Services	<u>68,969</u>

\*detailed in 'The Outturn for the Year 2014/15 (above)

\*\*detailed in note 29

\*\*\*detailed in the CIES

The Authority incurs revenue spending on items, which are generally consumed within the year, and this is financed by contributions from the ten constituent local authorities in proportion to population. For 2014/15, the proportions were as follows:

	Values £000	Proportion %
Blaenau Gwent County Borough Council	3,232	5
Bridgend County Borough Council	6,585	9
Caerphilly County Borough Council	8,377	12
Cardiff County Council	16,650	23
Merthyr Tydfil County Borough Council	2,770	4
Monmouthshire County Council	4,271	6
Newport County Borough Council	6,912	10
Rhondda Cynon Taff County Borough Council	10,941	16
Torfaen County Borough Council	4,262	6
The Vale of Glamorgan Council	5,956	9
<b>Total</b> (note 36)	<b>69,956</b>	<b>100</b>

### Revenue Spending

The total net expenditure for the year was £67.2 million, compared with the net expenditure budget of £70.0 million. The under spend of £2.7 million was achieved by curtailing expenditure wherever possible to ease anticipated pressures in 2015/16, in addition to maximising income opportunities. The surplus accrued from a number of subjective categories and was scrutinised by the Finance, Audit and Performance Management Committee and the Finance and Asset Management Working Group.

### Revenue Sources of Funding – CIES Accounting Adjustments

2013/14		2014/15
£000		£000
71,421	Unitary Authority Contributions (above & note 36)	69,956
2,651	Revenue Grants (note 35)	3,237
148	Interest (note 9)	135
1,317	PFI. Grant (note 41)	1,278
407	*Fees and Charges/Reimbursements	382

\*Fees and charges represent unbudgeted income not included in the net expenditure funded by contributions made by Local Authorities.

## Capital Expenditure

Capital expenditure in the year amounted to £4.8 million.

2013/14		2014/15
£000		£000
4,122	Property – Refurbishments, adaptations, new buildings	1,045
1,531	Vehicles and Plant	3,518
326	Operational and I.C.T. Equipment	263
<b>5,979</b>	<b>Total Capital Expenditure (see note 37 for greater analysis)</b>	<b>4,827</b>

## Capital Borrowing

The Prudential Code allows the Authority to determine its own borrowing limits subject to the Responsible Financial Officer (RFO) deeming it to be prudent, sustainable and affordable. Loans outstanding comprise those provided by the Public Works Loans Board (PWLB) and Welsh Government (WG) in respect of 'Invest To Save' funding for the collaborative Fire Control Project. No PWLB loans were taken out in the year in respect of the capital programme.

## Pension liability

In 2014/15, 31 whole-time uniformed staff retired. The actuarially assessed liability as at 31 March 2015 was £788 million for Fire fighters pension scheme and £19 million for the Local Government pension scheme (LGPS). This is a reduction in liability of £67 and £2 million respectively since the previous year end.

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

## Provisions, Contingencies and Write offs

The provision for the payment of Retained Duty Service personnel as a result of the part time workers conditions settlement remains in place. A large number of payments were made in the 2012/13 financial year with the remainder expected to be made during 2015/16.

## Reserve Accounting

At the end of the financial year, the Statement of Accounts shows financial reserves carried forward into 2015/16. 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.

## Capital Financing Costs

The charge made to the service revenue accounts to reflect the cost of fixed assets used in the provision of services was £6.7 million. This is a notional charge for depreciation and impairment on revaluation of the property portfolio of £4.2 million and £2.5 million respectively and an adjustment is made to the year end balance to nullify the effect on the fund balance. The actual cost to the service for financing capital is £1.569 million loan interest, £2.1 million minimum revenue provision (MRP) and a £200k revenue contribution.

**Impact of the Current Economic Climate**

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

It is anticipated that after consideration of reserve prudence, the majority of savings generated in 2014/15 will be allocated to earmarked reserves to deliver operational improvement and efficiency in future years.

**Additional Information**

Additional information about these accounts is available from the Head of Finance & Procurement. Interested members of the public also have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised in the local press and on the website for South Wales Fire & Rescue Service ([www.southwales-fire.gov.uk](http://www.southwales-fire.gov.uk)).

**Acknowledgements**

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

**Chris Barton**  
**Treasurer**

**Dated**

## STATEMENT OF RESPONSIBILITIES

### The Authority's Responsibilities

The Authority is required:

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

### The Treasurer's Responsibilities

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

I certify that the accounts provide a true and fair view of the financial position of the Authority as at the 31 March 2015 and its income and expenditure for the year then ended.

Signature: \_\_\_\_\_

Dated:

**Treasurer**

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

### **ANNUAL GOVERNANCE STATEMENT 2014/2015**

#### **1. Scope of Responsibility**

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

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

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*.

This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2005, as amended, in relation to the publication of a statement on internal control.

#### **2. The Purpose of the Governance Framework**

The Governance Framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Authority 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 Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively, and economically.

### **3. The Governance Framework**

The Governance Framework describes the key elements of the systems and processes that comprise the Authority's governance arrangements in accordance with the six principles of corporate governance included in our Code and include:

- Focus on the purpose of the Authority and outcomes for the community and creating and implementing a vision for South Wales.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Develop the capacity and capability of Members and officers to be effective.
- Engage with local people and other stakeholders to ensure robust public accountability.

### **4. Review of Effectiveness**

The Authority 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 Authority who have responsibility for the development and maintenance of the governance environment, the internal auditors' annual report, and also by comments made by the external auditors and peer assessors. This year the outcomes of any Wales Audit Office reviews will be considered together with any learning points from any relevant Wales Audit Office 'reports in the public interest'.

Individuals within the Service have been consulted and have considered evidence to support the Governance Framework.

A statement of assurance has been discussed and approved by the Executive Leadership Team as to the effectiveness of the governance arrangements for which it is responsible, including the system of internal control.

As the provider of internal audit services to South Wales Fire & Rescue Service, TIAA Limited provides the Authority, through its Finance, Audit and Performance Management Committee, with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements.

The Finance, Audit and Performance Management Committee receives regular reports from the internal auditors on their progress against the Annual Audit Plan which provides details on the assurance levels that can be placed against the various systems and processes in place. They are also provided with an annual assessment at year end, and there is provision for them to meet with the Auditors at the end of every meeting without officers being present.

Whilst the Senior Management Team formally reviews the Corporate Risk Register and endorses the inclusion of new or emerging risk, the Finance, Audit and Performance Management Committee receives an Annual Report highlighting the corporate risk and the actions planned to mitigate the risk and regularly review high and medium risks.

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered.

- The Authority operates a committee structure covering the key areas aligned to its strategic objectives, with agreed Terms of Reference as:

#### **The Fire & Rescue Authority**

The Fire & Rescue Authority is responsible for ensuring that the Fire & Rescue Service in South Wales is:

- effective
- efficient
- accountable to the public

Membership is made up of Members of the 10 Unitary Authorities covered by the Fire & Rescue Service area in accordance with the South Wales Fire Service (Combination Scheme) Order 1995.

#### **Finance, Audit and Performance Management Committee**

The Committee is responsible for the planning and management of the Authority's financial resources, including authorising expenditure, virement of funds and donations of equipment or other property within the remit of the Authority's Financial Regulations. It oversees and scrutinises the financial reporting process and provides a detailed examination of financial performance, including the extent that this affects the Authority's exposure to risk and weakens the control environment. The Committee also

provides assurance of the adequacy of the risk management framework and the associated control environment.

### **Standards Committee**

The Committee promotes and maintains high standards of conduct by all Members and co-opted Members of the Authority, assisting them to observe the Members' Code of Conduct by advising, training or arranging training in the code, monitoring the operation of the code and dealing with any matter referred to it by the Monitoring Officer, Public Services Ombudsman or Local Commissioner in Wales.

### **HR and Equalities Committee**

This Committee demonstrates the Authority's commitment to ensuring the Service has a well equipped, skilled and motivated workforce that is able to work safely and whose composition reflects the diverse communities it serves. It monitors staff work/life balance, working conditions and well-being; monitoring of absence and the implementation of Human Resource, Equality, and Staff Development frameworks, policies and procedures; receives and considers reports from the Service's Human Resources and Equality Officers and determines responses where appropriate.

### **Finance, Asset and Performance Management Working Group**

The Working Group demonstrates the Authority's commitment to the efficient and effective deployment of public resources and assets to give assurance that available funding and assets are utilised as efficiently and effectively as possible to protect the level of service offered to the public within the core priorities defined by the Fire & Rescue Authority.

- The responsibilities of the group are to review and challenge and scrutinise where necessary, the make up of the Authority's revenue and capital budget with a view to cost reduction or value enhancement.
- The Working Group reviews, monitors and challenges, where necessary, the management of the Authority's assets,

Each of these Committees and Working Groups have presented to the March 2015 meeting of the Fire & Rescue Authority a report outlining how they have discharged their terms of reference over the last 12 months. And their terms of reference can be found at

<http://www.southwales-fire.gov.uk/English/aboutus/FA/Documents/Terms%20of%20Reference.pdf>

- The Executive Leadership and Senior Management Teams are responsible for determining policy, monitoring performance and developing service plans in line with the Authority's overall strategic

objectives. The planning methodology continues to develop the link between operational and financial planning and identify a clearer link between department plans, service objectives, financial requirements and risk management.

- The principal of Risk Based Accountability (RBA) is used as a methodology to assess our business activity. It considers business activities from two perspectives:
  - Population Accountability (what difference does/will the activity make to the population at large in a defined geographical area?) (These activities often involve other partners).
  - Performance Accountability (what difference do our customer see as a result of our performance?) (These activities are those where we have full responsibilities for delivery of the function).

RBA uses a “from ends to means” principle whereby the benefits we want our customers to see as a result of the function is considered first, then considers the most appropriate means of achieving these benefits.

- The Executive Leadership Team has considered the evidence gathered to support the 6 principles of good governance that have been adopted by the Fire & Rescue Authority and considers that adequate evidence is available to support the principles and notes the areas where improvement can be made.
- The Authority continue to promote a comprehensive set of values outlining what we expect of our employees and what the public can expect of us. These have been relayed to each individual employee in writing and through their Managers.
- The Authority has continued to develop its risk management arrangements, and risks are regularly reviewed by the Senior Management Team.
- A review of Performance Development and Review system has taken place and has been implemented for all staff, and incorporated within this is an analysis of training needs.
- The Authority outsources its internal audit service to a private sector company, who complies with CIPFA’s Code of Internal Audit Practice. The service is designed to give assurance that the Authority maintains adequate systems of internal control and to make recommendations on ways to enhance these where felt necessary, and as such the auditors

are required to state whether the system of controls is “adequate” or “inadequate”.

## 5. Internal Auditors

The Internal Auditors have undertaken 12 reviews this year; all audits within the Plan having been completed.

The outcomes of these audits have been reported to the Finance, Audit and Performance Management Committee on a regular basis, giving Members an opportunity to understand the Authority’s compliance with key controls and to discuss areas of concern with officers and auditors.

In addition, the internal auditors have undertaken a review of the Employability Scheme, attended the annual stock take and provided a briefing on Station Audits.

There was only one system reviewed where it was assessed that the effectiveness of some of the internal control arrangements provided “limited assurance”. Recommendations were made to further strengthen the control environment in this area and the table below indicates the Authority’s risk exposure in this area.

<b>System</b>	<b>Assurance Assessment</b>	<b>Control Risk Exposure</b>
Stock and Stores-Community Stock	Limited	Failure to comply with approved Policy and Procedure leads to losses

The Internal Auditor confirmed that sufficient audit work had been undertaken to draw a reasonable conclusion as to the adequacy and effectiveness of our risk management, control and governance processes to conclude that we have adequate and effective management, control and governance processes to manage the achievement of our objectives.

## 6. Wales Audit Office

Each year the Wales Audit Office, as Appointed Auditor for the Fire and Rescue Authority, is required to provide an Annual Audit Letter under the Code of Audit Practice on the Authority’s financial reporting and accounting procedures, and our arrangements to secure, economy, efficiency and effectiveness in the use of our resources, The Auditor issued his opinion on 5 January 2015 which confirmed that the Authority had discharged all of its statutory and other responsibilities in relation to financial reporting, record keeping and use of its resources during the 2013/14 financial year.

This year, the Auditor General has issued a Certificate of Compliance which certifies he has audited this Authority's Improvement Plan in accordance with Section 17 of the Local Government (Wales) Measure 2009 and the Code of Audit Practice. In so doing, the Auditor General confirms that the Authority has discharged its duties under Section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

The complete report can be found on the Service's website [www.southwales-fire.gov.uk](http://www.southwales-fire.gov.uk) or from the site of the Wales Audit Office : [www.wao.gov.uk/reportsandpublications/fireauthorities](http://www.wao.gov.uk/reportsandpublications/fireauthorities)

## **7. Assessing Risks**

Organisational risks are assessed by calculating a rating based on two factors, namely likelihood of occurrence and potential impact which gives a risk score. A 5 x 5 matrix is used to calculate the score which then falls into low, medium or high bandings. In accordance with the Corporate Risk Management Framework, Directors, Service and Department Heads are responsible for maintaining and reviewing the risks in their service plans, and ensuring that appropriate actions are taken to manage the risks identified. They are also responsible for managing the risks identified in the Corporate Risk Register for which they are named as owners.

The Senior Management Team formally reviews the Corporate Risk Register on a regular basis and endorses the inclusion of any new or emerging risks identified. Members of the Finance, Audit and Performance Management Committee views the significant and material risks contained within the Corporate Risk Register and agree their validity normally every 6 months.

## **8. National Issues Committee**

To meet the challenges facing the public sector such as economical pressures, shrinking budgets and greater public expectation, the Welsh Fire & Rescue Services have established the National Issues Committee (NIC) to further improve collaborative working, service delivery and sustained service improvement.

The Welsh Government has made their ambitions for improved, more efficient and citizen focused public services very clear. The Welsh Fire & Rescue Authorities are fully committed to achieving these goals and will deliver upon the objectives detailed within Welsh Government strategic policies and programmes, using the NIC as the means of delivery.

The NIC is organised through a committee consisting of Elected Members and officers from each of the constituent Fire & Rescue Authorities within Wales.

The Committee is established as a structured voluntary arrangement rather than legislatively based under the Combination Order. This demonstrates the Welsh Fire & Rescue Authorities' commitment to working together to further improve collaborative working, service delivery and sustained service improvement.

The aims of the NIC are to develop and implement improved arrangements for the strategic and co-ordinated delivery of collaborative work where service improvements and efficiencies are realised. These will embody intent to deliver national outcomes without comprising the independence of the constituent Fire & Rescue Authorities to make local decisions to meet local needs.

The work of this committee continues to focus around key agreed collaborative areas of

- National Fleet and Transport arrangements
- National ICT platforms
- National Community Fire Safety delivery systems
- National Fire Cover Review
- National Control arrangements
- National Operational Crewing arrangements

## **9. Communications and Engagement Strategy**

The Service acknowledges that it can improve the way it communicates and engages with its stakeholders and members of the public. We have given it such importance that community engagement was made one of our improvement objectives for 2013/14.

The work continues and we have developed a working group (Community Engagement Group, CEG) whose key responsibility is the implementation of the community engagement strategy. To date this group has further developed the strategy and supporting tool kit, based on the Participation Cymru format.

The group is finalizing our first Service joint promotional campaign (We are South Wales Fire and Rescue Service) aligned with a community engagement event. We are working with key stakeholders, press, media, local businesses, local authorities and minority groups to ask "what matters to you" to involve our communities in shaping future services. The findings of this survey and engagement event will inform next year's business planning process.

We continue to explore innovative methods of communications in order to reach all corners of our communities. A communications and engagement strategy is currently being developed and will ensure that SWFRS is able to effectively communicate messaging and campaigns across the South Wales area.

Previous campaign activity has included undertaking a digital led Christmas drink driving campaign – ‘Glad She Crashed at Yours’ – which saw related safety messages and video shares reach over 250,000 people. The YouTube advert was the most successful of those launched by SWFRS with over 15,000 views during the campaign period. It was also supported by a fortnight of radio advertising, which was heard over 3m times by Capital FM and Heart Radio listeners. This campaign has also been entered into the CIPR Excellence Awards for Public Sector Campaign.

Social media has become more of a focal point for the communications team, as the Service has over 22,000 followers with which to engage and share key messages. Media & Communications has also taken on the development of the Bernie social media accounts to ensure that the Project Bernie team are able to concentrate on the youth engagement; this also includes the development of a new website. This activity will support an extended campaign period of April to October, with three new Bernie videos to be created.

Through the development of the Shaping Our Future programme, internal communications has also become a key area of development, with regular updates being posted on the programme page, intranet home page and within the newsletter. It is vital that all SWFRS staff are being kept up to date with the programme progresses. We have also revamped the internal newsletter so that all aspects of the Service have an opportunity to share any exciting news or updates that matter to their communities. This was a driver in the reworked Spark magazine and its range of content, which included 15 pages of Station updates; it was received positively both internally and externally with CFOs from different UK Fire and Rescue Services posting their congratulations on Twitter.

## **10. Wales Audit Public Interest Reports**

Public interest reports published by the Wales Audit Office continue to be of interest and provide valuable learning points for officers. On considering issues raised this year it is evident that advice on the prioritisation of our Fire Authority Agenda items is contained within our Standing Orders and our internal audit process is outsourced to a private sector company who provide services in accordance with the relevant CIPFA code of practices.

## **11. General Issues of Governance**

This year the Senior Management Team received a presentation on Assurance Mapping which helped to inform them about the process and how it helps in providing strong corporate governance. Managers have been involved in the writing of this statement and it is intended to increase managers’ involvement in the process throughout the coming year.

## 12. Customer Service

In order for the organisation to ensure that it provides the highest level of customer focus we have for a number of years been involved in the Customer Service Excellence Standard, formally Charter Mark. Going forward we will adopt the standards but will not pursue the accreditation. However we will ensure that our complaints procedures accord with the Welsh Government and ICO advice.

## 13. Anti Fraud Corruption and Whistle Blowing

Up to date policies have been written and are published on our intranet site with easy access for all staff.

Signed: .....

**Chairman of Fire & Rescue Authority**

Signed: .....

**Chief Fire Officer**

### Internal Audit Opinions and Recommendations 2014/2015

Auditable Area	Assurance Level Given	Number of Recommendations made			
		High	Medium	Low	In Total
Anti Fraud – Pay & Allowances	Substantial	0	0	0	0
Compliance Review of Key Financial Control Areas	Reasonable	0	4	3	7
Employability Scheme Arrangements	Reasonable	0	2	1	3
Estates Management – Planned Repairs	Reasonable	0	2	1	3
Fleet Management - Disposals	Reasonable	0	0	3	3
Governance Performance Management	Substantial	0	0	0	0
HR Rostering System	Reasonable	0	0	3	3
ICT Strategy Policies & Procedures	Reasonable	0	0	3	3
New Finance System Key Controls	Reasonable	0	1	4	5

Auditable Area	Assurance Level Given	Number of Recommendations made			
		High	Medium	Low	In Total
Review of new Finance System	Reasonable	0	0	3	3
Risk Management Insurance Audit	Reasonable	0	4	5	9
Station Visits	Reasonable	0	6	4	10
Stocks & Stores (Community Safety Stock)	Limited	3	4	1	8
Third Party Income (Babcocks)	Reasonable	0	0	2	2

## **SUSTAINABILITY REPORTING**

The purpose of sustainability reporting is to provide information on economic, environmental, social and governance performance. Reporting on these areas is seen as vital in managing change towards a more sustainable global economy.

South Wales Fire and Rescue Authority is committed to achieving and promoting sustainable development.

This is the third year that sustainability information has been reported alongside the more conventional financial information. Sustainable Procurement information has been included in the report for the first time this year. It is anticipated to expand reporting on sustainability in future years as processes for data capture are developed, in an effort to provide a more rounded picture of the Authority's overall performance.

<b>Staff Turnover %</b>	2013/14	2014/15
Turnover as a percentage of establishment	6.15%	9.62%
Retirements	1.79%	2.22%
Resignation	2.52%	4.96%
Ill Health	0.22%	0.23%
Dismissed	0.11%	0.58%
End of Temporary Contract	0.06%	0.35%
Retirement/Compulsory	1.17%	0.82%
Voluntary Redundancy	0.11%	0%

The staff turnover for 2014/15 increased due to the increase in the number of officer retirements and resignation of existing officers.

<b>Reported Accidents</b>	2013/14	2014/15
Total Injuries	71	64
No lost time	40	34
Less than seven days (of above numbers)	10	11
Over seven days (of above analysis)	21	19

The Authority is continually striving to ensure that accidents are kept to a minimum, and this is demonstrated in the reduction of incidents from 2013/14 to 2014/15.

96% of programmed workplace Health & Safety inspections were completed to schedule in 2014/15.

<b>Governance</b>	2013/14	2014/15
Attendance at Fire Authority meetings	73%	78%

The Authority has approved and adopted a code of corporate governance, consistent with the principles of the CIPFA/SOLACE framework.

<b>Women In Management</b>	2013/14	2014/15
Percentage of Women in Management*	2%	2%

\*Grade 10 and above

<b>Expenditure on Energy</b>	2013/14	2014/15
	£'000	£'000
Electricity	445	394
Gas	223	271

<b>Our People</b>	2013/14	2014/15
Staff (FTE) at Year End	1,681	1,614
Staff Expenditure	£54.7m	£52.9m
Staff Turnover	6.15%	9.62%
Recruitment Expenditure	£16k	£12k
Staff Development (% undertaking certified learning)	8.81%	14.76%

The reduction in staffing levels from 2013/14 to 2014/15 is mainly due to staff leaving by natural causes, leading to a reduction in staff expenditure.

The Authority is committed to recruiting and developing a workforce that have the relevant skills and attributes that enable it to deliver its vision and mission.

<b>Number of Complaints from Service Users</b>	2013/14	2014/15
Complaints Upheld & satisfactorily Concluded	14	7
Complaints not Upheld	24	22
Insurance Claims	0	0
Complaints Withdrawn	0	0
Complaints Ongoing	3	2
Not a Complaint	0	0
<b>Total</b>	<b>41</b>	<b>31</b>

The Authority views all complaints seriously, investigating each one on its own merits to come to a satisfactory conclusion.

<b>Electronic Procurements</b>	2013/14	2014/15
Quotes less than £10k in value	1	15
Quotes between £10k and £174k	1	26
Tenders over £174k	1	4
<b>Total</b>	<b>3</b>	<b>45</b>

Electronic procurements were on trial during 2013/14 with full implementation taking place during 2014/15.

<b>Sustainable Procurements 2013/2014</b>	
Hirwaun Station Refurbishment	Scored criteria included community engagement clauses relating to recruitment and use of Small Medium Enterprises (SME) and Building Research Establishment Environmental Assessment Method (BREEAM).
Office Cleaning Contract	Scored criteria included sustainability, waste management, the utilisation of local suppliers, economic benefits for the service area, employment of a local workforce and a sustainable travel plan.

<b>Sustainable Procurements 2014/2015</b>	
Multiple Security Systems (Fire Alarms, Automatic Doors, Sprinkler systems etc)	Reduction in number of suppliers from 5 to 1 which resulted in 1 visit per site rather than 5 per site. Reduction in CO2
Fuel Management System	Improved control of stock and re-ordering levels
Major Refurbishment of Aerial Appliance	New chassis purchased and refurbishment of existing body. Built to comply with Euro 5 emission regulations. Body systems constructed from recyclable materials where possible including water-based paints and primers. Use by a diverse workforce has been taken into consideration in the vehicle design.
Electricity	The purchase of electricity is 100% from renewable sources.
Support Vans	All vans will be limited to 68mph reducing fuel usage and CO2.

The Authority is committed to playing a pro-active role in ensuring that the equipment, clothing and services procured meets the needs of a diverse workforce and does not provide a barrier to entry to potential employees. It actively engages with small and medium sized enterprises (SME's) in promoting awareness of how they can become involved in supplying to the Service. In addition, the Service fulfils its role through careful procurement in securing improvements to the environment and minimising any adverse impact that its activities may have.

## **Independent auditor's report to the Members of South Wales Fire and Rescue Authority**

I have audited the accounting statements and related notes of:

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

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

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

The Fire Fighters Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, including of the Fire Fighter's Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to South Wales Fire and Rescue Authority and the Fire Fighters Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of South Wales Fire and Rescue Authority**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of South Wales Fire and Rescue Authority as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

### **Opinion on the accounting statements of Fire Fighter's Pension Fund**

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Fire Fighters Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from 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 in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

**For and on behalf of  
Anthony Barrett  
Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ  
30 September 2015**

**FINANCIAL STATEMENTS**

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**Movement in Reserves Statement year ending 31 March 2014 and 31 March 2015**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2013 Carried forward</b>	-4,183	-9,635	-501	-14,319	725,610	711,291
<hr/>						
<b>Movement in Reserves during 2013/14</b>						
(Surplus) or deficit on the provision of services (CIES)	35,424			35,424		35,424
Other Comprehensive Income and Expenditure (CIES)					-54,937	-54,937
<b>Total Comprehensive Income and Expenditure</b>	<b>35,424</b>	<b>0</b>	<b>0</b>	<b>35,424</b>	<b>-54,937</b>	<b>-19,513</b>
Adjustments between accounting basis & funding basis under regulations (note 6)	-36,342	2,720	415	-33,207	33,207	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>-918</b>	<b>2,720</b>	<b>415</b>	<b>2,217</b>	<b>-21,730</b>	<b>-19,513</b>
Transfers to/(from) Earmarked Reserves (note 7)	1,933	-1,933				
<b>(Increase)/Decrease in 2013/14</b>	<b>1,015</b>	<b>787</b>	<b>415</b>	<b>2,217</b>	<b>-21,730</b>	<b>-19,513</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>-3,168</b>	<b>-8,848</b>	<b>-86</b>	<b>-12,102</b>	<b>703,880</b>	<b>691,778</b>

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2014</b>	<b>-3,169</b>	<b>-8,849</b>	<b>-86</b>	<b>-12,104</b>	<b>703,881</b>	<b>691,777</b>
<b>Movement in reserves during 2014/15</b>						
(Surplus) or deficit on the provision of services (CIES)	32,775			32,775		32,775
Other Comprehensive Income and Expenditure (CIES)					28,407	28,407
<b>Total Comprehensive Income and Expenditure</b>	<b>32,775</b>			<b>32,775</b>	<b>28,407</b>	<b>61,182</b>
Adjustments between accounting basis & funding basis under regulations (note 6)	-35,445	161	-227	-35,511	35,511	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>-2,670</b>	<b>161</b>	<b>-227</b>	<b>-2,736</b>	<b>63,918</b>	<b>61,182</b>
Transfers to/(from) Earmarked Reserves (note 7)	2,839	-2,839				
<b>(Increase)/Decrease in 2014/15</b>	<b>169</b>	<b>-2,678</b>	<b>-227</b>	<b>-2,736</b>	<b>63,918</b>	<b>61,182</b>
<b>Balance as at 31 March 2015 carried forward</b>	<b>-3,000</b>	<b>-11,527</b>	<b>-313</b>	<b>-14,840</b>	<b>767,799</b>	<b>752,959</b>

**Comprehensive Income and Expenditure Statement (CIES) for  
year ending 31 March 2015**

2013/14				2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,192	-1,726	5,466	Community Safety	8,520	-1,894	6,626
69,240	-1,299	67,941	Fire Fighting & Rescue Operations	59,191	-513	58,678
674	-612	62	Fire Service Emergency Planning	4,991	-1,797	3,194
171		171	Corporate and democratic core	168		168
157		157	Non distributed costs	302		302
<b>77,434</b>	<b>-3,637</b>	<b>73,797</b>	<b>Cost of Services</b>	<b>73,173</b>	<b>-4,204</b>	<b>69,969</b>
0	-74	-74	Other operating expenditure (note 8)	1,169	-496	673
34,634	-148	34,486	Financing and investment income and expenditure (note 9)	34,502	-135	34,367
	-72,786	-72,786	Taxation and non-specific grant income (note 10)		-71,234	-71,234
		<b>35,423</b>	<b>Deficit on Provision of Services</b>			<b>32,775</b>
523		523	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (note 12)	231	-11,504	-11,273
		0	Impairment losses and non current assets charged to revaluation reserve	1,196		1,196
			Surplus/deficit on revaluation of Held for Sale Assets	113		113
-55,460		-55,460	Actuarial gains/losses on pension assets / liabilities (note 26 & 42)	38,370		38,370
<b>-54,937</b>		<b>-54,937</b>	<b>Other Comprehensive (Income) and Expenditure (MIRS)</b>	<b>39,910</b>	<b>-11,504</b>	<b>28,406</b>
		<b>-19,513</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>61,182</b>

**Balance Sheet as at 31 March 2015**

<b>31 March 2014</b>		<b>31 March 2015</b>	<b>Notes</b>
<b>£000</b>		<b>£000</b>	
78,515	Property, Plant & Equipment	82,597	12
<b>78,515</b>	<b>Long Term Assets</b>	<b>82,597</b>	
0	Assets Held for Sale	3,160	13
5,000	Short Term Investments	0	16
657	Inventories	598	17
12,903	Short Term Debtors	7,811	18
2,146	Cash and Cash Equivalents	12,907	19
<b>20,706</b>	<b>Current Assets</b>	<b>24,476</b>	
-837	Short Term Borrowing	-2,134	14
-7,755	Short Term Creditors	-6,194	20
-268	Provisions	-266	21
<b>-8,860</b>	<b>Current Liabilities</b>	<b>-8,594</b>	
-711	Deferred Liability – Finance Leases	-354	40
-37,952	Long Term Borrowing	-38,340	14
-5,746	Other Long Term Liabilities – PFI	-5,575	41
-737,730	Liability related to defined benefit pension schemes	-807,170	42
<b>-782,139</b>	<b>Long Term Liabilities</b>	<b>-851,439</b>	
<b>-691,778</b>	<b>Net Assets</b>	<b>-752,960</b>	
-12,102	Usable Reserves	-14,839	22
703,880	Unusable Reserves	767,799	23
<b>691,778</b>	<b>Total Reserves</b>	<b>752,960</b>	

**Cash Flow Statement as at 31 March 2015**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
<b>35,424</b>	<b>Net deficit on the provision of services</b>	<b>32,775</b>
-31,885	Adjustments to net surplus or deficit on the provision of services for non-cash movements	-42,973
-1,778	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-1,977
1,761	Net cash (inflow)/outflow from Operating Activities	-12,175
5,178	Investing Activities	673
-1,562	Financing Activities	742
5,377	Net (increase) or decrease in cash and cash equivalents	-10,760
7,522	Cash and cash equivalents at the beginning of the reporting period	2,147
2,147	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12,907</b>

**Note**

A detailed breakdown of the above is provided in note 28

## **ACCOUNTING POLICIES**

### **GENERAL**

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position year ended 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2005, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice 2014/15 (SeRCOP), 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.

The ratio of Current Liabilities to Current Assets of 2.2 indicates the Authority is unlikely to experience liquidity problems as it holds sufficient resources to meet its short term obligations. However, as part of the treasury management practices in place within the Authority, there is ready access to borrowing from the Public Works Loan Board (PWLB) and other sources and there is no significant risk that it will be unable to raise finance to meet its commitments.

### **INCOME AND EXPENDITURE**

#### **Revenue**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and consumption they are carried as inventories on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress 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 investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### **CHARGES TO REVENUE FOR NON CURRENT ASSETS**

Depreciation is provided for vehicles on a straight-line basis, with acquisitions being depreciated for a full year if bought before 31 December in the year of account. Buildings have been depreciated on a straight-line basis over the estimated useful life of the assets, as supplied by Cooke and Arkwright, Chartered Surveyors.

Depreciation is charged to the service departments within the income and expenditure account. This amount is credited to the General Fund Balance therefore having a neutral impact on the contributions made by the constituent authorities.

The Authority is not required to raise a levy 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 Movement in Reserves Statement.

### **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 is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### **Termination Benefits**

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

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

## **POST EMPLOYMENT BENEFITS**

### **Pensions**

The Authority participates in two different pension schemes, which meet the needs of different groups of employee. The schemes are as follows:

#### **1. Firefighter Pension Scheme (FPS)**

The Fire Fighters pension scheme is an unfunded defined benefit scheme, 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 26, 42 and the 'Fire fighters Pension Fund Account' on page 83 for more detail. It is through the pension fund that the Authority discharges its responsibility for paying the pensions of retired officers, their survivors and others who are eligible for benefits under the scheme.

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

#### **2. Corporate and Control Room Staff**

This is a funded scheme with pensions paid from the underlying investment funds managed by Rhondda Cynon Taff County Borough Council pension fund (the 'fund') which is part of the Local Government Pension Scheme (LGPS). Actuaries determine the employer's contribution rate. Further costs, which arise in respect of certain pensions paid to retired employees, are paid on an unfunded basis. Please see note 42 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).

### **EXCEPTIONAL ITEMS**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

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

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

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

### **FINANCIAL INSTRUMENTS**

A Financial Instrument is defined as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another'. Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

### **INVESTMENTS**

Investments are shown in the Balance Sheet at their cost to the Authority and are itemised in a separate note.

### **FOREIGN CURRENCY TRANSLATION**

The majority of transactions of the Authority are in sterling. Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

### **GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions are recognised as income at the date the Authority satisfies the conditions of the entitlement to the grant/contribution, 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 income and expenditure account after Net Operating Expenditure.

### **INVENTORIES AND LONG TERM CONTRACTS**

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

### **LEASES**

#### **Finance leases**

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

#### **Operating Leases**

Where assets are available for use under leasing arrangements, the rentals payable are charged to the appropriate service account on a straight-line basis irrespective of the payment arrangements. Since the Authority does not own these assets, the cost does not appear in the Balance Sheet. The liability to pay future rental charges is similarly excluded, but a separate note is annexed to the Balance Sheet.

### **OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

### **PROPERTY PLANT AND EQUIPMENT**

#### **Recognition**

Property, Plant and Equipment is capitalised where:

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

### Useful Economic Life of Assets

The assets will be held by the service over their useful economic life and will be in the following ranges:

Buildings	15-80 years
Infrastructure*	5-20 years
Vehicles, Plant & Equipment	3-20 years
Intangible Assets*	5-15 years

\*there are currently no assets of this class on the Authority's balance sheet

### Measurement

#### Valuation

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.

All assets are measured subsequently at fair value.

Land and property assets are valued every 5 years. Annual impairment reviews are carried out in other years. The valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuations are carried out on the basis of a Modern Equivalent Asset as required by HM Treasury. The annual reviews are conducted using the most appropriate information available at the date of the review. A full revaluation was last carried out in the year ending 31 March 2015.

Equipment asset values are reviewed annually by internal experts to determine the remaining life based on past and forecasted consumption of the economic useful life of the asset.

Assets in the course of construction are valued at current cost. They are valued by professional chartered surveyors when they are first brought into use and are subsequently valued as part of the five yearly valuations.

### **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.

### **Depreciation**

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The economic lives of each property will vary but generally falls between 15-80 year range.

Freehold land is considered to have an infinite life and is not depreciated.

Equipment is depreciated evenly over the estimated life of the asset of 5 years. The economic useful life of fleet assets varies but falls within a 3-20 year range on which the annual depreciation charge is based.

Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Authority, respectively.

### **Held For Sale**

A non-current asset is Held For Sale if its carrying value will be recovered principally through sale rather than continuing use, if it is available for immediate sale and sale is highly probable within one year.

Property, plant and equipment reclassified as 'Held for Sale', ceases to be depreciated upon the reclassification.

### **Component Accounting**

A component of property, plant and equipment is an item that has a cost that is significant in relation to the total cost of the asset. Components should be depreciated individually over their useful lives. However, on transition to the Code, component accounting has only been applied when a component is replaced or part enhanced, and the old component has been derecognised.

### **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 Statement of Comprehensive Income as an item of 'other comprehensive income'.

### **Fixed Assets Disposals**

Receipts from the disposal of fixed assets create income known as Capital Receipts. These are held in reserves and in the Capital Adjustment Account pending their application to fund new capital expenditure or to redeem loan debt.

### **Private Finance Initiative (PFI)**

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

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

### **Provisions**

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

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

### **Contingent Liabilities**

IAS 37 defines contingent liabilities as either:

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

Where a contingent liability exists it would not be recognised within the accounts as an item of expenditure, but would be disclosed in a note to the balance sheet which would describe the nature of the contingent liability and where practicable an estimate

of its financial effect and an indication of the uncertainties related to the amount of any outflow.

### **Reserves**

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

### **Value Added Tax (VAT)**

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

### **Intangible Assets**

There are presently no intangible assets held by the Authority.

## **ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED**

*IFRS 10 Consolidated Financial Statements* – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Authority is not required to prepare group accounts and as such, there are no impacts.

*IFRS 11 Joint Arrangements* – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition, proportionate consolidation can no longer be used for jointly controlled entities. The Authority has no material joint venture arrangements and as such, there are no impacts.

*IFRS 12 Disclosures of Involvement with Other Entities* – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structure entities'. The Authority has no such arrangements with other entities under IFRS 12 and as such, there are no impacts.

*IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures* – In consideration that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

*IAS 32 Financial Instruments Presentation* – The Code refers to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

*IAS 1 Presentation of Financial Statements* – The changes clarify the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding

period and therefore these changes will not have a material impact on the Statement of Accounts.

IFRS 13 – Fair value measurement, will be incorporated in the 2015/16 statement of accounts.

#### **ACCOUNTING STANDARDS ADOPTED IN THE YEAR**

The IASB has issued an amended IAS 19 – Accounting for Pensions Costs, which came into force 1 January 2013 and is applied retrospectively. The principal changes are:-

- The expected return on assets is calculated at the discount rate, instead of an expected return rate; and
- The interest on the service cost is included in the service cost itself, and

For this Authority, as will be the case for most organisations, this will result in a higher Profit and Loss charge going forward.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out on pages 36-45, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the statement of accounts are

- There is a high degree of uncertainty about future levels of funding for local Government. However the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.
- The Authority is deemed to control the services provided under the PFI agreement for the Cardiff Gate Training Centre and also to control the residual value of the centre at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and valued at £4.2 million, are recognised as Property, Plant and Equipment on the Authority's Balance Sheet (note 12).

### **2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

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

The items in the Authority's Balance Sheet at 31 March 2015 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
Property, Plant & Equipment  (note 12)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls.
Provisions  (note 21)	The Authority has a provision of £45k for the settlement of claims for back pay arising from the 'Part Time Workers Less Favourable Conditions' claim. This has been based on the number of claims received at an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of additional costs reportable in the CIES with a corresponding increase in the provision.
Pension Liabilities  (note 42)	Assumptions have been made in the accounts as to the value of future pension costs and income, i.e. liabilities and assets. This is to provide an understanding as to the potential liabilities faced by the Authority.	Changes to pension assumptions will affect the value of assets and liabilities and will impact on the main financial statements, i.e. MIRS, CIES, balance sheet and cash flow.

### 3. MATERIAL ITEMS OF INCOME & EXPENSE

There were no material items of income and expense in the Year.

### 4. EVENTS AFTER BALANCE SHEET DATE

The unaudited Statement of Accounts was authorised for issue by the Treasurer on 30 June 2015. The annual audit process has since been undertaken with a publishable draft authorised by the Authority on 21 September 2015. Events taking place after this date will not be reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2015, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

## **5. PRIOR YEAR ADJUSTMENTS**

There were no prior year adjustments in the year.

## **6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATION**

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

**Adjustments between accounting basis and funding basis under regulations**

2013/14					2014/15			
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
				<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
				<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
				Charges for depreciation and impairment of non-current assets	-4,047			4,047
-4,212			4,212	Revaluation losses on property Plant and Equipment	-2,522			2,522
				Capital grants and contributions applied				
48			-48	Fair value adjustment on assets held for sale	-441			441
				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	-232		-227	459
-4,164			4,164		-7,242		-227	7,469
				<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
				<b>Statutory provision for the financing of Capital Investment</b>	2,550			-2,550
2,191			-2,191	Capital expenditure charged against the General Fund	315	161		-476
341	2,720		-3,061	Use of Capital Receipts Reserve to finance new capital expenditure				
		415	-415					
2,532	2,720	415	-5,667		2,865	161		-3,026
				<b>Adjustment primarily involving the Capital Receipts Reserve:</b>				
				Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				
				<b>Adjustment primarily involving the Deferred Capital Receipts Reserve:</b>				
				<b>Adjustments primarily involving the Pensions Reserve:</b>				
				Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-50,110			50,110
-53,260			53,260	Employer's pension contributions and direct payments to pensioners payable in the year	19,040			-19,040
18,580			-18,580					
-34,680	0	0	34,680		-31,070			31,070
				<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
				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 27)	2			-2
-31			31	Rounding adjustment				
			-1					
-36,343	2,720	415	33,208	<b>Total Adjustments:</b>	-35,445	161	-227	35,511

**7. TRANSFERS TO AND FROM EARMARKED RESERVES (more detail is provided in note 22 & the Movement in Reserve Statement (MIRS))**

<b>Balance at 1 April 2013</b>	<b>Transfers out 2013/14</b>	<b>Transfers in 2013/14</b>	<b>Balance at 31 March 2014</b>		<b>Transfers Out 2014/15</b>	<b>Transfers In 2014/15</b>	<b>Balance at 31 March 2015</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>1,000</b>	0	0	<b>1,000</b>	Strategic Contingency Reserve	1,000	0	<b>0</b>
<b>272</b>	1,372	1,100	<b>0</b>	Capital Investment Reserve	0	0	<b>0</b>
<b>1,750</b>	1,343	0	<b>407</b>	Day Crewing Reserve	0	0	<b>407</b>
<b>2,782</b>	2,731	0	<b>51</b>	Aberbargoed Station Reserve	51	0	<b>0</b>
<b>605</b>	0	3,105	<b>3,710</b>	Change Management Reserve	0	3,777	<b>7,487</b>
<b>3,226</b>	0	164	<b>3,390</b>	PFI Equalisation Reserve	0	145	<b>3,535</b>
<b>0</b>	0	166	<b>166</b>	Managed Under Spend Reserve	83	0	<b>83</b>
<b>0</b>	0	124	<b>124</b>	Fuel Management Reserve	110	0	<b>14</b>
<b>9,635</b>	<b>5,446</b>	<b>4,659</b>	<b>8,848</b>	<b>Total</b>	<b>1,244</b>	<b>3,922</b>	<b>11,526</b>

**8. OTHER OPERATING EXPENDITURE AND INCOME**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
-74	Net (Gain)/loss on disposal of non-current assets	232
0	Net fair Value adjustment on assets held for sale	441
<b>-74</b>	<b>Total</b>	<b>673</b>

**9. FINANCING AND INVESTMENT INCOME & EXPENDITURE**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
1,974	Interest payable and similar charges	2,112
32,660	Pensions interest cost and expected return on pensions assets	32,390
-148	Interest receivable and similar income	-135
<b>34,486</b>	<b>Total</b>	<b>34,367</b>

**10. TAXATION AND NON SPECIFIC GRANT INCOMES**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
71,421	Local Authority Levies	69,956
1,317	Government Grants – PFI	1,278
48	Capital Grants – Other	0
<b>72,786</b>	<b>Total</b>	<b>71,234</b>

**11. INTANGIBLE ASSETS**

The Authority holds no intangible assets.

## 12. PLANT, PROPERTY AND EQUIPMENT

The movement in fixed asset valuation is shown below;

### Fixed Assets 2014/15

	<b>Land &amp; Buildings</b>	<b>Vehicles &amp; Equipment</b>	<b>Training Centre / PFI</b>	<b>Total</b>
<u>Cost/Valuation</u>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross book value at 31 March 2014	67,539	34,074	6,800	108,413
Additions	1,045	3,781		4,826
Revaluation	6,273			6,273
Impairment	-4,189			-4,189
*reclassification of NCA's to AHFS (note 13)	-3,550			-3,550
Disposal of Assets	-606	-1,491		-2,097
Non enhancing expenditure	-231			-231
Gross book value at 31 March 2015	66,281	36,364	6,800	109,445
<b><u>Depreciation &amp; Impairments</u></b>				
Accumulated depreciation at 31 March 2014	5,983	21,650	2,264	29,897
Annual depreciation	1,516	2,237	293	4,046
Accumulated depreciation on revaluation	-5,231			-5,231
Accumulated depreciation on AHFS (note13)	-390			-390
Less Depreciation on Assets Sold	-61	-1,413		-1,474
Accumulated depreciation as at 31 March 2015	1,817	22,474	2,557	26,848
Net book value at 31 March 2014	61,555	12,424	4,536	78,515
Net book value at 31 March 2015	64,464	13,890	4,243	82,597

Note: all properties are freehold

\*NCA – Non Current Assets

\*AHFS – Assets Held For Sale

**Fixed Assets 2013/14**

	<b>Land &amp; Buildings</b>	<b>Vehicles &amp; Equipment</b>	<b>Training Centre / PFI</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Cost/Valuation</u></b>				
Gross book value at 31 March 2013	*63,939	32,641	6,800	103,380
Additions	4,122	1,857	0	5,979
Disposal of Assets	0	-425	0	-425
Non enhancing expenditure	-523	0	0	-523
Gross book value at 31 March 2014	<b>67,538</b>	<b>34,073</b>	<b>6,800</b>	<b>108,411</b>
<b><u>Depreciation &amp; Impairments</u></b>				
Accumulated depreciation as at 31 March 2013	4,481	19,654	1,1975	26,110
Annual depreciation	1,502	2,420	289	4,211
Revaluation	0	0	0	0
Impairment	0	0	0	0
Less Depreciation on Assets Sold	0	-425	0	-425
Accumulated depreciation as at 31 March 2014	<b>5,983</b>	<b>21,649</b>	<b>2,264</b>	<b>29,896</b>
Net book value at 31 March 2013	<b>59,458</b>	<b>12,987</b>	<b>4,825</b>	<b>77,270</b>
Net book value at 31 March 2014	<b>61,555</b>	<b>12,424</b>	<b>4,536</b>	<b>78,515</b>

Note: all properties are freehold

\* The opening gross book value for 31 March 2013 detailed above, equates to £63.7million and £228k land revaluation.

### 13. HELD FOR SALE ASSETS

<u>Cost/Valuation</u>	<b>Land &amp; Buildings £000</b>
Gross book value at 31 March 2014 (Inc in note 12 opening balances)	4,212
Fair value adjustment (impairment)	<u>-662</u>
	3,550
Accumulated depreciation	(390)
Net book value at 31 March 2015	<u>3,160</u>

A property revaluation exercise was undertaken during 2014/15.  
2 sites were adjusted to fair value, prior to reclassification as Assets Held for Sale.

### 14. 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 2014	31 March 2015	31 March 2014	31 March 2015
<b>Borrowing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financial liabilities (principal amount)	37,952	38,340	601	1,901
+ Accrued Interest (note accrued interest will be short term)	0	0	236	233
<b>Total borrowings</b>	<b>37,952</b>	<b>38,340</b>	<b>837</b>	<b>2,134</b>
<b>PFI and finance lease liabilities</b>	<b>5,990</b>	<b>5,536</b>	<b>468</b>	<b>393</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	0	0	7,755	6,194

<b>Investments</b>				
<b>Loans and receivables (principal amount)</b>	0	0	5,000	0
+ Accrued interest	0	0	0	0
<b>Loans and receivables at amortised cost (1)</b>				
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>12,903</b>	<b>7,811</b>

**Note 1** – Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or invested and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

**Note 2** – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

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.

Whilst there is no need to produce more detailed information, additional information will however be needed in the following, albeit unlikely circumstances:

- ✓ Any unusual movements;
- ✓ Reclassification of instruments;
- ✓ De-recognition of instruments;
- ✓ Collateral;
- ✓ Allowance for credit losses; and
- ✓ Defaults and breaches.

These are explained in more detail below

## 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				
	2013/14		2014/15	
	Financial Liabilities measured at amortised cost £000s	Financial Assets Loans and receivables £000s	Financial Liabilities measured at amortised cost £000s	Financial Assets Loans and receivables £000s
Interest expense	1,974	0	2,112	0
Total expense in Surplus or Deficit on the Provision of Services	<b>1,974</b>	<b>0</b>	<b>2,112</b>	<b>0</b>
Interest income	0	148	0	135
Total income in Surplus or Deficit on the Provision of Services	<b>0</b>	<b>148</b>	<b>0</b>	<b>135</b>
Net gain/(loss) for the year	<b>1,974</b>	<b>148</b>	<b>2,112</b>	<b>135</b>

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 2014 £000s	Actual 31 March 2015 £000s
Less than 1 year	0%	25%	601	1,902
Between 1 and 2 years	0%	30%	1,903	1,902
Between 2 and 5 years	0%	50%	6,206	9,995
Between 5 and 10 years	0%	70%	9,490	7,483
More than 10years	0%	95%	20,354	18,959
<b>Total</b>			<b>38,554</b>	<b>40,241</b>

The debt portfolio comprises of both Equal Installment of Principal (EIP) and Maturity loans and the average debt rate equates to 4.07%. Loans outstanding at the balance sheet date comprise £37.95 million with PWLB and £2.29 million with WG as invest to save borrowing becoming payable over a 3 year period commencing 2016/17. Invest to save funding is interest free financing for projects that will provide sustainable budget savings.

## 15. Fair value of Assets and 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.

Fair values pertaining to loans are as follows:

	£000s	31 March 2014		31 March 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt		38,554	40,335	37,952	43,603
Non-PWLB debt		0	0	2,289	2,289
<b>Total debt</b>		<b>38,554</b>	<b>40,335</b>	<b>40,241</b>	<b>45,892</b>

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

## 16. SHORT TERM INVESTMENTS

31 March 2014		31 March 2015
£000		£000
5,000	Short term investments	0
<b>5,000</b>	<b>Total</b>	<b>0</b>

In accordance with the treasury management strategy, investments have not been undertaken during the year in order to accommodate the capital programme without the requirement for external borrowing. The strategy mitigates the impact of financing charges on the revenue budget.

## 17. INVENTORIES

An analysis of the stocks held and the movements during the year as at 31 March 2014 and 31 March 2015 is shown below.

	Consumables		Memorabilia		Equipment		Petrol & Diesel		Vehicle Maintenance spares		PPE & Uniforms		Home Fire Safety		Total	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
<b>Balance outstanding at start of year</b>	38	22	1	0	74	68	87	78	127	69	348	390	0	30	675	657
Purchases	46	79	0	0	90	47	423	408	84	46	242	218	314	343	1,199	1,141
Recognised as an expense in the year	-70	-73	0	0	-100	-68	-432	-418	-142	-53	-345	-356	-287	-347	-1,376	-1,315
Written off balances	8	-3	-1	0	4	4	0	0	0	-3	145	101	3	16	159	115
<b>Balance outstanding at year-end</b>	22	25	0	0	68	51	78	68	69	59	390	353	30	42	657	598

**18. DEBTORS**

<b>31 March 2014</b>		<b>31 March 2015</b>
<b>£000</b>		<b>£000</b>
9,721	Central Government Bodies	6,364
158	Other Local Authorities	209
39	NHS Bodies	6
19	Public Corporations and Trading Funds	116
2,966	Other Entities and Individuals	1,116
<u>12,903</u>	<b>Total</b>	<u>7,811</u>

**19. CASH & CASH EQUIVALENTS**

<b>31 March 2014</b>		<b>31 March 2015</b>
<b>£000</b>		<b>£000</b>
25	Cash held by the Authority	23
2,084	Bank Current Accounts	12,884
37	Short Term deposits	0
<u>2,146</u>	<b>Total</b>	<u>12,907</u>

This represents the cashbook balance at 31 March 2015, adjusted for cheques drawn that which have not been presented to the bank for payment by the 31 March 2015.

**20. CREDITORS**

<b>31 March 2014</b>		<b>31 March 2015</b>
<b>£000</b>		<b>£000</b>
1,331	Central government Bodies	1,415
1,748	Other Local Authorities	436
0	NHS Bodies	1
4	Public Corporations and Trading Funds	76
4,672	Other Entities and Individuals	4,266
<u>7,755</u>	<b>Total</b>	<u>6,194</u>

**21. PROVISIONS**

<b>31 March 2014</b>		<b>31 March 2015</b>
<b>£000</b>		<b>£000</b>
45	Provisions	45
223	Accumulated Absences (note 27)	221
<u>268</u>	<b>Total</b>	<u>266</u>

The provision has been created in respect of a legal ruling relating to the part time worker regulations (note 2)

## 22. USABLE RESERVES

### Capital Receipts

These are capital receipts which are available for financing capital expenditure but which had not been applied for that purpose at the balance sheet date. Capital receipts of £227k were received during the year.

### Earmarked Reserves

Scrutiny by Members has been undertaken with regard to the Authority's outturn position with the resultant movements in earmarked reserves detailed in note 7 with the following narrative;

- A managed under spend reserve was established to accommodate the costs of incomplete work streams at 31 March to be completed in the new financial year.
- The strategic contingency balance has been transferred to change management reserve (below).
- Additional funds have been transferred to the change management reserve to pump/prime up front cost of projects to enable budget efficiencies in future years.
- The day crewing protection reserve has been maintained to provide flexibility in managing the budget impact of allowances.
- The PFI equalisation reserve exists to match PFI funding, unitary charge payments and Authority contributions payable over the period of the contract.
- A fuel management reserve was established to facilitate the procurement of a fuel management system in line with objectives for the safeguarding of organisational assets. This has been utilised during the year with a small balance remaining for completion.
- Final costs of Aberbargoed Station have cleared the earmarked reserve set up to accommodate the project.

### General Fund

The General Fund Balance is sustained at a minimum level deemed adequate to provide a level of operational resilience in respect major incidence/ catastrophes.

## 23. UNUSABLE RESERVES

<b>31 March 2014</b>		<b>31 March 2015</b>
<b>£000</b>		<b>£000</b>
-5,795	Revaluation Reserve (note 24)	-15,777
-28,277	Capital Adjustment Account (note 25)	-23,815
737,730	Pensions Reserve (note 26)	807,170
223	Accumulated Absence Reserve (note 27)	221
<b>703,881</b>	<b>Total Unusable Reserves</b>	<b>767,799</b>

## 24. REVALUATION RESERVE

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

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

The reserve contains only revaluation gains accumulated since 1 April 2010, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14	2014/15
£000	£000
<b>-6,018</b> Balance at 1 April	<b>-5,795</b>
0 Revaluation	-11,504
0 Impairment adjustment	1,237
223 Difference between fair value depreciation and historical cost depreciation (netted off total depreciation impacting CAA - Note 25)	191
<u>0</u> Loss on assets disposed of in the year	<u>94</u>
<b>-5,795</b> Balance at 31 March	<b>-15,777</b>

## 25. CAPITAL ADJUSTMENT ACCOUNT

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

The account contains accumulated gains recognised on donated assets that have yet to be consumed by the Authority.

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.

**Capital Adjustment Account**

2013/14		2014/15
£000		£000
<b>-27,074</b>	<b>Balance as at 1 April</b>	<b>-28,277</b>
	Movement from other Reserves	
-2,191	MRP (note 37)	-2,549
3,989	Depreciation (net of Revaluation note 24)	3,855
523	Non enhancing expenditure (note 12)	231
-200	Capital expenditure financed from revenue resources (CERA) (note 37)	-200
-48	Capital Grants (note 37)	0
-2,861	Assets funded from General Fund (note 37)	-277
-415	Assets funded from capital receipts	0
0	Net non current asset disposal	438
	Assets Held for Sale fair value adjustment (net of Revaluation note 24)	441
0	Impairment of previously revalued assets	2,522
<b>-28,277</b>	<b>Balance as at 31 March</b>	<b>-23,816</b>

**26. PENSIONS RESERVE**

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

2013/14		2014/15
£000		£000
<b>758,510</b>	<b>Balance at 1 April</b>	<b>737,730</b>
-55,460	Actuarial gains/losses on pensions & liabilities	38,370
53,260	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	50,110
-18,580	Employer's pensions contributions and direct payments to pensioners payable in the year	-19,040
<b>737,730</b>	<b>Balance at 31 March</b>	<b>807,170</b>

## 27. 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.

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
<b>192</b>	<b>Balance at 1 April</b>	<b>223</b>
	Settlement or cancellation of accrual made at the end of the preceding year	
31	Amounts accrued at the end of the current year (note 6)	(2)
	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.	
<b>223</b>	<b>Balance at 31 March</b>	<b>221</b>

## 28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

2013/14 £000	Includes	2014/15 £000
<b>35,424</b>	<b>Net Deficit on the Provision of Services</b>	<b>32,775</b>
	<b>Adjustments to Net Deficit for Non Cash Movements;</b>	
-17	Decrease in stock	-60
8,827	Decrease in debtors	-5,092
-1,847	Decrease in creditors	488
-4,212	Depreciation charge	-4,047
0	Impairment charge	-2,522
74	Loss on asset disposal	-673
-34,680	IAS 19 adjustments	-31,070
-31	Other non cash-items charged to the net deficit on the provision of services	2
<b>-31,886</b>	<b>Less Total</b>	<b>-42,973</b>
	<b>Adjustments for items included in the net deficit on the Provision of Services that are Investing and Financing Activities;</b>	
-1,974	Interest Paid	-2,112
148	Interest Received	135
48	Grants – Other received	0
<b>-1,778</b>	<b>Less Total</b>	<b>-1,977</b>
<b>1,760</b>	<b>Net Cash Flow from Operating Activity</b>	<b>-12,175</b>

**CASH FLOW STATEMENT – INVESTING AND FINANCING ACTIVITIES**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
5,252	Purchase of property, plant and equipment, investment property and intangible assets	5,900
2,000	Purchase of short-term and long-term investments	0
-74	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-227
-2,000	Proceeds from short-term and long-term investments	-5,000
<b>5,178</b>	<b>Net cash (in)/outflow from investing activities</b>	<b>673</b>
-5000	Cash receipts of short and long-term borrowing	-2,289
-196	Other receipts from financing activities	-136
950	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	993
1,302	Repayments of short and long-term borrowing	602
1,382	Other payments for financing activities	1,572
<b>-1,562</b>	<b>Net cash (in)/outflow from financing activities</b>	<b>742</b>
<b>5,376</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>-10,760</b>

**29. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Fire and Rescue Authority on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure, whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the CIES.
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.
- The Fire and Rescue Authority budget reporting is based on a subjective analysis of expenditure and income e.g. Employee costs, Premises, Transport

etc rather than on the objective basis that is reported in the accounts e.g. Fire Fighting – Operational Response, Community Fire Safety – Inspection Certification.

**AMOUNTS REPORTED FOR RESOURCE ALLOCATION**  
(reconciliation of management accounts to the CIES)

2013/14		2014/15
	<b>NET REVENUE EXPENDITURE</b>	
£000	<b>Employee Costs</b>	£000
36,151	Whole time uniformed staff	35,089
6,856	Retained fire fighters	6,748
2,158	Control staff	1,844
8,853	Non-uniformed staff	7,644
54,018	<b>Salaries, NI &amp; superannuation.</b>	51,325
727	<b>Pensions</b>	810
464	<b>Travel and Subsistence</b>	444
55,209	<b>Total Employee Costs</b>	52,579
4,759	<b>Premises Related Expenses</b>	4,308
1,140	<b>Training Expenses</b>	1,207
3,270	<b>Supplies &amp; Services</b>	3,164
1,641	<b>Transport Related Expenses</b>	1,394
1,435	<b>Third Party Payments (agency &amp; contracted)</b>	906
382	<b>Other Expenditure</b>	856
3,989	<b>Capital Costs/Leasing</b>	4,139
71,825		68,553
-1,444	<b>Income</b>	-1,309
70,381	<b>EXPENDITURE</b>	67,244

**Reconciliation of Income and Expenditure to Cost of Services in the CIES**

£000		
70,381	<b>Net Expenditure in the analysis</b>	67,244
	<b>Amounts in the CIES not reported in the Management Analysis</b>	
4,212	Depreciation and Impairment	6,569
1,247	PFI Operating Costs	1,194
143	Other accounting adjustments	71
31	Accumulated leave accrual	-2
5,633		7,832
	<b>Amounts included in the Analysis not included in the CIES</b>	
-2,020	Pensions (IAS 19)	1,320
200	Revenue Contribution to Capital (CERA)	200
1,415	Interest Charges	1,569
1,800	Minimum Revenue Provision (MRP)	2,100
-74	Non Current asset disposal income (Revenue)	0
334	Operating Lease Charges	311
710	Fire & Rescue Authority Contribution to PFI.	742
-148	Investment Income received	-135
2,217		6,107
73,797	<b>Cost of services in the CIES</b>	68,969

### 30. MEMBERS ALLOWANCES

During 2014/2015, under the Local Authorities (allowances for Members of Fire Authorities) (Wales) Regulations 2004, the following annual rates were payable;

<b>2013/14</b>		<b>2014/15</b>
<b>£</b>		<b>£</b>
10,085	Chair	10,400
5,095	Deputy Chair/ Committee Chair	5,400
1,350	Member	1,700
<b>52,856</b>	Total of members' allowances	<b>53,294</b>
<b>5,448</b>	Total of members' expenses	<b>4,992</b>

All members' expenses were paid as a reimbursement of costs in pursuance of duties. No payment exceeded the reimbursement of the cost of an expense.

### 31. OFFICERS REMUNERATION

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

		<b>Salary</b>	<b>Expenses</b>	<b>*Benefits in Kind</b>	<b>Total Excluding Pension</b>	<b>Employers Pension</b>	<b>Gross remuneration</b>
<b>Title</b>	<b>Year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Chief Fire Officer</b>	2013/14	124	3	6	133	26	159
	2014/15	126	2	6	134	27	161
<b>Deputy Chief Officer</b>	2013/14	94	2	0	96	12	108
	2014/15	96	3	0	99	14	113
<b>Asst Chief Fire Officer - Operational Planning &amp; Development</b>	2013/14	93	2	4	99	20	119
	2014/15	95	2	4	101	20	121
<b>Asst Chief Fire Officer - Planning, Development &amp; Support</b>	2013/14	93	1	4	98	20	118
	2014/15	99	2	4	105	21	126
<b>Asst Chief Officer - People Services</b>	2013/14	88	2	0	90	11	101
	2014/15	90	2	0	92	13	105

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

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

<b>Salary Bracket</b>	<b>Number 2013/14</b>	<b>Number 2014/15</b>
£60,000 to £64,999	3	1
£65,000 to £69,999	1	1
£70,000 to £74,999	2	3
£75,000 to £79,999	2	0
£80,000 to £84,999	0	1
£85,000 to £89,999	1	0
£90,000 to £94,999	1	1
£95,000 to £99,999	2	3
£100,000 to £104,999	0	0
£105,000 to £109,000	0	0
£110,000 to £114,999	0	0
£115,000 to £119,999	0	0
£120,000 to £124,999	0	0
£125,000 to £129,999	0	0
£130,000 to £134,999	1	1
£135,000 to £139,999	0	0

- Remuneration includes all sums paid to/receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The above data does not include employer's pension contributions.

The median remuneration across the Service is £29k and the ratio of the CFO remuneration to the median remuneration is 4.35:1.

### 32. EXIT PACKAGES

The number of exit packages and total cost of these per cost band are set out in the table below:

Fire Cover Review resulted in the closure of Blaina and changes to crewing arrangements in Barry.

(a) Exit packages cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band (b) + (c)		(e) Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 - £20,000	0	0	5	14	5	14	67	103
£20,000 - £40,000	0	0	9	0	9	0	276	0
£40,000 - £60,000	0	0	1	0	1	0	50	0
£60,000 - £80,000	0	0	4	0	4	0	285	0
£80,000 - £100,000	0	0	2	0	2	0	172	0
£100,000 - £150,000	0	0	1	0	1	0	114	0
<b>total</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>14</b>	<b>22</b>	<b>14</b>	<b>964</b>	<b>103</b>

### 33. TERMINATION BENEFITS

The Authority instigated a Voluntary Early Retirement/Redundancy (VER) scheme which saw the contracts of a number of employees terminate during 2014/15. These costs were charged to the annual revenue budget with pensions representing the only other liability due. Liabilities are contained within pension liabilities, under IAS 19 and included within pension disclosure note 42.

### 34. EXTERNAL AUDIT COSTS

Fees payable to the statutory auditors equate to £53k with regard to external audit services received and represents a small decrease on 2013/14 costs.

2013/2014		2014/2015
£000		£000
57	Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor (SOA)	53
0	Fees payable to the Auditor General for Wales in respect of Statutory inspection	0
0	Fees payable in respect of other services provided by the appointed auditor (NFI)*	1

\* Participation in the National Fraud Initiative (NFI) occurs every two years.

### 35. GRANTS

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

2013/14		2014/15
£'000		£'000
906	Community Risk Reduction	1,095
1,233	New Dimensions and USAR Funding	980
111	Direct Electronic Incident Transfer (DEIT)	123
0	NATO	87
0	Employability Programme	126
55	Crown Premises Inspector	56
1	Other*	54
632	Fire Link	632
<b>2,938</b>		<b>3,153</b>

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

### 36. RELATED PARTIES

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

#### RELATED PARTY TRANSACTIONS

The South Wales Fire & Rescue Authority has a number of links with constituent authorities:

- Each member of the Fire & Rescue Authority is also a member of one the constituent authorities

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

	Receipts	Payments		
<b>Funding Received from constituent authorities</b>	<b>£000</b>		<b>£000</b>	
Blaenau Gwent CBC	3,232		2	
Bridgend CBC	6,585		4	
Caerphilly CBC	8,377		5	
Cardiff CC	16,650		6	
Merthyr Tydfil CBC	2,770		1	
Monmouthshire CC	4,271		2	
Newport CBC	6,912		4	
Rhondda Cynon Taf CBC	10,941		8	
Torfaen CBC	4,262		3	
The Vale of Glamorgan CBC	5,956		6	
	<b>69,956</b>		<b>41</b>	

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

<b>Related Party Organisation</b>	<b>Nature of relationship</b>	<b>Number of transactions</b>	<b>Payments £</b>
Firebrake	Trustee	1	15,000

The Deputy Chief Officer is the spouse of the Chief Executive of Merthyr Tydfil County Borough Council.

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

**37. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
<b>44,178</b>	<i>Opening Capital Financing Requirement (CFR)</i>	<b>44,442</b>
5,979	Property, Plant & Equipment purchased via prudential borrowing (note 12)	4,827
<b>5,979</b>	<b>Total Additions</b>	<b>4,827</b>
<i>Sources of finance</i>		
-48	Government grants and other contributions (note 25)	0
-2,861	Sums set aside from revenue (note 25)	-277
-200	Direct revenue contributions (note 25)	-200
-2,191	MRP/loans fund principal (note 25)	-2,549
-415	Capital Receipts	0
0	Adj to CFR for the disposal of finance lease vehicle	-78
<b>44,442</b>	<i>Closing Capital Financing Requirement (CFR)</i>	<b>46,165</b>
<i>Increase in underlying need to borrow</i>		
<b>264</b>	<b>Increase in CFR</b>	<b>1,723</b>

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

Capital expenditure/additions during the year are as follows:

<b>Scheme</b>	<b>£000</b>
Vehicles	3,519
Station Refurbishments	1,045
ICT	263
	<b>4,827</b>

### 38. FINANCING OF CAPITAL SPEND

Capital expenditure in the year was financed as follows:

	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
External loans	2,455	0
Revenue contribution (note 37)	200	200
Reserves (note 25)	2,861	277
Grant funding (note 35)	48	0
Internal Borrowing	0	4,350
Capital Receipts (note 25 & 37)	415	0
<b>Total</b>	<b>5,979</b>	<b>4,827</b>

### 39. CAPITAL COMMITMENTS

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the balance sheet date. Capital expenditure committed at the 31 March 2015 for future periods equates £5.25m. The commitment relates to the vehicle replacement programme (VPR), property refurbishments, the ICT programme and joint fire control project i.e. £800k construction and £300k command and control system.

### 40. LEASES

The Authority has acquired a number of water ladder appliances under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

<b>Asset</b>	<b>31 March 2014</b>	<b>31 March 2015</b>
	<b>£000</b>	<b>£000</b>
Vehicles	606	299

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

	<b>31 March 2014</b>	<b>31 March 2015</b>
	<b>£000</b>	<b>£000</b>
Finance lease liabilities (net present value of minimum lease payments):	282	262
Finance costs payable in future years	52	29
Minimum lease payments	334	291

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payment		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	290	166	262	148
Later than one year and not later than five years	389	223	354	206
Later than five years	0	0	0	0
	<b>679</b>	<b>389</b>	<b>616</b>	<b>354</b>

#### 41. PFI.

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

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

As at 31 March 2015, the balance on the PFI equalisation earmarked reserve is £3.535 million.

The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element. The charges are shown below:-

2013/14 £'000	Unitary Charge	2014/15 £'000
1,247	Service Charge Element	1,194
507	Interest Element	510
109	Finance Lease Liability	171
<b>1,863</b>	<b>Total</b>	<b>1,875</b>

These payments will be made over the life of the PFI contract and estimates for subsequent years are as detailed below at current prices:-

<b>Unitary Charge</b>	<b>2014/15</b>	<b>2015/16 to</b>	<b>2020/21 to</b>	<b>2025/26 to</b>	<b>2030/31</b>
	<b>£'000</b>	<b>2019/20</b>	<b>2024/25</b>	<b>2029/30</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Service Charge Element	1,194	6,913	7,654	7,996	827
Interest Element	510	2,267	2,070	1,883	158
Finance Lease Liability	171	885	1,541	2,776	373
<b>Total</b>	<b>1,875</b>	<b>10,065</b>	<b>11,265</b>	<b>12,655</b>	<b>1,358</b>

Annual funding from the Welsh Government has been and will be receivable for the life of the contract and is detailed in the table below;

<b>Funding</b>	<b>2014/15</b>	<b>2015/16 to</b>	<b>2020/21 to</b>	<b>2025/26 to</b>	<b>2030/31</b>
	<b>£'000</b>	<b>2019/20</b>	<b>2024/25</b>	<b>2029/30</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grant	1,278	5,803	4,824	3,845	336

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI Training Centre that has come onto the Authority's Balance Sheet in accordance with the SORP 2009. This will be written down over the life of the PFI contract.

<b>2013/14</b>		<b>Movement</b>	<b>2014/15</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
5,746	PFI Lease Liability	171	5,575

## 42. PENSIONS (IAS 19)

### (i) Local Government Services & Control Staff

In 2014/15 the Authority paid employer pension contributions of £1.058 million in addition to a £159k deficiency contribution to 'the fund' which provides members with defined benefits related to pay and service. For the last 3 years the deficit contribution figure has been expressed as a cash amount to protect the fund from payroll variations. 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 2015/16 are estimated to be £1.1 million for the employer

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](http://rctpensions.org.uk)

**(ii) Fire fighters**

The Fire fighters' pension scheme is an unfunded scheme with defined benefits. In 2014/15 the Authority paid employer pension contributions of £5.6 million. Pensions paid from revenues equated to £810k. For 2015/16, the employer contribution to the scheme is estimated to be £5.7 million and the current estimate for pensions paid from revenue is £762k. The majority of pension payments to retired fire fighters are paid from a separate Pension Fund account administered by the Authority, details of the Fund and how it operates can be found on page 84.

**Transactions Relating to Post-employment Benefits**

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

To comply with IAS19 the Authority appoints actuaries on an annual basis to assess the assets and liabilities of both schemes. Aon Hewitt was appointed to assess the Local Government Pension Scheme and the Government Actuary's Department the fire fighters scheme as they relate to past and current employees of South Wales Fire Authority. For the Local Government Pension scheme the actuary assessed that the net liability to the Authority as at 31 March 2015 was £18.75 million (*31 March 2014, £16.21 million*) and for the Fire fighters schemes the liability was £788.42 million as at 31 March 2015 (*31 March 2014, £721.52 million*). A breakdown of the assets and liabilities of both schemes and the assumptions used in the actuarial calculations can be found overleaf.

**Movements on the Pension Fund**

2013/14 £000	Movements on Pension Reserve	2014/15 £000
	Income & Expenditure Account	
	<b>Net Cost of Service</b>	
	Current Service Cost	
-18,560	- Fire fighters	-15,840
-1,920	- Local Government Pension Scheme	-1,610
	Past Service Cost	
0	- Fire fighters	0
-120	- * Local Government Pension Scheme	-270
	<b>Net Operating Expenditure</b>	
	Interest Cost	
-31,570	- Fire fighters	-31,730
-2,730	- Local Government Pension Scheme	-2,390
	Expected Return on Pension Assets	
0	- Fire fighters	0
1,640	- Local Government Pension Scheme	1,730
<b>-53,260</b>	<b>Total Post-employment benefit charged to the surplus or deficit on the provision of services</b>	<b>-50,110</b>
	Actuarial gains and losses	
45,060	- Fire fighters	-36,520
10,400	- * Local Government Pension Scheme	-1,850
<b>2,200</b>	<b>Total Post-employment benefit charged to the C.I.E.S</b>	<b>-88,480</b>
	<b>Movement on Reserve Statement</b>	
758,510	Opening Balance 1 April	737,730
-2,200	Reversal of Net Changes for IAS 19	88,480
	Actual Amount Charged against the General Fund	
	Balance for pensions in the year	
	Employer Contributions	
-1,890	Local Government Pension Scheme	-1,850
-17,170	Retirement benefits paid to fire fighters	-17,270
480	Transfers in	80
<b>-20,780</b>	<b>Movement on Pension Reserve</b>	<b>69,440</b>
<b>737,730</b>	<b>Closing Balance</b>	<b>807,170</b>

\*The LGPS movements on pension reserve are inclusive of unfunded pension benefits arrangements;  
2014/15 – Interest cost of £20k, actuarial loss of £50k and net benefits paid out £30k

## Pension Schemes – Assets / Liabilities

The Authority's estimated share of assets and liabilities from 31 March 2011 to 31 March 2015 were as follows:

	31 March				
	2011	2012	2013	2014	2015
Estimated share of liabilities in the Fire fighters Pension Scheme	-560,190	-614,360	-733,140	-721,520	-788,420
Estimated share of liabilities in the Rhondda Cynon Taff Pension Fund	-46,000	-53,630	-61,360	-56,170	-65,260
<b>Total liabilities</b>	<b>-606,190</b>	<b>-667,990</b>	<b>-794,500</b>	<b>-777,690</b>	<b>-853,680</b>
Share of assets in the Rhondda Cynon Taff Pension Fund	28,840	30,360	35,990	39,960	46,510
<b>Net Pension Deficit</b>	<b>-577,350</b>	<b>-637,630</b>	<b>-758,510</b>	<b>-737,730</b>	<b>-807,170</b>

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	
	2014 %	2015 %	2014 %	2015 %
Rate of Inflation;				
RPI	3.7	3.35	3.4	
CPI	2.5	2.2	2.4	
Rate of increase in Salaries	4.5	4.2	3.9	3.4
Rate of Increase in Pensions	2.5	2.2	2.4	1.9
Rate if Discounting Scheme Liabilities	4.4	3.3	4.3	3.3
<b>Future Life Expectancy at 65</b>				
Men				
Current Pensioners	23.5	22.5	22.9	23
Future Pensioners	26.6	24.8	25.1	25.2
Women				
Current Pensioners	25.5	22.5	25.8	25.9
Future Pensioners	28.6	24.8	28.2	28.3

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

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

	%
<b>2015</b>	
Equity Investments	69.0
Bonds	21.4
Other Assets	9.6
<b>Total</b>	<b>100.0</b>
<b>2014</b>	<b>%</b>
Equity Investments	71
Bonds	20.2
Other Assets	8.8
<b>Total</b>	<b>100.0</b>

The overall return on pension assets was 14.7% for 2014/15 (2013/14: 7.4%).

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

2013/14 £000 Fire fighters	2013/14 £000 LGPS	Liabilities	2014/15 £000 Fire fighters	2014/15 £000 LGPS
-733,140	-61,360	<b>Balance as at 1 April</b>	-721,520	-56,170
-18,560	-1,920	Current Service cost	-15,840	-1,610
-31,570	-2,730	Interest	-31,730	-2,390
-3,710	-470	Contributions by scheme members	-4,060	-490
45,060	9,030	Actuarial Gains and Losses	-36,520	-6,030
20,880	1,400	Benefits Paid	21,330	1,700
0	-120	Past Service Cost	0	-270
-480	0	Transfers in	-80	0
0	0	Expected rate of return	0	0
<b>-721,520</b>	<b>-56,170</b>	<b>Net Pension Liabilities at Year End</b>	<b>-788,420</b>	<b>-65,260</b>

2013/14 £000 LGPS	Assets	2014/15 £000 LGPS
35,990	<b>Balance 1 April</b>	39,960
1,640	Return on Pension Assets	1,730
1,370	Actuarial Gain/Losses on Assets	4,180
1,860	Contributions by employer	1,820
470	Contributions by Scheme members	490
-1,370	Net benefits paid out	-1,670
<b>39,960</b>	<b>Net Pension Assets at Year End</b>	<b>46,510</b>

#### Changes to the fair value of assets during the accounting period

	Period ending 31 March 2014 £000	Period ending 31 March 2015 £000
Opening fair value of assets	35.99	39.96
Interest Income on assets	1.64	1.73
Re-measurement gains/ (losses) on assets	1.37	4.18
Contributions by the employer	1.86	1.82
Contributions by participants	0.47	0.49
Net benefits paid out #	(1.37)	(1.67)
Net increase in assets from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	39.96	46.51

# 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.

#### Actual return on assets

	31 March 2014 £000	31 March 2015 £000
Interest income on assets	1.64	1.73
Re-measurement gain/ (loss) on assets	1.37	4.18
Actual return on assets	3.01	5.91

#### **43. CONTINGENT LIABILITIES**

The Part-Time Workers (Prevention of less favourable treatment) Regulations came into force on 1<sup>st</sup> July 2000. As a consequence of a court case under certain circumstances Retained Duty Fire fighters are permitted to buy into the Uniformed Staff Pension Scheme. Where Retained Fire fighters choose to buy into the Pension Scheme there will be a considerable liability for the Authority to bear the cost of such pensions. A detailed calculation of the liability has not yet been fully agreed and an element may be funded by the Welsh Government. At present the costs and timing of any such liability, if any, is unquantifiable.

#### 44. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage the above risks. At the beginning of the financial year Members are presented with a report outlining the Treasury Management Strategy to be followed for the year and setting out the Prudential Indicators (PI's) for the year. Half way through the year a report detailing progress against strategy and if necessary a revision of the PI's. At year end the final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments are detailed in the treasury reports presented to Members and can be accessed from [www.southwales-fire.gov.uk](http://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. In the current market the Authority only invests short term, up to a maximum of 12 months, with institutions that are on the Authority's counterparty list. On a daily basis the Authority is updated with any changes to the credit status of institutions on the counterparty list and if any institutions are down graded and fail to meet the criteria set out in the Treasury Management Strategy then they are removed from the list. If an institute failed to repay an investment then the financial loss to the Authority could be in excess of £1m. However, due to careful management of the portfolio no institutions have failed to repay monies due.

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

As assessment of the financial effect of 1% increase in interest rates has been undertaken; interest on variable rate and temporary borrowing would have increased by £126k; and interest from investments would have increased by £129k.

The maturity analysis of financial liabilities is provided in note 14 (2) Financial Instruments.

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

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

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

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

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

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

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

**FIRE FIGHTERS PENSION FUND ACCOUNT**

2013/14		2014/2015
£000	Income to the fund	£000
	Contributions receivable:	
	from employer	
-5,700	normal contributions	-5,571
-82	other contributions	-162
-3,722	from members	-4,056
<b>-9,504</b>		<b>-9,789</b>
-476	Transfers in from other Authorities	-76
<b>-9,980</b>	<b>Total Income to the Fund</b>	<b>-9,865</b>
	<b>Spending by the Fund</b>	
	Benefits Payable:	
16,452	Pension payments	17,134
3,342	Pension commutations & lump-sum retirement benefits	3,346
	Other Payments	59
<b>19,794</b>		<b>20,539</b>
	Payments to and on account of leavers:	
482	Transfers out to other authorities	141
	<b>Total Spending by the Fund</b>	
<b>10,296</b>	Net amount payable for the year	<b>10,815</b>

2013/2014	2013/2014	Net Asset Statement	2014/2015	2014/2015
£000	£000		£000	£000
Inc/Exp	Asset		Asset	Inc/Exp
	<b>1,826</b>	<b>*Opening net current asset/ liability</b>	<b>8,528</b>	
-1,826		Previous year top up received/ paid		-8,528
		Annual grant received from sponsoring dept		-6,334
-1,768		Annual net pension costs		10,815
10,296		Net asset/liability from income & expenditure	-4,047	
	6,702	Top up receivable/ payable to sponsoring dept		4,481
-8,528				
<b>0</b>	<b>8,528</b>	<b>*Closing net current asset/ liability</b>	<b>4,481</b>	<b>0</b>

\* asset/liability values refer to those within the South Wales Fire & Rescue Service balance sheet

**NOTES TO THE FIRE FIGHTERS PENSION FUND ACCOUNT**

The Fund was established 1 April 2007 and covers both the 1992 and 2006 Fire fighters' Pension Schemes and is administered by the Authority. Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by Welsh Government (WG) and 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 Top Up Grants from the Welsh Government (WG).

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

The Authority is responsible for paying the employer's contributions into the fund and these are the costs that are identified in the accounts for the Authority.

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) which is payable/receivable from the previous year. As such, the asset/liability is held on the Authority balance sheet. The 2014/15 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 2014/15 a total of 31 fire fighters retired compared to the estimate of 20. This means that the top up grant received was lower than pension costs which results in a deficit on the fund. At the year end the year WG became a debtor to Authority due to the underpayment and with a value of £4.5 million.

The accounting policies for the Pension Fund Account are consistent with the accounting policies on pages 36 – 44.

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

### **Contribution Rates**

Under the Firefighters' Pension Regulations the employer contribution rates for the 2006 (new) and 1992 (old) schemes were 11% and 21.3% respectively. Employee rates are determined by a tiered system according to salary bands with higher earners contributing at a higher rate relative to their salary, i.e. rates start at 8.5% and end at 17% for the current period.

**The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period; this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 26 and 42 to the core financial statements.**



**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6.iii  
21 SEPTEMBER 2015

## REPORT OF THE TREASURER

**AUDIT OF FINANCIAL STATEMENTS – REPORT TO THOSE CHARGED WITH GOVERNANCE (AUDIT OF FINANCIAL STATEMENTS REPORT)****SUMMARY**

The Appointed Auditor is required to give their opinion on the true and fairness of the financial statements for the year ended 31 March 2015.

**RECOMMENDATION**

That Members consider the Audit of Financial Statement Report of the Appointed Auditor shown at Appendix 1 to this report.

That Members note the letters of representation included in the Audit of Financial Statement Report and delegate authority to the Treasurer for these to be reviewed and finalised on behalf of the Authority.

**1. BACKGROUND**

1.1 South Wales Fire & Rescue Authority is responsible for the preparation of financial statements that present a true and fair reflection of its financial position as at 31 March 2015, and its income and expenditure in the year then ended. The Appointed Auditor is required to give their opinion on the accuracy and fairness of these statements.

**2. ISSUE**

2.1 The Treasurer approved the draft Statement of Accounts on the 30 June 2015 and these were presented to the Finance, Audit & Performance Management Committee on the 14 September 2015.

2.2 The audit has been completed by K.P.M.G and their report is attached in Appendix 1. There were a small number of changes required to the Statement of Accounts, and these are identified in the attached Wales Audit Office (WAO) report. All have been agreed, and the amendments duly made.

2.3 None of the amendments were regarded as material, and the overall opinion on the report is favourable.

2.4 It is normal practice for the External Auditor to require a letter of representation from the Authority. A draft of this letter is included for consideration within the Audit of Financial Statement Report.

### 3. EQUALITY RISK ASSESSMENT

- 3.1 There are no Equality and Diversity impacts resulting directly from this report.

### 4. RECOMMENDATION

- 4.1 That Members consider the Audit of Financial Statement Report of the Appointed Auditor shown at Appendix 1 to this report.
- 4.2 That Members note the letters of representation included in the Audit of Financial Statement Report and delegate authority to the Treasurer for these to be reviewed and finalised on behalf of the Authority.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	International Standards on Auditing (ISA) 260

# Audit of Financial Statements Report and Management Letter

## South Wales Fire and Rescue Authority

**Audit year:** 2014-15

**Issued:** September 2015

**Document reference:** SWFRA2015

### **Purpose of this document**

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

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This audit was delivered by KPMG LLP on behalf of the Appointed Auditor. The audit team comprised Virginia Stevens (Financial Audit Engagement Lead), Katherine Spooner (Financial Audit Manager) and Elin Simes (Auditor).

This document summarises the conclusions on the 2014-15 audit including our recommendations for the year. The Auditor General intends to issue an unqualified audit report on your financial statements.

<b>Summary report</b>	
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## Introduction

1. The purpose of this report is twofold:
  - to set out for consideration the matters arising from the audit of the financial statements of South Wales Fire and Rescue Authority (“the Authority”), for 2015, that require reporting to those charged with governance, in time to enable appropriate action; and
  - to formally communicate the completion of our audit and capture the recommendations arising from our audit work for the year.
2. The Auditor General’s responsibilities were set out in our audit plan along with your responsibilities as those charged with governance; we do not repeat them in detail again here.
3. We confirm we have undertaken the audit as planned and our performance against the agreed measures and the proposed fee is in line with our planning document. We have no other issues to report to you other than in this report.
4. We are particularly grateful to South Wales Fire and Rescue Authority and staff for their assistance, good quality working papers and draft accounts provided during the course of our audit.
5. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of South Wales Fire and Rescue Authority at 31 March 2015 and its income and expenditure for the year then ended.
6. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
7. The quantitative levels at which we judge such misstatements to be material for South Wales Fire Authority are £808,000 for income and expenditure items and working capital balances, and £808,000 for other balances. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

## Status of the audit

8. We received the draft financial statements for the year ended 31 March 2015 on 3 July 2015, in advance of the agreed deadline of 17 August 2015, and have now substantially completed the audit work.
9. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Chris Barton (Treasurer), Geraint Thomas (Head of Finance and Procurement) and Lisa Mullan (Principal Accountant).

## Proposed audit report

10. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
11. The proposed audit report is set out in [Appendix 2](#)

## Significant issues arising from the audit

### Uncorrected misstatements

12. There are no misstatements identified in the financial statements which remain uncorrected.

### Corrected misstatements

13. There are two corrected misstatements which we consider should be drawn to your attention, due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

There were also a number of presentational and numerical changes to the financial statements, none of which had an impact on the Comprehensive Income and Expenditure Statement and Balance Sheet.

### Other significant issues arising from the audit

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

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**  
Generally, we found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. However, there is a need to consider the frequency of the Authority's valuation of its property portfolio to ensure that the processes followed ensure, and can demonstrate, that the carrying value of assets is not materially different to fair value (see corrected audit misstatement in [Appendix 3](#) and recommendation in [Appendix 4](#) for further detail).
- **We did not encounter any significant difficulties during the audit.**  
We received information in a timely and helpful manner and were not restricted in our work.

- **There were no significant matters discussed and corresponded upon with management which we need to report to you.**

Key financial statement audit risk	Findings
<b>Management override of controls</b>	<ul style="list-style-type: none"> <li>• We used a risk based approach to select journals made throughout the year and tested these back to supporting documentation.</li> <li>• We reviewed accounting estimates including provisions and depreciation to assess if there were any management biases.</li> <li>• We did not identify any significant transactions which were outside of the normal course of business.</li> </ul>
<b>Valuation of the Fire fighter Pensions Scheme and the Local Government Pension Scheme, of which South Wales Fire and Rescue Authority is a member</b>	<ul style="list-style-type: none"> <li>• We have reviewed the information provided by the pension scheme actuary and confirmed that the Statement of Accounts appropriately reflected this information.</li> <li>• We reviewed the data provided by the Authority to the actuary to confirm its accuracy.</li> <li>• We liaised with the Appointed Auditor for the pension scheme to gain assurance over the data and process undertaken by the scheme on the Authority's behalf.</li> <li>• We concluded that the pension liability was fairly stated at the year-end with no adjustments proposed to the balance.</li> </ul>

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls that we have not reported to you already.**

We report any significant control deficiencies where you are not already aware of them or where they may be symptomatic of broader weaknesses in the overall control environment, in [Appendix 4](#). Three non-material weaknesses and potential area for improvement regarding internal controls has been identified here.

- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

## Recommendations arising from our 2014-15 audit work

15. The recommendations arising from our audit work are set in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next years report.

## Independence and objectivity

16. As part of the finalisation process, we are required to provide you with representations concerning our independence.
17. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office, KPMG LLP and South Wales Fire and Rescue Authority that we consider to bear on our objectivity and independence.

## Final Letter of Representation

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff Bay  
CF10 4AX

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

30 September 2015

## Representations regarding the 2014/15 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of South Wales Fire and Rescue Authority and the Fire Fighters Pension Fund for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness.

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

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2014/15; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

## Information provided

We have provided you with:

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

## Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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

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

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

The financial statements are free of material misstatements, including omissions. There are no uncorrected audit misstatements.

## Representations by South Wales Fire and Rescue Authority

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by South Wales Fire and Rescue Authority Finance and Performance Committee on 14 September 2015.

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

Signed by:

Chair of the Authority

Date:

Signed by:

Treasurer to the Authority

Date:

## Proposed audit report of the Auditor General to South Wales Fire and Rescue Authority

I have audited the accounting statements and related notes of:

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

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

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

The Fire Fighters Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 11, the responsible financial officer is responsible for the preparation of the statement of accounts, including of the Fire Fighter's Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to South Wales Fire and Rescue Authority and the Fire Fighters Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

**Opinion on the accounting statements of South Wales Fire Authority**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of South Wales Fire Authority as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

**Opinion on the accounting statements of Fire Fighter's Pension Fund**

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Fire Fighters Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

**Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

**Certificate of completion of audit**

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

**For and on behalf of**

**Anthony Barrett**

**Auditor General for Wales**

**Wales Audit Office**

**24 Cathedral Road**

**Cardiff CF11 9LJ**

**30 September 2015**

## Summary of corrections made to the draft financial statements which should be drawn to the attention of the Authority

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

Value of correction	Nature of correction	Reason for correction
Cr Land and buildings £712,000 Dr Revaluation reserve £152,667 Dr I&E £484,333 Dr Assets held for sale £75,000	Known	<p>At the year-end one property (Cefn Forest) was held in non-current assets at the amount it has been valued in the 2010 revaluation exercise. Per the Code of Practice it is stated that items within a class of property, plant and equipment should be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. Therefore it is not appropriate to value an asset based on a previous valuation.</p> <p>It was understood that the reason for the different valuation approach for this asset was due to the fact that the asset was expected to be sold by the year end, although the sale had not been finalised by 31 March 2015.</p> <p>International accounting standards states that an asset shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. For this to be the case the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.</p> <p>The asset was sold shortly after the year end and is considered to meet all the above criteria at the year-end date. As a result an adjustment was posted to recognise the asset at the lower of its carrying amount or the fair value less costs to sell at the balance sheet date. The adjustment represents the impairment loss of £x which has now been recognised, being the difference between the carrying value and the net sales proceeds.</p>
Cr Land and buildings £3,000,000 Cr Revaluation reserve £9,521 Cr I&E £70,479 Dr Assets held for sale £3,080,000	Known	<p>Llanley Hall, the previous Authority headquarters, has been available for sale for a number of years. However, due to difficulties encountered in finding an appropriate buyer for this property the probability of sale of this asset has always previously been assessed as remote, therefore meaning it was reasonable to continue to recognise the asset as a non-current asset.</p> <p>At the year-end date a potential buyer had been identified and proceedings are currently underway to finalise the sale of this asset, with an initial deposit having been paid on the property. It would therefore be expected that sale of the property within the next twelve months is now probable and as such the asset should be recognised as a current asset held for sale at the year end.</p> <p>An adjustment has been proposed to reclassify the asset on the balance sheet, as the net book value of the non-current asset (carrying amount) is comparable with the fair value less costs to sell, this is primarily a reclassification on the balance sheet. In the 2015-16 financial year, until the point of sale, as a current asset this item will not be subject to depreciation.</p>

## Recommendations arising from our 2014-15 audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's Audit Report:

<b>Matter arising 1 – Evidence of review retained to support authorisation of new suppliers</b>	
<b>Findings</b>	<p>Where a new supplier is required by the Authority a new supplier form must be completed by the requester and following a number of new supplier checks to provide assurance that the new supplier is legitimate the supplier will be manually uploaded to the system and authorised.</p> <p>A sample of new suppliers forms were reviewed for evidence of appropriate authorisation prior to the supplier first being used by the Authority. Two instances were identified where there was no evidence of authorisation visible on the new supplier form retained by the Authority.</p>
<b>Priority</b>	Medium
<b>Recommendation</b>	The Authority should ensure all new supplier forms are authorised and evidenced by an appropriate signature to ensure an audit trail of authorisation is kept.
<b>Benefits of implementing the recommendation</b>	<p>Appropriate authorisation of new suppliers will provide assurance that public money is being spent wisely via relevant and appropriate suppliers.</p> <p>Retaining a clear audit trail will provide evidence that appropriate procedures have been adhered to by the Authority.</p>
<b>Accepted in full by management</b>	<i>Accepted</i>
<b>Management response</b>	<i>A process to ensure the authorisation of new suppliers has been introduced during the year.</i>
<b>Implementation date</b>	<i>As above.</i>

## Matter arising 2 – Appropriate authorisation of journal entries

<b>Findings</b>	<p>Journals are required to be prepared and authorised by two different individuals prior to posting. As part of our control procedures we reviewed a sample of 25 journals posted throughout the financial period for evidence of appropriate authorisation prior to posting. One instance was identified where the journal was prepared and reviewed by the same individual. Through inquiry with management it was understood that this arose due to a glitch in the newly implemented system which allowed the preparer to also then review the journal.</p> <p>This has subsequently been resolved and the system was reviewed to provide assurance that the workflow did not allow the journal to be authorised by the same person as the person who had originally prepared the journal.</p> <p>This issue is therefore not expected to recur in the future, however has been raised as an item to note.</p>
<b>Priority</b>	Low
<b>Recommendation</b>	The Authority should ensure there are appropriate procedures in place to ensure that individuals are aware of the processes whereby all journals should be prepared and authorised by different individuals. The Authority should obtain assurance that the processes embedded in the system are sufficiently robust to prevent individuals from preparing and authorising their own journals.
<b>Benefits of implementing the recommendation</b>	Segregation of duties in the preparation and authorisation of journal entries prior to posting will reduce the risk of fraudulent financial reporting or erroneous journal entries.
<b>Accepted in full by management</b>	<i>Accepted</i>
<b>Management response</b>	<i>As provided above findings</i>
<b>Implementation date</b>	<i>During the course of the financial year, resolved by the year end.</i>

### Matter arising 3 – Regular two way communication regarding valuation and classification of assets

<b>Findings</b>	<p>During the year end audit one asset was identified where the asset had not been revalued alongside all the other assets within the category as the property team considered the assets to be held for sale. This assessment had not been discussed between the finance team and the properties team and as a result the assets had not been reclassified as held for sale in the draft financial statements.</p> <p>International Accounting Standards state that revaluations should be performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. If an item of PPE is revalued the entire class should be revalued simultaneously to avoid selected revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.</p> <p>It is important that there is two way communication between the properties team and the finance team at the Authority to ensure that revaluations are performed in a manner which is compliant with the requirements of the Code of practice on local authority accounting and relevant International Accounting Standards. In addition, where assets are considered held for sale, appropriate assessments should also be undertaken by the finance function to ensure they meet the criteria set out in the relevant accounting standards and can therefore be excluded from any revaluation exercises.</p>
<b>Priority</b>	Medium
<b>Recommendation</b>	<p>The Authority should ensure there is sufficiently regular two way communication between the properties team and the finance team to ensure the approach to asset classification is appropriate for both the properties team and the finance team. A review of classifications should be embedded in to the year-end process to ensure the draft financial statements accurately capture the relevant non-current assets and current assets held by the Authority.</p> <p>Where any revaluations are performed the instructions sent to the valuer should be reviewed by both the properties team and the finance team prior to issuance to ensure they meet all the revaluation requirements.</p>
<b>Benefits of implementing the recommendation</b>	<p>Regular two way communication will ensure the work performed throughout the financial year is appropriate for both the properties team and the finance team and assessments made regarding the value of the asset, or classification of the asset, are appropriately reflected in the management accounts and financial statements.</p> <p>By ensuring there is regular communication this should ensure any impact on the comprehensive income and expenditure statement is identified on a timely basis and any potential impact on the Authority can be appropriately considered and managed.</p>
<b>Accepted in full by management</b>	<i>Accepted</i>
<b>Management response</b>	<i>An annual review has been built in to the year-end timetable and a new property checklist devised as a means of capturing relevant information.</i>
<b>Implementation date</b>	<i>The checklist was completed by 1 September 2015 and a copy provided to both property and audit.</i>



DRAFT

**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6.iv  
21 SEPTEMBER 2015

## REPORT OF THE TREASURER

**2014/15 ANNUAL TREASURY MANAGEMENT REVIEW****SUMMARY**

To consider the results of Treasury Management activities for the year ending 31 March 2015, in accordance with the Authority's approved Treasury Management Strategy.

**RECOMMENDATION**

That the Fire & Rescue Authority note the Annual Treasury Management Review for 2014/15 and approve the actual 2014/15 prudential and treasury indicators set therein.

**1. BACKGROUND**

- 1.1 There exists a statutory and regulatory obligation for the Authority to comply with the reporting requirements detailed in Appendix 1. An 'Annual Treasury Management Review Report' is required to be presented to full Authority as soon after the close of the financial year as is practicable or by the 30 September at the latest. The purpose of this is to compare the actual 2014/15 position to the treasury management strategy set in advance of the year to confirm or otherwise, compliance and assess performance.

**2. ISSUE**

- 2.1 Effective treasury management can be measured by its budget impact i.e. financing costs and investment income, organisational solvency and cash flow.
- 2.2 The Authority receives annual bank deposits in the region of £80 million throughout the year. In general, monthly bank payments fall between £5 – 8 million and are dependant on various factors. The timing of these cash flows can be uncertain and as such, it is imperative that the flow of cash in and out of Authority bank accounts is managed to support budget strategies and minimise risk.
- 2.3 The Authority contracts with 2 banking providers, i.e. Barclays and Natwest. Barclays is the main banking provider and was successfully awarded a new 5 year contract in November 2014. Natwest provide a contingency service to manage funds surplus to the counter party limits set by Members within the strategy.

### 3. FINANCIAL IMPLICATIONS

#### 3.1 Borrowing Outturn

The Authority maintains a competitive, average debt book rate of 4.07%. The current borrowing strategy supports the use of internal borrowing utilising cash reserves. External borrowing is only undertaken to ensure efficiencies are achieved in the revenue budget in the longer term. An example of this during 2014/15 is the Invest to Save (I2S) funding provided for the joint control project by Welsh Government (WG).

#### 3.2 Investment Outturn

In light of the above borrowing strategy, external investments have reduced during the year to ensure a ready supply of cash to support capital investment (details contained in capital monitoring report). As such, cash balances have been maintained in higher earning accounts as apposed to renewing external investments previously held in bonds.

3.3 Unfortunately, market conditions have caught up with our investment rates providing lower return rates of 0.7% and 0.25% with our respective bankers. Under the new banking contract Barclays rates will be maintained until January 2016 when it will be reviewed. Any counterparty surpluses will be invested with NatWest at a much lower rate of 0.25%. These rates appear low until compared to the available market rates which fell within the region of 0.2 – 0.5%.

3.4 We received £135k of investment income during the year based on an annual average of £10 million held in cash deposits - a small amount of this was attributable to 2013/14 bonds that matured within the first quarter of 2014/15.

### 4. EQUALITY RISK ASSESSMENT

4.1 There are no equality implications resulting directly from this report.

### 5. RECOMMENDATION

5.1 That the Fire & Rescue Authority note the Annual Treasury Management Review for 2014/15 and approve the actual 2014/15 prudential and treasury indicators set therein.

Contact Officer:	Background papers:
Chris Barton Treasurer	<ul style="list-style-type: none"> <li>- CIPFA Code Treasury Management</li> <li>- CIPFA Prudential Code</li> <li>- Treasury Management Strategy</li> <li>- Treasury Management Practices (TMP's)</li> </ul>

## Annual Treasury Management Review 2014/15

### 1. Introduction

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review report and the actual prudential and treasury indicators for 2014/15. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2014/15 the minimum reporting requirements were that the full Fire Authority should receive the following reports:

- an annual treasury strategy report in advance of the year, reported 24<sup>th</sup> March 2014
- a mid-year treasury update report, reported 15<sup>th</sup> December 2014
- an annual review report following the end of the year describing the activity compared to the strategy, i.e. this report

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.

The Authority also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above reports to the Finance, Audit and Performance Management (FAPM) Committee prior to reporting to full Authority.

### 2. The Economy and Interest Rates

The original market expectation at the beginning of 2014/15 was for the first increase in bank rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's (BoE) forward guidance target of 7%. A combination of weak pay rises and inflation meant that consumer disposable income was still being eroded. Expectations for the first increase in bank rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. By the end of 2014, it was clear that inflation in the UK was going to head towards zero to potentially negative digits in 2015. In turn, this made it clear that the Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

In a broader context, financial market confidence was affected by the drastic drop in oil prices and the collapse of the Swiss stock market.

There has been downward pressure on gilt yields from fears of Greece leaving the euro due to the anti austerity party winning power and the January announcement that the European Central Bank (ECB) would start a major programme of quantitative easing. On the other hand, strong growth in the US caused an increase in confidence that the US was

well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears.

The UK coalition Government maintained its tight fiscal policy stance although recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.

### 3. Overall Treasury Position as at 31 March 2015

At the end of 2014/15 the Authority's treasury position was as follows:

	31 March 2014 Principal £000's	Rate %	Avg Life yrs	31 March 2015 Principal £000's	Rate %	Avg Life yrs
Total debt	38,554	4.07	12	40,241	4.07%	11
CFR	44,442	-	-	46,465	-	-
Over / (under) borrowing	5,888	-	-	6,224	-	-
Total investments	5,000	1.15	1	0	-	-
Net debt	33,554	-	-	40,241	-	-

### 4. The Strategy for 2014/15

The expectation for interest rates within the strategy for 2014/15 anticipated a low but rising Bank Rate (starting in quarter 1 of 2015) and gradual rises in medium and longer term fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the South Wales Fire & Rescue Service (SWFRS) treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk. The strategy was adhered to with the exception of interest free financing provided by WG to progress the joint control project. As capital works have yet to commence, there has been no expenditure and the funds have been retained in Authority bank accounts, attracting interest.

The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.

## 5. The Borrowing Requirement and Debt

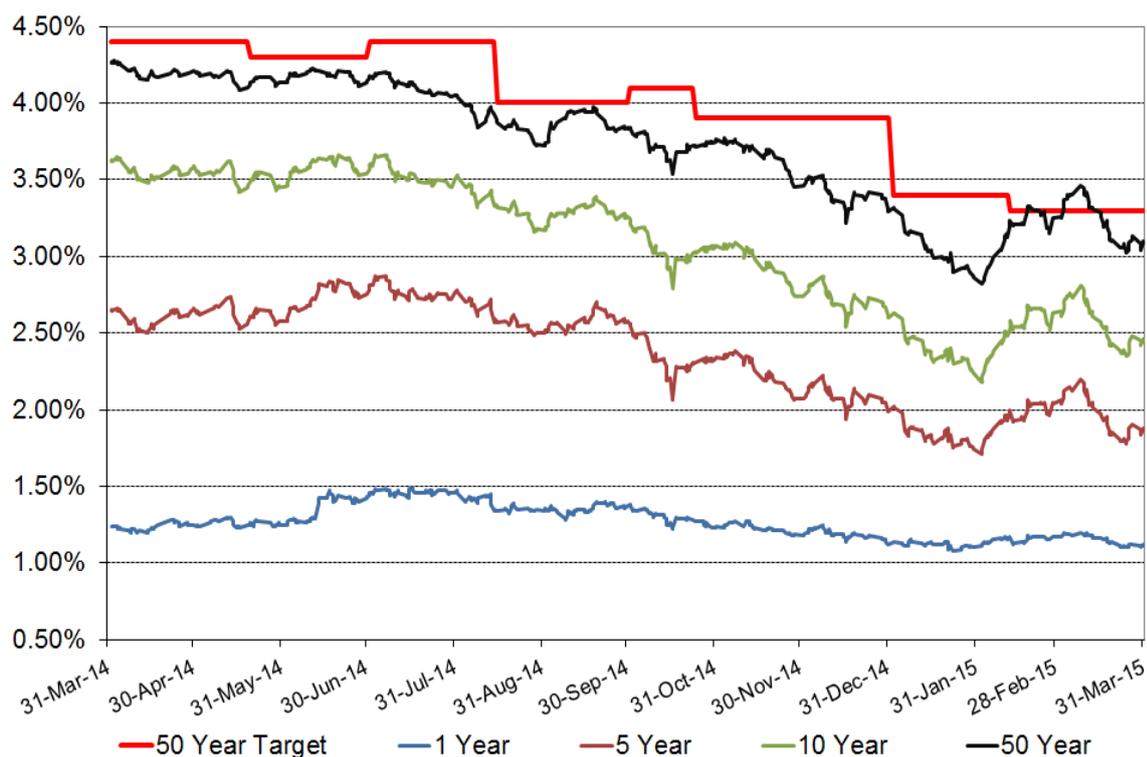
The Authority's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR) and the below table details the outturn against budgeted position.

£000's	31 March 2014 Actual	31 March 2015 Budget	31 March 2015 Actual
CFR General Fund	44,442	51,585	46,165

The £51,585 million budgeted CFR was based on a higher rate of capital investment. The strategy estimated capital spending of £8,417 million however the actual capital outturn equated to £4,827 million, 57% of original estimate (more detail in appendix 1).

## 6. Borrowing Rates in 2014/15

**PWLB borrowing rates** - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



## 7. Borrowing Outturn for 2014/15

The following loans were taken during the year: -

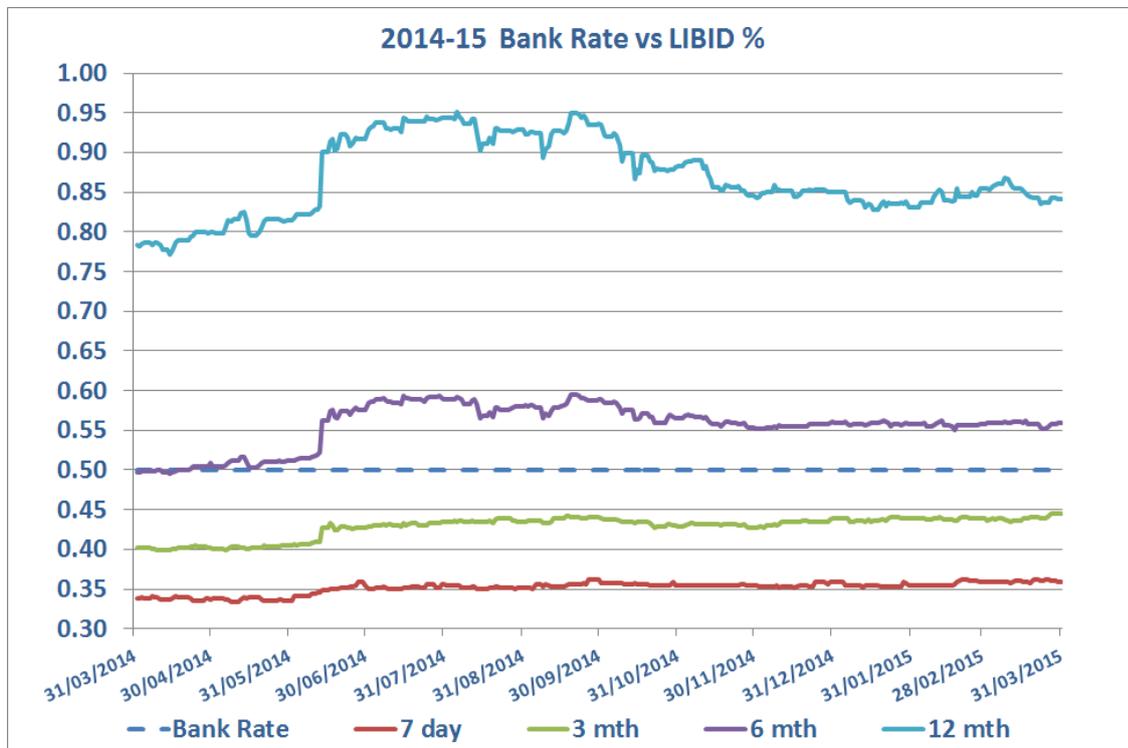
Lender	Principal £000's	Type	Maturity
Welsh Government (WG)	2,289	Interest Free loan	4 years

During the year, a strategic project to implement a joint control room was pursued. The project attracted WG funding under the Invest to Save (I2S) scheme and represents interest free financing to the value of £3 million with £2.3 million received in 2014/15 and the remaining funds receivable in 2015/16.

**Rescheduling** - Debt rescheduling was not undertaken during the year as existing loans are cheap (average debt book rate is 4.07%) and refinancing these would not have been cost effective.

## 8. Investment Rates in 2014/15

Bank rate remained at its historic low of 0.5% throughout the year; it has remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year as detailed above in the economic update.



## 9. Investment Outturn for 2014/15

**Investment Policy** – the Authority’s investment policy is governed by WG guidance, which has been implemented in the annual investment strategy approved by the Authority on 24<sup>th</sup> March 2014. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

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

**Investments held by the Authority** - the Authority maintained an average monthly balance of £11.7 million in internally managed funds held in call accounts and earned an average rate of return of 0.48%. This compares with the budget assumption of £5 million earning an average rate of 1%.

## 10. Icelandic Bank Defaults

The Authority has not undertaken investment activities with Icelandic banks/ institutions.

### Appendix 1: Prudential and Treasury Indicators

During 2014/15, the Authority complied with its legislative and regulatory requirements. The key prudential and treasury indicators detailing the impact of capital investment activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2013/14 Actual £000	2014/15 Original £000	2014/15 Actual £000
Capital expenditure	5,979	8,417	4,827
Capital Financing Requirement	44,442	51,585	46,165
Gross borrowing	45,011	49,078	46,171
External debt	38,554	43,088	40,241
Investments (<1 year)	5,000	5,000	0
Net borrowing	40,011	44,078	46,171

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Authority should ensure that its gross external borrowing does not, except in the short term, exceed the total of the CFR in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Authority is not borrowing to support revenue expenditure. This indicator also allows the Authority some flexibility to borrow in advance of its immediate capital needs in 2014/15 and should be determined from a long term view on from both an internal financing position and external assessment of interest rate movements.

The calculations have been refreshed with the 2014/15 outturn position to determine the medium term impact and gross borrowing, whilst exceeding CFR on a short term basis for both 2013/14 and 2014/15, does not exceed CFR in longer term, as detailed above. At the 31<sup>st</sup> March 2015 gross borrowing position exceeds CFR by £6k and is in consequence of the I2S financing of the joint control project (above). Members will be aware that capital works have not yet commenced and as such this equates to borrowing in advance of need.

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Authority does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Authority has maintained gross borrowing within its authorised limit.

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

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

<b>2014/15</b>	<b>£000's</b>
Authorised limit	£56,000
Maximum gross borrowing position (inc PFI & Lease)	£46,171
Operational boundary	£56,000
Average gross borrowing position	£45,591
Financing costs as a proportion of net revenue stream	6.35%

In the 12 months leading up to 31<sup>st</sup> March 2015 the Authority's net capital financing costs have increased by £500k. This is in addition to a reduction in the net revenue stream i.e. levy with the effect of increasing the relative measure of financing costs by 0.83%.

Officers are actively seeking opportunities wherever possible to ‘tap’ into funding for projects that will achieve revenue savings in the longer term and with minimal budget impact. Such funding has become available via discounted and interest free borrowing i.e. I2S.

	<b>31 March 2014 Principal £000's</b>	<b>Rate %</b>	<b>Avg Life yrs</b>	<b>31 March 2015 Principal £000's</b>	<b>Rate %</b>	<b>Avg Life yrs</b>
Fixed rate funding:						
-PWLB	38,554	4.07	12	37,952	4.07	11
- WG	-	-	-	2,289	0	5
Total debt	38,554	4.07	12	40,241	4.07	-
CFR	44,442	-	-	46,465	-	-
Over/ (under) borrowing	5,888	-	-	6,224	-	-
Total investments	5,000	1.15	1	0	-	-
Net debt	33,554	-	-	40,241	-	-

\* Investment figures exclude funds held in call accounts.

The maturity structure of the debt portfolio was as follows:

<b>Term</b>	<b>31 March 2014 Actual £000's</b>	<b>31 March 2015 Actual £000's</b>
Under 12 months	601	1,902
12 months and within 24 months	1,903	1,902
24 months and within 5 years	6,206	9,995
5 years and within 10 years	9,490	7,483
10 years and within 15 years	8,143	7,859
15 years and within 20 years	6,111	5,000
25 years and within 30 years	6,100	6,100

The maturity structure is largely unchanged from 2013/14 position and does not present increased risk exposure to large sums of falling due for refinancing.

All investments for 2013/14 were under 1 year and there were no investments held at 31<sup>st</sup> March 2015.

The exposure to fixed and variable rates was as follows:

The Authority does not undertake variable rate borrowing or investing. All borrowing is fixed rate to ensure budget certainty.

**SOUTH WALES FIRE & RESCUE AUTHORITY**

AGENDA ITEM NO 6.v

21 SEPTEMBER 2015

## REPORT OF THE DIRECTOR OF SERVICE DELIVERY

**FIRE COVER REVIEW UPDATE ON THE SECOND APPLIANCES AT ABERGAVENNY, MONMOUTH AND CHEPSTOW****SUMMARY**

Phase II of the Fire Cover Review identified that the second appliances at Abergavenny, Monmouth and Chepstow required further scrutiny during the day time to improve availability or the Authority may wish to consider alternative arrangements. A considerable amount of research has been undertaken to date, however, before presenting this to Members it is recommended that the Service will take part in an 'Emergency Medical Response' (EMR) Pilot with the Wales Ambulance Service Trust (WAST) in the Service area including within the Monmouthshire area. The findings of the nine month EMR pilot will be presented to Members in 2016.

**RECOMMENDATION**

That Members agree to the commencement of the Emergency Medical Response pilot.

That Members agree to defer their previous resolution to review availability of the second appliances at Abergavenny, Monmouth and Chepstow Fire & Rescue Stations until after the outcome of the Emergency Medical Response pilot is known.

**1. BACKGROUND**

- 1.1 In September 2013 the Fire Cover Review Phase II which covered Blaenau Gwent, Monmouthshire, Newport and Torfaen was presented to Members.
- 1.2 Within the report it suggested there were no beneficial changes to make in Monmouthshire. However, it had identified that the second appliances provided at Abergavenny, Monmouth and Chepstow required further scrutiny during the day time to improve their availability or the Authority may wish to consider alternative arrangements.
- 1.3 To date a considerable amount of research and scrutiny of the three second appliances has been undertaken regarding; the number and type of calls by time of day, risk, recruitment and retention. See Appendix 1.

## **2. ISSUE**

- 2.1 Before presenting the findings of the research, it is however recommended that this review is deferred and that instead Officers implement an Emergency Medical Response (EMR) pilot across a variety of station areas including the Monmouthshire Stations and the three second appliances identified. The pilot is scheduled to commence in October 2015 for approximately nine months. The findings of the pilot will then be presented to Members in 2016.
- 2.2 In July 2015 the National Joint Council for Local Authority Fire & Rescue Services invited expressions of interest from Fire & Rescue Authorities wishing to take part in EMT providing certain criteria could be met, i.e. appropriate training and equipment is provided, personal indemnity and liability are covered and appropriate clinical arrangements are in place.
- 2.3 Officers of the Service have engaged with the Welsh Ambulance Service and the local Fire Brigades' Union officials prior to this request as the Service had previously facilitated a 12 month trial of responding to medical emergencies. This has stood us in good stead to apply and provide the relevant information to meet the criteria.
- 2.4 Confirmation that the trial was approved has very recently been received from the National Joint Council and it is anticipated that the trial will commence in October.
- 2.5 Throughout this process there has been regular consultation and dialogue with local officials from the Fire Brigades' Union and this will continue for the duration of the pilot.
- 2.6 Officers are currently working with their counterparts from WAST on the detail of the EMR pilot and once this has been finalised a briefing paper will be provided for Members. It is intended to start the pilot in October 2015 and for it to be completed by the end of June 2016.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 It is anticipated there will be additional training required at some stations which will incur costs however, these costs will be covered within existing revenue budgets.

## **4. EQUALITY RISK ASSESSMENT**

- 4.1 A full Equality Risk Assessment will be undertaken for the EMR Pilot.

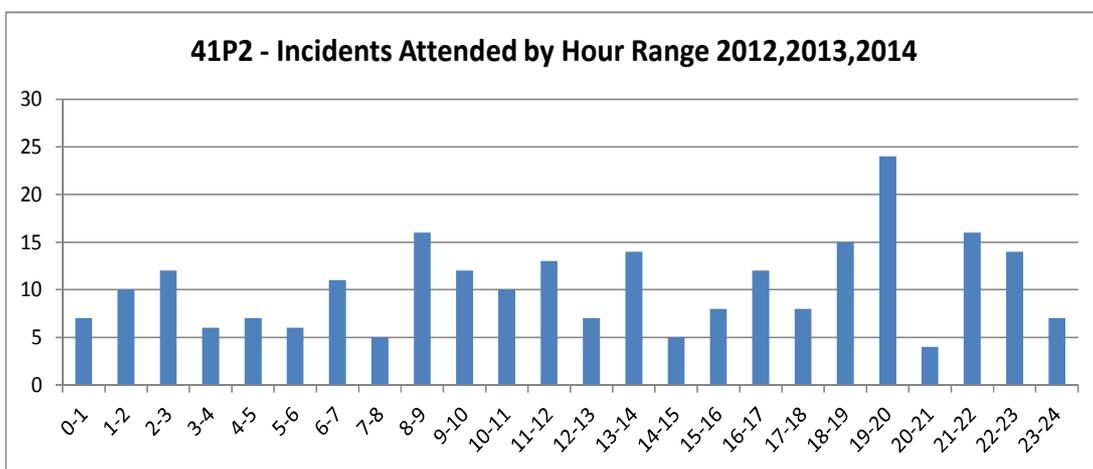
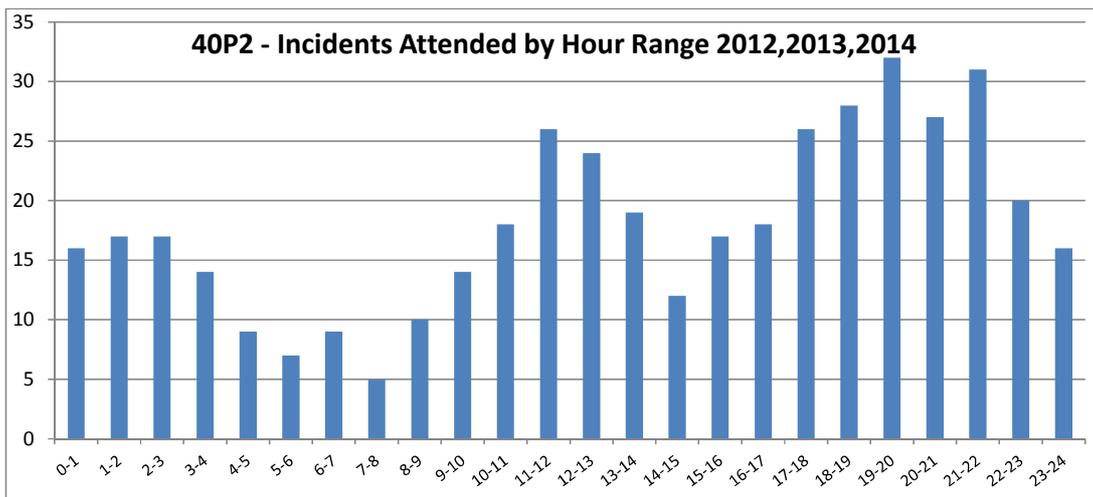
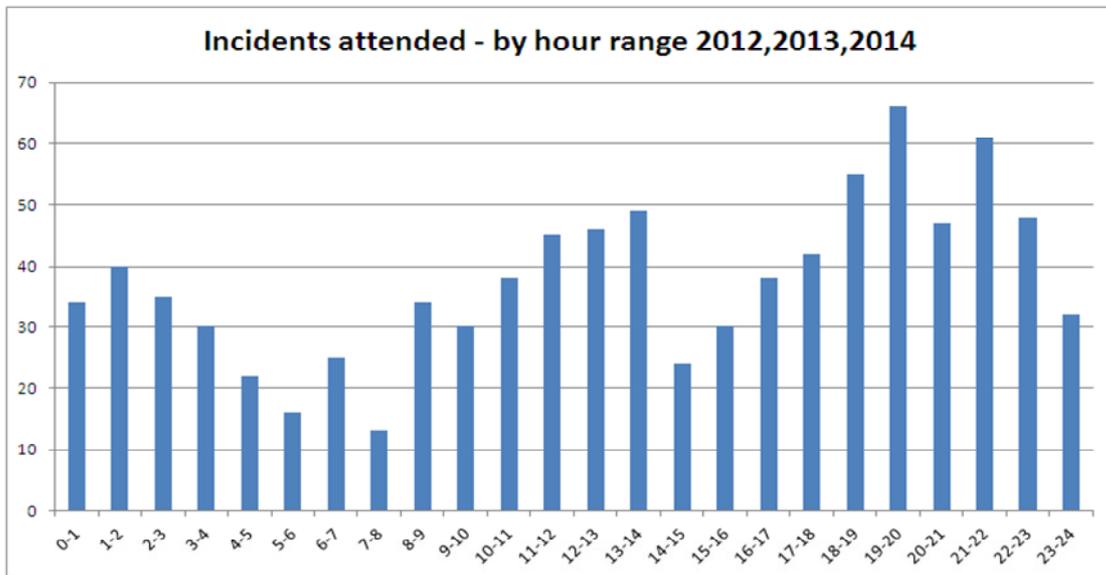
## 5. RECOMMENDATION

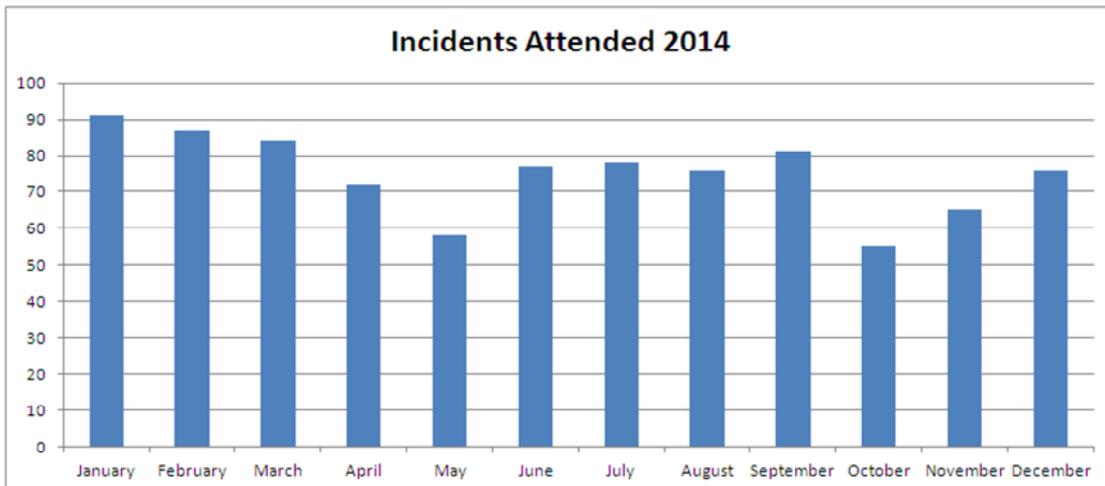
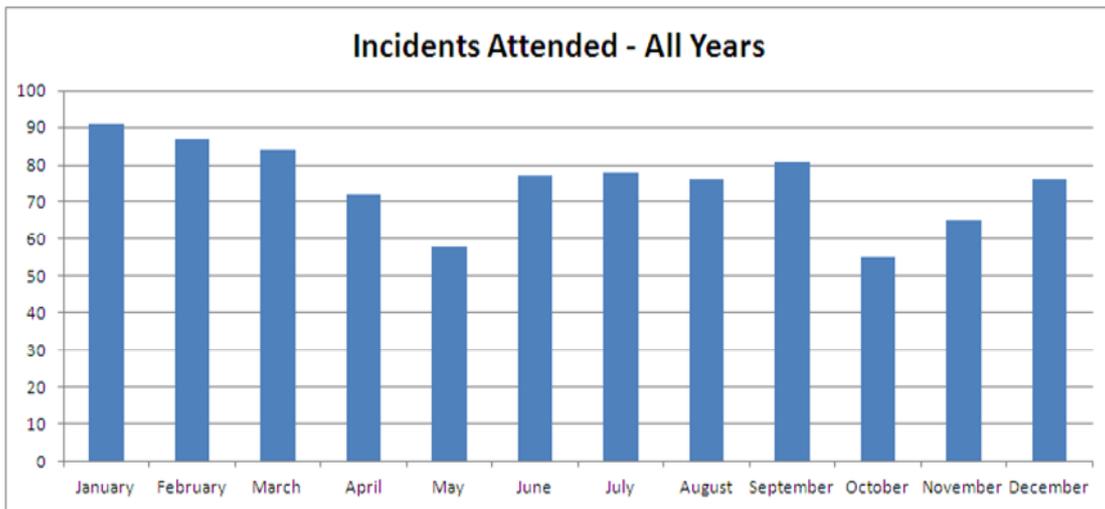
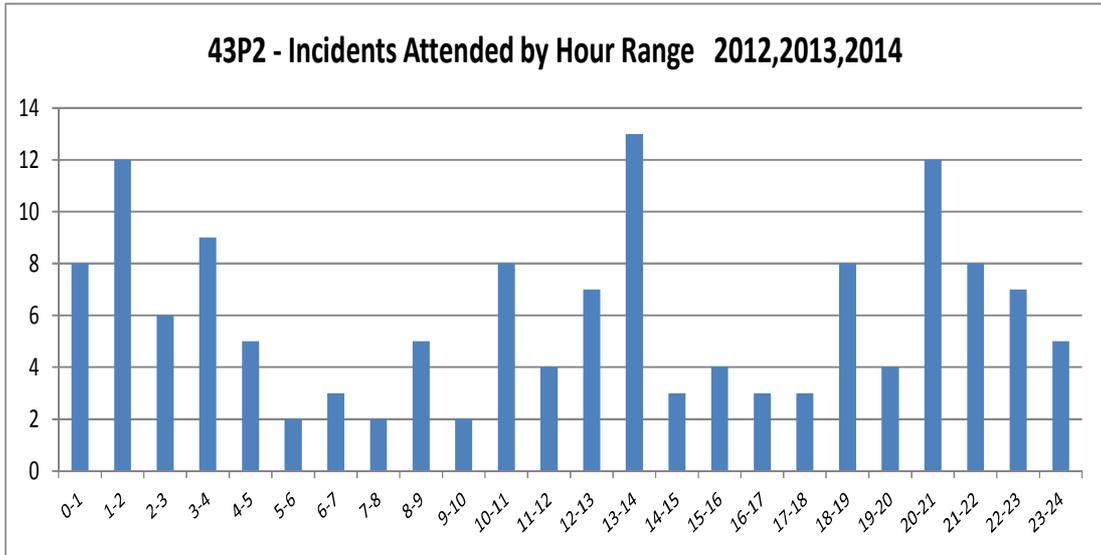
- 5.1 That Members agree to the commencement of the Emergency Medical Response pilot
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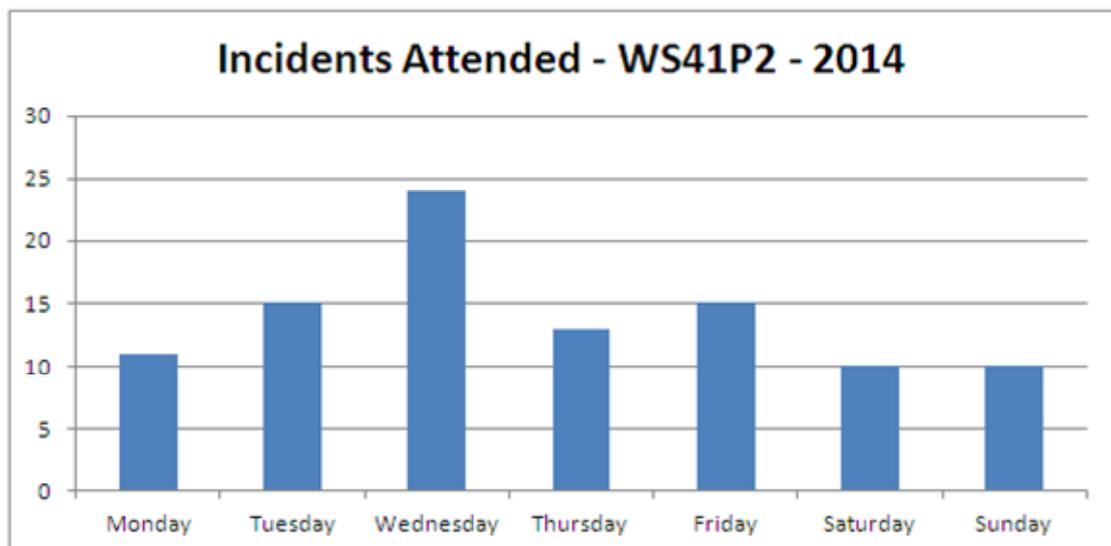
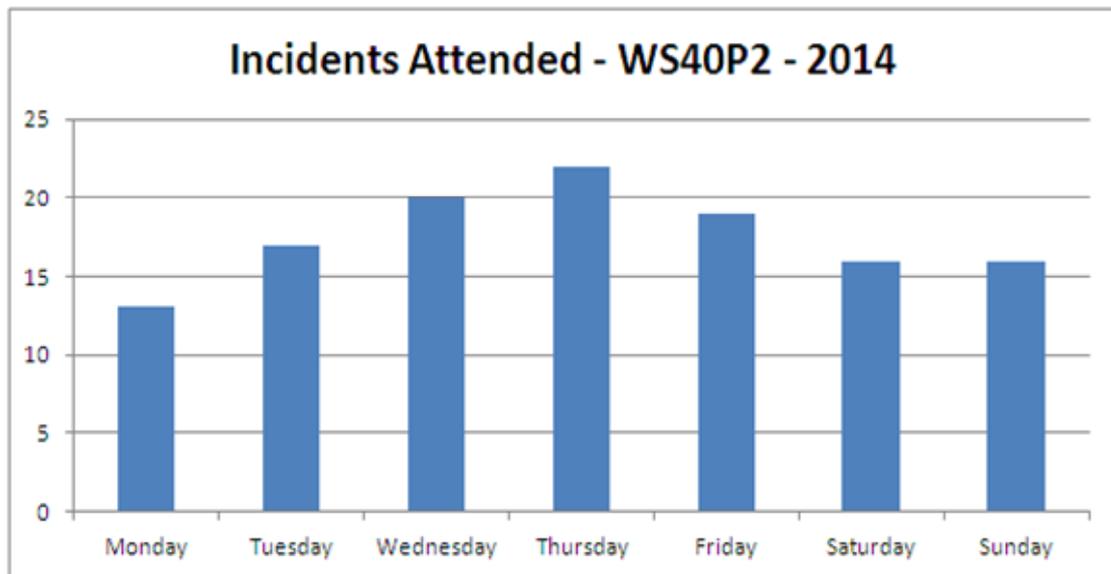
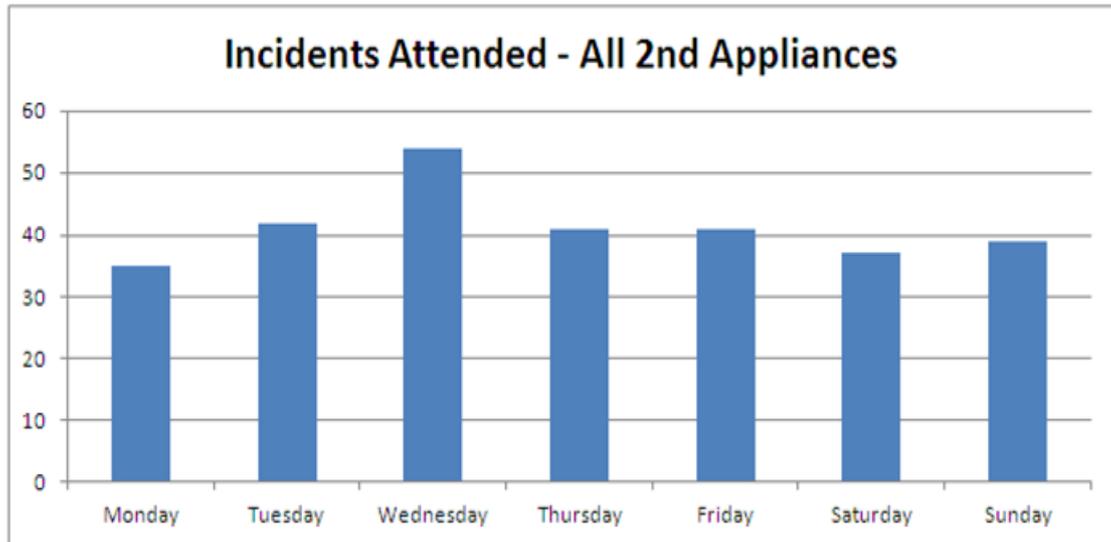
<b>Contact Officer:</b>	<b>Background Papers:</b>
Andrew Thomas ACFO Director of Service Delivery	FA Paper: Fire Cover Review; 23 September 2015

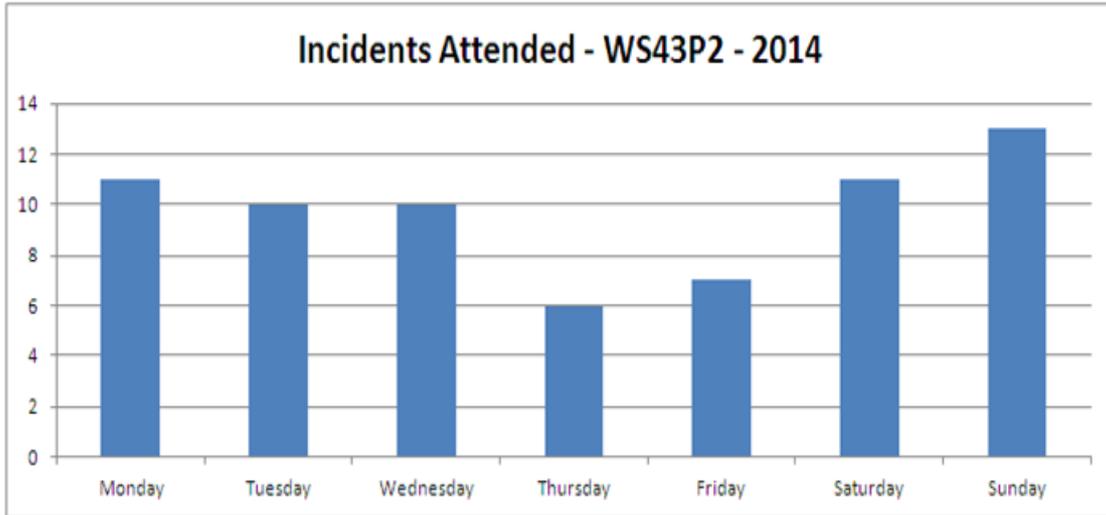


## Incidents Attended By Monmouthshire 2nd Appliance's 2012, 2013, 2014

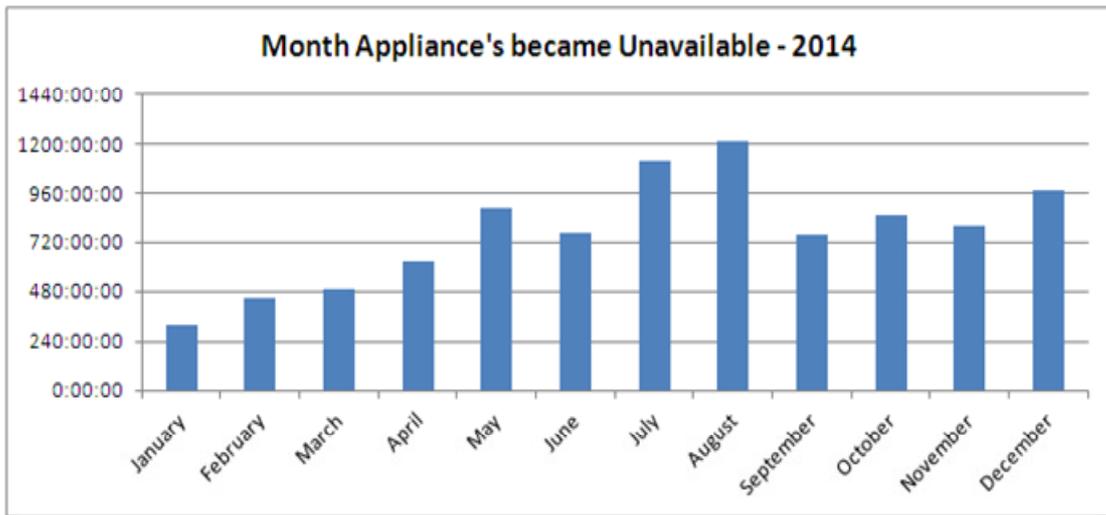
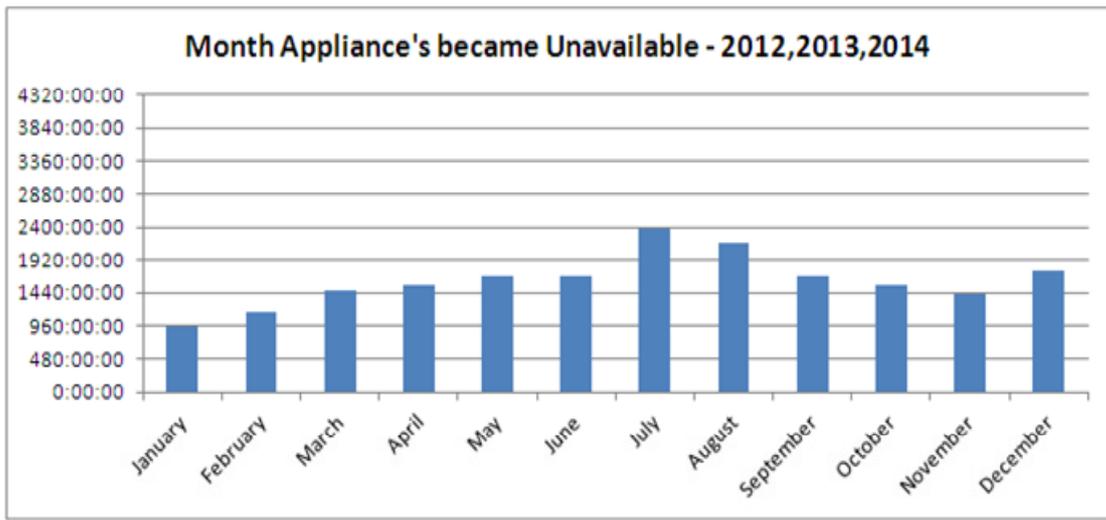


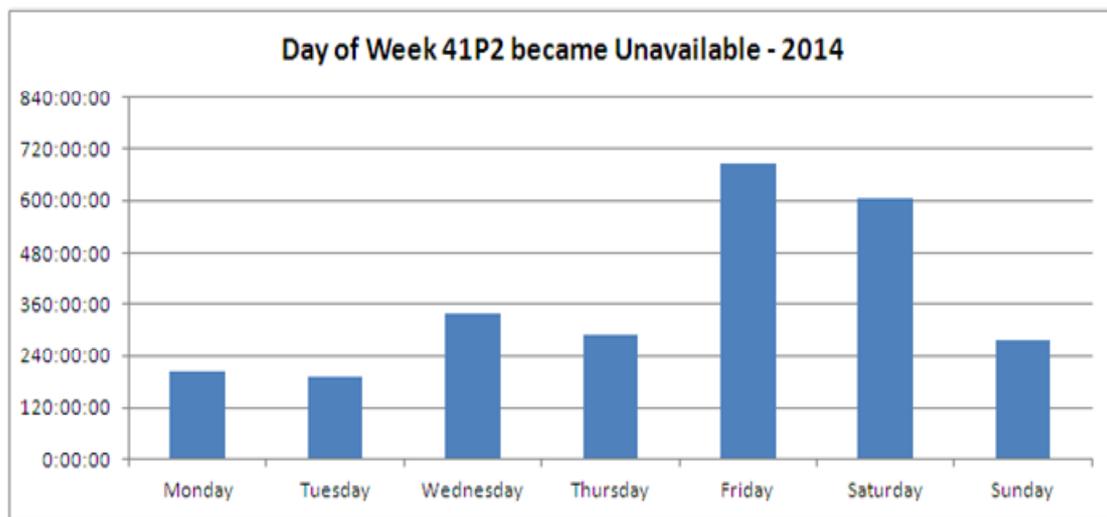
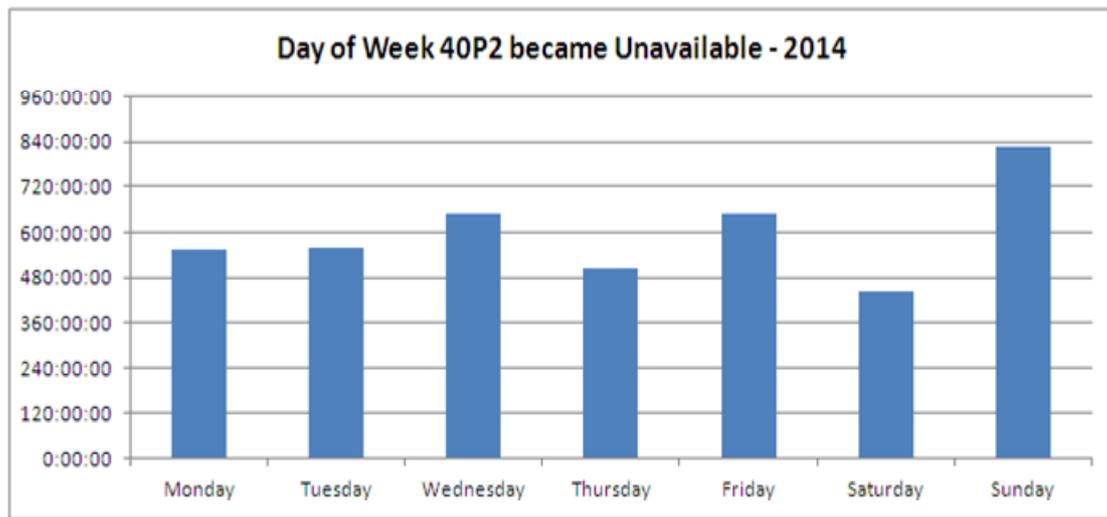
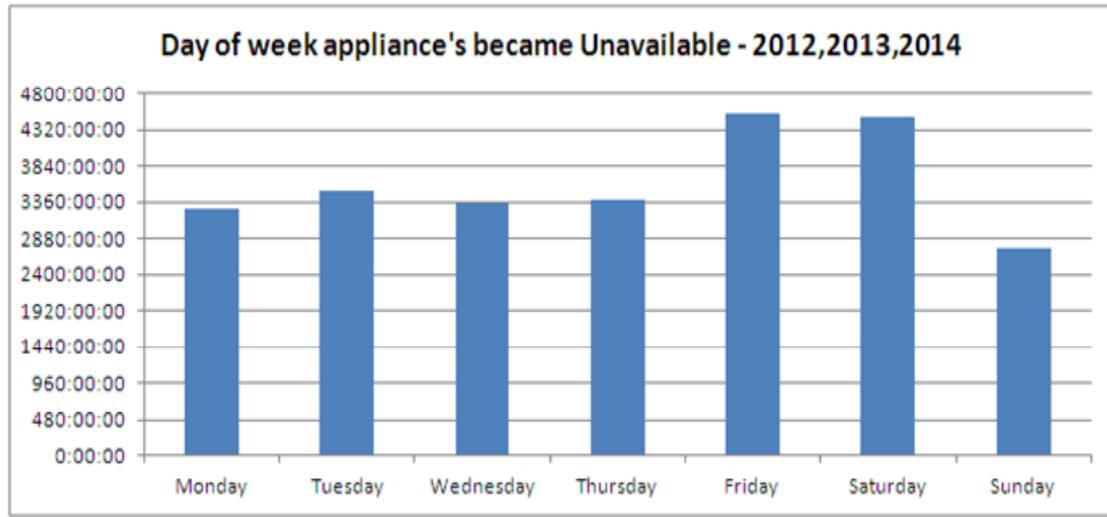


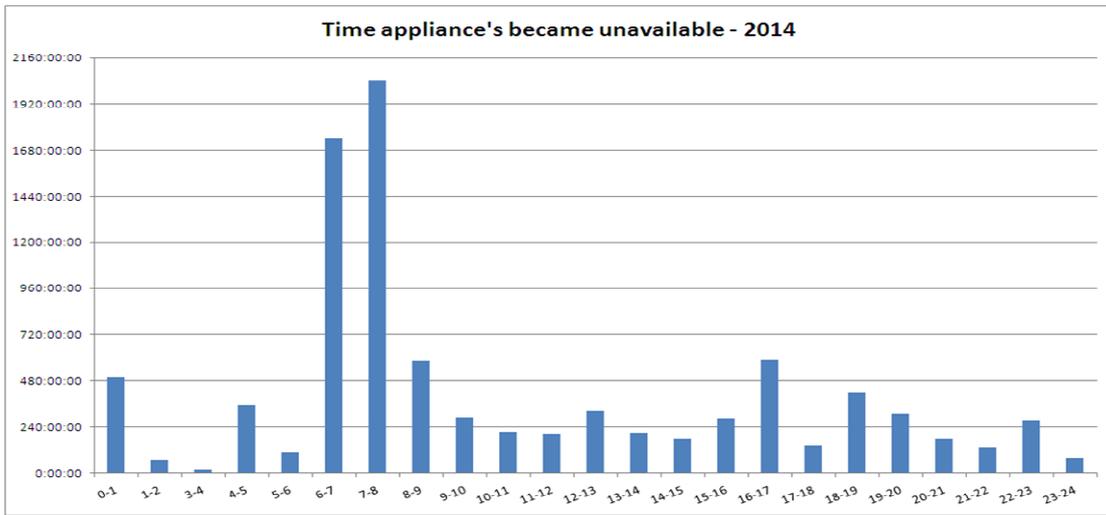
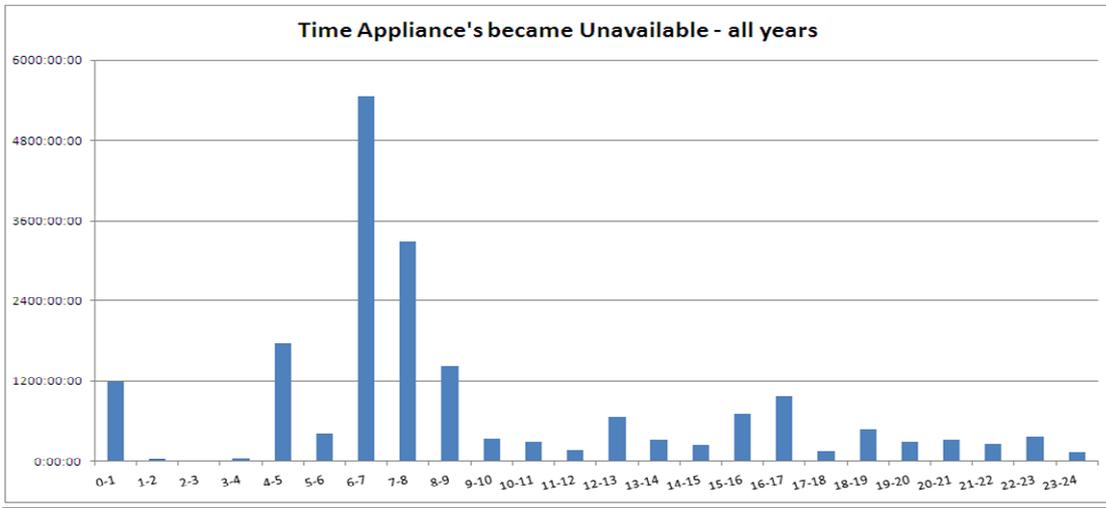
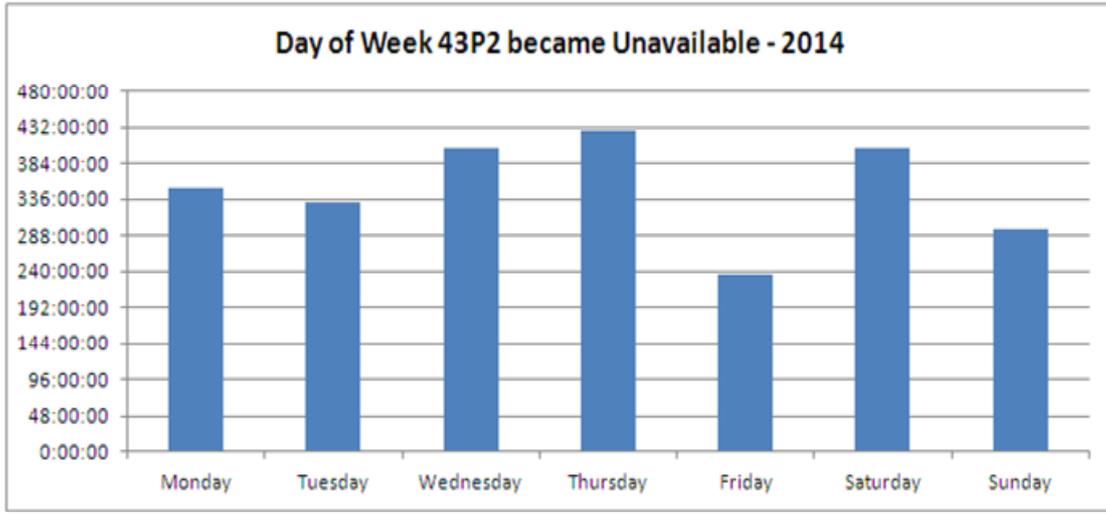


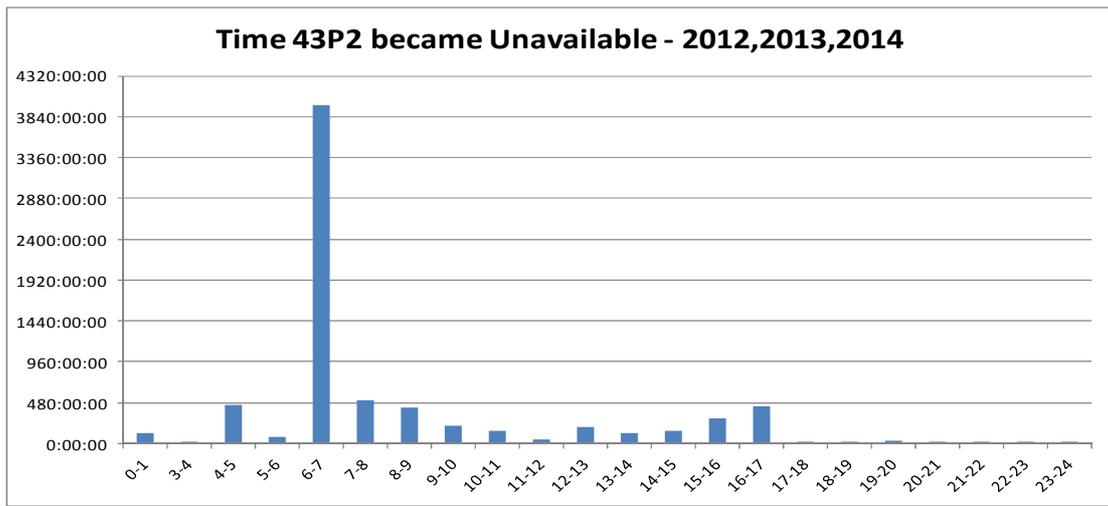
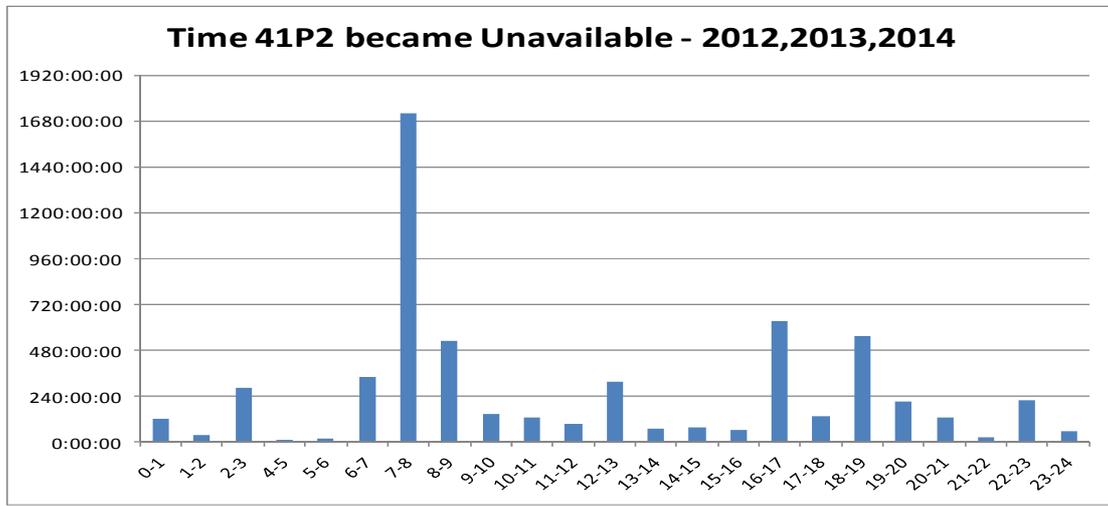
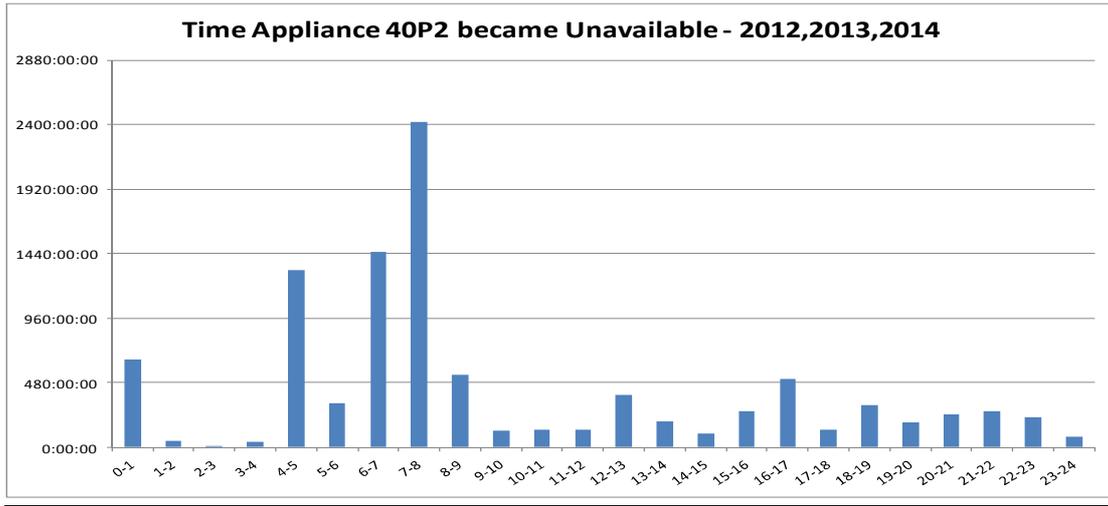


## Monmouthshire 2nd Appliance Unavailability 2012,2013,2014

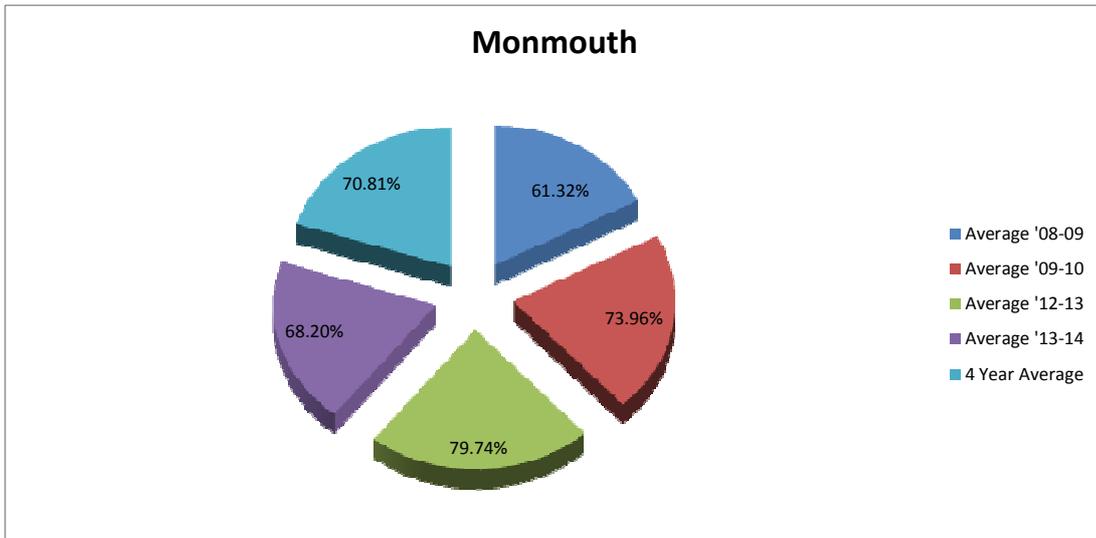
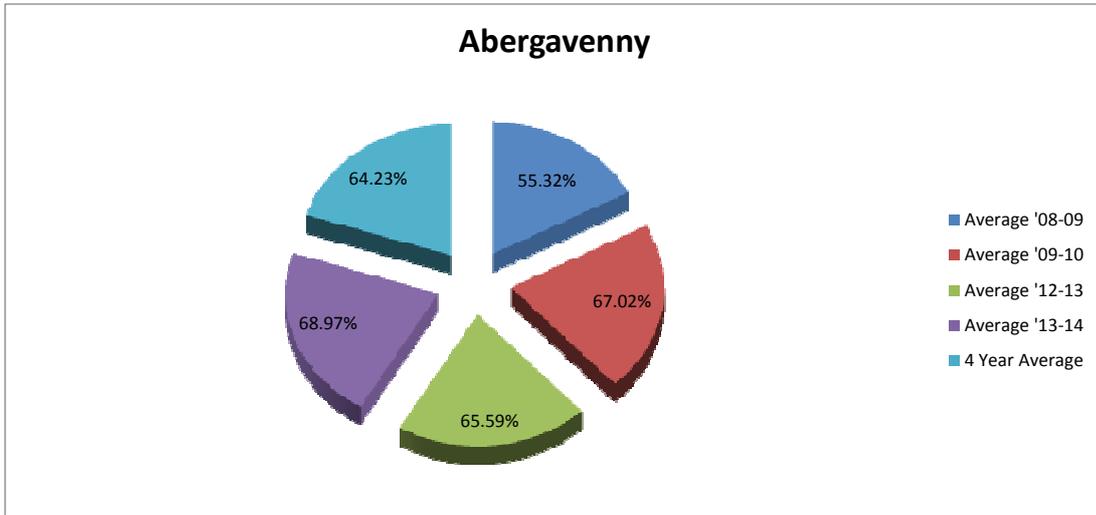


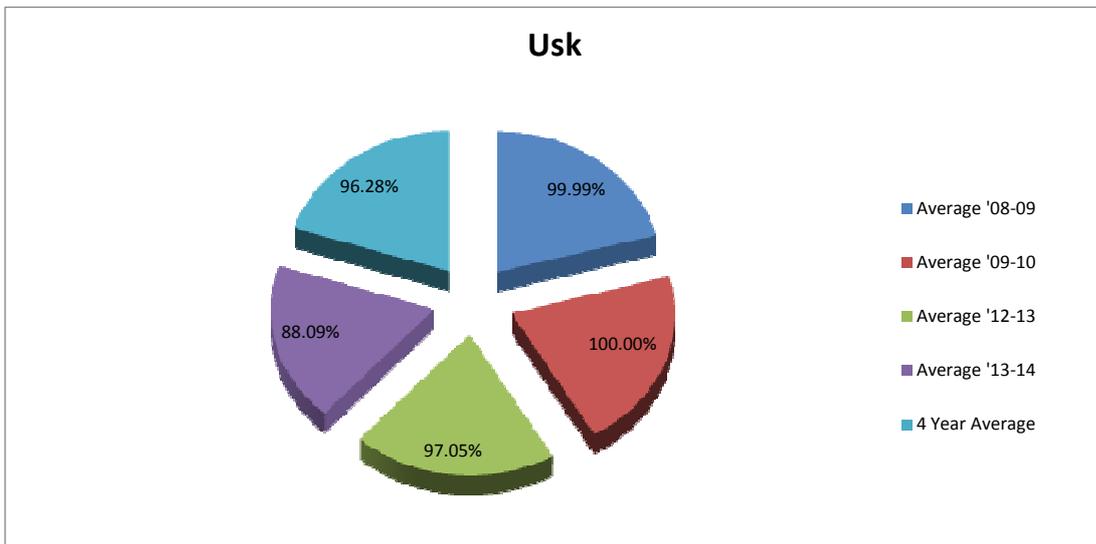
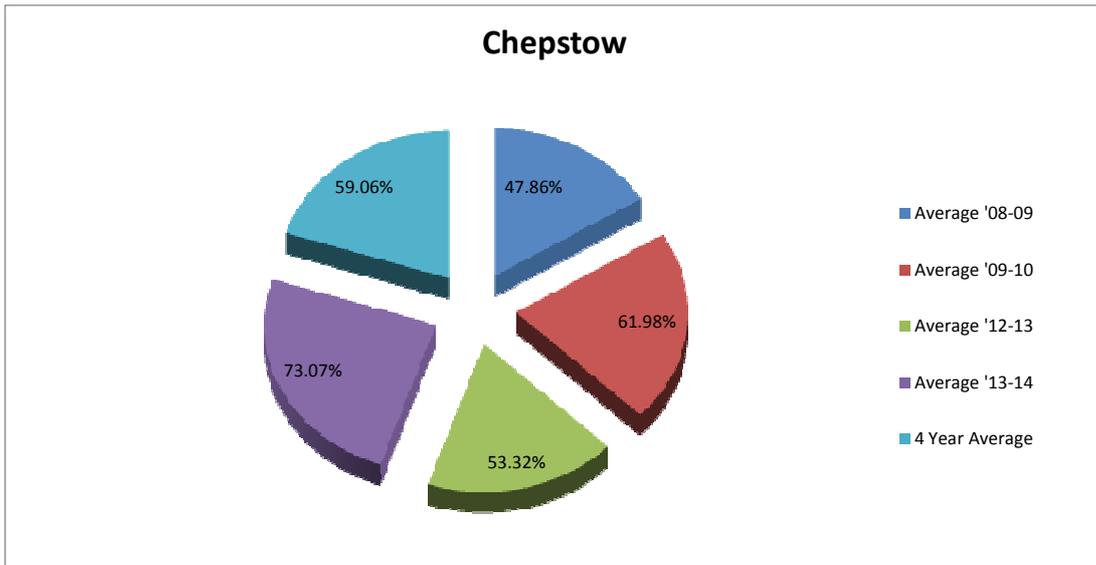






**Monmouth FSEC Planning Scenarios - 2013/14 Incident data +  
4 Year Retained Availability**





Average	Abergavenny 2 <sup>nd</sup>	Monmouth 2 <sup>nd</sup>	Chepstow 2 <sup>nd</sup>	Usk 1 <sup>st</sup>
08/09	55.32%	61.32%	47.86%	99.99%
09/10	67.02%	73.96%	61.98%	100%
10/11	91.17%	96.76%	94.09%	100%
11/12	81.40%	90.29%	61.94%	99.10%
12/13	65.59%	79.74%	53.32%	97.05%
13/14	68.97%	68.20%	73.07%	88.09%
4 Year Average without 10/11 + 11/12	64.23%	70.81%	59.06%	96.28%

		Dwellings Predicted Fatalities	Dwellings Change from Basecase	Other Buildings Predicted Fatalities	Other Buildings Change from Basecase	Road Traffic Collisions Predicted Fatalities	Road Traffic Collisions Change from Basecase	Total Predicted Fatalities Change from Basecase
<b>Basecase</b>	As at end of FCR	6.27		1.54		65.63		
<b>Scenario 6</b>	Abergavenny 2nd pump taken out	6.29	+0.02	1.55	+0.01	65.69	+0.06	+0.09
<b>Scenario 7</b>	Monmouth 2nd pump taken out	6.28	+0.01	1.55	+0.01	65.67	+0.04	+0.06
<b>Scenario 8</b>	Chepstow 2nd pump taken out	6.28	+0.01	1.55	+0.01	65.72	+0.09	+0.11
<b>Scenario 9</b>	Abergavenny 2nd Pump not available between 08:00 + 20:00	6.28	+0.01	1.55	+0.01	65.66	+0.03	+0.05
<b>Scenario 10</b>	Monmouth 2nd Pump not available between 08:00 + 20:00	6.28	+0.01	1.54	0	65.65	+0.02	+0.03
<b>Scenario 11</b>	Chepstow 2nd Pump not available between 08:00 + 20:00	6.28	+0.01	1.54	0	65.67	+0.04	+0.05
<b>Scenario 12</b>	All 3 stations - 2nd Pump not available between 08:00 + 20:00	6.29	+0.02	1.55	+0.01	65.72	+0.09	+0.12

**SOUTH WALES FIRE & RESCUE AUTHORITY**

AGENDA ITEM NO 6.vi

21 SEPTEMBER 2015

## REPORT OF THE CHIEF FIRE OFFICER

**FIRE & RESCUE NATIONAL FRAMEWORK REPORT 2013-2015****SUMMARY**

The Fire & Rescue National Framework 2012 Onwards published in 2012 sets the Welsh Government's vision, priorities, objectives and guidance for Fire & Rescue Authorities. The attached report fulfils the Welsh Government's commitment as required under Section 25 and 62 of the Fire & Rescue Services Act 2004; to report every two years on the progress of both Government and the Fire & Rescue Authorities and identifies the six priority areas for Fire & Rescue Authorities.

**RECOMMENDATION**

It is recommended that Members note the content of this report and accept as an endorsement of success and continuous improvement the Minister of Public Services satisfaction that the three Welsh Fire & Rescue Authorities have acted in accordance with the Framework.

**1. BACKGROUND**

- 1.1 The Fire & Rescue National Framework 2012 Onwards published in 2012 sets the Welsh Government's vision, priorities, objectives and guidance for Fire & Rescue Authorities.
- 1.2 The Fire & Rescue Services Act 2004 requires Welsh Ministers to report on the steps Fire & Rescue Authorities have taken to act in accordance with the Framework.
- 1.3 The attached report fulfils the Welsh Government's commitment as required under Section 25 and 62 of the Fire & Rescue Services Act 2004; to report every two years on the progress of both Government and the Fire & Rescue Authorities.

**2. ISSUE**

- 2.1 This report identifies the six priority areas for Fire & Rescue Authorities which for reporting fall into three key areas of collaboration, managing priorities and efficiencies and innovation.

**3. COLLABORATION**

- 3.1 This section of the report recognises the establishment of the Fire & Rescue Authorities' National Issues Committee and the circa £5 million of

savings that have been made. However, the report articulates that Welsh Government believe more can be done to integrate and share backroom functions with clearer evidence of actual and planned savings.

- 3.2 The report further endorses the recommendation of the Commission on Public Service Governance of greater strategic and operational collaboration between the Fire & Rescue Authorities and the Emergency Ambulance Services.
- 3.3 Collaboration within preventative activity is well documented and reported, with the range of Fire & Rescue Service partners being recognised in order to reduce accidental fires in the home, anti-social behaviour and deliberate fire setting.

#### **4. MANAGING PRIORITIES AND EFFICIENCIES**

- 4.1 This area of the report recognises the significant downward trend of the total number of fires the Authorities have attended since 2001/02. It also draws some comparators of other incident data and statistics between years and England.
- 4.2 In 2014 the Welsh Government commissioned a benchmarking report from CIPFA data, which provided comparisons across a range of incidents and employment data. This report states that the Welsh Government were disappointed that Fire & Rescue Authorities were generally sceptical about the value of the benchmarking report.
- 4.3 Members will be aware that Officers of this Service have used this benchmark data to better understand our performance and as such the CIPFA benchmark data was reported to the Finance, Asset & Performance Management Working Group on Monday 27 July 2015.

#### **5. INNOVATION**

- 5.1 This section recognises the long history and success the three Welsh Fire & Rescue Services have regarding innovation; whether it is in the operational response arena or preventative activity.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications arising directly from this report.

#### **7. EQUALITY RISK ASSESSMENT**

- 7.1 There are no equality implications arising directly from this report.

## 8. RECOMMENDATION

- 8.1 It is recommended that Members note the content of this report and accept as an endorsement of success and continuous improvement the Minister of Public Services satisfaction that the three Welsh Fire & Rescue Authorities have acted in accordance with the Framework.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Huw Jakeway Chief Fire Officer	Fire and Rescue National Framework Report 2013-2015





Llywodraeth Cymru  
Welsh Government

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# Fire and Rescue National Framework Report – 2013-2015

July 2015

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# 1. FIRE AND RESCUE NATIONAL FRAMEWORK REPORT 2013-2015

1.1 The Fire and Rescue National Framework 2012 Onwards (the “Framework”) published in 2012 set out the Welsh Government’s vision, priorities, objectives and guidance for Fire and Rescue Authorities (FRAs).

1.2 Under the Fire and Rescue Services Act 2004, the Welsh Ministers are required to report on:-

- the extent to which FRAs have acted in accordance with the Fire and Rescue National Framework; and
- any steps taken by them to ensure FRAs act in accordance with the Framework.

1.3 This report fulfils commitments in sections 25 and 62 of the Fire and Rescue Service Act 2004, to report every two years on progress against the National Framework by outlining the activities of FRAs and the Welsh Government and other stakeholders in supporting FRAs. It is the fifth report since devolution of the Fire and Rescue Service to Wales and covers the period April 2013 to March 2015.

1.4 In accordance with the above requirement, the Minister for Public Services is satisfied that the three FRAs have acted in accordance with the Framework. However, based on the information set out in the remainder of this report, there are opportunities that could have been taken, and should still be taken, to make further progress towards the priorities set out in the Framework.

## Fire and Rescue National Framework for Wales 2012 Onwards

1.5 The Framework sets out priorities, objectives and guidance for FRAs to support the delivery of the Programme for Government<sup>1</sup>. In particular, it describes how FRAs should contribute to making communities safer by reducing the incidence and impact of fires as well as effective co-ordination of emergencies. It identifies the key results as:-

- further reducing the incidence of fires, deaths and injuries resulting from fire, and the resultant cost/impact of fires to the economy and society, at local, regional and national level;
- contributing to the further reduction of deaths and injuries from road traffic collisions; and
- being recognised by partners (including Local Authorities, Police Authorities, the Health Service and the third sector) and the community as being key

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<sup>1</sup> The Programme for Government sets out the Welsh Government’s outcomes for this Assembly.  
<http://gov.wales/about/programmeforgov/?lang=en>

stakeholders in delivering wider improvements for environmental and societal change through their community safety activities.

1.6 The Framework sets 6 priorities for FRAs which fall within 3 key areas, collaboration, managing performance and priorities, and innovation:-

### **Key Area 1 - Collaboration**

- **Priority 1** - to actively implement opportunities to work together, and with other emergency services, the wider public sector and the third sector, to deliver measurable improvements including greater efficiency and more citizen focused services;
- **Priority 2** – to identify and implement opportunities for shared services;
- **Priority 3** - to review their existing and new collaborations and partnerships to ensure that they are achieving the required outcomes, improved service delivery and/or increased value for money;

1.7 The Framework stipulates that opportunities for joint working/joint provision must be explored, including on prevention and protection. These should focus on vulnerable road users, young offenders, deliberate fire setting, better targeting and prioritising those most vulnerable to fire in the home.

1.8 The Framework also states that FRAs should engage with other organisations to ensure best use of estate, and consider where collaboration will provide efficiency, particularly around corporate services.

### **Key Area 2 – Managing Priorities and Efficiencies**

- **Priority 4** - to ensure service levels meet local needs, striving for greater improvements at a time when budgets will come under even greater pressure. This means an emphasis on greater planning by placing resources against priorities to show how they are making a difference;
- **Priority 5** - to clearly identify outcomes and actively manage performance;

1.9 The Framework highlights the need to target resources to areas of greatest need, and to ensure precious resources are not diverted to false alarms. It indicates the importance of strategic planning, and linking this with improvements and outcomes which improve the quality of life of citizens and communities. It refers to the continued requirement on FRAs to plan on the basis of reducing risk. The Framework places a commitment on FRAs to set response criteria in a way which enables citizens to understand the service they can expect to receive in an emergency.

## Key Area 3 – Innovation

- **PRIORITY 6 - to seek innovation and new ways of working to make the most of the talents, expertise and resources that the FRAs possess.**

1.10 The Framework indicates FRAs should be innovative in planning and designing services, and consider the most effective use of staff, both frontline and support. The Framework also sets out that FRAs should seek innovative solutions for emergency response in rural Wales.

1.11 These priorities are used as the basis for this report.

1.12 Much of the evidence used relies on existing published sources. Where this is the case, links to further detail are provided. The report particularly references the Chief Fire and Rescue Adviser for Wales' (CFRAW) Report<sup>2</sup> on FRS Efficiencies, published in January 2015.

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<sup>2</sup> <http://gov.wales/newsroom/people-and-communities/2015/fire-service-efficiency-report/?skip=1&lang=cy>  
<http://gov.wales/newsroom/people-and-communities/2015/fire-service-efficiency-report/?lang=en>

## **2. KEY AREA 1 - COLLABORATION**

### **Working with each other**

2.1 In July 2012, the three FRAs established the National Issues Committee (NIC). The NIC's purpose is to pursue collaborative arrangements across the three Welsh FRAs, with a view to improving service performance and efficiency. The FRAs anticipated savings and efficiencies through the NIC of circa £5m over a 5 year period.

2.2 The NIC established a strategic review of procurement functions across the three Services. Following this, in July 2012 a shared procurement service was established. However, the Welsh Government believes more progress could be made in further integrating and sharing other backroom functions, with clearer evidence of actual and planned savings. The CFRAW's efficiency report refers to examples of back office and other harmonisation activities in England which could generate significant savings in Wales and indicates this as an area where further work could be undertaken by the NIC.

2.3 Reciprocal arrangements exist for:-

- attending incidents in areas bordering neighbouring FRAs;
- national mutual aid arrangements across the UK;
- call handling between the three FRAs in Wales.

### **Working with other emergency services**

2.4 The Commission on Public Service Governance and Delivery report<sup>3</sup>, published in January 2014, called for greater strategic and operational collaboration between the three FRA's and emergency ambulance services. The Welsh Government has accepted this recommendation in principle, and has urged the services to make rapid operational progress in extending examples of good practice more widely, and to develop a clear plan for strategic co-ordination and alignment.

2.5 Whilst there are examples of good practice in some FRAs, there has been no co-ordinated approach across Wales to date, although such an approach cannot be solely the responsibility of FRAs to deliver.

2.6 The joint Public Service Centre in Bridgend, scheduled for completion in April 2016, will bring together three existing control rooms (South Wales Police and South and Mid and West Wales Fire and Rescue Services (FRSs)). It is anticipated the project (which is supported by a £3million Invest to Save loan from the Welsh Government) will deliver effective co-ordination of emergency assistance, improved data sharing between the Services as well as significantly improving both the FRAs and Police Services operational response capabilities. The project is forecasting £1million of net annual efficiency savings from 2016.

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<sup>3</sup> <http://gov.wales/topics/improvementservices/public-service-governance-and-delivery/report/?skip=1&lang=cy>  
<http://gov.wales/topics/improvementservices/public-service-governance-and-delivery/report/?lang=en>

2.7 The All Wales Inland Flood and Water Rescue Group was established in 2011. This group entails collaboration between blue light services and voluntary agencies. All involved share skills and knowledge, and pool equipment, to enable an effective multi agency response to flooding incidents both within Wales and throughout the UK.

### **Collaboration on Prevention Activity**

2.8 The FRAs' preventative programmes have no doubt had a significant impact on the reduction in fires (by over 50 per cent) in the past 10 years, although seasonal influences and social trends, such as reduced rates of smoking and the use of non-flammable building and furnishing materials, have also contributed significantly to this reduction.

2.9 For example:-

- All three FRAs have partnership arrangements with the third sector to deliver fire safety advice and equipment in the home (Home Fire Safety Checks (HFSCs)). Since April 2012, FRAs and their partners have undertaken around 210,000 HFSCs. FRAs are now working with other agencies as part of wider work to better identify and target the most vulnerable citizens in order to maximise the impact of available resources.
- All three FRAs are working in partnership with the Police through Arson Reduction/Fire Crime Teams to combat the issue of arson through sharing of intelligence data and collaborative working.
- All three FRAs work with Youth Offending Services and Community Safety Partnerships to identify young people at risk of committing arson. The Phoenix programme aims to reduce young people's likelihood of involvement in anti-social or offending behaviour, and to reduce the number of arson attacks, deliberate fires, vehicle crime and fire related anti-social behaviour, such as attacks on firefighters and hoax calls. Reoffending rates from participants in the programme are typically below 5 per cent.

2.10 The Phoenix programme earned recognition from the national London 2012 Inspire programme, which recognises inspirational ideas and innovative projects, events or activities which share the common goal of leaving a lasting legacy of inspiration and change. The Auditor General for Wales plans to undertake reviews of community safety across Wales during 2015-16.

2.11 The Emergency Services Collaboration Working Group<sup>4</sup>, published a report<sup>5</sup> in November 2014 also highlighting several examples of the innovative collaborations developed by Welsh FRAs.

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<sup>4</sup> This Group was formed in September 2014 and comprises of senior leaders from across the emergency services. The Group aim to improve emergency service collaboration by providing strategic leadership, coordination and an overview across England and Wales.

<sup>5</sup> <http://aace.org.uk/emergency-services-collaboration-working-group-published-update-report/>

2.12 Nonetheless, the Welsh Government believes there is scope for improvement in evaluating the outcomes of community safety partnership work, particularly linking activity to outcomes. There are some good examples of evaluation of projects such as the Phoenix programme, although there are a number of other activities which would benefit from similar evaluation approaches. Without such evaluation across the board it is difficult to fully link changes to the number of fires and injuries to specific schemes and interventions to ensure that resources are targeted where they will be most effective, or that different partnership approaches are developed. It should be noted that significant support has been provided by the Welsh Government in the form of Community Fire Safety grant funding to support this work (almost £9 million between April 2012 and March 2015).

2.13 There is no doubt that FRAs have introduced wide-ranging and innovative partnership arrangements. However there are further opportunities to be explored, including examples of good practice elsewhere. This is further covered in Key Area 3.

#### **In Mid and West Wales Fire and Rescue Authority (MWWFRA)**

Specific co-responding arrangements are currently only in place in the MWWFRA area with 13 co-responding vehicles at fire stations, and the possibility of a further 2 being discussed. The Service attended 6,437 incidents on behalf of Welsh Ambulance Service NHS Trust (WAST) between 2009-10 and 2013-14.

There are 7 sites where Ambulances are co-located within fire stations.

Through partnership working with Hywel Dda Health Board, MWWFRA has successfully trained mental health practitioners in delivering HFSC's to vulnerable citizens who they would otherwise have found impossible to engage with. MWWFRA has also trained fire fighters in mental health first aid so that they are better prepared to assist these vulnerable citizens.

The FRA also runs an Immediate Emergency Care course for operational staff, jointly prepared and quality assured by the WAST. The majority of fire appliances in MWWFRA now hold this equipment for the provision of early trauma care at Road Traffic Collisions (RTC's) etc.

Collaboration with partners to provide educational input for children and young people on water safety has commenced.

MWWFRA has led a pilot project (JIGSO) to develop a secure electronic data sharing platform capable of allowing data sharing amongst blue light and other public sector organisations, whilst maintaining security over personal information. To date, Pembrokeshire CC, Carmarthenshire CC, Ceredigion CC and Dyfed Powys Police have agreed to take part in this pilot.

### **In North Wales Fire and Rescue Authority (NWFRA)**

NWFRA has had a joint Communications Centre, shared with North Wales Police since 2008. The facility enables staff from both organisations to co-ordinate their response to the communities of North Wales, resulting in earlier notification of incidents between services and thus earlier deployment of resources.

NWFRA has Service Level Agreements with other public sector partners for a number of functions e.g. with North Wales Police for estates management, with Conwy CBC for internal audit, treasury and financial services.

WAST uses part of 4 fire station sites as deployment points. WAST also occupies its own premises on the same site as 4 other fire stations.

A new, purpose-built joint fire/ambulance station is being constructed in Wrexham. Work is progressing, with handover of the building from contractors, scheduled for January 2016.

NWFRA has established the Revolution programme, which aims to reduce fatal and serious RTCs modelled on the Phoenix scheme. This scheme, for young persons aged 25 and under assessed as at higher risk of a serious or fatal RTC, is jointly delivered by NWFRA and North Wales Police with support from other agencies as needed. During 2014-15 193 people attended the programme. None of them have subsequently been involved in a serious RTC, and only 8 have subsequently been involved in any form of offending behaviour.

### **In South Wales Fire and Rescue Authority (SWFRA)**

SWFRA has undertaken a Community Responder pilot in the Cardiff, Rhondda Cynon Taf and Caerphilly areas resulting in an almost 2 per cent improvement in WASTs 'Red 1' (patients in imminent danger of death) performance against the 8 minute response time target in pilot areas. The wider implementation of this pilot, however, depends on staffing issues beyond the control of SWFRA.

SWFRA also runs an Immediate Emergency Care course for operational staff. This course is jointly prepared and quality assured by the WAST. All frontline appliances in SWFRA now hold this equipment for the provision of early trauma care and crew safety.

South Wales currently has 7 sites where ambulances are co-located on fire stations, with a further 3 in discussion.

BERNIE is a partnership project run in South Wales, involving SWFRA and other partners, including community safety partnerships across the South Wales area. The project aims to reduce deliberate grass and mountain fires over the Easter Holiday period. It targets high risk areas of South Wales and is tailored for communities that historically suffer from a high amount of deliberate grass and mountain fires by using new social marketing techniques in education, enforcement, operational tactics, and training, as well as partnership working. Between 2010 and 2014 the number of deliberate grass fires fell by nearly 80 per cent in the 5 target areas covered by BERNIE.

### 3. KEY AREA 2 - MANAGING PRIORITIES AND EFFICIENCIES

#### Incident Volume

3.1 There has been a significant downward trend in the total number of fires since devolution<sup>6</sup>. Since 2001-02 all types of fires attended by the FRSs have fallen, numbers of primary fires by 62 per cent, and secondary fires by 64 per cent.

3.2 However in 2013-14 FRSs attended 28,463 fires and false alarms, an increase of 7 per cent compared with 2012-13. Secondary fires increased by 32 per cent. This was partly due to the particularly wet spring and summer in 2012 which led to a substantial reduction in fires, particularly those occurring outdoors. By contrast, summer 2013 had extensive spells of dry warm weather, leading to a notable increase in the number of fires that year. Even so across the lifetime of this Framework (i.e. between 2011-12 and latest data for 2013-14) primary fires have reduced by 16 per cent, and secondary fires by 23 per cent. Deliberate secondary fires (the majority of which are grassland, woodland and rubbish fires) reduced by 28 per cent between 2011-12 and 2013-14.

3.3 When compared with England the total number of fires attended in Wales between 2012-13 and 2013-14, increased by a greater extent - 10 per cent in England and 15 per cent in Wales.

3.4 Since 2009-10, the number of fatalities from accidental dwelling fires has fluctuated with a high of 20 in 2010-11 and a low of 6 in 2012-13, with the average annual figure being 14. However, fatalities are rare and exceptional events, and one can always expect volatility in these data as a result. The number of injuries caused by accidental dwelling fires has also fluctuated, with a low of 363 in 2009-10 rising to 448 in 2013-14, with an annual average of 413. Further investigation is needed by FRAs to understand and respond to this trend.

3.5 Fatal and non-fatal casualty rates per million population were also lower in England than in Wales in 2013-14, where fatality rates were 5.1 (in England) and 5.5 (in Wales) and non-fatal casualty rates were 152 (in England) and 203 (in Wales).

3.6 Non-fire incidents which the FRS deals with are classified as Special Service Incidents. They include RTCs, floods, medical emergencies, chemical spills, water rescues and rescues of animals. The Welsh Government did not publish special service incident data prior to 2004-05 and the categories used for collecting this data changed in 2009-10 due to the introduction of the Information Recording System (IRS). The annual number of Special Service Incidents between 2009-10 and 2013-14 was fairly consistent. However, 2011-12 saw a significant dip in the figures, dropping to 7,406 incidents. In comparison, 2013-14 had 9,758 incidents, an increase of 32 per cent. This is mainly as a result of a drop in flooding incidents and Co-responder incidents in 2011-12. The number of Special Service incidents increased by 10 per cent between 2004-05 and 2013-14 from 8,869 to 9,758.

<sup>6</sup> <http://gov.wales/statistics-and-research/fire-statistics/?skip=1&lang=cy>  
<http://gov.wales/statistics-and-research/fire-statistics/?lang=en>

## Other Performance information

3.7 The Auditor General for Wales's Financial Planning Assessments for all three FRAs indicated that their plans and arrangements to deliver 2014-15 savings were fit for purpose, were effectively managed and were likely to be achieved, but the medium-term outlook remains challenging.

3.8 This effective management was highlighted in the CFRAW's report on FRS Efficiencies published in January 2015. This report recognised the work undertaken to date by FRAs, but also indicated there was scope for more. The report sets out proposals on how further efficiencies might be achieved:-

- **Further action to reduce the incidence and impact of fire** - The FRAs' record to date has been good with the Commission on Public Service Governance and Delivery Report highlighting the "consistently strong performance of the three fire and rescue services" particularly in respect of their fire prevention activity. The CFRAW's report recognised the significant work already undertaken, but highlights the need for this to continue, and to reflect emerging social trends, and the impact of this on future risk patterns. This would mean a greater and more sustained shift from responsive firefighting services to targeted preventative fire safety services.
- **Continuing focus on the costs of service provision**, by adopting best practice from elsewhere, and ensuring resources are deployed as efficiently and effectively as possible.

3.9 For example, all three FRAs currently respond to more false alarms than to actual fires, incurring unnecessary costs and potentially delaying appliances and crews from dealing with genuine incidents. The number of false alarms attended has fallen since 2012-13, although, the rate of reduction was much lower than in England. The current Framework highlights the need for FRAs to deal with this issue. MWWFRA has had a risk based approach to responding to automatic fire alarms in place since 2010-11, and the NIC has reviewed call challenge and response arrangements in respect of automated fire alarms in non-domestic premises in order to inform the development of an all Wales approach. This resulted in the development of the all Wales Unwanted Fire Signal Protocol which all three FRAs have committed to. However the Welsh Government still believes that more can and should be done to tackle this problem.

3.10 From April 2015, NWFRA has implemented a clear risk-based approach to responding to automatic fire alarms. During the first 10 weeks of implementation this has already saved the FRA £20,000 cashable and non-cashable savings.

3.11 The Local Government (Wales) Measure 2009 requires FRAs to compare their own performance over time and to compare themselves with other FRAs inside and outside Wales. FRAs have indicated they find it difficult to identify comparable data for a number of reasons. In 2014, the Welsh Government commissioned a set of benchmarking reports from CIPFA which provided headline comparisons across a range of information based around inputs (costs and staffing levels) as well as

activity and outcomes across a range of functions. The reports were shared with FRAs to spark discussion and further inquiry, and provide a better understanding of the performance and scope for improvement as a result.

3.12 However, the Welsh Government was disappointed that FRAs were generally sceptical about the value of these reports. While there may well be detailed issues with some of the CIPFA data, those should not prevent FRAs using them or other sources to identify possible areas for learning and improvement. If FRAs do not wish to use CIPFA data as the basis for this, it is incumbent on them to develop alternative and equally comprehensive means of doing so.

- **Greater collaboration**, whether between the FRAs themselves via the NIC, or with other partners. This is already covered in more detail in Key Area 1 above.

### **In Mid and West Wales Fire and Rescue Authority**

MWWFRA introduced a series of changes to crewing systems across a number of stations prior to, and during, the current iteration of the National Framework. These included the introduction of self-rostering (under which firefighters and stations manage their own rostering in line with local need) at 1 whole time station, and more efficient rostering at day crewed stations.

In 2013 a Self Rostered Crewing system was introduced at a further station which created efficiencies through reduced staff costs whilst ensuring no reduction in operational response or service delivery.

In addition to £1.239 million efficiencies in 2011-12, the total efficiencies made by the FRA between 2012-13 and 14-15 amount to £2.7 million (6 per cent of the FRAs overall budget).

Further crewing changes within Neath Port Talbot and Swansea have been agreed. This, along with corporate changes, aims to achieve efficiencies of £1.045 million in 2015-16.

The Auditor General for Wales's Financial Planning Assessment, published in June 2015 indicates:-

- "The Authority has a good track record of effective budgetary control and securing arrangements to operate within its financial constraints.
- The Authority's 2014-15 plans are fit for purpose, are being effectively managed and are likely to be achieved.
- Whilst supporting information is available the Authority has not formally adopted a medium term financial plan to support strategic decision making."

### **In North Wales Fire and Rescue Authority**

NWFRA has implemented a programme of efficiencies over 4 years since 2011-12 which includes:-

- An efficiency saving of £1 million as a result of changes in the way shifts are rostered and £460,000 from reductions in operational management.
- An efficiency saving of £360,000 as a result of a reduction in community fire safety staff, these having been achieved through voluntary redundancies and reallocation of duties.

Efficiencies made by the FRA between 2011-12 and 2014-15 amount to £3 million (10 per cent of the FRAs overall budget in 2014-15).

In 2015-16 proposed savings of £326,000 will be achieved through savings of £25,000 from the implementation of a new automatic fire alarms response policy, £8,000 from the cessation of large animal rescue services, £8,000 from the cessation of rope rescue services, £35,000 from stopping funding Atal Tân and £250,000 from a further reduction in operational manager posts.

The Auditor General for Wales' Financial Planning Assessment published in December 2014 indicates:-

- “The Authority has a good track record of effective budgetary control and securing arrangements to operate within its financial constraints.
- The Authority's plans and arrangements to deliver 2014-15 savings are fit for purpose, are effectively managed and are likely to be achieved but the medium-term outlook remains challenging.
- The Authority does not publicise its medium term financial plan to support strategic decision making.”

It set out that the Authority has improved its improvement planning and has made better use of comparative performance information in its reporting processes. However, there was limited linkage between the cost of improvement objectives and its financial plans. It also indicated that the Authority did not have a Medium Term Financial Plan (MTFP) in place which was transparent and available. It had not published a plan which contained key performance indicators and sensitivity analysis relating to key elements of the budget, so it would be difficult for Authority members and others to fully understand the implications of financial change.

### **In South Wales Fire and Rescue Authority**

SWFRA have undertaken a series of reviews since 2009-10 as part of its financial reform agenda, including the following reviews since 2012-13:-

- Introduction of a revised crewing model on every wholetime station saving approximately £1.5m.
- A special appliance review providing savings of over £400,000.
- A reduction of 1 RDS appliance in 2013/14 following merger of 2 stations - saving over £200,000.
- A full risk based Fire Cover Review resulting, across the FRA area, in decisions to :-
  - Close 2 Retained Duty Stations
  - Remove the RDS second appliance at 1 station
  - Change crewing from day-crewed to RDS in 1 station, and from wholetime to RDS for the second appliance at a further station.
  - Merge 2 stations.

These decisions will yield a potential saving of £2.080 million.

Efficiencies made by the FRA between 2012-13 and 2014-15 amount to £5.151 million (7.3 per cent of the FRA's overall budget in 2015-15).

The Auditor General for Wales's Financial Planning Assessment of SWFRA published in January 2015 indicates:-

- "The Authority's plans and arrangements to deliver 2014-15 savings were fit for purpose, effectively managed and were likely to be achieved but the medium-term outlook remained challenging.
- The Authority has been successful in setting, agreeing and maintaining accurate outturns in its financial budgetary management for the last few years. It has been able to do this in times of budgetary pressure through changes to crewing arrangements, reviews of tactical managers, operational crewing reviews of all second appliances and reviews of middle managers. This has not been at the expense of meeting its statutory responsibilities.
- The Authority has maintained an effective service to the communities in South Wales throughout this period with an increased emphasis on prevention work".

## 4. KEY AREA 3 - INNOVATION

4.1 The three FRAs in Wales have introduced various innovative practices since 2012 across their range of functions to enable them to deliver their services in a more effective way and/or to work more efficiently. Some of these are local initiatives which have been inspired through the FRAs themselves individually or in partnership with each other, others are supported through Welsh Government and or other agencies. Examples of some of these initiatives are set out below, and elsewhere throughout this report.

4.2 The Fire and Rescue Service has a long history of innovation both nationally and locally. This approach needs to continue and further expand. FRAs need to provide clear evidence of the systematic review of their functions, and evaluation of innovative practices including learning from and implementing innovation from elsewhere.

4.3 FRAs should review performance and good practice both within and outside of Wales, and further reflect this within their own developments and annual improvement plans.

### **In Mid and West Wales Fire and Rescue Authority**

- As part of their 2011 Service Review Project, MAWWFRA introduced sixteen Rural Response Pumps (RRPs). The RRP was developed as a smaller, lighter appliance with off road capability whilst maintaining many of the functions of the Type B appliance.
- The smaller and lighter vehicles have allowed for greater access capability along rural tracks and lanes.
- MWWFRA has 13 co-responding vehicles at fire stations, and are discussing the addition of a further 2. The Service attended 6,437 incidents on behalf of WAST between 2009-10 and 2013-14.
- Road safety innovative initiatives include 'Biker Down' and 'First on Scene' providing safety advice and immediate intervention advice to support life.
- During 2014-15, MWWFRA commenced a period of review investigating modern technology and innovative firefighting techniques. A progressive move to train firefighters in the use of positive pressure ventilation fire techniques has commenced and a trial of cold cutting firefighting technology is programmed for 2015-16.

**In North Wales Fire and Rescue Authority**

- In 2011-12, NWFRA introduced revised arrangements for delivering business fire safety, utilising non-operational staff to deliver fire safety inspections.
- In 2013-14, NWFRA established the Revolution programme aimed at the reduction of fatal and serious RTCs.
- In 2014-15, NWFRA introduced part-time contracts for some Retained Duty System staff guaranteeing a minimum of 21 hours a week, again enabling more flexible working across the North Wales area, with the aim of improving fire cover.

**In South Wales Fire and Rescue Authority**

- In 2014, SWFRA undertook a Community Responder pilot in the Cardiff area providing support to the WAST by responding to 'Red 1' calls (patients in imminent danger of death).
- SWFRA has introduced agile working for Fire Safety staff. This has enabled fire safety officers to, for example, visit premises such as residential homes during the evening/night when risk is likely to be highest, to work more closely with other agencies, and to provide fire safety support and follow up at emergency incidents.
- SWFRA has committed resources to tackle deliberate grass fires in a variety of ways during the last 3 years. For instance the 'Bernie' project which involves diversionary activities and increased fire patrols at locations which have seen a high number of grassland fires in previous years.



**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 6.vii  
21 SEPTEMBER 2015

## REPORT OF THE CHIEF FIRE OFFICER

**A REVIEW OF SOUTH WALES FIRE & RESCUE SERVICE RESPONSE TO A SIGNIFICANT NUMBER OF GRASS FIRES IN 2015****SUMMARY**

Members will recall that through March and April this year the Service experienced an increase in the number of grass fires the Service attended from last year. Due to a significant increase in media and political interest, the Minister for Public Services commissioned his Chief Fire & Rescue Adviser and Inspector for Wales to conduct a review of our Service's activities and response arrangements.

**RECOMMENDATION**

It is recommended that:

- Members accept the Minister for Public Services Chief Fire & Rescue Adviser's report
- Members note the Adviser's views that the Service coped well with the additional demand
- Members note the closing remarks of the Minister's Adviser's comments "*I have seen much that South Wales can be proud of and whilst they have a desire to become even more efficient, I am confident that they have the skills, attitude and ability to achieve their ambition to create safer communities*"

**1. BACKGROUND**

- 1.1 Members will recall that through March and April this year the Service experienced an increase in the number of grass fires the Service attended when compared with last year.
- 1.2 This year the Service saw an increase in interest from many media outlets; local, regional and indeed national. There was also a significant level of political interest from Welsh Ministers and Assembly Members. This level of interest led the Minister for Public Services to commission his Chief Fire & Rescue Adviser and Inspector for Wales to conduct a review of our Service's activities and response arrangements.
- 1.3 Additionally, the First Minister specifically held a Grass Fires Summit on 29 April 2015 to discuss with partners the issue of grass fires across Wales. The Service was represented by the Chief Fire Officer, other partners represented were local authorities, police services, Natural Resource Wales, the Meteorological Office and Welsh Government.

## 2. ISSUE

2.1 In March and April 2015 the Service attended 1213 grass fires of which 1178 and 97.1% were deliberate. These fires were spread across the Service area in the following %'s.

<b>UNITARY</b>	<b>Deliberate Grass Fires</b>	<b>% of Total Deliberate Grass Fires</b>	<b>Total Grass Fires</b>	<b>% of Total Grass Fires</b>
Blaenau Gwent	116	9.9%	119	9.8%
Bridgend	124	10.5%	125	10.3%
Caerphilly	197	16.7%	205	16.9%
Cardiff	67	5.7%	70	5.8%
Merthyr	100	8.5%	100	8.2%
Monmouthshire	9	0.8%	14	1.2%
Newport	77	6.5%	78	6.4%
RCT	428	36.3%	433	35.7%
Torfaen	39	3.3%	47	3.9%
Vale of Glamorgan	21	1.8%	22	1.8%
<b>Grand Total</b>	<b>1178</b>		<b>1213</b>	

2.2 In comparison with March and April 2003 the Service attended 5438 deliberate grass fires. Therefore, through our innovative education, prevention and engagement activities we have reduced deliberate grass fires by 78% for the same reference period.

2.3 Over the last 10 years the Service has developed our operational response arrangements which range from the use of multi terrain vehicles, airborne support, enhanced and specialist advisers.

2.4 As the Minister's Adviser's report identifies, the Service was experiencing over 50 calls per 24 hour period. A call ratio significantly higher than our average daily profile, but yet the Service managed without the need for mutual assistance, recall to duty or indeed the use of our auxiliary Firefighters.

2.5 The advisers report also recognises the extensive and innovative preventative approaches developed by the Service and the range of partners that the Service work with to reduce grass fires, but more specifically deliberate fires.

2.6 The Ministers adviser made nine recommendations, all of which have been considered.

### 3. FINANCIAL IMPLICATIONS

- 3.1 Members should specifically note that the introduction of the Retained Duty System salary scheme has reduced any seasonal trends the Service may experience.

### 4. EQUALITY RISK ASSESSMENT

- 4.1 There are no equality implications arising directly from this report.

### 5. RECOMMENDATION

- 5.1 It is recommended that:

- 5.2 Members accept the Minister for Public Services Chief Fire & Rescue Adviser's report.

- 5.3 Members note the Adviser's views that the Service coped well with the additional demand.

- 5.4 Members note the closing remarks of the Minister's Adviser's comments *"I have seen much that South Wales can be proud of and whilst they have a desire to become even more efficient, I am confident that they have the skills, attitude and ability to achieve their ambition to create safer communities."*

<b>Contact Officer:</b>	<b>Background Papers:</b>
Huw Jakeway Chief Fire Officer	A review of South Wales Fire and Rescue Service response to a significant number of grass fires in 2015



**APPENDIX 1**

# **A review of South Wales Fire and Rescue Service response to a significant number of grass fires in 2015**

A report commissioned by the Minister for Public Services, conducted by the Chief Fire & Rescue Advisor and Inspector for Wales

**April 2015**

## **Role of the Chief Fire & Rescue Adviser and Inspector for Wales:**

Fire & Rescue Services Act 2004

### Section 28 Inspectors

(1) Her Majesty may by Order in Council appoint inspectors, and the Secretary of State may appoint assistant inspectors and other officers, for the purpose of obtaining information as to—

(a) the manner in which fire and rescue authorities are discharging their functions;

(b) technical matters relating to those functions.

### Declaration of interest:

The current CFRA(W) is also the Independent Chairman of the Arson Prevention Forum (a non profit making advisory body with terms of reference outlined below).

This is a non paid position and no benefit is obtained by the Chairman. The interest is declared at the outset as a number of references are made to this advisory body which provided reports to Government Ministers.

The Strategic Objectives for the Arson Prevention Forum [www.stoparsonuk.org](http://www.stoparsonuk.org) are:

1. To identify the economic cost of arson.
2. To identify statistical trends and manage down the risk of arson.
3. To develop a national strategy to reduce deliberate fires highlighting where specific focus of effort from respective partners will be most effective.
4. To improve outcomes through the criminal justice system from identification, detection and prosecution of offenders.
5. To deliver information to support communities, businesses and organisations through a refreshed website and channels of communication presented by partner organisations.
6. To hold an annual conference to share good practice.
7. Engage effectively with communities to better inform the setting of local priorities.
8. To produce an annual report and consider how and where this is presented.

The latest report from the Arson Prevention Forum is available via the website.

## Introduction

This report has been commissioned by the Minister for Public Services as a result of significant number of incidents in South Wales and the associated public interest. A Ministerial Statement was issued on the 21<sup>st</sup> April 2015.

As a result of several years of wet and mild weather, vegetation has had a chance to grow. With the recent spell of warm weather, this increased vegetation in some areas has dried out which has the effect of increasing the fire loading (the amount of combustible material available to burn). The warm weather, coinciding with the school holidays has provided those intent on fire raising to complete the third aspect needed to create a fire (namely fuel, oxygen and with the introduction of a deliberate ignition source, heat).

## The scale of the problem

South Wales have attended 720 grass fires from the period 1<sup>st</sup> April 2015 to the 21<sup>st</sup> April 2015. Of which, 93% are believed to have been started deliberately. This needs to be set in the context of a significant decline in the number of deliberate fires. For example, over the past 10 years, South Wales Fire and Rescue Service (SWFRS) have seen and contributed to a reduction of deliberate fires by 64%.

Specifically in one of the worst hit areas Rhondda Cynon Taf (RCT), 2069 grass fires were attended in March/April alone in 2003. The current figures for the same period to date in 2015 is 352 grass fires. Nevertheless, there remains significant community, media and political interest in the issue of deliberate fire setting and the associated response by the Fire Service in operational and preventative terms.

Thankfully, only one injury has been sustained to a member of the public who sustained a sprained ankle whilst moving away from a grass fire. Despite the arduous conditions firefighters face through such fires, there are no reported injuries to date.

## Defining arson

At the outset, it is important to determine the difference between arson and deliberate fires as there is some confusion as to the terms. Although measures can be put into place to help combat both, each will sometimes require differing mitigation.

Arson is a crime as defined by the Criminal Damage Act 1971 as the intention to destroy or damage property without lawful excuse by fire or to endanger life by fire.

Deliberate fires are those where a fire is started deliberately (but not

necessarily with malicious intent) e.g. some fires are started inadvertently by children, psychiatric patients and suicide victims. Arson will always be a deliberate fire but not all deliberate fires are arson. The issue of recording deliberate fires as a crime is subject to further discussion later within this report.

### **The Operational Response in South Wales**

SW Fire and Rescue Service have deployed Argo Cat multi terrain vehicles, supported by land rovers and water carriers. They use "water fogging" systems to extinguish fires and the use of water in this way is more efficient than the traditional application of water through standard hoses or hose reel tubing (smaller droplets are provided by the fogging system and this increases the surface area and therefore the cooling effect applied).

However, the more traditional approach using "beaters" to put out fires is still used to support that outlined above. The use of fogging systems, deployed through four wheeled drive vehicles allows fewer firefighters to be allocated to each specific incident than would previously have been the case and is a good example as to how technology is being applied through new operational procedures.

The Minister will wish to be aware that Welsh Government funded four Argo Cat vehicles for South Wales FRS several years ago.

SW FRS has an arrangement with "Airborne Solutions" to mobilise a helicopter fitted with a water bucket which applies water to specific areas of the fire ground by air. This arrangement is tried and tested and facilitated through an agreement with Natural Resources Wales at circa £80k p.a. which NRW fund. In addition, the airborne reconnaissance this arrangement provides, directly assists the tactical advisor and incident commander on the ground who make deployment decisions based on information provided.

SW has a significant number of tactical advisors trained to manage incidents of this type and they are recognised as being one of the leading lights in the field of "wildfire". Indeed, they hosted a national Chief Fire Officers Association conference two years ago to share learning and approaches to prevent and reduce the impact of such fires.

In terms of the impact on SW FRS, clearly any increase in activity will cause a drain on resources. However, SW have in place an arrangement which sees firefighters and officers from one part of the Fire Service deployed to cover another area if the initial crew are deployed at an incident.

This is a standard practice and once which ensures that there

remains an even coverage of uncommitted resources whilst still allowing those committed resources to deal with the incident in hand.

Whilst 50 incidents a day is significant, SW FRS has not had to call on mutual aid from neighbouring FRS, although this remains an option. They have not had to initiate a "spate conditions" policy which requires recall to duty for officers and staff and they also have the ability to call in up to 200 auxiliary firefighters if required.

SW FRS feel that the salary scheme model they have in place for 'on call' Retained Duty System Firefighters, is robust and has directly supported the effective mitigation of the spate of grass fires. This model does have the advantage of 'capping costs' which otherwise would have shown an increase. The traditional model of crewing 'on call' fire appliances on a 'pay as you go' model correlates an increase in demand with an increase in costs.

## Preparedness

There are strong links between the SW FRS and the Local Resilience Forums. Learning from the multi agency response to such fires is captured through these arrangements. The South Wales Community Risk Register outlines how local communities can become more resilient and less reliant of emergency services and others. Given the significant resource impacts for Police, Fire and others as well as the level of public anxiety however, it is recommended that Wildfire is explicitly referenced as a community risk through the SWLRF.

***Recommendation: Wildfire is specifically referenced as a community risk within the SWLRF risk register.***

In addition, the Wales Resilience Forum provides an opportunity to consider the extent of preparedness in advance of a spell of hot weather which may give rise to an increase in grass fires. It is recommended that this mechanism continues to be used to ensure a multi agency approach continues to be adopted, using the long range weather forecast to inform preplanning arrangements.

***Recommendation: Continue to use the LRF and WRF mechanisms to ensure a multi agency approach continues to be adopted in advance of any need for deployment operationally.***

SW FRS, working with the Probation Service has used time made

available by those on the “Community Payback” scheme to create practical ‘firebreaks’ (areas of land that has either been cleared or burned in advance of fires occurring with a view to stop any fires that do start from spreading to property). Creating firebreaks limits the extent of damage in the event that a fire does occur.

SW FRS also works with the Wildlife Trust and National Resources Wales to undertake controlled burning at certain times of the year (before the nesting season). SW FRS also uses this opportunity to create fire breaks and provide valuable training to operational crews at the same time. Again, this limits the extent of damage in the event that a fire does occur.

***Recommendation: The good practice highlighted within the Community Payback and controlled burning examples outlined are shared within Wales to maintain/enhance preparedness and limit fire damage.***

Use of drones as preventative measure has been used previously by South Wales FRS. Indeed, they currently have what is a dated drone in terms of technology (now eight years old) which is not currently being used due to potential barriers on flying restrictions for such devices by the Civil Aviation Authority. Subject to being able to overcome these barriers and associated use of the data collected, the use of highly visible drones, observing ground conditions and potential perpetrators may deter some fire setting.

***Recommendation: The use of drones be further considered as a deterrent as well as a means to support tactical decisions at fires. In order to resolve the potential conflict with CAA regulations, further research and clarification is required.***

## **Psychology and motivation of arsonists**

At the Arson Control Forum on the 20<sup>th</sup> April 2015, the psychology of arsonists was presented by a criminal psychologist. The main reasons for deliberate fire setting/arson related to either i) crime concealment and/or ii) attention seeking/boredom.

A presentation for wider dissemination is being prepared and will be circulated in the very near future. This will inform local intervention strategies as it is important to consider the perspective of the person you are trying to influence before you can effectively determine the most appropriate intervention and associated communication strategy to influence such behaviour.

Whilst there is limited value in trying to change the behaviour of

those who are intent on committing a crime – the criminal justice system comes to the fore in these cases – there are significant opportunities to seek to deter those who are attention seeking/bored. It is this approach which characterises Fire Services intervention initiatives which aim to increase awareness of the impact of arson, not just the increased personal risk to potential offenders, but also to others who may be inadvertently affected by their actions.

Most people are not aware of the speed and impact of fire development. What may start out as 'a bit of fun' can have dangerous consequences. The focus on providing diversionary activities aims to ensure potential offenders use their time more effectively, without putting themselves or communities at risk.

The reasons why young people - a generalisation but it is essentially young people who set deliberate fires - decide to light fires is complex. Motivation for arsonists and the psychological need that is met by setting fire to something has already been outlined but there are also some deep rooted social and cultural issues associated with the fire setting behaviour in South Wales.

Anecdotally, there is a sense of achievement that perpetrators feel when the fire they have set is larger than one that perhaps one of their friends has set. Due to the nature of the valleys in Wales, such fires are often visible for many miles away which can accentuate the scale. Deliberate fire setting of grassland may have been taking place for generations and becomes a social norm within some groups of disaffected young people.

Warm weather conditions drying out vegetation, more time spent outside in the sunshine, time away from school, mixed with boredom or attention seeking by individuals or groups of friends is perhaps the background to the situation we find ourselves in. SW FRS have however, attempted to deal with this through preventative approaches and have had some significant success in doing so as outlined below.

## **Prevention Approaches**

In an attempt to divert negative behaviours away from activity such as deliberate fire setting, SW run "Firefighter for a day" sessions during which they highlight the impact of arson. Street Sport sessions, working with Local Authorities gain access through sport to potential offenders and once trust and attention has been gained by the Fire Service, education and awareness is provided in an attempt to prevent anti social behaviour and arson generally.

SW undertook recently to deliver 18 courses directed towards

preventing offending/diversionary activities in high risk areas. 21 schools were visited with prevention and awareness based talks given to pupils prior to the Easter holidays. Targeted intervention in areas of higher levels of deprivation are undertaken by the Fire Crime Unit, supported by joint work with the Police and PCSOs. The “Crimes and Consequences” message is consistently delivered.

In a recent meeting brokered by the Chief Fire Officer, the Fire Service met with the Director of Education to seek agreement for the Fire Service to deliver the “Crimes and Consequences” message to years 9, 10 and 11 in every school in the Rhondda Cynon Taf area. The Chief Executive and Director of Education have been very supportive and it is recommended that the Minister write to place on record appreciation of their commitment and to encourage this to be facilitated by each school in that area at a local level.

***Recommendation: That the Minister write to express his appreciation to the Chief Executive of Rhondda Cynon Taf for assistance to the Fire Service in delivering presentation to each school in their area and encourage this to be translated into action at the earliest opportunity.***

Officers from the SW Fire Crime Unit have shared their approaches with the Arson Prevention Forum (an independent UK body formed by merging the Government backed Arson Control Forum and the Association of British Insurers Arson Prevention Bureau). Good practice is in the process of being collated and two of the reports recommendations may have particular relevance to this report:

*“Members of the Arson Prevention Forum to submit robust and evaluated examples of good practice to be shared” and “The Arson Prevention Forum to establish a Memorandum of Understanding to provide clarity as to what can be expected by police and fire and rescue services and the processes to be followed to ensure evidence is properly secured at the scene”.*

There is an opportunity, given the significant attention currently focused on arson response and reduction, for South Wales FRS and SW Police to start to develop such a Memorandum of Understanding as this may be able to be shared across the United Kingdom through the offices of the Arson Prevention Forum.

***Recommendation: Robust and evaluated examples of good practice to be shared with the Arson Prevention Forum.***

***Recommendation: A Memorandum of Understanding be***

***established to provide clarity as to what can be expected by both Police and Fire and Rescue Services and the processes to be followed to ensure evidence is properly secured at the scene. Share with the Arson Prevention Forum.***

## **Wider issues**

The reporting of deliberate grass fires as a crime may be underreported. Given that a deliberate grass fire falls into the definition as a “intention to destroy or damage property without lawful excuse by fire or to endanger life by fire”, it is perhaps important that all such fires are reported as crimes as this will ensure appropriate Police attention is given to assist support what is a complex and multi faceted problem.

***Recommendation: Police and Fire Services consider how to accurately and consistently record deliberate fires in order that the scale of the problem be fully appreciated and associated action then directed to areas of greatest need.***

It should be noted that the South Wales Police Service have undertaken media activity with a view to deter potential offenders and this was supported by messages given to the media by the Chief Fire and Rescue Advisor. This is very welcomed as low level arson is not always afforded a high degree of attention.

To date there have been 6 arrests linked to the spike in deliberate grass fires. In addition, the three Chief Fire Officers and four Chief Constables are due to undertake a telephone conference call on the 22<sup>nd</sup> April 2015 to ensure effective working continues.

Media attention has been intense and this has been compounded by the use of social media. Opportunity for specific police investigation has been presented by people making claims on Facebook.

At the same time, offers of support to firefighters for refreshments have been received as well as a donation of £1k to the Firefighters Charity to say thank you for the efforts of Firefighters.

Ironically, the more coverage deliberate fire setting gets in the media, the more likely that those who are seeking attention will use arson as a means to meet that need hence the need to reinforce deter/prevent messages at every opportunity. This is being done.

Learning from operational and preventative approaches is essential and I am aware that an organisational debrief is to take place within South Wales FRS at the conclusions of the current spate of calls.

I would fully support this as whilst there will always be lessons to be

learned from any incident and the need for evaluation of preventative approaches remains a high priority, from what I have seen there is much that the wider profession can learn from South Wales' approach.

***Recommendation: The organisational learning from operational and preventative approaches (including evaluation as to effectiveness) be captured and good practice shared and areas identified for improvement being addressed.***

## Recommendations

1. Wildfire be specifically referenced as a community risk within the SWLRF risk register.
2. Continue to use the LRF and WRF mechanisms to ensure a multi agency approach continues to be adopted in advance of any need for deployment operationally.
3. The good practice highlighted within the Community Payback and controlled burning examples outlined are shared within Wales to maintain/enhance preparedness and limit fire damage.
4. The use of drones be further considered as a deterrent as well as a means to support tactical decisions at the time of fires. In order to resolve the potential conflict with CAA regulations, further research and clarification is required.
5. That the Minister write to express his appreciation to the Chief Executive of Rhondda Cynon Taf for assistance to the Fire Service in delivering presentation to each school in their area and encourage this to be translated into action at the earliest opportunity.
6. Robust and evaluated examples of good practice to be shared with the Arson Prevention Forum.
7. A Memorandum of Understanding be established to provide clarity as to what can be expected by both Police and Fire and Rescue Services and the processes to be followed to ensure evidence is properly secured at the scene. Share with the Arson Prevention Forum.
8. Police and Fire Services consider how to accurately and

consistently record deliberate fires in order that the scale of the problem be fully appreciated and associated action then directed to areas of greatest need.

9. The organisational learning from operational and preventative approaches (including evaluation as to effectiveness) be captured and good practice shared and areas identified for improvement being addressed.

## Conclusions

With a cooler weather front coming through along with children being back at school, it is anticipated that demand will again reduce which can only be a good thing for the Service and the community it exists to serve.

SW believe that they are coping well with the additional demand and I concur with that view. During this review, I have seen much that SW can be proud of and whilst they have a desire to become even more effective, I am confident that they have the skills, attitude and ability to achieve their ambition to create safer communities.

## Annex A

### WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE Grass Fires

DATE 21 April 2015

BY Minister for Public Services

The last few weeks have seen a significant number of grass fires across Wales, especially in South Wales. South Wales Fire and Rescue Service has confirmed that 93% of the fires in its area have been started deliberately. I join the Fire and Rescue Services, the Police and others in condemning those who engage in this dangerous, destructive and criminal behaviour.

I commend the Fire and Rescue Services, and individual firefighters, for their response to these outbreaks. The South Wales Fire and Rescue Service has borne the brunt of these fires, and has introduced specific arrangements to ensure fire cover remains available should a house fire occur whilst firefighters are being used to deal with extensive grassland fires.

We should not be in this position. Starting grass fires is a crime. It puts people in danger – both firefighters and members of the public. This is before we talk about the damage to wildlife, livestock and the environment, and the significant cost to the public purse of dealing with these fires. Each year we see a series of outbreaks which coincide with the Easter school holidays and the onset of better weather.

South Wales Fire and Rescue Service, along with the other two Fire and Rescue Services in Wales, have a full programme of activities aimed at reducing deliberate fire-setting. It is believed that often those responsible are children and young people and so these programmes focus on changing the behaviours of children and young people generally, providing more targeted interventions for those who have offended or are at risk of doing so.

We know that these programmes work. For instance, one focused publicity campaign [BERNIE] led to the incidence of grass fires falling by almost 80% in the five target areas between 2010 and 2014. Reoffending rates from participants in the Fire Service's Phoenix programme – which aims to divert young people from offending behaviour – are typically below 5%. These and other Schemes are funded by the Welsh Government and delivered by the Fire and Rescue Service in conjunction with other partners.

South Wales Fire and Rescue Service has also launched local initiatives. It is currently working with Rhondda Cynon Taf Council to deliver a hard-hitting presentation to all secondary schools in Rhondda Cynon Taf this week setting out very clearly the impact that these fires have, and making sure that young people understand the seriousness of these crimes.

The Service is also co-ordinating links with community groups who have come forward to support the Service – groups such as the Bike Doctor in Porth, Wildfire FOA in RCT, and the Grass Fire and Mountain Fire Prevention Teams in Caerphilly, RCT and elsewhere.

This sort of approach is critical in the longer term. I agree fully with the Deputy Chief Constable of South Wales Police, who has called on communities to make a stand against those who start grass fires. Tackling this menace must mean much more than just fighting fires or prosecuting offenders. It needs robust action at the community level to divert people away from setting fires, and to identify and expose those who do.

The public concern is already clear. There were 170 separate 999 calls about the same small mountain fire near Caerphilly. Others took photos of those trying to start a fire near Clydach Vale, which have been passed to the Police. We need to build on that and ensure that all concerned citizens, groups and organisations are part of a coherent and effective solution.

The Welsh Government also has an important role to play. We need to co-ordinate action across Government, and that of the Fire Service, the Police, schools, Local Authorities and Natural Resources Wales. The First Minister and I will therefore hold a summit next week with key players to discuss this, and to formulate a clear and co-ordinated programme of action.



## REPORT OF THE ASSISTANT CHIEF OFFICER PEOPLE SERVICES

**NATIONAL JOINT COUNCIL FOR BRIGADE MANAGERS OF LOCAL AUTHORITY FIRE & RESCUE SERVICES – JOINT CIRCULAR TO CONFIRM AGREEMENT IN RESPECT OF THE PAY AWARD FOR 2015****SUMMARY**

This report gives details of the National Joint Council for Brigade Managers of Local Authority Fire & Rescue Services joint circular which confirms the agreement reached by the Joint Secretaries in respect of the Pay Award for 2015, and how it relates to South Wales Fire & Rescue Service Principal Officers, and Heads of Service.

**RECOMMENDATIONS**

The Fire & Rescue Authority Members note the National Joint Council for Brigade Managers of Local Authority Fire & Rescue Services joint circular which confirms that agreement has been reached in respect of the pay award for 2015.

The Fire & Rescue Authority Members make a determination in respect of the 2015 NJC Pay Award dated 18 June 2015, in relation to the identified staff.

**1. BACKGROUND**

- 1.1 The National Joint Council for Brigade Managers of Local Authority Fire & Rescue Services have issued a joint circular to confirm they have reached a national agreement in respect of the application of the 2015 pay award.

**2. ISSUES**

- 2.1 Members will be aware that the aforementioned NJC settlement is applied to 5 Directors, the FRA Treasurer and 4 Heads of Service.
- 2.2 On 18 June 2015 the National Joint Council for Brigade Managers of Local Authority Fire & Rescue Services issued a joint circular to confirm the following agreement in respect of the National Pay Award for 2015:
- 2.2.1 The NJC has agreed an increase of 1.0% in Brigade Managers' pay with effect from 1 January 2015. The pay of all Brigade Managers covered by the NJC's agreement should therefore be increased by this amount with effect from that date.

- 2.3 A copy of the originating email is attached at APPENDIX 1.
- 2.4 The NJC circular, (copy attached at APPENDIX 2) identifies the specific terms of the agreement.
- 2.5 Fire & Rescue Authority Members are herewith asked to make a determination in respect of the 2015 NJC Pay Award, dated 18 June 2015, in relation to the staff identified within the Fire & Rescue Authority's Annual Pay Policy.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The 2015 national awards for Principal and Senior Officers is included within the Service's overall salary budget projections.
- 3.2 For Principal and Senior Officers the individual salary costs of the nationally agreed increases for 2015 are:

Chief Fire Officer	£126,002.00	1%	£127,262.02
Deputy Chief Officer,	£95,951.00	1%	£96,910.51
Assistant Chief Fire Officer - Technical	£94,689.00	1%	£95,635.89
Assistant Chief Fire Officer - Operational	£94,689.00	1%	£95,635.89
Assistant Chief Officer - People	£89,954.00	1%	£90,853.54
Treasurer (pro rata)	£21,298.16	1%	£21,511.14
Head of Service - Finance	£49,711.19	1%	£50,208.30
Head of Service - Corporate	£49,711.19	1%	£50,208.30
Head of Service - HR	£49,711.19	1%	£50,208.30
Head of Service - ICT	£49,711.19	1%	£50,208.30

- 3.3 Total salary cost of the NJC pay award for the period 1 January 2015 to 31 December 2015 is £7,214.28.

### 4. RECOMMENDATIONS

- 4.1 The Fire & Rescue Authority Members note the National Joint Council for Brigade Managers of Local Authority Fire & Rescue Services joint circular which confirms that agreement has been reached in respect of the pay award for 2015.

- 4.2 The Fire & Rescue Authority Members make a determination in respect of the 2015 NJC Pay Award dated 18 June 2015, in relation to the identified staff.

<b>Contact Officer:</b>	<b>Background Papers:</b>
ACO Philip Haynes Director of People Services	None



**APPENDIX 1**

From: Jacky Teasell [Jacky.Teasell@local.gov.uk]

Sent: Thu 18/06/2015 16:06

To:  
CC:

Subject: NJC for Brigade Managers Pay Award 2015

Attachments:



Pay Award 2015  
(Brigade Managers).ç

**To: Chair/Portfolio Holders, Chief Fire Officers, Clerks, Directors of HR**  
**cc: National Employers**

Re: NJC for Brigade Managers Pay Award 2015

The NJC has agreed an increase of 1% in brigade manager's pay with effect from 1 January 2015.

The pay of all brigade managers covered by the NJC agreement should be increased by this amount with effect from that date.

Attached is a joint circular which details the revised minimum annual rates of pay for Chief Fire Officers.

Please ensure that this circular is forwarded to all interested parties in your respective authorities, including payroll.

This circular will also be published on the LGA's website in due course -

<http://www.local.gov.uk/web/workforcelibrary/brigade-managers-joint-circulars> - accessible to those who have registered.

Regards

Jacky

Jacky Teasell  
Workforce Adviser  
**Local Government Association**

Direct Line 020 7187 7336  
Switchboard: 020 7187 7373  
Email: [jacky.teasell@local.gov.uk](mailto:jacky.teasell@local.gov.uk)  
5th Floor, Local Government House Smith Square  
London SW1P 3HZ  
[www.local.gov.uk](http://www.local.gov.uk)



The LGA is pleased to announce that it has signed up to Plotr, a Government-supported, employer-led careers website. Plotr builds bridges between the world of education and the world of work. This

complements the recent launch of a new career guide which encourages young people to think about a career in local government. Find out more from: [http://www.local.gov.uk/web/guest/workforce-/journal\\_content/56/10180/7155889/ARTICLE](http://www.local.gov.uk/web/guest/workforce-/journal_content/56/10180/7155889/ARTICLE)

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Visit the Local Government Association website – [www.local.gov.uk](http://www.local.gov.uk)

## APPENDIX 2

Employers' Secretary, Simon Pannell  
Local Government House, Smith Square  
London, SW1P 3HZ  
Telephone 020 7664 3188  
e-mail: firequeries@local.gov.uk  
Staff Side Secretary, Stuart Errington  
9 -11 Pebble Close  
Amington  
Tamworth  
Staffordshire  
B77 4RD  
Telephone 01827 302300

**NATIONAL JOINT COUNCIL  
FOR BRIGADE MANAGERS OF  
LOCAL AUTHORITY  
FIRE AND RESCUE SERVICES**

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**To: Chairs of Fire Authorities  
Chief Fire Officers  
Clerks to Fire Authorities  
Directors of Human Resources  
Members of the National Joint Council**

---

18 June 2015

Dear Sir/Madam

**Pay Award 2015**

1. The NJC has agreed an increase of 1.0% in brigade managers' pay with effect from 1st January 2015. The pay of all brigade managers covered by the NJC's agreement should therefore be increased by this amount with effect from that date. Revised minimum annual rates of pay for chief fire officers are **overleaf**.
2. The minimum salary arrangements for new appointments in population bands 1 and 2 remain as defined in the 2006/2007 pay settlement (issued by circular on 7 December 2006), and will be subject to review in due course.

Yours faithfully,

SIMON PANNELL  
STUART ERRINGTON  
Joint Secretaries

**ANNUAL RATES OF PAY FOR CHIEF FIRE OFFICERS**  
**FROM 1st JANUARY 2015**

<b>Population band 1</b>	Up to 500,000
<b>Minimum rate of pay</b>	£98,788*
<b>Population band 2</b>	500,001 to 1,000,000
<b>Minimum rate of pay</b>	£98,788*
<b>Population band 3</b>	1,000,001 to 1,500,000
<b>Minimum rate of pay</b>	£107,803
<b>Population band 4</b>	1,500,000 and above (except London)
<b>Minimum rate of pay</b>	£118,483
<b>Population band 5</b>	London
<b>Minimum rate of pay</b>	£130,232

\* New appointments in accordance with paragraph 2 above

AGENDA ITEM NO 7

**Reports for Information**



AGENDA ITEM NO 7.i

**Firefighters' Pension Dispute Update on Industrial Action**  
-  
**Verbal**



**FORWARD WORK PROGRAMME FOR  
FIRE & RESCUE AUTHORITY 2015/16**

AGENDA ITEM NO 7.ii

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
Each meeting	Firefighters' Pension Dispute – Update on Industrial Action	To provide Members with a verbal update on industrial action arising from the pension dispute	ACFO TS  Contact Officer: Richie Prendergast	On agenda
Each meeting following the NIC meeting	Update Report on the work of the NIC	To keep Members up to date with the work of the NIC	DCO  Contact Officer: Sally Chapman	
As appropriate when amendments required	Updating Constitutional Documents	To ensure that the constitutional documents of the Authority remain up-to-date and reflecting the requirements and practices of the organisation	DCO  Contact Officer: Sally Chapman	
As and when appropriate	Updates on key issues from Shaping Our Future Programme	To keep Members abreast of key developments and seek authorisations where required	DCO  Contact Officer: Sally Chapman	
13 July 2015	Health & Safety Annual Report 2013/14	To advise Members of Health and Safety performance of the organisation	ACFO TS  Contact Officer: Martin Hole	Completed
13 July 2015	Report on end of year performance on achievement of Improvement Objectives 2014/15	To advise Members of the end of year position in securing the achievement of the Improvement Objectives	DCO  Contact Officer: Steve Rossiter	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
13 July 2015	End of year Performance and Statistics Report 2014/15	To advise Members of end of year performance against agreed targets	DCO  Contact Officer: Steve Rossiter	Completed
13 July 2015	Annual Welsh Language Scheme 2015/16 or Report on the New Welsh Language Standards (if received by this date)	To advise Members on the content of the Annual Welsh Language Scheme or the requirements on the Service under the new Welsh Language Standards if received in time	ACO PS  Contact Officer: Phil Haynes	Completed
13 July 2015	Declaration of Assets Surplus to Requirements	To consider declaring assets surplus to requirements and to agree disposal routes for each asset	DCO  Contact Officer: Nick Corrigan	Completed
13 July 2015	Budget Strategy 2016/17	To obtain clarification upon the political steer for the budget strategy for 2016/17 budget setting process	Treasurer  Contact Officer: Chris Barton	Completed
21 Sept 2015	Draft Improvement Plan 2016/17	To seek Members' approval to the draft Improvement Plan being issued for publication for public consultation	DCO  Contact Officer: Steve Rossiter	On agenda
21 Sept 2015	Statement of Accounts (Revenue and Capital) for 2014/15 budget	To seek Members' approval for publication of the Statement of Accounts	Treasurer  Contact Officer: Geraint Thomas	On agenda
21 Sept 2015	Treasury Management Outturn 2014/15	To advise Members of the year end treasury management position	Treasurer  Contact Officer: Chris Barton &	On agenda

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
			Geraint Thomas	
21 Sept 2015	Fire Cover Review Phase 2 Update report on availability of second appliances at Chepstow, Monmouth & Abergavenny Stations	To follow up on FA recommendations to review availability at these stations	ACFO SD  Contact officer: Andy Thomas	On agenda
14 Dec 2015	WAO Annual Improvement Report	To advise Members of the key issues emanating from the annual report and to provide an opinion on adequacy and effectiveness of the organisation and its potential to improve, its approach to risk management, control and governance processes based on the WAO work undertaken during the year, including data quality & PIs, HR work, a Framework update, whistleblowing and forward planning.	DCO  Contact Officer: Sally Chapman	
14 Dec 2015	Operational Performance	To advise Members of performance against agreed targets, PIs, risks and corporate objectives and trends over a 5 year period	ACFO SD  Contact Officer: Steve Rossiter	
14 Dec 2015	Report on progress of achievement of Improvement Objectives and Strategic Objectives for 2015/16	To keep Members apprised of progress	DCO  Contact Officer: Steve Rossiter	
14 Dec 2015	Estimated Revenue & Capital Budget determination for 2016/17	To consider consultation responses and to set the recommended budget determination for consideration by Fire Authority in December	Treasurer  Contact Officer: Geraint Thomas	

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
14 Dec 2015	Scrutiny of Health & Safety Data	To scrutinise the performance of the Service in comparison to other appropriate FRS's, using suitable comparable data, benchmarking and performance indicators	ACFO TS  Contact Officer: Richie Prendergast	
14 Dec 2015	Treasury Management Mid Term Report 2015/16	To advise Members of the mid year position in relation to our treasury management	Treasurer  Contact Officer: Geraint Thomas	
14 Dec 2015	Independent Remuneration Panel for Wales' Draft Annual Report	To consider the IRPW's draft Annual Report and enable comments to be submitted to the Panel within required timescales	DCO  Contact Officer: Sally Chapman	
14 Dec 2015	Welsh Language Update Report	To provide Members with an update on the demand for provision of services in Welsh, including correspondence, enquiries and contact, and the cost of provision.	ACO PS  Contact Officer: Phil Haynes	
8 Feb 2016	KPI Target Setting 2016/17	To set the targets for the following financial year	ACFO SD  Contact Officer: Steve Rossiter	
8 Feb 2016	Report on Responses to the consultation of the draft Improvement Plan and Improvement Objectives 2016/17	To advise Members of consultation responses and seek approval for a final version of the Improvement Plan	DCO  Contact Officer: Steve Rossiter	

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
8 Feb 2016	Pay Policy Statement 2016/17	To consider the Authority's Pay Policy Statement in compliance with the Localism Act 2011 and associated guidance	ACO PS Contact Officer: Phil Haynes	
14 March 2016	Annual Report of the work of the Finance, Audit & Performance Management Committee & its working group during 2015/16	To advise Members of the work of the committee	DCO Contact Officer: Sally Chapman	
14 March 2016	Annual Report of the work of the HR & Equalities Committee during 2015/16	To advise Members of the work of the committee	ACO PS Contact Officer: Phil Haynes	
14 March 2016	Treasury Management Strategy 2016/17	To secure Members' approval to the adoption of the Treasury Management Strategy 2016/17	Treasurer Contact Officer: Geraint Thomas	

Huw Jakeway – CFO  
Sally Chapman – DCO  
Phil Haynes – ACO People Services  
Andrew Thomas – ACFO Service Delivery  
Richie Prendergast – ACFO Technical Services

Chris Barton – Treasurer  
Geraint Thomas – Head of Finance & Procurement  
Mark Malson – Head of Human Resources  
Dewi Rose – Head of Operations  
Calvin Powell – Head of Business Support  
Steve Rossiter – Head of Service Performance & Communications



AGENDA ITEM NO 8

**Reports for Decision**



**SOUTH WALES FIRE & RESCUE AUTHORITY**AGENDA ITEM NO 8.i  
21 SEPTEMBER 2015

## REPORT OF THE DEPUTY CHIEF OFFICER

**CONSULTATION ON THE DRAFT NATIONAL FRAMEWORK 2016 ONWARDS****SUMMARY**

This report draws to Members' attention the consultation exercise taking place on the Draft National Framework 2016 and the presentation that will take place will invite Members to comment on the specific questions raised in the consultation process.

**It is recommended that Members read and form an opinion on the draft framework (attached at Appendix 1) prior to the meeting.**

**RECOMMENDATION**

That Members provide their views and opinions on the draft National Framework 2016 at the meeting.

**1. BACKGROUND**

1.1 Under section 21 of the Fire & Rescue Service Act 2004 ("the 2004 Act"), the Welsh Ministers must prepare and consult on a Fire & Rescue National Framework setting out priorities and objectives for Fire & Rescue Authorities (FRAs). FRAs must have regard to the Framework in carrying out their functions (Section 21(7)).

**2. ISSUE**

2.1 The draft Framework sets out the Welsh Government's vision, priorities and objectives for the FRAs in Wales.

2.2 The National Framework was last reviewed and reissued in 2012. This new iteration of the Framework focuses on the changing context in which the FRAs operate and the challenges they face, the three main aspects of which are:

- an aging population and the implications of this for the risk of fire;
- a continued shift in emphasis from responsive services (firefighting) to preventative services (fire safety and fire prevention); and
- severe medium to long term pressure on public finances.

2.3 Meeting these challenges calls for clear and coherent leadership and action for the FRAs, by the Welsh Government and partner agencies. This framework sets out what that should entail.

2.4 The Framework specifies the following key objectives for Fire & Rescue Services:

- Continually and sustainably reducing risk and enhancing the safety of citizens and communities;
- Responding swiftly and effectively to incidents;
- Being clearly and publicly accountable for delivery and funding, manifesting the highest standards of governance;
- Maintaining downward pressure on costs and taking all opportunities to realise efficiencies;
- Working effectively with partners to improve efficiency and citizen and community well-being;
- Valuing and developing the workforce to the highest standards.

2.5 Welsh Government invites consultees' views and any evidence relating to all aspects of this statutory consultation by 8 October 2015. In particular comments are welcomed on the specific questions which will be presented and discussed at the meeting.

### **3. FINANCIAL IMPLICATIONS**

3.1 There are no financial implications arising directly from this report.

### **4. EQUALITY RISK ASSESSMENT**

4.1 There are no equality implications arising directly from this report.

### **5. RECOMMENDATION**

5.1 That Members provide their views and opinions on the draft National Framework 2016 at the meeting.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Calvin Powell Head of Business Support	

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## INTRODUCTION

### Powers

Under section 21 of the Fire and Rescue Services Act 2004 (“the 2004 Act”) the Welsh Ministers must prepare a Fire and Rescue National Framework.

The section provides that the Framework—

- (a) must set out priorities and objectives for Fire and Rescue Authorities (FRAs) in connection with the discharge of their functions;
- (b) may contain guidance to FRAs in connection with the discharge of any of their functions;
- (c) may contain any other matter relating to FRAs or their functions that the Welsh Ministers consider appropriate.

In preparing the Framework the Welsh Ministers are required to consult FRAs, persons representing employees of FRAs and any other persons they consider appropriate. This requirement has been discharged by undertaking a full public consultation prior to the publication of this document.

In this Framework the term ‘FRAs’ refers to the three statutory bodies responsible for providing fire and rescue services in Wales, i.e. the North Wales Fire and Rescue Authority, the Mid and West Wales Fire and Rescue Authority and the South Wales Fire and Rescue Authority.

## VISION AND KEY PRIORITIES

The Fire and Rescue National Framework sets out the Welsh Government's vision and priorities for FRAs in Wales. It describes what the Welsh Government expects of the FRAs and creates the foundation on which to build and promote improvement, efficiency and innovation.

FRAs have a critical and highly-valued role in making and keeping people safe. Their capability and expertise has contributed to a significant and sustained reduction in both the incidence of fires in Wales and their severity in terms of deaths and injuries. But that same success has meant the role of the Service is changing. Its capacity can be, and increasingly is, diverted to deal with other incidents, and to improve fire safety and fire prevention. It is no longer appropriate to see the Service as simply a means of responding to and fighting fires when they arise, although that is, of course, still essential. The overriding aim of FRAs should be broader than that. It should be:

**To keep people, communities, businesses and the environment in Wales safe from fires and other hazards as effectively and efficiently as possible.**

This Framework expands on this overriding aim and sets out how FRAs should pursue it. Doing so will entail a process of change in what FRAs do and how they do it. To a certain extent that process is already under way, led by the FRAs themselves. While the Welsh Government welcomes that, we believe the direction of travel needs to be more clearly structured and articulated at an all-Wales level. The Framework fulfils that need.

### The changing context of fire and rescue services

A need for organisations to change is often interpreted solely as a criticism of how they have operated in the past. That is not the case here. The contribution which FRAs have made to improving safety is clear. This Framework does not advocate change as a response to under-performance, mismanagement or inefficiency. Rather, it does so because the context in which FRAs operate and the challenges they face are themselves changing.

There are three main aspects of that:

- **A continued shift in emphasis from response to prevention.** As noted above, there has been a long-term decline in the incidence of fire. This both reflects FRAs' work in promoting fire safety, and frees up further firefighting resources to be diverted to such work. This is a significant achievement. It improves both the safety of people and communities and the efficiency of the Service: it is far more cost-effective to prevent a fire than to fight one. However, sustaining that shift will mean changes in responsibilities, capabilities, structures, skills and cultures – and how these are managed, monitored and improved;

- **Austerity.** While FRAs are in the unique position of determining their own budgets, they need to do so in a context of severe medium to long-term pressure on public finances. That in turn calls for sustained maximum effort in identifying and realising efficiencies, in maintaining high standards of governance, and in accounting transparently for delivery. It also reinforces the need to reduce costs by preventing, rather than responding to fires;
- **An aging population.** The population of Wales is growing older, with particularly marked increases in the number of people who are aged over 80. At the same time, there is a sustained shift from residential to home-based care for this group. These trends will tend to increase the number of people who are at severe risk of fire, and disperse those risks more widely across the community. That increases both the need to focus on prevention and to collaborate with other agencies in doing so.

These challenges are clearly interlinked. Both austerity and aging call for a greater focus on prevention, which improves the safety of vulnerable people and reduces the need to provide costly responsive fire and rescue services. Meeting these challenges calls for clear and coherent leadership and action by the FRAs, by the Welsh Government and by partner agencies. This Framework sets out what that should entail. In particular, it specifies the following key objectives for FRAs:

- **Continually and sustainably reducing risk and enhancing the safety of citizens and communities** (chapter 1);
- **Responding swiftly and effectively to incidents** (chapter 2);
- **Being clearly and publicly accountable for delivery and funding, manifesting the highest standards of governance** (chapter 3);
- **Maintaining downward pressure on costs and taking all opportunities to realise efficiencies** (chapter 4);
- **Working effectively with partners to improve efficiency and citizen and community well-being** (chapter 5);
- **Valuing and developing the workforce to the highest standards** (chapter 6).

### **The Well-being of Future Generations (Wales) Act 2015**

The National Assembly for Wales passed the Well-being of Future Generations (Wales) Act in March 2015. It specifies seven well-being goals, requires most devolved public bodies to set objectives for meeting those goals, and to pursue those objectives in accordance with the sustainable development principle.

The Welsh Government will issue separate and more specific guidance to FRAs and others on the Act and how to comply with it. However, this Framework has been designed so that following it will support compliance with the Act. For instance, reducing the risk and incidence of fire will contribute directly to the goals of *A Healthier Wales* and *A Wales of Cohesive Communities*; action to minimise the risk and incidence of fire in respect of the natural environment and heritage assets will likewise contribute to the goals of *A resilient Wales* and *A Wales of vibrant culture and thriving Welsh language*.

Equally, the approaches which this guidance sets out are designed to be wholly consistent with the sustainable development principle. The shift from responsive to preventative services is at the heart of that: it squarely supports the 'long term' and 'prevention' aspects of that principle. Other elements of this Framework also support the 'integration', 'collaboration' and 'involvement' aspects.

### **Status of this Framework**

This Framework is prepared by the Welsh Ministers under section 21 of the Fire and Rescue Services Act 2004, and brought into effect by the Fire and Rescue Services (National Framework) (Wales) Order 2015. FRAs must, under section 21(7) of the Act, therefore have regard to it in exercising their functions. That applies to the whole Framework, but for ease of reference, the key priorities of the Framework have been summarised throughout in a 'box' in bold font against a pale red background, as on page 5 above. These will also be used as the basis for the Welsh Government's monitoring and reporting of progress against the Framework, as required by section 25 of the Act, and as described further in the final chapter.

The Framework refers to several activities of an FRA where there is no specific statutory authority for those activities – for example, provision of programmes relating to driver education and anti-social behaviour.–It is incumbent on an FRA, before embarking on activities which do not clearly fall within the FRA's specific statutory functions, to seek their own legal advice. That is an important feature of good governance.

This document also sets out how the Welsh Government will contribute to these overall aims and support FRAs to do so, through clear commitments and statements of intent. However, the statutory purpose of the Framework is to give guidance to FRAs; so such commitments are, strictly, non-statutory.

## **CHAPTER 1: CONTINUALLY AND SUSTAINABLY REDUCING RISK AND ENHANCING THE SAFETY OF CITIZENS AND COMMUNITIES**

- 1.1. Promoting fire safety is a core statutory function for FRAs. Section 6 of the Fire and Rescue Services Act 2004 requires FRAs to make provision for the purpose of promoting fire safety in its area (including providing advice, information, publicity and encouragement to prevent fires and death or injury from fires and to reduce losses).
- 1.2. The long-term decline in the incidence of fire reflects FRAs' work in preventing fires, improving fire safety and tackling fire-related crime. Social trends such as reduced rates of smoking, especially indoors; the use of non-flammable building and furnishing materials; and fitting sprinklers to new domestic premises have also contributed.
- 1.3. This reduction in the incidence of fire has allowed FRAs to shift the emphasis of their work from response to prevention even further. While this reduction is a major success, it now needs to be sustained and embedded, in a context where resources are scarce and where the number of people at serious risk of fire may well increase significantly. Doing so is among the key challenges facing FRAs.
- 1.4. The Welsh Government has provided financial support for some such activities through its Community Fire Safety grant. Whether and to what extent that continues is beyond the scope of this Framework. In any event though, prevention is clearly not an optional extra to be delivered if external support allows. It is and must remain at the heart of the Service's work; and FRAs should support it accordingly.

### **Identifying risk and targeting interventions**

- 1.5. Risks of fire vary considerably across the areas and communities which FRAs serve. For instance, people at greatest risk of accidental fire may include those who are frail, who have a disability, who smoke, who live alone, or who have substance misuse problems. This means that those who are at greatest risk can also be subject to deprivation; and may be particularly ill-placed to deal with the aftermath of a fire. Reducing those risks may make a significant contribution to tackling poverty in our more deprived communities.
- 1.6. Some of these risks will invariably increase as our population gets older. Furthermore, the greater emphasis on supporting older people to remain in their own homes may increase the risk still further.
- 1.7. Evidence demonstrates that most fire deaths and injuries are preventable. Research indicates the risk of dying or being injured in a property without a smoke alarm is significantly greater than in a property with a smoke alarm. The fitting of smoke alarms in both private and rented properties is therefore critical. Having working smoke alarms in all rented homes in Wales has clear potential to prevent death and injury to tenants, and damage to their property and that of landlords. The Welsh Government will therefore consider including the installation and maintenance

of Smoke Alarms as a legal requirement on landlords.

- 1.8. FRAs therefore need to prioritise their home safety activity on the most vulnerable parts of the population, where they will have the greatest benefit. To do so, they need to identify those most at risk consistently and effectively. That in turn will depend on effective sharing of data and intelligence with other public and third-sector agencies which provide services to such groups. This will help ensure delivery of more efficient, valuable and effective services to keep our citizens safe.
- 1.9. A similar approach is also needed in respect of deliberate fire-setting and fire-related crime. The FRAs' work with young people to reduce deliberately-set fires and anti-social behaviour is already well established. Targeting those who have offended, or are known to be at risk of offending, has achieved some significant successes. Again, this work relies heavily on collaboration with other agencies, such as the police, youth justice teams and social services departments. The Welsh Government will integrate its support for this work in ways which foster a collaborative approach.
- 1.10. FRAs have also developed programmes to improve road safety and minimise the risk of road traffic collisions. While FRAs are under no duty to do so, the Welsh Government welcomes such initiatives on the same basis as fire safety programmes: they can both keep people safe and reduce the need to provide responsive services. FRAs should continue to provide such programmes where they prove to be effective.

### **Business Fire Safety**

- 1.11. FRAs have clearly defined roles in relation to fire safety enforcement as set out in the Regulatory Reform (Fire Safety) Order 2005. FRAs should continue to focus their efforts on higher risk non domestic premises, providing fire safety advice and support to businesses and, where necessary, using their regulatory powers to continue to drive down the risk of fires.
- 1.12. Fires in non domestic properties can have a devastating effect on local communities and a continued effort to reduce the number of fires at business premises will clearly have a positive impact, protecting local employment, and strengthening local commerce.

### **Primary Authority for Fire Safety**

- 1.13. Since 2014 FRAs have been able to enter into Primary Authority partnerships with businesses, charities or other organisations which operate across more than one Local Authority fire enforcement area - becoming the single point of contact for fire safety regulation advice.
- 1.14. The aim of the Primary Authority Partnership Scheme is to enable FRAs to develop effective partnerships with businesses that achieve a consistency for delivering fire safety enforcement advice and creating a more efficient and effective approach to fire safety enforcement.

- 1.15. Since the scope of Primary Authority was extended to cover fire safety regulation advice, its benefits elsewhere in the UK have been significant. FRAs in Wales should actively explore Primary Authority partnerships where it is feasible to do so, ensuring efficient arrangements are in place for providing fire safety regulation advice and enforcement.

### **Designing and evaluating programmes**

- 1.16. A wide range of fire prevention and fire safety programmes already exist, some of which have operated for many years. While some of these are demonstrably successful, FRAs should seek always to ensure that their programmes make the greatest possible contribution to reducing risk. They should avoid continuing programmes and interventions which cannot be shown to make a positive contribution.
- 1.17. Prevention programmes should be tailored to address the greatest risks, and to the circumstances of the individuals and communities concerned. A bespoke and intensive intervention in the home of someone at very high risk of fire may ultimately have greater impact than a more widespread and low-level approach. Equally, programmes which aim to reduce fire-related crime should be based on an understanding of what motivates young people in particular, to set fires deliberately. FRAs should identify programmes which will maximise the improvement to fire safety, are designed to change people's behaviour and perception of fire and offer the best value for money. Programmes should be regularly reviewed and effectively targeted, based on intelligence and robust qualitative and quantitative evaluations.
- 1.18. Doing so is often difficult. It can be impossible to accurately quantify the impact of interventions which seek to prevent fires and reduce risks, as one cannot measure, or understand the causes of, events which did not occur. Instead, evaluation will often need to be based on robust qualitative assessments of levels of risk, and of the extent to which people change their behaviour to make themselves safer, and/or feel safer.

### **Engaging people and communities**

- 1.19. This last point is crucial. Reducing the risk of fire often entails influencing people to act in safer ways, rather than simply putting in place technical fire safety measures. Doing so means effective engagement with individuals, families and communities to convey the dangers of fire and how to mitigate them; and building awareness and support within communities to tackle risks of fire directly. It also means that those delivering prevention programmes need to have the necessary "softer" influencing skills to effect behaviour change. FRAs should work to ensure that their staff are supported and developed to do so. They should also ensure that staff are fairly rewarded for work in this area.

### **Diversifying programmes**

- 1.20. At present, FRAs' safety and prevention programmes focus on reducing fires and road traffic collisions. This Framework does not formally seek to extend that remit. However, there is a credible case for building on FRAs' domestic fire safety

work in particular to embrace other hazards people may face in their own homes. For instance, Welsh Ambulance Service NHS Trust website states elderly fallers account for 10% of all 999 calls to the Welsh Ambulance Service<sup>1</sup>. Many of these could be prevented by providing simple advice and basic modifications. Equally, FRAs could also provide advice on flood mitigation measures to those who live in homes at risk. While this would go beyond FRAs' statutory duties as they stand, the Welsh Government supports the case for change in principle, and will look to develop a trial of this wider approach, in agreement with FRAs.

### **Collaboration and prevention**

- 1.21. All relevant fire safety programmes should be delivered in collaboration with other public bodies and third-sector organisations which also have a role in keeping people safe. This could include the Police Services, Ambulance Service, Local Health Boards, Local Authorities and Third Sector organisations. Collaboration should include working collectively and sharing information and intelligence about risks and how to mitigate them.
- 1.22. Local Authorities have the legal responsibility to provide road safety education and FRAs should actively seek to collaborate with Local Authorities, Police and the Welsh Ambulance Service to contribute to the delivery of the multi-agency road safety agenda. Working in isolation on this area will not have the same impact as a multi-agency approach whereby each agency can in many cases offer real life experiences and hard hitting messages with a view to educating and informing high risk individuals and changing mind sets.
- 1.23. FRAs' success in reducing offending rates among participants in its programmes is undoubted. However, maximising the impact on fire-related crime requires a broader range of participation at a community level and beyond. Both preventing and responding to grassland fires requires a partnership approach. Strengthening partnership working as well as community engagement will make for safer and stronger communities. Educational school visits by the FRAs, as part of the school curriculum, ensure our young people are influenced with the right messages early on. Further opportunities of promoting these messages through the education system should be explored. FRAs should work with partners and put in place joint strategic communication plans to reduce the incidence and severity of deliberate fires, including provision of clear and consistent public messages.

#### **FRAs should therefore:**

- **Sustainably embed safety and prevention programmes into their core activities, and support such programmes accordingly;**
- **Identify those most at risk of fire and of fire-related offending, in collaboration with other partners;**

<sup>1</sup> <http://www.ambulance.wales.nhs.uk/Default.aspx?pageId=205&lan=en>

- **Identify those most at risk of experiencing a road traffic collision, in collaboration with other partners;**
- **Promote business fire safety in ways which minimise risk both to employees and to profitability. This includes entering into Primary Authority partnerships where appropriate.**
- **Design and deliver programmes which consistently and effectively address these risks, including in particular changing people's behaviour and perception towards fires, and building community engagement to that end;**
- **Ensure the workforce is able to develop and maintain the engagement and influencing skills needed to promote fire safety and change behaviour effectively, especially as regards more vulnerable people;**
- **Evaluate their programmes robustly, using relevant quantitative and qualitative evidence, including evidence about perceptions and behaviours, and act on the results.**

**To support this, the Welsh Government will:**

- **Identify and pursue opportunities to legislate in the interests of fire safety, for instance by requiring the installation of smoke alarms in privately-rented dwellings and in social housing;**
- **Promote collaboration between FRAs and other agencies in the interests of improving safety;**
- **In particular, promote the sharing of data between public bodies about people and communities at risk, and aim to resolve any difficulties and obstacles to this;**
- **Initiate a trial programme of engaging the FRAs to address other domestic hazards, with a view to reducing emergency admissions to hospital;**
- **Fund this and other innovative approaches to fire safety, subject to budgetary constraints;**
- **Support proposed primary authority partnerships, in discussion with the Better Regulation Delivery Office.**

## CHAPTER 2: RESPONDING SWIFTLY AND EFFECTIVELY TO INCIDENTS

**Providing a swift and effective emergency response to fires and other incidents remains unavoidably at the heart of the Fire Service's purpose. However successful fire safety and fire prevention is, that will remain the case.**

- 2.1. The Fire and Rescue Services Act 2004 requires FRAs to make provision for responding to fires, road traffic collisions and other emergencies as conferred by order by Welsh Ministers. The Fire and Rescue Services (Emergencies)(Wales) Order 2007 requires FRAs to provide services for removing chemical, biological or radioactive contaminants from people in the event of an emergency and rescuing people from collapsed buildings, trains, trams or aircraft. The Civil Contingencies Act 2004 also places requirements on FRAs as Category 1 responders.
- 2.2. FRAs also respond to other emergency incidents, such as flooding, on a non statutory basis; in some areas they also provide an emergency medical response.

### **Assessing and responding to changing risk**

- 2.3. There has been a consistent reduction in emergency attendances to fires in the last 10-15 years. Chapter 1 highlights the need to focus on community safety prevention programmes and interventions, to maintain this trend. As the margins for further improvement become tighter and risk increases as a result of, for instance, an aging population, maintaining this reduction will require a sustained shift in balance from response to prevention. Whilst this is the case, responding to incidents, along with prevention, will continue to be the cornerstone of the FRAs role in keeping citizens and communities safe. Prevention will never eliminate the need for effective response to incidents.
- 2.4. FRAs should ensure that their community risk assessments reflect this shift in focus, while maintaining capability to provide an effective response to a range of emergencies. FRAs need to clearly articulate the changing risk to communities, the resulting changing role of their fire and rescue service, and the resultant response that individuals can expect to receive, both in terms of fire emergencies, wider emergency response and prevention support. FRAs will need to report to the public how well they have delivered against these plans for effective response. This can be done through improvement planning reporting mechanisms.
- 2.5. Both public and firefighter safety must be the key priority. Within this, however, FRAs should explore where falling attendances at fires have created capacity; and all opportunities for maximising redeployment opportunities and expanding the roles of operational firefighters should be considered. This could and should include the wider forms of safety work described in the previous chapter.
- 2.6. Firefighter resources are clearly key to any effective response, and FRAs should ensure that crewing systems for firefighters reflect local risk profiles. While the detail of this is rightly for FRAs to manage, there is a clear need to balance the efficiency of the Service with the capability to provide an effective and swift emergency response. Sharing operational resources across geographical boundaries can also contribute to this.

**FRA's should :**

- **Continue to provide a swift and effective response to all relevant incidents in all parts of their areas, at all times;**
- **Ensure that communities are aware of the response they can expect to receive and the performance of FRAs in achieving this;**
- **Ensure that crewing systems for firefighters are reflective of local risk profiles, and that they maximise the efficient use of resources;**
- **Share resources, and in particular specialised skills and assets, across boundaries.**

**Safe and effective responses**

- 2.7. The need to ensure operational command, procedures, guidance and training are appropriate and effective is key to maintaining safe systems of work.
- 2.8. All emergency response arrangements should be managed in accordance with standard operating procedures which are authorised by each FRA. In developing local standard operating procedures, FRAs should ensure that the new national operational guidance is considered and implemented in ways which fit local arrangements and priorities.
- 2.9. Maintaining firefighter and public safety calls for learning from serious incidents to minimise the risk of recurrence. FRAs should ensure they have systems in place to ensure lessons from incidents within and outside Wales are identified, considered in the context of their own practices and procedures, and necessary changes are implemented where it is considered appropriate to do so.
- 2.10. There will be incidents and events which require a systematic approach to investigation. Incidents of a serious nature which involve death or serious injury may be subject to investigation by Coroners, the Police or the Health and Safety Executive. However, such investigations are often rightly limited only to the immediate facts of each case and any organisational or individual culpability. The Chief Fire and Rescue Advisor will, in conjunction with the FRAs and other investigatory bodies, develop a protocol for independent, objective and learning-focused investigation of serious incidents, and clear dissemination of lessons learned.
- 2.11. Advances in technology mean that new and innovative solutions are being developed which greatly improve fire fighting and rescue operations. FRAs should continually explore, and where feasible, introduce new technology where doing so improves fire fighter safety and/or provides greater value than conventional methods.

- 2.12. For instance, the Emergency Services Network (ESN) will feature voice and data services on a 4G network and will replace the operational communication services currently supplied by Airwave Solutions Ltd and other commercial providers. ESN will be more cost-effective (cheaper), operationally-efficient (better) and demand-led (smarter) service. The FRAs, working collaboratively with the Joint Emergencies Services Group, will assess the strategic, operational and technical implications of ESN and evaluate ways in which transition to the new system can be collaborative and efficient. The Welsh Government is working with the UK Government to establish the extent of transitional support which may be made available to support FRAs.

**FRAs should therefore :**

- **consider and implement the new national operational guidance;**
- **ensure lessons from incidents within and outside Wales are identified and where appropriate implement changes to practices and procedures locally and/or across Wales;**
- **explore and introduce new technology to support improved efficiency and effectiveness.**

**Non-mandatory functions**

- 2.13. This chapter covers FRAs' current response activity, some of which are discretionary activities which they are not required to deliver by law. These include water rescue and responding to flooding incidents, to which all FRAs respond despite the absence of any legal duty to do so. However, the long-term effects of climate change may increase the incidence of severe flooding. This creates a sound case for formalising the basis on which flood response is provided, and co-ordinating the work of all relevant agencies.
- 2.14. In some parts of Wales, FRA staff provide some forms of emergency medical response and/or support the Welsh Ambulance Service NHS Trust (WAST) to do so. This has demonstrated the potential to provide a better service to patients and to relieve burdens on WAST. As noted in Chapter 1, there is also a case for FRAs' safety work diversifying into these areas by helping to prevent domestic accidents other than fires.
- 2.15. The Welsh Government will therefore consider extending the statutory functions of FRAs to cover specifically such matters as flooding and medical response. Any such decision would follow full consultation with FRAs, firefighters' unions and other interested parties.

**To support this, the Welsh Government will :-**

- **Maintain dialogue with firefighters' representatives regarding diversifying the role of firefighters;**

- **Support national arrangements for the development of operational guidance;**
- **Support the development and delivery of the Serious Incident Protocol;**
- **Support the development of a single mobile communications system for the emergency services;**
- **Consider extending the statutory functions of FRAs to cover such matters as flooding and medical response.**

## CHAPTER 3: BEING CLEARLY AND PUBLICLY ACCOUNTABLE FOR DELIVERY AND FUNDING, MANIFESTING IN THE HIGHEST STANDARDS OF GOVERNANCE

In January 2014, the Commission on Public Service Governance and Delivery (the “Williams Commission”) published its final report. While it complimented the level of performance in the Fire and Rescue Service, it also noted the pressing need across the public sector for clear and robust accountability mechanisms to drive improvement.

- 3.1. This need applies equally to FRAs, but it may not be straightforward to implement. Unlike most public bodies, FRAs are neither directly elected nor formally accountable to the Welsh Government or the National Assembly for Wales. That means FRAs need to establish and sustain accountability mechanisms themselves.

### Public accountability

- 3.2. To be as accountable as possible to the public FRAs will need to ensure communities understand the risks in their area, what the FRAs are responsible for delivering individually and through partnership arrangements, and how they plan to do this. FRAs should give citizens the opportunity to contribute to these plans in an informed way. This means citizens need to understand the objectives their FRA is pursuing, the success it has had in achieving these objectives, and the scope for (and constraints on) further progress. This can be done via the mechanisms in the Local Government (Wales) Measure 2009.

#### **FRAs should therefore clearly communicate to local citizens and communities:**

- **The scope of their work** (eg firefighting, fire safety, fire crime prevention, road traffic collisions and responding to other incidents) **and the relative volume and cost of each;**
- **Their objectives, the progress they have made in delivering them, and any constraints on further progress.**

### Medium to Long Term Planning

- 3.3. The Framework sets out a vision of change for FRAs to meet new and developing financial and societal challenges. FRAs’ reform agendas will need to be developed and delivered on an incremental basis. However it is important that FRAs have a clear long term vision which will be achieved by these incremental steps. Citizen input into this long term vision and its delivery through annual improvement plans is crucial. FRAs will need to ensure that fair and balanced proposals and options are presented as part of their consultation and engagement with communities, in a form which members of the public can understand.

#### **FRAs should therefore undertake effective medium to long term planning which takes account of :-**

- **the key messages set out in this Framework;**
- **the changing risk profiles of communities;**
- **continued financial challenges;**
- **delivery of wider community plans;**
- **the role for FRAs in delivering wider services to communities; and**
- **the views of citizens and communities based on fair and balanced consultation and engagement.**

### **Links to Improvement Planning**

- 3.4. FRAs are currently required, under the Local Government (Wales) Measure 2009, to set annual improvement objectives based on sound evidence, and to report on their performance annually.
- 3.5. The Welsh Government issued revised Improvement Planning Guidance in [July] 2015. This Guidance clearly articulates the relationship between the National Framework, FRAs' strategic planning and their improvement obligations. This Framework establishes priorities for FRAs to which they must have regard in the development of their medium to long term planning, as required by section 4(3)(c) of the 2009 Measure. Annual improvement planning arrangements should be grounded in developing improvement objectives which support the longer-term strategic vision of FRAs.
- 3.6. Honest and objective self assessment, and FRAs' willingness to share performance information openly, will add integrity to FRAs' proposals for the future, and a stronger sense of public understanding and ownership. This approach should be supported by clear reference to findings from peer assessments which raise appropriately strategic issues, and any reports produced by the Chief Fire and Rescue Adviser. This will add credibility by providing a level of impartiality and independence.
- 3.7. The Chief Fire and Rescue Adviser will review available data and information on FRAs and undertake specific reviews which s/he and Welsh Ministers deem are required.

### **FRAs should therefore:**

- **ensure there are clear and transparent links between this Framework, FRAs longer term planning and improvement objectives;**
- **ensure arrangements are in place to undertake peer assessment (both of corporate and operational functions);**

- **provide open and honest reporting on their performance. This includes reporting on appropriate findings of peer assessments and Chief Fire and Rescue Adviser reports.**

### **FRA Members**

- 3.8. Members of an FRA are ultimately and collectively responsible and accountable for all the decisions that it makes, and for its performance. In practice, of course, many such decisions are made by officers, who provide and seek to improve services. Nonetheless, FRA members have critical roles to play in terms of leadership and challenge. They also naturally bring an understanding of the needs and concerns of local people and communities.
- 3.9. Unlike in local government, there is no formal separation between executive and scrutiny functions within an FRA: all decisions are formally taken in the name of the Authority as a corporate entity. However, the roles of setting strategic direction, and reviewing and challenging levels of performance, are equally vital. They are also distinctive and demand different skills and approaches. FRAs have sought to accommodate this by creating separate scrutiny committees or similar, albeit there can be no formal distinction as there is in local government. Members need to be equipped to carry out both roles consistently and effectively.

#### **FRAs should therefore:-**

- **Establish and maintain internal structures which clearly separate members' leadership and scrutiny roles;**
- **Support members effectively in those roles, including through training or other development opportunities.**

### **Role of Local Authorities**

- 3.10. FRAs are funded by requiring Local Authorities to pay contributions towards their full net expenses (as set out in each Fire and Rescue Services Combination Orders). Their functions are closely connected with several services which Local Authorities provide, such as housing, social services and education. It is therefore important that an FRA's constituent authorities fully understand the FRA's objectives and performance; and have the opportunity to scrutinise them.

#### **FRAs should therefore:**

- **Forward their Improvement Plans to the scrutiny committees of their constituent Local Authorities for consideration;**
- **Give formal evidence about those plans if requested to do so by such committees;**

- **Contribute to other scrutiny committee inquiries as requested.**

### **Future of FRA governance**

- 3.11. The Commission for Public Service Governance and Delivery also made recommendations which would fundamentally change the structure and governance arrangements of FRAs. Those are outside the scope of this Framework, which deals only with FRAs as constituted under the Fire and Rescue Services Act 2004. Any proposed changes in this area will be the subject of a full and separate Welsh Government consultation.
- 3.12. Likewise, the Welsh Government has proposed repealing Part 1 of the Local Government (Wales) Measure 2009 in respect of Local Authorities as part of its wider programme of local government reform. If this repeal proceeds, the Welsh Government will consult fully on an appropriate corporate planning and performance management mechanism for FRAs.

### **The Welsh Government will :-**

- **Invite the Chief Fire and Rescue Adviser to review available data and information on FRAs, and undertake specific reviews which Welsh Ministers deem are required;**
- **Consult fully on any possible changes to the governance of FRAs, and on the consequences of any repeal of Part 1 of the Local Government (Wales) Measure 2009.**

## CHAPTER 4: MAINTAINING DOWNWARD PRESSURE ON COSTS AND TAKING ALL OPPORTUNITIES TO REALISE EFFICIENCIES

**The severe pressure on public finances will continue to affect all public sector organisations for at least the next ten years. FRAs should manage their budgets and their expenditure accordingly. They should pursue all feasible opportunities to keep costs down while also discharging their core duties effectively.**

- 4.1. There are well-documented and long-term severe pressures on public finances in Wales and the rest of the UK. The Institute for Fiscal Studies has estimated that public spending in Wales will not return to 2011 levels before around 2024-2025. This has, of course, created a pressing need to identify efficiencies, and to cut service provision, across the public sector.
- 4.2. The Fire Service must naturally maintain comprehensive emergency response cover at all times. That creates particular funding needs, but clearly cannot make the Service immune from these financial pressures.
- 4.3. While progress to date is commendable, it needs to be sustained. Doing so in ways which continue to maintain public safety may be challenging, but opportunities nonetheless exist.

### **Benchmarking**

- 4.4. Overall, the cost per capita of the Fire Service in Wales is higher than in England. There may be good reasons for some of this difference: for instance, the cost of sustaining comprehensive cover in sparsely-populated rural areas and coastal areas of Wales may be proportionately higher than in the major conurbations of England. However, accurate comparisons are clearly valuable in illustrating the scope for efficiencies, and identifying comparator FRAs which may have developed good practice which merits further exploration.

#### **FRAs should therefore:**

- **Identify FRAs in England which serve similar areas and face similar risks.** Comparisons with Scotland and Northern Ireland, which each have a single service covering the whole jurisdiction, are unlikely to be useful. Nor are comparisons with fire services overseas, which may have significantly different roles, duties and funding models;
- **Compare their unit costs (whether overall costs per capita, costs of particular items such as salaries and appliances, or costs per incident attended) with those FRAs;**
- **Use these comparisons to identify and pursue possible opportunities for efficiency savings which comparator FRAs may have adopted, if and to the extent that comparisons reveal significantly lower costs elsewhere.**

## Funding and budget-setting

- 4.5. The means by which FRAs obtain their funding is highly distinctive. The contributions which they require their constituent Local Authorities to make are not formally subject to any approval. While the level of charges is open to consultation and discussion, Local Authorities must ultimately pay the contributions which FRAs require. FRAs are unique among public bodies in Wales in not having their main source of funding subject to determination or approval by another tier of government, nor (despite their members being nominated by Local Authorities) being directly accountable to the electorate for the funding decisions they make. Unlike other parts of the devolved public sector, FRAs do not receive significant funding directly from the Welsh Government, and are thus not directly subject to changes in the level of funding allocated to Wales by the Barnett Formula.
- 4.6. This process allows FRAs to secure funding levels and set budgets which ensure comprehensive cover is maintained. However, this right needs to be exercised prudently and responsibly. Budget-setting is unavoidably zero-sum: allocating more money to one service (or protecting it from cuts) means that correspondingly less money must be allocated to other services. In times of austerity, maintaining or increasing an FRA's Local Authority contributions necessarily means those Local Authorities' own services must bear greater reductions in funding than would otherwise be the case.
- 4.7. Such a position may be more than inequitable; it may also be counter-productive. Local Authority services such as education, social care, housing and waste management make important contributions to reducing fire and the risk of fire. For instance, around three-quarters of rubbish fires occur in loose accumulations of rubbish rather than bins or skips. So Local Authorities dealing effectively with fly-tipping may help reduce the incidence of such fires. On the other hand, excessive cuts in the budgets for these services may increase the demand for fire services.
- 4.8. That does not mean changes in an FRA's funding should exactly mirror those for its constituent Local Authorities. The drivers of cost and the potential for savings in the Fire Service are not the same as those for Local Authority services. However, in setting budgets and contribution levels, FRAs should explain their decisions carefully to Local Authorities, and should be fully aware of the impact of their decisions on Local Authorities and their services.

### **FRAs should therefore:**

- **Seek as far as possible to avoid requiring Local Authority services to bear greater reductions in funding in order to support increases in FRA funding;**
- **Consult their constituent Local Authorities and their audit committees on their proposed fee levels well in advance of them being set, and explain clearly why any change in fees is justified;**
- **In particular, seek to understand the effect any change in fee levels would have on services which help mitigate fire and the risk of fire;**

- **Demonstrably take into full account all responses received from Local Authorities before setting final contributions and budgets.**

### Opportunities for efficiency

- 4.9. This Framework is not and cannot be a comprehensive guide to possible sources of efficiency savings. All three FRAs already have programmes in place, individually and collectively, for identifying and realising such savings and those should continue. They should, in particular, reflect on local demands, risks and operating models, and aim to identify potential savings in that context which would maintain public safety.
- 4.10. However, the Welsh Government has published two recent reports on potential savings to which FRAs should have regard, produced by the Chief Fire and Rescue Adviser and the Assistant Adviser.
- 4.11. The first, which is available at <http://gov.wales/newsroom/people-and-communities/2015/fire-service-efficiency-report/?lang=en> deals with corporate efficiencies. It recommends that FRAs should consider securing savings by, for instance:
- Continuing to reduce demand by retaining a focus on prevention activities (see chapter 1 of this Framework).
  - Considering different approaches to crewing which maintain comprehensive cover for less cost (see chapter 2 of this Framework).
  - Adopting different financial modelling approaches such as zero base budgeting, as well as process improvement techniques, such as Lean. While such approaches may not be universally applicable, FRAs should avoid maintaining current models and patterns of provision for their own sake.
  - Reviewing the potential for savings as revealed by effective financial and performance benchmarking (see above).
  - Continuing to collaborate through the National Issues Committee (NIC) to realise further savings in back-office and support services. While the NIC has made good progress in this area, comparisons with other parts of the public sector suggest there is potential to go further.
- 4.12. The second report, which is available at <http://gov.wales/topics/people-and-communities/communities/safety/fire/?lang=en> deals with false alarms. Responding to false alarms incurs significant financial and opportunity costs, both for FRAs and building occupiers, while yielding no benefit whatsoever. The report shows that the number of false alarms in Wales has fallen in recent years, but there are still more false alarms than actual fires; and evidence from elsewhere shows scope to go much further. Some of the responsibility for false alarms lies with building owners and occupiers, and many of those are in the public sector, especially educational and health premises. Nonetheless, there is also a clear role for FRAs in reviewing their approach to false alarms with a view to securing a marked reduction in attendances. Such a reduction could release significant resources for deployment on more productive tasks, including the broader range of prevention and safety work which Chapter 1 outlines.

4.13. This Framework endorses and adopts the recommendations in these reports.

**FRAs should therefore:**

- **Identify, pursue and realise corporate efficiency savings through reviewing their own structures, processes and crewing arrangements;**
- **Continue to work together to realise shared efficiency savings through the National Issues Committee;**
- **Identify the main sources of false alarms and take all reasonable and practical steps to reduce their incidence;**
- **Redeploy human and other resources released by these measures to more productive tasks.**

**To support this, the Welsh Government will:**

- **Continue to commission reports from the Chief Fire and Rescue Adviser, and others, to identify good practice and possible scope for securing savings;**
- **Support effective benchmarking by collating and publishing standardised operational, financial and performance data, and helping to identify comparable FRAs;**
- **Raise the profile of the need to tackle false alarms, and push directly for action to do so in public sector buildings such as schools and hospitals.**

## **CHAPTER 5: WORKING EFFECTIVELY WITH PARTNERS TO IMPROVE EFFICIENCY AND CITIZEN AND COMMUNITY WELL-BEING**

**Effective collaboration and engagement with key partners is crucial to supporting the FRAs' drive to make their services as efficient and cost effective as possible. Equally, services to citizens will be more effective if these are planned and delivered with the best information available, and using the most appropriate resources. This is true for those areas where the Fire Service has lead responsibility for delivery, and also for areas where FRAs have a valuable contribution to make to citizen services for which they are not directly responsible.**

- 5.1. It is important that collaboration and partnerships arrangements are an integral element of FRAs' activities at all levels in the organisation. Statutory improvement planning guidance for FRAs, issued under the Local Government (Wales) Measure 2009, sets out the role of collaboration in terms of improvement. The themes established in that Guidance are developed and expanded further here.
- 5.2. FRAs already have a role at a strategic level as statutory partners on formally constituted boards and partnerships. However, this does not mean that these statutory partnerships fulfil the need for strategic planning on a collaborative basis or for strategic planning to deliver collaboration, and FRAs will need to ensure they have arrangements in place to engage with each other and all relevant public sector and third sector organisations in order to achieve this.
- 5.3. Whilst operational incidents have seen a significant decline overall during the previous decade, FRAs must have arrangements in place to receive calls for assistance, deploying appropriate resources and dealing with emergency situations using their personnel and equipment. FRAs should consider how best to respond to these incidents, using the skills and knowledge and, in some cases, sharing of assets with other FRAs and other emergency services where it is feasible to do so.
- 5.4. When dealing with emergency incidents, incident commanders require relevant and timely information with which they can make decisions. FRAs should continue to work with other responders, such as Police and Ambulance, to ensure suitable arrangements are in place to facilitate the exchange of information that could assist one or more agencies in decision making. The benefits of sharing operational information amongst emergency responders, especially in real time, should not be underestimated. Failure to engage this trust amongst the blue light responders could lead to information becoming guarded and ultimately place responders and citizens at greater risk.
- 5.5. There are known barriers to collaboration. Sometimes these are endemic and reflect conflicting mandates, roles or priorities; these often can and should be addressed by national-level policy mechanisms. Other barriers may arise from more local or personalised misunderstandings or differences of view, and are best addressed at that level. Therefore, strong leadership is needed to ensure FRAs work closely with each other and other agencies to ensure that services are streamlined and any duplication of activity is minimised. However, collaboration should not take place for the sake of collaborating and where collaborative initiatives

are implemented, they must add value. The Welsh Government recognises that there is no 'one model'; it works on an area by area basis reflective of local needs.

Areas which FRAs should focus on include :-

### **Collaboration to achieve efficiency**

- 5.6. Severe medium to long-term pressure on public finances calls for maximum effort in identifying efficiencies. This is set out in more detail in Chapter 4. Collaboration/partnership arrangements are of course a key contributory factor in achieving efficiency.
- 5.7. The three FRAs established the National Issues Committee (NIC) to pursue collaborative arrangements across the three FRAs in Wales, with a view to improving service performance and efficiency. Based on the findings of the Chief Fire and Rescue Adviser's Efficiency Report 2014, FRAs should continue to actively seek opportunities for further harmonisation through the NIC (for example, in back-office functions), using intelligence from successful collaborations elsewhere.

### **Collaboration with each other and with Fire and Rescue Services outside Wales**

- 5.8. FRAs have a responsibility to continue identifying and pursuing all realistic opportunities for collaboration with each other whether or not this is taken forward through the NIC. FRAs will need to consider where collaboration with each other will lead to more effective arrangements being introduced. For example, building on existing arrangements under local reinforcement schemes and mutual aid arrangements.
- 5.9. Some incidents require high levels of skills and training but are so infrequent that maintaining full arrangements within one FRA is not an efficient or effective use of resources. In such instances, FRAs in Wales should work together, and with FRAs elsewhere, to provide joined up and mutual support arrangements.
- 5.10. The procurement of consistent equipment, development of joint, or at least consistent, guidance and consistent approaches to service delivery will support the further development of inter-operable systems, thereby extending opportunities for such arrangements. Service quality and innovation can, and should be, progressed by adopting best practice from elsewhere.
- 5.11. In addition FRAs will need to ensure that they fully embed joint programmes aimed at ensuring blue light services work more effectively at both national and local level, for example embedding the Joint Emergency Services Interoperability Programme (JESIP), with the development of joint doctrine, training, and organisational learning.

### **Collaboration to support the wider public service**

- 5.12. The introduction to this document clearly identifies the changing climate in which the Fire and Rescue Service must deliver its services. Whilst capacity needs

to be maintained to respond to incidents at any time, the long-term decline in the incidence of fire means that some of this capacity is often unused.

- 5.13. When exploring how best to use this latent capacity, consideration should be given to both internal and external factors. For instance as stated earlier, there is clear evidence that the population will grow markedly older in the next 30 years. There are a broad number of risks linked with growing older, for example the increase in mental health issues and becoming more prone to serious injury through accidents such as trips or falls in the home, as well as fires. It is widely accepted that this is likely to increase pressure on the NHS and the potential therefore exists for the Fire & Rescue Service to contribute in certain areas to alleviate this increased pressure. Chapters 1 and 2 propose several possibilities in this area. FRAs should also explore, implement and evaluate other approaches which contribute to outcomes which are shared with other agencies (for instance, working to improve road safety).

### **Information Sharing**

- 5.14. Many of the activities the FRAs undertake, whether in prevention, protection or responding, rely on access to up to date, timely and accurate information from other agencies. If organisations fail to share information, that risk increases. For example, in the prevention context, an agency which is aware of a vulnerable person, who is at risk of injury or death, needs to pass this information on to other agencies to prevent that person from being placed at an increased level of risk.
- 5.15. FRAs should make every effort to ensure staff appropriately share information within the spirit of the Wales Accord for Sharing Personal Information and should take the necessary action to address blockages to information sharing. It is not acceptable for senior leaders to sign up to the principles of the Accord without ensuring those operating at the point of delivery feel able and supported about sharing personal information with other agencies. When strategic arrangements are in place to facilitate information sharing, and it is in the interests of the well-being of citizens, those charged with physical exchange or using this data should feel supported by their organisations. Without this confidence, barriers to sharing information at the practitioner level will continue to inhibit the FRAs' ability to deliver safety messages to the most vulnerable in society. The Welsh Government is committed to addressing this problem.

### **Review arrangements**

- 5.16. Collaboration should not be undertaken for its own sake. Opportunities should be explored, and where benefits can be achieved, collaborations should be considered. It is important that FRAs provide evidence and transparency regarding their plans and considerations, including use of notable practice elsewhere. However, collaboration can be time consuming and, if no benefit is being derived, can be a drain on precious resources. FRAs should ensure that effective and timely review arrangements are in place so that they can make clear assessments of the benefits being achieved, and take appropriate action as a result.

**FRAs should therefore :**

- **Review their arrangements for planning collaboration at a strategic level to ensure these are comprehensive and cover the range of an FRAs functions and activities;**
- **Continue to identify and pursue all realistic opportunities for collaboration at strategic, corporate or operational levels;**
- **Continue to actively seek opportunities for further and more radical harmonisation through the NIC;**
- **Ensure that notable practice elsewhere is built into their plans and considerations;**
- **Work with other agencies to ensure services are streamlined and duplication of activity is minimised;**
- **Seek opportunities to work in collaboration to support the wider public sector both in terms of prevention and emergency response;**
- **Ensure data sharing arrangements are in place and work in practice at all levels and with all relevant partners;**
- **Ensure effective review arrangements are in place to measure the benefits of partnership working so that appropriate action can be taken.**

**To support this, the Welsh Government will:**

- **Promote collaboration between FRAs and other agencies to realise efficiencies and attain shared outcomes;**
- **In particular, promote the sharing of data between public bodies about people and communities at risk, and aim to resolve any difficulties and obstacles to this;**
- **Look to place similar expectations on other public bodies within devolved competence, and subject to the statutory frameworks and governance arrangements which apply to them.**

## **CHAPTER 6: VALUING AND DEVELOPING THE WORKFORCE TO THE HIGHEST STANDARDS**

**As identified throughout this Framework, the Welsh Government's vision and priorities for FRAs in Wales focus on the continued shift in emphasis from response to prevention. FRAs must ensure their workforce is able to diversify to continue to respond to this organisational change and should ensure their workforce is rebalanced to meet the changing emphasis in terms of structure, skills and culture, whilst still ensuring firefighter safety.**

### **Firefighter Fitness**

- 6.1. Firefighters across Wales perform similar firefighting activities and should, therefore, have the same high level of fitness to ensure they can undertake their duties without putting themselves, colleagues and the public at risk. During 2014, all FRAs confirmed the adoption of the single fitness standard for Wales, through the People and Organisational Development Group, with formal adoption of the standard monitoring protocol through the NIC.
- 6.2. All FRAs should provide support to firefighters to maintain and regain operational fitness in line with their Capability Plans. This may be a particular concern for older firefighters in light of the recent increase in normal pension age to 60. FRAs are responsible for decisions about individual members of staff, and naturally need to treat each case on its merits. Nonetheless, where employees cannot maintain operational fitness, FRAs should adopt a supportive and sympathetic approach, and should explore all other options before considering the possibility of dismissal. The Firefighters' Pension Scheme Advisory Board for Wales will consider workforce issues where there is a link to pension policy.

### **Health and well-being**

- 6.3. As the FRAs' role in community safety grows, FRAs must develop competence in wider skills, including prevention. Engagement with the public and the role that firefighters can undertake in the delivery of health and well-being advice and support for vulnerable people is key. These are softer skills than those conventionally required for providing an emergency response. As well as providing formal training, FRAs should consider how far their structures, cultures and values support and sustain such skills across the workforce, and should initiate programmes of organisational development as appropriate.
- 6.4. The Welsh Government has made considerable progress in taking forward the National Training Framework for Violence against Women, Domestic Abuse and Sexual Violence which will provide consistent training for all key public sector and specialist service provider professionals, including FRAs, across Wales. The Framework will be organised by level to ensure training is offered appropriately and proportionately and training will support professionals to provide effective responses to victims; and it will use multiagency care pathways and improve the overall standard of service provision in ways which are relevant to their particular profession.

- 6.5. Every FRA has a workplace policy for violence against women, domestic abuse and sexual violence which outlines the support offered to those at risk and addresses behaviours of staff perpetrating these issues.
- 6.6. FRAs should ensure their employment practices universally support staff who disclose abuse by acting to keep staff safe at work and supporting them to stay safe outside<sup>2</sup> work. Staff should be briefed on this and this message should be repeated to staff regularly.

### Training

- 6.7. FRAs should be aware of national work streams which either directly or indirectly impact on training and development requirements. This could include work undertaken through representative bodies which includes:
- Emergency Medical Response (including co-responding)
  - Environmental impacts (including flooding)
  - Multi-agency working
  - Youth and Social Engagement
  - Inspection and Enforcement (Business Fire Safety).
- 6.8. Diversifying the composition and capability of the workforce therefore must be the key driver for all FRAs moving forward, although this should not be at the expense of maintaining responsive capability. The Welsh Government recognises that the delivery of risk critical training by FRAs is essential to ensuring that firefighters have the skills and experience required to work safely and provide the best service to communities.

### Review

- 6.9. FRAs should continue to learn from and undertake reviews of fires and other emergencies, locally and nationally. This includes individual reports from, for instance, inquests and the Health and Safety Executive; as well as collated investigations and lessons learned which the Chief Fire and Rescue Advisor may produce under the protocol described in Chapter 2. Strategic planning and improvement planning processes also need to include clear links to associated organisational development, workforce and training and development plans.

#### **FRAs should therefore:**

- **Continue to give the highest priority to the safety, health and well-being of staff and those they serve and protect;**

<sup>2</sup> For example: *Responding to colleagues experiencing domestic abuse: Practical guidance for line managers Human Resources and Employee Assistance Programmes*, and a joint publication by the Department of Health and CAADA. There is a linked publication for staff called: *Responding to colleagues experiencing domestic abuse: Practical guidance for employees experiencing domestic abuse*. Both are in the Resources section at [www.caada.org.uk](http://www.caada.org.uk)

- **Continue to operate an agreed single fitness standard, and support firefighters, especially older firefighters, who may struggle to meet it;**
- **Ensure that the workforce continues to develop in ways which support and sustain the changing role of the Service;**
- **Ensure that strategic, improvement and operational plans take full account of the workforce's capability to deliver them.**

**To support this, the Welsh Government will:**

- **Manage firefighters' pension schemes, through the Pension Scheme Advisory Board;**
- **Maintain continual dialogue with FRAs and firefighters' representatives on workforce matters, including diversification;**
- **As described in chapter 2, facilitate learning from serious incidents to ensure firefighter safety is maximised;**
- **Encourage employers to allow staff to serve as retained firefighters.**

## CHAPTER 7: IMPLEMENTATION, MONITORING AND REPORTING

- 7.1. As noted in the introduction, section 21 (7) of the 2004 Act requires FRAs to have regard to the Framework in carrying out their functions. In practice, this means FRAs should consider the terms of the Framework and act in accordance with it unless there are justifiable, reasonable and evidenced grounds for not doing so. FRAs should seek their own legal advice in cases of doubt.
- 7.2. This Framework sets out long-term priorities for FRAs. FRAs should use these priorities as the basis for their shorter-term improvement planning under the Local Government (Wales) Measure 2009. In particular, they should take those priorities into account when setting improvement objectives, and should monitor and report on their delivery in line with the other terms of that Measure.
- 7.3. Section 25 of the 2004 Act requires the Welsh Ministers to report to the National Assembly for Wales on the extent to which FRAs have acted in accordance with this Framework and on any steps the Welsh Government has taken for the purpose of securing this.
- 7.4. To discharge this duty, the Welsh Government needs comprehensive evidence about FRA capability, capacity and delivery, both from FRAs themselves and from other relevant sources. Such evidence will include:-
- data about the performance of FRAs, taken from statutory and sector performance indicators, and other relevant sources (such as comparable data for FRAs outside Wales);
  - any thematic reviews undertaken by the Chief Fire and Rescue Adviser, and resulting recommendations;
  - any improvements being implemented by FRAs as a result of previous and current peer assessments and thematic reviews, and the Chief Fire and Rescue Adviser's view on the extent of these and other improvement objectives linked to operational/service delivery functions of the FRAs;
  - reports by the Wales Audit Office.
- 7.5. The 2004 Act requires the Welsh Ministers to report to the Assembly at least every two years. The Welsh Government reserves the right to report more often, in particular on annual performance data and their implications.

### Intervention

- 7.6. The Welsh Ministers have powers of intervention under section 22 of the 2004 Act if they consider that a FRA is failing, or likely to fail, to act in accordance with the Framework.
- 7.7. Under section 23 of the 2004 Act, the Welsh Ministers must prepare and maintain an intervention protocol regarding the exercise of their powers under section 22. This requirement has been discharged through the publication of a Support and Intervention protocol under the FRS Act 2004 and the Local Government (Wales) Measure 2009. This protocol emphasises that intervention is an absolute last resort. It commits the Welsh Government and FRAs to identifying

and addressing potential problems well in advance, so as to minimise any need for intervention.

### **Roles and responsibilities**

- 7.8. FRAs are autonomous bodies. Within the terms of the law and of this Framework, it is a matter for them how services are designed, managed and delivered to meet the needs of communities.
- 7.9. However, there is a clear role for Welsh Government in setting the legislative and policy framework within which FRAs deliver their functions. To deliver such policy it is important Welsh Government fully understands the needs of citizens and the impetus, and conversely, barriers to development, delivery and change locally. Similarly FRAs need to be able to understand the basis on which strategic decisions are being made, and contribute local and professional knowledge to support such developments. Communication and dialogue are key to achieving this, as are clear and definitive lines of responsibility.
- 7.10. FRAs are responsible for:
- delivering their core functions, as set out in legislation, in an efficient and effective manner, and based on a sound analysis of risk;
  - having regard to the Fire and Rescue National Framework in carrying out their functions;
  - making arrangements to secure continuous improvement in the exercise of their functions;
  - having regard to the safety, welfare and development of their staff;
  - providing information, reports and returns to the Welsh Government on their functions as required.
- 7.11. The Welsh Government is responsible for:
- maintaining dialogue with FRAs and organisations representing staff;
  - Managing and developing legislation and policy on the basis of sound evidence;
  - preparing a Fire and Rescue National Framework and keeping it under review;
  - reporting on the extent to which FRAs are acting in accordance with the Framework and any steps taken by the Welsh Government for securing this.
- 7.12. **The Fire and Rescue Adviser** has inspector status under Section 28 of the Fire and Rescue Services Act 2004. Under this provision the Fire and Rescue Adviser can obtain information as to:-
- the manner in which fire and rescue authorities are discharging their functions;
  - technical matters relating to those functions.
- 7.13. In practice, the Fire and Rescue Adviser will:-

- provide advice and support to FRAs on technical aspects of service planning and delivery, including advice on notable practice elsewhere;
- review available data and information, including FRAs' Improvement Plans, WAO Reports, and benchmarking data;
- consider whether evidence indicates the need for further/more detailed review;
- undertake such reviews and provide information and findings to Welsh Ministers, Fire and Rescue Authorities and Wales Audit Office.

## **Relationships**

- 7.14. The Welsh Government will maintain continual dialogue with the FRAs and other interested parties. The principal formal means for this will be the Fire and Rescue Consultative Forum and the Improvement Planning Steering Group, both of which will aim to meet 3 times per year. Other meetings, including with Ministers, will be arranged by mutual agreement.
- 7.15. In any event, FRAs may raise any issue with Welsh Government officials at any time. This includes, in particular, instances where co-ordination with other areas of Welsh Government policy would assist FRAs in discharging their functions and in attaining the outcomes which this Framework specifies.



## AGENDA ITEM NO 9

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



1.	Apologies for Absence	
2.	Declarations of Interest	
	Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.	
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