

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, 24 September 2018 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.

3. Chairman's Announcements
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 - Finance, Asset & Performance Management Working Group held on 15 January 2018 5
 - HR and Equalities Committee Meeting held on 5 February 2018 9
 - FAPM Meeting held on 23 April 2018 15
 - Fire and Rescue Authority Meeting held on 9 July 2018 19

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Signature of Proper Officer:



MEMBERSHIP

Councillors:

D	Ali	Cardiff	D	De'Ath	Cardiff
S	Bradwick	Rhondda Cynon Taff	S	Evans	Torfaen
K	Critchley	Newport	A	Roberts	Rhondda Cynon Taff
H	Thomas	Newport	S	Ebrahim	Cardiff
D T	Davies	Caerphilly	J	Harries	Rhondda Cynon Taff
R	Crowley	Vale of Glamorgan	G	Thomas	Blaenau Gwent
C	Elsbury	Caerphilly	J	Williams	Cardiff
L	Davies	Merthyr Tydfil	S	Pickering	Rhondda Cynon Taff
K	McCaffer	Vale of Glamorgan	L	Brown	Monmouthshire
A	Hussey	Caerphilly	A	Slade	Torfaen
D	Naughton	Cardiff	R	Shaw	Bridgend
D	White	Bridgend	V	Smith	Monmouthshire

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SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT WORKING GROUP MEETING HELD ON MONDAY 15 JANUARY 2018 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

46. PRESENT:

Councillor	Left
K Critchley (Chair)	Newport
S Evans	Torfaen
D Naughton	Cardiff
A Roberts	Rhondda Cynon Taff
A Slade	Torfaen
V Smith	Monmouthshire

APOLOGIES:

S Bradwick	Rhondda Cynon Taff
L Brown	Monmouthshire
J Harries	Rhondda Cynon Taff

ABSENT:

OFFICERS PRESENT:- CFO H Jakeway, Mr C Powell – Deputy Monitoring Officer, Mr C Barton – Treasurer, Mr G Thomas - Head of Finance & Procurement, Mr I Williams – Head of Fleet & Engineering, Mr C Williams – Head of ICT, AM S Rossiter – Acting Head of Operational Risk Management, Ms S Watkins – Head of Service Performance & Communications, GM D Bents, GM V Jenkins, GM D Jones

47. DECLARATIONS OF INTEREST

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

48. CHAIR'S ANNOUNCEMENTS

Following a request by the Chair to change the running order of the agenda, Members unanimously agreed for item 6 to be presented before agenda item 5.

49. MINUTES OF PREVIOUS MEETING

The minutes of the previous Finance, Audit & Performance Working Group meeting held on 9 October, 2017, were received and accepted as a true record of proceedings.

50. REPORT ON PROGRESS OF CARDIFF, CAERPHILLY, CWM TAF AND THE VALE OF GLAMORGAN PUBLIC SERVICE BOARDS WELL-BEING PLANS

The Chief Fire Officer informed Members that South Wales Fire & Rescue Service was a Statutory Partner on the nine Public Service Boards, and delivered an electronic presentation on the latest progress of four of the Public Service Boards Well-being Plans, and the potential impact on the Service.

The Unitary Authority Group Managers, who occasionally deputise for the Chief Fire Officer on Public Service Boards, each provided a brief overview of some of the schemes currently running within their individual Unitary Authority areas:- Cardiff & Caerphilly, Blaenau Gwent, Torfaen, and Vale of Glamorgan.

RESOLVED THAT

50.1 Members agreed to note the contents of the report.

50.2 Following a question and answer session, Members agreed to support the recommendations of each plan.

The Chief Fire Officer and Group Managers withdrew from the meeting at 11:15 hrs.

51. OPERATIONAL AND PERSONAL EQUIPMENT STRATEGY, BUDGET & PLANNING ASSUMPTIONS 2018-2025

The Acting Head of Operational Risk Management presented a report to update Members on the Operational and Personal Equipment Strategy 2018-2025.

RESOLVED THAT

Following a question and answer session, Members agreed to note the content of the report.

The Acting Head of Operational Risk Management left the meeting at 11:40 hrs.

52. REVIEW OF FLEET & VEHICLES STRATEGY, BUDGET & PLANNING ASSUMPTIONS & PROGRESS AGAINST THE PLAN TO INCLUDE CAPITAL

The Head of Fleet & Engineering presented a report to Members which supported the presentation of the 2017-2021 Fleet Asset Management Plan.

RESOLVED THAT

Following lengthy discussion on procurement issues when purchasing Service vehicles and parts, Members agreed to note the content of the report in support of the 2017-2021 Fleet Asset Management Plan.

53. REVIEW OF ICT STRATEGY, BUDGET & PLANNING ASSUMPTIONS & PROJECT OVERVIEW & PROGRESS AGAINST THE PLAN TO INCLUDE CAPITAL REPORT

The Head of ICT presented a report to Members which provided a review of the ICT Strategy, budget and planning assumptions, and an overview of the key projects with a capital report.

RESOLVED THAT

Following a question and answer session on issues such as the progress of the Emergency Services Network, Members agreed to note the contents of the report.

54. DRAFT ANNUAL REPORT ON DISCHARGE OF TERMS OF REFERENCE OF THE FINANCE, ASSET & PERFORMANCE MANAGEMENT WORKING GROUP

The Deputy Monitoring Officer informed Members of a proposed draft annual report on the work of the Finance, Asset & Performance Management Working Group to be presented to the Fire & Rescue Authority at its meeting on 26 March 2018.

RESOLVED THAT

Following consideration of the draft report, Members confirmed that they did not wish to make any additions, deletions or alterations to the document prior to submission to the Fire & Rescue Authority in March 2018.

55. FORWARD WORK PROGRAMME

The Deputy Monitoring Officer presented the Forward Work Programme for 2017/2018.

RESOLVED THAT

Members accepted the Forward Work Programme for 2017/2018.

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

There were no items of urgent business for Members to consider.

On behalf of Members, the Chair took the opportunity to thank Officers for their hard work in presenting thorough and in-depth reports.

SOUTH WALES FIRE & RESCUE AUTHORITY
MINUTES OF THE HR & EQUALITIES COMMITTEE
MEETING HELD ON MONDAY, 5 FEBRUARY 2018 AT
SOUTH WALES FIRE & RESCUE SERVICE HQ

27. PRESENT:

Councillor	Left	Authority
S Pickering (Chair)		Rhondda Cynon Taf
D Ali (Deputy Chair)		Cardiff
S Bradwick		Rhondda Cynon Taf
S Evans		Torfaen
D Naughton		Cardiff
C Smith	12:10	Bridgend
P Wong		Cardiff
C Elsbury		Caerphilly
K Gibbs		Merthyr Tydfil
A Slade		Torfaen
H Thomas		Newport
G Thomas		Blaenau Gwent

APOLOGIES:

R Crowley	Vale of Glamorgan
K McCaffer	Vale of Glamorgan

ABSENT:

A Hussey	Caerphilly
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OFFICERS PRESENT: Mark Malson – Acting Director of People Services; Calvin Powell – Deputy Monitoring Officer; Andrew Jones – Head of Human Resources; Ian Greenman – Head of Training & Development; Mike Wyatt – Training Manager; Sarah Watkins, Head of Service Performance and Communications; Carey Wood – Diversity Officer

28. DECLARATIONS OF INTEREST

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

29. CHAIR'S ANNOUNCEMENTS

The Chair informed the Committee that Calvin Powell is due to retire on 31st March 2018, after a long career within the fire service. She thanked him for all

he had done for the fire service and wished him all the very best for a happy, healthy long retirement on behalf of herself and the committee.

Cllr S Bradwick advised that he had known Calvin for 10 years and in that time Calvin had been outstanding. He also wished Calvin the very best in his retirement.

30. MINUTES OF PREVIOUS MEETING – 20 NOVEMBER 2017

The minutes of the HR & Equalities Committee meeting held on 20 November 2017 were received and accepted as a true record of proceedings.

31. STRATEGIC EQUALITY PLAN – 1 APRIL 2015 – 31 MARCH 2020

The Human Resources Manager presented the Strategic Equality Plan covering 1 April 2015 – 31 March 2020 and provided an update on the progress of the Equality Plan from 1 April 2016 to 31 March 2017.

RESOLVED THAT

Members noted the content of the report.

32. ANNUAL EQUALITY REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

The Human Resources Manager presented the Annual Equality Report for the period 1 April 2016 to 31 March 2017, and detailed progress and compliance against the General Duty and Wales Specific Equality Duties.

Cllr S Evans queried the makeup of the Under 18's statistic. It was confirmed this number reflects apprentices, cadets and a number of younger members of staff.

Cllr D Naughton queried what support is in place for disabled members of staff. The Human Resources Manager confirmed there are a number of procedures in place, which includes support from the Occupational Health Unit, Line Manager Support, as well as a robust Reasonable Adjustment Procedure in place.

RESOLVED THAT

Members noted the content of the report.

33. NATIONAL JOINT COUNCIL FOR LOCAL AUTHORITY FIRE & RESCUE SERVICES – INCLUSIVE FIRE SERVICE IMPROVMENT STRATEGIES

At its meeting held 20 November 2017, the HR & Equalities Committee agreed to receive a report on the Inclusive Fire Service Implementation Plan 2018-2021 and Equality Risk Assessment against the proposed strategies at this meeting. The Acting Director of People Services submitted the Plan and the Risk Assessment, for Members' consideration.

The Chair thanked the Acting Director of People Services for the report, and also thanked the Diversity Officer for the work carried out in formulating the Plan and Risk Assessment.

RESOLVED THAT

Members resolved to:

- 33.1 Agree the proposed Inclusive Fire Service Improvement Strategies Plan 2018-2021, and to take the plan forward on behalf of the Fire & Rescue Authority; and
- 33.2 Receive the annual report on the progress Of the Improvement Plan 2018-2021 commencing in 2019.

34. WELSH LANGUAGE STANDARDS UPDATE – JANUARY 2018

The Human Resources Manager presented the report which provided Members with an overview of the current position with regard to meeting the legal requirements contained within the Welsh Language Standards Compliance notice to the Authority by the Welsh Language Commissioner issued September 2016.

Although it was noted that this is a legislative requirement, Cllr H Thomas wished to express his concern in relation to the cost of implementing these Standards, at a time when there are cuts being made to front line services. The Acting Director of People Services confirmed that a lot of the work has been achieved within the existing budget, but confirmed that there are extra funding implications as a result of complying with the legal requirements.

Cllr S Bradwick commented that on the first page of the Action Plan reference is made to Mid and West Wales Fire and Rescue Service, this should be changed to South Wales Fire & Rescue Service.

The Human Resources Manager added that a huge amount of work has been completed by the Welsh Language Officer to ensure the Authority meets its legal requirements.

The Chair thanked the Welsh Language Officer for their hard work. Cllr S Bradwick queried the requirement for Authority agendas and reports to be available in Welsh. It was confirmed that an exemption had been applied for and granted, to allow the agendas and reports to be made available in English only, unless requested by an individual.

RESOLVED THAT

Members noted the content of the report.

35. SOUTH WALES FIRE & RESCUE AUTHORITY – ANNUAL PAY POLICY STATEMENT 2018/2019

Members received the Annual Pay Policy Statement 2018/2019 from the Acting Director of People Services for their consideration.

RESOLVED THAT

After reviewing the South Wales Fire & Rescue Authority's Pay Policy Statement for 2018/2019, Members resolved to recommend that the Statement be presented to the Fire and Rescue Authority for publication by 31 March 2018.

36. GENDER PAY GAP STATEMENT – 30 MARCH 2018

The Acting Director of Human Resources presented the Gender Pay Gap Statement which the Authority is required to publish under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

He added that the Statement relates to average pay of females and males, and should not be confused with 'Equal Pay, Equal Rights'.

Cllr S Bradwick advised that the Statement should be signed by the Chair of the Authority as the employer, not the Chief Fire Officer. The Acting Director of Human Resources confirmed that this had been noted and will be amended.

RESOLVED THAT

Members resolved to:

- 36.1 endorse the South Wales Fire & Rescue Authority's Gender Pay Gap Statement for publication on 30 March 2018; and
- 36.2 recommend that the 2018/19 Gender Pay Gap Statement be presented to the Fire & Rescue Authority for publication by 30 March 2018.

37. TRAINING & DEVELOPMENT DEPARTMENT – THIRD PARTY INCOME STRATEGY

The Head of Training & Development gave a presentation and update in relation to the current and proposed Third Party Income Generation within the Training & Development Department for the Service during the current financial year.

RESOLVED THAT

Members noted the content of the presentation and report.

38. TRAINING & DEVELOPMENT DEPARTMENT – COMPARTMENT FIRE BEHAVIOUR TRAINING (CFBT) PROJECT UPDATE

The Head of Training & Development gave a presentation and update in relation to the Compartment Fire Behaviour Training Project which is being developed at the Training & Development Centre at Cardiff Gate.

RESOLVED THAT

Members noted the content of the presentation and report.

39. FIREFIGHTERS PENSION SCHEMES – WELSH GOVERNMENT CIRCULARS 2017/2018

Members received the report detailing the Circulars received from Welsh Government through 2017/18, and the actions implemented for each Circular.

RESOLVED THAT

Members resolved to:

- 39.1 accept the Welsh Government (Firefighters' Pension Scheme Circulars and emails) received in 2017/18; and

39.2 note the actions that have been implemented for each of the Circulars.

40. ANNUAL SUMMARY OF HR & TRAINING REPORTS

Members received the report detailing the work that the HR & Equalities Committee has undertaken during the municipal year 2017/18.

RESOLVED THAT

Members noted the work of the HR & Equalities Committee.

41. FORWARD WORK PROGRAMME 2017/18

Members received the Forward Work Programme for 2017/18.

RESOLVED THAT

Members noted and agreed the Forward Work Programme for 2017/18

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

There were no items of urgent business to be considered.

SOUTH WALES FIRE & RESCUE SERVICE

MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE MEETING HELD ON MONDAY, 23 APRIL 2018 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

43. PRESENT

Councillor	Left	
K Critchley (Chair)		Newport
A Roberts		Rhondda Cynon Taf
G Thomas		Blaenau Gwent
L Brown		Monmouthshire
K Gibbs		Merthyr Tydfil
A Hussey		Caerphilly
S Evans		Torfaen
R Crowley		Vale of Glamorgan

APOLOGIES

None

ABSENT

D White	Bridgend
H Joyce	Cardiff

OFFICERS PRESENT: DCO S Chapman – Monitoring Officer; Mr C Barton – Treasurer; Mr G Thomas – Head of Finance & Procurement; Ms V Davies – TIAA; Ms A Butler – Wales Audit Office; Ms A Smith – Wales Audit Office.

44. DECLARATIONS OF INTEREST

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

45. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

46. MINUTES OF PREVIOUS MEETING

The minutes of the Finance, Audit & Performance Management Committee meeting held on 29 January 2018 were received and accepted as a true record subject to the deletion of the incorrect recording of Councillor L Brown's apologies.

47. REVENUE MONITORING REPORT 2017/18

The Head of Finance & Procurement presented the Revenue Monitoring Report 2017/18 which provided details of the updated revenue budget position and associated information for the year ending 31 March 2018.

RESOLVED THAT

Following a question and answer session, and clarification of the measures in place for the promotion of recruitment to the On Call Duty System, Members noted and approved the report content.

48. CAPITAL MONITORING REPORT 2017/18

The Head of Finance & Procurement presented the Capital Monitoring Report 2017/18 which provided detail of the capital budget position for the year ending 31 March 2018 and the budget impacts on the financial year 2018/19.

With regard to the ICT elements of the Capital Monitoring Report, Cllr Roberts felt that the minutes of the ICT Strategic Steering Group meetings would be relevant to Members of this Committee and requested copies be submitted to future meetings, where appropriate.

RESOLVED THAT

Members noted the budget and progress of capital schemes, approved the alterations identified in Appendix 1 and noted the associated funding streams.

49. 2018 AUDIT PLAN – SOUTH WALES FIRE & RESCUE AUTHORITY

Wales Audit Officer, Ms Alison Butler, presented the Wales Audit Office Audit Plan which sets out the proposed scope and timetable of the audit for 2018. Members' comments were noted and Ms Butler agreed to report back the preference for the use of non-gender specific terminology in relation to the implementation of strategies to improve support in situations of domestic violence against women.

RESOLVED THAT

Members noted the content of the report.

50. INTERNAL AUDIT ANNUAL PLAN 2018/19

Ms V Davies, TIAA (internal auditor) presented the proposed Internal Audit Annual Plan 2018/19 for Members' approval.

RESOLVED THAT

Members approved the Internal Audit Plan for 2018/19 subject to the inclusion of any emerging themes deemed necessary.

51. INTERNAL AUDITORS' ANNUAL REPORT YEAR ENDING 31 MARCH 2018

Ms V Davies presented the Annual Report which provided a summary of the internal audit work that has been undertaken this year.

RESOLVED THAT

Members noted the work and overall opinion of the Internal Auditors for the financial year 2017/18.

52. INTERNAL AUDIT REPORT

Ms Davies updated Members upon the progress being made against the Internal Audit Plan 2017/18.

RESOLVED THAT

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

53. REPORT ON PROGRESS OF AUDIT, SCHEME AND CIRCULAR ACTION UPDATES AS AT 23 MARCH 2018

The Deputy Chief Officer presented the latest progress recorded against actions arising from Internal Audits, Wales Audit Office Thematic Reviews, Operational Assurance Peer Reviews, Corporate Schemes and Government Circulars, together with graphical summaries of all actions ongoing, overdue and completed since 2 July 2012.

RESOLVED THAT

Members noted the contents of the progress report and graphical summaries.

54. STRATEGIC PLAN 2017/18 REPORT CARD

The Deputy Chief Officer presented the Quarter 4 progress update on the Strategic Objectives contained within the Strategic Plan 2017/18.

RESOLVED THAT

Members noted the updated Strategic Plan 2018/19 Report Card.

55. CORPORATE RISK REGISTER 2017/18 – QUARTER 3 REVIEW

The Deputy Chief Officer presented the Quarter 3 Review of the Corporate Risk Register 2017/18 and requested Members to consider the operational risks contained therein plus the management of these risks.

In addition, Members received a presentation demonstrating the interactive Business Management Information System (BMIS) which is still in development but which is intended to provide management with a more holistic view and enable Members to access live information during meetings. A full demonstration will be received at the Finance, Asset & Performance Management Working Group on 21 May 2018.

RESOLVED THAT

55.1 Members noted the operational risks contained within the Corporate Risk Register 2017/18 and agreed their validity.

55.2 Members noted the initial BMIS demonstration.

56. FORWARD WORK PROGRAMME

The Deputy Chief Officer presented the completed Forward Work Programme for 2017/18.

RESOLVED THAT

Members noted the Forward Work Programme.

WALES FIRE & RESCUE AUTHORITY

**MINUTES OF THE FIRE & RESCUE AUTHORITY MEETING
HELD AT 1030HRS ON MONDAY 9 JULY 2018 AT
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

13. PRESENT:

Councillor	Left	Authority
D T Davies (Chair)		Caerphilly
S Bradwick (Deputy Chair)		Rhondda Cynon Taff
D Ali		Cardiff
L Brown		Monmouthshire
K Critchley		Newport
R Crowley		Vale of Glamorgan
L Davies		Merthyr Tydfil
D De'Ath		Cardiff
S Ebrahim (arrived 11:00)	12:10	Cardiff
S Evans		Torfaen
J Harries		Rhondda Cynon Taff
A Hussey		Caerphilly
K McCaffer		Vale of Glamorgan
D Naughton		Cardiff
S Pickering		Rhondda Cynon Taff
R Shaw		Bridgend
A Slade		Torfaen
V Smith		Monmouthshire
H Thomas		Newport
J Williams		Cardiff

APOLOGIES:

C Elsbury	Caerphilly
A Roberts	Rhondda Cynon Taff
G Thomas	Blaenau Gwent
D White	Bridgend

OFFICERS PRESENT: CFO H Jakeway, DCO S Chapman – Monitoring Officer, ACFO A Thomas - Director of Service Delivery, ACFO R Prendergast – Director of Technical Services, ACO M Malson – Acting Director of People Services, Mr C Barton – Treasurer, Ms S Watkins – Deputy Monitoring Officer, Mr G Thomas – Head of Finance & Procurement, Mr M Hole – Health & Safety Manager, Mr T Jackson – Staff Officer, Mr A Psaila – FBU Representative

14. CHAIR'S ANNOUNCEMENTS

MEMBER TRAINING SESSION

The Chair wished to advise that a Member Training Session has been arranged to take place on Tuesday, 31 July in the conference room at 10:30hrs.

WELCOME

The Chair welcomed Councillor De'Ath to his first meeting.

15. DECLARATIONS OF INTEREST

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

Councillor Williams declared an interest in the Compartment Fire Behaviour Training Facility report due to its location within his ward area.

16. MINUTES OF PREVIOUS MEETINGS

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

- Local Pension Board meeting held on 26 February 2018
- Fire & Rescue Authority meeting held on 26 March 2018
- Standards Committee meeting held on 6 March 2017
- FAPM meeting held on 29 January 2018

The minutes of the Annual General meeting held on 11 June 2018 were received and accepted as a true record of proceedings following amendment to;

- **Page 1 Attendee list** –
J Harris to be updated to Harries and A Slade's Authority as Torfaen and not Rhondda Cynon Taff.

17. UPDATE ON ACTIONS

NIC Fire Control Feasibility Study Update

The Deputy Chief Officer informed Members that the audit process is currently underway for 2017/18, which would as part of the audit, provide audit opinion on the accounting treatment of the joint control project costs.

Land at Lanelay Hall

The Deputy Chief Officer reported that the auction of the small parcel of land just beyond the Lanelay Hall site is scheduled to take place later this week.

18. REPORTS FOR DECISION

18.1 CORPORATE RISK REGISTER 2017/18 – QUARTER 4 REVIEW

The Deputy Chief Officer reported on the strategic risks within the Corporate Risk Register for Members' consideration.

RESOLVED THAT

18.1.1 Members viewed the strategic risks contained within the Corporate Risk Register and agreed their validity.

18.2 PRINCIPAL OFFICER VACANCIES – APPOINTMENT AUTHORISATION OF ASSISTANT CHIEF FIRE OFFICER SERVICE DELIVERY & ASSISTANT CHIEF OFFICER PEOPLE SERVICES

Fire Authority Standing Orders determine that a request to fill a post at Assistant Chief Fire officer (ACFO) and Assistant Chief Officer (ACO) level on a permanent basis has to be brought before the Fire & Rescue Authority for approval.

The Director of Service Delivery has indicated his intention to retire on 30 September, 2018. Following the retirement of the Director of People Services, ACO Philip Haynes, there is a vacancy for an ACO People Services. Since this retirement the post has been filled on a temporary basis, although the post holder has also indicated their intention to retire.

The Executive Leadership Team's terms of reference, duties, and responsibilities, have been reviewed, and it is recognised that in order to maintain high performance, business continuity, effectiveness, and consistency across the Service area, the ACFO Service Delivery and ACO People Services posts' need to be filled on a permanent basis.

Subject to Fire Authority approval it is proposed to commence the recruitment process at the earliest opportunity with the aim of making permanent appointments as soon as possible.

RESOLVED THAT

- 18.2.1 Members approved the filling of the posts of ACFO Service Delivery and ACO People Services on a permanent basis as soon as possible.
- 18.2.2 Members approved the recruitment and selection process and timetable as laid out in the report.
- 18.2.3 Members approved that the Acting ACO People Services will facilitate the recruitment and selection process, and provide direct support to the Executive Leadership Team, and Fire Authority – Appointment Panels throughout the process.
- 18.2.4 Members approved the rationalisation of the salary for the post of ACO People Services to a single point set at 82.5% of an ACFO's salary at £80,485 per annum (pay award pending), and that the post be advertised at this level of remuneration, a saving of £12,196 p.a.
- 18.2.5 Members approved an amendment to the Authority's Pay Policy to reflect this change in salary structure for Assistant Chief Officer posts.

18.3. HEALTH, SAFETY AND WELLBEING REPORT

The Director of Technical Services presented the report which provided a summary of the key activities undertaken and the performance of South Wales Fire and Rescue Service in the area of Health and Safety.

RESOLVED THAT

- 18.3.1 Members accepted the report on the performance of South Wales Fire and Rescue Service in the area of Health, Safety and Wellbeing.
- 18.3.2 Members noted the overall success achieved during 2017/18 in the delivery of an environment that is supportive of the Health, Safety and Welfare of staff.
- 18.3.3 Members endorsed and supported the range of initiatives underway to proactively and reactively support the Health, Safety and Wellbeing of staff employed by South Wales Fire & Rescue Authority.

18.3.4 Members wished to note their appreciation and thanks to all staff involved with the completion of the report.

18.4 REPORT ON PROPOSED PRIORITY ACTIONS 2019/20

The Deputy Chief Officer reported on the priority actions for 2019/20 for publication in the Service's Annual Improvement Plan Stage 2.

RESOLVED THAT

18.4.1 Members noted the contents of the report and agreed the proposed Priority Actions for 2019/20.

18.4.2 Members approved the proposed Priority Actions for publication in the "Consultation Document" – Stage 2 of the Annual Improvement Plan on South Wales Fire and Rescue Service's website by 31 October 2018.

18.5 REVIEW OF PROTECTED PENSION AGE (PPA): FIRE AUTHORITY LIABILITY

18.5.1 RESOLUTION TO EXCLUDE THE PRESS AND PUBLIC BY VIRTUE OF SECTION 100A AND S1001 AND PARAGRAPHS 12, 13 AND 14 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 S1001 and Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended) was passed by Members.

The Acting Director of People Services provided a summary on the legal and financial liability of the Fire & Rescue Authority in relation to HMRC tax rules in respect of protected pension ages for three individuals previously employed as Wholetime Firefighters in the Service.

The report outlines the background to the issue and the decisions already taken by Members in respect of the individual's tax liabilities.

Since the Fire & Rescue Authority reached its decision that the individuals be required to pay their own tax charge the matter has proceeded to the Pensions Ombudsman, who in light of new information and arguments requests the Fire & Rescue Authority to consider if it wishes to reconsider the question of whether the individuals' tax liabilities should be met by the Authority.

The detail of this new information and of previous reports on this issue are contained within the report.

RESOLVED THAT

- 18.5.2 As the service now has access to HMRC regulations through fire pension scheme systems, it was confirmed that staff would be made aware of any new regulations received and advised to take the appropriate advice.
- 18.5.3 Members agreed to re-affirm the previous decision that individuals be required to pay their own tax charge.
- 18.5.4 The Acting Director of People Services to identify the next steps, make contact with the Ombudsman and await his direction.

Following conclusion of this item the meeting returned to open forum.

18.6 NOTICE OF MOTION FROM COUNCILLORS BROWN & NAUGHTON

Members were requested to determine the motion that the positions of Chair & Deputy Chair of the FAPM Scrutiny Group be determined by the Fire Authority.

RESOLVED THAT

The motion was not approved.

18.7 COMPARTMENT FIRE BEHAVIOUR TRAINING (CFBT) FACILITY

The DCO updated Members of the tender return for the construction of the CFBT facility. The report requested authorisation to increase the allocated budget for the new build project at Cardiff Gate for the reasons outlined in the report to enable the project to proceed.

RESOLVED THAT

- 18.7.1 Members approved the increase in total budget cost to support the completion of the CFBT project.
- 18.7.2 Members approved the transfer of £500k from the change management reserve into the CFBT reserve to bring the total project cost to £5m.

18.7.3 Members agreed to the Deputy Chief Officer awarding the contract for the construction phase of the facility.

19. REPORTS FOR INFORMATION

19.1 AUDIT OF THE SOUTH WALES FIRE & RESCUE AUTHORITY 2018/19 IMPROVEMENT PLAN

The Deputy Chief Officer advised Members of the issue of the Certificate of Compliance for the audit of the Authority's 2018/19 Improvement Plan (incorporated within the Strategic Plan 2018-2023).

RESOLVED THAT

Members noted the issue of the Certificate of Compliance for the audit of the Authority's 2018/19 Improvement Plan which is incorporated into its Strategic Plan 2018-2023.

19.2 END OF YEAR HEALTH CHECK ON PERFORMANCE AND STRATEGIC THEMES 2017/18

The Deputy Chief Officer presented the report which assured Members of the Fire & Rescue Authority and Senior Management within South Wales Fire and Rescue Service on progress towards achievement of the Strategic Themes and performance of the Strategic Performance Indicators for 2017/18 as at the end of that financial year.

RESOLVED THAT

Members reviewed the performance details and statistical data for 2017/18 contained within the report.

19.3 FORWARD WORK PROGRAMME

The Deputy Chief Officer presented the Forward Work Programme for 2018/19.

RESOLVED THAT

Members reviewed and agreed the Forward Work Programme for 2018/19.

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

RESOLVED THAT

There were no items of business that the Chair deemed urgent.

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AGENDA ITEM NO 5

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

Sally Chapman – DCO
Huw Jakeway – CFO
Andy Thomas – ACFO SD

Chris Barton – Treasurer
Mark Malson – Acting ACO PS
Richie Prendergast – ACFO TS

Minute No	Item	Action	Leading Officer	Current Status:
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	The accounting treatment of the revenue and capital costs has been agreed with external auditors. Action completed
17/18 – 47.2.3	Responses to the Consultation of the Draft Rolling Strategic Plan and Priority Actions 2018/19	Clarify for Members' information whether or not community councils were included in the recent consultation process.	DCO	Action completed
17/18 – 55.4	Land Adjoining Llantwit Major Fire Station	Dispose of the land at Llantwit Major Fire Station identified as surplus to requirements.	DCO	Currently in discussions regarding this area of land.
17/18 – 55.5	Land at Lanelay Hall	Dispose of the land at Lanelay Hall identified as surplus to requirements.	DCO	Action completed
18/19 – 16	Minutes of the AGM	Update attendee list, as noted.	DCO	Action completed
18/19 – 18.2	Principal Officer Vacancies	Commence the recruitment process to permanently appoint to the positions of ACFO Service Delivery and ACO People Services	A/ACO PS	<ul style="list-style-type: none"> Interviews for the ACFO Service Delivery post took place on 10 September 2018. Members will be updated at the meeting.

Minute No	Item	Action	Leading Officer	Current Status:
				<ul style="list-style-type: none"> The advert for the ACO People Services post closed on 31 August. It is intended to run an ADC process at the end of September with FA Appointments Panel interviews on 17 December 2018.

AGENDA ITEM NO 6

Reports for Decision

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SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 6.i
24 SEPTEMBER 2018

REPORT OF THE TREASURER

MEDIUM TERM FINANCIAL STRATEGY UPDATE**SUMMARY**

The report includes an update of the Medium-Term Financial Strategy of the Authority.

RECOMMENDATION

That the Fire & Rescue Authority notes and agrees the report content as the basis of its financial planning framework.

1. BACKGROUND

- 1.1 The Authority operates a Medium-Term Financial Strategy (MTFS) which provides a backdrop to the planning of resource allocation and spending. This report updates the current strategy (attached as Appendix 1) and discusses the immediate challenges facing the Authority in setting its budget for next financial year and planning assumptions 2020 and beyond.
- 1.2 The Finance, Audit & Performance Management Committee (FAPM) received a presentation on the key points within the MTFS at its meeting of 10 September 2018.

2. ISSUES

- 2.1 For around 10 years, the significant challenge within the public sector has been the availability of resources which have been constrained by the Treasury's austerity measures. The MTFS includes historical data on spending and budget reductions within the Service throughout the austerity period.
- 2.2 It is very difficult to obtain any confident medium-term forecasts of available funding or budgets from central government or Welsh Government given the uncertainties arising from conflicting economic forecasts, the impact of Brexit and the continuously emerging devolution agenda.
- 2.3 Planning for Fire & Rescue Services in Wales is further compromised by the ongoing review of governance and funding being undertaken by Welsh Government. Until this review has concluded, the number and structure of Fire & Rescue Authorities in the future is uncertain as is the method of funding the services they provide.

- 2.4 The Strategy, attached at Appendix 1, identifies the operational context in which the financial management of the Authority takes place currently and sets out the challenges, risks and responses which are relevant in the short to medium term where this is possible.
- 2.5 The MTFs can only plan on the basis of knowns and accordingly, no attempt has been made to forward project further until the outcome of the governance and funding review is known. If that review significantly changes the constitution and/or funding of Fire & Rescue Authorities, an update of the MTFs will be required.

3. LOCAL GOVERNMENT SETTLEMENT 2019/20

- 3.1 The indicative budget given in the 2018/19 settlement showed a further reduction in Welsh Government grant support for local councils in Wales. The reduction was around 1.5% although this only applies to that proportion of funding coming direct from Welsh Government. Councils also have the ability to raise Council Tax which currently accounts for an average of one quarter of net spending.
- 3.2 In previous years, the Fire & Rescue Authority has been informed of the consistent pattern of increases in local taxation which assists in budget setting for Council services which includes fire and rescue services. Council tax yield has typically increased by an average of under 4.7% and if this were repeated next year, overall net budgets in councils would show a standstill in cash terms.

4. SPECIFIC BUDGET PLANNING CONSIDERATIONS

- 4.1 The Authority has been undertaking a review of its staffing structure and budgets. For some time, the Authority has been managing with a variety of temporary staffing structures pending the completion of Shaping our Future Reviews and other major projects aimed at improving the Service. Many of these reviews have now been completed and there is a need to confirm the current staff structure to stabilise the workforce going forward. These matters are dealt with specifically in another report on this agenda.
- 4.2 In terms of the employee budget of the Authority, pay inflation is the biggest single factor at play. Whilst agreement to pay 2% to grey book staff has been made in the current financial year, an ongoing dialogue exists with the representative bodies on the future of pay and conditions.
- 4.3 In terms of 2019/20 inflationary pressures, the most significant is likely to be pay awards. 2% seems to have become the norm for public sector now following a large number of years with zero or 1% increases. The

impact of a 2% award is around £0.9m per annum. There is also a need to consider payment of holiday pay as an on cost for a number of areas of work as a result of a recent ruling by the European Court. This could add an additional £0.2m per annum to the budget.

- 4.4 The Authority was faced last year with a budget pressure from non-domestic rate revaluations. It was anticipated that some of this pressure could be mitigated by appeals but this work has not proved beneficial. A provision of around £0.2m will be required to correct this position. This should be able to be accommodated from equivalent savings identified on the capital financing budget as a result of lower capital investment in previous years.
- 4.5 Generally, the Authority has not added inflationary increases to non-staff budgets for a number of years and it is likely that this tack will again be necessary to constrain spending. Such increases have been dealt with through general efficiency savings measures in previous years by reducing activity at the margins as a cost avoidance measure.
- 4.6 Funding the above changes to the Fire & Rescue Authority revenue budget would equate to an increase in contributions of up to 1.8%. Work will continue to identify potential savings to offset this upward pressure wherever possible.

5. BUDGET TIMETABLE

- 5.1 The Authority has in recent years sought to set its revenue budget requirement at the December meeting of the Fire & Rescue Authority with a consultation period prior to that meeting. This was seen as advantageous to the constituent councils in terms of their budget planning cycles.
- 5.2 It may not be possible to complete the budget as quickly this year given the work that has been ongoing on staff structures and the need to review other areas of the budget for savings opportunities.
- 5.3 Welsh Government usually sets its budget in early October with draft local government settlements available in October also. Given the current leadership election underway to determine the First Minister, there may or may not be an impact on this timeframe.
- 5.4 It is therefore appropriate for the Fire & Rescue Authority to review its budget setting timetable for 2019/20.
- 5.5 In order to work towards this approval, the following meetings will consider relevant information.

Date	Meeting	Consideration
10 Sep 2018	FAPM Committee	MTFS and Reserves Strategy
24 Sep 2018	Fire & Rescue Authority	MTFS (this meeting)
8 Oct 2018	FAPM Scrutiny Group	Revenue Budget Preparation and Assumptions
3 Dec 2018	FAPM Committee	Revenue Budget Preparation and Assumptions
4 Dec 2018 – 27 Jan 2019	Consultation Period	
28 Jan 2019	FAPM Committee	Draft Revenue Budget and Consultation Feedback
11 Feb 2019	Fire & Rescue Authority	Revenue Budget Approval

6. FINANCIAL IMPLICATIONS

6.1 Details of the financial projections are included within the Strategy.

7. EQUALITY RISK ASSESSMENT

7.1 There are no equality implications resulting directly from this report. Each significant change in the Authority's budgets will undergo equality and diversity risk assessment by the responsible budget holder as part of the budget planning process.

8. RECOMMENDATION

8.1 That the Fire & Rescue Authority notes and agrees the report content as the basis of its financial planning framework.

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance and Procurement	

Appendix 1

Medium Term Financial Strategy 2018/19 – 2021/22

September 2018

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About SWFRS

South Wales Fire and Rescue Service is one of three Fire and Rescue Services in Wales and is one of the largest fire and rescue service areas within the UK.

Service and Incident Profile

The Service is coterminous with the ten unitary authorities in South and South East Wales, covering an area of 2,800 square kilometres of rural, coastal and urban areas. The Service serves a population of over 1.5 million.

The Service operates out of an HQ, Training Centre and 47 Fire Stations some of which are permanently crewed and others crewed by on-call firefighters. The Service has 338 operational vehicles including fire appliances, off road vehicles, light vehicles and boats. The service took 35,381 emergency calls last year, responding to 17,315 incidents of which a third were fires. Of these fires, around 70% were deliberate. Besides fires, the Service also responds to road traffic collisions, flooding and water rescues, animal rescues, medical emergencies and environmental incidents.

The Service proactively seeks to reduce risk mainly by prevention through early intervention, education and engagement activities. Last year, 19,916 home fire safety checks were undertaken and 47,408 children and young people were met face to face as part of educational and engagement events. As a result of this activity, the Service has been successful in significantly reducing the number of fires over recent years.

Strategic Plan

South Wales Fire and Rescue Service's vision is set out in our strategic plan for 2017-22. This Medium-Term Financial Strategy underpins that vision.

The plan outlines the strategic direction over the five year period and explains how the Service intends to meet its challenges in order to continue to deliver a high quality service that meets the needs of our communities. The long-term strategic Themes and shorter term Priority Actions within the Plan will enable South Wales Fire and Rescue Service to not only deliver a sustainable service but also support our partners in the wider public sector.

The Service's vision remains the key focus; "making South Wales safer by reducing risk." The Service recognises that safer communities can only be achieved by challenging and improving the way it works, through a safe and competent workforce and by effectively managing its resources.

At times of austerity, there is a temptation to concentrate on costs and reduced budgets with no regard to the quality of services delivered. However, the Service has made the decision to concentrate on how improvements can be made with the strongly held belief that efficiencies and savings will result. The key strategic themes are

Key Strategic Theme	Resource impact
Reducing the number of deliberate fires	Reducing fires reduces the need for response and the impact such incidents can have in the wider community
Undertaking engagement to obtain views on service delivery, risk and priorities	Engagement ensures that resources are used on what matters to the public
Ensuring that we attract, develop and retain a suitably resilient workforce that reflects our communities and is capable of delivering services	An effective workforce delivers efficient and effective services
Ensuring ICT systems and services are available to enable efficiency and support service delivery.	ICT systems underpin many of the services we provide and speed up business processes
Working with others to be more efficient and effective	Partnership can avoid duplication or waste

This financial strategy sets out the approach and identifies how the Service intends to plan and manage its resources in the light of the Government's continued downward pressure on public sector spending. It also focuses on how the Service will remain viable and respond to the various risks and pressures which it will face.

Key Achievements

The Service has been successful in significantly reducing the number of fires and fire related deaths and injuries over recent years. For example, between 2011/2012 and 2016/2017, fires reduced by 33.82%. This has been achieved against a background of reducing resources whilst at the same time, maintaining fire cover and continuing the standards of service expected by the public of South Wales.

Financial Context

Fire and Rescue is a devolved function and Welsh Government therefore have national oversight of the service. The South Wales Fire & Rescue Service is one of three Fire and Rescue Services operating in Wales. That said, both the national UK environment and devolved Welsh Government impact on the finances and operations of the Service.

The UK Context

The Service's financial position is impacted by the wider global economy and this strategic plan is written in this context. However, the Service cannot accurately predict or influence these factors and therefore has to plan on the basis of the best information available to it.

The International Monetary Fund judges that the outlook for growth has improved in advanced economies however, uncertainty around the global outlook is heightened at present, associated among other things, with policy and political risks. UK Government policy on spending has been the key determinant which has set the scene for resources in the UK public sector.

The latest spending review of the UK Government set out parameters for public spending over the medium term. There was no move away from the austerity measures which were being pursued to remove the budget deficit. In his spring budget of 2017, the Chancellor outlined the following:

- Ensure the UK lives within its means maintaining discipline on public spending
- Reduce the structural deficit to less than 2% of GDP and get debt falling as a percentage of GDP by 20/21
- Forecast CPI inflation will increase to 2.4% in 2017 before falling back to 2.3% in 2018 and 2.0% from 2019 onward
- Forecast RPI inflation will increase to 3.7% in 2017 before falling back to 3.6% in 2018 and 3.1% from 2019 onward

Significant uncertainty remains about the short and long term financial effects of "Brexit" and the election result in June has raised questions over the extent to which the austerity approach will be maintained. Current pay negotiations on a national basis are exceeding the pay cap previously imposed by the Government.

Wales

Overall spending limits set in Westminster determine the Barnett Formula consequential for resources in Wales each year. In the latest budget, the forecast spending limits showed:

- Wales Departmental Resource Budget as £13.4bn in 17/18 and 18/19 and £13.5bn in 19/20
- Wales Departmental Capital Budget as £1.7bn in 17/18, £1.8bn in 18/19 and £1.9bn in 19/20

These limits and the budget agreed by Welsh Government impact the funding of unitary authorities (which in turn meet the costs of Fire and Rescue Services) together with community safety and other sector specific initiatives which are directly funded through specific grants and contributions.

Unitary Authority Funding

Unitary authorities contribute to the Fire & Rescue Service budget and in consequence, their funding settlement is relevant to the Service. In recent years, the trend in reducing public expenditure has resulted in downward pressure in the un-hypothecated grant resources distributed to unitary authorities.

Current Cost & Budget Structure

The starting point for any Financial Strategy is to understand the cost base of the Service.

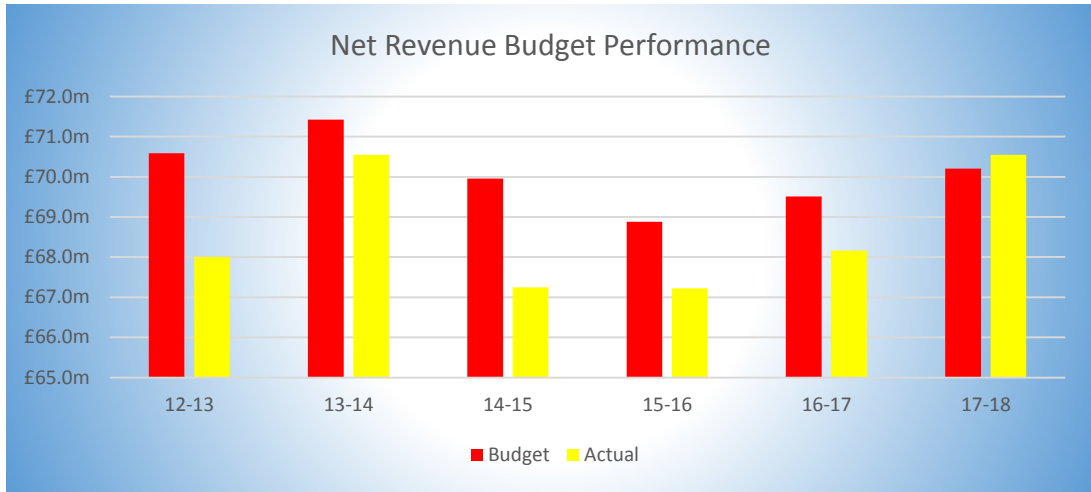
Revenue Budget

The Service's net annual revenue budget in 2018/19 is around £71.2m, the equivalent of less than £50 for each resident of South Wales. It equates to 0.5% of the total public service spending in Wales each year.

The table below shows the breakdown of the annual budget in 2018/19

	£000
Employees	47,286
Indirect Employee costs	8,127
Premises	4,669
Training	1,526
Supplies & Services	3,679
Transport	1,253
Contracted Services	744
Capital Financing	4,499
Other	356
Gross Budget	72,139
Income	-976
Net Budget	71,163

The following chart shows the movement in the net revenue budget since 2008/09 together with the actual spend for each year.



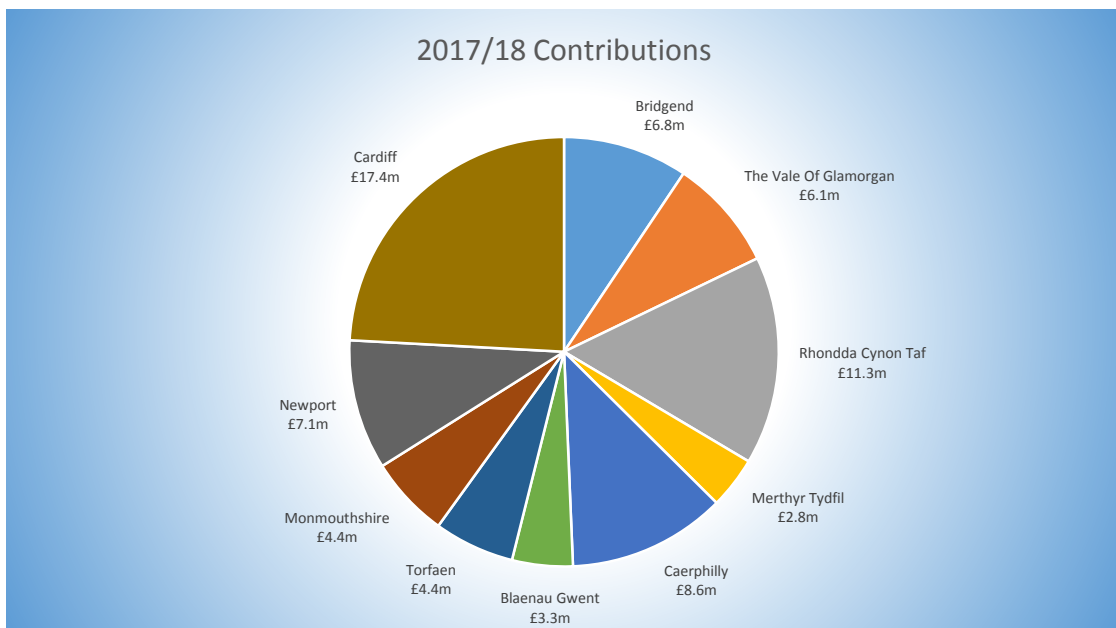
The Service has proactively managed to stay within its budget every year despite numerous challenges to its operations including a sustained period of industrial action. Surpluses generated from the revenue budget are utilised to invest in Service Improvement, asset renewal and efficiency projects which in turn keeps the requirement for annual funding at a lower level than would otherwise be the case.

An analysis of the outturn consistently reveals that staffing budgets are underspent particularly in the retained and whole-time firefighter categories. This stems from an ongoing struggle to recruit, train and retain sufficient numbers of staff whilst at the same time losing experienced firefighters to retirement and other full-time employment.

SWFRS Revenue funding

By virtue of the 1995 Fire Combination Orders, Fire and Rescue Services in Wales are funded from contributions made by constituent unitary authorities within their area. Each year, the Fire and Rescue Service determines its budget requirement and notifies each constituent council of its contribution. Contributions are proportionately split based on population.

The current distribution of funding in South Wales is show below.



The Welsh Government is currently undertaking a review into the governance and funding of fire authorities in Wales. If this review changes the structure, composition or funding of fire authorities, it could significantly impact the MTFS as drafted.

Forecast Cost Changes

There are a number of known factors which impact the cost base of the Authority. The main categories are outlined below.

Inflation

The financial strategy includes inflation where this is a contractual obligation but assumes that the majority of other spending is cash-limited. The exceptions include items where prices are generally more volatile than CPI such as vehicle fuel, energy costs and insurance premiums where specific allowances are made. Total inflation of £1.0m is assumed between 2018/19 and 2021/22. An anticipated 2% rise in fees and charges is also built in.

Pay

The Authority is part of the collective bargaining arrangements for 'grey book' (fire fighters) and 'green book' (non-uniformed) employees and therefore implements respective national pay awards as part of its pay policy arrangements. The Authority abides by the statutory Minimum and Living Wage legislation. The cost of pay inflation (including related pension overheads) over the period of the strategy is £3.7m. This is currently assessed with reference to the public sector pay settlements achieved in the current financial year. There has been much speculation recently about whether wage increases will be constrained in the future and it is unclear whether additional funding would be forthcoming if this was not the case. This situation will be monitored on an ongoing basis.

Pensions

The Authority operates a number of pension schemes for the benefit of its employees and makes employer contributions to each. Uniformed staff are eligible to join the national Fire Fighters' Pension Scheme (FFPS) and non-uniformed employees are eligible to join the Local Government Pension Scheme (LGPS). The schemes are administered by Rhondda Cynon Taf County Borough Council on behalf of the Authority. Employees are automatically enrolled in the relevant scheme unless they opt out.

Regular actuarial valuations are carried out to determine employer contribution rates to the Schemes. The LGPS is a funded scheme unlike the FFPS which is unfunded and underwritten by Welsh Government.

- The LGPS employers' pension contribution rate is currently 15.2% of gross pensionable pay. The strategy assumes that further provision will have to be made in future years to address the existing pension fund deficit. An increase to 16.3% Employer's contribution has been included into the forecast.
- The FFPS employers' pension contribution rates vary as there are three schemes in operation. Rates are currently between 11% and 21% of gross pensionable pay. The strategy assumes that Welsh Government will continue to fund any scheme deficit over and above the employee and employer contributions.

Service Demand

The strategy recognises that there is an increasing population trend in South Wales particularly within the urban areas of Cardiff and Newport. Pressures on the Authority's services will increase as a result of this and other factors.

According to Welsh Government statistical modelling, the population of South Wales has grown by around 6.5% in 10 years and growth forecasts are assumed to continue at a steady rate. This rate includes disproportionate increases in certain at risk groups such as the elderly. As demographics change, the need for fire cover and other rescue services change.

An average growth in population of around 0.66% per annum is not reflected in an annual need to increase expenditure. However, the Authority's cost base may eventually need a step change in response to overall demand. Such changes are traditionally dealt with through ongoing reviews of fire cover and other necessary service provision.

Environmental and legislative changes also drive the demand for services in areas such as flooding, wild fires, road traffic collisions and bariatric rescue. The Authority's partnership arrangements also result in an increased number of service calls such as co-responding to medical emergencies. The current climate of terror related incidents also demands a significant training and response capability in the fire service. These specific areas are considered in terms of budget provision as and when spending pressures crystallise.

Capital Financing Costs (Debt repayments and interest)

The strategy includes an increase in the Authority's estimated capital financing costs of £0.3m reflecting the approved capital programme. This programme together with the Treasury Management Strategy of the Authority determines the principal debt repayments and interest costs which will fall on the revenue budget. The programme includes a range of investments aimed at maintaining, renewing and supplementing the Authority's assets to achieve its strategic objectives. Affordability is a key component of the capital programme.

The Authority does not receive separate funding for capital borrowing costs and as such, all borrowing costs must be met from its core revenue budget.

Specific Projects

The nature of the Fire & Rescue Service entails participation in collaborative regional and national initiatives, some of which are sponsored by central government. Changes to the costs and funding within these projects can impact the budget of the Authority. One particular project is currently being monitored in this regard.

- Emergency Services Mobile Communications Platform (ESMCP) is a project aimed at rolling out a new Emergency Service Network (ESN) across the UK. Currently Welsh Government supports the cost of this network in Wales through financial contributions. This equates to around £0.6m per annum in South Wales. The project aims to not only modernise and improve the network but also to reduce ongoing costs. Until the future cost of the ESN is known for certain, the financial impact of the project is uncertain.

Forecast Funding Changes

Both national and local changes to funding can affect the Service's income streams.

National Funding Changes

The Government's policy direction shows a continued reduction in public spending and likely downward pressure on sector spending both at a Wales and local government level. That said, the scale of the reductions is less certain. Recent analysis of public sector spending in Wales has shown real terms reductions but not necessarily cash reductions in the medium term.

In its September 2016 paper “Welsh budgetary trade-offs to 2019–20”, the Institute of Fiscal Studies (IFS) outlines various scenarios for the Welsh Government Budget but concludes that with no major changes in current economic forecasts and policy, Welsh Government could be looking at a 3.2% real terms reduction between 2016/17 and 2019/20.

Clearly in the light of the May 2017 election result and Brexit, it is almost impossible to make meaningful assumptions beyond this steady state position.

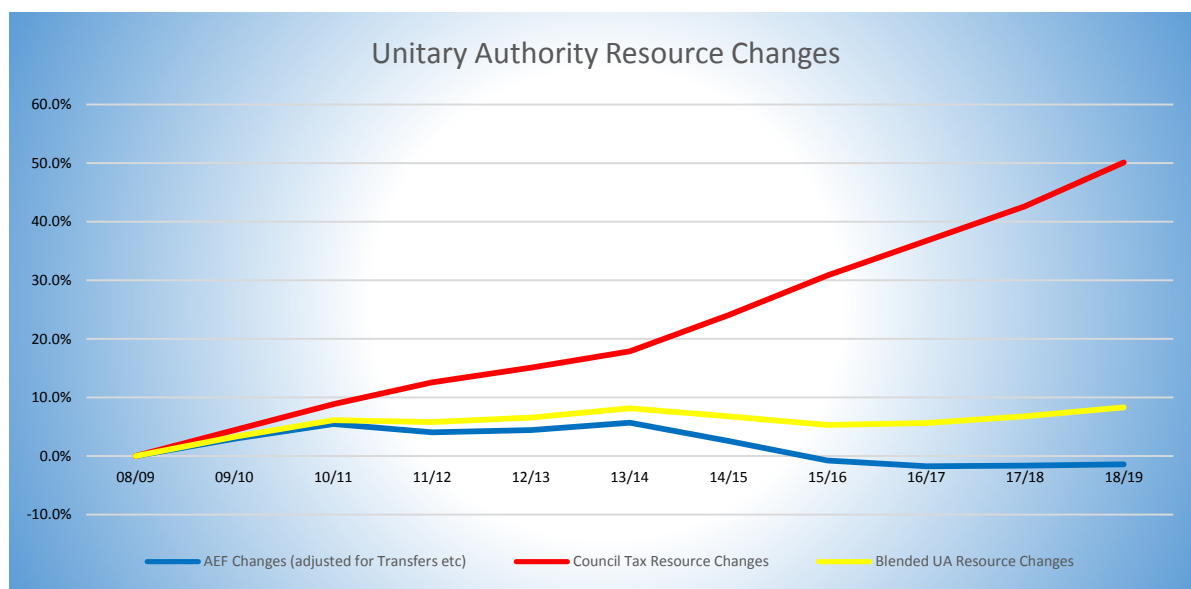
Welsh Local Authority Settlement Funding Assessment

The outcome of the budget decisions of Welsh Government in terms of health, social care and education will be major determining factors given the relative size of those budgets. The IFS publication went on to examine a range of scenarios for local government based on what protection may or may not be afforded to key services in Wales.

The projection indicates a range of between 4% and 11% real terms reductions over the three year period determined mainly by the protection afforded to the NHS in Wales. This translates to a cash position of around +2% to -5%. In the 2018/19 local government provisional settlement, Welsh Government announced a 1.5% cash reduction in external funding to Local government in 19/20 but gave no further indication of funding.

Aside from external funding from Welsh Government, Unitary authorities also have revenue raising powers through council tax which they can use to fund local services. The Office of Budget Responsibility forecasts 4% increase in council tax revenues which mirrors the increases seen over the austerity period in South Wales.

The chart below shows the historical changes in unitary authority funding within South Wales.



Based on the Welsh Government and IFS published numbers and the historical patterns of local taxation, the range of settlements for local government in cash terms could be as follows:-

	2019/20	2020/21	2021/22
Best Case	0%	+1.00%	+1.00%
Worst Case	0%	-1.00%	-1.00%

Beyond 2019/20 there are no projections on which to base assumptions around funding. Previous practice has been to assume a nominal change in settlement in respect of such periods.

Grants and other Funding Streams

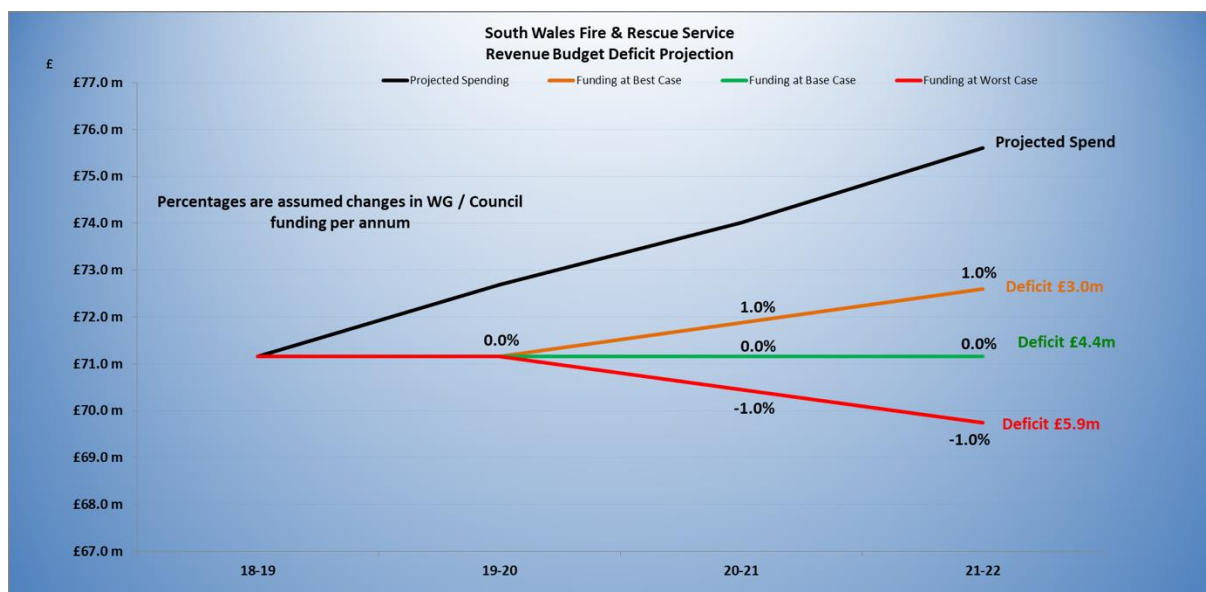
As Welsh Government departments have seen their own budgets cut, there has been a regular trend of reductions or withdrawals of specific grant funding streams. The Service has seen these cuts already in the Community Safety initiatives it operates.

Given the trend and commentary to date on grant funding, it is reasonable to assume that these funding sources may be further withdrawn over the medium to longer term however, in advance of any announcements, it would be wrong to assume such reductions yet. The table below outlines the grants and contributions currently in payment together with the basis of forecasts.

Grant	2018/19 £	Received from	Forecast Basis
COMMUNITY SAFETY	501,955	WG	Continue - cash flat profile
COMMUNITY SAFETY	33,000	GWENT POLICE	Continue - cash flat profile
NATIONAL RESILIENCE/USAR	1,524,704	WG	Continue - cash flat profile
FIRELINK	632,109	WG	Continue - cash flat profile short term until ESMCP implemented
CROWN PREMISES INSPECTOR	60,000	WG	Continue - cash flat profile
PENSION TOP UP GRANT	11,899,825	WG	Continue – excess funding required met in full by WG
PFI	1,121,516	WG	Pre-defined grant profile
MTFA	TBC	WG	Continue - cash flat profile
TOTAL FUNDING 18/19	15,773,109		

Estimated Budget Gap

The graph below sets out the Service's estimated budget gap throughout the period of the Strategy. It includes a range of certainty around the extremes of the assumptions included in the plan.



	18-19	19-20	20-21	21-22	Deficit	
Projected Spending	£71.2 m	£72.7 m	£74.0 m	£75.6 m		
Best Case		£71.2 m	£71.9 m	£72.6 m	£3.0 m	4.3%
Base Case		£71.2 m	£71.2 m	£71.2 m	£4.4 m	6.3%
Worst Case		£71.2 m	£70.5 m	£69.7 m	£5.9 m	8.3%

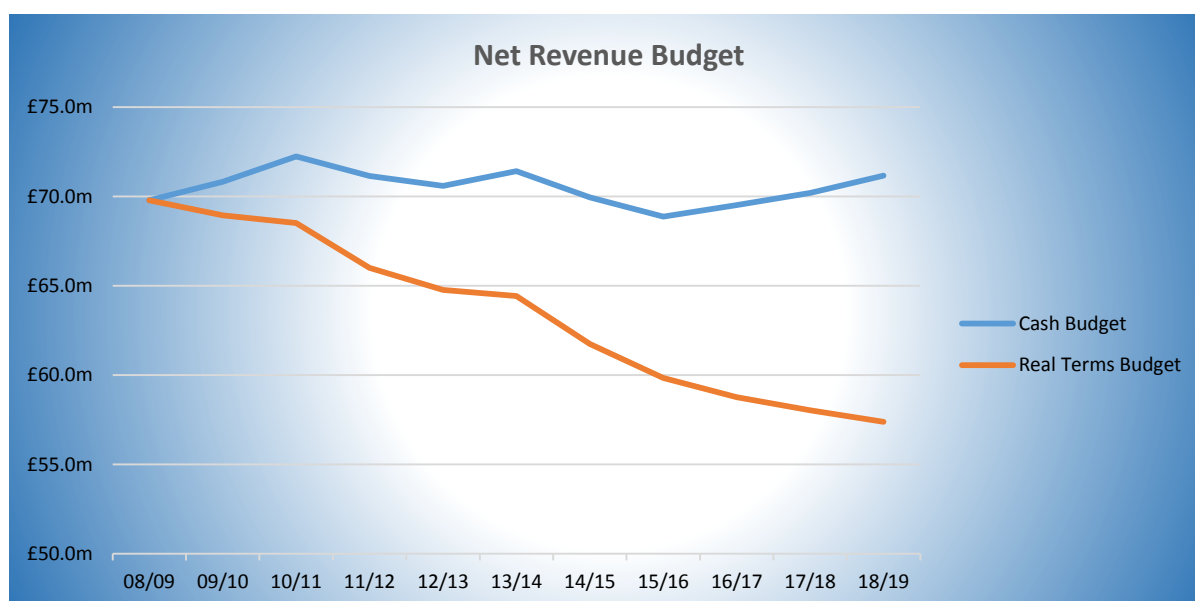
The worst case deficit position of £5.9m (8.3%) assumes that the Authority would only request funding in accordance with the assessed worst case local authority settlement. In practice, the Authority has to request the resources it requires to fund its services regardless of those settlements. That said, the Authority has always striven to take account of the climate of public sector budgets in which it operates and to reduce the burden on its constituent councils wherever possible.

Medium Term Financial Plan

To address the budget gap identified, the Service intends to manage down risk, unnecessary response, inflationary and other budget pressures whilst maximising income and making business processes as efficient as possible. Some of this work is part of an ongoing business delivery model whilst some of it depends on specific project work targeted at efficiency and savings.

Finance and Efficiencies

Since the commencement of the current economic downturn in 2008/09, the Authority has delivered a £12m real terms budget reduction. The budget for 2018/19 is £71.2m which in cash terms is less than in 2010/11. The chart below shows the trend in the revenue budget. It represents an estimated real terms reduction of around 18% in 10 years



The Authority has taken a number of approaches in relation to savings and efficiency over this period including reviews of fire cover, the Shaping Our Future Programme and various efficiency projects focussed on reducing expenditure and increasing income.

If there is a continued downward pressure on expenditure, it will become increasingly difficult to identify further financial savings without significant changes in what services the Authority provides and how it delivers them.

This could have implications for the public, businesses, operational partners and employees. To deliver the Authority's plan to reduce risk, services that are no longer affordable or less impactful may be delivered differently or, in some cases, stopped. Such changes would not be considered or implemented without Fire Authority approval following consultation and engagement.

Fire Cover Reviews

The Service continues to review fire cover across the whole South Wales Area. The most recent whole authority review resulted in the closure of several retained stations and a reduction in crewing at other sites. As part of that review, a number of identified station amalgamations and moves are still being held in abeyance. Availability of potential sites has created a delivery problem but these options remain open.

Shaping our Future Programme

The Authority has devoted resources to reviewing parts of the organisation to identify improvements and efficiencies. The programme continues to look at operational and back office business processes. As part of this coming budget cycle, consideration of areas for investment and savings within the structure of the Authority's staffing is being undertaken. These will be the subject of reports to the Fire Authority for consideration once developed.

Accounting Measures

The Authority, through its Finance, Asset & Performance Management Committee, has reviewed its budget for opportunities to create savings / budget reductions. This has included contingencies, inflation allowances, vacancy provisions, method of manpower budgeting and treasury management practice. The Authority will continue to monitor all of these aspects of the budget to identify further opportunities to drive down the underlying resource requirement where this is prudent and sustainable.

Reserves Policy

Under the 2003 Local Government Act, the Treasurer is required to make a statement to the Authority on the adequacy of reserves as part of the annual budget setting process. It is good practice for the Authority to have a reserves policy which is reviewed regularly. The Authority follows this practice, ensuring that liabilities and risks are adequately managed from a financial perspective.

General Reserves

General reserves are maintained to ensure financial stability in the longer term thus allowing the Authority time to plan, mitigate and deal with future financial challenges.

The reserve policy includes an assessment of financial risks and a quantification of those risks where this is possible. The overall value of general reserves held reflects the value of assessed risks, the overall quantum of the budget and previous experience of variations resulting from volatility in specific areas.

Due to the ongoing austerity measures facing the public sector in the UK, the financial risks in the overall budget remain high and the Authority is maintaining general reserves at a healthy level to

reflect this. Fire Services in the UK remain under threat of industrial action which represents a further risk to continued service provision.

The financial strategy is predicated on no planned use of general reserves to fund ongoing revenue spending. The Authority regards this as an unsustainable financial planning parameter.

Earmarked Reserves

The Authority creates, maintains and utilises earmarked reserves to fund specific projects and liabilities as they are developed or identified. An overall change management reserve is maintained to fund projects aimed at increasing efficiency and improving or changing services. The Authority has little recourse to capital funds aside from borrowing and as such these earmarked reserves are also used to assist in meeting the financial demands arising from larger projects.

Reserve (Subject to audit)	Balance at 31/03/18 £000	Purpose
General Reserves	3,000	General financial resilience
Change Management Reserve	6,506	To fund projects aimed at efficiency, service improvement and change
Compartment Fire Behaviour Training (CFBT) Reserve	4,349	To fund the training facility at Cardiff Gate
PFI Equalisation Reserve	3,851	To balance out timing difference in grants and costs of the PFI Training Centre project at Cardiff Gate
Managed Under Spend Reserve	101	To meet costs of ongoing projects falling into the next financial year
Total Revenue Reserves	17,807	

Treasury Management Strategy

The objective of the Authority's treasury management is to ensure that the Authority's cash, borrowing and investments are appropriately and efficiently managed within agreed financial and legislative parameters.

The Authority is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Codes covering such activities. In accordance with the Code, the Authority procures and retains the services of an external Treasury Management Advisor.

Reports on the Authority's Strategy and agreed parameters are approved prior to the commencement of each financial year. A half year progress report is made during the year and an annual report is received at the completion of each year end outlining performance and compliance.

Temporary borrowing is undertaken to fund short term cash flow deficits with long term borrowing being used to fund the Authority's capital requirements. Given the recent history of low interest rates, the Authority continues to pursue a policy of utilising internal cash balances (Internal borrowing) to minimise external interest costs. Forecasts for the UK and World economy are kept under review to determine if this strategy should change in response to potential interest rate rises.

The Authority's Capital Financing Requirement is the measure of its need to borrow to fund its capital requirements. This is forecast at £44.3m at March 2018 with external borrowing being £37.6m. The difference of £6.7m represents internal borrowing and the exposure of the Authority to

increasing interest rates should it need to borrow externally. This exposure is forecast to rise to £10.1m by March 2020.

Exposure to increasing interest rates is mitigated by having a portfolio of external loans at fixed rates maturing over a range of short, medium and long dates. The profile of the Authority's debt maturity provides certainty over borrowing costs with 42% maturing after 10 years or more.

Investment activity is minimised by the current borrowing strategy. However, when cash flow dictates, short term cash investments are made to approved counterparties to generate income.

Further detail on the relevant forecasts can be found in the Authority's approved Treasury Management Strategy.

Asset Management Plan

The Authority operates within fire and rescue stations, offices, workshops, training facilities and control room accommodation. At these sites, in order to assist us in delivering our service to the public, we also hold a large number of assets, ranging from our fleet of emergency response and support vehicles, operational plant and equipment, ICT equipment and other minor assets (such as office and station furniture, specialist clothing etc.).

In order for us to properly manage these assets it is necessary for the Service to have an Asset Management Strategy. This ensures that our assets are still fit for purpose and relevant for evolving service needs and changing legislative requirements. In addition as a large public sector owner of assets there is an overarching requirement for us to ensure value for money in the management and maintenance of these assets. To this end, our Asset Management Strategy determines the high level priorities where financial resources are to be targeted to meet service requirements.

Our Asset Management Strategy is supported by a number of management plans which provide the detail upon how our assets will be managed. These include:

- Land & Buildings
- Fleet
- Plant & Equipment
- ICT
- Minor Assets
- Procurement

These Operational Equipment Plans are an essential tool in how we manage our operational equipment assets. Regular reviews of our equipment are essential to ensure that it is still fit for purpose and suitable for our evolving service needs and changing legislative requirements.

As part of the public sector there is a responsibility for us to ensure value for money is obtained when we procure and maintain operational equipment. We also have a duty to ensure the health and safety of operational personnel using the equipment and that the equipment we provide is fit for purpose.

Capital Programme

Capital investment in assets is required to maintain an effective operational response and according a planned capital programme exists. The Fire Authority has little recourse to capital funding other than from self-financed borrowing and capital receipts from the disposal of surplus assets and

accordingly, the financing costs of the programme fall on the revenue budget. Affordability is therefore key in making decisions about the level of investment that can be undertaken.

The programme contains elements to fund new or replacement assets as well as repairs and preventative maintenance for existing assets. The programme broadly covers the following categories of investment:

Property	Site acquisitions, new build, refurbishment and planned maintenance
Vehicles	Operational appliances and light vehicles
Equipment	Operational equipment including PPE
ICT	Hardware and software

Collaboration

Collaborative working with partner agencies is seen as a priority. This includes other emergency services, local authorities and the third sector in Wales but also other service providers on a national level. This collaboration delivers efficiency but also resilience which is especially important in a world subject to emerging global threats such as climate change and terrorism.

The service continues to seek other collaborative opportunities to improve outcomes for the population of South Wales but also to make efficiency savings.

National Issues Committee and Welsh Government (NIC)

All three Fire and Rescue Authorities in Wales have one common objective which is a safer Wales. The NIC was formed to actively promote and enable collaboration between the Services but also across the wider Welsh public sector. It also aims to achieve objectives detailed in Welsh Government strategic policies and programmes.

The aim of the NIC is to deliver measurable improvements, including greater efficiency and a more citizen focused service. There are currently eleven work streams:

- Business continuity
- Control
- Community risk reduction
- Common & specialist services
- Fleet & transport
- Health & safety
- Human resources
- ICT (shared services)
- Operations
- Procurement
- Training & development

Partnership with other 'blue light' services

There are obvious synergies between the work of the Service and that of other 'blue light' services across South Wales. Emergency services are often attending the same incidents in the same localities and can in certain circumstances provide resources to assist one another. These resources include employees, property and other assets.

Co-location of services within properties has begun to achieve cost efficiencies. A good operational example is Abertillery Fire Station which is now a tripartite facility housing police, fire and ambulance personnel.

The service is currently engaged with Mid and West Wales in delivering a joint control facility within the South Wales Police HQ. This facility was developed with a business plan to save around £1m per annum in running costs.

Recently the Service has been trialling an emergency medical response service. Fire service personnel and assets are now responding to certain categories of medical emergencies alongside paramedics and ambulances.

Partnership with local authorities and the third sector

The Service often comes face to face with the same service users of local authorities and the active third sector operating in the area. This provides opportunities to join up service provision when interfacing with service users and members of the general public in many communities.

Prevention activities are key in reducing risks for everybody within the Service Area and activities are now focussed on providing information and advice and sharing information across a wide range of operational front line services.

Workforce Strategy

The Authority employs around 1,700 staff as both operational firefighters and a range of professional and supporting roles. The nature of the Service means that 75% of expenditure is on staff or staff related budgets and there is a high expenditure on training and related matters.

The Service is part of collective bargaining agreements with both uniformed (grey book) and non-uniformed (green book) Trade Unions. Staff communication and engagement is high on the priorities of the Service to ensure staff fully understand the plans, rationale and motives of the Service.

Given the high percentage of staff costs, efficiencies or budget cuts inevitably impact on staffing levels. The Service tries to avoid redundancies wherever possible by using retirement and natural staff turnover to reduce numbers if required.

Risk Management

The Fire & Rescue Service National Framework for Wales and the Wales Programme for Improvement Framework requires the Service to consider risk management whilst discharging its statutory duties and take into account the risks facing the organisation when making strategic decisions.

Risk Management Framework

A risk is an event that has the potential to help or hinder the achievement of a strategic objective or the delivery of core business. All risks are rated as manageable (low), material (medium) or significant (high).

Directors, department heads and team leaders are responsible for identifying risks during the business planning process and taking the appropriate actions to manage or mitigate risk within their

areas. Only risks that impact upon the achievement of a strategic objective or delivery of core business are monitored via the Corporate Risk Register. 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

Financial Risks

The Service's current and future financial position and adequacy of resources are subject to regular review.

Budget monitoring is regularly undertaken with resources prioritised on key risk areas. Monitoring operates on a devolved and centralised model with budget holders across the Service at various levels of the organisation. The Service's Standing Orders and Financial Regulations set out procedures, roles and responsibilities to ensure accountability.

Key specific financial risks within the Strategy and Plan include:

- The national economy and public finances
- The level of interest rates and the cost of borrowing
- Variations in Inflation assumptions - 1% of pay equals £0.5m and 1% of price equals £0.2m
- Failure to deliver or late delivery of budget savings
- Project delays
- Withdrawal of key funding streams by Government
- The cost of pensions

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SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 6.ii
24 SEPTEMBER 2018

REPORT OF THE TREASURER

STATEMENT OF ACCOUNTS 2017/18**SUMMARY**

The Appointed Auditor is required to give his opinion on the financial statements for the year ended 31 March 2018. This report considers the statutory ISA260 report (draft), the final statement of accounts (the letter of representation required by the auditor will be reported to Fire Authority).

RECOMMENDATIONS

That Members receive the draft ISA260 report (attached at Appendix 1) of the Appointed Auditor.

That Members approve the audited Statement of Accounts (Sent electronically).

That Members note the letter of representation

1. BACKGROUND

- 1.1 The Treasurer to the South Wales Fire & Rescue Authority is responsible for the preparation of the statutory financial statements and information contained within the annual Statement of Account according to accepted accounting practices.
- 1.2 The Auditor General is also required to give an opinion on whether the financial statements of the Authority and the Fire Fighters Pension Fund Account give a true and fair view of the financial position as at 31 March 2018, and its income and expenditure for the year then ended.

2. ISSUE

- 2.1 The Treasurer approved the draft Statement of Accounts for 2017/18 on 30 June 2018, and these have been subject of the external audit process during July and August.
- 2.2 The audit has now been substantially completed by the Wales Audit Office (WAO) as the appointed auditors and their statutory ISA260 report is attached at Appendix 1. The auditors' report draws attention to corrected and uncorrected misstatements in addition to areas of uncertainty. These items are insignificant errors, omissions and areas where there is lack of clarity in our records, e.g. collaboration agreement.

- 2.3 The final audited statement of accounts will be published on the Authority's website following Fire and Rescue Authority approval and Chair, Treasurer and Auditor endorsement.
- 2.4 The overall opinion of the external auditor is regarded as favourable and references the improvements that have been made. This is again in no small measure down to the significant amount of work undertaken by the accountancy staff of the Fire & Rescue Service, together with support from external audit staff.
- 2.5 It is normal practice for the External Auditor to require a letter of representation from the Authority. A draft of this letter is contained within the ISA 260 report.

3. FINANCIAL IMPLICATIONS

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

4. RECOMMENDATIONS

- 4.1 That Members receive the draft ISA260 report (attached at Appendix 1) of the Appointed Auditor.
- 4.2 That Members approve the audited Statement of Accounts.
- 4.3 That Members note the letter of representation

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance & Procurement	Statement of Accounts 2017-18 – Electronic Copy WAO ISA260 Report Proposed Report of the Auditor General to the South Wales Fire & Authority Letter of Representation



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – South Wales Fire and Rescue Authority

Audit year: 2017-18

Date issued: August 2018

Document reference: 760A2018-19

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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infoofficer@audit.wales.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

While the audit is substantially complete there are currently outstanding queries on pension overpayments that need to be resolved before we can confirm the Auditor General's proposed audit opinions on the financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

- 1 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 the South Wales Fire and Rescue Authority (the Authority) at 31 March 2018 and its income and expenditure for the year then ended.
- 2 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.
- 3 The quantitative levels at which we judge such misstatements to be material is £1.969 million for the Authority's main financial statements and £0.441 million for the Fire Fighters' Pension Fund Account. 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.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the Authority's 2017-18 financial statements, which require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018 on 29 June 2018 which was in line with the statutory deadline of 30 June 2018. We have now substantially completed the audit work. There is one outstanding issue relating to pension overpayments (see paragraphs 20 to 25). The Authority is currently quantifying the impact of such overpayments and expects to provide this information to us by the end of August 2018.
- 7 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 the Treasurer.

Proposed audit report

- 8 While the audit is substantially complete the outstanding queries on pension overpayments need to be resolved before we can confirm the Auditor General's proposed audit opinions on the financial statements. Once this is complete, we expect you to provide us with a Letter of Representation (LoR) based on that set out in [Appendix 1](#).

Significant issues arising from the audit

Uncorrected misstatements

- 9 Paragraph 10 sets out one misstatement that we identified in the financial statements, which we have discussed with management. The uncorrected misstatement is not material and does not affect our audit opinion on the financial statements. If you decide not to correct this misstatement we ask that you set out your reasons in the LoR.

The misclassification of capital contributions and capital grants

- 10 The Authority has classified capital contributions of £690,000 and capital grants of £169,000 as income within the 'Cost of Services' in the Comprehensive Income and Expenditure Statement. This does not comply with the Code of Practice, which states that such income should be classified as 'Taxation and non-specific grant income'.

Non-material uncertainties

- 11 We set out below two areas of non-material uncertainty:
- The Authority has not fully assessed the accounting treatment of a contribution of £654,000 from the Welsh Ambulance Service NHS Trust, received in respect of Barry Fire Station. The Authority has treated the contribution as income in 2017-18 (see paragraph 10 above). Whilst this is consistent with the draft 'Heads of Terms' agreement, which refers to a capital contribution, this agreement also states that the contribution is in lieu of rental income for a 25 year period. The draft operating lease agreement confirms a rental charge of £1 per annum with no reference to a capital contribution. Given that both agreements are draft, and appear inconsistent, it is difficult for us to determine the appropriate accounting treatment and we therefore have audit uncertainty.
 - In 2017-18 the Authority has contributed £800,000 towards the cost of the Joint Public Service Centre. The Authority has treated its contribution as rental expenditure paid in advance, which it is amortising over 8 years. Therefore, as at 31 March 2018 the Authority has classified £700,000 as a prepayment. The signed contract does not specify the purpose of the £800,000 payment. As part of our audit South Wales Police confirmed that, in their view, the payment is in respect of occupancy. Whilst we consider the Authority's accounting treatment to be reasonable, it is difficult to confirm given that the contract is unclear.

Corrected misstatements

- 12 There are 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. They are set out with brief explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 13 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 some issues arising in these areas this year:

We have some concerns about the qualitative aspects of your accounting practices and financial reporting

- 14 Last year we reported concerns about the quality of the financial statements presented for audit. We also reported concerns about the audit trail and supporting documentation. Since last year's audit the Authority has made good progress in many of the areas reported. There have been significant improvements in the quality of the first draft financial statements presented for audit. There have also been improvements in the supporting working papers and an improved audit trail generally. However, there is still scope for improvement in some areas, and the more significant matters arising are as set out at paragraphs 15 to 20.

The Authority did not consider whether any assets had been disposed as part of a major refurbishment

- 15 The Authority has been refurbishing Barry Fire Station, with capital expenditure of £823,000 having been added to the asset valuation during 2017-18. At the time of our audit fieldwork, the Authority had not considered whether any parts of the existing asset had been replaced. If they had been replaced, it would have most likely resulted in a reduction in the asset valuation. The Authority has recently confirmed that no assets, or asset parts, were replaced during 2017-18. Next year, the Authority should undertake and document an assessment prior to its preparation of the 2018-19 financial statements. The Authority should also obtain a revised valuation for the Fire Station once the works are complete.

The record of the depreciated historical cost of assets is not accurate, making it difficult to confirm the accuracy of the revaluation reserve transactions and balances

- 16 As recommended last year, the Authority has prepared a record of the depreciated historical cost of assets, but this does not include asset additions in 2016-17 and 2017-18, or impairments. We completed additional testing and analysis to gain assurance that the revaluation reserve balance was not materially misstated at the year end.

As reported in previous years, pension fund adjustments disclosed in the financial statements are overly complex and analyses within the disclosures do not strictly comply with the Code of Practice guidance notes

- 17 The pension fund entries processed in the cost of services and the movement on the pension fund liability and reserve are in line with the Code of Practice. However, the supporting working papers and analyses within the disclosures are overly complex. As set out in the Code of Practice guidance notes, the transactions should be grouped together as 'top up grant' rather than disclose various other pension fund transactions.

The audit progressed very well during planned on-site testing, but in the latter stages there were some delays which need to be addressed for next year given the significantly earlier statutory timetable

- 18 As you are aware the Authority faces revised deadlines for the preparation and publication of the financial statements for 2018-19 onwards. The accounts must be prepared by 31 May (one month earlier) and published by 31 July (two months earlier).
- 19 The audit progressed well during our three week on-site testing, but in the latter stages of the audit there were delays in clearing some important audit queries, and some additional queries were raised during the final review stage. In order to meet the challenges of the change in next year's timetable, it is essential that all audit queries are raised, prioritised and dealt with quickly. We will work with the Authority to develop a detailed 'audit deliverables document' and timetable to enable next year's challenging deadlines to be met. This will also need to cover key areas such as the timing of the relevant committees to consider and approve the 2018-19 financial statements.

There is one significant matter, relating to the Fire Fighters Pension Fund, that we are discussing with management

- 20 The Firefighters Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December 2014 and made retrospective amendments from 1 July 2013, to the Firefighters Pension Scheme Order 1992.

- 21 Essentially, the amendment introduced powers for the Authority to treat temporary promotions as additional pension benefits effective from 1 July 2013. However, it came to light at the Scheme Advisory Board (Wales) meeting held on 27 November 2017 that the Authority had not exercised these powers, in that Authority Members had not considered whether to adopt the change permitted by the 2014 Order. In their response to our audit enquiries letter, the Authority drew our attention to the fact that it had continued, from 1 July 2013, to apply the previous regulations (which allowed for the best of the last 3 years in final salary calculations) and hence pension entitlements, for relevant cases, were incorrectly calculated and paid contrary to the pension regulations. We understand that the other Welsh Fire Authorities have taken similar actions.
- 22 In March 2018, the Authority took the decision to treat temporary promotions as additional pension benefits for some groups of staff from 1 April 2018 (in accordance with the amendment order). It also took the decision to apply the previous regulations for those who retire within 3 years of the implementation date (1 April 2018), and not to apply the changes retrospectively. However, there are financial implications to not applying the changes retrospectively as some pensions have been or will be, based on inflated pensionable pay. There are four groups of fire fighters that are affected.
- 23 Neither the report presented to the Authority on 26 March 2018 nor the minutes of the meeting set out the financial impact on the four different affected groups of fire fighters, and it is therefore unclear whether members understood the financial and legal impacts when making their decision.
- 24 Furthermore, as the net cost of the Fire Fighters Pension Fund falls to Welsh Government, and not the Authority, it is unclear whether Welsh Government were sighted of the financial implication on its budget of the decision by the Authority.
- 25 We have not yet established whether the impact of the overpayments is material to the accounts (see paragraphs 6 and 8). We also have concerns over the lawfulness of the decision taken by the Authority and further audit work is therefore required, and we have sought legal advice on this matter. As a result we will not issue the audit certificate to close the audit until this work is concluded.

There are no other matters that we need to report to you

- 26 There are no other matters to report to you. In particular:
- 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 other material weaknesses in your internal controls that we have not reported to you already; and
 - there are no other matters specifically required by auditing standards to be communicated to those charged with governance.

Recommendations arising from our 2016-17 and 2017-18 financial audit work

- 27 We will soon be reporting separately on the Authority's actions against last year's recommendations, which have been reasonable, and our audit observations and recommendations from this year's audit. This year's recommendations will include management's responses and intended actions.

Independence and objectivity

- 28 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 29 We can confirm that 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 and the Authority that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

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

24 September 2018

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of South Wales Fire and Rescue Authority (including the remuneration disclosures) and the Fire Fighter's Pension Fund for the year ended 31st March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

I have fulfilled my responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the code of practice on local authority accounting; 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. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these is set out below:

- **The misclassification of capital contributions and capital grants** - The Authority has classified capital contributions of £690,000 and capital grants of £169,000 as income within the 'Cost of Services' in the Comprehensive Income and Expenditure Statement, rather than as 'Taxation and non-specific grant income'. We have considered the low value of this mis-statement and the work involved in correcting this entry outweighed the impact on stakeholders.
- **Lump sum and pension overpayments made by the Fire Fighters' Pension Fund** – *(TBC – awaiting confirmation of value of overpayments made, refer to impact on FFPF and FRA accounts)*

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 on 17th September 2018.

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:

Chris Barton

Treasurer,

South Wales Fire & Rescue Authority

Date: 24 September 2018

Signed by:

Councillor Tudor Davies

Chairman,

South Wales Fire & Rescue Authority

Date: 24 September 2018

Appendix 2

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

(Outstanding – further work on pension overpayment to be completed)

DRAFT

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the South Wales Fire and Rescue 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
£600,000	Reclassification of prepayment to show as partly short term and partly long term element.	To correctly disclose debtor as partly short term and partly long term.
£168,000	Reclassification of part of intangible asset opening balance to asset under construction, and removal of related incorrect entry in earmarked reserves.	To correctly classify the opening balance of fixed assets by category, and to correctly disclose the balance on earmarked reserves.
£49,000 (£1,171,000 comparative)	Other income figures in Narrative Report not accurate.	To correctly disclose other income for 2017-18 and 2016-17.
£3,000	Benefit in kind for Assistant Chief Officer not initially disclosed.	To correctly disclose a senior officer's remuneration.
£1,417,000	Capital commitments not disclosed accurately.	To correctly disclose capital commitments.
£7,000	Median remuneration calculated incorrectly.	To correctly disclose median remuneration.
£2,030,000 (£2,030,000)	Pension reserve movements not correctly analysed in the Movement in Reserves Statement note.	To correct the analysis in the note.
Various amendments, presentation corrections and additional narrative	There have been some minor amendments, presentational corrections and additional narrative to the financial statements and notes.	To ensure accurate disclosure and presentation, and to inform the reader

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SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 6.iii
24 SEPTEMBER 2018

REPORT OF THE TREASURER

2017/18 ANNUAL TREASURY MANAGEMENT REVIEW**SUMMARY**

To consider the results of treasury management activities for the year ending 31 March 2018, in accordance with the Authority's approved Treasury Management Strategy.

RECOMMENDATION

That the Fire & Rescue Authority note the annual treasury management review for 2017/18 and approve the actual 2017/18 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 2017/18 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 3 banking providers, i.e. Barclays, Lloyds and Natwest. The main banking contract was awarded to Barclays in November 2014. Lloyds and 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 approx 4%. The current borrowing strategy is to utilise the Authority's cash reserves in the first instance and to undertake external borrowing only to ensure sustainable efficiencies in the revenue budget. During the year long term borrowing reduced by £3.3million as a result of debt repayments and no new loans being taken during the year. There was no debt restructuring undertaken in 2017/18.

3.2 Investment Outturn

Despite the above borrowing strategy, external investments have increased during the year due to delays in capital investment (details contained in capital monitoring report). Cash balances have been maintained in higher earning accounts and investment returns of £72,514 exceeded the budgeted income levels set at £54,565.

The rates of return on call accounts at the end of March were 0.25% with Barclays and 0.70% with Lloyds. Rates are reviewed periodically and subject to change in accordance with contract terms and conditions. The Bank of England base rate increased on the 2nd November from 0.25% to 0.50%.

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 2017/18 and approve the actual 2017/18 prudential and treasury indicators set therein.

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

APPENDIX 1

<i>Prudential Indicators</i>	<i>2016/17 Actual £'000</i>	<i>2017/18 Original £'000</i>	<i>2017/18 Actual £'000</i>
<i>Capital Expenditure</i>	2,473	7,972	4,234
<i>Ratio of Financing costs to net revenue stream</i>	6.57%	6.91%	6.79%
<i>Gross Borrowing requirement – General fund Brought forward 1st April</i>			
<i>Carried forward 31st March</i>	39,133	37,224	37,234
<i>In year borrowing requirement</i>	37,224	33,808	33,927
<i>Repayment of principal during the year</i>	(1,902)	(3,416)	(3,307)
<i>Capital Financing Requirement (CFR)</i>	44,338	47,327	44,146
<i>Annual Change in CFR</i>	(1,472)	1,511	(192)

Treasury Management Indicators	2016/17 Actual £'000	2017/18 Original £'000	2017/18 Actual £'000
Authorised Limit for external debt			
<i>Borrowing</i>	53,000	50,000	50,000
<i>Other Long term Liabilities</i>	20,000	12,000	12,000
<i>Total</i>	73,000	62,000	62,000
Operational Boundary for external debt			
<i>Borrowing</i>	50,000	45,000	45,000
<i>Other Long Term Liabilities</i>			
<i>Total</i>	10,000	10,000	10,000
	60,000	55,000	55,000
Actual External Debt	42,606	41,088	39,041
Upper Limit For Fixed Rate Exposure			
<i>Net Principal re fixed rate borrowing/investment</i>	100%	100%	100%
Upper Limit for total principal sums invested for over 364 days	10,000	10,000	10,000

<i>Maturity structure of fixed rate borrowing during 2017/18</i>	<i>Upper Limit</i>	<i>Lower Limit</i>	<i>Actual as at 31.03.18</i>
<i>Under 12 months</i>	<i>25%</i>	<i>0%</i>	<i>8.6%</i>
<i>12 months and within 24 months</i>	<i>30%</i>	<i>0%</i>	<i>13.3%</i>
<i>24 months and within 5 years</i>	<i>50%</i>	<i>0%</i>	<i>14.0%</i>
<i>5 years and within 10 years</i>	<i>70%</i>	<i>0%</i>	<i>21.5%</i>
<i>10 years and within 25 years</i>	<i>95%</i>	<i>0%</i>	<i>21.6%</i>
<i>25 years and 50 years</i>	<i>95%</i>	<i>0%</i>	<i>21.0%</i>

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SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 6.iv
24 SEPTEMBER 2018

REPORT OF THE DEPUTY CHIEF OFFICER

POTENTIAL REFORM OF FIRE & RESCUE AUTHORITIES**SUMMARY**

To provide Members with an update on Welsh Government's intention to review the governance and funding arrangements of the Fire & Rescue Authorities in Wales.

RECOMMENDATION

That Members note the content of the report and agree to receive further updates on the issue as appropriate.

1. BACKGROUND

- 1.1 As Members will be aware following previous reports at Fire & Rescue Authority meetings and the Member training held this summer, Welsh Government has indicated its intention to review the governance and funding arrangements of the Fire & Rescue Authorities in Wales.

2. ISSUE

- 2.1 As part of this process, the Cabinet Secretary for Local Government & Public Services has written to the Chair of the Authority and the Chief Fire Officer to elaborate upon the areas he wishes to focus on in his review. To this end, he commissioned Professors Rachel Ashworth and Catherine Farrell of Cardiff Business School and the University of South Wales respectively, to meet with the Chair and Deputy Chair of each Fire & Rescue Authority and the Executive Leadership Team of each Fire & Rescue Service. In addition, the Professors also met with the Welsh Local Government Association. These meetings were very loosely structured to explore some key areas of governance and funding of the Authority.
- 2.2 Following the conclusion of these meetings, the report attached at Appendix 1 which is a summary feedback to Fire & Rescue Authorities, was provided by Welsh Government officials to each Chair, Chief Fire Officer and the Welsh Local Government Association. In addition to this correspondence, the Chair has received a letter (attached at Appendix 2) from the Cabinet Secretary.
- 2.3 As Members will note from the content of the report, it is intended to reflect a summary of all of the meetings that took place and is not specific to individual Authorities. Indeed, no particular Authority is identified in the summarised views. The report concludes with a summary of the

suggestions that were made during the meetings for potential future reform of the Authority.

- 2.4 The Chair and Deputy Chair met with the new Fire & Rescue Advisor to the Welsh Government at the end of August and discussed the Authority's views in relation to potential reform. The Chair is also scheduled to meet with the Cabinet Secretary and the other Chairs from Mid & West Wales and North Wales Fire & Rescue Authorities on 19 September, and Members will be updated accordingly.
- 2.5 It is currently unknown what implications the Cabinet Secretary's announcements in respect of local government reform will have in respect of any reform of Fire or, indeed, the forthcoming leadership elections at Welsh Government.

3. RECOMMENDATION

- 3.1 That Members note the content of the report and agree to receive further updates on the issue as appropriate.

Contact Officer:	Background Papers:
Sally Chapman Deputy Chief Officer	<ul style="list-style-type: none"> • Appendix 1 – Summary Feedback to FRAs • Appendix 2 – Letter from the Cabinet Secretary to the Chair

FRA consultation feedback

This summary is drawn from meetings held with FRA Chairs, Chiefs and additional personnel, along with the WLGA, held on 4th, 8th, 14th and 27th June 2018. Conversations were confidential and, consequently, views have been summarized, rather than being attributed to individuals. The summary has been divided into four sections: responses to the prospect of reform, accountability, finances and FRA member capacity.

Responses to the prospect of reform

Chiefs and Chairs emphasized that they are not resistant to change and provided many examples of how they embraced it. However, they raised a series of concerns regarding the suggestion that fire and rescue governance in Wales might be reformed. Several queried the lack of a clear evidence and rationale for reform, feeling that perceived problems with the current system had not been clearly identified. This made it difficult for interviewees to estimate the added value that might be gained through any change. Some interviewees raised concern about changing a system that operates well and “breaking a system which is not broken”. For example, it was identified that accountability for fire was highly sufficient, given the scale and budget for the service, relative to systems of accountability for other public services that operate at a much larger scale. Interviewees emphasized the importance of the electoral link via local authorities and provided examples of how this was currently operationalized to deliver accountability, transparency, consultation and information (see below). Further, the suggestion that there was a need for a more direct form of accountability to underpin fire service governance was met with some skepticism, given other models, such as the Scottish approach or a potential one-Wales fire and rescue service, were not perceived to facilitate a direct relationship between citizens and responsible politicians, via an electoral link.

When reflecting on other models of governance, interviewees acknowledged issues present in other forms of FRA, e.g. county council models, where it can be difficult for fire and rescue to gain sufficient profile and attention in committee and council discussions. However, they also raised concerns regarding the professional board system in Scotland, questioning the legitimacy of board members and their expertise and accountability in the role. They also queried whether recent decisions to move to a national service level in other areas had been successful in Wales. Questions were raised too about the approach to governance whereby elected members sit alongside those who have been appointed and there was a query around the cost involved with supporting this kind of system, where governors often attract an allowance of £300 per day. Overall, there was a key emphasis on the level of democratic value within the existing system and queries were raised about the added benefits and potential trade-offs that might occur through any major shift to an alternative governance model.

When asked about the role of the National Issues Committee and whether that could be more significant, there was some positive feedback in terms of progress on shared procurement and aspects such as operational alignment but there was some concern that the drive for integration and collaboration sometimes outweighed local needs, e.g. the procurement of certain appliances was on occasions more costly when procured through collaboration. There was a view too that the NIC was set up by the FRSs in Wales to help and support aspects of the service at an all-Wales level when perhaps Welsh Government had a different conception of the role of the NIC. There was a suggestion in one meeting that the role of the NIC could be broadened to include a scrutiny committee element. It was further suggested that this sub-committee might include representatives from partner services, such as health and social care, reflecting the collaborative public service agenda. The Public Service Boards will also be important here in assisting with the collaborative, integrated agenda and interviewees all reported that they were pleased to be a statutory member.

Accountability

In relation to accountability, interviewees provided many practical illustrations of local democratic accountability working through FRAs. For example, Chiefs, deputies, chairs and treasurers visit local councils regularly to discuss budget-planning arrangements, service performance and operational priorities, while FRA members help to ensure that all plans and other documentation, such as performance updates, are distributed in local councils for feedback and discussion. The local and community-based knowledge that councillors bring to the FRA was seen as a major advantage. The way that councillors provide an important check and balance through their efforts to demonstrate the local consequences of strategic actions was also highlighted, although this can sometimes slow down decision-making. FRAs have also begun to live stream their meetings with a view to enhancing transparency and connecting with citizens. In terms of accountability for performance, FRAs demonstrated confidence in their current performance review processes and felt assured that they were able to judge FRS performance accurately and within a broader context. One suggestion made for improvement here was that perhaps the Wales Advisor's role could be enhanced to take on the development of comparable performance information as well as the themed reviews already undertaken.

Some respondents felt that there were aspects of the current approach within the governance of the FRS where direct accountability links could be enhanced, for example, by establishing a clearer connection to local authority executive decision-makers. Suggestions included the following:

- a member of the Cabinet from each of the local authorities could sit on the FRA. This had been the practice historically and re-introducing it would link the local authorities to the FRA more effectively;
- a member of the FRA from each local authority could sit on their respective cabinet;
- the Chair of each of the FRAs could be a cabinet member from one of the authorities in the area;
- Chairs could serve for a maximum of two terms each of four years and in the second term, to focus on succession planning for the next chair with appropriate training for the chair's role.

It was felt that these suggestions for improvement could enhance accountability, whilst also assisting with the development of key skills around scrutiny and questioning for members of the FRA who may have wanted to be a member of their Council cabinet (see later). However, there may be obstacles to the suggestions outlined above due to the limitations within the current councilor allowance system. In light of this, having a member of the FRA on the cabinet of each authority with responsibility for fire was more widely supported than having a member of the cabinet on each of the FRAs.

Finances

Many respondents held the view that budgets have been managed well and appropriately, with care taken by the FRAs in terms of the amount of funding sought. Despite this, some issues with the current system were acknowledged. For example, local authorities claim to be subsidizing the FRS by 16% and treasurers in local councils have raised concerns about whether the current system creates incentives for FRSs to reduce public spending. Chiefs remain concerned that there should be a floor in addition to a ceiling that guards against a particularly radical FRA chair making unsustainable cuts in the budget.

Interviewees had mixed views on the most appropriate funding arrangement in terms of promoting transparency. Some felt a more transparent precept arrangement for the funding of the fire service would be useful whereas others suggested this might require transparency within every local authority service, and that might be unworkable.

Some interviewees felt that introducing a precept and communicating this to council tax payers could be popular, especially with the Directors of Finance in the local authorities. A benefit of this system is that it allows the service to plan into the future as they will have knowledge of the funding they are due to receive. A Welsh Government imposed cap on this funding could be put in place too in order to manage resources and to ensure that the precept was within limits. Making the FRS service a precepting authority was perceived to be a positive step for some

interviewees in terms of both accountability and transparency and some council leaders, it was felt, would welcome this policy change.

Introducing a precept would go some way to meeting the concerns of some individuals about the current system where there is a view that the FRS receives a higher level of funding than local authorities where there was greater accountability and transparency around finances.

Risk was raised by a number of interviewees in relation to the finance of the service. Whilst it was highlighted that FRS is cautious in seeking funding under the combination order, under statute the service needs to be resourced due to the chance of a fire occurring. Many interviewees expressed the view that the service has to be funded on the basis of risk rather than demand and that any spare capacity which they have allows the service to innovate and change, particularly in relation to developing preventative services, early intervention and educational activity across a range of public services in order to meet the needs of the public. Further, whilst operational call profiles have been reducing over many years, interviewees expressed the ever increasing need to invest in training and the competence of staff, particularly operational personnel. This is statutory duty for FRAs.

Finally on the existing budgetary approach, one historical practice that was outlined involved budgets for each FRS being 'signed off' at a regional level. This no longer happens since the city-regions have been put in place. There was a view that this activity could be re-instated to make the financial settlements more transparent than currently.

FRA member capacity

Interviewees spent some time discussing FRA member capacity and skills. Many FRAs provide induction and training for members, and in several authorities, they provide training ahead of meetings. Often this is designed to enhance the technical capacity of members and increase service-based knowledge to support their

decision-making. In some authorities, members are asked about their training needs once every quarter and their requests are responded to. Further, the member development programme in one FRA has been identified as 'sector leading' and attracted attention outside of Wales and is being used to develop members of English FRAs. There is clearly potential to adopt or adapt this to other FRAs in Wales.

While there was agreement that the capacity of FRA members was variable, there was also a feeling that this is somewhat unavoidable and a situation that occurs at all levels of political governance. In these cases, often additional training and support was being provided behind the scenes.

Nevertheless, interviewees relayed several examples of Chiefs being challenged by members of the authority within meetings. Interviewees provided examples of extended discussions in FRA meetings on issues of significant importance (e.g. large animal rescue) and Chiefs indicated that they often entered meetings without knowing how decisions might play out in the authority.

The nomination of FRA members from each local authority on the basis of their political affiliation rather than their capacity and skills was highlighted as a potential issue. The reality was that in at least two of the FRAs, geographical representation in decision making was seen to be more important than politics.

When asked whether there might be a role for co-opted members on FRAs, responses were mixed. Some interviewees felt that there could be a role for co-optees on committees but not on the full authority. There was also concern regarding former fire service personnel who might be too operational in their focus should they be co-opted. The idea that co-optees with management skills that might supplement FRA capacity, e.g. in areas like finance and HR, was rejected on the grounds that FRS already employ officers with those kinds of specialists and members already have access to them.

The issue of the joint working which the FRS undertake with other services was also raised. For example, there was a view that as the service changes to assist and incorporate health and social care aspects, there might be a need for co-opted expertise from these areas, perhaps on certain FRA committees or the NIC (as mentioned above).

A final suggestion concerned the establishment of an all Wales Leadership Academy to enhance the existing skills base and improve the governance and scrutiny skills of FRA members. However, there was a counter view that many FRA members had already attended the WLGA Leadership Academy. Other respondents indicated that the LGA provided some useful capacity building and intelligence gathering opportunities for members.

Summary of Suggestions for Improvement

1. A member of the FRA from each local authority could become a member of the Cabinet or Cabinet members could sit on the FRA;
2. Chairs could serve for a maximum of two terms each of four years and in the second term, to focus on succession planning for the next chair with appropriate training for the chair's role;
3. FRAs could be awarded the authority to precept to improve transparency;
4. The annual budgets for the service could be 'signed off' by a regional body such as the NIC;
5. The Wales Advisor's role could be enhanced to take on the development of comparable performance information as well as the themed reviews already undertaken;
6. Consistency around member role specifications could be ensured, with clarity around the scrutiny and challenge role, and an indication of the level of member development and support;
7. A stronger link might be developed between FRA members and the existing WLGA Leadership Academy;
8. The terms of reference of the NIC might be reviewed to incorporate a scrutiny sub-committee that might provide an overview of performance across Wales;
9. Members with expertise from outside of the fire service, from areas such as health and social care, might be co-opted onto FRA or NIC scrutiny sub-committees.

Professors Rachel Ashworth and Catherine Farrell

Cardiff Business School, Cardiff University and University of South Wales.

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Alun Davies AC/AM
Ysgrifennydd y Cabinet dros Lywodraeth Leol a
Gwasanaethau Cyhoeddus
Cabinet Secretary for Local Government and Public
Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA P ARD 2636 18

Cllr Tudor Davies
Chair South Wales Fire and Rescue Authority
Forest View Business Park
Llantrisant
CF72 8LX

20 August 2018

Dear Tudor,

When we met at the end of April, we discussed my proposals to reform FRA governance and finance. I agreed to arrange some in-depth discussions, facilitated by two leading academics in the field, to establish if there could be any common ground between us.

You and the other Chairs have now met Professors Farrell and Ashworth, and you should also have seen their report. Pressure on our diaries has, unfortunately, prevented us from meeting before the summer break, as I had hoped. However, it appears from the report that there is some scope to make further progress.

In particular, there appears to be some support for a model which would enhance accountability and financial transparency at a local level. Professors Farrell and Ashworth's report suggests that such a model might have the following features:

- FRA membership linked in some way to that of local authority cabinets, with all that entails for scrutiny and for integration with other services.
- FRA funding derived from a council tax precept, in a similar way to that for policing (and for fire services in England).
- Greater and more focused support and development opportunities for FRA members, whether from the WLGA or otherwise.
- Co-option into FRA membership of individuals with particular relevant expertise, such as in health and social care.

Overall, this proposal is not greatly different from one we developed last year, following the publication of the local government Green Paper. I am certainly not going to dismiss it out of hand: as I have already said to you, I am attracted to creating proper and accountable local control of fire and rescue services.

However, there may be problems of detail. For instance, the size of council cabinets is currently capped by law, appointments to them are in the gift of leaders, and members of them cannot receive any extra salary for serving on an FRA. I am also not yet convinced

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

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

that this model would best equip the Service to take on a wider role in a properly accountable and sustainably funded way.

Any such problems could, though, be addressed, if you can be flexible on the details. It could then be developed into a proposal on which we could formally consult – although I would reserve the right to consult on other proposals too. If you are willing, no doubt our officials can hold discussions over the summer.

I am writing in identical terms to Rowland Rees-Evans and Meirick Lloyd-Davies, and copying this letter to CFO Huw Jakeway and to Steve Thomas at the WLGA.

Yours sincerely,



Alun Davies AC/AM

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau Cyhoeddus
Cabinet Secretary for Local Government and Public Services

SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 6.v
24 SEPTEMBER 2018

REPORT OF THE DEPUTY CHIEF OFFICER

WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT 2017/18**SUMMARY**

This report concludes the Wales Audit Office review of the Authority's delivery and evaluation of services in relation to 2017/18 and whether it believes that the Authority is likely to make arrangements to secure continuous improvement for 2018/19.

RECOMMENDATIONS

Members are requested to accept the Wales Audit Office Annual Improvement Report 2017/18 for the Authority.

1. BACKGROUND

- 1.1 As Members will be aware under the Local Government (Wales) Measure 2009, the Auditor General must report each year on how the Authority is planning for improvement and delivering its services. This report is the culmination of that work and sets out the progress the Authority has made since the last annual report using the Authority's own self assessment as a baseline.
- 1.2 Members will note that the report summarises the key content of other reports that have been presented to the Fire & Rescue Authority during the last financial year on performance and improvement, many of which were during the preceding municipal year.

2. THE REPORT

- 2.1 The Annual Report (attached at Appendix 1) provides an assessment of the Wales Audit Office work and conclusions on a wide variety of issues that they have reviewed as a result of this process. The report itself is a very brief yet positive report which summarises the key findings from the year's reviews.
- 2.2 It is not intended to repeat all of the conclusions within this report but merely to highlight that in short, the report concludes that the Authority is likely to comply with its statutory duty to secure continuous improvement in 2017/18.
- 2.3 During the course of the year, the Auditor General did not make any formal recommendations. However, the follow up reviews identified two

asset management proposals to strengthen the Authority's current asset management systems. In summary these are:

1. Agreeing common measures with the other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends;
 2. Implementing the recommendations made in the internal audit report of November 2016 within the set timescales (namely, an action plan needs to be produced to record and enable monitoring of the work of the Estates Project Review Group; and a defined process for updating asset and property condition records).
- 2.4 These actions will be logged on the Services Business Management Information System and progress monitored during the course of the next year and the actions will also appear on the audit action updates that are reported to the Finance, Audit & Performance Management Committee on a regular basis for scrutiny. Work has already commenced in respect of these recommendations.
- 2.5 As Members will appreciate, the report reflects the Authority's own self assessment of its performance to date. This is a credit to staff who continue to deliver an improving service with less resources, and stands the Authority in good stead for meeting the future financial challenges it faces in the year ahead.

3. RECOMMENDATION

- 3.1 Members are requested to accept the Wales Audit Office Annual Improvement Report 2016/17 for the Authority.

Contact Officer:	Background Papers:
Sally Chapman Deputy Chief Officer	Wales Audit Office Annual Improvement Report 2017/18



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2017-18

South Wales Fire and Rescue Authority

Issued: August 2018

Document reference: 731A2018-19



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Andy Bruce and Mark Jones under the direction of Jane Holownia.

Adrian Crompton
Auditor General for Wales
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CF11 9LJ

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

2017-18 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including South Wales Fire and Rescue Authority's (the Authority) own mechanisms for review and evaluation.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

The Authority is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations or proposals for improvement. However, we will monitor progress against some previous proposals for improvement and any relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2017-18

Exhibit 1 – Audit, regulatory and inspection work reported during 2017-18

Issue date	Brief description	Conclusions	Proposals for improvement
November 2017	<p>Annual audit letter 2016-17</p> <p>Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> The Authority complied with its responsibilities relating to financial reporting and use of resources; and The Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. 	None
Improvement planning and reporting			
April 2017	<p>Annual improvement plan audit</p> <p>Review of the Authority's published plans for delivering on improvement objectives.</p>	The Authority has complied with its statutory improvement planning duties.	None
November 2017	<p>Annual assessment of performance audit</p> <p>Review of the Authority's published performance assessment.</p>	The Authority has complied with its statutory improvement reporting duties.	None

Issue date	Brief description	Conclusions	Proposals for improvement
2016-17 Follow-up work	<p>Review of asset management arrangements - issued October 2017</p> <p>During 2016-17, we reviewed the effectiveness of the Authority's approach to managing its land and buildings including sharing facilities.</p>	<p>Progress in 2017-18:</p> <p>A National Issues Committee (NIC) property stream has been established to identify savings, efficiencies, and economic benefits through collaborative working. One of the key areas to progress is benchmarking and the following objective has been agreed:</p> <p>To agree common measures to assess key indicators around land and buildings to enable comparison of performance and demonstrate the effectiveness of asset strategies. This will include compiling key asset data across the FRS's in order to establish a baseline'.</p> <p>Further workshops meetings are to be arranged to agree how best to collate the Authority's data sets.</p> <p>High level property issues are presented to Executive Leadership Team (ELT), Senior Management Team (SMT) and Fire Authority (FA). There is no intention to develop detailed plans or reporting procedures in relation to the Estates Project Review Group.</p> <p>The condition survey schedule is updated following any works carried out that impact the repair and condition of the building fabric. This document will be used as the basis for an updated rolling programme of condition surveys due to commence 2019-20.</p>	<p>October 2017 Proposals for Improvement:</p> <p>Strengthen asset management arrangements by:</p> <p>P1 Agreeing common measures with the other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends; and</p> <p>P2 Implementing the recommendations made in the internal audit report of November 2016 within the set timescales. An action plan needs to be produced to record and enable monitoring of the work of the Estates Project Review Group.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
2015-16 Follow-up work	<p>Fire safety arrangements report</p> <p>During 2015-16, we reviewed the Authority's fire safety arrangements to assess the way in which activity was planned; how it was being delivered and, whether the efficiency and effectiveness of activity could be evaluated. We followed up on how the authority is progressing delivery of our proposals for improvement in 2017-18.</p>	<p>Progress in 2017-18:</p> <p>The fire safety arrangements report was accepted by the Authority in December 2016. The two proposals for improvement are included in the Authority's finance, audit and performance committee cycle for monitoring progress and action.</p> <p>Introduction of local performance indicators</p> <p>Local performance indicators provides the Authority with important information on progress against strategic objectives. The indicators enable the Authority to monitor progress against day to day activities and identify where progress can be made, whilst recognising and sharing good practice.</p> <p>The purpose of local indicators is to enable the Authority to monitor performance at a local level and ensure activities contribute to the higher level strategic objectives. It also enables the Authority to challenge processes and systems to ensure effectiveness and efficiency.</p> <p>Managing Risk (RBIP-Risk Based Inspection Programme)</p> <p>The RBIP manages the Authority's approach to proactive, pre-planned re-inspection programme. When fire officers inspect premises, they carry out a fire safety audit to determine a level of risk. The risk rating is derived from a number fields, such as the level of risk to a particular premises type; the level of fire safety management it possesses and other factors such as size and occupancy. Premises are subsequently allocated a re-inspection timetable where the most at risk premises are inspected on a more regular basis.</p>	None

Issue date	Brief description	Conclusions	Proposals for improvement
2015-16 Follow-up work (cont.)		<p>Beyond the planned re-inspection programme, the Authority faces emerging work that requires a more reactive response. Work such as post fire evaluations, alleged fire risk complaints and fire related queries. The Authority also collaborates closely with other agencies such as local authorities Building Control and approved inspectors under the requirements of the Building Regulations, Local Authority Licensing, Housing departments, National Resources Wales and Health and Safety at Work in Wales (HSE), who provide expert advice and guidance on compliance within the whole aspect of fire related legislation.</p> <p>This provides a dual approach to reducing risk and a more proactive approach to inspection and re-inspection programmes. Having a clear understanding of potential demand, enables the Authority to remain flexible and move resources according to need.</p> <p>New Management Information System (MIS)</p> <p>Significant work has been undertaken with West Midlands Fire and Rescue Authority in developing an open source MIS. The system should be functional in the near future.</p> <p>There is ongoing liaison between both authorities regarding this provision of the MIS which forms part of the G2D project. When available, the software will provide reports that consider dynamic risk indicators thus permitting the RBIP to accurately reflect the current risk in buildings across the Authority's area. The Authority will then be in a position to better match resources to risk, monitor and evaluate effectiveness of Business Communities in South Wales.</p> <p>There are proposals to develop a Building a compliance based risk profiling inspection strategy with Cardiff Metropolitan University. The objective of this initiative is to improve the MIS, by identifying higher risk commercial premises; including the more vulnerable and complex residential buildings.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
No reviews by inspection and regulation bodies have taken place during the time period covered in this report.			

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Annual Audit Letter

Reference: 273A2017-18

Date issued: 30 November 2017

Councillor D T Davies
Chair of the South Wales Fire and Rescue Authority
Forest View Business Park
Llantrisant
CF72 8LX

Dear Councillor Davies

Annual Audit Letter – South Wales Fire and Rescue Authority 2016-17

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

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

It is the Authority's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 27 September 2017 I issued an unqualified audit opinion on the 2016-17 accounting statements confirming they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to the members of the Fire Authority on 25 September through my Audit of Financial Statements Report¹. The most important audit matters were:

- a significant number of errors in the financial statements and their compliance with the CIPFA Code of Practice.
- the lack of a clear audit trail and supporting documentation in key areas such as the year-end financial ledger and pension payments.
- the Fire Fighter Pension Fund accounted for pension payments relating to May 2016-April 2017 in the 2016-17 accounting statements, instead of those relating to April 2016-March 2017. As a result, there were unadjusted misstatements in the accounting statements. However, these did not impact on the audit opinion.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2017.

¹ www.southwales-fire.gov.uk

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

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

As a result of the issues identified during the audit and reported to the Authority on 25 September 2017, we had to carry out some additional work. These issues centred on the quality of the accounting statements and the supporting records.

Consequently, fees of £3,711 will be charged in addition to the fee estimate of £57,022 set out in the 2017 Audit Plan. The fee estimate for 2017-18 will be set within the fee-scale parameters for the fire and rescue authorities, which are to be set out in the Wales Audit Office's published Fee Scheme 2018-19.

Yours sincerely



Mark Jones

For and on behalf of the Auditor General for Wales

cc. Huw Jakeway, Chief Fire Officer
 Sally Chapman, Deputy Chief Officer
 Chris Barton, Treasurer and Section 151 Officer

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AGENDA ITEM NO 7

Reports for Information

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SOUTH WALES FIRE & RESCUE AUTHORITYAGENDA ITEM NO 7.i
24 SEPTEMBER 2018REPORT OF THE ASSISTANT CHIEF FIRE OFFICER
DIRECTOR OF SERVICE DELIVERY**UPDATE ON GRASS FIRE INCIDENTS ATTENDED & CALL VOLUMES
DURING THE SUMMER PERIOD****SUMMARY**

The number of grass fire incidents attended in South Wales Fire and Rescue Service's administrative area and the number of calls received by Joint Fire Control during the summer of 2018 was extremely high.

RECOMMENDATION

That members review the details provided within Appendix 1 and are aware of the adverse effect that the sustained period of warm weather experienced this summer has had on members of staff and the communities of South Wales.

1. BACKGROUND

- 1.1 An unprecedented prolonged period of warm weather during the summer of 2018 resulted in a significant increase in the number of grass fire incidents attended in South Wales when compared to the same period of previous years. The increased number of incidents during the period also resulted in a significantly increased number of calls received by the Joint Fire Control room.

Increases in the numbers of grass fires attended and in all calls received during this period had a significant impact on the organisation's staff and on the communities of South Wales.

2. ISSUE

- 2.1 Appendix 1 attached is a report that outlines the number of grass fires attended in South Wales during the summer of 2018 (May, June and July) and will refer to the number of calls processed by the Joint Fire Control room during the same period.
- 2.2 The number of Grass Fires attended in South Wales during the summer has increased from 385 in 2017 to 1,549 in 2018, which is an increase of 1,164 grass fire incidents attended (+302%). While the number of grass fires attended in May decreased slightly between 2017 and 2018, there were significant increases witnessed during the months of June and July. The number of grass fires attended in July 2018 alone was over 1,000, which is a significant figure considering that the total number of all fires attended in South Wales during the last financial year was 5,792.

- 2.3 There were grass fires attended in all ten of South Wales's Unitary Authority areas during the summer period. Over a quarter of all grass fires attended during the summer of 2018 were attended in Rhondda Cynon Taf (393, 25.4%), while 18.8% of the grass fires were attended in Caerphilly (291 incidents). The Unitary Authority area with the third highest number of grass fires attended during the period was Cardiff, with 174 incidents attended (11.2%).
- 2.4 The Unitary Authority area witnessing the greatest percentage increase in grass fires during the summer period compared to the same period last year was Torfaen, where the number of grass fires rose from 9 during the summer of 2017 to 66 during the same period in 2018 (+57 incidents, +633.3%). The number of grass fires attended in Caerphilly during the period rose from 44 in 2017 to 291 in 2018 (+247 incidents, +561.4%). The number of grass fires attended in Merthyr Tydfil during the period rose from 24 in 2017 to 122 in 2018 (+98 incidents, +408.3%).
- 2.5 The prolonged period of warm weather during May, June and July 2018 also resulted in a significantly high number of calls received by the Joint Fire Control (JFC). The JFC processed over 30,000 calls during the three month period. Over half of the calls processed during the whole period were processed during July 2018, with 15,961 calls processed during this one month. The average number of calls processed per day during this month can be calculated at 514 calls processed per day.
- 2.6 The busiest day in terms of calls processed by JFC during the summer of 2018 was the 14th July, where 1,141 calls were processed during the day. The following day was the next busiest day with 894 calls processed, meaning that JFC processed over 2,000 calls during a two day period. JFC processes over 800 calls during five of their top ten busiest days during the summer period.

3. EQUALITY RISK ASSESSMENT

- 3.1 This report and the accompanying appendix themselves have no ERA impact. However, the Service Performance and Communications department and the respective Directorates are working with the performance data to establish any trends and implications that would include equality implications. These will be addressed at that time.

4. RECOMMENDATION

- 4.1 That members review the details provided within Appendix 1 and are aware of the adverse effect that the sustained period of warm weather

experienced this summer has had on members of staff and the communities of South Wales.

Contact Officer:	Background Papers:
Wayne Thomas Head of Service Performance and Communications	Appendix 1 Update on grass fire incidents attended & call volumes during the summer period

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APPENDIX 1

Update on grass fire incidents attended & call volumes during the summer period

Fire Authority Meeting

Gwasanaeth Tân ac Achub
De Cymru



South Wales
Fire and Rescue Service

Raising Awareness - Reducing Risk

NOT PROTECTIVELY MARKED

Introduction

An unprecedented prolonged period of warm weather during the summer of 2018 resulted in a significant increase in the number of grass fire incidents attended in South Wales Fire and Rescue Service's administrative area compared to the same period of previous years. The increased number of incidents during the period also resulted in a significantly increased number of calls received by the Joint Fire Control room, as repeat calls are highly prevalent when the number of grass fire incidents increase. Increases in the numbers of grass fires attended and in all calls received during this period had a significant impact on the organisation's staff and on the communities of South Wales.

This report will highlight the number of grass fires attended in South Wales and all calls received by the Joint Fire Control room during the summer of 2018 (May, June and July 2018).

1.0 Grass fires attended in South Wales during the summer of 2018

Grass fires attended in South Wales Fire and Rescue Service's (SWFRS) administrative area are recorded at the time of call via our Vision system and are later verified when input to the Incident Recording System (IRS). The number of grass fires included in this report has been obtained from the Vision system, due to the significant numbers attended during May, June and July of this year. The figures may therefore be subject to change following incidents being validated after they are input to the IRS.

The table below illustrates the number of grass fires attended in SWFRS's administrative area during May, June and July of 2017 and 2018.

Month	Total Grass Fires		Difference	% Variation
	2017	2018		
May	232	213	-19	-8%
June	57	268	211	370%
July	96	1,068	972	1,013%
	385	1,549	1,164	302%

The number of Grass Fires attended in South Wales during the summer has increased from 385 in 2017 to 1,549 in 2018, which is an increase of 1,164 grass fire incidents attended (+302%). While the number of grass fires attended in May decreased slightly between 2017 and 2018, there were significant increases witnessed during the months of June and July. The number of grass fires attended in July 2018 alone was over 1,000, which is a significant figure considering that the total number of all fires attended in South Wales during the last financial year was 5,792.

There were grass fires attended in all ten Unitary Authority areas within SWFRS's administrative area during the summer period. A table illustrating the location of the grass fires attended in South Wales during the period can be seen below.

Row Labels	Total Grass Fires (May - July 2018)	% of total grass fires
Blaenau Gwent	197	12.7%
Bridgend	97	6.3%
Caerphilly	291	18.8%
Cardiff	174	11.2%
Merthyr Tydfil	122	7.9%
Monmouthshire	42	2.7%
Newport	118	7.6%
Rhondda Cynon Taf	393	25.4%
Vale of Glamorgan	49	3.2%
Torfaen	66	4.3%
Grand Total	1,549	100.0%

Over a quarter of all grass fires attended during the summer of 2018 were attended in Rhondda Cynon Taf (393, 25.4%), while 18.8% of the grass fires were attended in Caerphilly (291 incidents). The Unitary Authority area with the third highest number of grass fires attended during the period was Cardiff, with 174 incidents attended (11.2%). When comparing the summer of 2018 to the same period of last year, it appears that an increase in grass fires attended was witnessed in all ten Unitary Authorities, as seen in the table below.

Row Labels	Total Grass Fires (May - July 2017)	Total Grass Fires (May - July 2018)	Change between 2017 and 2018	% Change between 2017 and 2018
Blaenau Gwent	42	197	155	369.0%
Bridgend	46	97	51	110.9%
Caerphilly	44	291	247	561.4%
Cardiff	56	174	118	210.7%
Merthyr Tydfil	24	122	98	408.3%
Monmouthshire	11	42	31	281.8%
Newport	41	118	77	187.8%
Rhondda Cynon Taf	91	393	302	331.9%
Vale of Glamorgan	21	49	28	133.3%
Torfaen	9	66	57	633.3%
Grand Total	385	1,549	1,164	302.3%

The Unitary Authority area witnessing the greatest percentage increase in grass fires during the summer period compared to the same period last year was Torfaen, where the number of grass fires rose from 9 during the summer of 2017 to 66 during the same period in 2018 (+57 incidents, +633.3%). The number of grass fires attended in Caerphilly during the period rose from 44 in 2017 to 291 in 2018 (+247 incidents, +561.4%). The number of grass fires attended in Merthyr Tydfil during the period rose from 24 in 2017 to 122 in 2018 (+98 incidents, +408.3%).

2.0 Call volumes to Joint Fire Control during summer 2018

The prolonged period of warm weather during May, June and July 2018 also resulted in a significantly high number of calls received by the Joint Fire Control (JFC). As the weather temperatures outside increased so did the 999 calls, with fire control regularly receiving in excess of 500 calls a day. With a minimum crewing set at 10 and a maximum crewing of 15 control staff on duty during the highest demand times for 999 calls, the JFC became increasingly busy. As well as accepting and processing 999 calls, mobilisations, incident management, arranging relief crews and standby cover moves, the normal business as usual was simultaneously ticking away alongside in the form of a number of make-up incidents, serious fires, Special Service Calls and administrative calls from internal and external sources.

The combined activity of the JFC during this period is summarised in the table below

Month	Incident attended	Repeat call	Other Emergency	Other Admin	Grand Total
May	2,859	1,719	704	1,485	6,767
June	3,044	2,742	670	1,488	7,944
July	4,861	8,702	882	1,516	15,961
Grand Total	10,764	13,163	2,256	4,489	30,672

The JFC processed over 30,000 calls during the three month period, with over one third of these calls reporting an emergency incident that required attendance. Over half of the calls processed during the whole period were processed during July 2018, with 15,961 calls processed during this one month. The average number of calls processed per day during this month can be calculated at **514 calls processed per day.**

While the average number of calls processed per day in July 2018 was over 500, the top ten busiest days for calls processed during the summer of 2018 have been highlighted within the table below.

Date	Incident attended	Repeat Call	Other Emergency	Other Admin	Grand Total
14th July	235	812	36	58	1,141
15th July	198	603	36	57	894
30th June	175	618	27	55	875
25th July	174	526	40	76	816
19th July	167	520	47	71	805
08th July	223	487	26	43	779
09th July	189	409	26	55	679
29th July	171	404	25	54	654
26th July	192	379	25	50	646
10th July	198	335	36	64	633

The busiest day in terms of calls processed by JFC during the summer of 2018 was the 14th July, where 1,141 calls were processed during the day. The following day was the next busiest day with 894 calls processed, meaning that JFC processed over 2,000 calls during a two day period. JFC processes over 800 calls during five of their top ten busiest days during the summer period.

AGENDA ITEM NO 7.ii

Presentation on UKRO Event 27 – 29 September 2018

-
To be presented on the day

Author: Group Manager Shaun Moody

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**FORWARD WORK PROGRAMME FOR
FIRE & RESCUE AUTHORITY 2018/19**

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
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	
9 July 2018	Strategic Risk	To advise Members of the Strategic Risks of the organisation and how these are being treated, managed or reduced.	DCO Contact Officer: Sarah Watkins	Completed
9 July 2018	WAO Certificate of Compliance	To advise Members of the WAO Certificate of Compliance received in relation to the publication of the 2018/19 Improvement Plan.	DCO Contact Officer: Sally Chapman	Completed
9 July 2018	Principal Officer Vacancy	To seek authority to advertise and recruit to vacant Principal Officer post.	CFO Contact Officer: Mark Malson	Completed
	Annual Reports:			
9 July 2018	End of year Health Check on Performance and Strategic Objectives 2017/18	To advise Members of end of year performance against agreed targets and to advise Members of the end of year health check position in securing the achievement of the Strategic Objectives.	DCO Contact Officer: Sarah Watkins	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
9 July 2018	Health & Safety Annual Report 2017/18	To advise Members of Health & Safety performance of the organisation.	ACFO TS Contact Officer: Richie Prendergast	Completed
9 July 2018	Report on Proposed Priority Actions 2019/20	To advise Members of the proposed Priority Actions 2019/20 and to seek authority to enter into public consultation on these.	DCO Contact Officer: Sarah Watkins	Completed
24 Sept 2018	Welsh Government Review of Fire & Rescue Authorities	To update Members on recent correspondence from the Cabinet Secretary on proposals to reform Welsh Fire & Rescue Authorities.	CFO/DCO Contact Officer: Huw Jakeway	On agenda
24 Sept 2018	Update on MTFs and Reserves Strategy	To update Members on the Financial Strategy and Reserves Strategy of the Authority prior to considering the report on the 2019/20 Budget Setting Strategy.	Treasurer Contact Officer: Chris Barton	On agenda
24 Sept 2018	Budget Strategy 2018/19	To obtain clarification upon the political steer for the Budget Strategy for 2019/20 budget setting process.	Treasurer Contact Officer: Chris Barton	On agenda
24 Sept 2018	Statement of Accounts (Revenue and Capital) for 2017/18 budget	To seek Members' approval for publication of the Statement of Accounts.	Treasurer Contact Officer: Geraint Thomas	On agenda
24 Sept 2018	Treasury Management Outturn 2017/18	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	
17 Dec 2018	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	
17 Dec 2018	Half Yearly Health Check of Performance and Review of Strategic Themes	To advise Members of performance against agreed targets and achievement of Strategic Themes at the mid-way point through the year.	DCO Contact Officer: Sarah Watkins	
17 Dec 2018	Half Yearly Review of Strategic Risk	To keep Members advised of the Strategic Risks of the organisation and how these are being treated, managed or reduced.	DCO Contact Officer: Sarah Watkins	
17 Dec 2018	Estimated Revenue & Capital Budget determination for 2019/20	To consider consultation responses and to set the recommended budget determination for consideration by the Fire Authority.	Treasurer Contact Officer: Geraint Thomas	
17 Dec 2018	Treasury Management Mid Term Report 2018/19	To advise Members of the mid year position in relation to our treasury management.	Treasurer Contact Officer: Geraint Thomas	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
17 Dec 2018	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	
11 Feb 2019	KPI Target Setting 2019/20	To set the targets for the following financial year.	ACFO SD Contact Officer: Sarah Watkins	
11 Feb 2019	Report on Responses to the Consultation of the draft rolling Strategic Plan and Priority Actions 2019/20	To advise Members of consultation responses and seek approval for a final version of the rolling Strategic Plan.	DCO Contact Officer: Sarah Watkins	
11 Feb 2019	Pay Policy Statement 2018/19	To consider the Authority's Pay Policy Statement in compliance with the Localism Act 2011 and associated guidance.	ACO PS Contact Officer: Mark Malson	
11 Feb 2019	Treasury Management Strategy 2018/19	To secure Members' approval to the adoption of the Treasury Management Strategy 2019/20.	Treasurer Contact Officer: Geraint Thomas	
29 April 2019	Annual Report of the work of the Finance, Audit & Performance Management Committee & its working group during 2018/19	To advise Members of the work of the Committee.	DCO Contact Officer: Sally Chapman	
29 April 2019	Annual Report of the work of the HR & Equalities Committee during 2018/19	To advise Members of the work of the Committee	ACO PS Contact Officer: Mark Malson	

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
29 April 2019	Annual Report of the Work of the Local Pensions Board 2018/19	To advise Members of the work of the Board.	ACO PS Contact Officer: Mark Malson	
29 April 2019	Work of the PSB's	To update Members on the work of each of the PSB's and how this impacts upon the work of SWFRS.	DCO Contact Officer: Sarah Watkins	
29 April 2019	Welsh Language Standards	To update Members on compliance against the Welsh Language Standards.	ACO PS Contact Officer: Mark Malson	

Huw Jakeway – CFO
Sally Chapman – DCO
Andrew Thomas – ACFO Service Delivery
Richie Prendergast – ACFO Technical Services
Mark Malson – Acting ACO People Services

Chris Barton – Treasurer
Geraint Thomas – Head of Finance & Procurement
Dewi Rose – Head of Operations
Sarah Watkins – Acting Head of Corporate Services
Andrew Jones – Acting Head of Human Resources

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AGENDA ITEM NO 9

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

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1.	Apologies for Absence	
2.	Declarations of Interest	
	Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.	
3.	Chairman's Announcements	
4.	To receive the minutes of;	
	<ul style="list-style-type: none"> • Finance, Asset & Performance Management Working Group held on 15 January 2018 • HR and Equalities Committee Meeting held on 5 February 2018 • FAPM Meeting held on 23 April 2018 • Fire and Rescue Authority Meeting held on 9 July 2018 	<p style="text-align: right;">5</p> <p style="text-align: right;">9</p> <p style="text-align: right;">15</p> <p style="text-align: right;">19</p>
5.	Update on Actions	27
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6.ii.	Statement of Accounts 2017/18	53
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7.ii.	Presentation on UKRO Event 27 – 29 September 2018 – To be presented on the day	117
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