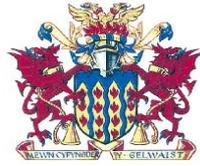


AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the **AUDIT COMMITTEE** will be held **MONDAY 20 MARCH 2023** at **09.30 hrs** virtually **via Zoom**.

Yours faithfully,
Gareth Owens
Clerk

AGENDA

1. Apologies

2. Declarations of Interest

3. Notice of Urgent Matters

Notice of items which, in the opinion of the Chairman, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act, 1972.

4. Minutes of the Meeting held on 12 December 2022

5. Matters Arising

6. Provision of Internal Audit

7. Audit Wales Annual Audit Summary

8. Budget Update

9. Training Centre

10. Urgent Matters

To consider any items which the Chair has decided are urgent (pursuant to Section 100B (4) of the Local Government Act, 1972) and of which substance has been declared under item 3 above.

PART II

It is recommended pursuant to Section 100A (4) of the Local Government Act, 1972 that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that there would be disclosed to them exempt information as defined in Paragraph(s) 12 to 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

11. None

NORTH WALES FIRE AND RESCUE AUTHORITY
AUDIT COMMITTEE

Minutes of the **Audit Committee** of the North Wales Fire and Rescue Authority held on Monday 12 December 2022 virtually via Zoom. Meeting commenced at 09.30hrs.

Councillor

Nigel Smith (Chair)
Mark Young (Deputy Chair)
Bryan Apsley
Marion Bateman
Tina Claydon
John Brynmor Hughes
Marc Jones
Gwynfor Owen
Arwyn Herald Roberts
Austin Roberts

Representing

Conwy County Borough Council
Denbighshire County Council
Wrexham County Borough Council
Flintshire County Council
Flintshire County Council
Gwynedd Council
Wrexham County Borough Council
Gwynedd Council
Gwynedd Council (arrived 10:00)
Conwy County Borough Council

Also present:

Dawn Docx
Stewart Forshaw
Helen MacArthur
Dafydd Edwards
Gareth Owens
Helen Howard
George Jones
Lisa Allington
Louisa Phillips
Keith Williams

Chief Fire Officer
Deputy Chief Fire Officer
Assistant Chief Fire Officer
Treasurer
Clerk and Monitoring Officer
Head of Finance and Procurement
Atebol - Translator
Executive Assistant
M365 Change Manager
Audit, Conwy County Borough Council

1 APOLOGIES

Councillor

Neil Coverley
Adele Davies-Cooke
Jeff Evans

Representing

Conwy County Borough Council
Flintshire County Council
Anglesey County Council

ABSENT

Councillor

Beverley Parry-Jones

Representing

Wrexham County Borough Council

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest to record.

3 NOTICE OF URGENT MATTERS

3.1 There was no notice of urgent matters.

4 MINUTES OF THE MEETING HELD ON 29 JULY 2022

4.1 The minutes of the meeting held on 29 July 2022 were submitted for approval.

4.2 **RESOLVED to:**

i) approve the minutes as a true and accurate record of the meetings held.

5 MATTERS ARISING

5.1 There were no matters arising.

6 CAPITAL STRATEGY AND TREASURY MANAGEMENT

6.1 It was noted that a written report had been supplied for this meeting to provide Members with an update on the treasury management activity for 2022/23, and present to members the proposed Capital Strategy and Treasury Management Strategy (the Strategies) incorporating the Minimum Revenue Statement for the period April 2023 – March 2024.

6.2 Members were asked to note that there were figures within this report that were consistent with Agenda Item 7, and so there would be some cross-over between the two items.

6.3 It was clarified that this item was not about endorsing the budget itself, but about recognising the prudential indicators which limited the Service's borrowings.

6.4 It was agreed that any decision on this item would be deferred to the Full Authority meeting in January, following ongoing discussions with Local Authority Leaders and the Welsh Government settlement which was due to take place on Wednesday 14 December.

6.5 **RESOLVED to:**

- i. note the mid-year position for the treasury management activities for 2022/23; and**
- II. note the Capital, Treasury Management and MRP Strategies for 2023/24;**

7. MEDIUM TERM FINANCIAL STRATEGY 2023/26 AND BUDGET 2023/24

- 7.1 ACFO MacArthur presented the Medium-Term Financial Strategy 2023/26 and Budget 2023/24 report which presented to members the Medium-Term Financial Strategy (MTFS) 2023/26 and the draft revenue and capital budgets for 2023/24. The report also set out the significant risks and uncertainties faced at this time.
- 7.2 It was clarified that Members were not being asked to approve the budget today, but merely to endorse it and recommend that it be approved at the Full Authority meeting on 16 January 2023.
- 7.3 The figures within the report were summarised for Members by way of a presentation on screen. Members were asked to note that many of the increases were beyond the Service's control due to the current financial climate, and that a number also related to the Service's priorities, which there was a legal obligation on it to fulfil.
- 7.4 It was agreed that a further meeting of the Audit Committee would be called prior to the Full Authority meeting in January in order to discuss this budget further.
- 7.5 **RESOLVED to:**
- (i) note the capital and revenue budgets for 2023/24 based on an increase in contributions from constituent authorities of £5.32m;**
 - (ii) note the key risks and uncertainties identified during the budget planning process;**
 - (iii) note the Medium-Term Financial Strategy; and**
 - (iv) note that the budget will require approval by the Fire and Rescue Authority at its meeting on 16 January 2023.**
 - (v) meet as an Audit Committee prior to the Full Authority meeting on 16 January 2023 in order to discuss the budget figures in more detail.**

8 AUDIT OF IMPROVEMENT PLAN 2022/23

- 8.1 DCFO Forshaw presented the Audit of Improvement Plan 2022/23 report, which confirmed to Members the outcome of the external audit of the Authority's 2022/23 improvement measures, as required by the Local Government (Wales) Measure 2009.
- 8.3 **RESOLVED to:**
- i. Note the audit letter confirming that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.**

9 URGENT MATTERS

9.1 There were no urgent matters to discuss.

At the end of Part I of the agenda, recording of the meeting ceased and it was agreed to move into Part II of the meeting.

10. INDUSTRIAL ACTION (VERBAL)

- 10.1 The CFO gave a verbal report which updated Members of the progress regarding national pay negotiations, the potential for industrial action and the business continuity arrangements being put in place.
- 10.2 A Part II paper had been previously presented to Members outlining the 2% pay offer to firefighters and control room staff, which had subsequently been rejected.
- 10.3 The Fire Brigades Union (FBU) had recommended that their members rejected the subsequent increased offer of 5% with no conditions attached, which they had done, and a ballot for Industrial Action had been commenced with a closing date of the end of January 2023. Unfortunately, the FBU had not indicated what percentage they would accept and so there is no way of telling how far out the offer is.
- 10.4 It was noted that there were no rules in Wales with regards to percentage of votes required for Industrial Action as there was in England, and so the Service was expecting strike action to proceed.
- 10.5 Members were reminded that the Service was bound by the Fire and Rescue Services Act 2004 and the National Framework for Fire and Rescue Authorities with regards to the continued provision of services in the event of strike action. These requirements were summarised.
- 10.6 The Service was required to plan accordingly so that it could not be criticised for not maintaining provision of service during any period of strike action.
- 10.7 The possible courses of action available to FBU members were: action short of strike action which would mean that firefighters would refuse to undertake any overtime; discontinuous strike action for periods of three or four hours or whole shifts; or continuous strike action. All of these options were being planned for.

- 10.8 Those present were informed that a large number of officers, firefighters and members of the control room were in the FBU and would therefore be expected to comply with the result of the ballot. Any senior officers not taking part in the strike action would be undertaking refresher training early in the New Year. Plans were also being put in place for non-FBU members to be trained to work during periods of Industrial action.
- 10.9 The Service was looking at the best places geographically to place resilience appliances and which types of incident the Service would attend in the event of strike action. Small secondary and bin fires would likely not be attended whilst threat to life and road traffic collisions would. It was also being factored in to planning that February is the beginning of controlled burning season and so this could pose a potential issue.
- 10.10 Members may have heard that other Fire Services were advertising for resilience crew staff; however, having considered this the option had been discounted as it comes with a significant cost and provides little in terms of resilience due to the challenges of training them to do anything other than defensive firefighting outside of a building.
- 10.11 The Service has been in negotiation with the army for assistance but at the moment, have decided not to put in a Military Aid to Civil Authorities (MACA) request, again in part due to the cost which was around £4,000 per soldier per week, and because of the same concerns surrounding lack of time to deliver relevant training. However, even if the army were affordable there would be no guarantee that they would have the capacity to help.
- 10.12 It was queried as to why the army were not charging a marginal cost as they had on previous occasions and responded that as this was not a national emergency they would not do so. The possibility of asking the Welsh Government to use their influence to insist on marginal costs was being considered so that this could become a more feasible option.
- 10.12 Most importantly, the Service continued to work with local FBU officials in order to maintain a culture of mutual respect and cooperation. The Service also remained committed to updating the Fire Authority at every opportunity.

Meeting closed 11:05hrs

| | |
|-----------------|--|
| Report to | Audit Committee |
| Date | 20 March 2023 |
| Lead Officer | Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources) |
| Contact Officer | Helen MacArthur |
| Subject | Internal Audit Arrangements from April 2023 |



PURPOSE OF REPORT

- 1 The purpose of this report is to outline to Members the requirement for a sound and effective internal audit function. The report also seeks endorsement for the proposal to enter into a procurement process for the internal audit contract from 01 April 2023.

EXECUTIVE SUMMARY

- 2 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require North Wales Fire and Rescue Authority (the Authority) to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 3 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.
- 4 The work of internal audit should be professional, independent and objective to support Members of the Authority discharge these governance responsibilities.
- 5 The current internal audit arrangements will conclude on the 31 March 2023, and this paper sets out proposals to enter into a procurement exercise for the contract for the period April 2023 – March 2026.

RECOMMENDATIONS

- 6 It is recommended that Members:
- i. note the requirement to maintain adequate systems of internal control and the role of internal audit in supporting the annual statement;
 - ii. endorse the approach set out in the paper for the procurement of internal audit services utilising the Crown Commercial Services Framework for Audit and Assurance; and
 - iii. delegate the appointment of the successful supplier to a panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer.

BACKGROUND

- 7 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 8 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.
- 9 The current arrangement concludes on 31 March 2023 and it is necessary to make proper provision for period 01 April 2023 – March 2027.
- 10 The role of Internal Audit Services is to provide management with an objective assessment of whether systems of internal control are present and working properly.
- 11 The internal control system comprises the whole network of systems and controls established to manage the Authority and ensure that its objectives are met.
- 12 In accordance with the Public Sector Internal Audit Standards the Head of Audit is required to deliver an annual internal audit opinion and report that can be used by the Authority to inform its governance statement.
- 13 The current arrangement concludes on 31 March 2023 and it is necessary to make proper provision for period 01 April 2023 – March 2027.

INFORMATION

- 14 There is no prescribed model for the provision of internal audit services but those delivering internal audit service to the public sector must demonstrate suitability through compliance with the UK Public Sector Internal Audit Standards 2017. This ensures a professional, independent and objective approach to support Members in their responsibilities.
- 15 Due to the conclusion of the current arrangement it is proposed that a procurement exercise should commence for services to cover the period 01 April 2023 – March 2027 using the public sector Crown Commercial Services Framework for Audit and Assurance Services.
- 16 The use of this framework ensures that suppliers not only have the requisite skills and expertise but have also demonstrated the appropriate standards in wider areas such as modern slavery.
- 17 The exercise will involve the development of a service specification and financial assessment to ensure that the Authority achieves value for money. The final appointment of the successful supplier to be delegated to a member panel comprising of the Chair and Deputy Chair of the Audit Committee and the Authority's Treasurer.

IMPLICATIONS

| | |
|--|--|
| Wellbeing Objectives | This report links to the Authority's long-term well-being objective which is "To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk." |
| Budget | Provision has been made for internal audit services within the budget setting arrangements |
| Legal | An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations |
| Staffing | N/A |
| Equalities/Human Rights/ Welsh Language | N/A |
| Risks | <p>The Statement of Assurance is submitted in compliance with the Accounts & Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the Members would be unaware of the adequacy & effectiveness of the corporate governance, risk management & internal control arrangements and its associated ability to achieve its objectives.</p> <p>Any significant issues or weaknesses identified by Internal Audit would not be considered in the preparation of the Annual Governance Statement.</p> |

| | | |
|-----------------|--|---|
| Report to | Audit Committee |  |
| Date | 20 March 2023 | |
| Lead Officer | Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources) | |
| Contact Officer | Helen MacArthur | |
| Subject | Audit Wales – Annual Audit Summary 2022 | |

PURPOSE OF REPORT

- 1 To provide members with the Annual Audit Summary 2022 produced by Audit Wales.

EXECUTIVE SUMMARY

- 2 The Auditor General is the statutory external auditor for most of the public sector in Wales, including North Wales Fire and Rescue Authority (the Authority). The Auditor General's role includes examining how public bodies manage and spend public money, including how they achieve value in the delivery of public services.
- 3 The Annual Audit Summary for 2022 includes confirmation of the work undertaken by Audit Wales and includes the audit of the financial statements and annual governance statement, certification on the Authority's improvement obligations and a local project on the Authority's progress to reduce its carbon emissions.
- 4 The matters contained within the Annual Audit Summary 2022 have all previously been reported to the Authority.

RECOMMENDATIONS

- 5 Members are asked to:
 - (i) note the annual audit summary.

IMPLICATIONS

| | |
|---|---|
| Wellbeing Objectives | The work undertaken on behalf of the Auditor General provides an objective assessment of the Authority's performance. |
| Budget | The work undertaken includes consideration of value for money. |
| Legal | The Auditor General is the statutory auditor for Wales |
| Staffing | None |
| Equalities/ Human Rights/Welsh Language | None |
| Risks and Uncertainties | The objective assessment in a number of key areas supports the Authority's work to identify and manage risk. |

North Wales Fire and Rescue Authority Annual Audit Summary 2022

This is our audit summary for North Wales Fire and Rescue Authority. It shows the work completed since the last Annual Audit Summary, which was issued in January 2022. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Fire and Rescue Authority

Some of the services the Fire and Rescue Authority provides



Key facts

Fire and Rescue Authorities (FRAs) consist of nominated elected members, representing the local authorities across the FRA area as a whole. North Wales FRA is made up of 28 councillors who represent their constituent authorities.

The FRA spent £40.7 million on providing services during 2021-22 which is a 2.5% increase on 2020-21¹.

As at 31 March 2022, the FRA had £1.52 million of cash reserves and £5.57 million in earmarked reserves.

FRAs have a statutory obligation under the Fire and Rescue Services Act 2004 to maintain a Fire and Rescue Service capable of dealing effectively with all calls for assistance in the case of fire and other emergencies.

The Welsh Government has overarching responsibility for determining policy on FRAs. At a local level, FRAs must meet the requirements of the Local Government (Wales) Measure 2009

¹ Source: 2021-22 Statement of Accounts

Key facts

and the Well-being of Future Generations (Wales) Act 2015, as well as the National Framework for Fire and Rescue Services.

Most of the funding for the three FRAs in Wales is received by way of a levy from the local unitary authorities within their area. The contribution is based on population numbers.

The Auditor General's duties

We completed work during 2021-22 to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Authority's financial statements to make sure that public money is being properly accounted for.

- **Continuous improvement**

The Authority also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Authority has met these requirements.

- **Value for money**

The Auditor General examines whether the Authority has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.



To meet the Auditor General's duties we complete specific projects. We take the findings of our audit work into account when assessing whether the Authority has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of North Wales Fire and Rescue Authority's 2021-22 Accounts

Each year we audit the Authority's financial statements.

For 2021-22:

- The Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 18 October 2022.
- The Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- The draft statements were presented for audit on 31 May 2022. The Authority has made progress in improving the quality of its financial statements, however we still identified a large number of errors and inconsistencies in the financial statements.
- Consequently, a number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Fire and Rescue Authority meeting in our Audit of Financial Statements Report in October 2022.
- The Auditor General issued the certificate confirming that the audit of accounts for 2021-22 has been completed.

Continuous improvement

The Auditor General certified that the Authority has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2021-22.

Local projects – Carbon Emissions Reduction

In 2021-22 we undertook a review of the Authority's progress in reducing its carbon emissions and fully contributing to Wales's public sector becoming carbon neutral by 2030. Overall, we found that the Authority is unlikely to meet its statutory obligations and become net carbon zero by 2030 unless there is a step change in performance.

Local government studies

As well as local work at each authority, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Joint working between Emergency Services (January 2022)

This report examines whether emergency services in Wales are working more closely together to make better use of resources. Joint working across emergency services to make best use of resources is not a new concept. Emergency services have been working closely together to provide a better service to the public for many years. Innovative partnership initiatives have saved money, reduced local response times and have contributed to protecting the public. Despite this, there are growing expectations from government policy and legislation that collaboration needs to happen more deeply and quickly to ensure front line services can meet the challenges facing 21st century Wales. Overall we concluded that blue light emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make best use of resources.

Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our report looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by 2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that

funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

‘A missed Opportunity’ – Social Enterprises (December 2022)

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises.

‘Together we can’ – Community resilience and self-reliance (January 2023)

At a time when there is likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition.

Planned work for 2022-23

We also looked at the key challenges and opportunities facing the Authority. These could have an effect on the Authority’s ability to meet its legal obligations in relation to the sustainable development principle, continuous improvement and the use of its resources. Our planned work for 2022-23 cover fire false alarms.

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, 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 Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.

This document is also available in Welsh.

| | | |
|-----------------|--|---|
| Report to | Audit Committee |  |
| Date | 20 March 2023 | |
| Lead Officer | Dafydd Edwards, Authority Treasurer | |
| Contact Officer | Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources) | |
| Subject | 2023/24 Revenue Budget | |

PURPOSE OF REPORT

- 1 To provide members with a financial update following the approval of the 2023/24 revenue budget at the North Wales Fire and Rescue Authority meeting of the 16 January 2023.

EXECUTIVE SUMMARY

- 2 The North Wales Fire and Rescue Authority (the Authority) approved the 2023/24 revenue budget at its meeting of the 16 January 2023. The approved budget of £43.314m represents a year on year increase of 9.9% and included the requirement to deliver savings of £1.4m to achieve a balanced position.
- 3 At the time of setting the budget, it was recognised that a number of risks and uncertainties existed. These included the outstanding pay award for firefighters for 2022/23 and pay awards for all staff for 2023/24. All pay awards are subject to national negotiations, the timescales of which are outside of the control of the Authority.
- 4 Since approving the 2023/24 revenue budget the pay negotiations for firefighters have been concluded for both 2022/23 and 2023/24 with an increase of 7% and 5% respectively. This is payable from July each year and is above the planning assumptions used when setting the 2022/23 and 2023/24 budgets. The 2023/24 pay award for all other staff remains outstanding at the time of writing.
- 5 This paper confirms the additional cost pressures of £1m arising from the pay negotiations that have been concluded. It is proposed that these cost pressures should be addressed through the short-term use of reserves, recognising the underlying recurring deficit position.

RECOMMENDATIONS

- 6 Members are asked to:
- (i) note the conclusion of the pay negotiations for firefighters and the associated further cost pressures;
 - (ii) consider the short-term use of reserves to address the cost pressures arising from the firefighters' pay settlement;
 - (iii) note that the pay negotiations for all other staff remain outstanding at this time; and
 - (iv) note that the £2.4m underlying deficit will have unavoidable implications for future service delivery and increased levy for 2024/25.

BACKGROUND

- 7 The Authority is required to set a balanced revenue budget which must be approved by the full Authority before the commencement of the financial year. Although the term "balanced" is not formally defined in the legislation, the Chartered Institute of Public Finance (CIPFA) recognises that organisations should have financial plans which demonstrate how expenditure will be funded over the short and medium term.
- 8 The Authority's financial sustainability in the short, medium and longer term is underpinned by knowledge and understanding of key cost drivers including the evaluation of risks and uncertainties. Pivotal to this is an understanding of service demands, resources available and the future strategic vision.
- 9 The budget setting process for 2023/24 highlighted the significant budget challenges and financial constraints being experienced across the public sector and recognised the need to identify measures to further reduce the budget requirement. It was noted that the scope for efficiency savings is limited given the scale of budget reductions over the last 15 years.
- 10 The Authority approved the revenue budget of £43.314m for 2023/24 at its meeting of 16 January 2023 following a series of member planning meetings. This represents a year on year increase of 9.9% and included the requirement to identify £1.4m of savings to achieve a balanced outturn position. However, at the time of setting the budget it was noted that a number of residual risks and uncertainties remained.
- 11 These risks included the outstanding pay award for firefighters for 2022/23 and pay awards for all staff for 2023/24. All pay awards are subject to national negotiations, the timescales of which are outside of the control of the Authority.

INFORMATION

- 12 The pay negotiations for staff employed on grey book terms and conditions (firefighters) have concluded for both the 2022/23 and 2023/24 financial years. The agreed settlement is set out below:

| Year | % increase (actual) | Planning assumption % | Payable from |
|---------|---------------------|-----------------------|--------------|
| 2022/23 | 7 | 5 | 1 July 2022 |
| 2023/24 | 5 | 4 | 1 July 2023 |

- 13 The settlement is above the planning assumptions used when setting the budget in January 2023, creating a further recurring cost pressure of £1m.
- 14 In the short-term, it is proposed that the cost pressure will be managed through the use of reserves. Although this is not sustainable in the medium term this avoids raising a supplementary levy on the region's local authorities during 2023/24, and will allow Members the opportunity to consider the options arising from the Emergency Cover Review.
- 15 It is noted that the pay negotiations for all other staff remain outstanding at the time of writing this report and this remains a financial risk for 2023/24.
- 16 Whilst the further use of reserves avoids the need to raise a supplementary levy for 2023/24, this use of reserves will not be sustainable for 2024/25. The budget approved in January 2023 created a requirement to identify recurring cost savings of £1.4m and coupled with the further impact of the pay settlements the underlying deficit as at April 2023 has increased to £2.4m.
- 17 To achieve a sustainable financial position for 2024/25 onwards it will be necessary to take further action, including difficult decisions on permanent changes to service delivery and funding models, and a significant annual increase in the levy on local authorities for 2024/25.

IMPLICATIONS

| | |
|---|---|
| Wellbeing Objectives | The budget enables the Authority to achieve its long-term well-being objectives. |
| Budget | This report sets out the impact of the settlement of the pay negotiations for staff employed under grey book terms and conditions. It is noted that pay negotiations for all other staff remain outstanding at this time and represent a further financial risk. |
| Legal | The Authority has a legal duty to set a balanced revenue budget. Aligned to this the Authority must also comply with other legal duties including appropriate legal practices. The current proposal is for the short-term use of reserves to be utilised pending further consideration by Members of future service delivery models. |
| Staffing | This report confirms the proposal to use reserves to fund the cost pressures arising from the pay settlements. It is recognised that this creates an underlying deficit which will require review of service delivery and funding models for 2024/25 onwards. |
| Equalities/ Human Rights / Welsh Language | None |
| Risks and Uncertainties | <p>The budget approved in January 2023 contained a number of risks and uncertainties. The pay negotiations for staff other than those on grey book terms and conditions remain ongoing at this time.</p> <p>The budget proposals include activity at normal levels and increased attendance at incidents will create a further cost pressure.</p> <p>The settlement for staff on grey book terms and conditions increases the recurring deficit and the proposal to utilise reserves is a short-term measure only and is not sustainable. The financial stability for 2024/25 onwards will require further agreement on service delivery models and funding arrangements.</p> |

| | |
|-----------------|---|
| Report to | Audit Committee |
| Date | 20 March 2023 |
| Lead Officer | Stewart Forshaw, Deputy Chief Fire Officer |
| Contact Officer | Stewart Forshaw, Deputy Chief Fire Officer |
| Subject | New Training Centre Update |



PURPOSE OF REPORT

- 1 This report presents an update on the work undertaken on the production of a detailed business case for a new fire and rescue training and development centre in North Wales.

EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) is committed to the provision of essential operational training to its staff to support service delivery and firefighter safety. The Chief Fire Officer's assessment undertaken during 2021 identified training as a priority area and Authority approval was given to undertake a full review on the future delivery of operational training and development in North Wales Fire and Rescue Service (the Service).
- 3 This has included a review of current operational training facilities, including those located at Dolgellau and Rhyl fire stations. This review identified the need to invest in new training and development facilities to ensure firefighter operational preparedness and safety. In particular, there is a need to provide practical and immersive training experiences across a range of scenarios.
- 4 The review of operational training facilities in the Service also supports the findings of the Chief Fire and Rescue Advisor's thematic review of operational training within the Welsh Fire and Rescue Services, which recognises the need for significant capital investment required to replicate real-world conditions for firefighters to develop and refresh their operational skills.
- 5 Following approval by the Authority, on 17 October 2022 to allocate a budget for the development of a detailed business case for a new training and development centre, a number of options have been explored by the project team.

- 6 This work has included the identification of a suitable piece of land to locate the new training and development centre in Denbighshire.
- 7 The next steps will be for the Authority to enter a six-month exclusivity agreement with the land owner, to enable the relevant surveys, suitability assessments and discussions with local planning officers prior to the submission of an outline planning application.
- 8 It is anticipated that the next stage of the project will take approximately six months, and will conclude with the presentation of the business case for the land purchase and options to the Authority on 23 October 2023.
- 9 A budget for land purchase has been included in the Authority's 2023/24 budget, with its use conditional to Members approval following the production of a robust business case by Officers.

RECOMMENDATION

- 10 It is recommended that Members:
 - (i) note the background to reviewing Fire and Rescue training facilities in North Wales;
 - (ii) note that the current training provision is reaching its end of life;
 - (iii) note that the next stage of the project, to confirm the suitability of the identified land, has commenced;
 - (iv) note the timescales set out in this report for the provision of a detailed business case for Members' consideration; and
 - (v) identify Members from each constituent council to form a working group to help to develop and scrutinise plans for a new training centre.

BACKGROUND

- 11 At a meeting of the Authority on 20 September 2021, the three main priorities for the Service were identified by the Chief Fire Officer in her situational assessment. They included improving availability, improving training and strengthening the corporate structure. Members endorsed these priorities and allocated initial funding to support these areas.
- 12 Training has been reviewed and improved by developing a new training strategy. Funding has been allocated to pay for more trainers and the operational training facilities at Dolgellau require to be replaced.

- 13 The report presented to the Authority on 17 October 2022 recommended that an initial budget was allocated to develop the business case for a new training centre.
- 14 The new training centre project team have consulted with staff, building construction professionals, sustainability experts and an architect to develop a high-level design for a new training and development centre in North Wales. This has also included the identification of a piece of land assessed as being suitable because of its geographical location and size.

INFORMATION

- 15 The Service has undertaken a detailed review of its operational training facilities at Rhyl and Dolgellau fire stations, and as a result it has become apparent that they do not provide the facilities required to train firefighters operating in a modern-day fire and rescue service.
- 16 Although the fire house training facility at Dolgellau fire station continues to be used for operational training, it requires significant investment to extend its medium-term life span for risk critical breathing apparatus and firefighting tactics training and cannot be considered as a long-term option. It is also located in an area of North Wales which is a considerable distance for the majority of our staff to travel and attend breathing apparatus courses.
- 17 During the past decade the Authority will have noted the number of fires and other emergency incidents have reduced significantly. Although this is a success story for the fire prevention work that has taken place in our communities during this time, it has resulted in the risk of firefighters having less exposure to the wide range of hazards and complex situations they are likely to face when attending such incidents.
- 18 Fire contaminants are also a risk present in the smoke and toxic flammable gases released during fires, and may contribute to cancer and other health conditions in firefighters. So, the management of fire contaminants needs to be included in a new training and development centre design. Though interim measures have been put in place, the long-term management of fire contaminants is a health and safety concern at the current training facilities at Dolgellau.
- 19 To mitigate these risks, operational training and development for our staff in a realistic and immersive training environment, which includes adequate health and safety measures, needs to be at the forefront of a training and development centre design. This will provide essential facilities for at least the next 25 years in North Wales.

- 20 At a meeting of the Authority on 17 October 2022, the recommendation to allocate an initial budget to the project was approved, which included the option to enter into an exclusivity agreement with a landowner of a site assessed as being suitable regarding size and location.
- 21 Since that meeting of the Authority, suitable land for locating a training and development centre has been identified in Denbighshire and, following constructive conversations with the land agent and local planning office, the Authority is about to enter into an exclusivity agreement with the land owner to undertake the necessary surveys and land suitability assessments. This agreement does not bind the Authority to the purchase but allows for all due diligence to be undertaken.
- 22 It is anticipated that the next phase of the project will take approximately six months and include conducting the relevant land surveys and assessments, and further dialogue with the Denbighshire Local Authority planning office to satisfy their requirements prior to submitting a pre-planning application.
- 23 The results of the site surveys and a pre-planning application to the local planning office will be reviewed and recommendations for site purchase may be presented to the Authority at its meeting on 23 October 2023, depending on the outcomes.
- 24 A budget for land purchase has been included in the Authority's 2023/24 budget, with its use conditional to Members approval following the production of a robust business case by Officers.
- 25 Separate to the purchase of land, the detailed business case for the new training and development centre is scheduled to be completed for July 2023 and will be brought to Members for further scrutiny and approval at that time.
- 26 If approved a timetable will be developed, although it is envisaged that building work could commence during early part of 2025 following a planning application, detailed design brief development and procurement of a main contractor.
- 27 Members will be kept updated and informed on the progress of the project as it develops during the proceeding months.

IMPLICATIONS

| | |
|---|---|
| Well-being Objectives | This project is aligned to all of the Well-being and Corporate Objectives 2022/23 and will promote firefighter safety, support operational preparedness and ensure sustainability over the longer term |
| Budget | Members approved the use of £250,000 from reserves to develop a detailed business case for the options of a new training and development centre in NWFRS. An additional budget will be required for land purchase and building costs, should the business case be approved. |
| Legal | The Authority has a duty under the Health and Safety legislation to ensure the sufficiency of training of its staff, management of risks such as contaminants. The project also addressed the wider legal obligation to reduce carbon emissions. |
| Staffing | Project team and stakeholders are included in the Project Initiation Document (PID) for approval at Service Leadership Team. The project supports staff health and safety and wellbeing. |
| Equalities/Human Rights/ Welsh Language | Implications for the protected characteristics are covered within the PID Integrated Impact Assessment. |
| Risks | All risks are included in the PID risk register. |