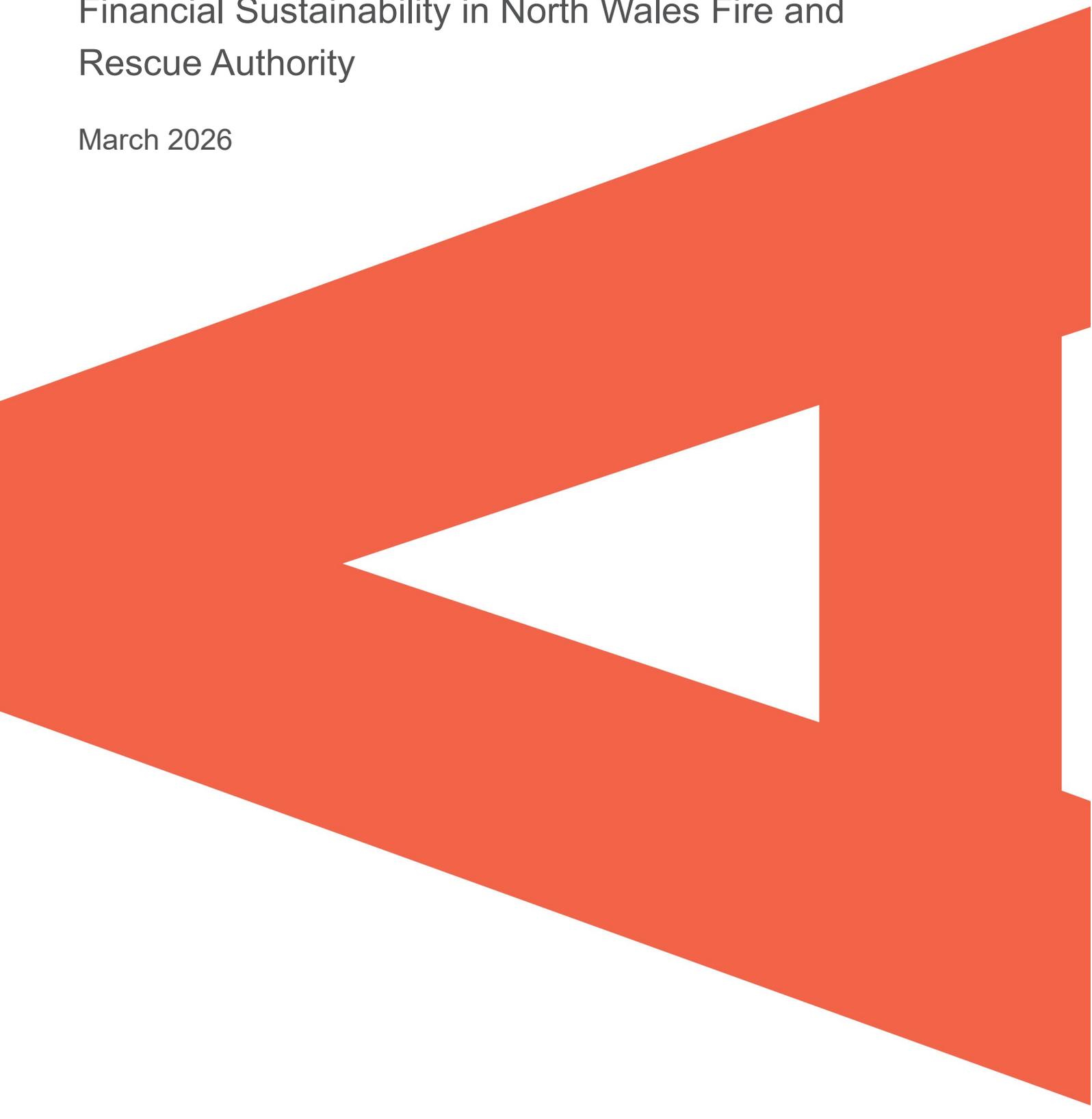


# Future Proofing?

Financial Sustainability in North Wales Fire and  
Rescue Authority

March 2026



# About us

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# Audit snapshot

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## What we looked at

- 1 We looked at how North Wales Fire and Rescue Authority (the Authority) is acting to help it to achieve financial sustainability. This includes its financial plans, the evidence it used to develop its plans, and then how it reports to members on its finances.
- 2 We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.
- 3 Our work is focused on providing assurance and to support improvement in how the Authority is working to improve its sustainability in the medium to long term. We recognise that some things that impact on this are outside of the Authority's control. This includes the level of grant funding it receives and global events like the COVID-19 pandemic. The difficult context means that planning for different scenarios and being clear on the options available are important. It also shows that it is not always possible to plan in detail in the medium to long term.

## Why this is important

- 4 The public sector faces significant financial challenges and has done for several years. This places the Authority under pressure to balance what it wants or needs to spend against funding that remains a challenge. Getting this balance right is a significant challenge and means the Authority must balance different factors to ensure it makes the best use of public money. This makes planning to achieve sustainability key and supports the Authority to demonstrate value for money.

## What we have found

- 5 The Authority's approach supports its relatively stable financial position. However, the Authority has not updated how it will meet its medium-term financial challenges.

## What we recommend

- 6 We have made three recommendations. The first focuses on the need to keep financial strategies up to date and cover the longer term. The second focuses on how the Authority shares its financial position to its members. The third focuses on clarifying which committee is responsible for the oversight of financial planning and performance.

# Our findings

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## **The Authority has a clear understanding of its financial position but does not clearly set out how this has informed its financial strategy**

- 7 The Authority has a relatively strong reserves position compared to the other two Welsh Fire and Rescue Authorities (FRAs). The Authority held the equivalent of 22.8% of its net cost of services in usable reserves not restricted by law at the end of 2024-25.<sup>1</sup> This is the highest of the three FRAs in Wales.
- 8 The Authority has not planned how it will use its reserves to support its financial sustainability. Reserves are a core part of financial planning. For example, as FRAs receive no capital funding from the Welsh Government, reserves are a key way to fund capital projects. This means that planning how reserves will support its financial plans can help the Authority to deliver important projects. This could include its planned new training centre, for example. Deciding what the Authority thinks is the right level of reserves, how it will achieve that level, and how they will be used strategically, is important to support financial sustainability.
- 9 The Authority has a detailed understanding of its financial risks but has not shown how these link to its financial strategy. The Authority is clearly aware of key risks. It requires its departments to explain how they are addressing risks through their budget setting. However, by not setting out how these inform its financial strategy, it is not clear how the Authority plans to respond to them. Communicating its key financial risks clearly may also be more important due to proposed changes to the financial model for FRAs, and the potential need for increased dialogue with constituent councils.

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<sup>1</sup> We publish this data as part of our local government financial sustainability data tool. Our definition of usable reserves may differ to that used by different bodies.

- 10 A detailed knowledge of funding pressures and financial risks is important to help develop a well-informed financial strategy to tackle financial challenges.

## **The Authority has a clear approach to financial planning, but has not set out its medium to long-term plans**

- 11 The Authority has a medium-term resource strategy in place, but it has not publicly updated it recently. The Authority approved its strategy in February 2024, and it covered three financial years. It has not published an update to its strategy in the years since. This means the current strategy ends in 2026-27. The Authority has planned its spending over the next three years in internal documents. Updating its public strategy and linking it to its annual budget setting may help the Authority more clearly show how it is planning over the medium term. It could also provide an opportunity for members to scrutinise and influence its content. The Authority has, however, planned its capital spending over a ten-year period.
- 12 The Authority has not yet developed a longer-term financial strategy. Its current strategy focuses on the medium term but does not use the Authority's detailed knowledge of risks to plan for future scenarios. We recognise that there have been a number of uncertainties for the Authority recently. This includes the outcome of the recent Welsh Government consultation on FRA reform. We also acknowledge the challenge to longer-term planning of annual funding cycles. However, a longer-term strategic approach, that includes scenario plans, would strengthen the Authority's ability to respond to future financial challenges.
- 13 A clear, well-informed, and agreed financial strategy is key to show how the Authority will respond to its future funding pressures. Especially how it will meet its projected funding gap in the short, medium and long term. It also supports the Authority to understand the impact of its strategy on its well-being objectives and legal duties.

## **The Authority regularly reports on its finances but could more clearly link reports to its financial strategy**

- 14 The Authority reports regularly on its finances to members. The Full Authority receives quarterly finance reports. The reports set out how the Authority's spending varies to its budget and its expected end of year position. Reporting to members clearly and often helps them to know about its financial position. This can help members take actions to improve the Authority's long-term position.
- 15 However, the Authority's reports do not clearly explain the implications of its spending on its financial strategy. For example, setting out the impact of over or under spending on the delivery of its objectives can help members to scrutinise and monitor this. This can further support the Authority's financial sustainability.
- 16 It is not clear how responsibility for financial oversight as set out in the Authority's Constitution is discharged in practice. The Audit Committee has a role to oversee financial reporting, but financial reports are made only to the Full Authority. It is unclear, therefore, how the Audit Committee fulfils this role or how the constitution reflects real practice. Clear roles and responsibilities are important to ensure that members have appropriate focus on financial sustainability and value for money.

# Recommendations

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- R1** The Authority should update its medium-term resources strategy and develop its longer-term approach to achieve financial sustainability. To do this, the Authority should:
- 1.1** ensure its strategy remains up to date and linked to annual budget setting;
  - 1.2** set out how it will respond to financial risks, including, if necessary, through savings planning; and
  - 1.3** strategically plan its use of reserves.
- R2** The Authority should strengthen its financial reporting to members to include the impact of financial performance on its:
- 2.1** well-being objectives;
  - 2.2** delivery of its statutory duties; and
  - 2.3** longer-term financial strategy.
- R3** The Authority should clarify which committee has responsibility for oversight of financial strategy and financial monitoring.

# Appendices

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# About our work

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## Scope of the audit

We looked at how the Authority is acting to help it to achieve financial sustainability. This includes its financial plans, the evidence it used to develop its plans, and then how it reports to members on its finances. We looked at the arrangements in place between October and December 2025.

We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.

## Audit questions and criteria

### Questions

We reached our conclusions about the Authority's financial sustainability by answering three key questions. First, we asked if the Authority has a clear and long-term plan for its financial sustainability. Second, we looked at whether the Authority knows the financial position it is in and has used its knowledge to shape its strategy. Third, we asked if the Authority's financial reports made to members help them to oversee its financial sustainability.

### Criteria

We use the audit criteria to help us answer our questions on the Authority's arrangements. They help us to understand what arrangements should or could look like in context. The work of the Chartered Institute of Public Finance and Accountancy and our cumulative knowledge shaped their development.

## Methods

Our findings are based on document reviews and interviews with senior officers and the Authority's Deputy Chair.

# About us

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The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.