

14:40

Dafydd Edwards: Yes, thank you Chairman, and thank you to Helen for the presentation.

Just a word to explain that the main difference is in the cost of staffing, of course, and back in December 2021, the estimate for a provision of 2% for this year's pay award was deemed reasonable. As some of you will remember the world pretty much changed during January and February and at that time we, as councils here in the North, had some two additional months to consider our pay budget and I know that by February, I had raised our provision in Gwynedd to 4% as a result of the war in Ukraine and even at that time there were signs that the economy was not going to be as stable as it had been in recent years.

I'm in no way criticising the figure of 2% that was estimated back in December, but the world has changed, and there is now a revised expectation and the proposal now, as we will discuss later, is for a pay increase of around 5% and that settlement may increase to an even higher figure before too long. Therefore, there is a large discrepancy. As discussed many times during this meeting, wages account for over 70% of costs and that is the reality of the situation we are facing. We are fortunate however, well no, not fortunate, but your plans through the years have sensibly included reserves that we can fall back on in situations such as these. What is unfortunate is that once we make use of these reserves, it is a single bullet and once the gun has been fired, that's it. So, this provides context for our discussions later, on the budget for 2023. We will need to be prudent when setting that budget because we will not have the same level of reserves in place moving forward owing to the fact we will have used a certain amount during this year. Thank you.

23:05

Dafydd Edwards: Thank you Chairman.

I don't want to say much on this. Just to confirm, this report refers to Gwynedd Council but I don't think there is any need for myself, nor the members, to declare an interest in the matter as it is a framework that has been set by Gwynedd Council and Gwynedd Council has no transaction in the matter, just access to the framework and. With regards to events, once again, they are inevitable as a result of the current global situation, and I'm convinced that Helen and the other officers are doing their utmost to achieve the best outcome and I have trust in them as we move forward.

35:26

Gwynfor Owen: Yes, thank you Mr Chairman.

The report states that most places are within one hour. As someone whose ward is possibly the furthest away from any central location, I do have concerns, of course, regarding how far away Harlech fire station may be from any such location. The report mentions one hour away, but this may be further away from some places. I would like to be assured that she takes these places into consideration. Thank you.

36:25

Dylan Rees: Dafydd, would you like to come in here, thank you?

Dafydd Owen: Yes, very briefly, Chairman.

The need is clear, isn't it? And this report is asking for your seal of approval with regards to funding the assessment of the way forward. I just wanted to support what the councillor before said about the possibility of future sharing within the organisation and whether there would be the possibility of accessing income from other fire services across borders as well as from agencies within North Wales. I think this is something to be factored into the considerations, because with the 'Cost of Living' situation and everything else currently we will need to try and look at what is cost effective as part of achieving the optimal solution.

38:08

Dafydd Owen: Thank you Helen.

Yes, Chairman, with regards to setting the budget for 2023-2024 we have made reference to this already this morning, but the process of setting the budget is currently in progress. We're presenting this to you this morning to make you aware of the process, the financial planning assumptions, and the timetable for setting the authority's revenue budget for 2023-24. The authority must set the budget by the 16th January 2023. This is the latest possible date as the levy will then be imposed on the six constituent authorities and they will want to factor this into their own budget considerations.

This morning we will be recommending that you take note of the planning assumptions, that I will run through with you now, and also note the proposal to provide estimates to the executive panel on the 12th of December when we will present you with the figures at that time in order that you may see them before they go to the authority for a final seal of approval.

Every year, the authority must set a budget which shows how spending is being funded. As we speak, there will hopefully be a new chancellor in Whitehall who will be doing this at a national level. The previous chancellor in his 'mini budget' failed to show how spending was being funded, but we don't want to go into that now and I don't want to be out of a job in a few months. So, we must be able to fund the amount we wish to spend, and the spending requirements are funded by the levy, and I will come back to this. But, what are the costs and what are the risks? There are certain requirements placed on the service, and we have heard about some of these in relation to the review and there is a strategic vision going forward. In September 2021, the Chief Fire Officer conducted a situational assessment confirming some of the challenges facing the authority – the availability of on-call fire crews, development of fire-fighters' skills and corporate capacity were three areas highlighted that require attention and resources in order that they may be addressed.

Internal reviews following this include a review of fire safety, the RDS system and training and these reviews are on-going. There is also further work in areas that have arisen in the meantime. Wildfires is one such example and you will have heard about this in our recent meetings. The need for decontamination is another recent development and inevitably there is a cost associated with this if we wish to keep our fire-fighters safe going forward.

In common with all bodies within the public sector, the authority is facing uncertainty because of the uncertain economic situation within the country at the moment. Inflation is impacting on our wage costs and on the cost of our supplies as we have heard in the report. The work involved in planning

the budget will focus on these factors as discussed in the workshop in Rhyl on the 6th of October and it was a pleasure to be able to meet many of you face to face at that event. Meeting people face to face helps to build on the relationship that we have when we meet remotely. Shortly after the workshop where we explained the situation to you as members, the Chief Fire Officer and Helen McCarthy and myself have been engaging with the Chief Executives and Treasurers of the six constituent authorities and have ensured that the issue regarding the situation of the fire authority by 2023-24 is on their radar so that it won't come as a shock to them if we see that costs are going to be increasing in the future.

As I referred to in the review of the budget this year, employee costs account for more than 72% of our expenditure and, prior to the war in Ukraine, we had assumed a 2% pay award for this year. With the current proposal now at 5%, the risk has become a reality in that we are facing significantly higher costs this year. We will have to live with this as the basis on which we move forward into next year for 2023-24 and who knows at what level inflation may reach by next Spring? Experts have suggested that there will be an "inflation peak" and that we will return to a more normal situation, but I wouldn't like to bet my mortgage on it.

Anyway, I'd like to refer you to Appendix 1 on page 30. Here, you will see the factors that were set out in Rhyl. For those of you who have already heard this, I won't repeat it too much suffice to say that employee costs is the main factor and we must also address the risks that were identified in the Chief Fire Officer's assessment. We must also cater for this issue of inflation, inevitably, and we must satisfy the needs and pay that which is specified in the national pay agreement. Also, related to that, we don't yet know whether the Welsh Government are going to fund the increase in pension contributions. They have done so for this year but there is no guarantee that they will next year and of course the result of the McCloud pension issue is still not yet clear; this remains to be sorted at the national level.

The Grenfell disaster has also placed additional pressure on the service and, aside from wage costs, there are increasing pressures on the budget from supply chains and the cost of gas and electricity, and diesel of course, being substantially higher than it was. Capital funding is something else that has hit us comparatively recently with the rise in national interest rates and the whilst the authority is able to make use of the Public Works Loans Board for cheaper borrowing, even though it remains cheaper than the open market, the PWLB have raised the interest rates for lending to the authority so the costs we will incur for borrowing in future will be higher.

So there are considerable pressures on the budget for 2023-24. Of course, this won't come as news to you. Even those of you who were unable to attend the workshop on the 7th of October will have heard mention of your own council's financial position and the similar type of pressures. It was headline news in Wales last week that one authority is facing a £20 million shortfall and I'm sure some of you will have seen this. Unfortunately, pressure on the fire authority's budget will increase the levy that we place on local authorities which in turn will increase the challenge for your councils' finances. As your councils' fire representatives, you will be held accountable at some point in this budgeting cycle, whether that is by the authority's treasurer, the cabinet, the scrutiny panel or by the taxpayers when they start receiving their bills and you must be prepared to be held accountable when this happens.

But I'll remind you of what Gareth said at the meeting in Rhyl, our presence at this meeting is as members of the fire authority and the main responsibility of both myself and yourselves is to ensure that the fire service has sufficient resources to perform its duties appropriately. So as things stand currently, this could mean a significant increase in the budget, possibly of up to about 15%, and this

is an unusually large increase which will mean an inevitable proportionate increase in the levy as a result of this two years of price inflation. This “double-whammy” and with wages this year and the likelihood of a similar increase in the following year constitute a significant hit and there is also a need to strengthen the cover. So between now and presenting the final proposals, as I said the budget will be presented to you again in December and January for approval, I’m sure you would want to support our efforts as officers in ensuring that every element of this increase is essential and that we scrutinise ourselves to make sure that if we bring this in front of you there are no elements of it that can be avoided given that this is going to ultimately lead to an increased levy that will impact on council tax bills.

Thank you, Chairman.

49:34

Dylan Rees: Gwynfor first, thank you.

Gwynfor Owen: Yes, thank you very much for that report. As Dafydd said, the report is along similar lines to that which we’ve all had in our local authorities, of course, and the report makes for very sobering reading. I’d like to make a comment regarding Dafydd’s reference to the meeting of October 6th. I was unable to attend and the reason for that was that it had been arranged on the same day as the full meeting of Gwynedd Council. I do think such meetings should be scheduled so that they avoid clashing with other local authority meetings, especially when those meetings are of the full Council. But, to revert back to this point, it is clear that this is going to hit home with our electorate when they see the level of increase that we envisage. We need to make sure that everybody knows the reasons behind this and the fire service, in its public relations, needs to make it totally clear that this is not attributable to overspending or any other such fault on the part of the fire service, but it is as a consequence at the end of the day of the policies of the central government in Westminster. And I will leave it there with those few words, thank you.

Dylan Rees: Thank you Gwynfor, and I agree

51:56

Dafydd Edwards: Yes, thank you, a very fair question and that 15% increase is significant. When one puts it into the context of county councils of course, the fire authority budget is not that large but it comes in a very difficult year doesn’t it? I think if we tried to smooth this over a period of years, we would need to be using reserves but as I was explaining earlier when I was talking about the 2022-23 budget, we will be using a very large chunk of reserves this year and I would not like our plans for next year to eat further into this. What they call ‘Black Swan Events’ are coming around more often than they used to and we will need to have reserves, not huge amounts, but certainly something we could fall back on in the future. Therefore, we don’t really have the flexibility to be able to smooth this over; I believe we have to face it in the first year.

54:55

Dafydd Edwards: Yes, it’s hard to disagree with that which Councillor Bryan Apsley has set out. He’s correct, to be honest, and that 1.1 has not been factored in at present. It has been identified as a risk going forward whilst sincerely hoping that between now and December, the Welsh Government will

have provided us with some clarity on this. If not by then, they will have to at the end of December before we come to the authority in January and we will take this into consideration going forward.

56:42

Shân Morris: Thank you. Thank you, Chairman and Good Morning.

Yes, the purpose of this report is to present the revised draft of the Annual Governance Statement. As you may remember, you were presented with the first draft in June but since then we have received comments from the external auditor, and these were very detailed and useful comments for which we were grateful and we have included those comments in the second draft that you have in front of you this morning for you to approve. Without going into too much detail, the background to the annual statement is set out in the report in paragraphs 6 to 9. As written in paragraph 9, essentially the purpose of the Annual Governance Statement is to specify the arrangements of the authority to ensure that business is conducted legally, as you would expect, that public money is safeguarded and is appropriately accounted for and that resources are used responsibly. So that is the purpose behind this statement.

Without going into too much detail, the changes that have been made are listed in paragraph 12. I'm happy enough to go through each one but I think they are self-explanatory; it's fairly clear what has changed. So, the only thing to add is that the external auditor has now confirmed that he is satisfied with the revised statement. That confirmation is part of the report on the statement of accounts which is in item 13 of this morning's agenda, so they have confirmed that they are now satisfied with it as it is. So, the recommendation is to take note of the changes that have been made and to approve the revised Annual Governance Statement for 2021-22. Thank you.

1:07:26

Gwynfor Owen: Thank you Mr Chairman.

I'd like to begin by expressing my disappointment that this report was sent out in English only in the first instance on the 21st of September. I put in a complaint immediately and received an apology, but I do not accept that that any report should be sent out to us in English only in the first instance with a note to say that the Welsh version is to follow once it has been returned from being translated. If the report is not ready to be sent out in Welsh, then neither should it be sent out in English and I would ask the authority to ensure that the policy from now on is that any report of this nature is either sent out in Welsh only or bilingually. I do not believe that as Welsh-speakers we should receive inferior treatment. There was a delay of three weeks between receiving the report in English and receiving the report in Welsh.

That said, broadly this report is to be commended for the amount of work that has gone into it and its explanation of the performance of the authority. Going back to the Welsh language and what is happening in regard to the principle of Welsh within the authority, one thing I see that's missing in regard to this is that there is no reference to how the authority treats its members as far as the Welsh language is concerned. There are no figures at all regarding Welsh language ability amongst authority members, whether there is support for the those who are learning the language and so on. I don't know whether now is the place to include this or whether these matters are something that needs to be looked into in the future. But I would ask that there is some action on this and of course

there is irony in the fact that there is mention of The Welsh Language Standards and necessary compliance and yet this was an English-only report in the first instance. Thank you.

Dylan Rees: Thank you Gwynfor and I think it's a fair point about receiving the report in English and I understand that you have received an explanation and an apology for that. On that last point, I wonder whether anyone would like to respond to the comment? I'm looking at whether Shan or The Chief would like to come in on this? Shan?

Shan Morris: I think The Chief has their hand up, don't they?

1:17:57

Dafydd Edwards: Thank you Chairman. I believe Helen MacArthur is about to present in a second but I'll say a few words now rather than come in later. I would firstly like to thank Helen MacArthur and especially Helen Howard for the thorough work on these accounts. These are, how might you say, the tip of the iceberg; what appears to us as a significant amount of work is really only about 10% of all the work, and the paperwork, that sits behind it and we're very grateful. Thank you also to Mike Whitely and the audit team for their co-operation throughout the review and for his intention to give his unqualified opinion on the accounts. This can be found on page 5, paragraph 9 of the report issued by Audit Wales. Apologies for the late delivery of the papers to you. There were quite a few changes. I think maybe that was inevitable given that this is the first year that all the work on the accounts has been insourced by the authority itself from Conwy Council and I still think it's a huge achievement to have got these out in such good shape and quality. And, just on the recommendations, as well as receiving the documents, at the end of the item the authority will need to make the decision to authorise you, Chairman, to sign the final statement; that which is on page 3 of the issued statement, and also agree that you and I may sign the Letter of Representation – and there is a wording for this on page 11 of the Audit Wales report. I think Helen is going to briefly present on some of the statements but of course you will have seen these before and I don't think there's any need to go into them in too much detail.

Thank you, Chairman.

1:30:43

Shan Morris: Thank you.

This is really an item for information to inform you of a project that has been initiated within the service to record and create a kind of catalogue of the decisions and actions taken during the pandemic. I'm sure you'll already be aware that the public inquiry has started in the United Kingdom that will look at what decisions were made and so on and at how different sectors of the community were affected.

So, this is in preparation; not that anyone has asked us to give evidence. As part of the inquiry, people may be called to give evidence either as an individual or on behalf of an organisation. This hasn't happened yet. The work has really only just got going. But it's good practice isn't it to be prepared in case anyone asks us to give evidence? And this could be a current member of staff or current member of the authority or someone who was a member during the pandemic. So, even if somebody has retired, they may still be called to give evidence under oath; so this is in preparation for such an event. In the event that we're not invited to give evidence, it will hopefully still create a

kind of valuable archive of a historical period. Hopefully, we won't see such times again but it will be there as an archive.

So, as I said, just for you to know that this work has started. The timescale is fairly flexible but we're aiming to have the majority of the information in place by the end of this year and to have completed the project in its entirety by June next year. There's no danger of anyone being called to give evidence before then according to the timetable for the inquiry. The Chair of the inquiry, Baroness Heather Hallett, has set out a timetable and set out a remit and so on. There's nothing that says we will receive any kind of invitation before next Summer but hopefully everything will be ready. As I said, Chairman, this matter is for the information of the members. Thank you.