

COMMISSIONERS FOR FIRE & RESCUE SERVICE

Papers for the Finance and Audit Committee to be held on:

Thursday 19 December 2024, 1230hrs

**In person at South Wales Fire & Rescue Service Headquarters,
Forest View Business Park, Llantrisant, CF72 8LX**

Or

Remotely via MS Teams https://bit.ly/FinanceAuditCommittee_191224

**Please ensure you join the meeting 15 minutes prior to meeting
time**

**Any issues please contact
01443 232000 and ask for Governance Support**

A G E N D A

1. Apologies for Absence
2. Declarations of Interest

Commissioners 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 South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 and the Local Government Act 2000.

3. Chairperson's Announcements
4. To receive the minutes of;

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REPORTS FOR INFORMATION

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Signature of Monitoring Officer:



MEMBERSHIP

Commissioners:

C	Foulkes
V	Randeniya
Baroness	Wilcox
K	Williams

**COMMISSIONERS FOR SOUTH WALES FIRE AND RESCUE
SERVICE**

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE
HELD ON FRIDAY, 20 SEPTEMBER 2024
IN MEETING ROOM 8, SWFRS HQ OR REMOTELY VIA TEAMS**

COMMISSIONERS PRESENT

Baroness Wilcox of Newport (Chair)

OFFICERS PRESENT:- CFO Stuart Millington, ACO Alison Reed – Director of People Services, T/ACFO Brian Thompson – Director of Technical Services, Dominic Mika - Director of Strategic Change and Transformation, Lisa Mullan – Head of Finance, Procurement and Property, T/AM Matt Jones – Head of Operations, Wayne Thomas – Temporary Head of Corporate Support, Gabrielle Greathead – Interim Monitoring Officer, Mr S Gourley – TIAA Internal Auditor

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. CHAIRPERSON'S ANNOUNCEMENTS

There were no Chair announcements.

**3. TO RECEIVE THE MINUTES OF FINANCE AND AUDIT
COMMITTEE MEETING HELD ON 26 JULY 2024**

Lady Wilcox agreed the minutes from 26 July 2024 as a true record of discussions and no matters arising.

Lady Wilcox wanted to note the Commissioners were pleased with the number of applicants for the Head of Communications and Engagement role and interviews will be commencing on Monday 23 September.

4. UPDATE ON OUTSTANDING ACTIONS

There were no outstanding actions to be discussed.

5 REPORTS FOR DECISION

5.1 REVENUE MONITORING REPORT 2024/25

The Head of Finance, Procurement and Property provided an overview of the revenue monitoring report which provides details of the annual revenue budget and associated information for the year ending 31 March 2025. This is the first monitoring report we have received this financial year and the first update since budget setting in February.

Lisa Mullan presented the main pieces of the spends outlined in the report. Appendix 1 provides an overview of the budget and what the underspend position is. The report is presenting there is a £1.7m overspend on the annual budget. There was a discussion around the On-Call budget and retention and the work needed to re-shape the team within the current establishment and looking at the positions. Matt Jones explained that there is work to be done around the future of on-call around South Wales and how it aligns with national changes. Lady Wilcox stated this is a really good position for us and keen to follow national practice. Lisa Mullan explained that they won't be adding to the costs at this time.

Lisa Mullan explained most of the corporate variances are included within appendix 4 which is a new request from the Commissioners in terms of presenting an overview on what the unbudgeted spend is relating to the Commissioners decisions and the Transformation Programme and extra on improving the organisation. Lisa Mullan noted that the pay awards haven't been agreed and may affect the forecasting. Lady Wilcox expressed it is important to note that there is a lot of changes going on for the Service with intervention, we have had to bear the costs of these without any grant funding unlike with other interventions.

Lisa Mullan further highlighted points within the report. Appendix 3 provides a grant overview and Lisa Mullan drew Lady Wilcox's attention to overspends on national work for National Resilience and USAR. Lisa Mullan hopes this will alter when this is brought back to the Committee next time. CFO Millington provided clarity around the National Resilience position and the fixed budget we receive from Welsh Government. We should be managing our assets within the budget that we are given by Welsh Government. CFO Millington will look at this further to bring this back in line by the end of the financial year.

RESOLVED THAT

5.1.1 The Commissioners for South Wales Fire and Rescue Service noted the content and agreed the report.

5.2 CAPITAL MONITORING REPORT 2024/25

The Head of Finance, Procurement and Property provided an overview of the capital monitoring report which provides details of the capital budget, transactions to date and the forecast year end position for the year ending 31 March 2025. Appendix 1 provides the budget information and funding analysis how we pay for it. In summary we have £19m budget for the year which is set against the outturn. Appendix 2 provides information on the grant funding that we have secured this year. The biggest element is the property such as New Inn refurbishment. We are in the similar position with the Penarth station with a major project going on after Christmas. Lady Wilcox is not overly concerned about slippage as she understands that timescales take longer. CFO Millington provided an update on the Monmouth co-location with WAST. After having a recent conversation with the CEO of WAST, they have decided to go with a refurbishment of their site and so we will have to include a refurbishment of this into our future budget.

This is a new project aimed at managing contamination risks. Brian Thompson thanked the Property team for supporting the project and the work they have done so far. It is an ongoing project and we need to think about drill towers. CFO Millington stated that drill towers are an expensive structure, multipurpose towers would be a beneficial asset and fit for future purposes. We will have an inspection to weigh the cost of remedial works. It was discussed that the Fleet and Engineering work will be done by Chris Temby and that will inform our annual budget. There is a 6 month wait to get a new fleet and this can be difficult when it comes to a new financial year to the time we accept the delivery. Lisa Mullan touched on our ICT budget. CFO Millington raised that there are systems we have that operate independently and are often generic. We are looking to develop our systems across the Service that will be picked up as a part of the Digital Transformation piece.

Lady Wilcox added that she expects moving forward that when a new facility has opened, then an invite to the Council Leader of that area should be sent to attend the opening.

RESOLVED THAT

5.1.2 The Commissioners for South Wales Fire and Rescue Service noted the budget and progress of capital schemes,

and approved the alterations identified in appendix 1 and associated movements in funding.

5.3 2023/24 ANNUAL TREASURY MANAGEMENT REVIEW

The Head of Finance, Procurement and Property presented the results of treasury management activities for the year ending 31 March 2024, in accordance with the Authority's approved Treasury Management Strategy for 2023/24. The report is one of three statutory reports that is brought to the Board and provides information on the borrowing outturn. Lisa Mullan explained that the new borrowing will be at a higher rate next year. Lisa directed the Board to the indicator report in appendix 1 and explained we have limits on borrowing as well as a CFR limit which we are under by £13m. Lady Wilcox noted that the report gives a detailed account and follows all the statutory aspects of running a public service to ensure we are in line with Welsh Government and wider government activities.

RESOLVED THAT

- 5.1.3** The Commissioners for South Wales Fire and Rescue Service note the annual treasury management review for 2023/24 and approve the prudential and treasury indicators set therein.

5.4 FINANCE TEAM RESTRUCTURE

CFO Stuart Millington provided an overview of the plan to restructure the finance team to realign capacity and expertise with Service needs. It is proposed a £33k increase to support additional salary costs to support the structure of the Finance team, to enable us to meet statutory deadlines for reporting and resilience. CFO Millington wishes to pay tribute to the Finance team for their highly complex work that is being produced. Lady Wilcox agreed that and is pleased to see the report and hopes this begins to help address issues in a small team that has produced a significant amount of work. Lady Wilcox expressed that if the proposal does not work that it is revisited quickly to find another solution.

RESOLVED THAT

- 5.4.1** The Commissioners for South Wales Fire and Rescue Service agreed a £33k increase to the base budget to support additional salary costs.

5.4.2 The Commissioners for South Wales Fire and Rescue Service approve the immediate implementation of the plan to restructure the team.

5.4.3 Lady Wilcox added a further revision that there needs to be a revision quickly if the proposal is not working.

6. REPORTS FOR INFORMATION

6.1 AUDIT WALES CERTIFICATE OF COMPLIANCE

Wayne Thomas, Temporary Head of Corporate Support explained that the certificate of compliance has come from Audit Wales as a result of the Annual Improvement Plan that we published on 31 October 2023. It is to demonstrate that the plan is in line and compliant with the act, where we discuss continuous improvement, significant arrangement to undertake improvement objectives and we look at our performance standards that we are committed to going forward. The 2024 Annual Improvement Plan will be brought to the October Board of Commissioners for approval to be published.

RESOLVED THAT

6.1.1 The Commissioners note the certificate of compliance.

6.2 PERFORMANCE REPORT – STRATEGIC PERFORMANCE INDICATORS QUARTER 1 2023/2024

Matt Jones, Temporary Area Manager presented the Strategic Performance Indicators for Q1 2023/24. The purpose of the report is to consider the organisation's performance against the indicators to support performance monitoring and continuous improvement within the Service.

Matt Jones provided a brief explanation of the indicators where we measure activity and statistics around the performance and the projected outcome of 2023/24. Some main points to highlight were that we have a lower rate of fires which demonstrates the positive work that is being done across the organisation in our Community Safety and Risk Reduction teams. CFO Millington added that whilst we have had a lower rate of fires, the seasonal weather has played a part due to less wildlife fires and flash flooding we have experienced this year, although we continue with our prevention work.

We have seen an increase in our Automatic Fire Alarms (AFA) of 2% which is down to faulty apparatus. There has been a good reduction in Road Traffic Collisions and there is ongoing collaborative work that our operational staff are doing with education in schools and with our partner agencies.

The number of Other Special Service Calls were lower which is positive. There has been 12% increase of calls to assist with WAST. CFO Millington has met with the CEO of WAST regarding the number of calls crews are attending. CFO Millington expressed that it is not that we don't want to assist, however crews need to be prepared mentally when they attend the calls. Matt Jones is working on a piece of work for CFO Millington to present to the CEO of WAST on these challenges. Matt Jones advised the number of deaths arising from all fires and accidental fires were higher. We are always trying to get up to date information when working with those greatest at risk in our communities. There has been a higher percentage with dwelling fires which were confined within the room of origin. Matt Jones and Dean Loader will create a report to bring to the Board of Commissioners will work with our Statistics team to develop a piece of work to understand the spreading of fires better and to re-engage and train our crews when recording the outcomes of these incidents.

RESOLVED THAT

6.2.1 Commissioners note the Service's Strategic Performance Indicator totals for Q1 2024/2025.

7. FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE 2024/2025

CFO Millington advised we are on track with the Forward Work Programme and it gives an accurate reflection of what items are to come next.

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

There were no further items of business to consider that Lady Wilcox deemed urgent.

UPDATE ON OUTSTANDING ISSUES ARISING FROM PREVIOUS MEETINGS

THERE ARE CURRENTLY NO ITEMS TO BE DISCUSSED

Minute No	Item	Action	Leading Officer	Current Status:

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 6
19 DECEMBER 2024

FINANCE & AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT & PROPERTY

CAPITAL MONITORING REPORT 2024/25**THIS REPORT IS FOR DECISION**REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT &
PROPERTYREPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT &
PROPERTY, LISA MULLAN**SUMMARY**

The capital monitoring report provides details of the capital budget, transactions to date and the forecast year end position for the year ending 31 March 2025.

RECOMMENDATIONS

1. That Commissioners note the budget and progress of capital schemes, approve alterations identified in Appendix 1 and note the associated movements in funding.

1. BACKGROUND

- 1.1 This report provides an update of the major changes affecting the capital budget since the Finance and Audit committee on 20th September 2024.
- 1.2 Appendix 1 illustrates the necessary budget information and funding analysis for all approved capital investment plans for the current and previous financial years. Commissioners will note that budgets are phased over more than one financial year and this is referred to as slippage, a typical characteristic of capital budgets and their underpinning investment plans.
- 1.3 In summary, there is a total budget (2023/24 slippage & 2024/25 budget) of £19.4 million, set against this is the forecast outturn position, budget overspend and slippage of £11.3 million, £2.5 million, and £10.6 million respectively.
- 1.4 Appendix 2 details grant funded investments schemes.
- 1.5 The following narrative supports the above position in greater detail.

2. ISSUE / PROPOSAL

2.1 Property

The overall budget available for property investment during the year is £13.3million. The forecast expenditure, budget overspend, and slippage are £3.7m, £648k and £10.2m respectively and the individual schemes contributing to this position are detailed in Appendix 1. The net overspends of £648k primarily relates to Electric Vehicle Charging Infrastructure and drill towers and the Cardiff Gate decontamination project.

More detail on changes that have occurred since budget setting are provided below.

2.1.1 New Inn Station

The forecast has reduced by £1m which is symptomatic of delays in the planning regulation process which has resulted in later construction date. Works to accommodate operational requirements at the temporary site are complete and the decanting of crews from old to temporary sites commenced 15 November.

Demolition on the main site will commence on 18 November. Construction will commence in April 2025 and the remaining budget has been slipped into 2025/26 to accommodate this.

2.1.2 Penarth Station

The forecast has reduced by £95k to £155k for this financial year. This project has slipped due to difficulties in the planning regulation process resulting in further design work. Construction could potentially commence summer 2025.

2.1.3 On-Call Duty System (OCDS) Station Project

The forecast has increased by £260k for this project reducing budget slipped into 25/26.

Gilfach Goch Station is complete and work at Ferndale is due to be completed in November. Construction at Abercynon and Pencoed is scheduled to commence next. Commissioners are minded that individual projects have an approximate 26-week timeline and as such the remaining budget has been slipped into 25/26 to continue this work.

During survey at Treorchy Station asbestos was found in both the roof and cavities requiring remedial works. This resulted in an extra £340k of unavoidable cost increasing this year's forecast.

Due to the withdrawal of our potential co-location partners, Monmouth station will be part of the OCDS Station project from 2025/26 onwards.

2.1.4 Cardiff Gate - Decontamination Project

A temporary facility will be installed in the coming months, with a plan for a permanent build over the next two years. The forecast has decreased by £50k since previous reporting as a result of more accurate costings.

2.1.5 Electric Vehicle Charging Infrastructure

A £348k overspend is funded by grants which have been secured to improve our electric vehicle charging infrastructure at 6 sites. This includes the purchase and installation of hardware in addition to the upgrading of grid connections. These sites are:

- HQ
- Caerphilly Station
- Merthyr Station
- Tonypany Station
- Aberbargoed Station
- Aberdare Station

2.2 **Vehicle Replacement Programme (VRP)**

The overall budget equates to £5.4m, forecast expenditure £6.9m, net overspend of £1.6m and £200k of slippage, reflect the current position. 66% of the overspend relates to the purchase of National Resilience (NR) vehicles which are wholly grant funded, i.e. £1.1m.

2.2.1 Water Ladders (WL)

There are £99k of additional costs since previous forecast.

The seven Water Ladders relating to the 2023/24 VRP have been received. The seven 2024/25 VRP water ladders are in the final build stages and will be delivered before year end which have incurred additional costs for adjustments.

2.2.2 Water Carrier

There has been a £200k reduction in forecast since previous reporting to reflect the fact that delivery will not take place until 25/26 and so the budget has been slipped.

Initial tender returns were approximately £315k and so additional budget is required in the new year to accommodate this. Future reporting will reflect this.

2.2.3 Vans/Ops Estate Cars

Since previous reporting the service has secured funding contributions towards several zero emission vehicles. The current forecast reflects fully utilising available budget and additional grant funding to purchase 12 vehicles. Revised costings are being obtained and costs will be confirmed in the following quarter.

2.2.4 Grant funded vehicles

There have been several amendments to the grant funded capital programme.

National Resilience (NR) Prime Movers -

Funding previously assigned to the purchase of the USAR box lorry (£262k) has been reallocated to support the purchase of 4 Prime Mover chassis, increasing the forecast by £440k.

Detection Identification and Monitoring (DIM) Light Vehicle -

The forecast for a light vehicle has reduced by £89k and has been redistributed on an all-Wales basis.

National Resilience Electric Vehicle –

An electric vehicle has been transferred from NWFRS to SWFRS and requires some alterations costing £4k.

2.3 **Joint Public Service Control (JPSC)**

This budget relates to the Vision Hardware Refresh at our shared Joint Public Service Centre (JPSC). The forecast has increased by £110k since previous reporting. The £369k forecast is the cost prior to any sharing arrangement which is a 50/50 split with MWWFRS. £185k is the current expectation to be received by the end of the year.

The £110k overspend will be serviced from the above joint sharing arrangement and project spend for this year will be £75k under spent on the slippage and budget allocation.

3 IMPLICATIONS

- 3.1 Appendix 1 illustrates current capital spending plans for the year and how this differs from the original budget.

A forecast of £11.3m and slippage of £10.3m result in a net £2.2m overspend. Gross overspends of £2.5m are offset by £328k of underspends and £1.8m, some of which is grant funding received after budget setting and the remaining amount being part of a cost sharing arrangement with MWWFRS. The remaining £387k is a true overspend and additional to the annual budget and will be financed accordingly.

The above analysed follows.

CAPITAL SCHEME	Over spend	Grant/ Joint Funding	Under spend	Addition to budget
MONMOUTH (co-location not confirmed)			325	325
CARDIFF GATE DECONTAMINATION	-50			-50
DRILL TOWERS	-250			-250
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE (grant funded)	-348	348		0
TRUCK (SLIDE DECK / CRANE)	-47			-47
WATER LADDERS	-255			-255
VAN/OPS ESTATE CAR	-67	67		-0
WILDFIRE UNIT	-3			-3
RESCUE BOAT	-8			-8
LIGHT UTILITY 4WD	-177			-177
LADDERS			4	4
JOINT CONTROL	-110	185		75
NATIONAL RESILIENCE PRIME MOVERS (grant funded)	-1,040	1,040		0
DIM LIGHT VEHICLE (grant funded)	-31	31		0
NR ELECTRIC VEHICLE (grant funded)	-4	4		0
DIM EQUIPMENT UPLIFT (grant funded)	-60	60		0
MTA EQUIPMENT UPLIFT (grant funded)	-70	70		0
TOTAL	-2,521	1,805	328	-387

3.2 Community and Environment

The capital budget facilitates investment in long term assets. Most of these are located and are visible to our communities and need to be planned sustainably to support current and future service delivery.

3.3 Regulatory, Strategy and Policy

The Treasury Management Strategy Statement (TMSS) sets out affordable limits for capital investment and links the capital and revenue budgets to provide for an overview of the services finances.

3.4 Resources, Assets and Delivery

Impacts on budget are reported within the main body of this report.

4. EVALUATION & CONCLUSION

4.1 The total capital investment for the year is forecast at 11.3m and will be funded through borrowing, contributions from partners, grants, a revenue contribution, and capital receipts.

5. RECOMMENDATIONS

5.1 That Commissioners note the progress of the capital schemes, approve alterations identified in Appendix 1 and note the associated movements in funding.

Contact Officer:	Lisa Mullan Head of Finance, Property & Procurement	
Background Papers	Date	Source / Contact
Revenue Monitoring Report	2024/25	Head of Finance, Property & Procurement

Appendices	
Appendix 1	Capital Monitoring 2024/25 (13.12.2024)
Appendix 2	Grant Monitoring 2024/25 – Capital (13.12.2024)

CAPITAL MONITORING 2024/25 Appendix 1

CAPITAL PROGRAMME 2024/25								APPENDIX 1	
	Project Total £000	SLIPPAGE B/F 2023/24 £000	2024/25 BUDGET £000	ACTUAL AS AT 08.11.24 £000	COMMITTED AS AT 08.11.24 £000	OUTTURN POSITION 31.03.25 £000	BUDGET UNDER/ OVER SPEND £000	SLIPPAGE C/F 2025/26 £000	
PROPERTY									
STATION REFURBISHMENTS									
MONMOUTH	600	326	0	1	11	1	0	325	
NEW INN	3,800	5,406	2,000	212	2,163	962	0	6,444	
PONTYCLUN	1,100	0	50	0	1	50	0	0	
PENARTH	3,250	202	2,000	105	115	155	0	2,047	
ON-CALL (OCDS) STATION PROJECT	1,850	1,312	1,500	1,510	351	1,760	0	1,052	
EQUALITY, DIVERSITY & INCLUSION	0	227	250	88	0	100	0	377	
CARDIFF GATE DECONTAMINATION PROJECT	0	0	0	0	0	50	-50	0	
DRILL TOWERS	0	0	0	32	49	250	-250	0	
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE (grant funded)	348	0	0	0	0	348	-348	0	
	10,948	7,473	5,800	1,949	2,690	3,676	-648	10,245	
VEHICLES									
TRUCK (SLIDE DECK / CRANE)	150	150	0	197	0	197	-47	0	
WATER LADDERS	3,975	1,833	2,142	3,202	940	4,230	-255	0	
VAN/OPS ESTATE CAR	389	234	155	119	0	456	-67	0	
LIGHT UTILITY 4WD	0	482	0	164	495	659	-177	0	
WILDFIRE UNIT	100	100	0	103	0	103	-3	0	
RESCUE BOAT	30	30	0	59	0	38	-8	0	
WATER CARRIER	200	200	0	0	0	0	0	200	
LADDERS	75	0	75	60	0	71	4	0	
FORKTRUCK	45	0	45	0	0	45	0	0	
NATIONAL RESILIENCE PRIME MOVERS (grant funded)	600	0	0	0	0	1,040	-1,040	0	
DIM LIGHT VEHICLE (grant funded)	50	0	0	0	0	31	-31	0	
USAR BOX LORRY (grant funded)	230	0	0	0	0	0	0	0	
NATIONAL RESILIENCE ELECTRIC VEHICLE (grant funded)		0	0	0	0	4	-4	0	
	5,844	3,029	2,417	3,905	1,435	6,875	-1,629	200	
EQUIPMENT									
PPV Fans	195	0	195	0	0	45	0	150	
DIM EQUIPMENT UPLIFT (grant funded)	60	0	0	10	0	60	-60	0	
MTA EQUIPMENT UPLIFT (grant funded)	70	0	0	0	0	70	-70	0	
	325	0	195	10	0	175	-130	150	
ICT									
END USER COMPUTER REPLACEMENT	450	13	0	0	0	13	0	0	
SERVERS AND STORAGE REPLACEMENT	150	27	0	0	0	27	0	0	
SERVER SOFTWARE UPGRADE	150	7	0	0	0	7	0	0	
WIRELESS ACCESS POINTS	40	41	0	17	24	41	0	0	
SCREEN REPLACEMENT	150	0	75	0	0	75	0	0	
NETSCALER REPLACEMENT	80	0	80	0	28	80	0	0	
	1,020	88	155	17	52	243	0	0	
JOINT PUBLIC SERVICE CONTROL (JPSC) (joint scheme)	675	124	135	33	303	369	-110	0	
TOTAL	18,137	10,714	8,702	5,914	4,480	11,338	-2,517	10,595	
FUNDING ANALYSIS									
BORROWING						9,286			
JOINT CONTRIBUTIONS (jpsc)						185			
REVENUE CONTRIBUTION						200			
CAPITAL GRANT						1,620			
CAPITAL RECEIPTS						47			
						11,338			

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GRANT MONITORING 2024/25 – CAPITAL
Appendix 2

	CAPITAL
<u>Vehicles</u>	
<i>Prime Mover Replacement Programme x 3</i>	600,000
<i>Prime Mover Replacement Programme (Chassis x 4)</i>	440,000
<i>DIM Lite Vehicle & Equipment</i>	31,431
<i>Electric Vehicle x 1</i>	3,700
<i>Zero Emission Vehicles</i>	67,285
<u>Equipment</u>	
<i>MTA Equipment Uplift</i>	70,000
<i>DIM Equipment Uplift</i>	60,000
<u>Property</u>	
<i>EVCI (Electric Vehicle Charging Infrastructure)</i>	348,219
Income	-1,642,361
(Under)/Overspend	(-21,726)

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AGENDA ITEM NO 7

Budget Setting Proposal for Consultation 2025/26

-

Verbal Update to be presented on the day

Presenting Officer: Head of Finance, Procurement & Property - Lisa Mullan

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 8
19 DECEMBER 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT AND PROPERTY

REDEVELOPMENT OF NEW INN FIRE STATION**THIS REPORT IS FOR DECISION**REPORT APPROVED BY THE HEAD OF FINANCE, PROCUREMENT AND
PROPERTYREPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT AND
PROPERTY, LISA MULLAN**SUMMARY**

Following a procurement tender process, this report requests approval and formal award of the contract for demolition and construction of New Inn Fire Station in line with this Fire Authority's constitution and contract standing orders.

RECOMMENDATIONS

That the award of contract for demolition and construction at New Inn Fire Station is made to the successful supplier/tenderer.

1. BACKGROUND

New Inn Fire Station was originally constructed in the 1950s and following various reinvestment works over a 70 period, the building is no longer for purpose and able to support the front-line service delivery needs of a modern fire and rescue service (FRS). New Inn will be Wales's first net zero carbon fire station, the challenge will be if the station can continue its net zero status in operation.

Preparatory work to rebuild the station has been ongoing for the last two years, i.e. consultation, design, search and planning. Full planning permission has recently been agreed. The location and scale of the site add complexity to this project, which has resulted in the relocation of fire crews to a temporary site approx. 1 mile north, i.e. Mamhilad Park Estate for the duration of the project. The temporary accommodation was originally designed for office use, and so work has been undertaken to transform this into useable operational facility.

2 ISSUE

- 2.1 Contract Standing Order (CSO) state that: “The awarding of contracts that are expected to exceed £750,000 for a one-year term or £1,500,000 for a term in excess of one year shall be approved by the Fire and Rescue Authority”.
- 2.2 A comprehensive procurement exercise has been undertaken to ensure a competitive and transparent process for contract award has been adhered to, in addition to ensuring we achieve the requirements of the project and sustainable ambitions of the Service.
- 2.3 The Service has allocated £8 million in capital investment plans for the project which cover demolition of the existing building, construction of the new station, temporary site works, lease charges and various professional fees.
- 2.4 We continue to invest in our property portfolio to ensure stations are fit for purpose and meet the needs of operational crews and in doing so, the communities of South Wales.
- 2.5 Following the tender process, the Service has appointed Speller Metcalf to carry out construction works.

3 IMPLICATIONS

3.1 Community and Environment

- 3.1.1 Significant engagement and consultation with station personnel has been undertaken during the various design stages followed by the completion of an equality impact assessment.
- 3.1.2 Sustainable procurement and social value principles were built into the tender process and the use of local suppliers supports the aims of the Wellbeing of Future Generations (Wales) Act 2015. Renewable heating, efficient energy systems in addition to other sustainable aspects will be incorporated into the project.

3.2 Regulatory, Statutory and Policy

- 3.2.1 Costs outlined in the report are covered within the medium-term capital plan, the approved annual capital programme; and the process for monitoring and reporting to the Finance and Audit committee has already begun as part of the budget management and scrutiny process.

3.3 Resources, Assets and Delivery

3.3.1 As outlined above, investment in our building infrastructure continues and a project management approach adopted to ensure supplier performance, also supported by robust procurement processes.

4 RECOMMENDATIONS

4.1 That the award of contract for demolition and construction at New Inn Fire Station is made to the successful supplier/tenderer.

Contact Officer:		Lisa Mullan Head of Finance, Procurement and Property	
Background Papers:			
		Date	Source / Contact
Contract Standing Orders Tender/Procurement Documents			
Appendices:			

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 9
19 DECEMBER 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT AND PROPERTY

TREASURY MANAGEMENT MID-TERM REVIEW REPORT 2024/25**THIS REPORT IS FOR INFORMATION**

REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT AND PROPERTY

REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT AND PROPERTY, LISA MULLAN

SUMMARY

The Treasury Management Mid-Term Review Report provides an update on the Authority's treasury activities for the period 1 April – 30 September 2024.

RECOMMENDATION

The Finance and Audit Committee is asked to note the report and the treasury activity therein.

1. BACKGROUND

- 1.1 The Board of Commissioners approved the Treasury Management Strategy Statement (TMSS) for 2024/25 on 28 March 2024. The TMSS sets out the reporting framework for monitoring the performance and compliance of treasury management activities.
- 1.2 This report contains indicators and updated information for the six months of the financial year leading up to 30 September 2024.
- 1.3 Treasury procedures and reporting are intended to limit the Authority's exposure to unforeseen and unbudgeted financial consequences and to ensure that treasury management activity has been conducted in accordance with legislation and the agreed strategy.

2. ISSUE

- 2.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (updated 2021).

2.2 The primary requirements of the Code are as follows:

- 2.2.1 Creation and maintenance of a Treasury Management Strategy Statement (TMSS) which sets out the policies and objectives of the Authority's treasury management activities.
- 2.2.2 Creation and maintenance of Treasury Management Practices which set out the way the Authority will seek to achieve those policies and objectives.
- 2.2.3 Receipt by the Commissioners of:
 - An annual TMSS to include the Annual Investment Strategy (AIS) and Minimum Revenue Provision (MRP) policy for the year ahead,
 - A Mid-year Review Report (this report), and
 - An Annual Report, (stewardship report), covering activities undertaken during the previous year.
- 2.2.4 Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. This responsibility is delegated to the Treasurer.
- 2.2.5 Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority, the delegated body is the Finance and Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following;

- A review of the TMSS and AIS,
 - The Authority's capital expenditure and how these plans area financed,
 - The impact of the changes in capital expenditure plans on prudential / treasury indicators, limits and the underlying need to borrow,
 - A review of the Authority's investment portfolio, and
 - A review of the Authority's borrowing strategy.
- 2.3 Appendix 1 provides an economic update for the 6 months leading up to the 30 September in addition to forecast information to inform treasury activities.

3.TREASURY MANAGEMENT STRATEGY STATEMENT UPDATE

3.1 There are no policy changes to report and a review of the indicators and limits are set out in the below tables.

Capital, Prudential and Treasury Indicators	2024/25	2024/25
	TMSS	Mid Year Review
Opening CFR	45,339	44,587
Capital Spending	19,026	11,338
CERA	-200	-200
Partner Contribution to Capital	-68	-185
Capital Receipts		-47
Capital Grant		-1,620
Revenue Reserves		
Borrowing requirement for the year	18,759	9,286
Repayment of Debt		
MRP	-4,297	-4,001
MRP on PFI	-91	-91
Closing CFR	59,710	49,782
Movement in closing CFR	14,371	5,194
Gross Borrowing at 1 April	27,854	27,949
New Borrowing	15,000	6,000
Loan Repayments	-3,895	-4,027
Gross Borrowing at 31 March	38,959	29,922
Investments/Deposits at 1 April	-2,141	-416
Investments/Deposits at 31 March	-1,000	-1,000
Net borrowing at 1 April	25,714	27,533
Net borrowing at 31 March	37,959	28,922
Other long term liabilities i.e. PFI	3,149	3,149
Gross Debt	42,109	33,071
Under/Over borrowed (Gross Debt vs CFR)	17,602	16,711

Operational Boundary	TMSS	Mid-year
Debt	65,000	Unchanged
Other long-term liabilities	5,000	Unchanged
Total	70,000	Unchanged
Authorised limit		
Debt	67,000	Unchanged
Other long-term liabilities	5,000	Unchanged
Total	72,000	Unchanged

Affordability		
Ratio of Financing costs to Revenue	5.74%	5.09%
Operational limit	9%	Unchanged
Authorised limit	10%	Unchanged
Bank / current rates		
Lloyds	0%	2.1%
Barclays		3.65%

The ratio of financing costs to revenue is marginally lower than the estimated figure by 0.65% because of a decrease in MRP charges which is linked to capital spending and interest rates which are subject to market conditions.

3.2 Bank rates are subject to a review after each Bank of England (BoE) rate change. At the time of report writing BoE rate was 4.75%, the last change was a decrease of 0.25%, announced 7 November 2024.

The following provides an overview the borrowing position for the Service:

Borrowing/External Debt	23/24	24/25
PWLB		
Opening Principal	26,736,946	27,948,651
New Borrowing	2,500,000	6,000,000
EIP Principal Repaid	-269,215	-458,264
Maturity Principal Repaid	-1,019,080	-3,531,000
Closing Principal	27,948,651	29,959,387
Non PWLB/Salix		
Opening Principal	0	0
New Borrowing	0	87,000
EIP Principal Repaid	0	-37,286
Maturity Principal Repaid	0	0
Closing Principal	0	49,714
Total		
Opening Principal	26,736,946	27,948,651
New Borrowing	2,500,000	6,087,000
EIP Principal Repaid	-269,215	-495,550
Maturity Principal Repaid	-1,019,080	-3,531,000
Closing Principal	27,948,651	30,009,101
Total principal paid	-1,288,295	-4,026,550

New Salix Finance has a 0% interest rate and is being used to fund sustainable investment in improving the electric vehicle infrastructure. An extract from the loan portfolio details loans outstanding at the beginning and end of the financial year, applicable rates, interest payable for the year and loan types.

Maturity Date	Original Principal (£)	Rate (%)	Principal OS 31/03/2024	Drawdown 01.04.24 - 31.03.25	Interest Charge 2024/25	Principal 2024/25	Principal OS 31/03/2025	EIP/MATURITY
31 March 2025	1,031,000	4.375	1,031,000.00		22,553.14	1,031,000.00	0.00	MATURITY
30 September 2025	1,042,000	4.875	1,042,000.00		25,398.75	0.00	1,042,000.00	MATURITY
30 June 2026	750,000	5.25	750,000.00		39,698.63	0.00	750,000.00	MATURITY
30 June 2026	702,000	4.875	702,000.00		34,222.50	0.00	702,000.00	MATURITY
31 March 2027	1,500,000	4.75	210,000.00		3,918.75	90,000.00	120,000.00	EIP
31 December 2027	536,000	4.4	85,760.00		3,146.72	21,440.00	64,320.00	EIP
31 March 2028	1,488,000	4.3	267,840.00		4,798.80	89,280.00	178,560.00	EIP
30 September 2029	1,773,000	5.25	417,176.31		9,582.01	104,294.12	312,882.19	EIP
30 June 2029	3,678,000	4.35	842,875.00		33,079.20	153,250.00	689,625.00	EIP
30 September 2036	2,000,000	4.55	2,000,000.00		45,500.00	0.00	2,000,000.00	MATURITY
31 December 2036	4,100,000	4.41	4,100,000.00		182,296.11	0.00	4,100,000.00	MATURITY
26 September 2028	2,000,000	4.62	2,000,000.00		92,400.00	0.00	2,000,000.00	MATURITY
02 July 2027	1,000,000	3.41	1,000,000.00		34,006.57	0.00	1,000,000.00	MATURITY
02 July 2029	1,000,000	3.57	1,000,000.00		35,602.19	0.00	1,000,000.00	MATURITY
23 January 2032	2,000,000	4.23	2,000,000.00		84,136.44	0.00	2,000,000.00	MATURITY
23 January 2033	2,000,000	4.26	2,000,000.00		84,733.15	0.00	2,000,000.00	MATURITY
23 January 2034	1,000,000	4.28	1,000,000.00		42,565.48	0.00	1,000,000.00	MATURITY
23 December 2034	1,000,000	1.27	1,000,000.00		12,700.00	0.00	1,000,000.00	MATURITY
23 December 2030	2,000,000	1.02	2,000,000.00		20,400.00	0.00	2,000,000.00	MATURITY
23 December 2035	2,000,000	1.32	2,000,000.00		26,400.00	0.00	2,000,000.00	MATURITY
26 February 2025	2,500,000	5.7	2,500,000.00		129,226.04	2,500,000.00	0.00	MATURITY
01 November 2025	87,000	0		87,000.00	0.00	37,285.74	49,714.26	EIP
		4.95		6,000,000.00	24,750.00		6,000,000.00	
	35,187,000.00		27,948,651.31	6,087,000.00	991,114.48	4,026,549.86	30,009,101.45	

*EIP: Equal instalment of principle are repayments made equally throughout the life of the loan

*Maturity loans are paid when the term of borrowing has expired

New borrowing will be drawn in the last quarter of the current financial year if the current capital investment forecasts are realised and if Firefighter retirements outstrip the pension grant provided by Welsh Government (WG), the difference of this will be paid or recouped in the following year.

3.3 The following deposits were held at each month end for the first 6 months of this financial year in instant access current accounts:

		Barclays £	Interest rate (%)	Lloyds £	Interest rate (%)	Total £
1	MTH01	30,130	3.90	17,862,445	5.15	17,892,574
2	MTH02	1,250	3.90	2,285,690	2.10	2,286,940
3	MTH03	1,200	3.90	5,831,878	2.10	5,833,077
4	MTH04	18,951	3.90	1,529,266	2.10	1,548,216
5	MTH05	1,519,014	3.65	1,079,240	2.10	2,598,254
6	MTH06	3,019,181	3.65	1,546,240	2.10	4,565,421

£167k of interest income has been received in the first six months of this financial year.

During 2024/25 a Lloyds overnight investment account has been utilised with a rate of 4.88%. The following deposits were held at the end of each month for the first 6 months of the financial year:

		BALANCE	Interest rate (%)
1	MTH01	0.00	5.14
2	MTH02	4,500,000.00	5.14
3	MTH03	4,500,000.00	5.14
4	MTH04	5,500,000.00	5.14
5	MTH05	6,500,000.00	4.88
6	MTH06	5,500,000.00	4.88

£119k has been received in the first 6 months of the financial year.

In addition, 2 fixed term deposits were placed i.e. £2 million and £5 million for terms of one and three months respectively. The Service has received £73k for these deposits.

3.4 Narrative Update

- 3.4.1 There have been no major changes since the strategy has been set other than in the level borrowing required, which has reduced from £15 million to £6 million and this relates to the rate of capital spending, please see capital monitoring report for more.
- 3.4.2 A key indicator for Commissioners is the CFR and comparing this to the gross borrowing position to identify if the organisation is in an under or over borrowing position. Borrowing should remain below the CFR, at least in the medium to long term and this position is described as under borrowed. This indicator helps ensure borrowing is undertaken for capital purposes only and is not funding revenue activities as this is what the fire levy is intended. Table 3.1 indicates the Authority anticipates continuing with its under borrowed position which is £16.7million for the year.

3.4.3 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits and indicators. During the half year ended 30 September 2024, the Authority has operated within the indicators set out in the TMSS 2024/25. The Treasurer reports that no difficulties are envisaged for the current or future years in complying with these indicators and that the approved limits within the Annual Investment Strategy (AIS) were not breached during the period. All treasury management operations have also been conducted in compliance with the Authority's Treasury Management Practices (TMP's).

3.5 Interest Rate Forecasts

3.5.1 The Authority's Treasury Advisor, Link Group, provided the following forecasts as of 7 November 2024:

Interest Rate Forecasts								
Bank Rate	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Link	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%
Cap Econ	4.75%	4.50%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%
5Y PWLB RATE								
Link	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%
Cap Econ	4.70%	4.60%	4.40%	4.30%	4.10%	4.10%	4.00%	4.00%
10Y PWLB RATE								
Link	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%	4.00%
Cap Econ	4.80%	4.70%	4.60%	4.50%	4.30%	4.30%	4.20%	4.10%
25Y PWLB RATE								
Link	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%
Cap Econ	5.10%	4.90%	4.80%	4.70%	4.50%	4.50%	4.40%	4.30%
50Y PWLB RATE								
Link	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%	4.20%
Cap Econ	5.10%	5.00%	4.80%	4.70%	4.60%	4.50%	4.40%	4.40%

3.5.2 The table presents a view that short term interest rates will remain elevated as the Bank of England seeks to squeeze inflation out of the economy. This means using temporary / short-term borrowing to support the capital financing in the first instance and seeking longer term capital finance when current interest rates fall back although we recognise cash flow will primarily determine when borrowing is drawn down.

4.FINANCIAL IMPLICATIONS

The financial implications of treasury activities have been factored into the Authority's budgeting and reporting processes.

4.1 Community and Environment

The TMSS provides a framework to ensure capital investment plans for the Service are affordable, prudent and sustainable and that capital investment across the Service is undertaken utilising sustainable procurement principles which embed social value into the assessment criteria.

4.2 Regulatory, Strategy and Policy

The TMSS meets the requirements set out in the Prudential and Treasury Management Codes for Capital Finance and that WG guidance is enacted.

4.3 Resources, Assets and Delivery

The TMSS recognises the borrowing requirements to fund the capital investment plans of the Service. The revenue costs of borrowing are included within the revenue budget each year.

5. RECOMMENDATION

5.1 The Finance and Audit Committee note the report and the treasury activity therein.

Contact Officer:	Lisa Mullan, Head of Finance, Procurement & Property.
Background Papers:	- TMSS 24/25 - TM Outturn Report 23/24 - Revenue/Capital Monitoring 24/25 - Link Service Information

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Appendix 1

Economics and Interest Rates

3.1 Economics Update

- The third quarter of 2024 (July to September) saw:
 - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
 - A further easing in wage growth as the headline 3my rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
 - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3my growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3my rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.
- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in

airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.

- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

3.2 Interest Rate Forecasts

The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

Our latest forecast on 28 May sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View		28.05.24									
		Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE		4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings		4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings		4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings		4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB		4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB		4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB		5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB		4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

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THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 10
19 DECEMBER 2024

FINANCE & AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT & PROPERTY

INTERNAL AUDIT UPDATE**THIS REPORT IS FOR INFORMATION**

REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT & PROPERTY
REPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT &
PROPERTY, LISA MULLAN

SUMMARY

This report updates Commissioners on progress being made against the Internal Audit Plans for 2023/24 and 2024/2025

RECOMMENDATIONS

Commissioners are asked to note the internal audit recommendations and work completed to date on the Annual Audit Plan

1 BACKGROUND

- 1.1 TIAA Limited have been appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Plan as approved by the Board of Commissioners (BoC) 28 March 2024.
- 1.2 The agreed process is to report recommendations for final audit reports with an assurance level of substantial or reasonable and detailed reports are provided where there is a limited assurance level or no assurance.

2. ISSUES

- 2.1 Four audits from the annual plan have been completed since previous reporting, as follows:-
 - ICT Data Assurance (23/24)
 - Estate Strategy – Property Compliance (23/24)
 - Capital Planning (24/25)
 - Communications (24/25)

2.2 ICT Data Assurance

2.2.1 The review considered the arrangements for the approval process for permitting electronic data to be passed to third parties, the data security arrangements and the transit arrangements designed to minimise unauthorised access to the data whilst it is in transit and the monitoring arrangements.

2.2.2 The key findings are as follows:

- Information Security Management Systems (ISMS) policies require regular review and communication.
- Privacy Policy requires review, approval and publication on the Services internet site.
- Independent reviews of CCTV and other video footage to be implemented to ensure compliance with information governance policies.

2.3 Estates Strategy – Property Compliance

2.3.1 The review considered the arrangements in place for ensuring South Wales Fire and Rescue Service's property compliance. The review included electrical, gas, legionella (water hygiene), asbestos, fire safety, LOLER (Lifting Operations and Lifting Equipment Regulations) and any other duty of care property compliance the service was required to implement.

2.3.2 The key findings are as follows:

- An in-depth review of the inspection certificates and all other compliance documentation be undertaken together with periodic reviews.
- Ensure that Fire Risk Assessments are recorded correctly and any that are overdue are completed.
- Use of Key Performance Indicators to improve Station compliance.
- Review and publication of the General Health & Safety Policy and Fire Alarm & Emergency Evacuation Plan to be undertaken.
- A review of the document storage be undertaken to ensure consistency and ease of access.

2.4 Capital Planning

2.4.1 The review considered the arrangements for the development and approval of the Service's capital programme, long-term planning and monitoring and reporting on delivery of the programme.

2.4.2 The key findings are as follows:

- Consider appropriateness of updating the Financial Procedure Rules to reflect the new governance structure.

2.5 Communications

2.5.1 The review considered the arrangements in place to ensure the effective management of internal and external communications and public relations strategies including the communications strategy, operational planning, project management and delivery of key documents, messages and campaigns and the arrangements in place to promote and ensure collaboration between communications teams and senior management teams and departments.

2.5.2 The key findings are as follows:

- Communications and Engagement Strategy be developed and approved with regular monitoring and reporting processes in place.
- Performance measures be established to evaluate the effectiveness of communications and engagement activities.
- A review of the Communications, consultation and engagement corporate policy be undertaken.

3. IMPLICATIONS

3.1 The auditors' findings and recommendations have been provided in individual audit reports. A mandatory response is required from management outlining how, when and who is responsible for improvements arising.

4 EVALUATION & CONCLUSIONS

4.1 The issues raised within this report have no adverse impact on the protected characteristics and would have been considered during the audit process.

5 RECOMMENDATIONS

5.1 Commissioners are asked to note the internal audit recommendations and work completed to date on the Internal Audit Annual Plan.

Contact Officer: Lisa Mullan Head of Finance, Procurement & Property		
Background Papers	Date	Source / Contact
Title: Internal Audit Plan 2023/2024	13/03/2023	Lisa Mullan
Title: Internal Audit Plan 2024/2025	28/03/2024	

Appendices	
Appendix 1	Assurance Review of ICT Data Assurance
Appendix 2	Assurance Review of Capital Planning
Appendix 3	Assurance Review of Estates Strategy – Property Compliance
Appendix 4	Assurance Review of Communications
Appendix 5	Summary Internal Controls Assurance (SICA) Report



ICT Audit

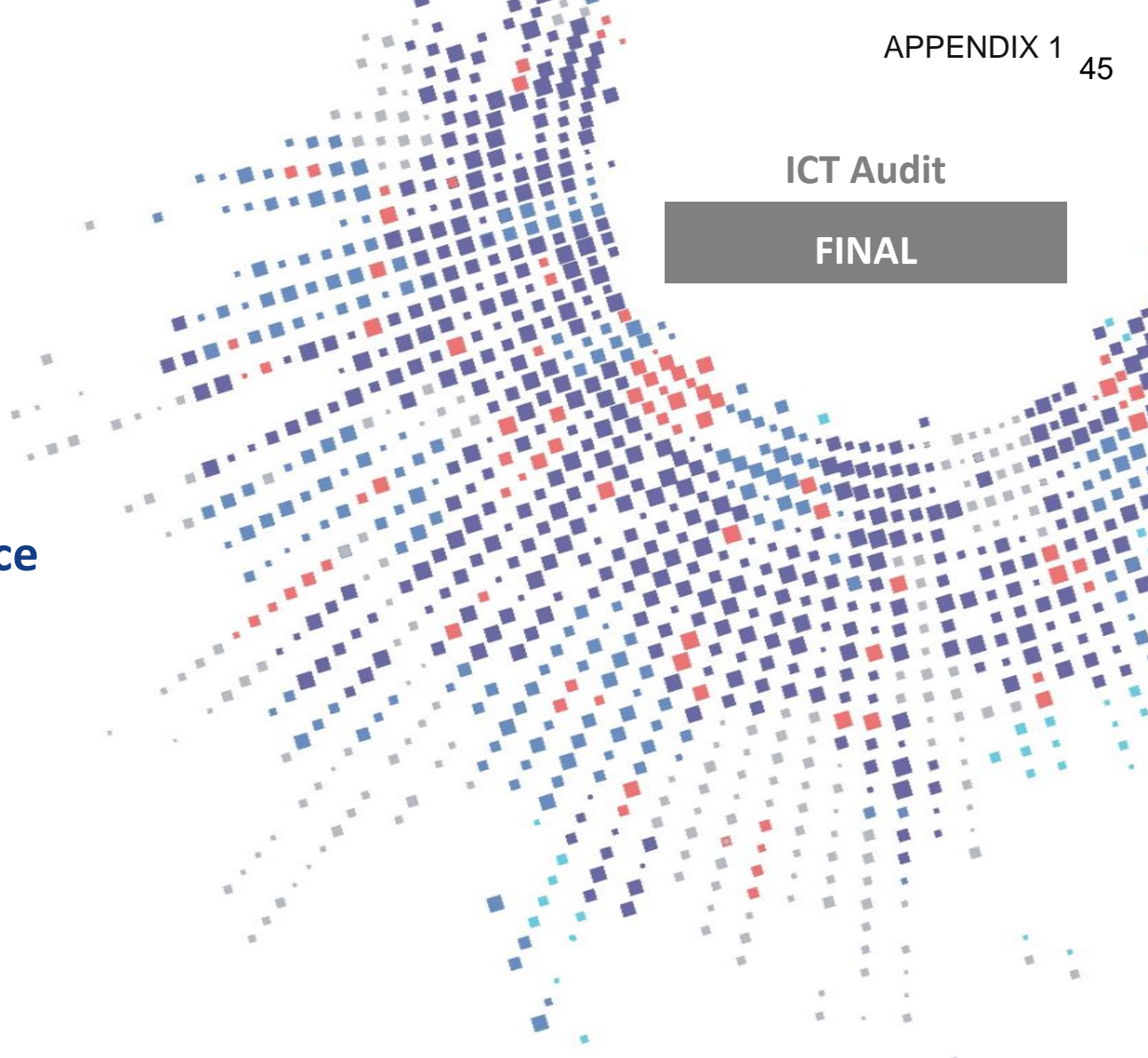
FINAL

South Wales Fire and Rescue Service

Assurance Review of ICT Data Assurance

2023/24

February 2024



Executive Summary

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk ID: 110 - Information Management.

KEY STRATEGIC FINDINGS

- Information governance policies need to be reviewed and updated. Advances in technology mean that some areas, such as the use of body worn cameras, are not adequately addressed in the procedures.
- The privacy policy on the internet omits key areas of coverage and requires updating.
- A Security Risk Group provides further identification, review and scrutiny of any emerging data management issues/risks.

GOOD PRACTICE IDENTIFIED

- Staff awareness of the importance of information security and data management is maintained through readily available guidance documents and regular communications such as newsletters (Positive Pointers).
- The Information Governance manage all data sharing requests.

SCOPE

The review considered the arrangements for the approval process for permitting electronic data to be passed to third parties, the data security arrangements and the transit arrangements designed to minimise unauthorised access to the data whilst it is in transit and the monitoring arrangements. The scope of the review does not include consideration of the IT network and application security arrangements or the need to transfer the specific data to specific third parties.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	4	1

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	There is a comprehensive suite of information governance policies (Information Security Management System (ISMS)) in place but these have not been reviewed and updated for some time and a number are deficient in areas such as, but not limited to, breach management, staff training, body worn cameras, drones, handling of data relating to children, international transfer of data and data retention.	Update and authorise changes to the Information Security Management System (ISMS) policies and communicate the changes as appropriate.	2	<i>The organisation has recently commissioned an independent review of our culture – a summary report was published on 03rd January 2024. Our Fire and Rescue Authority accepted all 82 of the recommendations made within this report on 15th January 2024. It was recommended within the report that a wholesale review of our organisation’s procedures is to be undertaken during the next 9 months, which will include those within the ISMS suite. There is a working group assigned to lead with this task.</i>	15/10/2024	Head of Service Performance and Communications.

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>The Privacy Policy published on the internet requires review and update as it is deficient in a number of areas, for example:</p> <ul style="list-style-type: none"> • Data retention; • Data sharing; • Collection and usage of data on children and young people; • Personal data rights, such as the right to withdraw consent, where consent is required and given; • Complaints procedure; • Transfer of data between countries; <p>It is understood that a new Privacy Policy is currently in draft, pending approval and deployment.</p>	Update, approve and publish the Privacy Policy on the internet.	2	<p><i>The Privacy Notice for Employees and Appropriate Policy Document (Special Categories and Criminal Convictions Data) were both updated and made available to staff in December 2023.</i></p> <p><i>A review of the external facing privacy notice has been completed and we are in the process of making these changes live on the website, we believe that these will fully address the findings identified here.</i></p>	30/06/2024	Information Governance Manager.
3	Directed	<p>While policies reference that data should be deleted, procedures do not address the permanent deletion of information.</p> <p>Electronic deletion of files usually just removes the file header and address. Therefore, previously deleted files can be recovered from magnetic storage media, unless specific steps are taken, for example by using Microsoft Cipher to overwrite the deleted files.</p>	Review procedures to ensure data that must be permanently deleted is completely removed.	3	<p><i>Work on a combined Register of Processing Activities (RoPA) and Data Retention Schedule currently underway, this will be based on a recent template issued by the National Fire Chiefs Council (NFCC) designed to bring consistency between fire services and greater compliance. As part of this work, and any required procedural updates, we will ensure that our procedures for deletion that that information that must be permanently deleted is removed.</i></p>	30/09/2024	Information Governance Manager.

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Directed	Access to CCTV and other video footage (such as drones and body worn cameras) is governed by Information Governance. However, the footage is managed, and access is controlled by the local teams operating the equipment and ICT. There is no process, such as a review by Information Governance, of controls in place to ensure that access to video footage is controlled in accordance with information governance policies.	Implement independent reviews of CCTV and other video footage such as drones and body worn cameras which are managed locally to ensure data is stored and managed in accordance with information governance policies.	3	<p><i>It is planned for Information Governance to have greater oversight and responsibility for the process of accessing and viewing CCTV and other footage.</i></p> <p><i>A working group has been set up to undertake a wholesale review of the organisation's CCTV procedure and general practices. The group will review the overarching procedure and will ensure that any new methods of recording video footage considered by the organisation are robustly reviewed and that the mechanisms of capturing, storing, and accessing footage are devised in accordance with Information Governance advice, guidance and oversight – this will be incorporated into a review of the CCTV procedure and any associated guidance notes.</i></p>	15/10/2024	Head of Service Performance and Communications.

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	<p>ISMS 025 - Sharing and Disclosure of Personal Information (section 6.8) references the importance of the security of data when sharing information. Furthermore, ISMS 011 - Removable Media/Mobile Data Devices encourages individuals to consider using alternatives to removable media (for example Secure Mail or Secure Portal). However, there is no guideline or standard operating procedure that specifies or advises on permitted methods for data sharing.</p> <p>Clear, published guidance on methods available to securely share information and how to use them, in conjunction with an information classification procedure would empower staff to share data as required and could reduce reliance on the Information Governance Team in determining what information can be shared.</p>	Develop an information classification policy and procedure and guidelines on approved methods of securely sharing data.	3	<p><i>As part of the ongoing work on a combined Register of Processing Activities (RoPA) and Data Retention Schedule we will incorporate clearer guidance on information classification. This will be combined with either appropriate updates to existing procedures or the creation of additional procedures. This will be done in collaboration with our ICT Department to ensure there are appropriate technical solutions to support implementation of the updates. This will be supported by a service-wide training & awareness programme.</i></p>	15/10/2024	Information Governance Manager.

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Delivery	<p>Currently, the Information Governance Manager whose duties encompass those of the Data Protection Officer (DPO) has support from the Head of Service Performance and Communications and two administrative officers. In addition, the Information Governance Manager has access to the Senior Information Risk Officer (SIRO) and Deputy SIRO, if required. The most appropriate staff resource is deployed when needed depending on the scenario.</p> <p>However, the Information Governance Manager is key to managing and prioritising a workload that continues to increase in complexity and volume, as well as delivering strategic tasks such as reviewing, updating and implementing policies and procedures. This gives rise to a potential key person risk and may lead to requests not being delivered within required timescales.</p>	<p>Management to review resourcing requirements to meet information governance and compliance requirements and ensure that the team has adequate resilience to provide support in the event that key, designated individuals are not available.</p>	3	<p><i>A review of the team's resources has been undertaken, resulting in a proposal to add a middle-management-level role to the team being drafted, and presented to the Executive Leadership Team. All relevant paperwork associated with the role was developed to ensure that adding the role into the team would provide adequate resource and resilience, The salary budget for the role was sourced from existing vacancies.</i></p> <p><i>The proposal was approved on 17th January 2024. The role will be filled ASAP.</i></p>	30/06/2024	Head of Service Performance and Communications.

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	Where consent from the public is required to collect information, there is a process in place to capture their consent, However, there is no central record to catalogue consent. This makes management of the consent more complicated as, for example, if a Freedom of Information Request or a request to withdraw consent is made, the consent has to be located and updated.	Management to evaluate the cost and benefits of establishing a central register to capture and manage individual consent data.	<i>This action will be reviewed by the team when there is sufficient capacity to do so. Any decision will be taken on a risk-based approach, balancing the risk with the cost of implementing any solution.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings









Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, & 2	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	3, & 4	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	5	1

Other Findings

-  An Information Governance and Manager was recruited in quarter 4, 2022, which has allowed a review of information governance and compliance to commence. This was not a new post. While the new post holder is undertaking a wholesale review, the organisation has always had a post of this nature
-  An Information Governance Improvement Project is underway to refresh information governance policies and procedures, establish a register of processing activities (ROPA) and information assets, review compliance with policy and define key performance indicators to enhance management reporting.
-  The Scheme of Delegations lists powers delegated to Officers under the provisions of the Local Government Act 1972 was reviewed in March 2023. Section 5.3 defines the powers delegated to the Senior Information Risk Owner (SIRO).
-  Induction training in information governance is provided to new staff.
-  Information governance awareness documentation and guidance is available to all staff.
-  An Information Asset Register is being developed and is planned to be operational by March 2024.

**Delivery Risk:**

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Partially in place	6	-

Other Findings

A strategic risk register report providing an update on the risk landscape, including new risks and risks brought forward from the previous report, is prepared quarterly and formally reviewed by the Security Risk Group.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	21 st September 2023	21 st September 2023
Draft Report:	29 th January 2024	20 th February 2024
Final Report:	22 nd February 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	South Wales Fire and Rescue Service		
Review:	ICT Data Assurance		
Type of Review:	Assurance	Audit Lead:	Senior Digital Assurance Manager

Outline scope (per Annual Plan):	The review considers the arrangements for the approval process for permitting electronic data to be passed to third parties, the data security arrangements and the transit arrangements designed to minimise unauthorised access to the data whilst it is in transit and the monitoring arrangements. The scope of the review does not include consideration of the IT network and application security arrangements or the need to transfer the specific data to specific third parties.		
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	None.		
Exclusions from scope:	Sustainability		
Planned Start Date:	9 th October 2023	Exit Meeting Date:	25 th October 2023
		Exit Meeting to be held with:	Head of Corporate Support; Head of Service, Performance and Communications

SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



South Wales Fire and Rescue Service

Assurance Review of Capital Planning

November 2024

Final

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The Strategic Risk Register does not include any risks directly related to the capital programme, however, it is important that robust controls and risk management arrangements are in place to help ensure programmes continue to meet the strategic requirements of the Service and are delivered on time and within the funding allocated.

SCOPE

The review considered the arrangements for the development and approval of the Service’s capital programme, long-term planning and monitoring and reporting on delivery of the programme. The scope of the review did not include consideration of the funding arrangements or the delivery of individual projects.

KEY STRATEGIC FINDINGS

- Appropriate arrangements are in place to manage the capital planning programme for the South Wales Fire and Rescue Service.
- The Financial Procedures Rules do not currently reflect the new structure of the Finance team structure or governance arrangements of the Service since Commissioners were appointed in February 2024.
- Reporting processes to the Finance and Audit Committee is performed in line with agreed timelines.
- No Urgent or Important recommendations are made.

GOOD PRACTICE IDENTIFIED

- Meetings are held with the Budget Holders prior to the Budget Monitoring Report being finalised to ensure accuracy.
- Budget holders have access to the Collaborative Planning tool allowing live access to Actuals, Goods Received not Invoiced, Commitments, Budget Spend %, Budget Remaining, Forecast, and Variance Revised Budget, Variance %.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>The Financial Procedures Rules do not currently reflect the new structure of the Finance team structure or governance arrangements of the Service since Commissioners were appointed in February 2024.</p> <p>Where financial procedure documents are not kept up to date there is a risk that roles and responsibilities for decision-making and approval of financial matters are not applied appropriately.</p>	South Wales Fire and Rescue Service to consider if it is appropriate to update the Financial Procedures Rules at this time or wait until the Cultural review has been completed. to be updated on completion of the cultural review to align to the new structure responsible for the Capital Planning Programme.	3	<i>The FPR will be reviewed to assess the impacts of both the new finance team structure and change in Fire Authority membership.</i>	30 June 2025	Head of Finance, Procurement & Property

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness matter recommendations are made.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	1	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings



The Financial Procedures Rules set out the roles and responsibilities of the South Wales Fire and Rescue Authority (FA), Finance, Audit and Performance Management (FAPM) Committee, the Chief Financial Officer and Principal Officers with regards to budget setting, approval, and monitoring. The document states that the full Fire and Rescue Authority is responsible for agreeing the budget and policy framework which is proposed by FAPM committee in conjunction with the Chief Financial Officer. The preparation of the medium-term financial plan is part of the strategic policy framework of the Authority and aims to ensure that spending plans are prudent, affordable, and sustainable, and reflect the Fire and Rescue Authority priorities. The rules include sections within Section 14.3 Financial Planning on budget preparation, budget approval, budget transfers, budget monitoring and the control of income and expenditure, and reporting authority spending at year end. The Financial Procedures Rules for budget preparation are set out in section 14.3.2 covering the revenue and capital budget.



Since the Budgetary Control audit in September 2023, the South Wales Fire and Rescue Authority has been disbanded as of 5th February 2024. This function is now fulfilled by the Welsh Government appointed Commissioners. The Finance, Audit and Performance Management (FAPM) Committee was also renamed as the Finance and Audit Committee.

Other Findings



Arrangements were found to be in place for the preparation and approval of the annual capital programme and related strategies including consideration of internal and external funding availability and timing of cashflow and release of capital expenditure.

The South Wales Fire and Rescue Service Capital Programme is reviewed and submitted annually based on the needs and changes to the Service. The budget holders will review their strand of the programme and assess life of equipment, for example. Depending on the condition of property, IT, Fleet and Equipment, the capital could be adjusted at this point accordingly.

When the budget was presented to the Board of the Commissioners in February 2024, there was a list of considerations that were applied as part of the budget setting. This includes pay inflation which was stated in the Board of Commissioners full papers budget setting document as being one of the biggest challenges facing the Service in the current and next financial year and Welsh Government not publishing the final budget until 5th March, which comes almost three weeks after the deadline the Service must set its budget.



The Capital Programme is made up of four separate strands consisting of Property, IT, Fleet and Equipment which feed into the formation of the overall capital planning programme. Each programme lasts for a specified duration with fleet being 10 years, Property and Equipment 5 years and IT 3 years.



Arrangements were found to be in place for ongoing oversight and review of capital expenditure by the finance team and budget holders, and through the Service's overall governance structure. Once all the plans are reviewed and finalised by the Budget Holder, they are received and reviewed by the Temporary Senior Accountant who will submit to the Senior Management Team (SMT). The plans will be reviewed by the SMT before the new budget is reviewed and presented to the Board of Commissioners for approval.



Although the long-term planning does link with the South Wales Fire and Rescue Services Financial Strategy, typically the capital programmes are longer than the strategy. These are, however, reviewed annually and can be subject to change and require flexibility.



The monitoring tool Collaborative Planning is used by budget holders to monitor actual spend against budget. The tool is linked to the financial system eFin and updates daily. This allows budget holders to have live access to Actuals, Goods Received not Invoiced, Commitments, Budget Spend %, Budget Remaining, Forecast, and Variance Revised Budget, Variance %.

During the Budgetary Control audit in September 2023, a user guide "Collaborative Planning - Budget Holder Manual" was provided for the audit. This guide is available to budget holders and a review of the guide showed that clear instructions on using the tool with accompanying screenshots.

Meetings are held with Accountancy Assistants to finalise revenue budgets and revenue budget submissions are provided to the Accounting Technician. The Accounting Technician uses the Revenue Projects Report to map individual budgets to the Revenue Budget. The Revenue Projections Report maps each budget code to the relevant line in the Revenue Budget that reported is to FAPM Committee and to the Board of Commissioner. Meetings between capital budget holders and the Temporary Senior Accountant are held before capital budgets are submitted, and the Temporary Senior Accountant prepares the Capital Budget.



Through the Budget Monitoring reports, any under or overspends is identified and reported to the Finance and Audit Committee to be approved.

Other Findings



The Service have reported a £1.4m overspend for the current year which was presented to the Finance and Audit Committee held on 20th September 2024. The overspend was within the Property, Fleet and Equipment strands of the Capital Programme.

Property reported a £24,000 overspend against the Cardiff Gate Decontamination Project and the Drill Towers. It was stated that there was no budget available for the drill towers, however, a need to replace the towers arose and it was found it was more cost effective to replace the towers rather than repair.

Fleet reported a £1.4m overspend against the Vehicle Replacement Programme (VRP). It was stated that the overspend relates largely to the purchase of Detection Identification and Monitoring (DIM), National Resilience (NR) and Urban Search and Rescue (USAR) vehicles which are grant funded. Additional overspends have been reported as increased prices and market conditions.

Equipment reported a £130,000 overspend against DIM and Marauding Terrorist Attack (MTA) equipment uplifts. These have been purchased as part of a national uplift and will be fully grant funded.

Whilst IT did not report an overspend, they did report a £130,000 underspend. This was reported against the Joint Control (co-location) Scheme relating to the Vision Hardware Refresh. The £260k forecast is the cost prior to any cost sharing split. This project will be split 50/50 with Mid and West Wales Fire Rescue Service (MWWFRS), resulting in a £130k underspend.



It was stated by the Temporary Senior Accountant that the Service is usually behind on their spending meaning some budget is 'slipped' into the next year. However, these are usually for reasons outside of the Service's control. Some examples given were property issues such as partners pulling out and delaying the process and asbestos being found and again delaying the process whilst it is remedied.

Within the document 'Agenda No 7 - Capital Monitoring report Finance Committee - JS' it is stated that the total budget (2022/23 slippage & 2023/24 budget) of £16.5 million, set against this is the forecast outturn position, budget overspend and slippage of £7.2 million, £1.1 million, and £10.3 million respectively.



Within the Capital Outturn report 2023/24, it was stated '*The overall underspend is £9.6m, slippage is £10.7 and the reason we are slipping forward more budget than we have remaining is due to grant funding, partner contributions and the redirection of underspends which have a combined value of £1m. If approved, budget slippage of £10.7m will be carried into 2024/25 to complete capital projects.*'

Through minutes provided for the Finance and Audit Committee meeting held on 20th September 2024, the current position of the slippages was reported at £9.2m. This is broken down across the four strands as:

- 1) Property - £9,048,000.
- 2) Fleet - No slippage reported.
- 3) Equipment - No slippage reported.
- 4) IT - £150,000.



A sample of five completed capital projects was selected for testing. In four of the selected projects, invoices were provided which confirmed that these projects were in scope of the capital planning programme. In one case, 'Chemical Incident Unit', invoices were not provided, however, the Temporary Senior Accountant confirmed these were incorrectly coded and were recoded as vans which was evident in the testing. Journal notes were provided to show the reversal.

Other Findings



For the four projects selected for testing, discussions were held with the Senior Accountant regarding how each project was managed and capital expenditure controlled.

Merthyr – This was a small project for a boiler replacement at Merthyr Fire Station. The boilers are serviced to ensure that they remain safe in accordance with legislation, to identify issues and the potential need for replacement. Retention was held on this project to ensure that it was completed to the correct standard and the retention was only paid once the property team were satisfied that the work has been carried out appropriately.

Solar Panels – The project included surveying the buildings at a variety of sites to identify which sites were appropriate. This was based on location and roof condition. The chosen supplier then worked with our property team to ensure installation was completed.

Vans – Vans are included in the Vehicle replacement programme which is a 10-year plan management by the Fleet Manager. Purchasing the vehicles is based on service need and replacement on current vehicles. A tender is put out specifying the needs which is then scored to decide which supplier is used. The vans are then ordered, and goods receipts once received and then payment is made.

Wireless Lan Controllers – This project involves the purchase and installation of wireless controllers through service sites to enhance Wi-Fi connections. The project took place over several years and purchases and installation were managed by the ICT technicians and done gradually across service sites. Implementation services were also purchased as part of the contract. The Temporary Senior Account provided a contract signed by South Wales Fire and Rescue Service and the supplier which outlines timings of the project, key performance indicators and the expectations on how the project is managed between the Service and the supplier.

All of the projects are subject to Procurement Contract Standing Orders. Projects are managed by budget holders and their teams and payments were often made at certain milestone points. For larger projects there may also be a project manager appointed by the Service. Work is inspected throughout project such as during a property build or build stages of a vehicle build.







Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings

-  As noted, arrangements were found to be in place for ongoing oversight and review of capital expenditure by the finance team and budget holders, and through the Service's overall governance structure.
The minutes of the Board of Commissioners meeting held on 12th February 2024 show the Commissioners were asked to approve a budget for £95,840,240 which is an increase of 7.23% on the previous year. The increase was assumed that the Welsh Government would transfer additional firefighter pension funding to constituent councils in the final local government settlement. The Commissioners approved the proposed revenue and capital budgets and delegated authority to the Treasurer to make an appropriate adjustment to the revenue budget if any additional pension funding to directed to the service through grant. It was stated within the full papers of the same meeting that without the funding change, the underlying like for like increase in the revenue budget would be 5.8%.
-  Outturn reports and quarterly revenue and capital and budget monitoring updates are presented to the Finance and Audit Committee. Reports from April, July and September 2024 were provided for review, confirming this control was in place.
-  Minutes were provided for the Fire and Rescue Authority from September 2023. Within the minutes there was discussions on the Medium-Term Financial Strategy and the Revenue Update Report. It was stated within the minutes that the Authority's cost base would continue to increase over the current approved budget in response to the general inflation in the UK economy. The cost pressures were compounded by unforeseen under-provision in the current financial year. This would present a challenge to the Fire Authority and potentially to the Service's funding councils next year.
The Strategy was drawn up in the light of rapidly changing economic projections and few firm resource commitments beyond the current year. This background introduced significant financial risks to the Strategy. Members of the Authority agreed to note the risks and uncertainty and approved the Strategy as the basis for financial planning over the strategic period.
-  Carbon reduction and sustainability are considered within the overarching capital programme and within departmental strategies. Although not exhaustive, examples noted in this report include carbon reducing technologies within estates programmes including such solar panels, adoption of electrical vehicles, co-location of stations and control room with Mid and West Wales Fire Service and improvements in the use of technology and increased digitalisation.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of Arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report:

Stage	Issued	Response Received
Audit Planning Memorandum:	25 th July 2024	25 th July 2024
Draft Report:	27 th October 2024	18 th November 2024
Final Report:	19 th November 2024	



Internal Audit

FINAL

South Wales Fire and Rescue Service

Assurance Review of Estates Strategy – Property Compliance

2023/24

November 2024

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Departmental Risks: PROP001 Maintenance of Building and PROP002 Building Compliance.

SCOPE

The review considered the arrangements in place for ensuring South Wales Fire and Rescue Service's property compliance. The review included electrical, gas, legionella (water hygiene), asbestos, fire safety, LOLER (Lifting Operations and Lifting Equipment Regulations) and any other duty of care property compliance the service was required to implement.

KEY STRATEGIC FINDINGS



A number of issues were identified with the compliance documentation lack of consistency and resource constrains impacting record keeping.



South Wales Fire and Rescue has no established Key Performance Indicators (KPI's) related to the estate property team in monitoring the compliance at the stations.



Testing could not be completed in full due to the number of certificates that could not be located.



Recommendations were made related to policies, reporting, and recording of data.

GOOD PRACTICE IDENTIFIED



No additional areas of good practice were identified.

ACTION POINTS

Urgent	Important	Routine	Operational
1	2	7	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>Sample testing was undertaken of various compliance areas to confirm that inspections and other checks had been completed, records were held to evidence that the inspection had taken completed and the accuracy of the associated data.</p> <p>The sample testing found a number of weaknesses in process including inspections certificates that could not be located, certificates held that had not been signed by the engineer completing the inspection, records not updated accurately and also inconsistencies in terms of the timings of inspection with examples noted of inspections taking place after the due date.</p> <p>The issues are known to the Property Estates Team whom as part of a restructure a review was undertaken by the Property Estates Team which identified issues with missing inspection records and documentation, which in discussion with staff were deemed to have been caused by staff changes and resource constraints.</p>	<p>An in-depth review of the inspection certificates and other documentation held be performed to ensure that all required information is held and data recorded is accurate for all compliance types.</p> <p>Periodic reviews be performed until such time that there is confidence that the associated processes in place are sufficient to ensure inspections take place in accordance with required frequency, associated records are stored appropriately and easy to access and compliance data held is accurate.</p>	1	<p><i>This work is already underway with an audit of the current certificates being undertaken by Facilities. All new certifications will be checked before uploading to database. Checks will be made bi-monthly until we are confident that all certs are in line.</i></p>	31/03/25	Facilities Manager

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Directed	A sample of ten Stations was selected to confirm that fire risk assessments had been carried out in time and the dates recorded on the master spreadsheet matched those recorded on the fire risk assessment certificates. The testing revealed that one out of ten stations had the fire risk assessment out of date since February 2024. (Station 11). Two out of ten fire risk assessments were completed late (Station 8 and 28). In six cases the fire risk assessments had an incorrect expiry date entered onto the master spreadsheet (Stations 1,8, 28, 46,41).	The fire risk assessments dates be updated and recorded correctly in the master spreadsheet and for the stations that are overdue a fire risk assessment be completed.	2	<i>FRAs are not carried out by Property, we just process rectification works that are required. Will liaise with BFS to discuss the issues and will ensure that FRAs are brought up to date.</i>	31/03/25	BFS
10	Delivery	Currently there are no established Key Performance Indicators (KPI's) related to the estate property team in monitoring the compliance at Stations.	Key Performance Indicators (KPI's) for completion of the various statutory inspections be put in place to monitor, assess and improve compliance at the Stations.	2	<i>Will discuss various KPI options with the wider Property Team and implement as we feel is relevant.</i>	30/06/25	Facilities Manager/Property Strategy Manager
1	Directed	The General Health and Safety Policy was published and approved in December 2022 by the Health and Safety Department. The aim of the Policy is to outline the commitments in providing the health and safety working environment for its employees, contractors, visitors. The Policy was due for renewal on end of 2023 as stated in the document.	The General Health and Safety Policy be reviewed and renewed.	3	<i>Will liaise with H&S.</i>	30/06/25	H&S

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	A Fire Alarm and Emergency Evacuation Plan is in place at the service and provides guidance in the event of evacuation in case of fire including fire safety evacuation procedures, the role of a fire marshal and meeting point. The document was last updated in August 2018 and states that it was to be reviewed by the end of 2019.	The Fire Alarm and Emergency Evacuation Plan be reviewed and renewed.	3	<i>This was taken on by BFS and a simplified evacuation plan was circulated. Will liaise with BFS to see if there is any reason why this has not been published.</i>	30/03/25	BFS
4	Directed	Records of compliance testing and inspection are stored in folders and uploaded to SharePoint, where the team has access. Sample testing of compliance tests and inspections certificates identified examples where certificates had not been saved in the correct place on SharePoint and could not be easily located.	A review of how compliance testing and inspection certificates are saved within SharePoint be undertaken and action taken with a view to ensuring documents are stored consistently and easily accessed.	3	<i>There has been an ongoing issue of how compliance documents are processed and stored, discussions have taken place around software to facilitate. Will arrange demonstration of software and engage with Procurement on costs/tender options.</i>	30/12/25	Property Strategy Manager
5	Directed	South Wales Fire and Rescue Service has a compliance list in place that describes the testing frequency, and the name of the contractor and a with hyperlink to each compliance area master spreadsheet. During discussion with the Building and Maintenance Manager and Property Strategy Manager it was noted that that the test frequency of the fix wire testing had an incorrect date. The test frequency was “varying” but the test should be conducted every five years.	The compliance listing be reviewed and updated to ensure each compliance area has the correct frequency of inspection noted.	3	<i>Already in the process of updating.</i>	31/03/25	Facilities Manager

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Directed	Sample testing of compliance certificates and inspections isolated incidences where no signature of the person who completed the assessment had been recorded or dates had been incorrectly recorded.	Staff be reminded to ensure that engineers signatures are present where required on inspection certificates and that dates are entered correctly.	3	<i>Will implement audit for all existing and future signature check ensuring that they are not uploaded without being signed.</i>	31/03/25	Facilities Manager
8	Directed	Helpdesk is the system where property issues are recorded by the Facility Team members. The property issues are reported verbally internally during the random meetings, there are no regular meetings or reports run on how many issues/actions are outstanding.	Regular meetings be undertaken, (monthly) where the actions/issues resulted from the compliance checks, are discussed, monitored and reported.	3	<i>Facilities Team to have a monthly overview meeting to monitor outstanding defects.</i>	30/06/25	Facilities Manager
9	Directed	The due dates of a new testing are kept and tracked using a master spreadsheet. The master spreadsheet was assessed and identified incorrect dates entered on due dated and was not up to date.	The Master spreadsheet be updated and be kept as a live document.	3	<i>The master spreadsheet is now a live working document.</i>	31/12/24	Facilities Manager

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matter Recommendations were made.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 2,	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	3, 4, 5, 6, 7, 8, & 9	-

Other Findings



This is the first review undertaken by TIAA of Property Compliance for South Wales Fire and Rescue Service.




South Wales Fire and Rescue Service has a total of forty-seven stations for which there is a requirement to monitor property compliance as well as headquarters site at Llantrisant. The compliance areas are fire safety; fire alarms; legionella testing; portable appliance testing (PAT); gas safety; electrical fixed wire; access equipment and ladder testing; asbestos; appliance bay doors; gym equipment; water transfer; display energy certificate (DEC); sprinkler systems; emergency generators; air conditioning; lift maintenance; fuel tank maintenance; automatic doors; intruder alarms; and gas pressurising systems.





South Wales Fire and Rescue Service Property Estate Team manages the compliance maintenance of the Service's buildings. The team is managed by the Property Strategy Manager and at the time of the internal audit fieldwork included two Building and Maintenance Managers, one Facilities Manager, a Sustainability Manager, a Sustainability Coordinator, and a Building and Maintenance Assistant. The team has undergone a restructure where the previous Facility Manager left, and the new Facility Manager took on this role in 2023 as a temporary position.


As part of the restructure a review was undertaken by the Property Estates Team which identified issues with missing inspection records and documentation, which in discussion with staff were deemed to have been caused by staff changes and resource constraints.


Other Findings


- 


The General Health and Safety Policy was published and approved in December 2022. The aim of the Policy is to outline the Service’s commitments in providing the health and safety working environment for its employees, contractors and visitors. It serves as a framework for managing health and safety risks within the workplace and outlines the responsibilities of both management and employees in ensuring safety at the workplace. The responsibility of managing the Policy sat with Health and Safety Advisory Team, the Policy states that it was due for renewal at the end of 2023.
- 


The Service has in place a Management of Asbestos and Asbestos Containing Materials (ACMs) in Fire Authority Property Assets document, which was first published in October 2018 and approved by the Head of Corporate Support to Head of Finance & Procurement. The document describes how asbestos surveys are carried out, recorded, and monitored by the Service. The document was last reviewed in February 2023 and is due for review in the first quarter of 2025.
- 

A Safe Electrical Working Practice document was first published in April 2015 and approved by the Health, Safety, and Wellbeing Team. It aims to minimise the risk to the health and safety of employees working with electricity. The document describes the code of practice for staff, the process of reporting defects, employees' responsibilities, and the training required by employees to carry out work on any electrical equipment. The document was last reviewed in January 2023 and is due for review in the first quarter of 2026.
- 

South Wales Fire and Rescue Service has a Control of Contractors document in place, which was first published in November 2022 and approved by the Health, Safety, and Wellbeing Team. The document aims to provide a structure for working with contractors undertaking building work, installation of equipment, and any other activity at South Wales Fire and Rescue Service’s premises. The document was last reviewed in November 2022 and is due for renewal in the first quarter of 2025.
- 

South Wales Fire and Rescue Service uses BMIS to monitor the Risk Register related to Property Compliance. The following two Corporate Service Risks are in place, ID PROP001 Maintenance of Building and Risk ID PROP002 Building Compliance.
- 

South Wales Fire and Rescue Service has a compliance list in place which describes the testing frequency, name of the contractor and has a hyperlink which is linked to each compliance type master spreadsheet. During discussion with the Building and Maintenance Manager and Property Strategy Manager it was noted that that the test frequency of the fix wire testing had a frequency recorded; the test frequency was stated as “varying” but the test should be conducted every five years.
- 

Each hyperlink from the compliance list opens a master spreadsheet called a "site tracker," which includes the premises name, defects, test date, and next test date. The spreadsheet is monitored by the Facility Team. Once a test is completed, the Facility Team receives the certificate of the assessments and saves it under a folder on SharePoint. If there are any issues/actions required, they are recorded on the Helpdesk System, confirming the priority, open date, closing date, and the responsible person.
- 

Currently, there is no software system in use for running reports, adding notes or storage of the certificates. The compliance testing certificates results are stored in folders and uploaded to SharePoint, where the team has access.

Similar to the review carried internally by a Property Estate Team, sample testing of compliance types carried out as part of the internal audit review identified examples where certificates were not saved correctly by staff members and the dates on master spreadsheet records had not been entered accurately, details of testing carried out below.

Other Findings



A sample of ten Stations were selected at random during the review from the station compliance list, to review the compliances of:

- Fire Risk Assessment.
- Legionella Testing.
- Gas Testing.
- Electrical Fixed Wire.
- Asbestos.
- Passenger Lift Maintenance.

The following is noted on an exception basis.



A sample of ten Stations was selected to confirm the fire risk assessments had been carried out on time, and the dates recorded on the master spreadsheet matched those recorded on the fire risk assessment certificates. The testing revealed that one out of ten stations had the fire risk assessment out of date since February 2024 (Station 11). Two out of ten fire risk assessments were completed late (Station 8 and 28). In six cases, the fire risk assessments had an incorrect expiry date entered onto the master spreadsheet (Stations 1, 8, 28, 46, 41).



Legionella testing is completed by an external contractor, Integrated Water Services, which has a contract with South Wales Fire and Rescue Service and which has been in place since April 2021 and runs until March 2025. A sample of ten stations was selected to confirm the legionella testing was up to date. Five out of the ten legionella certificates were completed late (Stations 8, 28, 46, 50, 41). The Legionella master spreadsheet compliance list was reviewed. Once an inspection is completed the spreadsheet is annotated as either 'Q' or 'M' (quarterly or monthly) depending on the type of inspection carried out. At the time of the review the legionella master spreadsheet had not been updated for February and March 2024.



For the ten stations sampled as above, a total number of 120 certificates were requested, including current and previous certificates for Gas Safety, Electrical Fixed Wire, Asbestos, Passenger Lift Maintenance testing could not be completed, 39 certificates were unable to be located. (Gas 12, Electrical Fixed Wire 10, Asbestos 11 and Lift Maintenance 6).



A sample of five Stations were selected at random during the review from the compliance station list, to review the current and previous compliances certificates of:

- | | | |
|--------------------------------------|--------------------------------|-------------------------------|
| • Fire Alarm & Emergency Lighting. | • Waste Transfer. | • Fuel Tank Maintenance. |
| • PAT Testing. | • Display Energy Certificates. | • Automatic Doors. |
| • Access Equipment & Ladder Testing. | • Sprinkler Systems. | • Intruder Alarms. |
| • Appliance Bay Doors. | • Emergency Generators. | • Gas Pressurisation Systems. |
| • Gym Equipment. | • Air Conditioning. | |

Compliance certificates for 108 out of 140 certificates requested were unable to be located at the time of the review.

Of the certificates found to be present, testing of legionella and gas identified examples where the certificates did not include the signature of the person who completed the assessment and also some inconsistency in when the checks were carried out with some performed in advance of the due date and others after the due date.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Not in place	10	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings



There are currently no established Key Performance Indicators (KPI's) related to property compliance, which would, if in place, support the Estates Property Team to monitor and take action where required across the various property compliance types for stations and Headquarters.



Property Compliance actions are managed within controllable parameters of the Estate Budget, which undergoes routine budgetary control arrangements. Each station has an assigned accounting code for detailed monitoring of its site. The department was within budget forecasts at the time of the internal audit review.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of Arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report:

Stage	Issued	Response Received
Audit Planning Memorandum:	5 th May 2023	5 th May 2023
Draft Report:	1 st August 2024	18 th November 2024
Final Report:	19 th November 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	South Wales Fire and Rescue Service		
Review:	Estates Strategy – Property Compliance		
Type of Review:	Assurance	Audit Lead:	Senior Auditor

Outline scope (per Annual Plan):	The review will consider the arrangements in place for ensuring South Wales Fire and Rescue Service’s property compliance. The review will include electrical, gas, legionella (water hygiene), asbestos, fire safety, LOLER (The Lifting Operations and Lifting Equipment Regulations) and any other duty of care property compliance the service is required to implement.		
Detailed scope will consider:	<p>Directed:</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery:</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	(if required then please provide brief detail)		
Exclusions from scope:			

Planned Start Date:	25 th March 2024	Exit Meeting Date:	28 th March 2024	Exit Meeting to be held with:	Property Strategy Manager
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N

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South Wales Fire and Rescue Service

Assurance Review of Communications

November 2024

Final

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The Departmental Engagement risk is that if the Service fails to communicate, consult, engage and involve its communities and staff effectively then the reputation, public confidence and efficiency of the Service could be compromised.

SCOPE

The review considered the arrangements in place to ensure the effective management of internal and external communications and public relations strategies including the communications strategy, operational planning, project management and delivery of key documents, messages and campaigns and the arrangements in place to promote and ensure collaboration between communications teams and senior management teams and departments.

KEY STRATEGIC FINDINGS

- As part of the Transformation and Change programme, the governance structure for Communications and Engagement has changed and a new Head of Communications and Engagement position has been created.
- Appropriate arrangements are in place for the operational planning and delivery of internal and external communications, and engagement activities.
- Progress against the Communications Strategy 2022-2025 has not been monitored or reported.
- Qualitative and quantitative performance measures need to be developed to effectively evaluate the strategy and activities.

GOOD PRACTICE IDENTIFIED

- A 'gold, silver, or bronze' Media Planning Approach has been implemented to assist the Media and Communications team in prioritising and planning initiatives and events.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	2	1

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Delivery	<p>Progress against the Communications and Engagement Strategy 2022-2025 has not been systematically and comprehensively monitored or reported on, though some elements are covered by progress against the Service's strategic objectives.</p> <p>This was noted as being due to the need for directing Media and Communications team resources to responsive communications during the Culture Review and following the publication of the Morris Report. A new strategy is due to be developed by the new Head of Communications and Engagement.</p>	The new Communications and Engagement Strategy be developed and approved, with regular monitoring and reporting processes in place.	2	<p><i>The new Head of Communications and Engagement will begin their tenure in post during December 2024. Devising a new Communication and Engagement Strategy for the Service will be one of their initial priorities.</i></p> <p><i>Monitoring and reporting against this strategy will be established as part of its design.</i></p>	30/06/2025	Head of Communications and Engagement

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Delivery	There are limited processes in place for the evaluation of the effectiveness of the Communications and Engagement Strategy and activities. The effectiveness of discrete Consultation and Engagement activities has been regularly evaluated by the Consultation and Engagement Group, and website and social media metrics are regularly tracked, but no other quantitative performance indicators were in place.	Qualitative and quantitative performance measures be established to evaluate the effectiveness of the Communications and Engagement Strategy and activities.	2	<i>The organisation is going to focus on implementing Service-wide Key Performance Indicators (KPIs) as part of the Transformation and Change project "Governance and Strategy".</i> <i>KPIs to evaluate the effectiveness of Communication and Engagement activities on a strategic level will be considered as part of this project. Performance Measures will be factored into the new Communication and Engagement Strategy and will form part of campaign and event planning going forward.</i>	30/09/2025	Director of Strategic Change and Transformation
1	Directed	Corporate Policy 04 is the Communications, Consultation and Engagement Policy. The Policy is available on the South Wales Fire and Rescue Service website and was signed by the Director of Corporate Services on 3 rd June 2020 but has not been reviewed and updated since this date.	The Communications, Consultation and Engagement Corporate Policy be reviewed, updated, and approved.	3	<i>A wholesale review of all Corporate Policies will be undertaken during 2025 as part of the Transformation and Change project "Policies and Procedures" – the Communications, Consultation and Engagement Policy will be reviewed and signed as part of this review.</i>	30/06/2025	Director of Strategic Change and Transformation

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Delivery	<p>Progress against actions associated with the strategic objectives for the Engagement priority are tracked on the Business Management Information System (BMIS). At the time of the review, the 2024/25 Quarter 1 updates for 8 of the 18 actions had not been added to the system. Discussion with the Head of Corporate Support found that there has been a delay in updating the system due to absences in the Media and Communications management positions.</p> <p>Updates were provided during the course of the review and found that progress was in line with expectation with some delays due to absences in the team manager positions and waiting for direction from the new Head of Communications and Engagement following appointment.</p>	The Business Management Information System (BMIS) be updated promptly each quarter to ensure that progress against the Strategic Plan can be effectively monitored.	3	<p><i>Quarterly progress updates against communications and engagement actions within the BMIS will occur in a timely fashion going forward, as is usually the case...the quarter explored during the audit was an exception due to staff absences within the team and some in-house confusion around the re-allocation of the actions of those absent.</i></p> <p><i>The Performance Management team will monitor the timely updates of actions within the system more rigorously going forward.</i></p>	31/03/2025	Head of Corporate Support

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Delivery	A new Head of Communications and Engagement position has been approved and was in recruitment at the time of the audit. In addition, the Governance Structure has been changed with the creation of the External Communications, Internal Communications, and Campaign and Events working groups reporting to the Corporate Communications Committee.	Consideration be given to evaluating the new structure after six months of operation to ensure that decision making and reporting processes are efficient and operating effectively.	<i>The overarching corporate governance structure of the organisation is set to be reviewed as part of the Transformation and Change project "Governance and Strategy" – the structure presented during the audit was a working draft, which will be refined within the next six months.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings



There is one departmental risk for Engagement recorded on the Departmental Risk Register on the Business Management Information System (BMIS). The risk is that if the Service fails to communicate, consult, engage and involve its communities and staff effectively, then the reputation, public confidence and efficiency of the service could be compromised. The risk was rated Green with a score of 4.

The comments on BMIS relating to the risk detailed the work of the Consultation and Engagement Group (CEG) to ensure that there is a coordinated approach to engagement events throughout the Service, including the development of an engagement page on the intranet, an engagement toolkit and a general events calendar. These resources are devised to enable a snapshot of ongoing engagement activities to be viewed and will ensure that event leads have access to the guidance and resources that they need to effectively run their events.

The Engagement page and Engagement Toolkit were reviewed during the audit confirming that this mitigation is in place. Discussion with the Head of Corporate Support and review of the CEG minutes confirmed that a draft calendar for events has been circulated to members of the Campaigns and Events Group and feedback has been received. The project is now with ICT to finalise the calendar on SharePoint.

The Departmental Risk Register for Quarter 2 2023/24 was provided for review. This is the most recent report requested by the old Fire Authority. A Departmental Risk Report has not yet been provided to the Board of Commissioners.

Though there are no Strategic Risks for Communications and Engagement, Communications impacts on other strategic risks for example risk 260 – Culture, and Risk 210 – Equality and Diversity. A Strategic Risk Report was provided to the Board of Commissioners for Q1 2024-25 as of the 30th of June 2024 and showed that these are rated Red (Impact 16, Likelihood 2), and Amber (Impact 4, Likelihood 3) respectively. Work performed during the audit confirmed that mitigations relating to Communications and Engagement noted in the report are in place including the Step Forward Transformation Programme and Transformation Roadshows.

The Strategic Risk register is under review and risks associated with the nine project areas of the Transformation and Change Programme are likely to be incorporated to the register - one of the nine projects will focus on Communication and Engagement.

Other Findings



The Communications and Engagement Strategy 2022-2025 states that engaging and communicating effectively is one of the eight strategic themes against which the Service continues to invest as part of their 2020 – 2030 Strategic Plan. There are seven Engagement and Communication Strategic Objectives within the Strategy that link to the strategic themes of the 2020-2030 Strategic Plan, and also agree to the Year 5 update dated April 2024.

The Strategy document includes a plan for delivering each of the seven strategic objectives. A review of the plan confirmed that planned actions were specific, measurable, assignable, realistic, and time bound. Each strategic objective is defined in the Strategy document, and information provided on what was currently in place at the time the 2022-25 Strategy was issued, and what improvement objectives were planned during the lifecycle of the Strategy.

Monitoring and reporting on progress against the Strategy is outlined in the Delivery section below.



The Service has 10 Corporate Policies that overarch all its delivery and supporting activities. Corporate Policy 04 is the Communications, Consultation and Engagement Policy. The Policy 04 is available on the Service's website and was signed by the Director of Corporate Services on 3rd June 2020. Work performed during the audit confirmed compliance with the Policy, though performance monitoring and evaluation of effectiveness could be improved.

The Policy states that the Service recognises that effective communication, consultation and engagement with staff, partner organisations and the communities they serve can help shape service delivery to meet the ever-evolving requirements and drive improvements and efficiencies through the Service. It further states that the Service is committed to developing strategies, plans, and procedures across all areas of the business to ensure that:

- Robust multidirectional internal and external channels of communication are achieved using a variety of mediums to meet the needs of the intended audience.
- Communication, engagement and consultation is carried out with employees and representative bodies through a variety of means including a staff forum as appropriate.
- Updates, communication, engagement and consultation is carried out with partner organisations and the public through a variety of means as appropriate.
- Any complaints are fully investigated and concluded in a timely manner including a review for lessons learned if appropriate. Periodic evaluation of the effectiveness of communication methods in use.



The Communications and Engagement function within the Service is included in the Step Forward Change Programme led by the Director of Strategic Change and Transformation. A new governance structure will be put in place and a new Head of Communications and Engagement position has been approved and was in the recruitment process at the time of this audit. The new governance structure is outlined in the Delivery section of this report.

The recommendation to recruit a Head of Communications and Engagement was approved by the Finance and Audit Committee on 26th July 2024. The recommendation noted that an effective communication strategy is essential in delivering change and transformation for presenting clarity of vision, promoting staff understanding of the vision, achieving effective employee engagement to foster buy-in and participation from staff. The Head of Communications and Engagement will work as part of the Strategic Leadership Team and report directly to the Director of Strategic Change and Transformation.

The new position is intended to lead on a comprehensive and data-driven Communications Strategy that delivers the objectives of the service, and promotes its purpose, vision, and values. Recruitment to this post aims to enable the development and delivery of a comprehensive plan of communications and engagement activity, with clear and measurable objectives and outcomes that deliver the Strategy. This would address the improvements identified during the audit in the area of monitoring and reporting on progress against the strategy and evaluation of effectiveness.

Other Findings



The Media and Communications Manager currently reports to the Head of Corporate Support and will report to the new Head of Communications and Engagement on appointment. They currently lead the following four teams who will remain in place:

- Graphics Team (two Graphic Designers).
- Engagement Team (One Lead Communications, Attraction, and Engagement Officer, and two Officers).
- Digital and Multimedia Team (One Lead Digital Communications Officer and three Officers).
- Welsh Translations Team (two Welsh Translators).

All positions are currently filled, and the team will maintain the current structure following the appointment of the new Head. Resilience of the team is addressed in the Delivery section below.



A suite of procedures, guidance documents, and training materials were reviewed during the audit. These showed that information is presented clearly, through multiple channels and with case studies or examples where relevant. Appropriate controls are in place, for example only Facebook administrators being permitted to post on station Facebook pages, procedures and templates provided for incident responses, only staff who are formally media trained can speak directly to the media with any other inquiries directed to the Media and Communications team. The documents reviewed include:

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Media Planning Approach. • Corporate Branding Guidelines. • Communicating Through Social Media Procedure. • Engagement Toolkit. • Event Management Plan Template. | <ul style="list-style-type: none"> • Joint Fire Control Media Guidance Document. • Media Team Overview for Station Commanders. • Positive Pointers for Staff. • Communicating Through Social Media Procedure. • Station Social Media Guidelines. | <ul style="list-style-type: none"> • Facebook Guidelines Poster for Stations. • Filming Agreement. • How to Livestream Instructions. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|



The Media Planning Approach document includes instructions to assist the Media and Communications team in planning initiatives. These must be graded gold, silver, or bronze depending on the importance to the Service. Initiatives are outlined on the Priorities Calendar and quarterly wall planner. Initiatives are planned and reviewed in quarterly planning meetings, monthly and weekly meetings. A planning template is provided for gold/silver initiatives, bronze initiatives are listed on the calendar and do not need a plan.

The Team Priorities calendar from January – December 2024 was provided for review. This detailed all initiatives by month and priority including their title and the initials of the initiative lead(s). A sample of three agendas for the Media and Communications Team meetings were provided for review from 12th March 2024, 2nd May 2024, and 12th July 2024. The meetings include discussion of essential priorities and other priorities, and other team updates including recruitment. Review of the agendas confirm that initiatives are effectively planned and managed in line with the Priorities Calendar.



The Director of Strategic Change and Transformation presented a paper to the Board of Commissioners’ meeting at the end of July 2024 proposing that His Majesty’s Inspectorate of Constabulary and Fires and Rescue Services (HMICFRS) carry out an inspection of the Service. The motion was passed, and the inspection is due to commence soon.

The Lead Communications, Attraction, and Engagement Officer shared the HMICFRS Inspection Communications Plan in place from 1st August 2024. A review of the plan shows a proactive approach to communicating the HMICFRS Inspection using a range of methods of communication to reach all relevant stakeholders including all staff, unions, and that specifically for middle and senior leaders.

The Plan detailed the date, title, purpose, audience, format, deliverable, frequency, lead and status for each planned communication. A review of the plan shows that 16 of the 18 communications had been completed in line with the planned timelines, with two outstanding planned for December 2024 and April 2025. These relate to communicating the outcome and ongoing updates from the inspection, and communications following receipt of the report and decision on publication.

Other Findings



The Step Forward Change Programme was launched in July including a focus on the current communications channels. The intranet home page has been changed and will be updated regularly to report on the nine projects as they develop. It will also be the sharing point for new information and details of any further Service updates.

A series of Transformation Roadshows are underway which provide an opportunity for staff across the organisation to ask questions and hear from the Commissioners and the Director of Strategic Change and Transformation about the Step Forward Change Programme.

Review of the front page of the intranet showed the headline articles including:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • The Fatal 5 Awareness Month. • HR Bulletin. • SHOUT Newsletter. • Diversity Data Update. | <ul style="list-style-type: none"> • Transformation Roadshow. • Incident Report. • Information on an upcoming community event. • Information on an upcoming engagement event. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Operational bulletins are linked for communicating operational information and updates to operational staff.

A review of the Step Forward transformational change programme intranet page shows Communication and Engagement as one of the projects in the programme. While communication and engagement are intrinsic to all projects, this particular project will focus on two strands:

- Involving and engaging within the Service and with communicates and stakeholders, mapping out activities, and supporting engagement across the organisation.
- Communicating change – not only the changes that are delivered but aspirations for the future and the change the Service want to make, developing a shared commitment.

A review of the Intranet Homepage shows that information includes the Chief Fire Officer updates, Commissioner Communications, Transformation programme, quick links to systems, team pages, news, and upcoming events.



A review of arrangements in place for internal communications found that they are in compliance with the Communications, Consultation, and Engagement Policy by being multidirectional and using a variety of mediums, and that engagement and consultation is carried out with employees through a variety of means. These include:

- SHOUT is the monthly staff newsletter and the July 2024 edition was provided for review, as an example of content. Staff can join the virtual Shout Forum via MS Teams and take part in virtual meetings or post a question and which the media team will answer. The first page includes a welcome from the media and communications team, and an introduction to the team with the structure, roles, and photos of the team members.
- Spark is an annual document showcasing Service highlights.
- “Your voice routes” is currently in draft and has been created to highlight the routes that staff can communicate with the Service (and why they may choose to use each route, depending on the nature of their feedback).



Weekly Routine Notices include a message from the Chief Fire Officer, Temporary Transfers, New Starters, Corporate Staff Appointments, Resignations, Retirements, Current Vacancies, Upcoming Learning and Development Sessions, Diversity Data update, and Payroll Timetable for the year.

The Message from the Chief Fire Officer for this update included updates on the three ongoing thematic reviews, information about the publication of the Grenfell enquiry and the expectation of transferable recommendations applicable to the Service, discussion at Senior Leadership Team of a new concept service designed to support staff and managers to address and resolve problems or concerns called ‘Being Safe’. It is hoped that this may be more useful than Speak Up whilst still maintaining independence and confidentiality. The update also included information on His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) assessment of the Service, the first session of the Transformation Roadshow, a recent station visit by the Chief Fire Officer, upcoming recruitment processes, and the upcoming Cardiff Bay 999 Day event.

Other Findings



Documentation for the Recruitment Campaign was shared during the review demonstrating evidence of good practice. These include including the Media Plan, Case Studies videos, the Campaign Plan, social media post-performance, and the Timeline.

Two campaign evaluations were also shared during the audit for the Hello Starling campaign and the YuleBeSorry campaign. These demonstrate that, though overall performance review and evaluation of the communications function is not systematic and comprehensive, individual campaigns and initiatives are subject to evaluation.

Website and social media post engagement are regularly monitored with data visible in the BMIS dashboard. A variety of systems are used within the team to manage website engagement and social media pages including Hootsuite to schedule social media content 24/7, the media management software Onclusive, and Google analytics for the website.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	2, & 3	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Partially in place	4	1

Other Findings



Progress against the Communications and Engagement Strategy 2022-2025 has not been systematically and comprehensively monitored or reported on, though some elements are covered by progress against actions linked to the Service's strategic objectives under the 'Involving and Communicating' theme. Discussion with staff noted that this is in part due to the need to direct Media and Communications team resources to responsive communications during the Culture Review and following the publication of the Morris Report. A new strategy is due to be developed by the new Head of Communications and Engagement. A recommendation is made to evaluate progress against the 2022-25 strategy in preparation for the development of the new strategy, and for monitoring and reporting processes to be developed for the new strategy. **(Recommendation 1 refers).**



The new governance structure will include the creation of a Corporate Communications Committee and three working groups: Internal Communications, External Communications, and Campaigns and Events. A recommendation is made that qualitative and quantitative performance indicators be defined to enable the groups to monitor the effectiveness of the Service's Communications and Engagement Strategy and activities. **(Recommendation 2 refers).**



Involving and Communicating is one of the organisation's eight Strategic Themes. There are two Annual Improvement Objectives underpinning these themes, within which actions are described. For Involving and Communicating, these are:

- Involving our communities.
- Community Safety education events.

Actions are logged on the Business Management Information System (BMIS) and progress is tracked quarterly. Review of BMIS showed that there were 18 ongoing actions for the financial year 2024/25. At the time of the review, the Quarter 1 updates for 8 of the 18 actions had not been added to the system. Discussion with the Head of Corporate Support found that there has been a delay in updating the system due to absences in the Media and Communications team's management positions. Updates were provided and BMIS was updated during the review and found that progress was in line with expectations, with some delays due to absences in the team management positions and waiting on direction from the new Head of Communications and Engagement following appointment. Nine actions were rated Amber, eight were rated Green including one that had been cancelled, and one was still awaiting an update. **(Recommendation 3 refers).**

Other Findings



A Consultation and Engagement Group (CEG) is in place and is to be replaced with the Campaigns and Events working group reporting to the Corporate Communications Committee under the new governance structure.

The Terms of Reference for the group and the minutes from 1st January 2023 to its final meeting on 6th February 2024 were provided for review. The Group met every two months during 2023, but meetings have now paused until the new governance structure is in place and the new Head of Communications and Engagement is appointed.

The group have re-designed an engagement area on the intranet, centralised survey production and are currently finalising a digital events calendar. Membership of the Group included engagement leads and also included the Service's legal Officer, a Health and Safety Representative, a Data Protection expert, the Equality and Diversity Lead and the Sustainability Lead ensuring that engagement activities are undertaken in a manner that is effective and safe.

The Terms of Reference state that the Group will be responsible to develop and deliver the organisation's wider Engagement Strategy and to annually review its effectiveness against defined Key Performance Indicators and identified guidance or good practice. Key Performance Indicators are not currently defined, and an annual review is not performed. Discussion with the Head of Corporate Support and review of the minutes, however, demonstrate that the group did discuss the success, areas for improvement, and areas of concern with the campaigns, engagement, and consultation activities undertaken. Areas for improvement, along with areas of best practice researched, are discussed and actioned accordingly by the Group and progress against defined actions were tracked at each meeting.

For example, an observation made during 2023 by event leads that it was becoming difficult to source staff to assist with events on weekends and evenings. A paper was subsequently produced for the Heads of Service for consideration, a decision was approved by the Heads of Service to amend the remuneration methodology as a result of this via a HR bulletin, which has improved the Service's effectiveness at staffing events. The paper recommending the change and HR bulletin were provided for review during the audit.



The 2024/25 Budget for Communications was shared during the review. The Head of Corporate Support confirmed that the total allocated was equal to the amount requested for the year. The budget is monitored by the Head of Service Performance & Communications who holds quarterly meetings with a member of the accounting team to review spend against budget on the financial system. The total budget for communications for 2024/25 is £114,683 and the largest categories are advertising (£76,000), licences (£14,463) and subscriptions (£10,470). Review of the spend to date at the time of the audit confirmed that spending is in line with budget, and that narrative explanations are provided against key variances.



As noted above, all positions in the Media and Communications team are filled, and the team will maintain the current structure following the appointment of the new head of service.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of Arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report:

Stage	Issued	Response Received
Audit Planning Memorandum:	27 th July 2024	27 th July 2024
Draft Report:	1 st October 2024	19 th November 2024
Final Report:	20 th November 2024	



South Wales Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report

November 2024

Final

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Finance and Audit Committee with an update on the emerging governance, risk and internal control related issues and the progress of our work at South Wales Fire and Rescue Service as at 22nd November 2024.

New Internal Audit Code of Practice (Global Internal Audit Standards)

2. The new Internal Audit Code of Practice (the Code), which sets out fundamental principles for running a strong and effective internal audit function, for the first time presents a unified Code that encompasses the financial services, private, and third sectors.

The Code reflects the final recommendations of the Independent Internal Audit Code of Practice Review Committee and has received full endorsement by the Chartered Institute of Internal Auditors' Council. The Global Standards urge Boards and Audit Committees across the financial, private and third sectors to adopt and implement the Code's principles, embarking on their path to full compliance. Embracing these principles will maximise the value of internal audit and unlock the full potential of the profession.

The purpose of the Code

The principles of the Code are aimed at enhancing the overall impact and effectiveness of internal audit within organisations operating in the UK and Ireland. They are regarded as a benchmark of good practice against which organisations should assess their internal audit function.

Who is it for?

The intended audience for the Code includes members of the board and audit and risk committees, chief audit executives, non-executive directors, senior management, and, where appropriate, regulatory bodies. The Code is intended to be applied by all organisations in the financial services, private and third sectors with an internal audit function and a board audit committee of independent non-executive directors or their equivalent. This Code may prove useful for internal audit in the public sector, but it is not drafted with the public sector specifically in mind. Public sector internal audit functions should continue to follow the Public Sector Internal Audit Standards.

How should it be applied?

The Code should be applied in conjunction with the International Professional Practices Framework and the Global Internal Audit Standards. The Code builds on these Standards and seeks to increase the impact and effectiveness of internal audit. The Code is principles-based. It is expected that the principles are applied proportionately, in line with the nature, scope and complexity of the organisation. Internal audit functions should apply the Code in the context of internal audit regulatory standards applicable to the organisation.

See Appendix C for further information and available resources

Audits completed since the last SICA report to the Finance Audit and Performance Committee

3. The table below sets out details of audits finalised since the previous meeting of the Finance Audit and Performance Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
2023/24								
Estates Strategy – Property Compliance	Limited	01/08/2024	18/11/2024	19/11/2024	1	2	5	-
Health and Safety Management	Substantial	14/05/2024	19/11/2024	20/11/2024	-	3	-	-
2024/25								
Capital Planning	Substantial	27/10/2024	18/11/2024	19/11/2024	-	-	1	-
Communications	Reasonable	01/10/2024	19/11/2024	20/11/2024	-	2	2	1
Station Visits	Substantial	18/08/2024	19/11/2024	20/11/2024	-	-	4	-

4. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the Annual Plans 2023/24 and 2024/25

5. Our progress against the Annual Plan for 2023/24 is set out in Appendix A and against the Annual Plan for 2024/25 in Appendix B

Changes to the Annual Plan 2024/25

6. There have been no changes to the Annual Plan for 2024/25 to date.

Progress in actioning Urgent (Priority 1) recommendations

7. We have made one Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA relating to Estates Strategy – Property Compliance.

Frauds/Irregularities

8. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

9. We have issued a number of briefing notes and fraud digests, shown in Appendix C, since the previous SICA report.

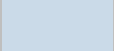
Responsibility/Disclaimer


10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Appendix A: Progress against Annual Plan 2023/24

System	Planned Quarter	Current Status	Comments
Electric Vehicle Charging	1	Final Report Issued: 21/06/2024	Presented to July 2024 meeting
Assets - Mobile Phones	1	Final report issued: 21/08/2023	Presented to September 2023 meeting
ICT Data Assurance	2	Final Report Issued: 22/02/2024	Presented to April 2024 meeting
Station Visits	2	Final Report Issued: 08/11/2023	Presented to April 2024 meeting
Estates Strategy – Property Compliance	2	Final Report Issued: 19/11/2024	Presented to December 2024 meeting
Payroll – Core HR Pay Award and Month-end Payroll Processing	2	Draft Report Issued: 03/04/2024	Replaced Airwave / Emergency Services Network
Risk Management – Mitigating Controls	3	N/A	Replaced by review of Core HR
Core HR	3	Draft Report issued: 25/04/2024	Replaced Risk Management – Mitigating Controls (above)
O365 Implementation	3	Final Report issued: 28/02/2024	Presented to April 2024 meeting
Airwave / Emergency Services Network	3	NA	Deferred to 2024/25, replaced by Payroll (above)
Budgetary Control	3	Final Report Issued: 08/11/2023	Presented to March 2024 meeting
Pensions	3	Final Report Issued: 06/11/2023	Presented to November 2023 meeting
Sustainability	4	Final Report Issued: 19/04/2024	Presented to July 2024 meeting
Health and Safety Management	4	Final Report Issued: 20/11/2024	Presented to December 2024 meeting
Follow Up	4	Fieldwork ongoing	
Annual Planning	1	Final issued: 14/03/2023	
Annual Report	4	Interim Draft Report issued: 02/02/2023	
Audit Management	1 – 4		

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Appendix B: Progress against Annual Plan 2024/25

System	Planned Quarter	Current Status	Comments
ICT and Digital Strategy	1	Date TBC	
Fleet Strategy	1	Suggested date: 23/10/2024	Draft report pending
Communications	2	Final Report issued: 20/11/2024	Presented to December 2024 meeting
Station Visits	2	Final Report issued: 20/11/2024	Presented to December 2024 meeting
Procurement Cards	2	Fieldwork commenced: 16/09/2024	Draft report pending
Capital Planning	2	Final Report issued: 19/11/2024	Presented to December 2024 meeting
Risk Management – Mitigating Controls	3	Fieldwork commenced: 28/10/2024	Draft report pending
Governance	3	Suggested date: 02/12/2024	
Estates Strategy – Planned and Preventative Maintenance	3	Fieldwork commenced: 07/10/2024	Draft report pending
Anti-Fraud	4	Date TBC	
Airwave / Emergency Services Network (Deferred from 2023/24)	4	Suggested date: 13/01/2025	
Follow Up	4	Suggested date: 09/01/2025	
Annual Planning	1	Final Plan agreed at Commissioners Meeting 10/04/2024	
Annual Report	4		
Audit Management	1-4		

KEY:

	To be commenced		Site work commenced		Draft report issued		Final report issued
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Appendix C: Briefings on Developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in governance, risk, control and fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those issued since the previous FAPM Committee which may be of relevance to South Wales Fire and Rescue Service is given below.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
16 OCTOBER 2024	ALL	TIAA News	Give a Helping Hand Charity Team Building	Give a Helping Hand Charity Team Building - TIAA	Our Head Office staff recently took part in a team building event, organised by team tactics, which saw them building a number of prosthetic hands destined for individuals in developing countries.
11 OCTOBER 2024	ALL	Newsletter	Security Focus Newsletter Edition 8	Security Focus Newsletter Edition 8 - TIAA	Security and risk management is a key challenge for any organisation, this newsletter contains lots of useful advice and tips to help ensure a safe and secure environment for your staff and visitors. No organisation wants the disruption or bad publicity that incidents of violence and aggression against your staff or crimes against your property create.
07 OCTOBER 2024	ALL	Industry News	Protect Duty Update – (The Terrorism (Protection of Premises Bill))	Protect Duty Update - (The Terrorism (Protection of Premises Bill) - TIAA	An update and key points on the Terrorism (Protection of Premises) Bill.
01 OCTOBER 2024	ALL	TIAA Article	Celebrating Cyber Security Month: Protecting Our Digital World	Celebrating Cyber Security Month: Protecting Our Digital World - TIAA	As we step into Cyber Security Month, it's a perfect time to reflect on the importance of safeguarding our digital lives. In an era where technology is deeply intertwined with our daily activities, understanding and implementing robust cyber security measures is crucial. Find out about the importance of cyber security, getting the basics right and emerging trends.
26 SEPTEMBER 2024	ALL	Anti-Crime Alert	Mandate Fraud Alert	Mandate Fraud Alert - TIAA	A TIAA client has been targeted by fraudsters in an attempted mandate fraud. Read the full details in our alert.
16 SEPTEMBER 2024	Emergency Services	TIAA Article	Empowering Emergency Services with Comprehensive Business Assurance	Empowering Emergency Services with Comprehensive Business Assurance - TIAA	TIAA's assessment of the current risks in the Emergency Services Sector.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
11 SEPTEMBER 2024	ALL	Briefing Note	Authorised Push Payment Scams	Authorised Push Payment Scams - TIAA	An implementation date of 7 October 2024 for Authorised Push Payment scam protection, is confirmed by the Payment Systems Regulator. Authorised Push Payment (APP) fraud is a significant issue and can have a devastating impact on victims. The PSR is taking a leading role in improving outcomes for consumers by introducing new protections for victims of APP scams, while incentivising industry to implement enhanced fraud prevention tools.
09 SEPTEMBER 2024	Education	Data Protection Alert	Schools' usage of children's data	Schools' usage of children's data - TIAA	<p>UK schools are increasingly using social media to engage with communities. However, it is far from clear that using images of children in this way is lawful under the UK GDPR, and there is currently no data protection guidance available from the ICO for schools on social media use.</p> <p>The government has recently published an update regarding this issue, highlighting their planned Digital Information and Smart Data Bill.</p>
03 SEPTEMBER 2024	ALL	Video	TIAA's B Corp Story	TIAA's B Corp Story - TIAA	TIAA is proud to be a certified B Corporation (or B Corp), joining a growing movement of companies that are reinventing business for the benefit of all people and our shared planet. Watch our B Corp Story.
30 AUGUST 2024	ALL	Security Alert	Social media trolling of NHS staff	Social media trolling of NHS staff - TIAA	<p>In an era where online interactions can significantly impact mental health and workplace morale, it is essential to stand up against harassment targeting our dedicated NHS workforce.</p> <p>Our alert details a recent incident and what you can do to protect your organisation.</p>
30 AUGUST 2024	ALL	Security Alert	Nitrous Oxide thefts	Nitrous Oxide thefts - TIAA	Our Security Management team have issued a new security alert regarding a rise in nitrous oxide thefts. Stay informed and take necessary precautions to protect your assets.
14 AUGUST 2024	ALL	Anti-Crime Alert	Fake QR Codes in Parking Scam	Fake QR Codes in Parking Scam - TIAA	There have been reports of scammers placing fake QR codes on parking ticket machines. These deceptive codes lead unsuspecting victims to malicious websites that mimic sites such as RingGo or PayByPhone. Our alert details how to stay safe from these scams.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
07 AUGUST 2024	ALL	Security Alert	National Protests	National Protests - TIAA	National protests took place across the country, and it is crucial to stay informed and stay safe. Our alert shares important information and tips on how to protect your organisation and staff during these uncertain times.
26 JULY 2024	ALL	Data Protection Alert	New Digital Information and Smart Data Bill	New Digital Information and Smart Data Bill - TIAA	The UK government is introducing a Digital Information and Smart Data Bill (DISD), distinct from the previous government's failed Data Protection and Digital Information Bill in several ways. Learn more about this new bill and the actions to take to keep your data protected.
26 JULY 2024	ALL	Client Briefing	The Economic Crime and Corporate Transparency Act 2023	The Economic Crime and Corporate Transparency Act 2023 - TIAA	Learn about the Economic Crime and Corporate Transparency Act 2023, aimed at boosting the UK's efforts to combat economic crime and improve corporate transparency. Discover the Act's key points and requirements.
15 JULY 2024	ALL	Client Briefing	Cyber Security Threats	Cyber Security Threats - TIAA	The National Cyber Security Centre (NCSC) has published an alert of a significant risk to IT systems and infrastructure. Attackers are exploiting vulnerable Small Office and Home Office (SoHo) devices at organisations to leverage attacks. Typically, SoHo devices (broadband routers etc) do not feature the advance security protection of enterprise level IT systems, thus making them an easy target.

Appendix D: Updates to Global Internal Audit Standards

In January 2024, the Institute of Internal Auditors released the long-awaited changes to the industry's Standards that will have far-reaching impact on the year(s) ahead.

The standards will be adopted by 9th January 2025.

There are some significant changes that will provide internal audit functions with a refreshed framework and clearer requirements.

Key Innovations and Enhancements

Among the significant new requirements include:

- Establishment of an internal audit strategy.
- Heightened governance and oversight by the board and senior management.
- Enhanced reporting including ratings/rankings considerations.
- External quality assessments to be conducted by a team that includes at least one CIA.
- Technology considerations for the internal audit function's evolving needs.

Elevating the mandate and stature of Internal Audit

- Defining internal audit's purpose – business stakeholders should understand and be able to articulate the value of internal auditing and the mandate must be included in the internal audit charter.
- Separating independence and objectivity – Clear definitions.
- Enhancing stakeholder coordination.
- Building trust – Developing an approach to building relationships with key stakeholders and promote effective communication across all stakeholder groups.

Maximising use of Technology

- Enabling technology as a key resource.
- Using technology in audit operations – including audit planning, human and technology resource allocation.
- Technology use in audit delivery – using technology to test more effectively and efficiently, for example, using applications to test full populations instead of a sample.

Delivering more valuable results

- Promoting continuous improvement – responsible for measuring the performance of the internal audit function and ensuring it continuously improves.
- Enhancing and elevating engagement level – A formal requirement of engagement reporting, including rating or ranking of audit findings, formulating recommendations, obtaining management’s action plans and developing an engagement conclusion.
- Performing external quality assessments (EQAs) – The board of directors must review EQA results, and the assessment team must include at least one individual with an active certified internal auditor (CIA) designation.

Structure of standards into 5 domains containing principles and standards. The key domain for Audit Committee members is Domain 3.

Domain 1 – Purposes of internal auditing and adding value

Domain 2 - Ethics and professionalism -behavioural expectations.




Domain 3 – Governing the Internal Audit Function (Relationship between IA and Board (Committee) and responsibilities)

Domain 4 – Managing the Internal Audit function

Domain 5 – Performing Internal Audit services – expectation on engagement

Topical Requirements – such as Cyber / Fraud and Environmental Social Governance (ESG) will have updated standards against which TIAA must audit those topics when they come into the audit plans.

Useful Resource:

Title	
Audit Committee Presentation (IIA-UK)	 CIIA%20-%20Audit%20Committee-present
Audit Committee Check List (IIA-UK)	 CIIA-Audit%20Comm ittee%20Annual%20A
IIA-UK Fact Sheet	 code-of-practice-document_september202

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 11
19 DECEMBER 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE ASSISTANT CHIEF FIRE OFFICER OF SERVICE DELIVERY

**PERFORMANCE REPORT - STRATEGIC PERFORMANCE INDICATORS
QUARTER 2 2024/2025****THIS REPORT IS FOR INFORMATION**REPORT APPROVED BY THE ASSISTANT CHIEF FIRE OFFICER SERVICE
DELIVERY.REPORT PRESENTED BY - ASSISTANT CHIEF FIRE OFFICER SERVICE
DELIVERY, DEAN LOADER.**SUMMARY**

To consider the organisation's performance against the Strategic Performance Indicators compared to the projected outcomes for Q1-2 2024/2025.

RECOMMENDATIONS

That Commissioners note the Service's Strategic Performance Indicator totals for Q1-2 2024/2025.

1. BACKGROUND

- 1.1 To support performance monitoring and continuous improvement activity within the Service, Strategic Performance Indicator data is compared against projected outcomes that are implemented at the start of the year. The Service's ongoing performance against these Strategic Performance Indicators is reviewed at public-facing Committee meetings and these indicators are referenced within corporate documents produced and published by the Service. They provide a point of reference for projected demand and outcomes, against which more detailed incident data can be analysed.

- 1.2 There is a requirement under the Local Government (Wales) Measure 2009 to report our performance against seven Strategic Performance Indicators annually to Welsh Government (WG). There are four incident-based indicators, two fatality and injury indicators and one effective response indicator.
- 1.3 The projected outcomes for Q1-2 2024/2025 were proposed prior to the start of the reporting year, utilising a profiling process that considered five years of historic incident data to provide a baseline figure.
- 1.4 Factors that may influence the Service's ability to meet projected outcomes include planned reduction strategies and changes in legislation that may change the call profile of the Service.

2. ISSUE / PROPOSAL

- 2.1 The purpose of these indicators is to measure activity that has a direct or significant impact on desired outcomes.

The indicators are:

- The number of incidents attended (made up of four separate indicators, which are for Total Fires Attended, Total False Alarms Attended, Total Road Traffic Collisions (RTCs) Attended, and Total Other Special Service Calls (SSCs) Attended).
 - The number of deaths and injuries caused by all fires and accidental fires (two indicators).
 - The percentage of dwelling fires which were confined within the room they originated (one indicator).
- 2.2 Appendix 1 provides full details of the six-year trend performance against the Strategic Performance Indicators.
 - 2.3 The total number of fires attended in Q1-2 2024/2025 (2,542) was lower than the number attended during the same period last year (3,526) and lower than the projected outcome (3,529).
 - 2.4 The total number of false alarms attended in Q1-2 2024/2025 (4,664) was higher than the number attended during the same period last year (4,591) and similar to the projected outcome (4,660).
 - 2.5 The total number of Road Traffic Collisions (RTCs) attended in Q1-2 2024/2025 (425) was lower than the number attended during the same period last year (466) and similar to the projected outcome (424).

- 2.6 The total number of Other Special Service Calls (SSCs) attended in Q1-2 2024/2025 (1,545) was lower than the number attended during the same period last year (1,636) and lower than the projected outcome (1,694).
- 2.7 The total number of deaths and injuries arising from all fires in Q1-2 2024/2025 (23) was slightly higher than the number recorded during the same period last year (22), but lower than the projected outcome (28).
- 2.8 The total number of deaths and injuries arising from all fires which were started accidentally in Q1-2 2024/2025 (22) was slightly higher than the number recorded during the same period last year (20), but slightly lower than the projected outcome (23).
- 2.9 The percentage of dwelling fires which were confined within the room they originated in Q1-2 2024/2025 (85.7%) was higher than during the same period last year (81.8%) and above the projected figure (85.0%).

3. IMPLICATIONS

3.1 Community and Environment

3.1.1 Well-Being Of Future Generations (Wales) Act – Monitoring our performance against these Strategic Performance Indicators, and effectively implementing planned improvement strategies as necessary, enable us to continue to reduce the number of non-emergency incidents we attend. This contributes to the well-being goal of “A prosperous Wales”.

3.1.2 Sustainability / Environment / Carbon Reduction – Reducing the number of incidents that we attend and the number of fire appliances that attend these incidents will ensure that we reduce our impact on the environment.

3.2 Regulatory, Strategy and Policy

3.2.1 Legal – There is a requirement under the Local Government (Wales) Measure 2009 to report our performance against seven Strategic Performance Indicators annually to WG. Our annual return for the financial year 2023/2024 was compiled and returned to WG during June 2024 as required.

3.3 Resources, Assets and Delivery

3.3.1 Service Delivery – Monitoring our ongoing performance against these seven Strategic Performance Indicators enables us to review the effectiveness of our service delivery, and to implement improvements wherever possible.

4 EVALUATION & CONCLUSIONS

- 4.1 Two Strategic Performance Indicators performed better than the previous year and better than the projection set at the beginning of the year (Total Fires Attended, Other Special Service Calls).
- 4.2 Two Strategic Performance Indicators performed better than the previous year but did not meet the projection set at the beginning of the year (Road Traffic Collisions Attended, Percentage of Dwelling Fires Confined to Room of Origin).
- 4.3 Two Strategic Performance Indicators performed worse than the previous year but met, or were lower than, the projection set at the beginning of the year (Total Deaths and Injuries Arising from All Fires, Total Deaths and Injuries Arising from Accidental Fires).
- 4.4 One Strategic Performance Indicator performed worse than the previous year and did not meet the projection set at the beginning of the year (Total False Alarms Attended).
- 4.5 The Service will continue to monitor and report its ongoing performance against these Strategic Performance Indicators.

5 RECOMMENDATIONS

- 5.1 That Commissioners note the Service's Strategic Performance Indicator totals for Q1-2 2024/2025.

Contact Officer:	Wayne Thomas Temporary Head of Corporate Support	
Background Papers	Date	Source / Contact
None		

Appendices	
Appendix 1	Strategic Performance Indicators – Q1-2 2024/2025



Strategic Performance Indicators

Q1-2 2024/2025

Introduction

Welsh Government require Fire and Rescue Services in Wales to report annually on a series of measures, which include seven Strategic Performance Indicators of service delivery. Section 1 of this report provides an overview of how the Service has performed and Section 2 provides additional detail and analysis.

Data

Incident data extracted from IRS on 3rd October 2024.

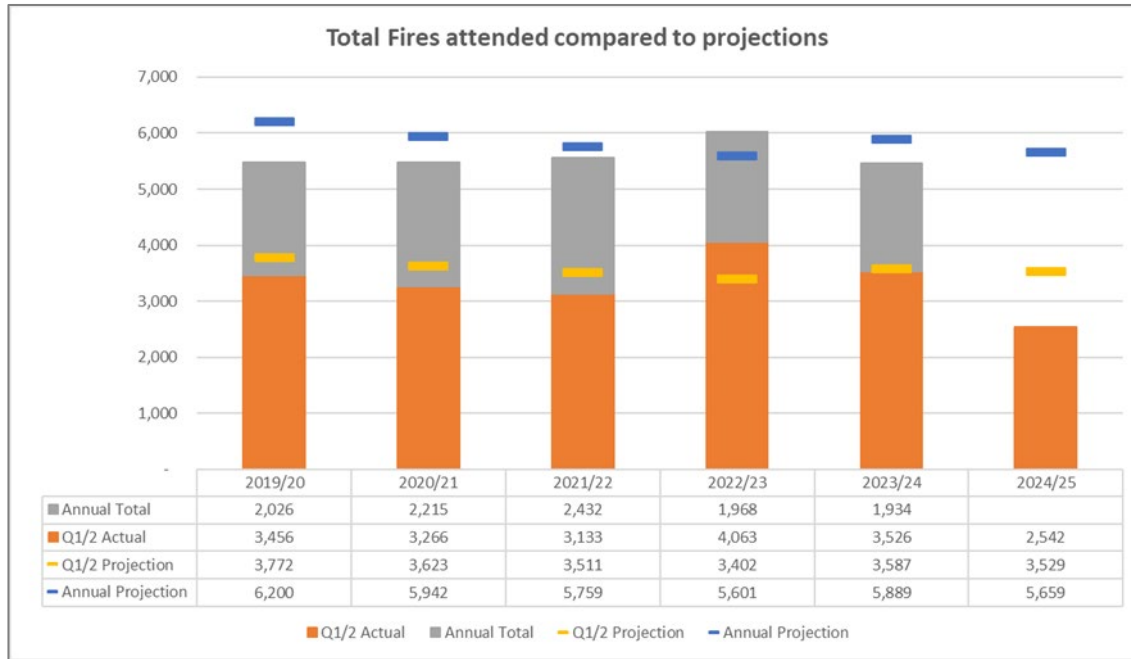
Section 1 – Overview of Strategic Performance Indicators - Q1-2 2024/2025

The table below displays the progress of each Strategic Performance Indicator based on its performance against the projected outcome set by analysis at the start of the year.

	Q1-2 2023/2024 Performance	Q1-2 2024/2025 Performance	Q1-2 2024/2025 Projection	Year on Year Performance Difference # (%)	Q1-2 2024/2025 Performance v Projection
Total Fires Attended	3,526	2,542	3,529	-984 (-28%)	★
Total False Alarms Attended	4,591	4,664	4,660	+73 (+2%)	●
Total RTCs Attended	466	425	424	-41 (-9%)	●
Total Other SSCs Attended	1,636	1,545	1,694	-91 (-6%)	★
Total Deaths and Injuries Arising from All Fires	22	23	28	+1 (+5%)	★
Total Deaths and Injuries Arising from Accidental Fires	20	22	26	+2 (+10%)	★
% of Dwelling Fires Confined to Room of Origin	81.8%	85.7%	85.0%	+3.9%	★

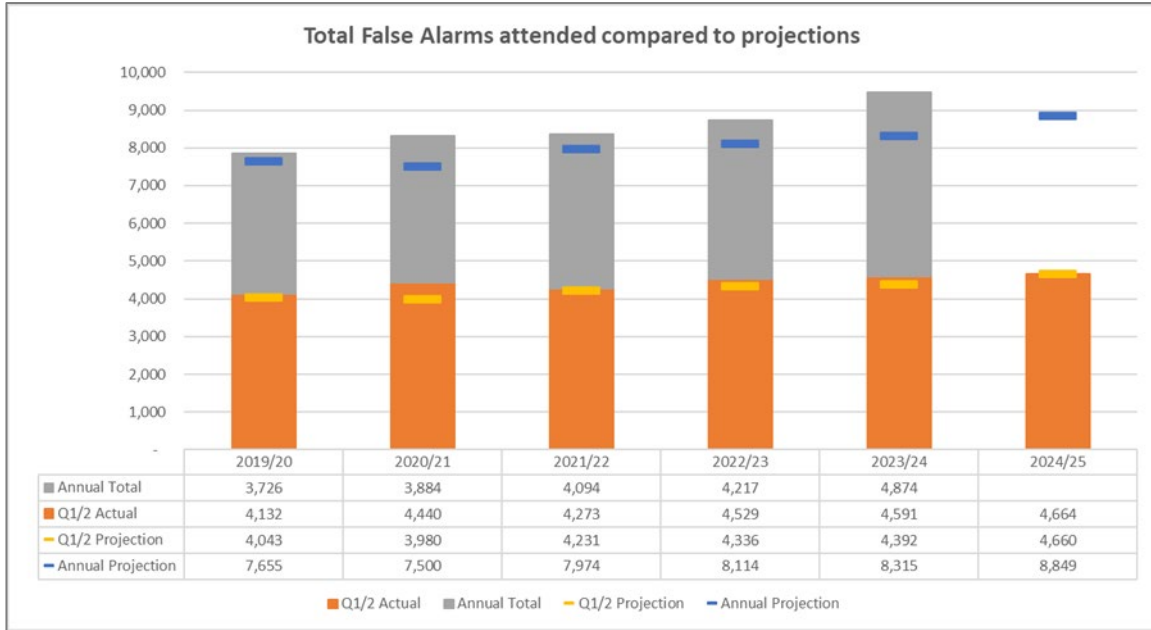
Performance Key	★ Better than or equal to projection	● Up to 5% worse than projection	▲ Over 5% worse than projection
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Section 2 – Strategic Performance Indicators – analysis



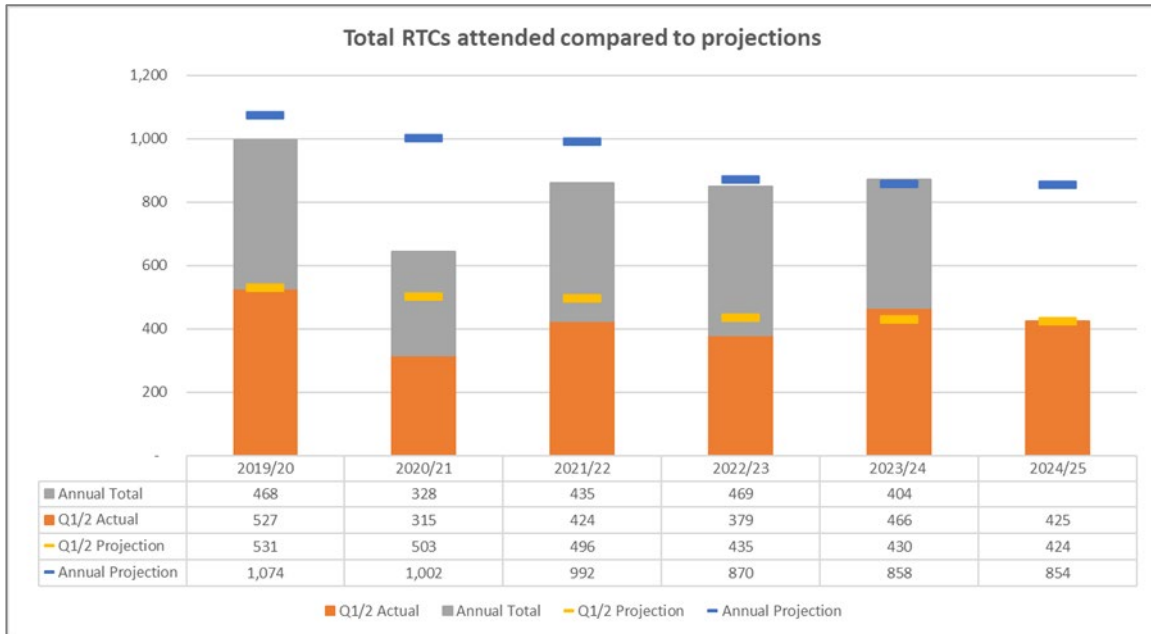
Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Total Fires (3,526 – 2,542) ↓ 28%.
- Total Fires were 28% below the projection of 3,529.
- Accidental fires (991 – 813) ↓ 18%.
- Deliberate fires (2,535 - 1,729) ↓ 32%.
- Deliberate refuse fires (1,366 - 1,068) ↓ 22%.
- Deliberate grass fires (702 – 278) ↓ 60%.
- Deliberate Vehicle fires (231 - 199) ↓ 14%.
- Deliberate Fires accounted for 68% of all fires.
- Lithium Ion Battery fires (33 – 30) ↓ 9%.



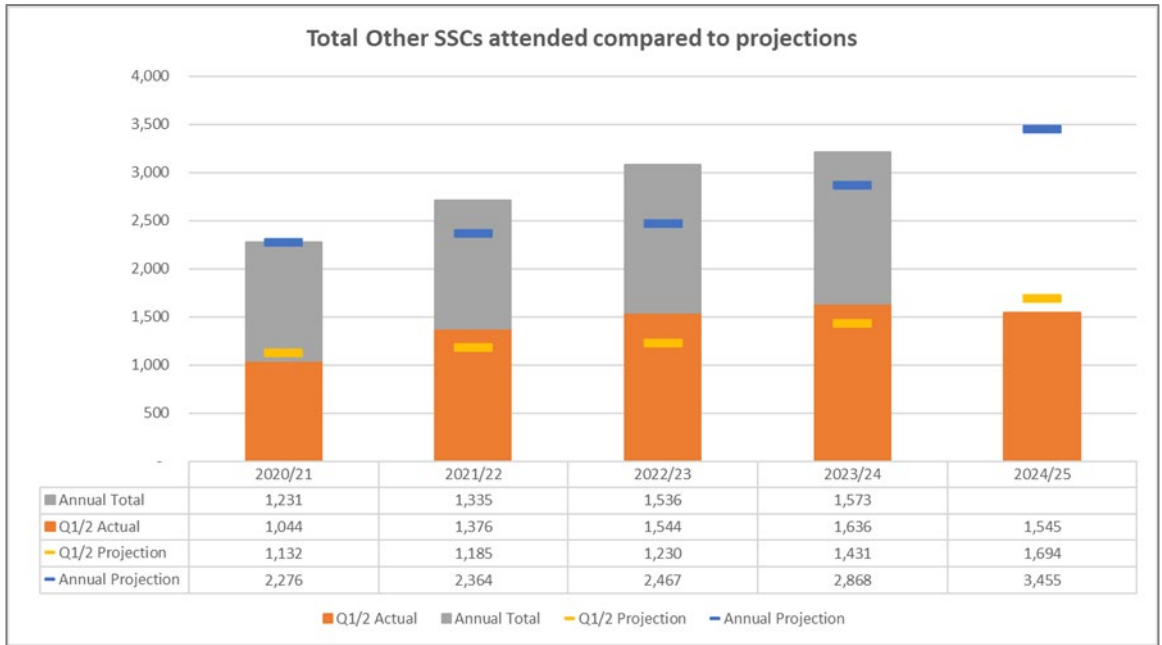
Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Total False Alarms (4,591 – 4,664) ↑ 2%.
- <0.1% above the projection of 4,663 for Q1-2 this year.
- False Alarm Good Intent (1,695 - 1,430) ↓ 16%.
- False Alarm Malicious (121 - 123) ↑ 2%.
- Education premises (334 - 318) ↓ 5%.
- Purpose built flats (475 - 559) ↑ 18%.
- Hospitals (403 - 383) ↓ 5%.
- Residential homes (232 - 274) ↑ 18%.



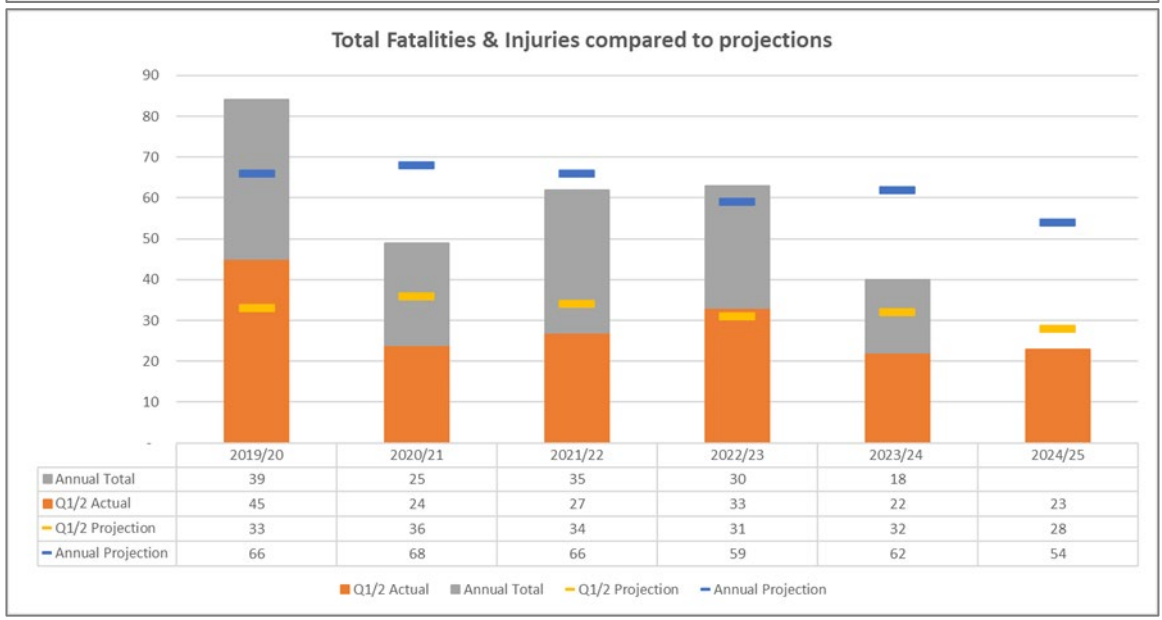
Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Total RTCs (466 - 425) ↓ 9%.
- 0.2% above the projection of 424 Q1-2 this year.
- Extrications/release of persons (69 - 57) ↓ 17%.
- Fatalities ↓ from 11 to 8.
- Injuries (172 - 141) ↓ 18%.
- 7 of 8 fatalities were male, and 80 of 141 (57%) injuries were male.
- 72% (306 RTCs) of RTCs involved cars compared to 68% (318 RTCs) in Q1-2 last year. Meanwhile, the percentage of RTCs involving motorcycles fell to 3% (14 RTCs) from 5% (23 RTCs) in Q1-2 last year.
- A lower proportion of RTC's involved Extrications, Releases or Medical assistance in Q1-2 this year than was the case last year (from 28% to 24%).



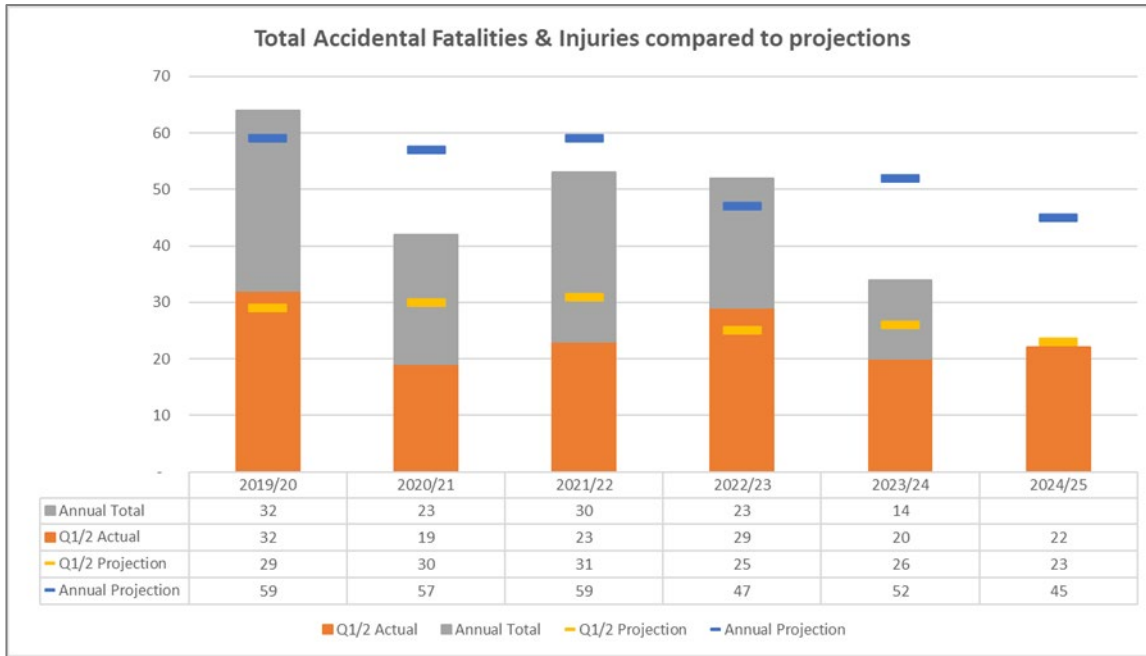
Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Other SSCs (1,636 – 1,545) ↓ 6%.
- 9% below the projection of 1,694 for Q1-2 this year.
- Flooding incidents (93 – 103) ↑ 11%.
- Water rescues (34 - 26) ↓ 24%.
- Assisting other agencies (424 - 397) ↓ 6%.
- Other rescue/release of persons (94 - 103) ↑ 10%.
- Calls originating from the Ambulance Service (400 - 413) ↑ 3%.
- Medical incident – first responder or co-responder (57 - 55) ↓ 4%.



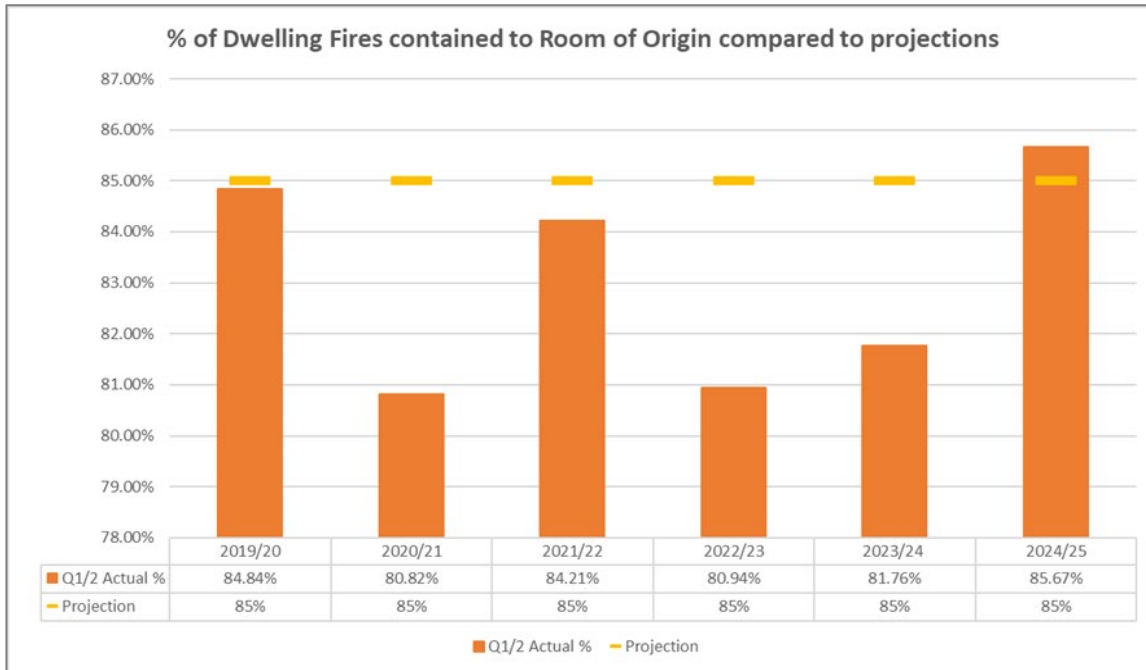
Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Total fatalities and injuries increased by 1 from 22 to 23.
- 18% **below** the projection of 28 for Q1-2 this year.
- There was 1 fatality from fire compared to 2 in Q1-2 last year.
- There were 3 serious injuries this year compared to 4 in Q1-2 last year.
- There were 19 slight injuries compared to 16 in Q1-2 last year.



Q1-2 2024/2025 performance vs Q1-2 2023/2024

- Fatalities and Injuries in accidental fires ↑ 10%, from 20 to 22
- One below the projection of 23 for Q1-2 this year



Q1-2 2024/2025 performance vs Q1-2 2023/2024

- % Dwelling fires confined to room of origin ↑ 3.9%, from 81.8% to 85.7% (263 of 307).
- 0.7% above the projection of 85%.
- Torfaen UA ↑ 1.3%, from 90.0% to 91.3% (21 of 23), the highest % dwelling fires confined to room of origin of any UA.
- Bridgend UA ↓ 5.3%, from 81.5% to 76.2% (16 of 21).
- Monmouthshire UA ↓ 5.1%, from 81.3% to 76.2% (16 of 21).

THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN

SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 12
19 DECEMBER 2024

FINANCE AND AUDIT COMMITTEE

REPORT OF THE HEAD OF CORPORATE SUPPORT

**THE AUDITOR GENERAL'S GOVERNANCE OF FIRE AND RESCUE
AUTHORITIES REPORT AND THE AUTHORITY'S MANAGEMENT RESPONSE**

THIS REPORT IS FOR INFORMATION

REPORT APPROVED BY TEMPORARY HEAD OF CORPORATE SUPPORT
AND AUDIT WALES
REPORT PRESENTED BY – TEMPORARY HEAD OF CORPORATE SUPPORT,
WAYNE THOMAS AND AUDIT WALES.

SUMMARY

As part of the Auditor General's local government studies programme in 2023/24, the governance arrangements across the three Fire and Rescue Authorities (FRAs) in Wales were reviewed.

A summary report was published in September 2024 (Appendix 1), which included recommendations that would ensure that weaknesses in the current governance model could be addressed. The Authority provided a management response to the necessary recommendations on 24th September 2024.

RECOMMENDATIONS

That Commissioners note the content of the Governance of Fire and Rescue Authorities report, presented at the meeting by Audit Wales, and the Authority's management response to the recommendations.

1. BACKGROUND

1.1 Audit Wales reviewed the governance arrangements across the three Fire and Rescue Authorities (FRAs) in Wales as part of the Auditor General's local government studies programme in 2023/24.

1.2 FRA governance was reviewed for several reasons. These included:

- 1.2.1 The Welsh Government has not taken forward its proposals to reform the governance structures of FRAs, despite concluding in its 2018 White Paper that FRA governance structures needed reform; and
 - 1.2.2 The financial climate currently faced by the public sector means that strong governance arrangements are especially important.
 - 1.2.3 The Local Government and Elections (Wales) Act 2021 made changes to principal councils and required them to work regionally in Corporate Joint Committees (CJCs). FRAs were not the subject of this legislative reform.
- 1.3 The study began before the Welsh Government appointed four Commissioners to run South Wales FRA in February 2024. The review of governance arrangements was based on the governance model in place in South Wales FRA prior to the appointment of the Commissioners.

2. ISSUE / PROPOSAL

- 2.1 The review considered five key elements:
- the clarity and appropriateness of governance structures
 - key functions and responsibilities within these structures
 - governance culture
 - infrastructure to support effective governance
 - arrangements to review and strengthen the effectiveness of governance.
- 2.2 Key observations made within the report were that
- 2.2.1 Roles and responsibilities in governance structures are generally clearly set out but understanding of roles is not always demonstrated in practice.
 - 2.2.2 The governance model for FRAs recognises the importance of community representation, but arrangements do not reflect the specialist nature of their functions, and the contribution of FRA members is not typically evaluated.
 - 2.2.3 FRAs have established arrangements to oversee members' compliance with codes of conduct, and members generally act in accordance with expected values and behaviours the financial climate currently faced by the public sector means that strong governance arrangements are especially important.
 - 2.2.4 FRAs have whistleblowing policies and arrangements in place and are reviewing them following the findings of the South Wales FRA Culture Review.

- 2.2.5 FRAs review the effectiveness of their governance arrangements but the Welsh Government previously identified that FRA governance structures needed reform.
- 2.3 The report recommended that FRAs strengthen the provision of training and development for members by establishing arrangements to regularly assess members' development needs to inform training and development, and by evaluating the effectiveness of training and development activity in ensuring members' understanding of, and contribution to, governance arrangements.
- 2.4 The Authority provided a management response to the recommendations on 24th September 2024 (Appendix 2).

3. IMPLICATIONS

3.1 Community and Environment

3.1.1 Well-Being Of Future Generations (Wales) Act – Strengthening the governance arrangements of FRAs will ensure that there are effective mechanisms to measure and scrutinise whether resources are utilised efficiently and proportionally, which will contribute to “A Prosperous Wales”.

3.2 Regulatory, Strategy and Policy

3.2.1 Legal – This report has been prepared and published by the Auditor General under section 41 of the Public Audit (Wales) Act 2004.

3.2.2 Financial – The enhanced training requirements recommended for FRA members will be delivered by members of staff within the organisation and will therefore not incur additional costs.

3.2.3 Governance and Audit – The report provides recommendations on how areas of the current governance model could be strengthened.

3.3 Resources, Assets and Delivery

None

4 EVALUATION & CONCLUSIONS

- 4.1 The reported recommended that FRAs strengthen the provision of training and development for members by establishing arrangements to regularly assess members' development needs to inform training and development, and by evaluating the effectiveness of training and development activity in ensuring members' understanding of, and contribution to, governance arrangements.
- 4.2 These recommendations were accepted within the FRAs Management Response. A member development programme for FRA members will be devised by the Monitoring Officer, which will provide a robust framework for future member training and development. This will include the creation of not only an effective member induction package of essential information and training, but will include a programme of continuous member development, briefings and refresher training.

5 RECOMMENDATIONS

- 5.1 That Commissioners note the content of the Governance of Fire and Rescue Authorities report, presented at the meeting by Audit Wales, and the Authority's management response to the recommendations.

Contact Officer:	Wayne Thomas Temporary Head of Corporate Support	
Background Papers	Date	Source / Contact
None		

Appendices	
Appendix 1	Governance of Fire and Rescue Authorities report – Audit Wales
Appendix 2	SWFRA Management Response Form - FRA Governance

Governance of Fire and Rescue Authorities

September 2024



TÂN FIRE

This report has been prepared and published under section 41 of the Public Audit (Wales) Act 2004.

The Auditor General is independent of the Senedd and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the Senedd on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales and conducts local government value for money studies.

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.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary Report

- 1 As part of the Auditor General's local government studies programme in 2023-24, we reviewed the governance arrangements across the three Fire and Rescue Authorities (FRAs) in Wales.
- 2 We examined FRA governance for several reasons, including:
 - the Welsh Government has not taken forward its proposals to reform the governance structures of FRAs, despite concluding in its 2018 White Paper that FRA governance structures were in need of reform; and
 - the financial climate currently faced by the public sector means that strong governance arrangements are especially important.

Key messages

3 We found that:

- the roles and responsibilities of FRA members are clearly set out but are not always reflected in their actions in practice.
- members do, however, generally act in accordance with expected values and behaviours.
- governance arrangements recognise the importance of community representation but do not reflect the specialist nature of FRA functions.
- whilst FRAs review the effectiveness of their governance arrangements, the contribution of individual FRA members is typically not evaluated. Our evidence also suggests that training and development activity is limited and is not always informed by members' needs.

4 We have made recommendations for Welsh Government to review the governance model, and for FRAs to strengthen training and development arrangements.

Key facts

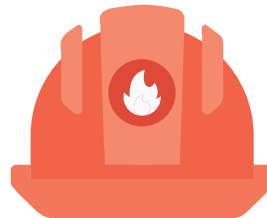
FRAs must make provision for the key services, such as:

- promoting fire safety
- fire-fighting
- responding to road traffic accidents
- dealing with other prescribed emergencies.



All members of FRAs are councillors, nominated by their host authority.

The combined revenue budgets of the three FRAs budgets are approximately **£200 million** for 2024-25, which equates to **£64** per head of population in Wales.



There are **three FRAs** in Wales – North Wales, South Wales and Mid & West Wales (**Exhibit 1**).

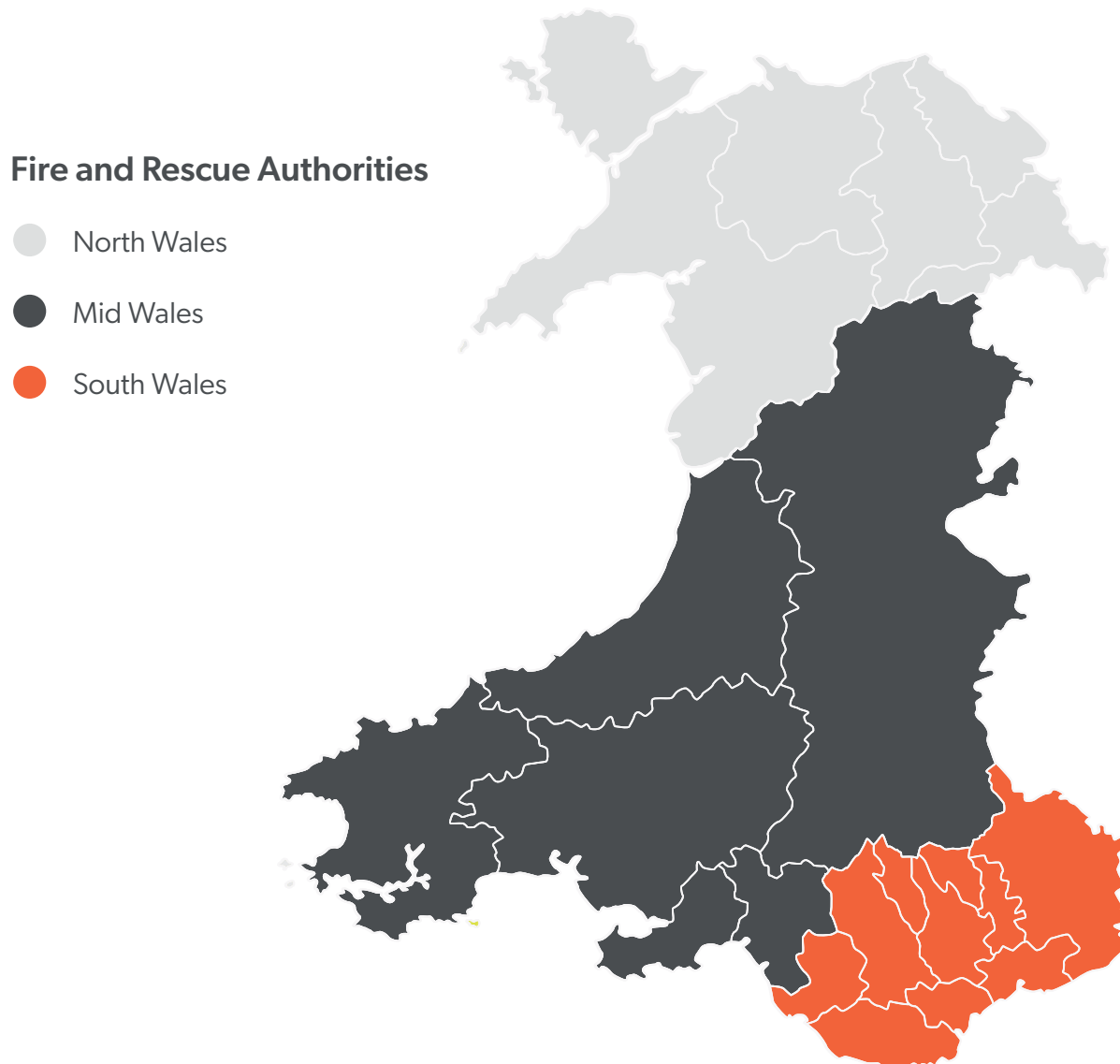


Members of FRAs are entitled to the following salaries¹:

- the basic salary of a fire and rescue authority member is **£2,632**
- a chair's salary is **£11,965**
- a deputy chair or committee chair's salary is **£6,372**

Exhibit 1: Fire and Rescue Authorities of Wales

The map below shows the geographical area of each of the three Fire and Rescue Authorities in Wales.



Source: Audit Wales



Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations

Addressing weaknesses in the governance model

This report highlights weaknesses in the governance model for FRAs. To address these, we recommend that:

- R1 The Welsh Government reviews the governance model to ensure that:
 - 1.1 the membership of fire and rescue authorities ensures appropriate knowledge, expertise and diversity to effectively discharge their governance roles; and
 - 1.2 there are clear accountability arrangements to regularly evaluate the contribution of FRA members.

- R2 Fire and rescue authorities strengthen the provision of training and development for members by:
 - 2.1 establishing arrangements to regularly assess members' development needs to inform training and development; and
 - 2.2 evaluating the effectiveness of training and development activity in ensuring members' understanding of, and contribution to, governance arrangements.

Detailed Report

What we reviewed and why

- 1 As part of the Auditor General's local government studies programme² in 2023-24, we reviewed the governance arrangements across the three Fire and Rescue Authorities. Our review considered five key elements:
 - the clarity and appropriateness of governance structures;
 - key functions and responsibilities within these structures;
 - governance culture;
 - infrastructure to support effective governance; and
 - arrangements to review and strengthen the effectiveness of governance.
- 2 We examined FRA governance for several reasons. For example, the Local Government and Elections (Wales) Act 2021 made changes to principal councils and required them to work regionally in Corporate Joint Committees (CJCs). FRAs were not the subject of this legislative reform.
- 3 The most recent proposal for reforming and strengthening governance of FRAs was a 2018 Welsh Government White Paper³. The paper set out its case for reform by arguing that current arrangements 'are not as accountable as they ought to be'. It criticised the lack of either directly elected members or FRAs being formally accountable to a local or national elected body⁴. It was also critical of nominated FRA members being mostly 'backbench' councillors with little knowledge or experience of the Fire and Rescue sector. It argued that there were not many areas where the elected member could add value as a champion for their community, citing rare discussions such as station closures as examples of decisions that are political or require community insight.

2 This report concludes the second part of a two-stage review considering the governance arrangements across Special Purpose Authorities in Wales. In April 2024, we published a [report](#) on governance arrangements across the NPAs following the first stage of this review.

3 Welsh Government, [Reform of Fire and Rescue Authorities in Wales](#), November 2018

4 Elected members are required to act in the FRA's interest, rather than their nominating authority's.

- 4 The White Paper proposed governance reforms to:
 - reduce FRA elected member representatives to one per nominating council;
 - require nominees to be a council cabinet member; and
 - introduce non-executive members (one third of current FRA membership), most likely appointed by the The Welsh Government.
- 5 The White Paper noted that this would provide more streamlined governance, retain the local knowledge brought by councillors, and increase technical knowledge through direct appointees. This would bring FRAs more closely into line with NPAs, who are formed of one third Welsh Government appointees. However, following consultation and feedback from FRAs and others, the White Paper proposals were not taken forward.
- 6 Change is a fundamental feature of FRA governance. During the electoral cycle 2017-22, a total of 40 changes were made to the membership of FRAs in Wales, representing around 52% of the overall membership. Further changes in membership occurred following the 2022 local government elections.
- 7 Governance arrangements are especially important given the financial climate currently faced by the public sector. This increases the importance of objective setting, strategic oversight, and effective scrutiny of performance to ensure FRAs deliver value for money.
- 8 Our study began before the Welsh Government appointed four Commissioners to run South Wales FRA in February 2024. Our review of governance arrangements is based on the governance model in place in South Wales FRA prior to the appointment of the Commissioners.
- 9 Since our review began the Senedd's Equality and Social Justice Committee has also published its report following its inquiry into the Governance of Fire and Rescue Services – 'Sound the Alarm: The Governance of Fire and Rescue Services.' The Auditor General for Wales provided written and verbal evidence to this inquiry.

- 10 Our evidence is limited to the following sources:
- a review of documentary evidence;
 - interviews with senior officers and members of the FRAs and the SWFRA Commissioners, the Welsh Government, and the Welsh Local Government Association;
 - observations of a range of FRA committee and authority meetings; and
 - a survey of FRA senior officers and members (including the former members of South Wales FRA).

Roles and responsibilities in governance structures are generally clearly set out but understanding of roles is not always demonstrated in practice

- 11 FRAs generally set out the governance arrangement responsibilities of officers and members clearly. Each has a constitution that sets out its governance framework. These include committee terms of reference that cover the membership and broad role of the committees. FRA constitutions are supported by other documents, for example induction materials for members that set out the chain of command within the fire service. FRAs do not, however, have formal arrangements in place to review the members' understanding of the governance arrangements and their role within it.
- 12 FRA members feel they have a good understanding of their roles and responsibilities and were generally able to describe them. Members told us that they have a clear understanding of where decisions are made within the governance structure and their own governance responsibilities. We observed formal meetings where this understanding was demonstrated, and most meetings we observed were chaired effectively. Most members and officers who responded to our survey agreed that meetings are well chaired.
- 13 However, members did not always appear to clearly understand or act in accordance with their roles. We heard concerns that the governance model results in an inherent tension between members' role as councillors and members of the FRA. For example, we heard concerns that members sometimes focus on parochial considerations rather than the FRA as a whole.
- 14 Clarity on key responsibilities around decision making is a fundamental aspect of good governance. These are generally clearly set out and understood, but there is a risk that a lack of understanding in practice weakens the effectiveness of governance arrangements.

The governance model for FRAs recognises the importance of community representation, but arrangements do not reflect the specialist nature of their functions and the contribution of FRA members is not typically evaluated

- 15 The membership of FRAs is exclusively made up of elected councillors, nominated by their host council. We commented previously in response to the Welsh Government's 2018 White Paper that there is considerable merit in councils nominating members of FRAs. This includes feedback that council members provide on legitimate community concerns. However, we also suggested that the Welsh Government should ensure the nomination process is both fair and transparent to secure representatives with sufficient seniority, skills, and capacity. Ensuring that those charged with governance are sufficiently skilled and knowledgeable is important to underpin good governance.
- 16 In the current governance model for FRAs there is a risk that the elected members do not have the necessary skills and knowledge that reflect their specialist functions. Members' responses to our survey suggest that they feel they do possess these skills and knowledge (see **appendix 1** for details of the response rate to our survey). However, we also heard concerns during fieldwork that collectively members do not always possess or demonstrate them. Our survey responses and fieldwork also suggest a variance in considering the specialist knowledge and the nature of the role when nominating members to FRAs. This means there is a risk that members do not always possess sufficient relevant knowledge of fire and rescue services to be able to discharge their governance role effectively.
- 17 Therefore, FRAs need to provide significant training to members to enable them to undertake their roles. However, wider systematic issues mean training may not be enough to mitigate this risk. Ensuring that members who are appointed without regard for the specialist nature of the role receive appropriate training and development is difficult because:
 - there is a relatively high turnover rate of members. This limits the extent to which individuals can develop and retain knowledge and skills relevant to the role.
 - we heard some concerns that the size of membership makes it difficult to develop a knowledgeable and engaged membership. The Welsh Government's White Paper previously benchmarked FRA membership size with other bodies, and identified this as a weakness in FRA governance arrangements.

- 18 Membership size can present challenges in engaging members. FRAs developed their arrangements during and after the pandemic to accommodate remote attendance, and most FRA meetings are now hybrid. However, despite these arrangements making it easier for members to attend meetings, we heard concerns during our fieldwork that some members attending remotely sometimes turn their cameras off during meetings and do not engage with discussions.
- 19 To help improve member engagement and understanding, FRAs have introduced smaller working groups to examine specific issues. Officers have described the subsequent improved engagement and 'challenge' they receive from members in private sessions when scrutinising proposed policies or decisions. This includes the scrutiny and challenge associated with annual budget setting. However, this risks reducing the transparency of decision making, especially as the debate is rarely replicated in public meetings or summarised in public papers.
- 20 Whilst our survey responses suggest that members generally feel able to question officers during formal meetings, overall we observed that there is limited scrutiny and challenge. We observed several meetings of different committees where there was limited challenge or questioning. For example, we observed two meetings in different FRAs where there was limited scrutiny of the strategic risk registers that were on respective agendas. We also found examples of reports 'to note' being provided to committees with responsibility for 'scrutiny', which suggests a lack of clarity of what is expected from scrutiny in the context of governance arrangements. We also heard concerns regarding the effectiveness or clarity of 'scrutiny' arrangements more generally within some FRAs. This means there is a risk that officers are not effectively held to account by members, which potentially weakens the robustness of internal controls to manage governance risks.
- 21 Appointing FRA members exclusively from local councils has also resulted in a lack of member diversity. In our response to the Welsh Government's White Paper, we suggested they could encourage authorities to create inclusive and representative Fire and Rescue Authorities with more female, ethnic minority and younger elected members nominated. For example, the majority of FRA Members are male, with very few from a Black, Asian, or Minority Ethnic background. The lack of diversity is an issue because, as highlighted by the Expert Group on Diversity in Local Government, it is 'vital that the people who make decisions on our behalf... are in tune with and representative of their local communities.'⁵.
- 22 Overall, there is a risk that the current governance model does not support FRA members possessing the necessary blend of skills and knowledge to be able to take informed decisions and effectively hold the Fire and Rescue Service to account.

5 [Report of the Expert Group on Diversity in Local Government](#), March 2014

- 23 Although there is some evidence to suggest FRAs are using informal, ad hoc methods of finding out what training members might need, none of the FRAs conduct regular member skills audits to inform member development. As a result, training is not always developed in response to an assessment of members' needs.
- 24 Of the three FRAs, only Mid and West Wales provides a programme of training and development events for members. South Wales and North Wales FRAs offer induction training and training on specific areas, such as pensions or governance, but this tends to be ad-hoc. We also found little evidence of succession planning to develop members' leadership skills with a view to them becoming a chair of an authority in future, for example.
- 25 The contribution of members to the governance of FRAs is also not typically evaluated. Whilst FRA members are elected to their host councils, they are not directly elected to the FRAs. The Welsh Government's White Paper also highlights concerns that this model does not provide democratic accountability. Therefore, despite it being a remunerated role, FRAs cannot demonstrate the value for money that members provide. The absence of any evaluation of members' contributions also reduces the opportunity to understand and address their training and development needs. Overall, our findings set out earlier in this report suggest that the training provided to members does not consistently address the risk that there is a shortfall in specialist knowledge and expertise. Consequently, we are not assured that all FRA members are always equipped with the skills, knowledge and experience needed to effectively undertake their governance role.

FRA's have established arrangements to oversee members' compliance with codes of conduct, and members generally act in accordance with expected values and behaviours

- 26 Most of the conduct we observed in FRA meetings and committee meetings was consistent with expected values and behaviours. Most FRA members who replied to our survey agreed that each FRA has set out its expectations of officers and members in a range of documents. Interviewees were able to identify instances where behaviour inconsistent with expected values and behaviours had been challenged and addressed, which we witnessed when observing meetings.
- 27 However, our surveys of FRA members and senior officers highlighted a few instances when respondents felt that poor or inappropriate behaviour was not immediately tackled. We also witnessed such instances, for example potentially inappropriate or informal language seemingly being tolerated in a formal meeting. However, overall members' conduct in the meetings we observed appeared to be in accordance with expected values and behaviours.
- 28 FRAs have established standards committees which meet regularly and have clear terms of reference. Each standards committee reports annually to its respective Fire Authority and some work proactively to promote awareness and monitor members' compliance with codes of conduct.
- 29 Members and officers have a generally positive working relationship. The majority of members and senior officers think that they are given clear, comprehensive, and timely information to inform their decision making. Members also usually follow the professional advice of officers. This is important because constructive working relationships and demonstration of expected behaviours and values helps to underpin an appropriate governance culture.

FRA have whistleblowing policies and arrangements in place and are reviewing them following the findings of the South Wales FRA Culture Review

- 30 This study was not a detailed review of the effectiveness of whistleblowing arrangements. However we found that each FRA has a whistleblowing policy setting out procedures for dealing with such complaints, and we found evidence of FRAs working to strengthen their arrangements for staff to raise concerns. FRAs' recognition of the need to strengthen whistleblowing arrangements resonates with the report of the South Wales FRA Culture Review⁶, which noted a lack of encouragement and support for people to speak up, and insufficient action when they do.

FRAs review the effectiveness of their governance arrangements but the Welsh Government previously identified that FRA governance structures were in need of reform

- 31 Each FRA has reviewed aspects of their governance arrangements, and their annual governance statements are up to date. Annual governance statements set out how FRAs review the effectiveness of their governance frameworks. They include the evidence sources they draw on, actions they intend to take to strengthen governance arrangements and an update on actions from previous years. FRAs have also looked at specific aspects of their governance arrangements. For example, North Wales FRA reviewed governance in relation to the Fire and Rescue Service's operational decision-making arrangements, and South Wales FRA Internal Audit function has reviewed their strategic planning and partnership arrangements.
- 32 FRAs have also demonstrated the capacity to vary their governance arrangements to consider specific issues. Examples include the working groups set up in North Wales FRA to review the emergency cover provision, and the use of budget scrutiny working groups or similar across all FRAs. South Wales FRA also introduced the option for scrutiny groups to co-opt additional members which has the potential to strengthen the specialist knowledge available to those groups.

6 [Report of the Expert Group on Diversity in Local Government](#), March 2014

- 33 Despite concluding in its 2018 White Paper that FRA governance structures were in need of reform, the Welsh Government has not taken forward its proposals for the reform. The Welsh Government also intervened in South Wales FRA following the publication of the FRA's Culture Review report, and also partly due to its view that the Authority responded inadequately to other opportunities for improvement⁷.
- 34 Reviewing and making changes to governance arrangements and being open to external challenge is important to ensure that weaknesses are addressed and opportunities for improvement are embraced.

⁷ [Plenary 06/02/2024 - Welsh Parliament \(senedd.wales\)](#)



Appendix

1 Audit scope, approach and methods, and key facts about fire and rescue authorities

1 Audit scope, approach and methods, and key facts about fire and rescue authorities

Scope

We sought to answer the question ‘Do special purpose local authorities in Wales have effective governance arrangements that support good outcomes for citizens?’

To answer this, we looked at structures of governance, the model of governance, how members and officers work within structures, and the approaches taken to review and improve governance arrangements.

We did not look at individual member or officer conduct, and we have not formed conclusions about each FRA individually.

Approach

This audit combined system and result orientated approaches to identify areas for improvement with the system of governance and assess how it is currently being delivered. We sought to understand how governance structures are in each Authority ‘on paper’, how they are applied in reality, and how they are reviewed. We aimed to provide assurance over the effectiveness of governance in Welsh FRAs overall. We worked flexibly to organise delivery and we managed our fieldwork whilst being mindful of the pressures faced by officers. We ensured that our coverage was sufficient to give an overview of the whole sector but did not detract from service delivery. Our approach was informed by the principles of good governance published by CIPFA and IFAC. These are outlined in **Exhibit 4**. Our findings and conclusions are based on the totality of our triangulated evidence. Our methods for gathering this evidence are set out below.

Methods

Our fieldwork was completed between September 2023 and May 2024, using the following methods:

- document review – we reviewed key governance documents from each FRA. This included standing orders, job descriptions of key officers, constitutions, terms of reference, and committee papers.
- local interviews – we carried out a total of 38 interviews across the three FRAs, including with senior officers and members.
- national interviews – we also carried out interviews with national bodies, namely the Welsh Government and the WLGA.
- surveys – we conducted a survey of senior officers who regularly interact with members. We received 26 responses (61% of those invited to participate in the survey). We also surveyed FRA members (including former members of South Wales FRA after Commissioners had been appointed) and received a total of 36 responses (47% of those invited to participate in the survey).
- observations – we observed a total of 16 meetings across the FRAs, including Full Authority and meetings of key committees.

What is 'good governance'?

Public sector organisations need to be governed in a manner reflecting the public and environment that they serve. To support this, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) have defined good governance in the public sector (**Exhibit 3**).

Exhibit 3: definition of good governance

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Source: [CIPFA/IFAC](#)

To embed this definition, it has been further developed into seven principles (**Exhibit 4**).

Exhibit 4: seven principles of good governance



Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.



Ensuring openness and comprehensive stakeholder engagement.



Defining outcomes in terms of sustainable economic, social, and environmental benefits.



Determining the interventions necessary to optimize the achievement of the intended outcomes.



Developing capacity, including the capability of its leadership and the individuals within it.



Managing risks and performance through robust internal control and strong public financial management.



Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Source: CIPFA/IFAC

Key facts about Fire and Rescue Authorities

FRA receive an allocation of principal council members that are appointed to reflect the political balance of the larger geographic area covered as a combined authority. All members of FRAs are appointed this way. When elected members are appointed to the FRA, they do not represent their ward or the constituent authority that nominated them.

For 2024-25 the combined revenue budgets of the three FRAs budgets are approximately £200m, which equates to £64 per head of population in Wales. This increased from £184m or £59 per head of population in 2023-24.⁸

FRAs are formed in legislation by the joining of different council areas into combined authorities. This was last done in 2015. As the legislation is set by the Senedd, individual councils and FRAs cannot change their size, composition, or area served.

The Fire and Rescue Services Act 2004 sets the requirements of the services the FRA must make provision for. These include:

- promoting fire safety
- fire-fighting
- responding to road traffic accidents
- dealing with other prescribed emergencies

FRAs must also meet the strategic aims of the National Framework⁹. The Framework calls for “sustained maximum effort in identifying and realising efficiencies, in maintaining high standards of governance, and in accounting transparently for delivery’. The National Framework has not been updated for a number of years, and was last updated in 2016.

FRA members must also set a budget to deliver the aims and scrutinise performance to ensure delivery of desired outcomes. The budgeting process includes setting the funding levy, which is charged to constituent authorities based on population size. Members must also appoint senior officers, such as the Chief Fire Officer.

8 [Budgeted revenue expenditure by service detail \(gov.wales\)](#)

9 Welsh Government, [Fire and Rescue National Framework 2016](#), November 2015



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

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Management response form



Report title: Governance of Fire and Rescue Authorities

Completion date: 24/09/2024

Document reference: [Governance of Fire and Rescue Authorities | Audit Wales](#)

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R2	We recommend that fire and rescue authorities strengthen the provision of training and development for members by: <ul style="list-style-type: none"> establishing arrangements to regularly assess members' development needs to inform training and development; and evaluating the effectiveness of training and development activity in ensuring members' understanding of, and contribution to, governance arrangements. 	A member development programme will be devised, which will provide a robust framework for future member training and development. This will include the creation of not only an effective member induction package of essential information and training, but will include a programme of continuous member development, briefings and refresher training. <ul style="list-style-type: none"> Arrangements to regularly assess members' development needs will be drawn up based on inputs from several sources. These will include input from 	31 st March 2025	Monitoring Officer

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
		<p>members/officers, Strategic Plan proposals, budget, changes to legislation, local initiatives, partnership working, and other external influences.</p> <ul style="list-style-type: none"> Ongoing progress against the programme will be monitored by the Monitoring Officer, who will also review the whole programme annually to ensure that it remains in line with the Authority's main priorities and future aims. Feedback from Members will form an integral part of how the programme will be evaluated, which will be collated after any training and development has been undertaken. 		

AGENDA ITEM NO 13

**FORWARD WORK PROGRAMME FOR
THE FINANCE & AUDIT COMMITTEE FOR SOUTH WALES FIRE AND RESCUE SERVICE**

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Sept Dec / Mar	Revenue Budget Monitoring Reports	To provide an update on revenue expenditure against the revenue budget for the year	D	Treasurer Contact Officer: Lisa Mullan	
Sept Dec / Mar	Capital Programme Monitoring Reports	To provide an update on capital expenditure against the capital budget for the year	D	Treasurer Contact Officer: Lisa Mullan	
Dec 2024	Budget Setting Proposal for Consultation 2025/26	To assist in determining the appropriate revenue & capital budget required to meet the Service's requirements for the financial year	D	Treasurer Contact Officer: Lisa Mullan	On Agenda
Dec 2024	Budget Strategy	To obtain clarification upon the political steer for the Budget Strategy for 2024/25 budget setting process.	D	Treasurer Contact Officer: Lisa Mullan	On Agenda
Dec 2024	Construction Contract for New Inn		D	Treasurer Contact Officer: Lisa Mullan	On Agenda

**FORWARD WORK PROGRAMME FOR
THE FINANCE & AUDIT COMMITTEE FOR SOUTH WALES FIRE AND RESCUE SERVICE**

Expected Date of Report	Report Name	Purpose of Piece of Work	Information or Decision	Lead Director/ Contact Officer	Progress
Dec 2024	Treasury Management Mid Term Report 2024/25	To advise Commissioners of the mid-year position in relation to our treasury management.	I	Treasurer Contact Officer: Lisa Mullan	On Agenda
Dec 2024	The Auditor General's Governance of Fire and Rescue Authorities report and the Authority's Management Response.	To provide Commissioners with a copy of the Auditor General's Governance of FRA report and the Authority's response.	I	Contact Officer: Wayne Thomas	On Agenda
Apr / Jul / Sept Dec / Mar	Internal Audit Update Reports	To provide an updated position of work performed against the internal audit plan and to highlight any significant issues arising from the internal audit work performed	I	ACO CS Contact Officer: Lisa Mullan	
Apr / Jul / Sept Dec / Mar	Performance Reports – Statutory PI's (Quarterly)	To scrutinise progress of the Service's Priority Actions and statutory PI's as at the end of Q1	I	ACO CS & T/ACFO SD Contact Officer: Wayne Thomas	
Mar 2025	Treasury Management Strategy Statement 2025/2026		D	Treasurer Contact Officer: Lisa Mullan	

AGENDA ITEM NO 14

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

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1.	Apologies for Absence	
2.	Declarations of Interest	
	Commissioners 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 South Wales Fire and Rescue Authority (Exercise of Functions) (Wales) Directions 2024 and the Local Government Act 2000.	
3.	Chairperson's Announcements	
4.	To receive the minutes of;	
	Finance and Audit Committee Meeting held on 20 September 2024	3
5.	Update on Outstanding Actions	9
	REPORTS FOR DECISION	
6.	Capital Monitoring Report 2024/2025	11
7.	Budget Setting Proposal for Consultation 2025/26 – <i>Verbal update to be presented on the day</i>	21
8.	Redevelopment of New Inn Fire Station	23
	REPORTS FOR INFORMATION	
9.	Treasury Management Mid Term Report 2024/2025	27
10.	Internal Audit Update Report	41
11.	Performance Reports – Statutory Pl's	107
12.	The Auditor General's Governance of Fire and Rescue Authorities Report and the Authority's Management Response.	117
13.	Forward Work Programme for Finance and Audit Committee	147

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14. To consider any items of business that the Chairperson deems urgent (Part 1 or 2) 149