

COMMISSIONERS FOR SOUTH WALES FIRE AND RESCUE SERVICE

MINUTES OF THE FINANCE AND AUDIT COMMITTEE HELD ON THURSDAY, 19TH DECEMBER 2024 IN MEETING ROOM 8, SWFRS HQ OR REMOTELY VIA TEAMS

COMMISSIONERS PRESENT

Baroness Wilcox of Newport (Chair)

OFFICERS PRESENT: - Assistant Chief Fire Officer Christian Hadfield – Director of Corporate Services, Assistant Chief Fire Officer Dean Loader – Director of Service Delivery, Assistant Chief Officer Alison Reed – Director of People Services, Assistant Chief Fire Officer Brian Thompson – Director of Technical Services, Dominic Mika - Director of Strategic Change and Transformation, Lisa Mullan – Head of Finance, Procurement and Property, Wayne Thomas – Temporary Head of Corporate Support, Lee Bunkham – Senior Procurement Officer, Gabrielle Greathead – Interim Monitoring Officer, Mike Davies – Property Strategy Manager, Mr Steen Gourley – TIAA Internal Auditor, Mr Timothy Buckle – Audit Wales Representative, Mr Charles Rigby – Audit Wales Representative

1. APOLOGIES

Chief Fire Officer - Fin Monahan, Kate Harvard - Audit Wales

2. DECLARATIONS OF INTEREST

There were no declarations of interest made.

3. CHAIRPERSON'S ANNOUNCEMENTS

Lady Wilcox wished to announce and congratulate the permanent appointments of Assistant Chief Fire Officers Dean Loader and Brian Thompson.

4. TO RECEIVE THE MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING HELD ON 20TH SEPTEMBER 2024

Lady Wilcox agreed the minutes from 20th September 2024 as a true record of discussions and no matters arising.

5. UPDATE ON OUTSTANDING ACTIONS

There were no outstanding actions to be discussed.

6. REPORTS FOR DECISION

6.1 Capital Monitoring Report 2024-2025

Lisa Mullan, Head of Finance, Procurement and Property, provided an overview of the monitoring report. The report is the second Capital Monitoring Report for this financial year. The report highlights movement and differences between this current report and the previous report dated 20th September 2024. Lisa Mullan explained that the report is split into two key areas, first being spends and how the change is monitored and secondly how the change has been financed. The capital monitoring report provides details of the capital budget, transactions to date and the forecast year end position for the year ending 31st March 2025. Whilst talking the spends area of the report, it was noted Water Carriers had a decrease in spend by £200,000.00 which is not a loss, instead this is to be pushed into the new financial year. Lisa Mullan asked the Commissioners to be mindful that it is a difficult market to try to obtain what the Service needs in respect of that facility.

The finance area of the report was presented, and it was highlighted that additional grants and funding add up to just under £600,000.00 of increased finance, reducing borrowing needs by £198,000.00. It was requested that a recommendation be made to Commissioners to note how the overspends are being funded through the underspends, additional grants and re-prioritisation and to note the movements in schemes, spends and financing.

An update was provided by Mike Davies, Property Strategy Manager, on the New Inn Station demolition due on 18th November 2024. It was confirmed there had been a delay with the start of demolition due to further testing required from NRW. Demolition should now be on course for early January 2025. NRW were late in getting back to us which prevented a delay in work which will now cost the Service money on a weekly front. Lady Wilcox requested an action point be raised to have her concerns noted of the delay and the financial cost to the Service as a direct result. Mike Davies to own action point.

Lisa Mullan provided an update on Penarth Station. Planning hasn't been submitted yet as we have no agreement in principle on the design. Lady Wilcox wished Mike Davies to remind The Vale of Glamorgan Council Officers that they are one of the Services funders, thus to in effect, holding up one of their own Services.

An update was provided by Mike Davies on Ferndale Station, this has been completed and handed back. Looking for an opening on the station soon.

Lady Wilcox wished to pick up Point 3.2 Community and Environment and requested clarity around a review and timescale. Lisa Mullan confirmed a review will be held once HMICFRS Report recommendations are received.

RESOLVED THAT

- 6.1.1** The Commissioners note the budget and progress of capital schemes, thanked the people who are involved in this, approve alterations identified in Appendix 1 and note the associated movements in funding.

7. BUDGET SETTING PROPOSAL FOR CONSULTATION 2025- 2026 (Supplementary Report)

This report presents budget information in preparation for consultation with Local Authorities and setting the 2025/26 revenue budget. The report provides context and identifies potential options for budget setting considering the Fire Authority's increasing cost base, pressure on the current financial year's budget and the challenges faced by Local Authorities in funding this Authority, next year. The report identifies significant financial risks in setting the budget both in short and medium term. This report sets the scene for consultation and covers areas of governance arrangements for proposing the annual budget. It contains legal requirements, audit requirements and some contextual information in terms of how and where there is certainty of budget. The Service has set the budget first and assume a position for Local Authority funders. The report will cover risks and changes of programmes for improvement.

Lisa Mullan presented the report and confirmed part of role within this report is to advise Commissioners on financial matters to prepare budget proposals that provide a basis for this report and ensure compliance and that the budget is robust.

It was noted at Point 2.2.3 that this does not include any further settlements through supplementing budgets which often happen throughout the year and will occur in respect of National Insurance funding. The Local Government settlement discusses a grant position and the uncertainty that this would present to us. The Service has shown some large movements in the past and how we depend on those.

Lisa Mullan and Lady Wilcox agreed on not using resource for consultation purposes and following discussions between Lisa Mullan and Officers, it was agreed those reserves would be used towards sustainability, DICE and contamination projects to bring improvement for Service staff. Reserve budget is providing a reducing picture, spending 10 million over 3 years, depleting the more the Service invests and spends on reserves.

Lisa Mullan wished to advise that even if there was no increase in the budget there would still be increases and decreases in individual Council fire levies. Given the population changes for Cardiff and Newport shown within the document, they would, without an increase, be paying more due to the movements of population and the proportion of the overall budget of the areas being larger for these Authorities.

Attention was drawn to Point 2.7.3, noting the 5.75% budget uplift, average settlement is 4.3%, and if the Service had not had the NIC increase of 4.7% the Service would be under settlement. We are aware that the support from Local Authorities will be provided for National Insurance uplift. Advice received from the Cabinet Secretary is for this to be included in fire levies as it will be passported through to councils which will come through to the Service.

Lady Wilcox wished to stress the importance our partners in Local Government understand why we request the funding and the assurance and safety South Wales Fire and Rescue Service bring to communities. Some areas are prone to additional costing as seen demonstrated in recent months with climate change as an example. The Service has been at the forefront of managing emergencies arising especially in Rhondda Cynon Taf, Monmouthshire together with other areas. In comparison to other Council budgets, the Service request is reasonable.

Lisa Mullan wished to confirm the plan for further meetings and engagements, advising a letter will be sent to contacts including political leads asking for comments with an aim to encourage consultation through January 2025. Any change suggestions will be considered and implemented where necessary and realistically. The Board of Commissioners meeting is to be held on the 13th of February 2025 when the budget will be finalised.

RESOLVED THAT

- 7.1.1** The Commissioners note financial risks within the report and agree the 5.7% increase in budget as the basis for consultation

8. REDEVELOPMENT OF NEW INN FIRE STATION

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. The construction company is Speller Metcalfe.

Lady Wilcox requested clarity on Point 2.4. Lisa Mullan confirmed the Service continue to invest in a property portfolio and is due to complete a cost analysis aimed at comparing the costing of repairs versus a complete rebuild or

refurbishment. An internal Property Steering Group Committee will address the emerging issues of the Service including contamination. Assistant Chief Fire Officer and Director of Corporate Services, Christian Hadfield, confirmed from an operational viewpoint he will be looking at a community risk management plan, examining the risks with South Wales and setting the scene for the future.

RESOLVED THAT

- 8.1.1** The contract for demolition and construction at New Inn Fire Station was given to the successful supplier/tenderer being Speller Metcalfe Construction.

9. TREASURY MANAGEMENT MID TERM REPORT 2024/2025

The report provides an update on the Authority's treasury activities for the period 1 April – 30 September 2024.

Lisa Mullan presented an overview of the report and advised the report is the second of three statutory treasury management reports issued within the financial year.

The two aspects of treasury work reflected within this report is to ensure liquidity and manage capital investment. The Treasury Management Strategy provides a framework for the Service to work within.

Lisa Mullan drew attention to key indicators set at Point 3.1 emphasising borrowing is for capital purposes only and that the Service is currently under borrowing by £17 million.

The Committee were informed that the Bank of England had just announced rates were set to remain the same.

Lisa Mullan wished to state none of the limits set out in the Treasury Management Strategy have been breached and no policy needs to be adjusted. A meeting is to be held within the new year with specialist advisors to examine the Service borrowing position and its impact.

RESOLVED THAT

- 9.1.1** The Finance and Audit Committee noted the report and the treasury activity therein.

10. INTERNAL AUDIT UPDATE REPORT

This report updates Commissioners on progress being made against the Internal Audit Plans for 2023/24 and 2024/25.

Lee Bunkham, Senior Procurement Officer, led an overview of the report advising four papers to be reported to this Committee, two from last year's board plan and two from the current year board plan. The reports will relay ICT data assurance, data compliance, capital planning and communication.

Steen Gourlay from TIAA Internal Auditor was invited to talk through the key findings of the reports. Two recommendations within the ICT data assurance were found. The first surrounds policy updating where some technology has changed, and the policies not updated to reflect the changes. The second surrounds the privacy policies which required updating. There were no major areas of concern noted.

A routine recommendation was made for Capital Planning to update financial procedural policies to reflect the new structure with Commissioners and change within the finance team.

An urgent recommendation was made due to concerns of inconsistency in record keeping of data and inspection certificates. Lisa Mullan explained the Service has lost experience in staffing resource however temporary resource is now in place to help address this issue. Mike Davies wished to confirm the property team were already examining a plan to rectify this particular concern prior to the audit. SharePoint has been set up to help source information centrally along with regular meetings to take time to examine certificates. The Service is potentially looking to source a new compliance system to help this concern further.

It was noted by Lady Wilcox that there was a lack of established KPI's relating to property maintenance, which would support the estate and property team to monitor and act. Mike Davies confirmed KPI's are to be monitored in future. Christian Hadfield wished the Commissioners to be reassured that he will be providing support in his new role to both Lisa Mullan and Mike Davies and will ensure progress is made on areas of concern.

Steen Gourley advised there were two important and two routine recommendations surrounding the communications team. The important recommendations relate to the Communication Strategy to ensure this is monitored and reported and performance indicators used around delivery of the communication strategy. Lady Wilcox confirmed the Service has a new Head of Communications and Engagement in place enabling this area of work to be focused. Dominic Mika, Head of Strategic Change and Transformation and Wayne Thomas, Head of Corporate Service, both provided overviews of the current pace and work undertaken. Lady Wilcox confirmed mandatory responses will be required from management outlining how, when and who is responsible for improvements arising, providing a list of updates and responsibility. Steen Gourley wished to advise that he would follow upon all recommendations made on an annual basis and will provide a report. Lady

Wilcox expressed her wish that the new communication and engagement strategy implementation should be brought forward from the expected date of June 2025.

RESOLVED THAT

- 10.1.1** Commissioners note the internal audit recommendations and work completed to date on the Annual Audit Plan. The Commissioners request the new Communication and Engagement Strategy Implementation be completed within the next 3 months.

11. PERFORMANCE REPORTS – STATUTORY PI's

Assistant Chief Officer Dean Loader provided a talk through the report. The aim of the report is to consider the Organisation's performance against the Strategic Performance Indicators compared to the projected outcomes for Q1 – 2 2024/2025. This is a follow up report to combine quarter 1 and 2 performance data and relates to the seven Strategic Performance Indicators for the Service. This allows the Service to comply with the legislative requirement for the Service to report on the seven indicators, through Commissioners and onto the public facing element of the Service. The indicators are broken down into three different categories, the first four being incident based indicators, two relating to fatality and injury indicators and one being the effective response indicator.

Attention was drawn to Page 112 through to 115 with highlights from the seven indicators being talked through in detail. It was noted an increase in flooding incidents. Christian Hadfield advised from 2017 the Service was given Statutory Duty for water rescue in Wales. The Service is in the final stages of the Water Rescue Strategy and an example was provided whereby the Service didn't require support from other Organisations during recent storm incidents. Water rescue needs continuous reviewing due to recognised climate change with extreme flooding incidents around Cardiff and Newport areas predicted by 2050. Although flooding incidents have risen, water rescues are falling, along with assisting other agencies.

Lady Wilcox requested, when possible, data resulting from the recent changes to the speed limits across the region should be collated and available if requested by the Welsh Government.

RESOLVED THAT

- 11.1.1** The Commissioners note the Service's Strategic Performance Indicator totals for Q1-2 2024/2025

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

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

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

Lady Wilcox wished to make the following statement:

The Commissioners acknowledge the recommendations outlined within the Auditors General Report on Governance and Fire Rescue Authorities, noting that the study began before the Welsh Government's intervention and their appointments to South Wales Fire and Rescue Service. The Commissioners recognised the reform of the Fire and Rescue Service governance is a major policy initiative being led by Welsh Government who is seeking input from all relevant stakeholders. The Commissioners will continue to work closely with Welsh Government in accordance with out terms of reference and bringing our insight into governance of a Fire and Rescue Service to support the development of proposals for future governance arrangement. An appropriate reformed governance mechanism, which will support the continued and sustained recovery within South Wales Fire and Rescue Service will need to be put in place before the Commissioners will be able to discharge their terms of reference and recommend the conclusion of the Welsh Government's intervention.

Wayne Thomas provided an overview of the report. Key considerations are outlined within the report with some main recommendations included. A management response was provided to the necessary recommendations for the Service as an Authority. The main recommendations surround induction and ongoing training of Authority members. Lady Wilcox confirmed that the Commissioners have noted the content of the report and noted that the management response form can only by limited in nature due to the extraordinary position of South Wales Fire and Rescue Service and that this is about future member development until the Commissioners stand down.

Timothy Buckle from Audit Wales ran through findings within their work carried out. This was Part 2 of 2 Local Government studies Audit Wales undertook, the first looking at governance of National Fire Authorities, published in April 2024. Timothy Buckle provided a brief overview of methodologies along with

main findings and concerns raised. It was noted and agreed by Lady Wilcox of the rise of parochial considerations rather than the Fire and Rescue areas.

RESOLVED THAT

- 12.1.1** The Commissioners note the content of the Governance of Fire and Rescue Authorities report, presented at the meeting by Audit Wales and the Authorities management response to the recommendations.

13. FORWARD WORK PROGRAMME FOR FINANCE AND AUDIT COMMITTEE

Gabrielle Greathead, Interim Monitoring Officer, presented the Work Programme.

Lisa Mullan wished to provide assurance that by March 2025 Capital and Revenue Monitoring Reports will be available as part of a precursor to financial year end.

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

Lady Wilcox wished to send condolences and best wishes to the Chief Fire Officer Fin Monahan and Assistant Chief Fire Officer Dean Loader following recent family bereavements.