

# COMMISSIONERS FOR FIRE & RESCUE SERVICE

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

**Friday 21 March 2025, 1030hrs**

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

**Or**

**Remotely via MS Teams <https://bit.ly/422AKQf>**

**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

Attendees 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
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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 THURSDAY, 19<sup>TH</sup> 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 20<sup>TH</sup> SEPTEMBER 2024

Lady Wilcox agreed the minutes from 20<sup>th</sup> 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 20<sup>th</sup> 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 31<sup>st</sup> 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 18<sup>th</sup> 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 passed through to councils which will come through to the Service.

Lady Wilcox wished to stress the importance of our partners in Local Government understanding why we request the funding and the assurance and safety South Wales Fire and 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 13<sup>th</sup> 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 continues 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 Service, Christian Hadfield, confirmed from an operational viewpoint he will be looking at a committee 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 with 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 24<sup>th</sup> 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.

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## AGENDA ITEM NO 5

<b>UPDATE ON OUTSTANDING ISSUES ARISING FROM PREVIOUS MEETINGS</b>
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**THE FINANCE AND AUDIT COMMITTEE  
HELD ON THURSDAY, 19<sup>TH</sup> DECEMBER 2024**

<b>Minute No</b>	<b>Item</b>	<b>Action</b>	<b>Leading Officer</b>	<b>Current Status:</b>
6	6.1	Letter to be drafted to NRW and signed by Lady Wilcox expressing concerns surrounding the delay of demolition starting, resulting in financial cost to the Service as a result.	Mike Davies, Property Strategy Manager	Correspondence has been sent to NRW on 20 December 2024 and a response was received on 30 December 2024.
10		Communication and Engagement Strategy to be completed within the next 3 months	Dominic Mika	

11	- -	Data resulting from recent changes to the speed limits across the region be collated and available if requested by Welsh Government	Christian Hadfield ACFO Dean Loader ACFO	Data Collected and available
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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 6  
21 MARCH 2025

FINANCE &amp; AUDIT COMMITTEE

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

The revenue monitoring report provides details of the annual revenue budget and associated information for the year ending 31 March 2025.

**RECOMMENDATIONS**

1. That the Commissioners for South Wales Fire and Rescue Service note and agree the report content.

**1. BACKGROUND**

- 1.1 The revenue budget for the year 1 April 2024 to 31 March 2025 was approved by the Board of Commissioners on 12 February 2024. This report presents an update on the actual transactions, commitments and forecasts since then.
- 1.2 Appendix 1 details the original and revised budget, transactions up to 31 December 2024, the forecast at 31 March 2025 and a variance analysis. Monitoring information is inclusive of grant transactions to provide a full financial picture.
- 1.3 Appendix 2 charts the budget variances reported at each Finance & Audit Committee (FAC) meeting, reconciling to the most recent position.
- 1.4 The reserves statement in Appendix 3 presents the impact on useable reserves and the forecast, and year-end position.
- 1.5 Appendix 4 details grant funded initiatives and the impact on the revenue budget.
- 1.6 Appendix 5 details unbudgeted and transformational expenditure.

## 2. ISSUE / PROPOSAL

- 2.1 The forecast exceeds the budget which has resulted in a projected overspend of £1.145 million for the year, compared to £1.658 million reported on 21 September 2024 (reduction of £513k).

The movement in this reporting period comprises of:

- £331k increased costs against employee budgets,
- £599k reduction of spend in non-employee areas, and
- £246k additional income.

These figures include a £371k Welsh Government (WG) grant awarded in January 2025 for 2024/25 pay pressures and £81k in HMICFRS funding for the recent HMRC audit.

- 2.2 The following highlights the most significant changes since the last forecast in September.

### 2.2.1 EMPLOYEE COSTS - £331k increase in overspend



Salary Expenditure £ 000's					
Salary Category	Forecast 20.09.24	Forecast 21.03.25	Variance	Movement of Costs	Actual Variance
WDS	37,461	37,136	324	- 371	- 47
Retained Fire Fighters	6,036	6,059	- 23		- 23
Auxiliary Reserve	359	331	28		28
Control Staff	1,530	1,453	77		77
Corporate	11,062	11,032	30		30
Comissioners Expenses	216	236	- 20		- 20
Overtime And Allowances	2,336	2,307	30		30
Apprentiship Levy	247	206	41		41
External Funding	1,163	1,702	- 539	371	- 168
<b>Total</b>	<b>60,409</b>	<b>60,462</b>	<b>- 53</b>	<b>-</b>	<b>- 53</b>

Pension Expenditure £ 000's			
Pension Category	Forecast 20.09.24	Forecast 21.03.25	Variance
Firefighter Er'S Contribution	11,186	11,327	- 141
Lgps Er'S Contribution	1,664	1,675	- 11
Lgps Stain Costs	41	41	-
FF III Health Pensions	1,179	1,315	- 136
<b>Total</b>	<b>14,069</b>	<b>14,358</b>	<b>- 288</b>

Travel £ 000's			
	Forecast 20.09.24	Forecast 21.03.25	Variance
Travel and Subsistence	445	435	10
<b>Total Employee Costs</b>	<b>74,924</b>	<b>75,255</b>	<b>- 331</b>

### Salaries increase in forecast of £53k:

- £371k awarded from WG for pay awards – movement of costs from wholtime duty system (WDS) to externally funded salaries to match funding.
- Increase of £168k within externally funded projects due to a £54k increase in Fleet salaries to replace the long-term capability management (LTCM) contract with Babcock for National Resilience. Increase also includes £88k for a new secondment for Merseyside FRS (funding received to cover costs).

### Pensions increase in forecast of £288k:

- £152k increase for the Fire Fighter and Local Government (LGPS) Pension Schemes - 40 new retirements / leavers from the scheme and 70 new members joining the scheme.

- £136k increase in ill health retirement costs were mainly due to one-off payments totalling £92k made in October.

#### 2.2.2 PREMISES COSTS - £157k decrease in overspend

- Internal cleaning has increased by £78k following the UK Government's decision to increase the living wage since budget setting.
- £63k reduction in forecast for wider area network (WAN) and mobile phone costs due to less phones issued to new staff and decreasing prices for WAN.
- Energy forecast has been reduced by £166k due to decreases in gas prices year-on-year and an overall decrease in electricity consumption.

#### 2.2.3 TRAINING - £37k increase in underspend

- Learning & Development have made an additional saving of £37k, this is due primarily to the executive learning programme (ELP) budget being unspent this year due to no successful candidates.

#### 2.2.4 SUPPLIES AND SERVICES - £263k decrease in overspend

- Equipment repair and maintenance (hydrants) has increased by £137k due to the increased number of hydrant repairs by Welsh Water. Welsh Water has been working to address a backlog which has led to higher costs for the year.
- Externally funded project expenditure has reduced by £345k.
  - £130k previously classified as revenue expenditure has been reclassified to capital expenditure, for specialist equipment relating to National Resilience (NR) and Marauding Terrorist Attack (MTA) projects.
  - Decrease in LTCM expenditure of £228k due to the end of the contract with Babcock.

#### 2.2.5 TRANSPORT - £193k increase in underspend

- £232k previously classified as revenue expenditure, has been reclassified to capital expenditure for a box lorry for Urban Search and Rescue (USAR).

### 2.2.6 **CONTRACTED SERVICES - £80k increase in overspend**

- Legal consultancy costs increased by £56k, due to additional spending on employment contract matters including employment tribunals.
- HR Consultancy costs have increased by £45k for external investigative work conducted by Narrowquay due to unavailable internal resources.
- The pension service level agreement spend has increased by £113k due to the administration complexities required to implement the McCloud Remedy.
- Increased costs have been offset by a £126k reduction in occupational health costs after a reassessment of employee requirements.

### 2.2.7 **CAPITAL COSTS - £29k decrease in overspend**

- £36k reduction in MRP caused by rescheduling the repayment of the borrowing.

### 2.2.8 **INCOME - £213k additional funds**

- Other income has gone up by £65k. This includes a £45k improvement in bank interest received due to closer monitoring of cashflow balances to maximise interest from deposit accounts.
- Externally funded project income has increased by £148k which includes:
  - £371k WG grant for 2025/26 pay pressures,
  - £81k from HMICFRS for the HMRC Audit,
  - £89k secondment funding for Merseyside FRS, less
  - £362k from the reclassification to capital expenditure funding.

## 3. **IMPLICATIONS**

- 3.1 An overall projected overspend on the revenue budget equating to £1.145 million with authorised reserve funding of £2.085 million.

The costs identified to be funded from reserves are as follows:

- £1.145 million Change Management,
- £243k Equipment Renewal, and
- £100k for the final year lease costs for the Joint Public Services Centre.

### **3.1.1 Community and Environment**

The revenue budget funds the running costs of South Wales Fire and Rescue Service, to allow the Service to provide response, protection and education work within our communities.

### **3.1.2 Regulatory, Strategy and Policy**

The Combination Scheme Order 1995 sets out how the Service will be funded and CIPFA codes of practice set out expectations for financial management of public finances.

### **3.1.3 Resources, Assets and Delivery**

Explanations are set out within the body of this report.

## **4. EVALUATION & CONCLUSIONS**

- 4.1 The overall net revenue expenditure for year is £101 million and this includes costs associated with grant funding. Local Authority funding for the year and grants, equate to £95.8million and £2.6 million respectively, resulting in a £1.1 million overspend, with £2.1 million to be funded from reserves.

## **5. RECOMMENDATIONS**

- 5.1 That the Commissioners for South Wales Fire and Rescue Service note and agree the report content.

<b>Contact Officer:</b>	Lisa Mullan Head of Finance, Procurement & Property	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
Capital Monitoring Report Online (CP) budget reports Cost profile information	2024/25	Head of Finance, Property & Procurement

<b>Appendices</b>	
Appendix 1	Revenue Monitoring 2024/25 (21.03.2025)
Appendix 2	Variances to Date 2024/25 (21.03.2025)
Appendix 3	Reserve Statement 2024/25 (21.03.2025)
Appendix 4	Grant Monitoring Report 2024/25 (21.03.2025)
Appendix 5	Revenue Costs to be met from Reserves 2024/25 (21.03.2025)

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# REVENUE MONITORING REPORT 2024/25

## Appendix 1: Revenue Monitoring 2024/25 (21.03.2025)

### SOUTH WALES FIRE & RESCUE SERVICE

#### BUDGET MONITORING 2024/25

	Original Budget 2024/25 £	Revised Budget (vired budget) 2024/25 £	Original Revenue Grant Funding 2024/25 £	Total Revenue Budget 2024/25 £	Actual Spend at 31.12.24 £	Revenue Forecast at 31.03.25 £	Over/Under Spend Against Revised Budget £	Over/Under Spend %
<b>Employee Costs</b>								
Salaries, NI & superann.	72,280,389	72,280,389	1,125,060	73,405,450	54,194,999	73,505,144	-99,694	-0.1%
Pensions (ill health)	962,724	962,724	0	962,724	662,931	1,314,740	-352,016	-0.4%
Travel and Subsistence	426,000	426,000	10,005	436,005	297,742	435,202	803	0.0%
<b>Total Employee Costs</b>	<b>73,669,113</b>	<b>73,669,113</b>	<b>1,135,065</b>	<b>74,804,178</b>	<b>55,155,671</b>	<b>75,255,086</b>	<b>-450,907</b>	<b>-0.5%</b>
<b>Premises Related Expenses</b>	7,174,457	7,274,457	0	7,274,457	3,945,618	7,695,231	-420,774	-0.4%
<b>Training Expenses</b>	1,834,599	1,834,599	34,647	1,869,246	330,058	1,821,750	47,496	0.0%
<b>Supplies &amp; Services</b>	5,845,524	5,845,524	1,061,085	6,906,609	5,123,850	7,120,436	-213,827	-0.2%
<b>Transport Related Expenses</b>	1,724,590	1,724,590	233,980	1,958,570	1,137,591	1,690,825	267,745	0.3%
<b>Third Party Payments (Contracted Services)</b>	1,352,970	1,352,970	0	1,352,970	972,538	1,915,451	-562,481	-0.6%
<b>Capital costs / leasing</b>	5,305,190	5,205,190	0	5,205,190	573,390	5,279,817	-74,627	-0.1%
<b>Contingency</b>	0	0	0	0	0	0	0	0.0%
<b>Total Expenditure</b>	<b>96,906,443</b>	<b>96,906,443</b>	<b>2,464,777</b>	<b>99,371,220</b>	<b>67,238,717</b>	<b>100,778,595</b>	<b>-1,407,375</b>	<b>-1.5%</b>
<b>Income</b>								
Employee Related	-101,687	-101,687	0	-101,687	-57,323	-73,904	-27,783	0.0%
Lease Car Contributions	-100,500	-100,500	0	-100,500	-59,061	-74,061	-26,439	0.0%
Co-Location Re-imburement	0	0	0	0	0	0	0	0.0%
Other Income	-864,016	-864,016	0	-864,016	-470,139	-1,032,007	167,991	0.2%
<b>Total Income</b>	<b>-1,066,203</b>	<b>-1,066,203</b>	<b>0</b>	<b>-1,066,203</b>	<b>-586,523</b>	<b>-1,179,972</b>	<b>113,769</b>	<b>0.1%</b>
<b>NET BUDGET / FORECAST 2024/25</b>	<b>95,840,240</b>	<b>95,840,240</b>	<b>2,464,777</b>	<b>98,305,017</b>	<b>66,652,194</b>	<b>99,598,624</b>	<b>-1,293,606</b>	<b>-1.3%</b>
Local Authority Contributions	-95,840,240	-95,840,240	0	-95,840,240	-31,946,757	-95,840,240	0	0.0%
External Funding (WG)	-2,464,777	0	-2,464,777	-2,464,777	-1,157,594	-2,613,275	148,498	0.2%
<b>OVERALL REVENUE OVER / UNDERSPEND</b>						<b>-1,145,109</b>		

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# REVENUE MONITORING REPORT 2024/25

## Appendix 2: Variances to Date 2024/25 (21.03.2025)

**SOUTH WALES FIRE & RESCUE SERVICE**  
**REVENUE BUDGET MONITORING 2024/25**

	Original Budget 2024/25 £	Original Revenue Grant Funding 2024/25 £	Revised Overall Budget (inc vired budget) 2024/25 £	Forecast 20.09.24 £	Forecast 31.03.25 £	* Variance reported at 20.09.24 to Revised Budget	** Variance reported at 21.03.25 to 20.09.24	Cumulative Variances against Revised Budget	Summary on variances previously reported
<b>Employee Costs</b>									
Salaries, NI & superann.	72,280,390	1,125,060	73,405,450	73,299,739	73,505,144	105,712	-205,406	-99,694	* Pay award 1% higher than anticipated - resulting in an increase in salary costs of £272k ** £152k increase in Fire Fighter and LGPS Pension Schemes and £136k increase in ill-health retirements (£92k one off payments in October)
Pensions (ill health)	962,724	0	962,724	1,178,828	1,314,740	-216,104	-135,912	-352,016	
Travel and Subsistence	426,000	10,005	436,005	445,184	435,202	-9,179	9,982	803	
<b>Total Employee Costs</b>	<b>73,669,113</b>	<b>1,135,065</b>	<b>74,804,179</b>	<b>74,923,750</b>	<b>75,255,086</b>	<b>-119,572</b>	<b>-331,336</b>	<b>-450,907</b>	
<b>Premises Related Expenses</b>	<b>7,174,457</b>	<b>0</b>	<b>7,174,457</b>	<b>7,852,627</b>	<b>7,695,231</b>	<b>-678,171</b>	<b>157,396</b>	<b>-520,774</b>	* £507k additional Firelink charges plus £63k additional BT costs ** £78k increase in cleaning (Living Wage increases), £63k reduction in WAN and mobile phone costs. Energy forecast reduced by £166k
<b>Training Expenses</b>	<b>1,834,599</b>	<b>34,647</b>	<b>1,869,246</b>	<b>1,858,817</b>	<b>1,821,750</b>	<b>10,429</b>	<b>37,067</b>	<b>47,496</b>	** ELP budget unspent this year due to no successful candidates
<b>Supplies &amp; Services</b>	<b>5,845,524</b>	<b>1,061,085</b>	<b>6,906,609</b>	<b>7,382,886</b>	<b>7,120,436</b>	<b>-476,277</b>	<b>262,450</b>	<b>-213,827</b>	* £200k IT Back Up system, £72k JFC annual licences and additional £140k for ERP ** £137k increase for hydrant repairs (Welsh Water backlog catch-up) plus £345k reduction in spend for externally funded projects. £130k previously classified to revenue, moved to capital for specialist equipment for NR/ MTA and savings of £228k - Babcock contract termination
<b>Transport Related Expenses</b>	<b>1,724,590</b>	<b>233,980</b>	<b>1,958,570</b>	<b>1,883,998</b>	<b>1,690,825</b>	<b>74,572</b>	<b>193,173</b>	<b>267,745</b>	* wider use of hybrid vehicles driving costs down ** £232k, previously classified as revenue expenditure, moved to capital expenditure for a box lorry for USAR
<b>Third Party Payments (contracted services)</b>	<b>1,352,970</b>	<b>0</b>	<b>1,352,970</b>	<b>1,835,107</b>	<b>1,915,451</b>	<b>-482,137</b>	<b>-80,344</b>	<b>-562,481</b>	* £322k inspection services (HMICFRS) ** Increases of £56k - employment tribunals, £68k - external HR contracts due to staff capacity and £113k increase for McCloud Remedy. Offset by £126k reductions in Occupational Health due to reassessment of employee requirements
<b>Capital costs / leasing</b>	<b>5,305,190</b>	<b>0</b>	<b>5,305,190</b>	<b>5,308,701</b>	<b>5,279,817</b>	<b>-3,512</b>	<b>28,885</b>	<b>25,373</b>	* Joint Control Operating Lease to be funded in Year 8 ** £36k reduction in MRP due to rescheduling the repayment of the borrowing
<b>Total Employee Costs</b>	<b>23,237,330</b>	<b>1,329,712</b>	<b>24,567,042</b>	<b>26,122,137</b>	<b>25,523,509</b>	<b>-1,555,095</b>	<b>598,627</b>	<b>-956,468</b>	
<b>Income</b>	<b>-99,371,220</b>	<b>0</b>	<b>-99,371,220</b>	<b>-99,387,804</b>	<b>-99,633,487</b>	<b>16,584</b>	<b>245,682</b>	<b>262,267</b>	** £45k improvement of bank interest due to close monitoring to maximise interest from deposit accounts. WG grant for pay pressures of £371k and £81k funding from HMICFRS for HMIC audit; reduced by movement of £262k to capital
<b>CONTRIBUTION BUDGET 2024/2025</b>	<b>-2,464,777</b>	<b>2,464,777</b>	<b>0</b>	<b>1,658,083</b>	<b>1,145,109</b>	<b>-1,658,082</b>	<b>512,974</b>	<b>-1,145,109</b>	

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## Appendix 3 REVENUE MONITORING REPORT 2024/25 Reserve Statement 2024/25 (21.03.2025)

APPENDIX 3
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Reserve	Purpose and Control	Balance at year start	Transfers in and (out)	Balance at year end	Variations arising between budgeted and actual levels of reserves
<b>General</b>	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
<b>Managed under spends</b>	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-43,646	0	-43,646	Spending against carry forward requests within revenue
<b>Change Management</b>	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-3,438,338	-242,968 -100,000 1,145,109	-3,061,623	Equipment renewals spending transferred from reserve Annual Joint Control lease costs Revenue over / underspend
<b>Carbon Reduction</b>	Costs to achieve aims set out in the Carbon Delivery Plan 2020-2030.	-3,000,000	0	-3,000,000	Carbon Reduction spend
<b>Equality, Diversity &amp; Inclusion</b>	Costs to support the framework to promote in-house equality, diversity and good practice.	-2,000,000	0	-2,000,000	EDI spend
<b>Equipment Renewals</b>	To level out cost variances in the required annual provisions for replacement.	-1,981,869	242,968	-1,738,901	Equipment renewals spend
<b>PFI Equalisation</b>	To meet future costs of the Training Centre PFI project	-2,726,779	320,823	-2,405,956	Current figures which may change slightly with indexation
<b>Capital Receipts</b>	To meet costs of the capital programme. Reserve applied as receipts are generated	0	0 0	0	All capital receipts received in year will be used to fund capital expenditure
<b>Joint Control Lease Reserve</b>	To meet the lease costs over an eight year period (from 2017/18)	-100,000	100,000	0	Annual Joint Control lease costs
<b>Firelink CMA</b>	Established due to a national issue with Airwave charges in the final quarter of the 2023/24 year and potential repayment.	-425,425	425,425	0	Transferred from Change Management Reserve
<b>TOTAL</b>		<b>-16,716,057</b>	<b>1,465,932</b>	<b>-15,250,125</b>	

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## REVENUE MONITORING REPORT 2024/25

### Appendix 4 : Grant Monitoring Report 2024/25 (21.03.2025)

SOUTH WALES FIRE & RESCUE SERVICE  
REVENUE GRANT REPORTING 2024/25

	Home Fire Safety Stock	Young People Interventions	Go Safe Project - Operation Ugain	NATIONAL RESILIENCE	MTA	USAR	FBU	MERSEYSIDE FRS	CIRCULAR ECONOMY	FF APPRENTICE	CYBER TRAINING	TRAINING LAPTOPS	ENERGY EFFICIENCY	HMICFRS	FRS PAY PRESSURES	NWFRS Pension Advisor	Total	
<b>Employee Costs</b>																		
Salaries, NI & superann.	0.00	124,748.51	26,043.63	409,400.15	87,778.71	264,433.90	57,555.51	106,596.48	0.00	220,241.48	0.00	0.00	0.00		371,453.00	33,764.82	1,702,016.19	
Travel & Subs	0.00	1,255.00	0.00	3,462.76	1,996.26	16.28	0.00	570.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	559.32	7,860.01	
<b>Premises Related Expenses</b>	0.00	0.00	0.00	0.00	0.00	901.41	0.00	0.00	11,134.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,036.11
<b>Training Expenses</b>	0.00	0.00	0.00	33,419.00	0.00	4,350.00	0.00	0.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	0.00	0.00	44,369.00
<b>Supplies &amp; Services</b>	403,277.90	0.00	0.00	319,410.70	37.37	5,874.95	0.00	0.00	0.00	0.00	0.00	45,000.00	0.00	0.00	0.00	0.00	0.00	773,600.92
<b>Transport Related Expenses</b>	0.00	0.00	0.00	52,526.33	0.00	1,266.15	0.00	624.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,417.21
<b>Third Party Payments (Contracted Services)</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	81,250.00	0.00	0.00	0.00	81,250.00
<b>Total Expenditure</b>	403,277.90	126,003.51	26,043.63	818,218.94	89,812.34	276,842.69	57,555.51	107,791.60	11,134.70	220,241.48	6,600.00	45,000.00	0.00	81,250.00	371,453.00	34,324.14	2,675,549.44	
<b>Other/ Additional Income</b>	0.00	0.00	0.00	-57,102.07	0.00	0.00	-30,197.28	-88,795.47	0.00	-11,503.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-187,597.92
<b>Grant Income</b>	-372,500.00	-111,300.00	-26,043.63	-896,933.22	-99,708.05	-287,202.05	-27,358.23	-18,996.13	-11,134.70	-208,738.38	-6,600.00	-45,000.00	0.00	-81,250.00	-371,453.00	-17,530.90	-2,581,748.29	
<b>Reduced Grant Income</b>	0.00	0.00	0.00	135,816.35	9,895.71	10,359.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	156,071.42
<b>(Under)/Overspend to be transferred to Revenue</b>	30,777.90	14,703.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,793.24	62,274.65	

- **Home Fire Safety Stock** – overspend will be covered by a reduction in Home Fire Safety Stock internally
- **Young People Interventions Grant** – funding awarded on an All Wales basis, costs are not fully recoverable
- **NWFRS Pension Advisor** – 50% of costs covered only

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**REVENUE MONITORING REPORT 2024/25**  
**Appendix 5: Revenue Costs to be met from Reserves (21.03.2025)**

	2023/24 Outturn	2024/25								
	WG Commissioners	Earmarked Reserved Funding		WG Commissioners		Transformational Change		Additional Service Delivery		Forecast to 31.03.25
		Actuals	Forecast	Actuals	Forecast	Actuals	Forecast	Actuals	Forecast	
Salaries Costs	54,853	78,667	104,747	177,252	270,570	121,182	261,109	190,338	274,116	910,542
Superannuation	553	11,800	16,759	553	8,794	21,581	33,274	30,454	43,859	102,686
Travel & Subs	1,124	740	987	11,831	15,775	2,281	3,041	0	0	19,803
<b>Total Employee Costs</b>	<b>56,530</b>	<b>91,207</b>	<b>122,493</b>	<b>189,636</b>	<b>295,138</b>	<b>145,044</b>	<b>297,425</b>	<b>220,792</b>	<b>317,975</b>	<b>1,033,031</b>
Premises Related Expenses	0	0	425,425	0	0	2,130	2,130	0	0	427,555
Training Expenses	0	0	0	395	395	0	0	0	0	395
Supplies & Services	0	140,509	242,968	4,283	4,307	0	0	0	0	247,276
Third Party Payments (Contracted Services)	12,000	0	100,000	30,527	357,421	513	513	0	0	457,934
External funding received					-81,250					-81,250
<b>Total</b>	<b>68,530</b>	<b>231,717</b>	<b>890,886</b>	<b>224,840</b>	<b>576,012</b>	<b>147,687</b>	<b>300,068</b>	<b>220,792</b>	<b>317,975</b>	<b>2,084,940</b>

68,530 Total WG Commissioners spend for 2023/24  
 576,012 Total WG Commissioners forecast spend for 2024/25  
644,541 Cumulative WG Commissioners Spend

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 7  
21 MARCH 2025

FINANCE &amp; AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT &amp; PROPERTY

**CAPITAL MONITORING REPORT 2024/25****THIS REPORT IS FOR DECISION**REPORT APPROVED BY HEAD OF FINANCE, PROCUREMENT &  
PROPERTY, LISA MULLANREPORT PRESENTED BY HEAD OF FINANCE, PROCUREMENT &  
PROPERTY**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 the Commissioners note the budget and progress of capital schemes, approve alterations identified in Appendix 1 and associated movements in funding.

**1. BACKGROUND**

- 1.1 This report provides an update on the significant changes affecting the capital budget since the Finance and Audit Committee on 20 December 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 The total budget (2023/24 slippage & 2024/25 budget) is £19.4 million. Set against this are the forecast outturn position, budget overspend, and slippage of £11.9 million, £2.2 million, and £9.7 million, respectively. Since the previous report, the forecast has increased by £0.6 million, which predominantly relates to the On-Call Duty System (OCDS) Station Project.

- 1.4 Appendix 2 details grant-funded investment schemes.
- 1.5 The following narrative supports the above position in greater detail.

## 2. ISSUE/PROPOSAL

### 2.1 Property

The overall budget for property investment during the year is £13.3m. Forecast expenditure is £4.5m, and current slippage is £9.1m, resulting in a net overspend of £0.3m. The individual projects contributing to this position are detailed in Appendix 1. The net overspend primarily relates to Drill Towers and grant-funded projects, for which grant-funding of £657k has been obtained.

More details on changes since the last monitoring report are provided below.

#### 2.1.1 New Inn Station - **£23k decrease**

Most of the budget (£6.5m) has slipped into 2025/26. Crews have been decanted from the old to the temporary site.

Demolition on the main site has commenced, and the internal strip-out is complete. The remaining demolition is on hold due to National Resources Wales (NRW) planning conditions requiring discharge before resuming works. This is likely to result in a 6-week delay. It is anticipated that work will recommence in March.

#### 2.1.2 Pontyclun - **£49k decrease**

The project is currently on hold pending a strategic review of contamination facilities and due to capacity restraints within the property team to deliver works – the remaining budget has been slipped to 25/56.

#### 2.1.3 On-Call Duty System (OCDS) Station Project - **£865k increase**

The forecast has increased by £865k for this project, reducing the budget slipped into 25/26 to £187k. The average cost per station has increased due to market conditions and complexity of projects.

The forecast covers the construction of four stations:

- Treorchy – started 23/24 but completed in Jun-24. The main contractor costs were £1.1m. Cost were higher due to asbestos removal.
- Gilfach Goch – Completed Nov-24. The main contractor costs were £0.8m.
- Ferndale – Completed Nov-24. The main contractor costs were £0.8m.

- Abercynon – In progress. Originally scheduled for 25/26, construction started Jan-25. The main contractor costs are £1.0m. Costs higher due to more complex drainage, larger site requiring additional materials.

In addition, forecast costs include associated fees, fixtures and fittings and any auxiliary works that sit outside the main contract.

Commissioners are aware that individual projects have an approximate 26-week timeline, so the remaining budget has been slipped into 25/26 to continue this work.

#### 2.1.4 Equality, Diversity & Inclusion – **no change**

Grant funding of £87k has been obtained from the Welsh Government to fund this capital project.

#### 2.1.5 Cardiff Gate - Decontamination Project - **£51k increase**

A temporary facility has been installed, with a plan for a permanent build over the next two years which is linked to the contamination strategy across the portfolio. The forecast has increased by £51k since previous reporting, based on actual costs of hiring/purchasing shower block units.

#### 2.1.6 Drill Towers – **£161k decrease**

The planned demolition of Abercynon, Pontyclun, and Monmouth towers has gone ahead. However, the forecast has decreased as delays to planning consents meant that the order for replacement towers could not be placed until the issues were resolved. The long lead time for these orders means the remaining costs will be incurred in 25/26.

#### 2.1.7 Electric Vehicle Charging Infrastructure - **£60k decrease**

A £288k overspend is funded by grants to improve our electric vehicle charging infrastructure at six 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
- Tonypandy Station
- Aberbargoed Station
- Aberdare Station

This forecast has decreased by £60k as the original estimated costs included VAT, which is not a cost to service.

### 2.1.8 Low Carbon Heat - **£195k increase**

A £195k overspend is fully funded by grants secured to introduce heat pumps to Blaenavon, Ogmore Vale and Abersychan.

## 2.2 **Vehicle Replacement Programme (VRP)**

The overall budget is £5.4m, forecast expenditure is £6.9m, and current slippage is £0.2m, resulting in a net overspend of £1.7m.

£1.3m of the overspend relates to the purchase of National Resilience (NR) vehicles, which are wholly grant-funded. In addition, grant funding has been received for the wildfire unit (£103k) and partial funding of £87k towards electric vans and operational estate cars.

### 2.2.1 Water Ladders (WL) - **£84k decrease**

Fourteen water ladders, relating to the 23/24 and 24/25 vehicle replacement plans have been delivered. The forecast has decreased as additional costs for adjustments were less than anticipated.

### 2.2.2 Vans/Ops Estate Cars - **£33k decrease**

Orders have been placed for the remaining eleven electric vehicles, with delivery expected before the end of the financial year. The forecast has been reduced based on actual costings being less than anticipated. While there is a net overspend of £34k against budget, grant funding of £87k towards these zero-emission vehicles has been secured, fully funding this overspend.

### 2.2.3 Light Utility 4WD - **£125k decrease**

First-stage payments have been made for four welfare vehicles following the completion of the chassis. Two vehicles are expected to be delivered before year-end; however, the remaining two will be completed in 25/26 and additional funding will be required from 25/26 budget to complete.

### 2.2.4 Wildfire Unit – **No change**

Grant funding of £103k has been obtained from the Welsh Government to fund this vehicle fully.

### 2.2.5 Grant-funded vehicles - **£214k increase**

Forecast for National Resilience (NR) Prime Movers has increased as a grant of £228k was secured to fund two further chassis and a telehandler debris remover attachment.

## 2.3 ICT

The overall budget available for ICT investment in the year was £243k. The forecast expenditure is £168k, with a £102k slippage in 25/26. This results in a £26k overspend.

Forecast expenditure has been reduced by £75k since previous reporting. This is due to the slippage of the Servers projects (£34k) into 25/26 due to the availability of an external contractor and the NetScaler Replacement Project (£67.5k), which is currently on hold while the strategy for Citrix is reviewed. This is partially offset by £26k expenditure on the Wireless LAN controllers, which was unbudgeted.

## 2.4 Joint Public Service Control (JPSC)

This budget relates to the Vision Hardware Refresh at our shared Joint Public Service Centre (JPSC). Since previous reporting, this year's forecast has decreased by 125k to £244k, with £135k slipping into 25/26. The £379k total forecast is the cost before any sharing arrangement, which is a 50/50 split with MWWFRS. £124k is expected to be received by the end of the year, with £68k being received next year.

The £120k overspend will be serviced from the above joint sharing arrangement, and the project will be £70k underspent.

## 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 £11.9m and slippage of £9.7m result in a net £2.2m overspend. Gross overspends of £2.5m are offset by £0.3m of underspends and £2.4m additional funding, some of which is grant funding received after budget setting and the remaining amount being part of a cost-sharing arrangement with MWWFRS. This results in a £0.2m true underspend.

The above is analysed by project as follows:

CAPITAL SCHEME	Over spend	Grant/ Joint Funding	Under spend	Addition to budget
MONMOUTH			324	324
EQUALITY, DIVERSITY & INCLUSION (part grant funded)		87		87
CARDIFF GATE DECONTAMINATION	-101	87		-14
DRILL TOWERS	-89			-89
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE (grant funded)	-288	288		0
LOW CARBON HEAT (grant funded)	-195	195		0
TRUCK (SLIDE DECK / CRANE)	-47			-47
WATER LADDERS	-171			-171
VAN/OPS ESTATE CAR (part grant funded)	-34	87		53
LIGHT UTILITY 4WD	-3			-3
WILDFIRE UNIT (grant funded)	-9	103		94
LIGHT UTILITY 4WD	-52			-52
LADDERS			4	4
FORKTRUCK	-3			-3
NATIONAL RESILIENCE PRIME MOVERS (grant funded)	-1,254	1,254		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)	-45	45		0
WIRELESS LAN CONTROLLERS	-28			-28
END USER COMPUTER REPLACEMENT			1	1
WIRELESS ACCESS POINTS			1	1
JOINT CONTROL	-120	122		2
<b>TOTAL</b>	<b>-2,535</b>	<b>2,364</b>	<b>329</b>	<b>158</b>

### 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 affordable limits for capital investment and links the capital and revenue budgets to provide an overview of the Services' finances.

### 3.4 Resources, Assets and Delivery

The impacts on the budget are reported in the main body of this report.

#### 4. EVALUATION & CONCLUSION

- 4.1 The total capital investment for the year is forecast at 11.9m and will be funded through borrowing (internal and external), contributions from partners, grants, a revenue contribution, and capital receipts.

#### 5. RECOMMENDATIONS

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

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

<b>Appendices</b>	
Appendix 1	Capital Monitoring 2024/25 (21.03.2025)
Appendix 2	Grant Monitoring 2024/25 – Capital (21.03.25)

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# CAPITAL MONITORING 2024 / 2024

## Appendix 1

**CAPITAL PROGRAMME 2024/25**

APPENDIX 1

	Project Total £000	SLIPPAGE B/F 2023/24 £000	2024/25 BUDGET £000	ACTUAL AS AT 21.01.25 £000	COMMITTED AS AT 21.01.25 £000	OUTTURN POSITION 31.03.25 £000	BUDGET UNDER/ OVER SPEND £000	SLIPPAGE C/F 2025/26 £000
<b>PROPERTY</b>								
<b>STATION REFURBISHMENTS</b>								
MONMOUTH	600	326	0	1	0	1	324	0
NEW INN	3,800	5,406	2,000	736	6,102	939	0	6,467
PONTYCLUN	1,100	0	50	0	1	1	0	49
PENARTH	3,250	202	2,000	154	35	173	-0	2,029
ON-CALL (OCDS) STATION PROJECT	1,850	1,312	1,500	2,095	54	2,625	-0	187
EQUALITY, DIVERSITY & INCLUSION (part grant funded)	0	227	250	93	0	100	0	377
CARDIFF GATE DECONTAMINATION PROJECT (part grant funded)	0	0	0	70	14	101	-101	0
DRILL TOWERS	0	0	0	54	0	89	-89	0
ELECTRIC VEHICLE CHARGING INFRASTRUCTURE (grant funded)	348	0	0	0	0	288	-288	0
LOW CARBON HEAT (grant funded)	195	0	0	0	0	195	-195	0
	<b>11,143</b>	<b>7,473</b>	<b>5,800</b>	<b>3,204</b>	<b>6,206</b>	<b>4,513</b>	<b>-349</b>	<b>9,109</b>
<b>VEHICLES</b>								
RECOVERY TRUCK (SLIDE DECK / CRANE)	150	150	0	197	0	197	-47	0
WATER LADDERS	3,975	1,833	2,142	4,145	0	4,145	-171	0
VAN/OPS ESTATE CAR (part grant funded)	389	234	155	423	0	423	-34	0
LIGHT UTILITY 4WD	0	482	0	409	250	534	-52	0
WILDFIRE UNIT (grant funded)	100	100	0	103	0	103	-3	0
RESCUE BOAT	30	30	0	39	0	39	-9	0
WATER CARRIER	200	200	0	0	0	0	0	200
LADDERS	75	0	75	60	11	71	4	0
FORKTRUCK	45	0	45	0	0	48	-3	0
NATIONAL RESILIENCE PRIME MOVERS (grant funded)	600	0	0	587	440	1,254	-1,254	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
	<b>5,844</b>	<b>3,029</b>	<b>2,417</b>	<b>5,964</b>	<b>701</b>	<b>6,851</b>	<b>-1,606</b>	<b>200</b>
<b>EQUIPMENT</b>								
PPV Fans	195	0	195	0	0	42	0	153
DIM EQUIPMENT UPLIFT (grant funded)	60	0	0	10	0	60	-60	0
MTA EQUIPMENT UPLIFT (grant funded)	70	0	0	0	0	45	-45	0
	<b>325</b>	<b>0</b>	<b>195</b>	<b>11</b>	<b>0</b>	<b>147</b>	<b>-105</b>	<b>153</b>
<b>ICT</b>								
WIRELESS LAN CONTROLLERS	450	0	0	28	0	28	-28	0
END USER COMPUTER REPLACEMENT	450	13	0	12	0	12	1	0
SERVERS AND STORAGE REPLACEMENT	150	27	0	-0	0	0	0	27
SERVER SOFTWARE UPGRADE	150	7	0	-0	0	0	0	7
WIRELESS ACCESS POINTS	40	41	0	20	21	41	1	0
SCREEN REPLACEMENT	150	0	75	0	0	75	0	0
NETSCALER REPLACEMENT	80	0	80	13	0	13	0	68
	<b>1,470</b>	<b>88</b>	<b>155</b>	<b>72</b>	<b>21</b>	<b>168</b>	<b>-26</b>	<b>102</b>
JOINT PUBLIC SERVICE CONTROL (JPSC) ( joint scheme)	675	124	135	33	303	244	-120	135
<b>TOTAL</b>	<b>18,782</b>	<b>10,714</b>	<b>8,702</b>	<b>9,284</b>	<b>7,231</b>	<b>11,923</b>	<b>-2,206</b>	<b>9,699</b>

**FUNDING ANALYSIS**

BORROWING	9,302
JOINT CONTRIBUTIONS (jpsc)	123
REVENUE CONTRIBUTION	200
CAPITAL GRANT	2,242
CAPITAL RECEIPTS	56
	<b>11,923</b>

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**GRANT MONITORING 2024/25 – CAPITAL**  
**Appendix 2**

	CAPITAL
<b><u>Vehicles</u></b>	
<i>Prime Mover Replacement Programme x 3</i>	586,779
<i>Prime Mover Replacement Programme (Chassis x 6)</i>	660,000
<i>Telehandler Debris Remover Attachment</i>	7,500
<i>DIM Lite Vehicle &amp; Equipment</i>	31,431
<i>Electric Vehicle x 1</i>	3,700
<i>Zero Emission Vehicles</i>	86,917
<i>Wildfire Unit</i>	103,246
<b><u>Equipment</u></b>	
<i>MTA Equipment Uplift</i>	60,000
<i>DIM Equipment Uplift</i>	45,104
<b><u>Property</u></b>	
<i>EVCI (Electric Vehicle Charging Infrastructure)</i>	287,809
<i>Low Carbon Heat</i>	195,283
<i>ED&amp;I</i>	86,877
<i>CG Decontamination Project</i>	86,877
<b>Total</b>	<b>2,241,524</b>

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE SERVICE**

AGENDA ITEM NO 8  
21 MARCH 2025

FINANCE & AUDIT COMMITTEE

REPORT OF THE TREASURER

**TREASURY MANAGEMENT STRATEGY 2025/26****THIS REPORT IS FOR DECISION**

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

**SUMMARY**

The Annual Treasury Management Strategy Statement and associated information is required to be approved in advance of the new financial year.

The strategy provides the necessary framework from which officers will manage treasury activities.

**RECOMMENDATIONS**

1. It is recommended that the Commissioners note and approve the following:

- The Treasury Management Strategy Statement (TMSS)
- Capital / Prudential indicators
- Minimum Revenue Provision (MRP) policy
- Borrowing strategy
- Treasury indicators and limits
- Annual Investment Strategy (AIS)
- The Treasurer to update strategies / policies as necessary

**1. BACKGROUND**

- 1.1 The Board of Commissioners are required to approve in advance of each financial year its governance arrangements for treasury management activities. Detailed explanations of what these are, are contained in Appendix 1.
- 1.2 This report is first of three statutory reports to Commissioners in respect of the 2025/26 financial year and sets the scene for subsequent reporting and performance measurement.

### 1.3 The TMSS covers two main areas:

- Capital investment
- Treasury management

This report and the attached information are designed to meet the requirements of the Local Government Act 2003, Welsh Government Investment Guidance and MRP Guidance, the CIPFA Prudential and Treasury Management Codes 2021.

## 2. ISSUE / PROPOSAL

- 2.1 The purpose of this report is for Commissioners to consider and have oversight of the treasury management activities required to ensure adequate liquidity and that longer-term capital planning is prudent, sustainable, and affordable.

## 3. IMPLICATIONS

Appendix 1 contains the Service's TMSS, MRP and AIS for 2025/26.

### 3.1 Community and Environment

The approval of the TMSS provides the control framework within which officers can operate to ensure that as far as possible the costs of borrowing are minimised, investment opportunities are maximised, and adequate liquidity is maintained so that payments can be made when they fall due. Such activities are undertaken whilst ensuring risk is kept to a minimum.

This ensures that the Service is able to fund day-to-day working capital and longer-term capital expenditure at a minimum cost, to allow the Service to provide response, protection and education work within our communities.

### 3.2 Regulatory, Strategy and Policy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services,
- an overview of how the associated risk is managed, and
- the implications for future financial sustainability.

The aim of the strategy is to ensure that the Board of Commissioners understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

The TMSS sets affordable limits for capital investment and links the capital and revenue budgets to provide an overview of the Services' finances.

### **3.3 Resources, Assets and Delivery**

Expected capital expenditure, costs of financing and borrowing levels are reported in Appendix 1.

## **4. EVALUATION & CONCLUSIONS**

The Service is under borrowed per the capital financing requirement (CFR) prudential indicator for the years 2025/26 to 2027/28.

The Service anticipates using short-term borrowing and internal borrowing until interest rates are forecast to fall towards the end of 2025 when longer-term borrowing will be sought.

## **5. RECOMMENDATIONS**

5.1 It is recommended that the Commissioners note and approve the following:

- The Treasury Management Strategy Statement (TMSS)
- Capital / Prudential indicators
- Minimum Revenue Provision (MRP) policy
- Borrowing strategy
- Treasury indicators and limits
- Annual Investment Strategy (AIS)
- The Treasurer to update strategies / policies as necessary

<b>Contact Officer:</b>	Lisa Mullan Head of Finance, Property & Procurement	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
- Local Government Act 2003	2003	UK Government
- CIPFA Treasury Management Code	2021	CIPFA
- CIPFA Prudential Code	2021	CIPFA
- WG MRP & Investment Guidance	2018	Welsh Government
- Medium term capital plans	2023	Internal
- Capital budget 2025/26	2025/26	Internal

<b>Appendices</b>	
Appendix 1	Treasury Management Strategy Statement (TMSS)  Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS) 2025/26



# Appendix 1

## **Treasury Management Strategy Statement (TMSS)**

Minimum Revenue Provision (MRP) Policy Statement and  
Annual Investment Strategy (AIS)

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2025/26

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## 1.1 Background

The Board of Commissioners is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. The main function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Board of Commissioners' low risk appetite, providing adequate liquidity initially before considering investment return.

The second function of treasury management is the funding of the Board of Commissioners' capital investment plans. These capital plans provide a guide to the borrowing need, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Board of Commissioners is critical, as the balance of debt and investment operations ensure the ability to meet spending commitments as they fall due, either on day-to-day revenue basis or for larger capital investment projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

*“The management of borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

## 1.2 Reporting Requirements

### 1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services,
- an overview of how the associated risk is managed, and
- the implications for future financial sustainability.

The aim of the strategy is to ensure that the Board of Commissioners understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

## 1.2.2 Treasury Management Reporting

The Board of Commissioners is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
  - the capital plans, (including prudential indicators),
  - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time),
  - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators, and
  - an Annual Investment Strategy, (the parameters on how investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Board of Commissioners will receive quarterly update reports as part of budget monitoring reporting.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of actual prudential and treasury indicators and actual treasury operations in comparison to the strategy.

### Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Board of Commissioners.

**Quarterly reports** – In addition to the three statutory reports detailed above, from 2023/24 quarterly reporting is also required. However, these additional reports do not have to be reported to the Full Board of Commissioners but do require adequate scrutiny (reports specifically, should comprise updated Treasury / Prudential Indicators).

## 1.3 Treasury Management Strategy Statement (TMSS) for 2025/26

The strategy for 2025/26 covers two main areas:

### Capital issues

- the capital expenditure plans and the associated prudential indicators, and
- the minimum revenue provision (MRP) policy.

### Treasury management issues

- the current treasury position,
- treasury indicators which limit the treasury risk and activities of the Board of Commissioners,
- prospects for interest rates,
- the borrowing strategy,
- policy on borrowing in advance of need,
- debt rescheduling,
- the investment strategy,
- creditworthiness policy, and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, Welsh Government Investment Guidance and MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

#### **1.4 Training**

The CIPFA Treasury Management Code requires the responsible officer to ensure that Commissioners with responsibility for treasury management receive training in treasury management to enable scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and the Board of Commissioners have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and Board of Commissioners.
- Require treasury management officers and Board of Commissioners to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and Board of Commissioners, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management,’ which is available from the CIPFA website to download.

Annual training will be undertaken by Commissioners and will be supported with in-house learning throughout the year.

The training needs of treasury management officers are periodically reviewed and recorded as part of professional continued professional development arrangements.

An introduction to treasury management training session was provided to the Commissioners in March 2024. A formal training programme for treasury management is being developed and will record training in the learning and development system CoreHR.

### **1.5 Treasury Management Consultants**

The Board of Commissioners uses MUFG Corporate Markets (formerly known as Link Group, Link Treasury Services Limited) as its external treasury management advisors.

The Board of Commissioners recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Board of Commissioners will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## 2. THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2027/28

The Board of Commissioners' capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to provide an overview and confirm capital expenditure plans are prudent, affordable, and sustainable.

### 2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Board of Commissioners' capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Commissioners are asked to approve the capital expenditure plans:

Capital, Prudential and Treasury Indicators	2023/24	2024/25	2025/26	2026/27	2027/28
	Outturn	Mid Year Review	Estimate	Estimate	Estimate
Opening CFR	42,805	44,587	49,782	58,130	63,096
<b>Capital Spending</b>	<b>6,836</b>	<b>11,338</b>	<b>15,149</b>	<b>12,540</b>	<b>11,249</b>
CERA	-387	-200	-200	-200	-200
Partner Contribution to Capital		-185	-250	-1,000	-50
Capital Receipts	-98	-47	-50		
Capital Grant	-645	-1,620			
Revenue Reserves			-1,377	-1,000	-1,000
<b>Borrowing requirement for the year</b>	<b>5,706</b>	<b>9,286</b>	<b>13,272</b>	<b>10,340</b>	<b>9,999</b>
<b>Repayment of Debt</b>					
MRP	-3,486	-4,001	-4,604	-4,836	-5,098
MRP on PFI	-437	-91	-320	-538	-586
<b>Closing CFR</b>	<b>44,587</b>	<b>49,782</b>	<b>58,130</b>	<b>63,096</b>	<b>67,412</b>
Movement in closing CFR	1,783	5,194	8,348	4,966	4,315
Gross Borrowing at 1 April	26,738	27,949	32,605	41,687	48,958
New Borrowing	2,500	6,000	10,500	11,000	10,000
Refinancing			8,500	9,000	0
Loan Repayments	-1,288	-4,027	-9,918	-12,728	-3,196
Gross Borrowing at 31 March	27,949	29,922	41,687	48,958	55,762
Investments/Deposits at 1 April	-2,163	-416	-1,000	-1,000	-1,000
Investments/Deposits at 31 March	-416	-1,000	-1,000	-1,000	-1,000
Net borrowing at 1 April	24,575	27,533	31,605	40,687	47,958
Net borrowing at 31 March	27,533	28,922	40,687	47,958	54,762
Other long term liabilities i.e. PFI	3,242	3,149	2,829	2,292	1,706
Gross Debt	31,191	33,071	44,516	51,250	57,468
<b>Under/Over borrowed (Gross Debt vs CFR)</b>	<b>13,396</b>	<b>16,711</b>	<b>13,614</b>	<b>11,846</b>	<b>9,944</b>

Other long-term liabilities relate solely to the PFI arrangement at Cardiff Gate Training Centre (excludes the Real Fire Training Facility (RFTF) as this is owned and accounted for as an asset on the balance sheet).

The table summarises how capital plans are being financed and how any shortfall results in a borrowing need that is, an increase in the capital financing requirement (CFR).

The table shows the actual external debt, against the underlying capital borrowing need (CFR),

highlighting any over or under borrowing.

The Board is well within the CFR threshold and is anticipating being under borrowed by £13.6 million at the end of 2025/26.

## 2.2 The Capital Financing Requirement (CFR)

The second prudential indicator is the CFR, and this is simply the total historic outstanding capital expenditure which has not yet been paid for. This is essentially a measure of indebtedness and the underlying borrowing need. Any capital expenditure in section 2.1, which has not been immediately funded will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used (much like a depreciation charge).

The CFR includes any other long-term liabilities and whilst these increase the CFR, and the borrowing requirement, these types of schemes include a borrowing facility by the PFI provider and so the Board of Commissioners is not required to separately borrow for these schemes.

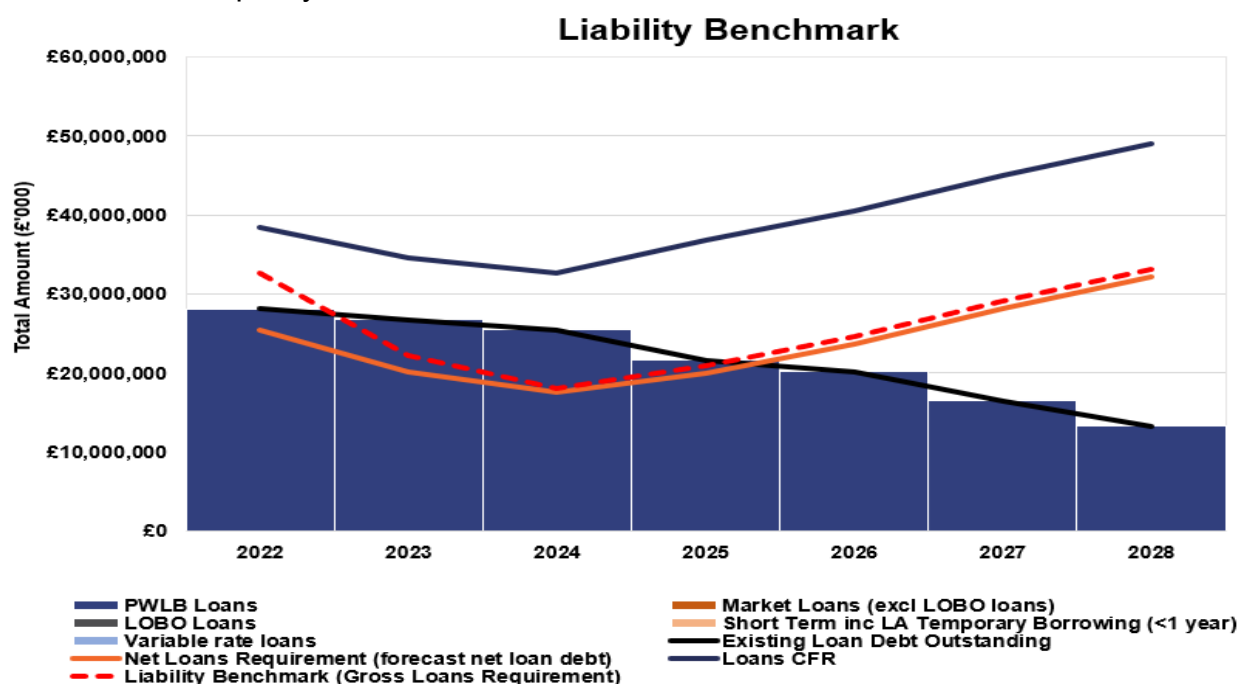
The Board of Commissioners is asked to approve the CFR projections contained in section 2.1.

## 2.3 Liability Benchmark (LB)

The Board of Commissioners is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. **Existing loan debt outstanding** - now and outstanding in future years.
2. **Loans CFR** - this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement** - this will show the gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.





CIPFA recommends that the optimum position for external borrowing should be at the level of the Liability Benchmark (i.e. all balance sheet resources should be used to maximise internal borrowing). The above chart indicates future periods where external loans are less than the Liability Benchmark, which indicates a borrowing requirement and exposure to interest rate, liquidity, and refinancing risks.

## 2.4 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 22 a Local Authority that has financed capital expenditure by borrowing is required to make a provision in the revenue budget each year through a revenue charge (MRP).

The Board of Commissioners is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Board of Commissioners can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full Board of Commissioners approval in advance of each financial year.

The Board of Commissioners is recommended to approve the following MRP Statement:

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:

- **4% reducing balance (regulatory method)** - MRP will follow the historical practice outlined in former regulations as 4% of the opening GF CFR balance less adjustment A.

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method (straight line)** – MRP will be based on the estimated life of the assets.

**MRP Overpayments** - Under the MRP guidance, any charges made more than the statutory MRP can be made and are known as a voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. For these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

There have been no over payments made during this financial year.

### 3. BORROWING

The level of actual and forecast capital expenditure are set out in section 2.1. The treasury management function ensures that cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to support capital. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy (AIS).

#### 3.1 Current Portfolio Position

The treasury management portfolio is set out in summary in section 2.1.

A detailed breakdown of borrowing activity from 2023/24 to 2027/28 is provided in the below table and includes borrowing forecasts for the next three financial years as determined by capital investment plans.

The value of loans outstanding at the balance sheet date of 31 March 2025 is £32.60 million.

During 2024/25 £3,930,954 of loan repayments have been made and new borrowing of £8.5m is anticipated to be secured with PWLB at an annual rate of 4.87% for a term of 1 year. A new seven-year interest free loan of £87,000 was drawn down from Salix for solar panels at the Barry station.

The PWLB borrowing is to replace £3.53 million of loans with an average rate of 4.98% which mature in February and March 2025, to fund day-to-day working capital and to fund capital expenditure. Until February 2025 capital expenditure has been funded via internal reserves due to the high cost of borrowing.

The Board of Commissioners' forward projections for borrowing are summarised below.

	23/24	24/25	24/25	25/26	26/27	27/28
Borrowing/External Debt	Outturn	Mid Year	Estimate	Estimate	Estimate	Estimate
<b>PWLB</b>						
Opening Principal	26,736,946	27,948,651	27,948,651	32,523,912	41,618,172	48,902,433
New Borrowing	2,500,000	6,000,000	8,500,000	10,500,000	11,000,000	10,000,000
Refinancing	0	0	0	8,500,000	9,000,000	0
EIP Principal Repaid	-269,215	-458,264	-393,739	-363,739	-1,763,739	-2,183,499
Maturity Principal Repaid	-1,019,080	-3,531,000	-3,531,000	-9,542,000	-10,952,000	-1,000,000
Closing Principal	27,948,651	29,959,387	32,523,912	41,618,172	48,902,433	55,718,934
<b>Non PWLB/Salix</b>						
Opening Principal	0	0	0	80,786	68,357	55,929
New Borrowing	0	87,000	87,000	0	0	0
Refinancing	0	0	0	0	0	0
EIP Principal Repaid	0	-37,286	-6,214	-12,429	-12,429	-12,429
Maturity Principal Repaid	0	0	0	0	0	0
Closing Principal	0	49,714	80,786	68,357	55,929	43,500
<b>Total</b>						
Opening Principal	26,736,946	27,948,651	27,948,651	32,604,698	41,686,530	48,958,362
New Borrowing	2,500,000	6,087,000	8,587,000	10,500,000	11,000,000	10,000,000
Refinancing	0	0	0	8,500,000	9,000,000	0
EIP Principal Repaid	-269,215	-495,550	-399,954	-376,168	-1,776,168	-2,195,928
Maturity Principal Repaid	-1,019,080	-3,531,000	-3,531,000	-9,542,000	-10,952,000	-1,000,000
Closing Principal	27,948,651	30,009,101	32,604,698	41,686,530	48,958,362	55,762,434
<b>Total principal paid</b>	<b>-1,288,295</b>	<b>-4,026,550</b>	<b>-3,930,954</b>	<b>-9,918,168</b>	<b>-12,728,168</b>	<b>-3,195,928</b>

The debt portfolio comprises PWLB Equal Installment of Principal (EIP) and Maturity loans, and a Salix interest free EIP loan.

Cash balances held during 2024/25 and expected cash balances as at 31 March 2025 and 2026, are as follows:

	01 April 2024	31 December 2024	31 March 2025	31 March 2026
Barclays	15,923	1,150	13,258	1,000
Lloyds - Current	398,730	841,191	987,000	999,000
Lloyds - Overnight	0	667,055	0	0
	<b>414,653</b>	<b>1,509,396</b>	<b>1,000,258</b>	<b>1,000,000</b>

The Service's main banking contract is with Lloyds. Lloyds pay variable interest on the current account at a rate of 1% to 1.9% with interest dependent on the current account's balance. Lloyds pay 4.34% on the overnight deposit account (4.62% prior to 12 February 2025).

The Finance team have received notice that Bank rates will reduce during 2025/26. Part of the day-to-day banking arrangements include ensuring the transfer of funds to the overnight deposit account to maximise the receipt of interest at no extra risk for cash balances held.

There is a contingency banking arrangement with Barclays who pay interest quarterly at 3.4% in arrears.

The Bank of England base rate was 5.25% on 1 April 2024 and has since fallen to 4.50% in February 2025.

Estimated interest receivable for 2024/25 is £416k (actual interest received for April 2024 to January 2025 is £369k).

An estimate of interest receivable during 2025/26 has been calculated at £304k although this is subject to changes in balances held and timing of cash flows.

Fixed term deposits were made during the year. They were placed with the aim of managing counterparty risk and diversifying the portfolio and had a combined yield £89k.

Details of the deposits are below:

Date	Amount	Period	Rate	Interest
15 May 2024	5,000,000.00	3 months	5.11%	64,400.00
15 May 2024	2,000,000.00	1 month	5.10%	8,383.56
25 October 2024	2,500,000.00	1 month	4.69%	9,958.22
28 November 2024	2,500,000.00	7 days	4.48%	2,147.95
05 December 2024	2,500,000.00	7 days	4.49%	2,152.74
12 December 2024	2,500,000.00	7 days	4.49%	2,152.74
				<b>£89,195.21</b>

Within the range of prudential indicators there are several key indicators to ensure that the Board of Commissioners operates its activities within defined limits. One of these is that the Board of Commissioners needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Treasurer reports that the Authority / Board of Commissioners complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators: Limits to Borrowing Activity

#### The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	50,000	60,000	65,000	70,000
Other long-term liabilities	5,000	5,000	5,000	5,000
<b>Total</b>	<b>55,000</b>	<b>65,000</b>	<b>70,000</b>	<b>75,000</b>

#### The Authorised Limit for external debt

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Board of Commissioners. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local Board of Commissioners plans, or those of a specific Board of Commissioners, although this power has not yet been exercised.
- The Board of Commissioners is asked to approve the following Authorised Limit:

Authorised Limit £000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	52,000	62,000	67,000	72,000
Other long-term liabilities	5,000	5,000	5,000	5,000
<b>Total</b>	<b>57,000</b>	<b>67,000</b>	<b>72,000</b>	<b>77,000</b>

#### Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Board of Commissioners' overall finances. The Board of Commissioners are asked to approve the following indicators:

#### Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Calculated	5.39%	5.01%	6.27%	6.63%	6.62%
<b>Limit</b>	10%	10%	10%	10%	10%

The estimates of financing costs include current commitments and the proposals in this budget report.

### 3.3 Prospects for Interest Rates

MUFG Corporate Markets (MUFG) has been appointed as treasury advisor and part of their service is to assist the Finance team and Board of Commissioners to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 11 November 2024. These are forecasts for bank base rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Interest Rate View		11.11.24											
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
<b>BANK RATE</b>	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

*Additional notes provided by MUFG Corporate Markets on this forecast table:*

- Following the 30 October 2024 Budget, the outcome of the US Presidential election on 6 November 2024, and the 25 bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November 2024, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50 bps to 75 bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.
- If we reflect on the 30 October 2024 Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% year-on-year by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% year-on-year (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% year-on-year.

#### PWLB RATES

- The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of MUFG's forecasts, but the risks to the forecasts are to the upsides. Target borrowing rates are set **two years forward** by MUFG (as they expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

## Borrowing advice

MUFG's long-term (beyond 10 years) forecast for the Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

MUFG's suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

## FORECASTS

MUFG, the Finance team and the Treasurer will continue to monitor economic and market developments as they unfold. Typically, MUFG formally review their forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider the economic position on an ad hoc basis as required.

MUFG's interest rate forecast for the Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and central forecasts rounded within bands of + / - 25 bps. MUFG continue to monitor events and will update forecasts provided to the Service as and when appropriate.

### 3.4 Borrowing Strategy

The Board of Commissioners is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Service's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, the Bank Rate remains elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn down whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported at the next available opportunity.

### 3.5 Policy on Borrowing in Advance of Need

The Board of Commissioners will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Board of Commissioners can ensure the security of such funds.

### 3.6 Rescheduling

Rescheduling of borrowing is not anticipated.

If rescheduling is to be undertaken, it will be reported to the Board of Commissioners at the earliest meeting following its action.

### 3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

The Finance team and the Treasurer will continue to work with the Service’s advisors who will provide information as to the relative merits of each of these alternative funding sources.

### 3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK National Wealth Fund	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

Variable rate borrowing will be considered during 2025/26 as rates are currently lower for variable borrowing than fixed rate and variable borrowing would more accurately reflect the life cycle of the assets financed.



## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment Policy – Management of Risk

The Welsh Government and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are not planned.

The Board of Commissioners’ investment policy has regard to the following:

- Welsh Government Guidance on Local Government Investments (“the Guidance”),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”), and
- CIPFA Treasury Management Guidance Notes 2021.

The Board of Commissioners’ investment priorities will be security first, portfolio liquidity second and then yield (return). The Board of Commissioners will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and in accordance with the Board of Commissioners’ risk appetite.

The above guidance from Welsh Government and CIPFA places a high priority on the management of risk. This Board of Commissioners has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable **credit criteria** are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Board of Commissioners will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Board of Commissioners has defined the **types of investment instruments** that the treasury management team are authorised to use. The authorised investments must be denominated in Sterling and be made with UK counterparties or from countries with a minimum sovereign credit rating of AA- or equivalent.

**Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

**Non-specified investments** are those with less high credit quality, may be for periods more than one year, and / or are more complex instruments which require greater consideration by

members and officers before being authorised for use. The Board of Commissioners has determined that it will not undertake investments of this kind.

5. **Non-specified and loan investment limits** The Service does not invest in nor have an exposure to non-specified treasury management investments.
6. **Lending limits** (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in paragraph 4.2.
8. This Board of Commissioners will set a limit for its investments which are invested for **longer than 365 days** (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see paragraph 4.3).
10. This Board of Commissioners has engaged **external consultants** (see paragraph 1.5) to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of this Board of Commissioners in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2024/25 under IFRS 9, this Board of Commissioners will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this Board of Commissioners will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.4). Regular monitoring of investment performance will be carried out during the year.

#### **Changes in risk management policy from last year.**

The above criteria are *unchanged* from last year.

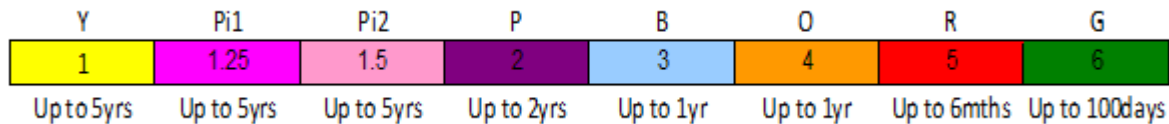
## **4.2 Creditworthiness Policy**

This Board of Commissioners applies the creditworthiness service provided by the MUFG. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

1. "watches" and "outlooks" from credit rating agencies,
2. CDS spreads that may give early warning of changes in credit ratings, and
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Board of Commissioners to determine the suggested duration for investments. The Board of Commissioners will, therefore, use counterparties within the following durational bands.

- Yellow 5 years \*
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days



MUFG's creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Board of Commissioners uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored monthly. The Board of Commissioners is alerted to changes to ratings of all three agencies through its use of MUFG's creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Board of Commissioners' minimum criteria, its further use as a new investment will be withdrawn.
- In addition to the use of credit ratings the Board of Commissioners will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided to the Finance team by MUFG. Extreme market movements may result in the downgrade of an institution or removal from the Board of Commissioners' lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Board of Commissioners will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

### Creditworthiness

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Board of Commissioners will not set a minimum rating for the UK.

### CDS prices

Although bank CDS prices (these are market indicators of credit risk), spiked upward during the days of the Truss / Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG monitor CDS prices as part of their creditworthiness service to local authorities and the Board of Commissioners has access to this information via the Passport portal provided by MUFG.

## Limits

Due care will be taken to consider the exposure of the Board of Commissioners' total investment portfolio to non-specified investments, countries, groups, and sectors.

- a. **Non-specified treasury management investment limit** The Board of Commissioners has determined that it will not undertake these investments.
- b. **Country limit** The Board of Commissioners has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA- or equivalent**. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.2. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

## 4.3 Investment Strategy

### In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between the Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

### Investment returns expectations

The current forecast shown in paragraph 3.3, includes a forecast for the Bank Rate to fall to a low of 3.5%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	Now
2024/25 (residual)	4.60%
2025/26	4.10%
2026/27	3.70%
2027/28	3.50%
2028/29	3.50%
Years 6 to 10	3.50%
Years 10+	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Board of Commissioners will seek to utilise its business reserve instant access and notice accounts, Money Market Funds, and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

#### **Investment treasury indicator and limit**

Total principal funds will not be invested for greater than 365 days.

#### **4.4 Investment Performance / Risk Benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Board of Commissioners' will not invest where there is risk of counterparty default.

Liquidity – in respect of this area the Board of Commissioners seeks to maintain:

- Bank overdraft – there is no overdraft arrangement as part of the current banking arrangements.
- Liquid short-term deposits of at least £2 million available with a week's notice.

Yield - local measures of yield benchmarks are:

- Investments – interest calculation of £416k receivable for the year 2024/25.

#### **4.5 End of Year Investment Report**

At the end of the financial year the Board of Commissioners will report on its investment activity as part of its Annual Treasury Report.

#### **4.6 External Fund Managers**

The Board does not use or plan to use external fund managers.

## **5 APPENDICES**

1. Economic background
2. Approved countries for investments
3. Treasury management scheme of delegation
4. The treasury management role of the section 151 officer

## 5.1 ECONOMIC BACKGROUND

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 3myy 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, and
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October 2024.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see the Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.

If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss / Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump’s victory paves the way for the introduction / extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0% y/y versus a market estimate of 2.6% y/y, 0.4% m/m versus an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump’s inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

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 2024 to 4.02% in August 2024 as the Bank’s August rate cut signalled the start of its loosening cycle. More recently however, 10-year gilt yields have spiked back up to 4.35%.

The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8,304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any



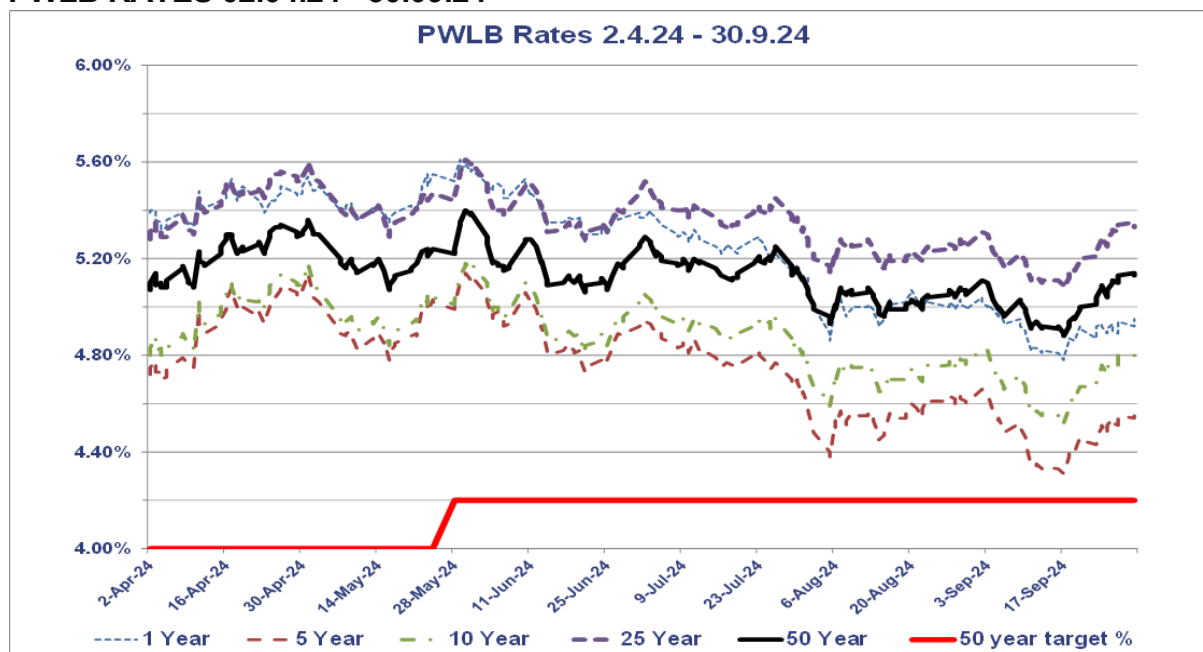
further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

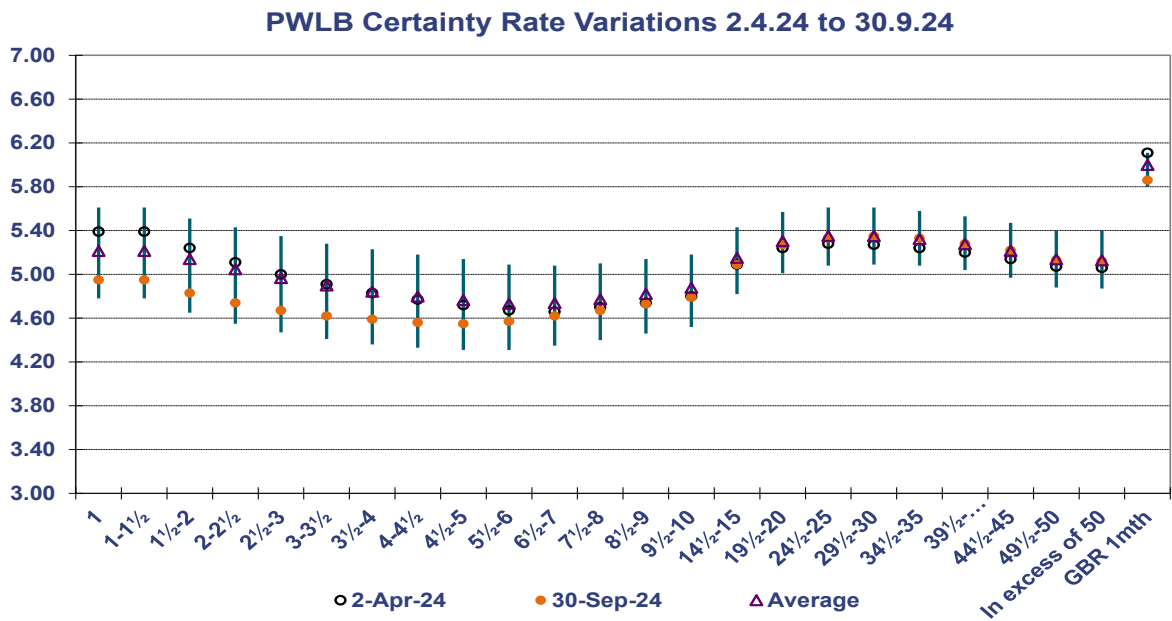
### MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- 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 20 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.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

### PWLB RATES 02.04.24 - 30.09.24





### HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>02/04/2024</b>	5.39%	4.72%	4.80%	5.28%	5.07%
<b>30/09/2024</b>	4.95%	4.55%	4.79%	5.33%	5.13%
<b>Low</b>	4.78%	4.31%	4.52%	5.08%	4.88%
<b>Low date</b>	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
<b>High</b>	5.61%	5.14%	5.18%	5.61%	5.40%
<b>High date</b>	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
<b>Average</b>	5.21%	4.76%	4.88%	5.35%	5.14%
<b>Spread</b>	0.83%	0.83%	0.66%	0.53%	0.52%

## 5.2 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg) have banks operating in sterling markets which have credit ratings of green or above in the MUFG creditworthiness service.

***Based on lowest available rating (as at 25.11.24)***

### **AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

### **AA+**

- Canada
- Finland
- U.S.A.

### **AA**

- Abu Dhabi (UAE)
- Qatar

### **AA-**

- Belgium
- France
- **U.K.**

### **5.3 TREASURY MANAGEMENT SCHEME OF DELEGATION**

#### **(i) Board of Commissioners**

- Receiving and reviewing reports on treasury management policies, practices, and activities.
- Approval of annual strategy.
- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- Budget consideration and approval.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations.
- Approving the selection of external service providers and agreeing terms of appointment.

#### **(ii) The Treasurer**

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

## **5.4 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

### **The S151 (responsible) officer**

- Recommending clauses, treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budgets variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit.
- Recommending the appointment of external service providers.

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SOUTH WALES FIRE & RESCUE SERVICE

AGENDA ITEM NO 9  
21 MARCH 2025

FINANCE & AUDIT COMMITTEE

REPORT OF THE DIRECTOR OF STRATEGIC CHANGE AND TRANSFORMATION

**ESTABLISHMENT OF A PORTFOLIO MANAGEMENT OFFICE (PMO)**

**THIS REPORT IS FOR DECISION**

REPORT APPROVED BY THE CHIEF FIRE OFFICER  
REPORT PRESENTED BY DIRECTOR OF STRATEGIC CHANGE AND TRANSFORMATION, DOMINIC MIKA

**SUMMARY**

The Service must prioritise how it builds its capacity for change and transformation, through suitable resourcing and development of its capability and capacity to effectively manage portfolio, programmes and projects.

By establishing a permanent Portfolio Management Office (PMO) the Service will develop clear business cases for change and improvement that show what the impact, costs, benefits and outcomes of improvements will be and make sure they are evaluated properly.

This will also improve how we communicate the progress of the transformation programmes and underpin our reporting.

This report follows the appointment of the Director of Strategic Change and Transformation and the further identification of areas of improvement that will play a key role in the success of delivering cultural and process improvements.

Timelines are in place to make sure that full and sustainable implementation of all the recommendations within South Wales Fire and Rescue Service (SWFRS) culture and values review and any other associated reports can be met, as part of the Service's wider transformation and improvement programmes.

**RECOMMENDATIONS**

1. That the Commissioners approve the implementation of a permanent Portfolio Management Office (PMO).
2. That the Commissioners approve and support the required recruitment of personnel to resource the PMO.

## **1. BACKGROUND**

- 1.1 This report is being presented to the Commissioners by the Director of Strategic Change and Transformation. The recommendation to establish a permanent PMO to support sustained cultural and service improvement.
- 1.2 An established PMO within SWFRS will enhance the coordination, oversight, and successful delivery of strategic projects. The PMO will provide a structured framework to ensure efficiency, accountability, and value for money, while developing internal capability (through a centre of excellence approach) to embed long-term project and programme management best practices.
- 1.3 An effective PMO is essential in delivering change and transformation. Ineffective governance and portfolio, programme and project management processes are consistently identified as a cause of failure in transformation programmes.
- 1.4 The Service has not yet received the published recommendations from its HMICFRS assessment. However, self-assessment and early feedback and debriefing indicates the need to establish a permanent PMO to support our approach to service improvement.

## **2. PROPOSAL**

- 2.1 Subject to the views of the Commissioners and the required job evaluation and financial analysis the Service will:
- 2.2 Recruit a permanent Portfolio Manager.
- 2.3 The Portfolio Manager will provide specialised knowledge and experience and prioritise the permanent establishment of a PMO and effective processes and systems. They will ensure the PMO plays a key role in the effective delivery of services and the success of the improvement.
- 2.4 They will provide proactive, strategic, ethical, and pragmatic advice, challenge and support to the Chief Fire Officer, Executive Leadership Team and Board of Commissioners.
- 2.5 The Portfolio Manager will temporarily report to the Director of Strategic Change and Transformation, initially delivering the change programme whilst also building the PMO function and capability. Once this has matured, the PMO will move under the Director of Corporate Services so that it will work closely with Performance, Planning and Risk (PPR) team making sure there is alignment of functions. Throughout the development



of the PMO, care will be taken to ensure that it does not duplicate activities undertaken by the PPR team.

- 2.6 The PMO team will initially be made up of three temporary Transformation Programme Managers and a Project Manager.
- 2.7 This will require the additional recruitment of two Transformation Programme Managers and a Project Manager who will work alongside the current Transformation Programme Manager recruited following approval in September 2024.
- 2.8 These posts will be recruited on a temporary two-year basis, with an option for review and to become permanent (an extension to the previous proposition by 12 months).
- 2.9 These posts will build capacity and make sure the Service has effective governance and oversight of its improvements. They will work alongside Project Sponsors and Project Executives to make sure that work is progressed efficiently and effectively, whilst managing dependencies and avoiding duplication.
- 2.10 These posts will be reviewed following successful establishment of a PMO, with an aspiration that they may become permanent programme business partners and move from establishing a PMO, to supporting directorates, within a new operating model.
- 2.11 The newly established PMO will work closely with the existing Performance, Planning and Risk team, to support efficiency and effectiveness.
- 2.12 The proposed phased approach to embedding a permanent PMO will afford greater flexibility to mould the positions as the PMO matures and it will also buy time to identify vacant posts that can be re-purposed to manage the permanent cost base.
- 2.13 SWFRS prioritises a cost-conscious approach and, as identified in the SWFRS Strategy, will be establishing a new Operating Model that will be developed in parallel with our Community Risk Management Planning (CRMP). Part of that work will involve identifying resources that can be redirected toward our improvement and efficiency plans including allocating resource for the PMO against vacant posts that are deemed to be superfluous to current requirement.

- 2.14 While we do not envisage a fundamental change in the PMO Manager role, programme and project manager roles, these will develop as our approach matures from transformation to an embedded function. This is the reason for the project manager roles being established, initially, on a temporary basis.

### **3. IMPLICATIONS**

#### **3.1 Community and Environment**

##### **3.1.1 Equality, Diversity and Inclusion**

Equality, Diversity and Inclusion and the delivery of the strategic equality plan and the inclusive action plan remains a priority. As part of the Service's cultural improvement programme there are also several recommendations from the Morris review that focus on this area. To achieve this, the Service requires a PMO.

##### **3.1.2 Consultation and Communications**

A functioning PMO supports both reporting and communication of change and improvement.

##### **3.1.3 Consultation with Representative Bodies**

As part of Service improvement there is a commitment to maintain ongoing consultation with representative bodies. Effective engagement, stakeholder analysis and consultation are all linked to an effective PMO.

#### **3.2 Regulatory, Strategy and Policy**

##### **3.2.1 Financial**

The pay grade for a Portfolio Manager:

**GRADE 17: £49,764 - £50,788**

This is aligned to the current Head of Service Performance, and equivalent in grade to other Fire and Rescue Services.

**GRADE 13: £41,551 - £42,708** (one pre-existing position already recruited subject to approval Sept 24)

The resulting cost of two additional Transformation Programme Managers will be, will be an annual cost of £85k

**GRADE 11: £37,938 - £38,626**

Total PMO initial annual costs **£212,355 - £217,538**.

There may be future associated costs due to this improvement, that will be presented as part of a business case and be subject to consultation.

This will include training and upskilling of staff within the SLT, existing PPR team and wider service.

Implementation of a PMO will allow the Service to monitor costs, improvements and efficiencies better and improve our evaluation.

	Net	Oncost	Gross		Total		Existing Temp £	Additional Temp £
G17 PM	50,788	15,236	66,024		66,024			66,024
G13 TPM	42,708	12,812	55,520		166,561		55,520	111,041
G11 Project Manager	38,626	11,224	49,850		49,850			49,850
					282,435		55,520	226,915

There should be a direct link between the PMO and an efficiency programme that identifies savings across operational, administrative, and project management functions.

**3.2.2 Strategic Change and Transformation**

The PMO directly underpins the transformation and wider service improvement.

**3.2.3 Morris Report**

The Transformation Programme Managers will support the accountable people to deliver the transformation programme including our cultural change programme and make sure we deliver the recommendations within the Morris Review.

**3.3 Resources, Assets and Delivery****3.3.1 Human Resources and People Development**

The Director of People has been consulted on the recruitment process and requirements. There will be no additional recruitment fees.

### **3.3.2 Budget**

The Head of Finance has been consulted. It is noted that there will be an ongoing cost as outlined above.

## **4. EVALUATION & CONCLUSIONS**

- 4.1 The establishment of a PMO will lead to the deliverables identified above. This will support the Service in its change and transformation programme.
- 4.2 The effective delivery of our transformation programme including the Commissioners full Terms of Reference will be used to measure success of the new posts and make sure recruitment leads to the desired outcomes.
- 4.3 The development of meaningful data sets will be developed at the outset of the PMO programme to ensure that we can demonstrate value for money for SWFRS and the taxpayer.

## **5. RECOMMENDATIONS**

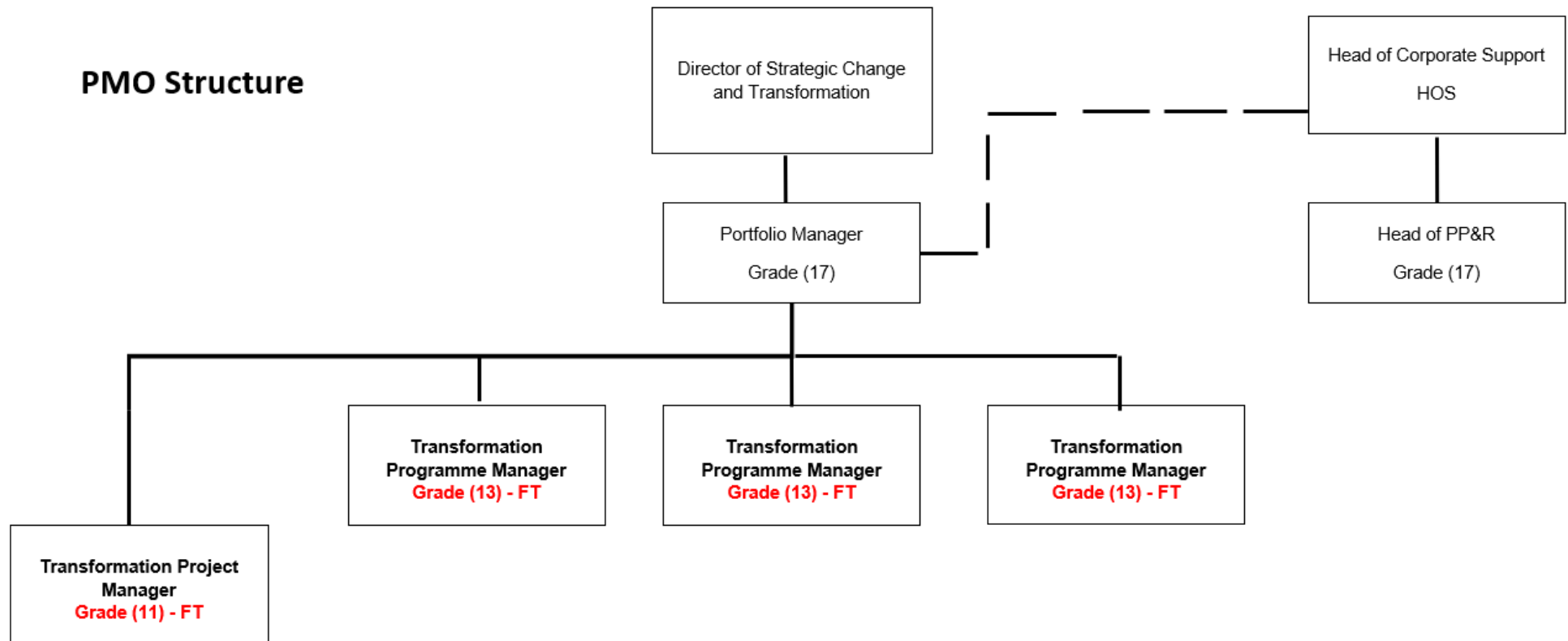
- 5.1 That the Commissioners approve the implementation of a permanent Portfolio Management Office (PMO).
- 5.2 That the Commissioners approve and support the required recruitment of personnel to resource the PMO.

<b>Contact Officer:</b>	Dominic Mika Director of Strategic Change and Transformation	
<b>Background Papers</b>	<b>Date</b>	<b>Source / Contact</b>
SLT REPORT APPOINTMENT OF TRANSFORMATION PROGRAMME MANAGER	Sept 2024	Strategic Papers
<b>Appendices</b>		
Appendix 1	Proposed PMO Structure	

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## Appendix 1: Proposed PMO Structure

\* Following establishment of an embedded PMO function and review of our Operating Model, the Portfolio Manager will report to either the Director of Corporate Services or Head of Corporate Services to ensure alignment of work.



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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 10  
21 MARCH 2025

FINANCE &amp; AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE, PROCUREMENT &amp; 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**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.

**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 Three audits from the annual plan have been completed since previous reporting, as follows:-
  - Health and Safety Management (23/24)
  - Compliance Review of Station Visits (24/25)
  - Assurance Review of Fleet Strategy (24/25)

## 2.2 Assurance Review of Health and Safety Management

2.2.1 The review considered the adequacy of the governance arrangements for managing and reporting health and safety requirements of the organisation.

2.2.2 The key findings are as follows:

- Out of date Health and Safety related policies be reviewed and updated.
- Induction training records to be updated on the Service Intranet and formally reported to the Health and Safety Committee as part of the agenda.
- Gas safety and Electrical Installation Condition Report (EICR) inspections to be carried out.

## 2.3 Compliance Review of Station Visits

2.3.1 The review considered the arrangements for complying with the service's financial procedures at two whole-time stations and one retained duty system station. Sample to include stations that are co-located with other emergency services.

2.3.2 The key findings are as follows:

- First aid box to be replenished and checked monthly and recorded on Redkite.
- Group Manager to investigate missing Water Risk Assessment.
- Electrical Installation Condition Reports (EICR) testing reports recommendations to be recorded on Redkite.
- Fire Risk Assessment be undertaken at Aberbargoed Station.

## 2.4 Assurance Review of Fleet Strategy

2.4.1 The review considered the arrangements in place for determining the fleet requirements. Sourcing and procurement of fleet items and the management of replacement programmes. The audit also included a high level review of the arrangement in place for carrying out planned and preventative repairs programmes and reactive repairs.

2.4.2 The key findings are as follows:

- The Fleet Engineering Strategy be amended to include Governance, Stock Control, Disposals, the Services approach to Sustainability, Electric Vehicles and infrastructure and collaboration.

### 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.

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

<b>Appendices</b>	
Appendix 1	Assurance Review of Health and Safety Management
Appendix 2	Compliance Review of Station Visits
Appendix 3	Assurance Review of Fleet Strategy
Appendix 4	Summary Internal Controls Assurance (SICA) Report

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Internal Audit

**FINAL**

## South Wales Fire and Rescue Service

Assurance Review of Health and Safety Management

**2023/24**

November 2024

## Executive Summary

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Risk: 019b Liability: Suffered the loss of life/ life changing injuries of a member of staff or a member of the public through the commission of our duties.

**SCOPE**

The review considered the adequacy of the governance arrangements for managing and reporting the health and safety requirements of the organisation.

**KEY STRATEGIC FINDINGS**

- Policies relating to South Wales Fire and Rescue Service (SWFRS) were found to be out of date.
- Five out of ten sample testing of induction recorded to be carried out failed to be evidenced.
- Gas Safety certification for SWRS Head Quarters were not to be located.
- Electrical Installation Condition Report (EICR) certificate were unsatisfactory for SWFRS HQ and Barry Station with dates leading back to 2018.

**GOOD PRACTICE IDENTIFIED**

- The SWFRS has its own occupational health service.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	3	0	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	South Wales Fire and Rescue Service has an overarching Corporate Health and Safety Policy Statement in place dated 24 <sup>th</sup> November 2023 and signed off by the Health and Safety Director. Supporting the Policy Statement was a suite of related policies. It was found HSGN14 Risk Assessments, HSGN02, General Health and Safety Policy and HSGN08 Occupational Road Risk Procedure policies were out of date.	Health and safety related policies out of date for review be reviewed and updated.	2	<p><i>The identified policies have lapsed due to resource deficiencies experienced within the HSW team. The team are working towards a completion date of all three policies which may also include a consultative phase.</i></p> <p><i>HSGN 08 – Under review within Health, Safety and Wellbeing Team.</i></p> <p><i>HSGN 02 – Awaiting ‘live’ document from Policy Officer for review.</i></p> <p><i>HSGN 14 - Awaiting ‘live’ document from Policy Officer for review.</i></p>	01/09/24	HSW Team 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)
2	Directed	At the end of the induction, it is required that staff complete a health and safety related test with a pass mark of 85% or higher. Checklists are carried out in three stages to track and monitor the new staff member transition into the Service. During sample testing of ten staff members received induction between June 2023 and October 2023 found that five staff members (service numbers 1828, 1853, 1834, 1805 and 1737) had no data of induction recorded and checklist were not completed.	<p>Induction training records to be updated on the Service Intranet and formally reported to the Health and Safety Committee as part of the agenda (H10 form) annotating if no new stats are available.</p> <p>Staff members without a record of health and safety induction be investigated and where required a health and safety test completed (staff numbers: 1828, 1853, 1834, 1805 and 1737).</p>	2	<p><i>Inductions to be added to HSW Team meeting agenda and monitored on BMIS.</i></p> <p><i>001828 not recorded as completed.</i></p> <p><i>001853 not recorded as completed.</i></p> <p><i>001834 completed and recorded.</i></p> <p><i>001805 completed and recorded.</i></p> <p><i>001737 did not receive a new starter induction due to previously being employed as service number 78924 and received a new starter induction on 15.05.2000. HSW Team are following up on outstanding service numbers We are awaiting a list of all new starters from HR to undertake an internal audit of the status of new starter inductions from the start of 2020/21.</i></p>	01/09/24	HSW Team Watch 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)
3	Directed	<p>An onsite walkthrough at the headquarters of the Redkite System with the Health, Safety and Wellbeing Administrator was undertaken with regards to the recording, monitoring, and upkeep of records headquarters and Barry Station for sample test purposes. The areas considered were:</p> <ul style="list-style-type: none"> <li>• Fire alarm system recorded monthly.</li> <li>• Fire alarm testing log recorded monthly.</li> <li>• Emergency lighting tests recorded monthly.</li> <li>• Staff contact information visible and accessible to all staff.</li> <li>• Gas Safety certification.</li> <li>• Electrical Installation Condition Report (EICR) certificate.</li> </ul> <p>It was found that that all areas were compliant for headquarters and Barry Station with the exception of no gas safety certificate in place for headquarters. The gas safety certificate could not be located and both ECIR certificates were found to be out of review date with headquarters and Barry Station last inspected in 2018.</p>	Gas safety and Electrical Installation Condition Report (EICR) inspections to be carried out.	2	<p>The gas certification for HQ has been completed by new contractor since the audit.</p> <p>We will also carry out an audit over the next 6 months across the Service portfolio.</p>	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

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Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters identified.				

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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Not in place	1	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Not in place	2, & 3	-

### Other Findings

- 

South Wales Fire and Rescue Service has an overarching Corporate Health and Safety Policy Statement in place dated 24<sup>th</sup> November 2023 and signed off by the Health and Safety Director. Supporting the Policy Statement was a suite of related policies. It was found HSGN14 Risk Assessments, HSGN02 General Health and Safety Policy and HSGN08 Occupational Road Risk Procedure policies are out of date.
- 

The Health and Safety Team carries out oversight of H&S arrangements, including monitoring of health and safety related activity and internal reporting of outcomes.
- 

A series of health and safety related procedure documents and associated forms were noted as being in place. This was reviewed on site at the Barry Emergency Services Station (Barry Station). The documents have a facility to record version control sections within the documents.

## Other Findings



All new staff have a staff induction that covers the Health, Safety and Wellbeing Policies and Procedures which is carried out online via the Service's intranet. At the end of the induction, it is required that staff complete a test with a pass mark of 85% or higher. Checklists are carried out in three stages to track and monitor the new staff member transition into the Service. A day one checklist, first week checklist and a first month checklist is carried out and captured by the line Managers on the Service's intranet.

During a Teams share session with the Watch Manager who oversees the Health, Safety and Wellbeing Team a random sample of ten staff members between headquarters and Barry Station (eight from headquarters and two from Barry Station) between June 2023 and October 2023 were reviewed for the pass mark achieved and checklists carried out and signed off by management. It was revealed that five out of eight from headquarters there was record whether the induction and checklists had been completed, Barry Station was compliant.



Upon arrival headquarters and Barry Station visitors are required to enter their details in the register/visitors' book and will be informed of the risks to which they may be exposed whilst on site and of the precautions they should take, including emergency arrangements and the location of assembly points. A record of all business visitors is kept at reception so that all persons on site can be accounted for. A primary purpose of these records is to assist in carrying out a roll call during an emergency evacuation.



A walkabout at headquarters and Barry Station revealed that fire safety signage was adequately present on all floors next to firefighting equipment and signs for cleaning procedures in place.



It is noted in the HSGN 03, Injuries, Dangerous Occurrences, Reportable Diseases and Near Miss Reporting and Investigation policy and procedure document that the Health, Safety and Wellbeing Team will upload all information and record the investigation as completed and update the appropriate database accordingly with the H4 form.

During the visit at Barry Station a walkthrough was undertaken with the Watch Manager and demonstrated by means of selecting random samples to view on the Property Services24/7 system that tracking, monitoring, and reporting is in place and captured timeously against the data captured on the H7 form against the system. No areas of non-compliance found.



SWFRS has a legal duty under Section 2 (1) and 3 of the Health and Safety at Work etc. Act 1974 to ensure, so far as is reasonably practicable, the health, safety and welfare at work of their employees and others who may be affected by their undertaking. through management, risk assessments are completed and implemented. The work involved to meet this responsibility is delegated to key roles within the Service; namely Heads of Departments or Managers, Station Commanders and the Health, Safety and Wellbeing team.

During a screenshare session with the Watch Manager ten random risk assessments were selected to check that they were signed off by the appropriate delegated individual and dated. Non was found to be non-compliant.



An onsite walkthrough at headquarters on the Redkite System with the Health, Safety and Wellbeing Administrator was undertaken with regards to the recording, monitoring and upkeep for SWFRS HQ and Barry Station, the areas checked were:

- Fire alarm system test carried out are recorded weekly.
- Fire alarm testing log record in place.
- Emergency lighting tests recorded monthly (Recorded by Property Services on Microsoft Teams).
- Staff contact information visible and accessible to all staff.
- Gas Safety certification.
- Electrical Installation Condition Report (EICR) certificate.

It was found that that all areas were compliant for headquarters and Barry Station with the exception of the gas safety certificate and ECIR certification at headquarters. The gas safety certificate could not be located and both ECIR certificates were unsatisfactory for headquarters and Barry Station with dates of inspection of 2018.

## Other Findings



Every Crew Manager is required as part of their training to be IOSH Managing Safely qualified. A review training records with dates of completion are in place for headquarters and Barry Station. This was viewed with the Watch Manager during a screen share session where what was recorded against the date of certificate to what is recorded on the spreadsheet provided were compared. No areas of non-compliance were found.



First aid facilities are available at all Service premises and lists of designated first aiders are posted at each establishment. Should first aid treatment be required, the Line Manager should be informed or any of the listed first aiders contacted as outlined in the General Health and Safety Policy. A review of a list of first aiders was obtained for headquarters and Barry Station. No overdue dates were noted within the report with the last dated back to 2022 for headquarters and Barry Station.

**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	<b>Performance Monitoring</b> 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	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

**Other Findings**

The Service recognises that monitoring health and safety performance is essential in evaluating how effectively risks are being controlled. The Service believes that a Safety Committee will assist in reviewing the measures taken to ensure the health and safety of employees and ensure formal participation in control of the safety effort. A review of the quarterly Safety Committee minutes showed it was well attended and represented covering health and safety issues, personal injury and accident statistics and your health update.



The Service has its own occupational health service and its own clinicians including a primary doctor, sessional doctors, nurses, counsellors, physiotherapist and a contracted psychotherapist service. Occupational health staff work alongside the fitness staff in their own building. The occupational health service provides services that supplement that which the South Wales Fire and Rescue Service staff might be entitled to from the NHS or secure privately to address their health needs arising from their work.

## EXPLANATORY INFORMATION

## Appendix A

### Scope and Limitations of the Review

- 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

- 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

- 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.

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

### Assurance Assessment

- The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

### Acknowledgement

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

### Release of Report

- The table below sets out the history of this report:

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	19 <sup>th</sup> April 2023	19 <sup>th</sup> April 2023
<b>Draft Report:</b>	14 <sup>th</sup> May 2024	19 <sup>th</sup> November 2024
<b>Final Report:</b>	20 <sup>th</sup> November 2024	

## AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	South Wales Fire and Rescue Service		
<b>Review:</b>	Health and Safety Management		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Auditor

<b>Outline scope (per Annual Plan):</b>	The review considered the adequacy of the governance arrangements for managing and reporting the health and safety requirements of the organisation.		
<b>Detailed scope will consider:</b>	<p><b>Directed:</b></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><b>Delivery:</b></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>	
<b>Requested additions to scope:</b>			
<b>Exclusions from scope:</b>	None		

<b>Planned Start Date:</b>	26 <sup>th</sup> February 2024	<b>Exit Meeting Date:</b>	5 <sup>th</sup> March 2024	<b>Exit Meeting to be held with:</b>	Health and Safety Director , Watch Manager
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## SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
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

Compliance Review of Station Visits

November 2024

Final

# Executive Summary

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Compliance checks were carried on a range of financial and non-financial aspects of the operation of the stations.

## SCOPE

The review considered the arrangements for complying with the organisation’s financial procedures at two whole-time stations and one retained duty system station. The sample included stations that are co-located with other emergency services.

## KEY STRATEGIC FINDINGS

- The three stations visited were: Aberbargoed, Cardiff Central and Rhymney Fire Stations.
- Cardiff Central’s First aid box contents did not contain a number of mandatory items.
- The Water Risk Assessment for Cardiff Central to be investigated and the Fire Risk Assessment is overdue a review.
- Recording of Electrical Installation Condition Reports (EICR) and actions had not been completed for all three stations.
- No Urgent or Important recommendations are made.

## GOOD PRACTICE IDENTIFIED

- Improvement was noted since previous station visit reviews in relation to updating fixed assets and reconciliation of items held.

## ACTION POINTS

Urgent	Important	Routine	Operational
0	0	4	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	Cardiff Central's First aid box contents did not contain a number of mandatory items. These included: Guidance Card, Conforming Gauze Bandage, Eye Pad Dressing, Sterile Dressing (medium and large), Foil Blanket, Latex Gloves (only three available), Micro Tape and Sterile Wipes. A list of the desired contents is available on the Service's intranet.	First aid box to be replenished with the missing items as listed on the first aid kit list and checked monthly and recorded on Redkite to reflect the online contents guidance.	3	<i>The Station Manager rectified these at the time of the audit. Ongoing testing has been added to station routines.</i>	Oct 24	Station/Group Manager
2	Directed	During the compliance testing of the station visit it was found that Cardiff Central did not have a Water Risk Assessment for legionella testing in place.	Group Manager to investigate the missing Water Risk Assessment for Cardiff Central and update Redkite.	3	<i>The Station Manager rectified these at the time of the audit. Ongoing testing has been added to station routines.</i>	Oct 24	Station/Group Manager
3	Directed	The Electrical Installation Condition Reports (EICR) for Aberbargoed, Cardiff Central and Rhymney Fire Stations all received recommendations for action all of which were categorised as 'C3'; a C3 recommendations is generally defined as "Improvement recommended" but not dangerous. However, there was no evidence on Redkite that the actions have been recorded or completed.	Electrical Installation Condition Reports (EICR) testing report recommendations be recorded on Redkite for Aberbargoed, Cardiff Central, and Rhymney Fire Stations, and actions take to remedy the recommendations as appropriate.	3	<i>The Station Manager rectified these at the time of the audit. Ongoing testing has been added to station routines.</i>	Oct 24	Station/Group 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	<p>An annual Fire Risk Assessment (FRA) is undertaken at each station. A review of all three stations of the FRA was found that Aberbargoed Station FRA is dated 2019 and therefore out of date.</p> <p>It is best practice to conduct a Fire Risk Assessment (FRA) at least every three years unless there have been any major changes to the premises then it is sooner. This ensures that any potential hazards are identified and addressed promptly, maintaining a safe environment.</p>	A Fire Risk Assessment be undertaken at Aberbargoed Station.	3	<p><i>Our auditing officers have programmed the risk assessments.</i></p> <p><i>These will then form part of an ongoing program of risk assessments.</i></p>	Oct – Dec 2024	Group Manager Ops and BFS

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

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Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters 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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	1, 2, 3 & 4	-

### Other Findings

- 









Three station visits were undertaken as part of the ongoing programme of visits within the Internal Audit Strategy. For 2024/25, these were: Aberbargoed, Cardiff Central (both whole time stations) and Rhymney Fire Station (retained duty system station). The scope of the visit is to provide assurance that arrangements are in place on station to demonstrate compliance with the organisation's financial procedures at two whole-time stations and one retained duty system station.
- 

All South Wales Fire and Rescue Service policies and procedures are available to staff on the intranet.
- 


Staff members are notified of any updates to policies and procedures through operational bulletins and notifications on 'pdrPro.' Access to IT systems is restricted until operational bulletins have been read.
- 


The service's Operations Audit and Support Team have carried out their own audits across the service's Fire Stations. Recommendations arising from these audits are monitored on BMIS and reported to the Finance, Audit and Performance Management Committee on an annual basis. The latest reports for each station were in general found to be satisfactory with improvements being made on stations to monitor completion of tasks. Areas for improvement highlighted in the reports are part of the weekly routines and watches are reminded of the importance.


## Other Findings


-  Health and Safety information was identified within each Fire Station, and it is confirmed that all notices were prominently displayed, clear and consistent for staff and visitors.
-  First aid boxes were readily available to staff within each Fire Station. Cardiff Central first aid box contents have a number of mandatory items not held within the first aid box. These included Guidance Card, Conforming Gauze Bandage, Eye Pad Dressing, Sterile Dressing (medium and large), Foil Blanket, Latex Gloves (only three available), Micro Tape and Sterile Wipes. There is a policy detailing the contents of first aid boxes available on the intranet. **(Recommendation 1 refers).**
-  It was confirmed that up-to-date safety record books were in place at each Fire Station including Fire Alarm Systems tests, Emergency lighting Systems Tests, Fire Equipment, Staff List (Contact information), Emergency Contacts (services), Fire Safety (alarms testing) and Fire extinguisher monthly checks. An annual Fire Risk Assessment (FRA) is also undertaken at each station. A review of FRA for all three stations found that Aberbargoed Station FRA is dated 2019 and therefore out of date, and the remaining stations were completed timeously and where Fire safety deficiencies are to be rectified had a 'PR' logging on Redkite reference code which is actioned by the Property Services department. A completion date is annotated against each one, this was physically viewed on site.
-  Records of gas safety, legionella and electrical certificates were reviewed.
- It was found that all three stations were confirmed that gas servicing had been completed and that the dates on the system concurred with the dates on the Gas Safety Record Certificates.
  - It was found that Water Risk Assessments are in place for legionella testing for Aberbargoed and Rhymney, however, Cardiff Central Water Risk Assessment could not be located. **(Recommendation 2 refers).**
  - The Electrical Installation Condition Reports (EICR) for Aberbargoed, Cardiff Central and Rhymney Fire Stations all received recommendations for action all of which were categorised as 'C3'; a C3 recommendations is generally defined as "Improvement recommended" but not dangerous. However, there was no evidence on Redkite that the actions have been recorded or completed. **(Recommendation 3 refers).**
-  Portable appliance testing (PAT) testing was carried out for all three stations. A review of the PAT testing certificates confirmed all PAT testing was carried out within the two-year limit and had been most recently tested in August and September 2023.
-  All Station Commanders are provided with training upon promotion to their role. Training is provided through pdrPro. Should any mandated training be overdue, the Station Commander will advise the relevant officer and request that training be completed. All three Fire Stations displayed a high degree of completion of training.
-  The Station Managers were all aware of the policies and procedures for the management of leave and overtime.
-  All overtime is completed on an electronic F15 overtime form which is sent to the Station Commander via e-mail. The Station Commander electronically signs the form and then forwards it to the payroll overtime e-mail address, and this is accepted as the authorisation process for authorising the overtime. Rappel, the Service's duty resource management system, has a live feed of staff availability, including sickness absence and leave. Staff can be allocated to specific places when staff numbers are lower than required. No issues were identified with the rostering process for the three Fire Stations.


## Other Findings


- 


All sickness is recorded via an online reporting system and is recorded by either by the Watch Manager or the Crew Manager. A return-to-work form is completed electronically with a return-to-work interview taking place when staff members return to work after a period of sickness absence. The forms used for sickness absence include P55 - sickness notification form, P56 - welfare check form, P57 – one-to-one return to work form and P59 - return to work interview form. In addition, staff absences are monitored centrally to identify any potential trends and the possible requirement for retraining following a long-term absence. A Trigger Point System is in use to identify three periods of sickness within 12 months. The Station Manager will be notified by the People Services' Absence Management department to investigate.
- 


It was noted that day-to-day staff meetings do not tend to be minuted although action points are raised and are retained for information.
- 


No petty cash is held at Fire Stations. All officers are provided with credit cards that are used to purchase fuel or subsistence in an emergency.
- 


Requisitioning and ordering goods and services are managed centrally. Purchase requests can be made by any member of staff through the eProcurement system and are authorised by the Station Commander. The arrangements for purchasing and payments for goods and services are subject to a separate review within the three-year internal audit strategy cycle.
- 

The Service implements an electronic fuel measuring and delivery system, provided by VECTEC Limited. Selected Stations maintain pumps and keep tanks of fuel for the use of refuelling. Electronic fuel keys (fobs) are provided for the use of refuelling. The use of these pumps is monitored through the means of officers inputting their Service ID and vehicle mileage when using the pumps and the amount of fuel received by officers is monitored. Aberbargoed and Cardiff Central also employs the same monitoring system for their electric vehicle charging points.
- 

Fuel cards were confirmed to be kept safely in a combination safe along with receipts for fuel purchases.
- 

Redkite is an equipment management system used by all Firefighters to ensure that firefighting equipment and tools are regularly tested and to ensure that they are located at the correct location recorded on the Redkite database. Each time new equipment is purchased it is labelled with a Redkite Number which links to the database record. A Due Report which lists all equipment that is due for testing is generated daily by the respective watch in charge.
- 

When equipment is reported as lost or damaged an investigation is undertaken by the Station Manager. Information is gathered, such as where the item was previously used and by whom. Any other Fire Station staff who were present are contacted to ensure that they have not taken the equipment in error. If the items remain unfound Fire Station staff are required to complete an electronic O-39 form to confirm that all reasonable actions have been carried out. An eProcurement request is made stating the nature of the defect or to order a new piece of equipment to replace lost items.
- 

Any accidents are recorded by the Station Commander along with the Health and Safety department. An investigation is undertaken by the Station Commander unless a potential conflict of interest exists, in which case the Station Commander of a neighbouring Fire Station will undertake the investigation. The recording of accidents was up to date at each Fire Station visited.
- 

A sample of assets was selected and checked against the asset inventory for all three Fire Stations. The sample test was to confirm assets were in the location as recorded on the asset inventory list and that asset tags with asset number were present and corresponds with the relevant asset. It was found that all assets were tagged and found its location as recorded. This marks an improvement from the last Station Visit audit undertaken, however, the Group Manager confirmed that there is still ongoing work to complete the asset management for all stations.





### 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	<b>Performance Monitoring</b> 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.	Out of scope	-	-
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

### Other Findings



This is a Compliance review; therefore, Delivery Risk Root Cause Indicators are out of scope.

## 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.

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

### Assurance Assessment

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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
<b>Audit Planning Memorandum:</b>	25 <sup>th</sup> July 2024	25 <sup>th</sup> July 2024
<b>Draft Report:</b>	18 <sup>th</sup> August 2024	19 <sup>th</sup> November 2024
<b>Final Report:</b>	20 <sup>th</sup> November 2024	



South Wales Fire and Rescue Service

Assurance Review of Fleet Strategy

December 2024

Final

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE



The are no specific risks in relation to fleet and the Fleet Strategy on the Service’s risk register. The Fleet Depart Risk Register includes risks in relation to skilled workforce, Supply Chains and Vehicle lead times.

Having a Fleet Strategy in place enables the service to provide a highly resilient fleet and equipment that effectively meets organisational requirements, informed by risk, and achieved in a cost-effective way.



### SCOPE

The review considered the arrangements in place for determining the fleet requirements, sourcing and procurement of fleet items and management of replacement programmes. The audit also included a high-level review of the arrangements in place for carrying out planned and preventative repairs programmes and reactive repairs. The scope of the review does not include verification that the most economic and appropriate vehicles are being used or arrangements for recovery of broken-down vehicles.

### KEY STRATEGIC FINDINGS

-  The Service has a Fleet Engineering Strategy 2024; however, the document does not include detail on the following: Governance, Stock Control, Disposals, the Service’s approach to Sustainability, Electric Vehicles and infrastructure and collaboration.
-  The Service has a detailed rolling Vehicle Replacement Programme 2017-2028 spreadsheet which records assets held, costs and when they are due to be replaced, and which informs the potential Capital Budget programme.

### GOOD PRACTICE IDENTIFIED

-  The Fleet Department was successful in its pursuit of the ISO 9001.2008 Quality Accreditation initially during 2009/10 and are accredited up until 2026 in gaining the 9001.2015 standard which is evidence of continual compliance with the high standards set out as part of the accreditation.
-  The Service is looking to collaborate with Mid and West Wales Fire and Rescue Service to procure the latest version of Tranman called Transend.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	1	0	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>A Fleet Engineering Strategy 2024 has been developed which replaces the previous Fleet and Engineering Services Department - Services Standard. The draft has been reviewed and signed off by the ACFO Corporate Services and is due to be presented to the Chief Fire Officer for formal ratification for approval in November 2024. The Strategy does not include the forward planning as this is included within the Vehicle Replacement Programme (VRP) which is referenced within the Strategy. The VRP section includes a list of each type of vehicle operated by the Service with the expected service life. Vehicle service lives depend on a number of different factors that include the type of vehicle, rate of use, original build quality and the availability of replacement parts and technical support from the original manufacturers.</p> <p>It was noted that the Strategy did not include details of the following: Governance, Stock Control, Disposals, the Services approach to Sustainability, Electric Vehicles and infrastructure and collaboration.</p>	The Fleet Engineering Strategy be amended to include Governance, Stock Control, Disposals, the Services approach to Sustainability, Electric Vehicles and infrastructure and collaboration.	2	<i>I will take on board the comments made and act accordingly working in collaboration with the sustainability team we will add a section to the fleet strategy to cover off electric vehicles. I shall also add stock control, Governance and disposals as shown the fleet asset management plan.</i>	31/03/25	Chris Temby Head of Fleet & Engineering

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

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Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters 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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

## Other Findings



TIAA undertook a review of Fleet and Equipment Strategy in June 2019. The review was given a Substantial Assurance with no recommendations identified.




The Service’s Asset Management Strategy is underpinned by a number of management plans which includes Fleet, Plant and Equipment and ICT.





A Fleet Engineering Strategy 2024 has been developed which replaces the previous Fleet and Engineering Services Department - Services Standard. The draft has been reviewed and signed off by the ACFO Corporate Services and is due to be presented to the Chief Fire Officer for formal ratification for approval in November 2024. The Strategy does not include the forward planning as this is included within the Vehicle Replacement Programme (VRP) which is referenced within the Strategy. The VRP section includes a list of each type of vehicle operated by the Service with the expected service life. Vehicle service lives depend on a number of different factors that include the type of vehicle, rate of use, original build quality and the availability of replacement parts and technical support from the original manufacturers.


It was noted that the Strategy did not include details of the following: Governance, Stock Control, Disposals, the Services approach to Sustainability, Electric Vehicles and infrastructure and collaboration.


## Other Findings


- 

The Temporary ACFO – Director of Technical Services has overall responsibility for the Fleet and Equipment Strategy supported by four Heads of Service, the Head of Fleet & Engineering Services, the Head of Operational Risk Management, Head of ICT and Head of Health and Safety.
- 

The overall project total as of September 2024 for vehicles was reported as £5.844m and equipment £325k; which includes slippage from previous years and current year budget spend.
- 


The Service uses the Tranman Fleet Management system for recording all vehicles and maintenance and this electronic system is augmented by a series of display boards that visually display all vehicles and their maintenance and inspection dates by month.
- 


The Service follows the National Fire Chiefs Council (NFCC) best practice and is a party to the All-Wales Framework Agreement in place with the UK Fire and Rescue Emergency Response Vehicle Framework. The Service awarded a contract to Emergency One UK Limited relating to Light, Medium and Super Rescue Pumping Appliances in February 2019 for four years to February 2023 and this was extended in 2023 for another two years.
- 


There are no specific risks in relation to fleet and the Fleet Strategy in the organisation's Strategic Risk Register.
- 

The Fleet Department Risk Register includes three risks that relate to the Fleet Strategy which are:

  - DR FE003 Skilled F&E workforce - "we are not able to maintain a suitably trained and skilled technician workforce due to retirements and/or external market factors" with a risk score of 16.
  - DR FE005 Supply Chains - "we encounter delays within vehicle related supply chains" with a risk score of 1.
  - DR FE006 Vehicle lead times - "lead times in obtaining new vehicles, both to lease or purchase, continues to increase" with a risk score of 1.

Evidence was sighted to confirm that the risks are reviewed, and updates are provided on an ongoing basis, in line with the Service's performance and risk monitoring processes.
- 


The Service's vehicle planned and preventative maintenance programme includes a mix of regular vehicle servicing and safety inspections. The Planned Preventative Maintenance Programme groups operational appliances into one of four groups with vehicles being subjected to a major annual service, a six-monthly intermediate service and quarterly safety inspections.
- 

The Dashboard within the Tranman system has a number of 'tiles' on the system. These include Vehicles overdue a service, vehicles due for a service and MOTs overdue (or due for an MOT).
- 


A sample of 40 appliances were selected from an extract of the Tranman system and compared with the job cards for testing. The job cards include information such as the date the vehicle entered the workshop, the date the work commenced and ended, the name of the person who carried out the work and the details of the work carried out. The testing verified that all planned services, safety inspections and MOTs had been carried out in a timely manner and recorded accurately on the system and all were in accordance with the Fleet Asset Management Plan. As noted, the Tranman system is able to plan for future services, MOTs and safety inspections that are due to take place. For the same sample, future planned dates were selected and compared to the records on the planned job cards which verified that all dates were found to be correct and in line with the servicing requirements of the assets.





## Other Findings


- 

Fleet assets are disposed of under a secure disposal policy to minimise any future risk. All relevant assets are decommissioned before being put up for auction or donation. Vehicles that are leased are returned to the relevant lease companies at the end of the lease period.


A sample of 10 vehicle disposals from the past 12 months was selected and tested to ensure that the disposals have been carried out in accordance with the disposal strategy. It was noted that two of the assets selected revealed that approval dates were missing. The remaining eight were disposed of in accordance with the strategy and had been accurately recorded on the Service system and had been authorised by the Senior Procurement Officer. This was verified against Tranman and no issues were identified.
- 

The Maintenance Programme process also includes scheduling MOTs where applicable. Up until two years ago any vehicle over 3.5 tonnes was exempt from an MOT, however, this changed and therefore Vehicles such as Vans (Sprinter vans) are now subject to a MOT.
- 

As noted, the Tranman system is able to plan for future services, MOTs and safety inspections that are due to take place. A sample of future planned dates was selected and compared to the records on the planned job cards which verified that all dates were found to be correct and in line with the servicing requirements of the assets.
- 

A sample of 10 vehicles eligible for an MOT was selected and, in each case, a valid MOT date was recorded in the system. This was also checked to the [www.gov.uk/check](http://www.gov.uk/check) MOT history website where all 10 had a valid MOT in place.
- 

Specialist equipment such as hydraulic platforms are subjected to an annual service and test by their manufacturers. They have a six-month intermediate service undertaken by the Fleet Workshop and have a monthly safety inspection.

The Service currently has three hydraulic platforms which are serviced annually by an external company Angloco who provide the Service with a certificate confirming that the platform is fit for use. A review of the data on Tranman revealed that monthly and quarterly inspections were being undertaken in a timely manner and that a major service had been undertaken in the last 12 months.
- 

A sample of additions in the past 12 months was selected for testing. It was noted that all assets had been replaced or disposed of in accordance with the Fleet Engineering Strategy and the Vehicle Replacement Programme (VRP).





### 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	<b>Performance Monitoring</b> 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	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

### Other Findings

- 

Updates on Fleet capital expenditure and delivery of the Vehicle Replacement Programme (VRP) are reported to Finance and Audit Committee through the Capital Monitoring Report. The latest report at the time of the internal audit review was that presented in September 2024. The Capital Monitoring Report presented to the Finance and Audit Committee in September 2024 reported: "The overall budget (for 2024/25) equates to £5m, forecast expenditure is £5.6m, with no slippage currently forecast. A net overspend of £563k is largely due to the £365k increase in the cost of Water ladders and light utility 4-wheel drives. There are less significant overspends in other areas the largest of these relates to the purchase of Detection Identification and Monitoring (DIM) and Urban Service and Rescue (USAR) vehicles which are wholly grant funded".
- 

The Service is adopting electric vehicles where appropriate and installing charging infrastructure to facilitate this. Welsh Government provided additional funding of £169k to the Service in December 2022 to use to commission and install more EVCPs (Electric Vehicle Charging Points). The current installation is being undertaken by MM Electrical Limited to commission and fit new EVCPs at 26 sites. MM Electrical Limited are sub-contractors for BP Chargemaster. At the time of the review the Service secured further additional funding of £348,218 towards the infrastructure and towards replacing vehicles from diesel to EV (the funding is for the equivalent pricing difference between diesel and EV due to the extra cost of EVs).
- 

The Fleet Department was successful in its pursuit of the ISO 9001.2008 Quality Accreditation during 2009/10 and are accredited up until 2026 in gaining the 9001.2015 standard which is evidence of continual compliance with the high standards set out as part of the accreditation. The Service is waiting for the audit for 2024 to be completed.
- 

The current version Tranman system is becoming unfit for purpose and the Service is looking to collaborate with Mid and West Wales Fire and Rescue Service to procure the latest version of Tranman called Transend.

## 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.

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

### Assurance Assessment

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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
<b>Audit Planning Memorandum:</b>	12 <sup>th</sup> September 2024	12 <sup>th</sup> September 2024
<b>Draft Report:</b>	25 <sup>th</sup> November 2024	2 <sup>nd</sup> December 2024
<b>Final Report:</b>	2 <sup>nd</sup> December 2024	

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South Wales Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report

March 2025

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 5<sup>th</sup> March 2025.

### Investing in the Future of TIAA

2. TIAA welcomed our largest intake of talented and enthusiastic trainees in the summer across the UK. This initiative is a testament to our dedication to nurturing the next generation of professionals and ensuring that we continue to deliver the highest standards of service to you. This builds on past successes where staff who joined TIAA as trainees have obtained professional qualifications and progressed to audit management roles.

We believe that investing in their development is crucial not only for their personal growth but also for the continued success of TIAA. To this end, we are sponsoring their professional qualifications, providing them with the necessary resources and support to excel in the internal audit profession and any relevant specialism they may choose.

With each trainee mentored by an experienced Director of Audit, we have re-designed a comprehensive training programme that covers a wide range of skills and knowledge areas. All trainees have been guided by experienced audit staff and management, shadowing on audits to get to know our client base, following a high standard already set by our experienced team.

By investing in our trainees, we are investing in the future of our company. We are confident that this initiative will enhance our capabilities. Our commitment to the quality of our services remains unwavering, and we are excited about the positive impact our new trainees will have on our work with you

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

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

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
<b>2024/25</b>								
Fleet Strategy	Reasonable	25 <sup>th</sup> November 2025	2 <sup>nd</sup> December 2025	2 <sup>nd</sup> December 2025	-	1	-	-
Airwave / Emergency Services Network (Deferred from 2023/24)	Substantial	17 <sup>th</sup> February 2025	18 <sup>th</sup> February 2025	27 <sup>th</sup> February 2025	-	-	-	-

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.

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## 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:

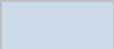


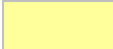



## Appendix B: Progress against Annual Plan 2024/25


System	Planned Quarter	Current Status	Comments
ICT and Digital Strategy	1	Date TBC	
Fleet Strategy	1	Final report issued 02/12/2024	Presented to March 2025 meeting
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	Draft report issued 17/12/2024	
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	Draft report issued 17/02/2025	
Estates Strategy – Planned and Preventative Maintenance	3	Draft report issued 25/12/2024	
Anti-Fraud	4	Suggested date 24/03/2025	
Airwave / Emergency Services Network (Deferred from 2023/24)	4	Final report issued 27/02/2025	
Follow Up	4	Suggested date: 19/03/2025	
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

## 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
27 FEBRUARY 2025	All	Social	Service feedback	<a href="https://www.linkedin.com/feed/update/urn:li:activity:7300801884598992897">https://www.linkedin.com/feed/update/urn:li:activity:7300801884598992897</a>	At <b>TIAA Ltd</b> , we are committed to delivering exceptional service and value to our clients. We are delighted to receive such positive feedback from one of our housing clients, which underscores our dedication to professionalism and thoroughness in every audit we conduct.
25 FEBRUARY 2025	All	Social	Eco SMART	<a href="https://www.linkedin.com/feed/update/urn:li:activity:7299707157027958785">https://www.linkedin.com/feed/update/urn:li:activity:7299707157027958785</a>	We are proud to be a B Corp, dedicated to balancing purpose and profit. Our new Eco SMART climate change maturity assessment tool is designed to help your business achieve Net Zero by identifying gaps and areas of improvement to meet goals in line with government expectations.
20 FEBRUARY 2025	All	Social	Martyn's Law	<a href="https://www.linkedin.com/feed/update/urn:li:activity:7298257602545700867">https://www.linkedin.com/feed/update/urn:li:activity:7298257602545700867</a>	Discover our Protect Duty services.
12 FEBRUARY 2025	All	Social	Digital services at HFMA	<a href="https://www.linkedin.com/feed/update/urn:li:activity:7295397732175826944">https://www.linkedin.com/feed/update/urn:li:activity:7295397732175826944</a>	Discover innovative solutions to digital challenges in the public sector and learn how to strengthen your organisation's assurance.
10 FEBRUARY 2025	All	Service and Social	Eco SMART	<a href="https://www.linkedin.com/feed/update/urn:li:activity:7294718487967465472">Eco SMART - TIAA https://www.linkedin.com/feed/update/urn:li:activity:7294718487967465472</a>	Our Sustainability specialists will evaluate your Net Zero road map, identify gaps, and provide actionable steps to meet government expectations.
4 FEBRUARY 2025	All	Newsletter	Security Focus	<a href="#">Security Focus Newsletter Edition 9 - TIAA</a>	The 9 <sup>th</sup> edition of TIAA's Security Focus Newsletter.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
4 FEBRUARY 2025	All	Anti-Crime Alert	Romance and Dating Fraud	<a href="#">Romance and Dating Fraud - TIAA</a>	Millions of people now go online to find new relationships, but unfortunately among the genuine profiles are fake profiles set up by fraudsters, who play on emotions to ultimately steal money from you.
31 JANUARY 2025	ALL	Anti-Crime Alert	Falsified Timesheets and Expenses	<a href="#">Falsified Timesheets and Expenses - TIAA</a>	The NHS Counter Fraud Authority (NHS CFA) has reported an increased number of allegations relating to falsifying timesheets and expenses.
20 DECEMBER 2025	ALL	Security Alert	Company Sanctioned for Deploying Staff with Fraudulent SIA Licences	<a href="#">Company Sanctioned for Deploying Staff with Fraudulent SIA Licences - TIAA</a>	A security company has been sanctioned for deploying 26 untrained staff with fraudulent SIA licences across the capital on 832 separate shifts. Our alert has the full story and advice.
12 DECEMBER 2025	ALL	Security Alert	Increase in People Sheltering in Waste Containers	<a href="#">Increase in People Sheltering in Waste Containers - TIAA</a>	With the rise in homelessness, the waste management industry is encountering an increasing number of rough sleepers seeking shelter in waste containers, which poses significant risks when waste is collected.
10 DECEMBER 2025	ALL	TIAA Article	Festive Fraud	<a href="#">Festive Fraud - TIAA</a>	The holiday season is a peak time for scams. Our article on festive fraud covers essential tips to safeguard yourself from online shopping scams, fake delivery notifications, and more.
6 DECEMBER 2025	ALL	Publication	Security Industry Authority (SIA) Annual Report 2024 Summary	<a href="#">Security Industry Authority (SIA) Annual Report 2024 Summary - TIAA</a>	TIAA's summary of the Security Industry Authority (SIA) Annual Report 2024. Dive into the figures, key points and developments that are shaping the security industry.
29 NOVEMBER 2024	ALL	Security Alert	Winter Vigilance Counter Terrorism Policing Campaign	<a href="#">Winter Vigilance Counter Terrorism Policing Campaign - TIAA</a>	Counter Terrorism Policing's (CTP) winter campaign has been launched to keep the public safe this winter.
27 NOVEMBER 2024	ALL	Briefing	Failure to Prevent Fraud guidance published	<a href="#">Failure to Prevent Fraud guidance published - TIAA</a>	On 6 November 2024, gov.uk published guidance to provide organisations with important advice on the new corporate criminal offence of 'failure to prevent fraud'. Introduced last year as part of the Economic Crime and Corporate Transparency Act, the offence is intended to hold large organisations to account if they profit from fraud.

27 NOVEMBER 2024	ALL	Briefing	The Economic Crime and Corporate Transparency Act Update	<a href="#">The Economic Crime and Corporate Transparency Act Update - TIAA</a>	An update on The Economic Crime and Corporate Transparency, On 16 October 2024, gov.uk published their latest policy paper on the Economic Crime and Corporate Transparency Act, outlining the transition plan for Companies House.
12 NOVEMBER 2024	ALL	TIAA Article	Are you Scam Savvy?	<a href="#">Are you Scam Savvy? - TIAA</a>	In today's digital age, scams are becoming increasingly sophisticated and prevalent. To help you stay informed and protected, we've compiled a series of articles that delve into some of the most common types of fraud.
12 NOVEMBER 2024	ALL	Campaign	International Fraud Awareness Week 2024	<a href="#">International Fraud Awareness Week 2024 - TIAA</a>	International Fraud Awareness Week (IFAW) (17th – 23rd November 2024) raises awareness of fraud risks and key reporting lines. The campaign aims to start discussions amongst peers, co-workers, executives and stakeholders in the community about how important fraud prevention is to society as a whole. Our dedicated page has a range of information and resources.

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**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN****SOUTH WALES FIRE & RESCUE SERVICE**AGENDA ITEM NO 11  
21 MARCH 2025

FINANCE AND AUDIT COMMITTEE

REPORT OF THE ASSISTANT CHIEF FIRE OFFICER OF SERVICE DELIVERY

**PERFORMANCE REPORT - STRATEGIC PERFORMANCE INDICATORS  
QUARTER 3 2024/2025****THIS REPORT IS FOR INFORMATION**REPORT APPROVED BY 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 Q1-3 2024/2025.

**RECOMMENDATIONS**

That Commissioners note the Service's Strategic Performance Indicator totals for Q1-3 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 Q1-3 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 Q1-3 2024/2025 (3,772) was lower than the number attended during the same period last year (4,537) and lower than the projected outcome (4,536).
  - 2.4 The total number of false alarms attended in Q1-3 2024/2025 (7,292) was higher than the number attended during the same period last year (7,140) and higher than the projected outcome (6,876).
  - 2.5 The total number of Road Traffic Collisions (RTCs) attended in Q1-3 2024/2025 (695) was higher than the number attended during the same period last year (662) and higher than the projected outcome (657).



- 2.6 The total number of Other Special Service Calls (SSCs) attended in Q1-3 2024/2025 (2,502) was higher than the number attended during the same period last year (2,443) but lower than the projected outcome (2,573).
- 2.7 The total number of deaths and injuries arising from all fires in Q1-3 2024/2025 (31) was similar to the number recorded during the same period last year (32), and lower than the projected outcome (40).
- 2.8 The total number of deaths and injuries arising from all fires which were started accidentally in Q1-3 2024/2025 (29) was slightly higher than the number recorded during the same period last year (27), but lower than the projected outcome (33).
- 2.9 The percentage of dwelling fires which were confined within the room they originated in Q1-3 2024/2025 (85.8%) was higher than during the same period last year (84.7%) 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 Three Strategic Performance Indicators performed better than the previous year and better than the projection set at the beginning of the year (Total Fires Attended, Total Number of Fire Deaths and Injuries, Percentage of Dwelling Fires Contained to Room of Originate).
- 4.2 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 Number of Other Special Service Calls, Total Number of Accidental Fire Deaths and Injuries).
- 4.3 Two Strategic Performance Indicators performed worse than the previous year and did not meet the projection set at the beginning of the year (Total False Alarms Attended, Total Number of Roaf Traffic Collisions).
- 4.4 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 Q1-3 2024/2025.

<b>Contact Officer:</b>		Wayne Thomas Temporary Head of Corporate Support
<b>Background Papers</b>		<b>Date</b> <b>Source / Contact</b>
None		
<b>Appendices</b>		
Appendix 1	Strategic Performance Indicators – Q1-3 2024/2025	



# Strategic Performance Indicators

## Q1-3 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 January 2025 and is subject to change.

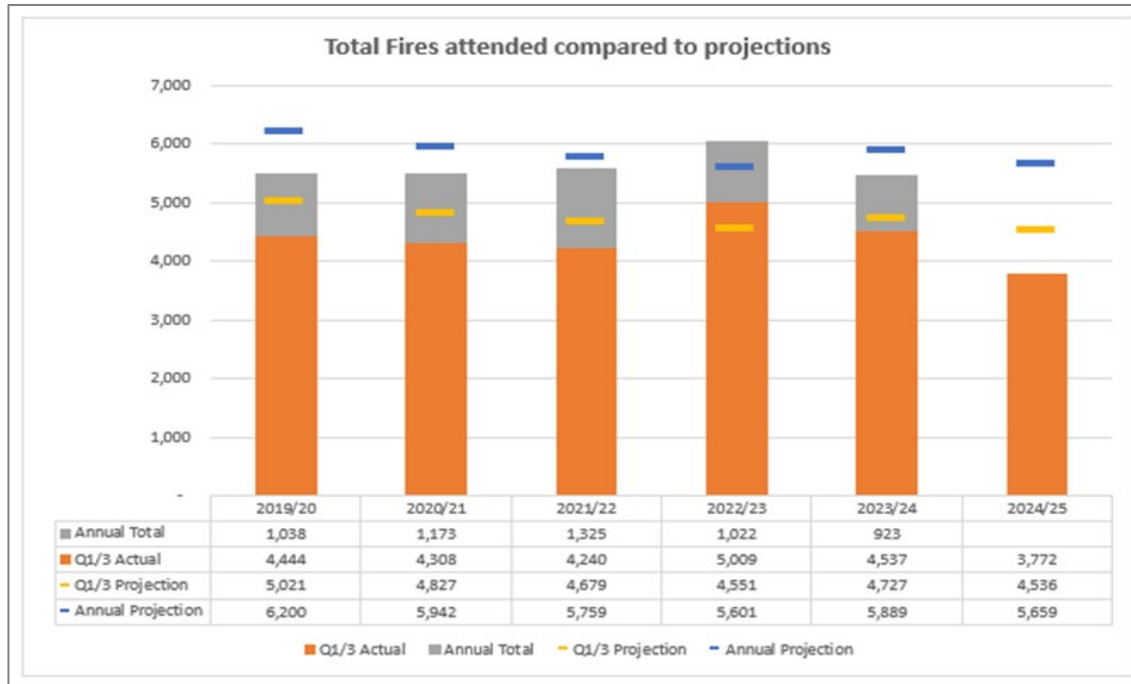
### Section 1 – Overview of Strategic Performance Indicators - Q1-3 2024/2025

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.

	Q1-3 2023/2024 Performance	Q1-3 2024/2025 Performance	Q1-3 2024/2025 Projection	Year on Year Performance Difference # (%)	Q1-3 2024/2025 Performance v Projection
<b>Total Fires Attended</b>	4,537	<b>3,772</b>	4,536	-765 (-17%)	★
<b>Total False Alarms Attended</b>	7,140	<b>7,292</b>	6,876	+152 (+2%)	▲
<b>Total RTCs Attended</b>	662	<b>695</b>	657	+33 (+5%)	▲
<b>Total Other SSCs Attended</b>	2,443	<b>2,502</b>	2,573	+59 (+2%)	★
<b>Total Deaths and Injuries Arising from All Fires</b>	32	<b>31</b>	40	-1 (-3%)	★
<b>Total Deaths and Injuries Arising from Accidental Fires</b>	27	<b>29</b>	33	+2 (+7%)	★
<b>% of Dwelling Fires Confined to Room of Origin</b>	84.7%	<b>85.8%</b>	85.0%	+1.1%	★

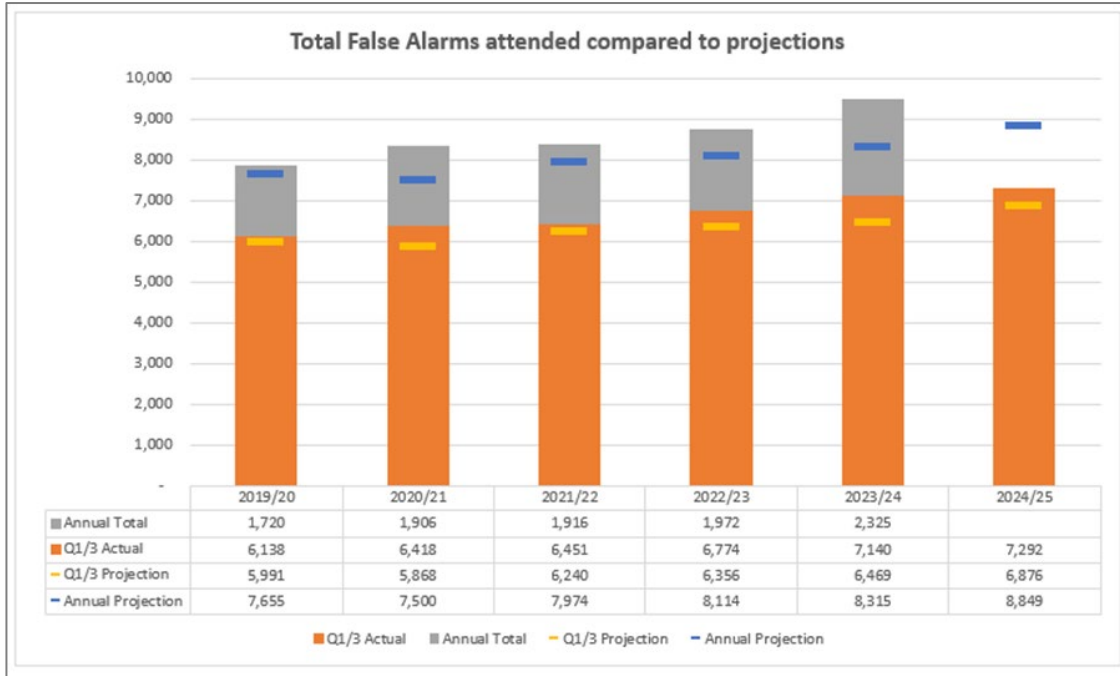
Performance Key	★ Better than or equal to projection	● Up to 5% worse than projection	▲ Over 5% worse than projection
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**Section 2 – Strategic Performance Indicators – analysis**



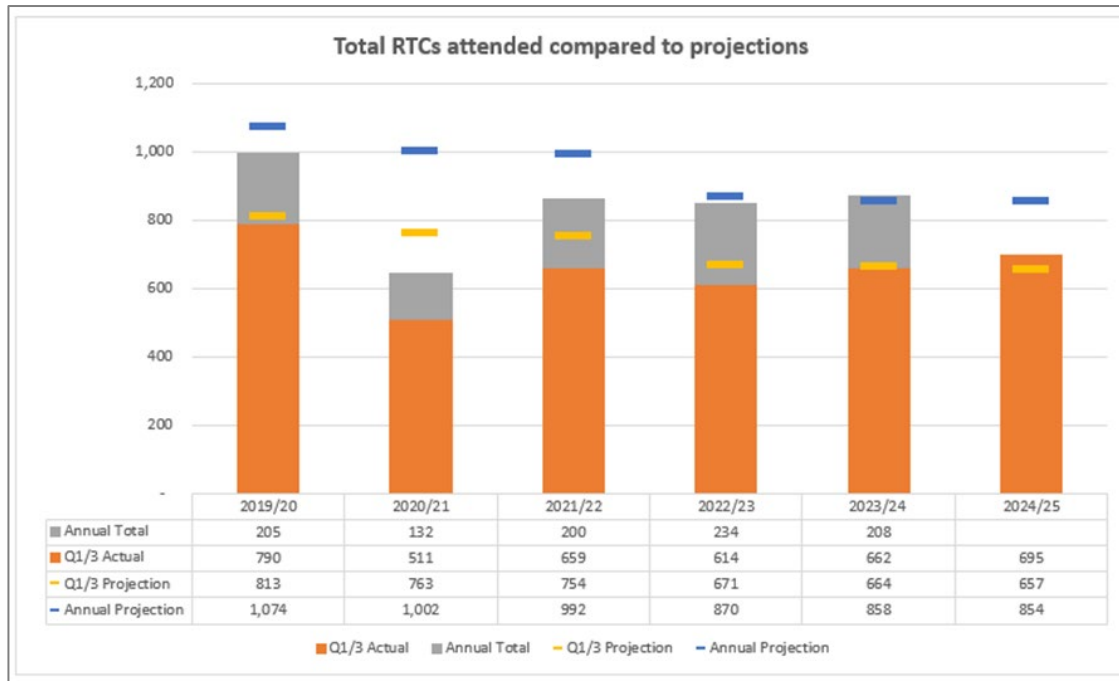
**Q1-3 2024/2025 performance vs Q1-3 2023/2024**

- Total Fires (4,537 – 3,772) ↓ 17%.
- Total Fires were 17% below the projection of 4,536.
- Accidental fires (1,353 – 1,158) ↓ 14%.
- Deliberate fires (3,184 – 2,610) ↓ 18%.
- Deliberate refuse fires (1,833 - 1,630) ↓ 11%.
- Deliberate grass fires (734 – 322) ↓ 56%.
- Deliberate vehicle fires (303 - 293) ↓ 3%.
- Deliberate Fires accounted for 69% of all fires.
- Lithium Ion Battery fires (42 – 40) ↓ 5%



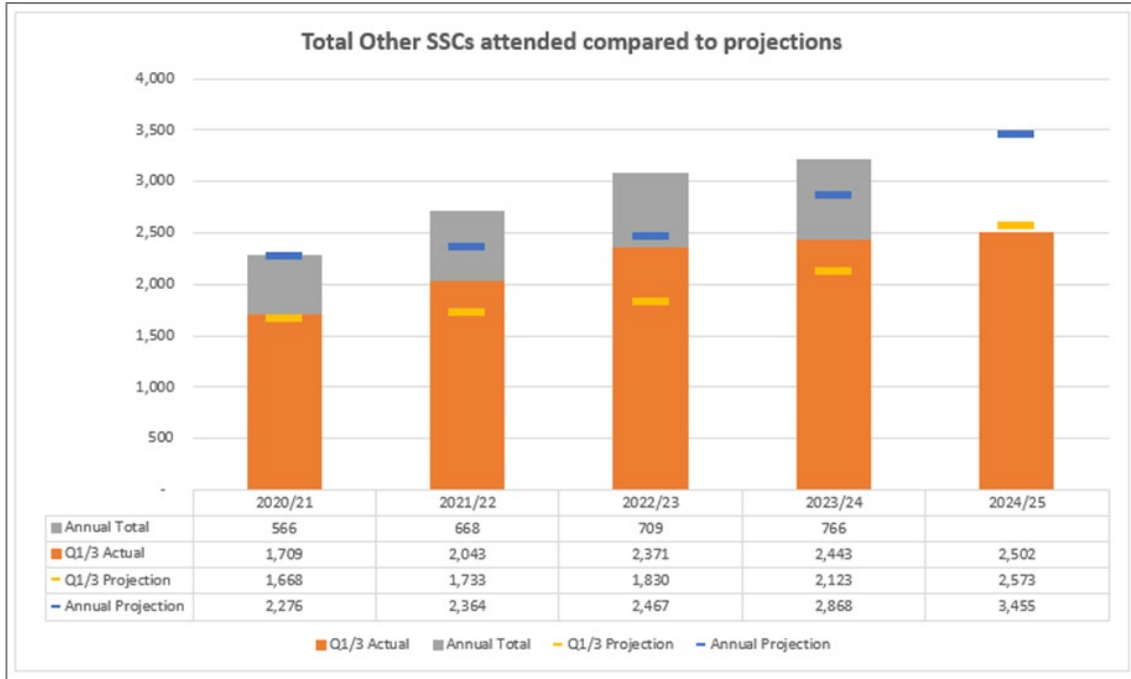
### Q1-3 2024/2025 performance vs Q1-3 2023/2024

- Total False Alarms (7,140 – 7,292) ↑ 2%.
- 6% above the projection of 6,878 for Q1-3 this year.
- False Alarm Good Intent (2,504 – 2,227) ↓ 11%.
- False Alarm Malicious (194 - 178) ↓ 8%.
- Education premises (546 - 531) ↓ 3%.
- Purpose built flats (795 - 983) ↑ 24%.
- Hospitals (586 - 547) ↓ 7%.
- Residential homes (382 - 412) ↑ 8%.



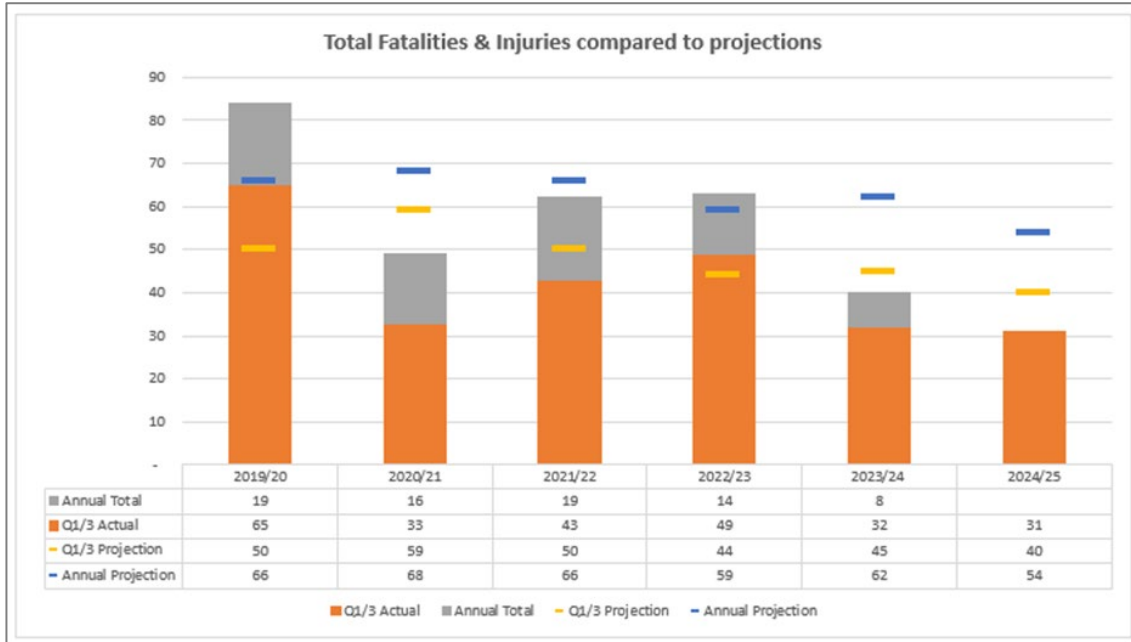
### Q1-3 2024/2025 performance vs Q1-3 2023/2024

- Total RTCs (662 - 695) ↑ 5%.
- 6% above the projection of 657.
- Extrications/release of persons (92 - 85) ↓ 8%.
- Fatalities (16 - 12) ↓ 25%
- Injuries (256 - 202) ↓ 21%.
- RTCs involving cars (457 - 499) ↑ 9%.
- Proportion of car RTCs resulting in casualties (26% - 21%) ↓ 5%.
- RTCs involving motorcycles (28 - 19) ↓ 32%.
- Proportion of motorcycle RTCs resulting in casualties (64% - 53%) ↓ 11%.
- A lower proportion of RTC's involved Extrications, Releases or Medical assistance in Q1-2 this year than was the case last year (from 27% to 22%).



### Q1-3 2024/2025 performance vs Q1-3 2023/2024

- Other SSCs (2,443 – 2,502) ↑ 2%.
- 3% below the projection of 2,573.
- Flooding incidents (157 – 271) ↑ 73%. Of the 271, 60% occurred in Q3.
- Water rescues (47 - 63) ↑ 34%. As with flooding incidents, of the 63, 60% occurred in Q3.
- Assisting other agencies (688 - 561) ↓ 18%.
- Other rescue/release of persons (123 - 151) ↑ 23%.
- Medical incident – co-responder (3 - 25) ↑ of which 96% occurred in Q2 and Q3.



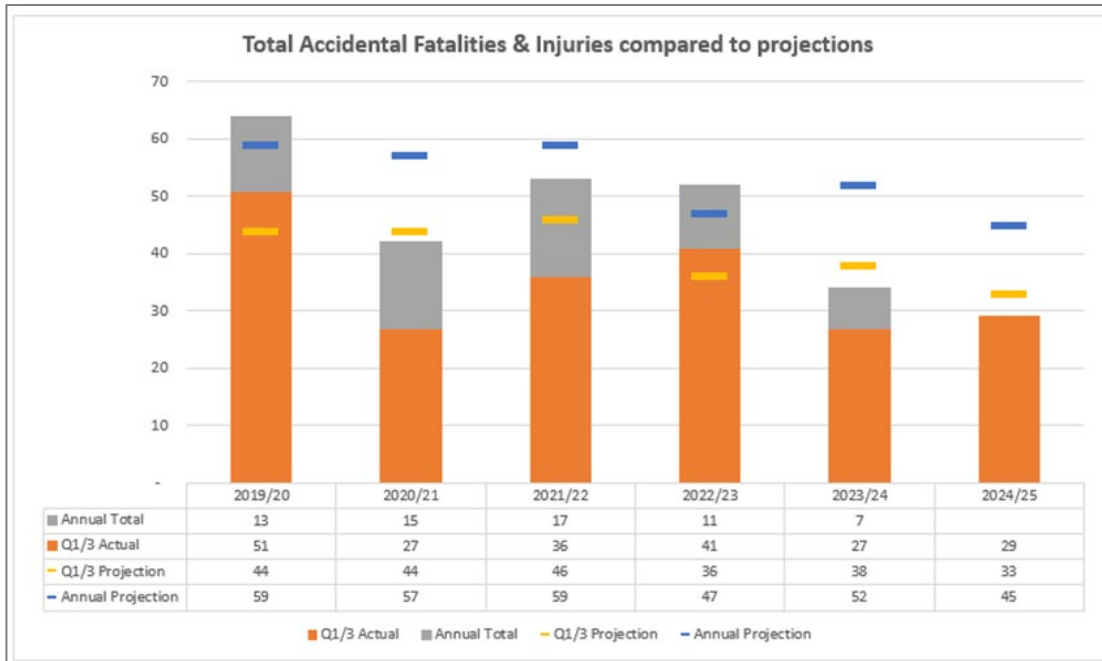
### Q1-3 2024/2025 performance vs Q1-3 2023/2024

- Total fatalities and injuries decreased by 1 from 32 to 31.
- 23% **below** the projection of 40 for Q1-3 this year.
- There was 1 fatality from fire compared to 3 in Q1-3 last year.
- There were 7 serious injuries this year, the same as in Q1-3 last year.
- There were 23 slight injuries compared to 22 in Q1-3 last year.



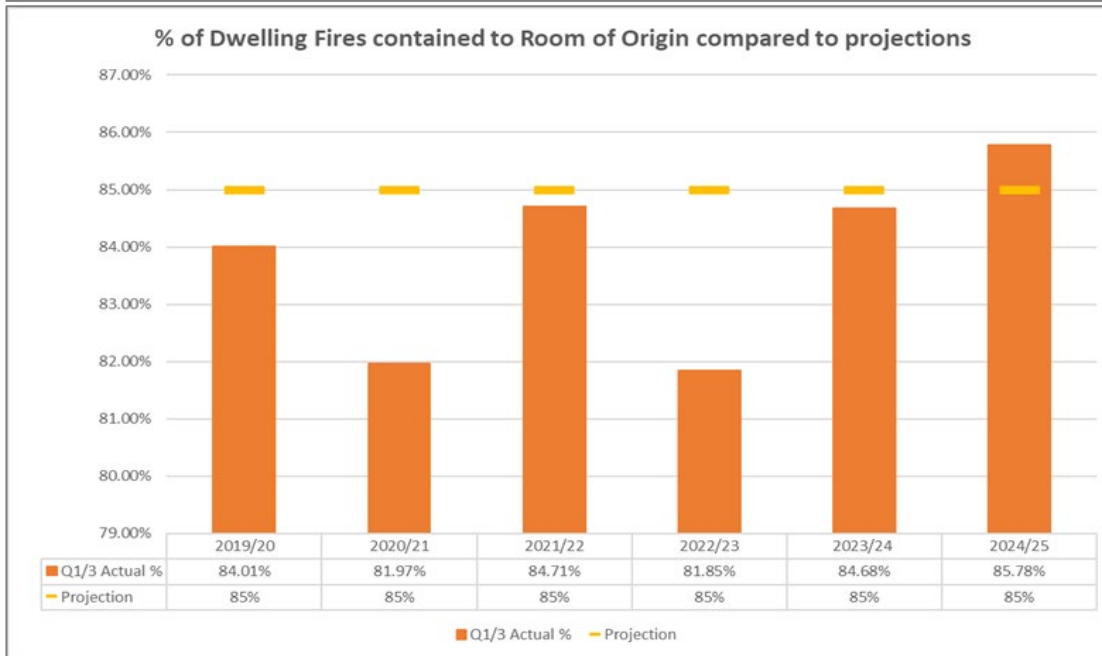
Q1-3 2024/2025 performance vs Q1-3 2023/2024

- Fatalities and Injuries in accidental fires **increased** by 2 from 27 to 29, which is 4 less than the projection of 33 for Q1-3 this year.



Q1-3 2024/2025 performance vs Q1-3 2023/2024

- % Dwelling fires confined to room of origin **↑** 1.1%, from 84.7% to 85.8% (392 of 457).
- 0.8% above the projection of 85%.
- Merthyr **↑** 19.5%, from 71.4% to 90.9% (10 of 11).
- Newport **↓** 8.0%, from 89.8% to 81.8% (45 of 55).
- Monmouthshire **↓** 5.7%, from 81.5% to 75.8% (25 of 33).



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## AGENDA ITEM NO 12

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

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information or Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
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	On Agenda
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	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	On Agenda
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: Sarah Watkins / Wayne Thomas	On Agenda
Mar 2025	Treasury Management Strategy 2025/2026		D	Treasurer  Contact Officer: Lisa Mullan	On Agenda

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

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Information or Decision</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
14 Mar 2025 (Extraordinary Finance and Audit Committee Meeting)	Establishment of a Portfolio Management Office (PMO)	To provide Commissioners with a business case for a Portfolio Management Office (PMO).	D	Director of Strategic Change and Transformation  Dominic Mika	On Agenda

\*Please note this is subject to change\*

## AGENDA ITEM NO 13

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

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## AGENDA ITEM NO 14

**Any items to report back to the Board of Commissioners Committee**

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1.	Apologies for Absence	
2.	Declarations of Interest	
	Attendees 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 19 December 2024	3
5.	Update on Outstanding Actions	13
	<b>REPORTS FOR DECISION</b>	
6.	Revenue Monitoring Report	15
7.	Capital Monitoring Report 2024/2025	33
8.	Treasury Management Strategy 2025/2026	45
9.	Establishment of a Portfolio Management Office (PMO)	79
	<b>REPORTS FOR INFORMATION</b>	
10	Internal Audit Update	89
11.	Performance Reports – Statutory PI's (Quarterly)	135
12	Forward Work Programme for Finance and Audit Committee	147
13.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	149
14.	Any items to report back to the Board of Commissioners Committee.	151