

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the **AUDIT COMMITTEE** will be held
MONDAY 16 December 2024 at **09.30 hrs**
virtually **via Zoom**

Yours faithfully,
Gareth Owens
Clerk

AGENDA

1. Apologies

2. Declarations of Interest

3. Notice of Urgent Matters

Notice of items which, in the opinion of the Chairman, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act, 1972.

4. Minutes of the Meeting held on 16 September 2024

5. Matters Arising

6. Progress Report from Internal Audit

7. Treasury Management Update 2024-25

8. Budget Setting 2025-26

9. Local Government (Wales) Measure 2009

9i. **AoP 2022-23**

9ii. **AoP 2023-24**

9iii. **IP 2024-25**

10. Approval of Bank Mandate

11. Training Centre Consultancy Procurement Proposal

12. Urgent Matters

To consider any items which the Chair has decided are urgent (pursuant to Section 100B (4) of the Local Government Act, 1972) and of which substance has been declared under item 3 above.

PART II

It is recommended pursuant to Section 100A (4) of the Local Government Act, 1972 that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that there would be disclosed to them exempt information as defined in Paragraph(s) 12 to 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

13. Dim

NORTH WALES FIRE AND RESCUE AUTHORITY
AUDIT COMMITTEE

Minutes of the **Audit Committee** of the North Wales Fire and Rescue Authority held on Monday 16 September 2024 virtually via Zoom. Meeting commenced at 09.30hrs.

Councillor

Mark Young (Chair)
Gwynfor Owen (Deputy Chair)
Adele Davies-Cooke
Tina Claydon
Sharon Doleman
John Brynmor Hughes
Marion Bateman
Austin Roberts
Marc Jones
Arwyn Herald Roberts

Representing

Denbighshire County Council
Gwynedd Council
Flintshire County Council
Flintshire County Council
Conwy County Borough Council
Gwynedd Council
Flintshire County Council
Conwy County Borough Council
Wrexham County Borough Council
Gwynedd Council

Also present:

Helen MacArthur
Dafydd Edwards
Gareth Owens
Anne-Marie Harrop
Angharad Ellis
George Jones
Ffion Evans
Ellie Williams

Assistant Chief Fire Officer
Treasurer
Monitoring Officer
Mersey Internal Audit Agency
Mersey Internal Audit Agency
Translator
Executive Assistant – Note taker
Executive Assistant – Note Taker

1.0 APOLOGIES

Councillor

Jeff Evans
Dylan Rees
Bryan Apsley
Beverley Parry-Jones

Representing

Anglesey County Council
Anglesey County Council
Wrexham County Borough Council
Wrexham County Borough Council

2.0 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest to record. A Member queried if a discussion around item 6 would be allowed whilst in the pre-election period and the Monitoring Officer confirmed that it was, providing there were no political statements made.

3.0 NOTICE OF URGENT MATTERS

3.1 There were no notices of urgent matters.

4.0 MINUTES OF THE MEETING HELD ON 18 MARCH 2024

4.1 The minutes of the meeting held on 18 March 2024 were submitted for approval.

4.2 RESOLVED to:

i) approve the minutes as a true and accurate record of the meetings held.

5.0 MATTERS ARISING

5.1 ACFO MacArthur provided apologies on the lack of progress in regards to paragraph 15.1 and provided assurance it would be resolved for the next Audit Committee meeting.

5.2 In respect of item 5.1, the Treasurer confirmed that he had spoken with Welsh Government Civil Servants and was expecting information on the Pensions Grant. With the election ongoing it was unlikely that a response would be received until a new UK Government had been formed and the final figure agreed. It was expected that there would be a grant but the amount remains unknown. A residual financial risk remains but the approach taken during the budget setting process has minimised this risk.

6.0 GOVERNANCE ARRANGEMENTS FOR FIRE AND RESCUE SERVICES IN WALES

6.1 CFO Docx presented the paper on the Governance Arrangements for Fire and Rescue Services in Wales and highlighted recent communication to council leaders from the Welsh Government Cabinet Secretary with responsibility for fire. The paper also confirmed the recent publication of the Senedd's Equality and Social Justice Scrutiny Committee, "Sound the Alarm: Governance of Fire and Rescue Services", which considered the sector's governance arrangements.

6.2 The reports highlight to Members work being undertaken to consider issues relevant to the governance arrangements around the fire sector in Wales.

- 6.3 It was queried if the Audit Committee would be included in future discussions on the changes to governance arrangements. CFO confirmed that the Cabinet Secretary intended to attend the Full Fire Authority meeting in July to provide an opportunity for Members to ask any questions regarding their involvement in the process.
- 6.4 A Member stated the likely outcome of Welsh Government implementing a skills-based board of smaller numbers, highlighting the benefit of this.
- 6.5 Concerns were raised on moving away from a democratic model of Governance as there may be less accountability at a local level with the current model placing a duty on Council Leaders to select the right people to sit on the Authority.
- 6.6 It was further stated that a reduction in the number of Members would not necessarily resolve issues with the held belief that problems in South Wales are not reflective of all Fire Services in Wales.
- 6.7 The CFO confirmed that there needed to be dialogue with Leaders in North Wales and that both CFO and the Chair would work through the Social Partnership Forum in order to ensure the Authority is able to put forward it's views on Governance to the Cabinet Secretary.
- 6.8 The Treasurer noted further to his experience of sitting in Council Cabinets and in National Park Authority meetings, as well as being involved in the Fire Authority, concerns around suggestions in the national papers on Governance. The idea that CFO's could be generalists without FRS experience may reduce cost-effectiveness with Council Cabinet members busy with a portfolio and unable to prioritise FRA duties.
- 6.9 The Monitoring Officer gave some background as to how the Cabinet was formed at a local level and felt that there would be little time for a Cabinet member to be able to sit on the Authority.

6.10 RESOLVED to:

- i) note the work initiated by the Cabinet Secretary for Housing, Local Government and Planning with the South Wales Local Authorities; and**
- ii) note the second part of the report published by the Equality and Social Justice Committee's report setting out their opinions for change to the governance arrangements for Fire and Rescue Services in Wales.**

7.0 AUDIT WALES AUDIT PLAN 2024

- 7.1 The purpose of this report was to confirm the 2024 Audit Plan which detailed the audit approach and work to be undertaken by Audit Wales as the Authority's statutory auditors.
- 7.2 ACFO MacArthur highlighted the revised timetable for the production and audit of the accounts advising the Finance Department had been able to compile the draft accounts for 2023/24 by the end of May. Kate Harvard confirmed that although the revised deadline for the final accounts audit was the 30 November, every effort would be made to conclude the work in time for the Audit Committee in September 2024.
- 7.3 It was confirmed that the current Corporate Plan had expired as of 31 March 2024 however, the Community Risk Management plan, which had already been approved in draft form, was now out for consultation and would be brought before the Authority for ratification in the July meeting.
- 7.4 Kate Harvard confirmed that clarification on what audit work would be carried out in relation the Local Government Measure (2009) would be provided at the next meeting of the Audit Committee.
- 7.5 The Treasurer advised closing the accounts on time had been a heroic effort, giving thanks to the Finance Team for their hard work. Audit Wales acknowledged concerns around auditing standard differences between the private and public sector and confirmed that every effort was made to ensure that the approach was relevant when maintaining compliance with the relevant standards.

7.6 RESOLVED to:

- i) note the scope of the work undertaken by Audit Wales.**
- ii) Clarification on the work to be undertaken in relation to the Improvement Measure (2009) to be provided to a future meeting.**

8.0 INTERNAL AUDIT ANNUAL REPORT 2023/24

- 8.1 Angharad Ellis from MIAA presented the Internal Audit Annual Report 2023/24 paper which noted under the terms of the Accounts and Audit (Wales) Regulations 2014 Part 3 5. (2) the Authority was required annually to conduct a review of the effectiveness of its system of Internal Control.
- 8.2 ACFO MacArthur noted this had been the first year of the Authority's work with MIAA and felt that the findings were proportionate and appropriate. Appreciation was given to the MIAA Audit team for their efforts.

8.3 A Member noted that the only high-risk area was cyber security and MIAA confirmed that this was not specific to North Wales. ACFO MacArthur noted that this was a common risk across the public sector, that it was closely monitored within the Service and that a plan of action was in place in order to address the recommendation in this area.

8.4 RESOLVED to:

- i) note the content of the Head of Audit and Procurement's Annual Report and the overall 'opinion' upon the adequacy and effectiveness of the Authority's framework of governance, risk management and control.**

9.0 INTERNAL AUDIT UPDATE

9.1 Angharad Ellis delivered the Internal Audit Update paper, the purpose of which was to provide Members with an update of the work undertaken by the Authority's internal audit providers, MIAA, for the 2023/24 financial year and for the period to 31 May 2024.

9.2 RESOLVED to:

- i) note the work undertaken by MIAA during 2023/24; and**
- ii) note the progress made in implementing the 21 agreed recommendations.**

10.0 TREASURY MANAGEMENT OUTTURN REPORT 2023/24

10.1 Dafydd Edwards, Authority Treasurer, presented to Members the Treasury Management Outturn Report 2023/24, an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2023 – 31 March 2024.

10.2 Regarding the economic context, the Treasurer predicted that UK CPI figures to be announced on 17 June would meet the 2% target, and while the Bank of England were unlikely to reduce interest rates on 18 June, an interest rate cut is expected.

10.3 Members were advised that Helen Howard, Head of Finance and Procurement, would be leaving the Service at the end of June 2024 and thanks were given to her for all of her help, support and hard-work over the years. Members and officers wished her all the best for the future.

10.4 A Member asked if a long-term loan could be paid back over a shorter period of time in order to save on interest, the Treasurer advised that the redemption premium would be too high to make this a viable option however, this would be monitored by officers and if there was an opportunity to do this in the future, it would be explored.

10.5 RESOLVED to:

- i) approve the treasury management activities and prudential indicators for the period 1 April 2023 – 31 March 2024;**

11.0 URGENT MATTERS

11.1 ACFO MacArthur advised Members that the Members Budget Scrutiny Working Group held in the previous financial year had been an opportunity to engage Members with the budget setting process and had been really beneficial. These meetings will continue across the next six-months and Members were asked if they felt the membership of the group should be extended.

11.2 Members confirmed that the membership as it stood was acceptable and confirmed they were happy for it to proceed, with the Chair of the Audit Committee to remain as Chair for the Budget Scrutiny Working Group.

Meeting closed 10:46 hrs

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Angharad Ellis, MIAA
Subject	Progress Report from Internal Audit



PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update of the work undertaken by the Authority's internal audit providers, MIAA, for the 2024/25 financial year to date.

EXECUTIVE SUMMARY

- 2 The Authority is required to put arrangements in place for the audit of systems of control. MIAA was appointed in June 2023 to provide internal audit services to the Authority.
- 3 The appended report provides an update of the work undertaken during the 2024/25 financial year to 30 November 2024 against the agreed internal audit plan.
- 4 The report confirms that during the period detailed reviews of the controls covering key financial transactions and implementation of the training strategy have been undertaken. Both reviews received substantial assurance with recommendations for improvement agreed with management.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) Note the work undertaken by MIAA during 2024/25.

BACKGROUND

- 6 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.

- 7 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Statement of Internal Control annually.
- 8 The Authority appointed MIAA as its internal auditor at the Audit Committee meeting of the 18 June 2023. The Audit Plan was approved by the Audit Committee at its meeting of 18 March 2024.

INFORMATION

- 9 The report contained within Appendix 1 provides an overview of the work undertaken during 2024/25 financial year to 30 November 2024. This confirms that all work is progressing in accordance with the plan.
- 10 The review of the controls in place for the key financial transactions provided substantial assurance that controls were in place and operating as intended. The scope and findings of the review are outlined within Appendix C of the report and five recommendations to address medium/low risks have been agreed.
- 11 The work undertaken by the Internal audit team also included a review of the implementation of the training strategy. This work provided a substantial level of assurance and Appendix C confirms four recommendations to address medium risks have been agreed.

Wellbeing Objectives	The operation of financial systems that are properly controlled supports the delivery of the well-being objectives and longer-term sustainability of services.
Budget	Assurance on the existence and operation of internal controls supports the effective budget setting process.
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	The review of key financial systems including payroll provide assurance that controls are present an that payments are in accordance with agreed policies and procedures.
Equalities/ Human Rights/ Welsh Language	The engagement lead with MIAA is bi-lingual and reports will be subject to normal translation processes.
Risks	The internal audit of core financial processes supports the effective identification and management of risks.

Internal Audit Progress Report

Audit Committee (December 2024)

North Wales Fire and Rescue Service

Contents

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2 Key Messages for Audit Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Key Areas and Actions to be Delivered

Appendix D: Assurance Definitions and Risk Classifications

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

Executive Summary

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plan for 2024/25 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are included within the Audit Committee papers. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period 1st September 2024 to 30th November 2024.

3 Executive Summary

2024/25 Audit Reviews

The following reviews have been finalised:

- Key Financial Transactional Processing Controls (Substantial Assurance)

Overall, there was a good system of internal control in place designed to meet the system objectives, however some areas for improvement have been identified. There was comprehensive evidence that financial controls were operating robustly within the organisation, and areas of good practice were found in most cases of our sample testing and documentation review.

- Training Strategy Implementation Plan (Substantial Assurance)

Whilst the review identified a number of areas of good practice, there were also opportunities to strengthen controls in a number of key areas including enhancement of the performance reporting arrangements, update of the Operations and Control Training Strategy, review of the current Training Needs Analysis and review reporting arrangements to the Fire Authority.

Refer to Appendix C for details of Key Areas and Actions to be Delivered

The following reviews are in progress:

- Attendance at Budget Scrutiny meetings (when required)

Follow Up

Our follow up work is in progress.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process. There are no current proposals to amend the approved audit plan.

Public Sector Internal Audit Standards

In January the Institute of Internal Auditors issued revised Global Internal Audit Standards (GIAS).

The Relevant Internal Audit Standard Setters (RIASS) for the UK Public Sector have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector and have issued a consultation on applying GIAs in the UK public sector which is now live and available on the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) website [Consultation on Internal Audit Standards in the UK Public Sector | CIPFA \(iasab.org\)](https://www.iasab.org/consultation). Closing date of 31st October.

MIAA are represented on the IASAB and have directly contributed to the consultation documentation.

The implementation date for the new standards in the UK public sector will be 1st April 2025. Until then, the existing Public Sector Internal Audit Standards will continue to apply.

When the IASAB issues finalised material for application in the UK public sector MIAA will review this and amend our processes if required to continue to ensure full compliance with standards.

The latest updates from the IASAB can be accessed via the following link: <https://www.iasab.org/latest-news>

Added Value

Events




- [Social Value Masterclass \(5th February 2025\): How embedding a culture and practice of social value can benefit your organisation and community:](#) Raise awareness of social value and anchor institutions, the value they can bring to your organisation and ways to develop a culture of social value. Delegates will have an understanding of what social value is and practical applications to embed a social value mindset across their organisations. We will share practical examples for leaders to take away and implement including measuring social value impact across organisations and making social value meaningful and value led.

Events are free to all clients and bookings can be made by clicking on the above link or via our website www.miaa.nhs.uk and click on Events.

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

The table summarises the delivery of your Head of Internal Audit Opinion for 2024/25:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management		Q4 delivery		March 2025
Training Strategy Implementation Plan		Completed	Substantial	December 2024
Key Financial Transactional Processing Controls		Completed	Substantial	December 2024
Procurement		Completed	Substantial	September 2024
Attendance at Budget Scrutiny meetings	N/A	As required		N/A
Follow Up				
Q1	N/A	Completed	N/A	June 2024
Q4	N/A	In progress		June 2025

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	No issues to report
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Key Financial Transactional Processing Controls			
Executive Sponsor	Assistant Chief Fire Officer			
Objective	<p>To provide assurance that the most significant key controls in the areas below, had been appropriately designed and operating effectively in practice.</p> <ul style="list-style-type: none"> • General Ledger • Accounts Payable • Accounts Receivable • Treasury Management 			
Recommendations	0 x Critical	0 x High	3 x Medium	3 x Low
Summary	<p><u>General Ledger</u></p> <ul style="list-style-type: none"> • Testing highlighted bank account reconciliations have been completed on a monthly basis and completion had been recorded on a monthly report, which reconciled the trial balance against the bank statement balance. • Testing of a sample of 20 journals found that adequate segregation of duties had been maintained within the TechOne system (between the preparer and approver). • The 2024/25 budget was presented and approved by the Fire Authority in January 2024. This detailed the budgeted figures for the 2024/25 financial year. The financial planning assessment for 2025/26 was initially presented to the Fire Authority in October 2024. We agreed the figures per the annual budget to the Fire Authority Financial Update paper that was reported in October 2024. <p><u>Accounts Payable</u></p>			

- Standing Financial Regulations (SFRs) were in place (which were in date - due for review in March 2025) and set out roles and responsibilities supported by an employee hierarchy maintained within the TechOne system.
- Audit testing of a sample of 20 delegated limits set up in the TechOne system confirmed that they had been set up correctly in line with the SFRs.
- MIAA testing of a sample of 10 payments made with an approved purchase order, found adequate segregation of duties and approval was enforced within the TechOne system. 10 payments which had been made without a purchase order were found to have been appropriately approved in line with the financial limits set.

Accounts Receivable

- Audit review of the 3 credit notes raised since April 2024 identified valid justification had been provided for the cancellation of the debt, with appropriate authorisation evidenced.
- The Service had an up to date aged debt policy in place. A review of the most recent aged debt analysis report identified that there were no long outstanding or high value debts recorded.
- For a sample of aged debts we found that evidence had been retained to confirm that the debt has been adequately followed up and chased in line with policy.
- It was confirmed there have been no debt write offs in year. Write offs are reported annually to the Fire Rescue Authority (FRA).

Treasury Management

- BACS payments runs have been processed weekly and were subject to approval by the Deputy Head of Finance and Procurement and the Head of Finance and Procurement.
- We confirmed that adequate segregation of duties has been enforced when accessing the Barclays online portal to process payment runs.
-

Key Areas Agreed for Action

Accounts Payable - At the time of the review, it was noted that the Service was in the process of drafting a guidance document for the completion of verification checks. This should include procedure notes for the setup of new suppliers and amendment to current supplier bank details. In addition, audit testing of a sample of 10 supplier bank amendments found that in one case, evidence had not been retained to evidence the supplier verification check undertaken. In addition, segregation of duties was not enforced as part of the verification process. **(Medium Risk)**

Treasury Management – Our review of the Fire Service Bank mandate identified that it requires updating to reflect current roles and recent changes in staff. **(Medium Risk)**

General Ledger – During our review it was identified that the Scheme of Financial Delegation (SoFD) requires review and update. **(Medium Risk)**

Accounts Payable - Testing of a sample of purchase orders identified that in 2 cases the purchase order had been raised after the invoice had been received. **(Low Risk)**

Accounts Receivable - Our testing of debtor invoices highlighted that in 2 cases, insufficient evidence had been retained to support the debt (in terms of a valid Purchase Order or supporting backing documentation). **(Low Risk)**

General Ledger – The current arrangements in place in relation to financial reporting and reconciliations of Accounts Payable and Accounts Receivable ledgers should be reflected in a Standing Operating Procedure (SOP). **(Low Risk)**

Report Title	Training Strategy Implementation Plan			
Executive Sponsor	Assistant Chief Fire Officer			
Objective	To evaluate the effectiveness of the Operational Training Strategy and evaluate the extent to which the implementation plan had been followed.			
Recommendations	0 x Critical	0 x High	4 x Medium	0 x Low
Summary	<ul style="list-style-type: none"> • Our review found that there was an Operational Training Delivery Plan in place for 2024/25. The training plan detailed the training courses planned to be undertaken during the year, along with the proposed delivery dates. • Audit review of the Operational Training Delivery Plan confirmed that training had been scheduled for all core skills outlined in the Operations and Control Training Strategy. • The Service presented the current programme of operational training to the Senior Leadership Team (SLT) in October 2022 and this included confirmation of compliance with the competency-based framework developed by the Chief Fire Officers Association (CFOA) and the National Operational Guidance Training Specifications. • MIAA review of the current Operational Training Delivery Plan for 2024/25 (which was amended in June 2024 for revised course dates) highlighted that the plan had been supported by a structured competence framework for incident command training. This was based on an informed assessment of the learning needs of all operational staff at each stage of their career path and included training requirements (including refresher training). • The Operational Training Delivery Plan included the arrangements in place for performance monitoring. This included a number of Key Performance Indicators (KPIs) to evidence whether (or not) the department is on target to deliver its objectives per the training and development departmental plan. Examples of KPIs included Breathing Apparatus Refresher (BAR) - target of 50% 			

of staff per training year; and Compartment Fire Behaviour Training (CFBT) – target of 50% of staff per training year.

- MIAA review found the Operational Training Delivery Plan included details of activities the Training and Development Department planned to deliver including risk critical initial and refresher training. Planned courses included over 30 courses, all of which included key implementation milestones.
- Our review confirmed the KPIs have been reported into the quarterly training managers' group meeting and subsequently to the Senior Leadership Team (SLT). The number of eligible staff that can attend each year has been monitored on a quarterly basis for each training year.
- MIAA review of the Quarter 4 2023/24 Operational Training Department performance report highlighted adequate monitoring of training delivery with a dashboard detailing the courses attended and performance measured against the KPIs. The report highlighted end of year actual performance versus target performance for all courses and made use of the RAG rating system to present performance data.
- MIAA desktop review identified that individuals were required to maintain up to date records of training activities undertaken, as required in their development to competent program. Line Managers were also required to monitor progress of individuals training. This process was overseen by the Training Delivery Manager who monitors attendance requirements.
- A review of recent SLT meeting minutes identified examples where sanctions have been enforced and appropriate actions taken as a result of individuals failing to comply with training requirements and overdue training.
- It was noted that a quarterly report is collated and presented to the Service Operations and Control Managers Meeting prior to reporting to the Organisational Learning Committee (OLC) and SLT. Trends are also taken to the All-Wales Training and Control Managers meeting which provides the organisation an opportunity to discuss national and regional influences.
- MIAA confirmed the Service is part of an all Wales Training Group network, members of which meet quarterly. Review of the most recent (September 2024) meeting papers and minutes highlighted areas covered include collaboration for training delivery (primarily to reduce cost of delivery).

Key Areas Agreed for Action

MIAA review of the Operational and Command Training performance report found that whilst actual performance vs target performance had been reported in relation to courses, this was not always supported by actions taken where target performance had not been met. Whilst a review of recent SLT meeting minutes identified examples of sanctions have been enforced where individuals have failed to comply with training requirements, the performance report should fully reflect the actions taken to address overdue training.

The performance report should also be enhanced to include:

- Target rates for compliance against operational training requirements as a whole rather than at a course level;
- Compliance rates against the above (actual training rates);
- Details of compliance rates where training has expired or passed review dates for refresher training; and,
- Reported by Service as a whole and by staff group/Service area station. **(Medium Risk)**

The Operations and Control Training Strategy was last reviewed in April 2023. The strategy should be reviewed to ensure compliance with any changes to relevant NWFRS policies, legislative requirements and best practice, and to ensure alignment to the Community Risk Management Implementation Plan 2024/25. **(Medium Risk)**

MIAA review highlighted that the Operations and Control Training Strategy had been supported by an Operational Training Delivery Plan 2024/25 which detailed year two of the three-year training cycle. Our review noted that this training cycle was as a result of the Training Needs Analysis (TNA) which was approved by SLT in November 2022. The TNA should be reviewed and updated. **(Medium Risk)**

A review of recent Fire Authority papers noted that progress against the Operational Training Delivery Plan has not been reported. **(Medium Risk)**

Appendix D: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

Anne-marie Harrop

Regional Assurance Director

Tel: 07920 150313


Email: Anne-marie.harrop@miaa.nhs.uk

Angharad Ellis

Deputy Regional Assurance Director

Tel: 07469 378328

Email: Ann.ellis@miaa.nhs.uk

Report to	Audit Committee	
Date	16 December 2024	
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Treasury Management Update Q2 2024/25	

PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2024 – 30 September 2024.

EXECUTIVE SUMMARY

- 2 In December 2003, the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (2021)* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 3 The CIPFA Code also included a new requirement for quarterly reporting of the treasury management indicators from April 2023. The non-treasury prudential indicators are incorporated in the Authority's normal revenue and capital monitoring report.
- 4 The Authority's treasury management strategy for 2024/25 was approved at a meeting on 18 March 2024. As the Authority borrows and invests significant sums of money there are financial risks that need to be considered, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

RECOMMENDATIONS

- 5 Members are asked to:
 - i) note the treasury management activities and prudential indicators for the period 1 April – 30 September 2024.

EXTERNAL CONTEXT

- 6 UK headline consumer price inflation (CPI) fell from 3.2% in March to 2% in May and remained stable through September 2024, meeting the Bank of England's target. Core inflation declined more gradually, from 4.2% in March to 3.2% by September, while services price inflation eased slightly from 5.7% in May to 5.3% by September. These trends prompted the Bank of England to hold the Bank Rate at 5.25% until late July.
- 7 The Bank of England's Monetary Policy Committee (MPC) voted in June 2024 to maintain the Bank Rate at 5.25%. On 31 July, the MPC voted to reduce the base rate by 0.25%, bringing it down to 5% from the 1 August. Interest rates are expected to fall further during 2024 and into 2025.
- 8 In September 2024, the Bank Rate was held at 5%. Interest rates are expected to decline further into 2025, contingent on wage growth, services inflation, and broader economic conditions.

LOCAL CONTEXT

- 9 On 31 March 2024, the Authority had net borrowing of £14.82m arising from capital expenditure.
- 10 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in [Table 1](#) below.
- 11 Table 1 confirms that the Authority's net borrowings were below the Capital Financing Requirement (CFR).

Table 1: Balance Sheet Summary

	31.03.24 Actual £m	30.06.24 Actual £m	30.09.23 Actual £m
General Fund CFR	27.94	28.08	27.94
External borrowing	-17.78	-17.76	-16.83
Internal borrowing	10.16	10.32	11.11
Less: Balance sheet resources	-13.13	-13.57	-17.05
Less: New Investments	2.97	3.25	5.94
New borrowing	0.00	0.00	0.00

- 12 The treasury management position at 30 September and the change over the six months is shown in [Table 2](#) below.

Table 2: Treasury Management Summary

	31.3.24	Movement	30.9.24	30.9.24
	Balance		Balance	Rate
	£m	£m	£m	%
Long-term borrowing	14.07	-0.75	13.32	1.07 - 4.90
Short-term borrowing	3.71	-0.20	3.51	1.00 – 4.31
Total borrowing	17.78	-0.95	16.83	
Short-term investments	-1.48	1.48	0.00	4.93 - 5.19
Cash and cash equivalents	-1.48	-4.46	-5.94	4.88- 5.14
Total investments	-2.96	-2.98	-5.94	
Net borrowing	14.82	-3.93	10.89	

BORROWING

- 13 CIPFA's 2021 Prudential Code outlines that local authorities must not borrow to invest with the primary objective being financial return. It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement requiring new borrowing, unless directly and primarily related to the functions of the Authority.
- 14 The Authority has not invested in assets for financial return and all expenditure is related to the discharge of the Authority's functions.

BORROWING STRATEGY AND ACTIVITY

- 15 As outlined in the treasury strategy, the Authority's main objective when borrowing has been to adopt a low risk strategy balancing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 16 Short-term borrowing costs from other local authorities spiked to around 7% in late March 2024, reflecting reduced LA-LA lending activity. However, as anticipated, rates normalised in Q1 and Q2, averaging around 5.25% for most of the period.
- 17 The PWLB certainty rate for 10-year maturity loans fluctuated between 4.80% and 5.18% from April to September 2024, starting at 4.8% in early April and ending at 4.96% in September. For 20-year maturity loans, rates ranged from 5.24% to 5.57%, while 50-year loans were available between 5.06% and 5.40%.

- 18 As of 30th September 2024, the Authority held £16.83m of loans, a decrease of £0.95m compared to 31st March 2024. A summary of outstanding loans as of 30th September is provided in [Table 3A](#) below.

Table 3A: Borrowing Position

	31.3.24 Balance £m	Net Movement £m	30.9.24 Balance £m	30.9.24 Weighted Average Rate %	30.9.24 Weighted Average Maturity (years)
Public Works Loan Board	17.78	-0.960	16.827	2.980	6.910
Local authorities (short-term)	0.00	0.000	0.000	0.000	0.000
Total borrowing	17.78	-0.96	16.827		

- 19 The Authority replaced its short-term local authority borrowings in 2023/24 and as at 31 March 2024, no longer held short term loans other than PWLB loans reaching maturing.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan	2.00	4.80	28
PWLB EIP Loan	0.65	3.09	13
PWLB EIP Loan	4.72	3.91	17
Total borrowing	7.37		

- 20 The Authority's borrowing decisions are not predicated on any one outcome for interest rates and seeks to maintain a balanced portfolio of short- and long-term borrowing.

TREASURY INVESTMENT ACTIVITY

- 21 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

- 22 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the quarter, the Authority's investment balances ranged between £2.96m and £8.8m. The investment position is shown in [Table 4](#) below.

Table 4: Treasury Investment Position

	31.3.24		30.9.24	30.9.24	30.9.24
	Balance	Net Movement	Balance	Income Return	Weighted Average Maturity
	£m	£m	£m	%	days
Banks & building societies	1.48	4.46	5.94	4.88 - 5.14	On call
Central Government	1.48	-1.48	0.00	4.93 - 5.19	4
Total investments	2.96	2.98	5.94		

- 23 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 24 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 25 Bank Rates have reduced from a high 5.25% at the start of the financial to 5% at the start of August. The rates on DMADF deposits during the quarter were 5.19% - 4.92%

COMPLIANCE

- 26 All treasury management activities undertaken during the quarter complied with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. North Wales Fire and Rescue Service (the Service) holds two call accounts that are used to place short term deposits, with Lloyds Bank and Barclays Bank. The interest rates being offered on treasury deposits tend to be more favourable; however, deposits were held with Lloyd and Barclays during the period due to the liquidity requirement for purchasing the land for the new training centre.

- 27 The authority also utilises its Debt Management Office (DMO) account, as the Treasury Management Strategy allows for unlimited funds to be placed with the DMO.
- 28 Compliance with specific investment limits is demonstrated in [Table 5](#) below.

Table 5: Investment Limits

Institution	Description	Limit	30.09.24 Actual	Complied? Yes/No
Banks	All UK banks and their subsidiaries that have good ratings (Fitch or equivalent). This is currently defined as long term (BBB)	£5m	£5.94m	yes
Central Government	Debt Management Office (DMO)	Unlimited	0	yes
Money Market Funds (MMF)	Only in conjunction with advice for Arlingclose	£1m per fund	0	yes
Local Authorities	All except those subject to limitation of council tax and precepts under Part 1 of the Local Government Finance Act 1992	£2m	0	yes
Building Societies	Building societies with a rating (as for the banking sector)	£2m	0	yes
Building Societies (Assets £1bn)	Building societies without a rating but with assets of £1billion or more	£2m/9 months	0	yes

- 29 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in [Table 6](#) below.

Table 6: Debt and the Authorised Limit and Operational Boundary

	30.09.24 Actual £m	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied?
Borrowing	16.83	28.99	30.99	Yes
Total debt	16.83	28.99	30.99	

- 30 Since the operational boundary is a management tool for in-year monitoring there may be occasions when actual borrowing exceeds this target. This may be due to variations in cash flow and short-term breaches would not count as a compliance failure.

TREASURY MANAGEMENT INDICATORS

31 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

32 This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making.

33 The indicator represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2.0m required to manage day-to-day cash flow.

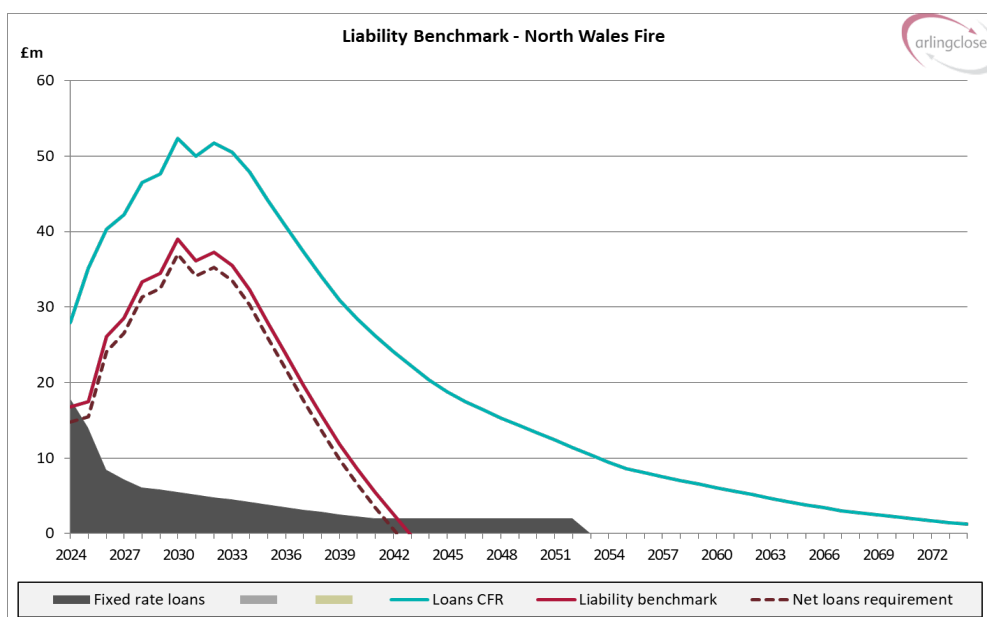
	31.03.24 Actual £m	30.09.24 Actual £m	31.03.25 Forecast £m	31.03.26 Forecast £m
Loans CFR	27.94	27.94	35.10	40.30
Less: Balance sheet resources	-13.12	-17.05	-19.70	-16.20
Net loans requirement	14.82	10.89	15.40	24.10
Plus: Liquidity allowance	2.00	2.00	2.00	2.00
Liability benchmark	16.82	12.89	17.40	26.10
Existing borrowing	-17.78	-16.83	-14.10	-8.50

34 The above forecast does not include any costs for the proposed training centre.

35 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £4m - £6m between 2023/24 and 2025/26, minimum revenue provision on new capital expenditure based on the current asset lives, as per the accounting policy, income and expenditure increasing by inflation of [2.5]% p.a. and a reduction in reserves. This is shown in the [chart below](#) together with the maturity profile of the Authority's existing borrowing.

36 The graph shows that the Authority is expecting to need to borrow in future years. The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding.

37 The blue line represents the need to fund capital expenditure through borrowing (the Capital Financing Requirement or CFR). The red lines represent the need to fund capital expenditure through borrowing once reserves and working capital surplus' (or deficits) have been taken into account – this is actually the real need to borrow which CIPFA have defined as being the Liability Benchmark. The dashed red line represents the position at year end and the solid line represents the average mid-year position. The grey shaded areas show actual loans. When the grey area falls below the red lines this infers a borrowing need.



Maturity Structure of Borrowing

38 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.24 Actual	Actual Limit	Upper Limit	Lower Limit	Complied Y/N
Under 12 months	2.2	13.07%	60.00%	0.00%	Y
12 months and within 24 months	4.2	24.96%	45.00%	0.00%	Y
24 months and within 5 years	3.20	19.01%	45.00%	0.00%	Y
5 years and within 10 years		0.00%	75.00%	0.00%	Y
10 years and above	7.23	42.96%	100.00%	0.00%	Y


39 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term Treasury Management Investments

40 The Authority does not hold any long-term treasury investments.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives. Ensures that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. Ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually for capital financing in line with the Treasury report.
Legal	The regulatory framework is set out in paragraph 1.
Staffing	None.
Equalities/Human Rights/Welsh Language	None.
Risks	Investment of surplus funds – there is a risk that the financial institution in which the service's funds are invested could fail with a loss of part of the principal invested. However, one of the purposes of the report is to mitigate this risk.

Report to	Audit Committee	
Date	16 December 2024	
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Budget Setting 2025-26	

PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members with an update on the current financial planning assessment to set a balanced budget for 2025/26, and to seek endorsement to confirm the indicative levy with constituent local authorities.

EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) is required to provide indicative figures for the 2025/26 financial levy to constituent local authorities by 31 December 2024, and confirm the final figures by 15 February 2025. To achieve this, the Authority will consider the revenue and capital budget for 2025/26 at its meeting on 20 January 2025. The budget planning process has been subject to scrutiny by the Budget Scrutiny Working Group and the current planning assessment of £52.389m has been confirmed

RECOMMENDATIONS

- 3 It is recommended that Members:
 - i) Note the findings of the Budget Scrutiny Working Group, including the planning assumptions being used to develop the revenue budget for 2025/26;
 - ii) Note the current financial planning assessment of a budget requirement of £52.389m for 2025/26;
 - iii) Note the proposal to utilise £0.601m of reserves for 2025/26; and
 - iv) Endorse the communication of the draft financial levy of £51.788m from the constituent local authorities.

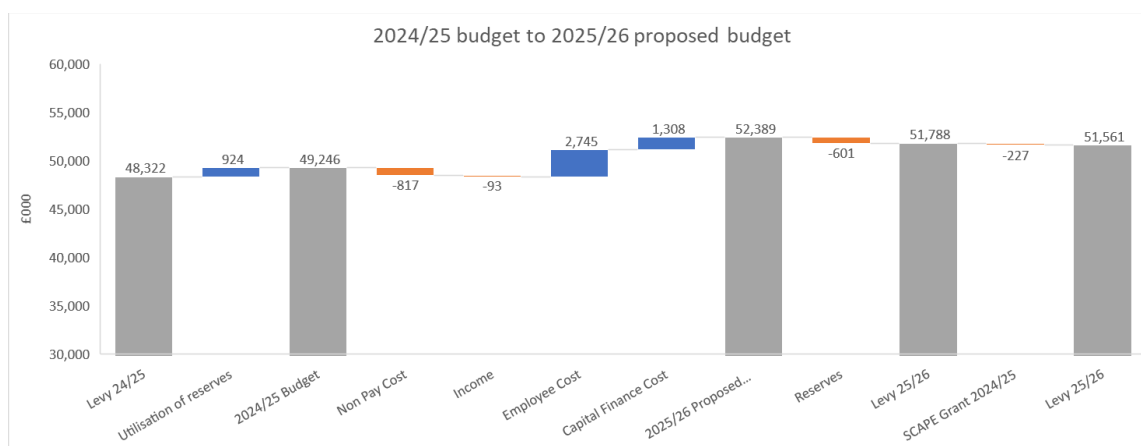
BACKGROUND

- 4 Each year the Authority is required to set a balanced revenue budget which must be approved by the full Authority. The indicative financial levy must be communicated to constituent local authorities by the 31 December each year and the final levy confirmed by the 15 of February before the commencement of the financial year. To achieve these timescales, the 2025/26 proposed revenue and capital budgets will be presented to the Authority at its meeting on 20 January 2025.
- 5 The Chartered Institute of Public Finance (CIPFA) requires that organisations have financial plans which demonstrate how expenditure will be funded over the short and medium term. The Authority's financial sustainability is, therefore, underpinned by knowledge and understanding of the key cost drivers and evaluation of risks and uncertainties.
- 6 Following the ECR consultation conducted during 2023/24 and in line with the Authority's decision in December 2023, the budget proposals are based on maintaining the existing service delivery model. The work around proposals to improve rural availability is ongoing and outside of the scope of this budget setting paper.
- 7 The process has been overseen by the Budget Scrutiny Working Group (the Group) which was established to provide scrutiny of the budget setting process, including all areas of income and expenditure. With membership from each local authority, the Group has met on 5 occasions between June and November 2024, with a further meeting scheduled for the 12 December.

INFORMATION

- 8 The Group was established by the Authority with representation from each constituent local authority. It has convened on five occasions to review all aspects of the North Wales Fire and Rescue Service's (the Service) expenditure. These meetings focused on key areas, including direct pay costs, non-pay expenditure, capital financing, interest, and lease arrangements.
- 9 Detailed budget planning has been conducted in line with the key planning assumptions, risks, and uncertainties outlined in [Appendix 1](#).
- 10 The initial planning assessment indicated that a budget increase exceeding 10% would be required for the 2025/26 financial year. This included a new cost pressure of £1.009m arising from the nationally agreed increase to the retaining fee for RDS personnel. This was made prior to the Autumn Statement and, therefore, did not account for potential changes to employers' national insurance contributions, which were unknown at the time.

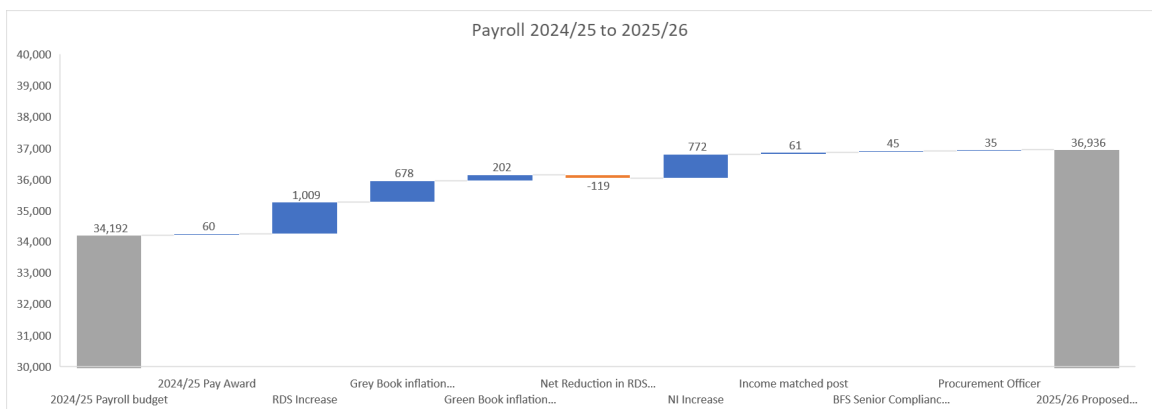
- 11 The initial detailed budget planning identified additional unavoidable pressures, which have since been addressed through the efforts of the Group. The final draft assessment establishes a budget requirement of £52.389m. After utilising £0.601m from reserves, the levy requirement for 2025/26 is £51.788m, representing a 7% gross increase in the local authority levy. This increase does not reflect any support from the government in respect of increased national insurance costs.



- 12 The levy requirement of £51.78m for 2025/26 incorporates the financial impact of changes to employers' National Insurance contributions, amounting to £0.772m. Furthermore, the £48.322m levied for 2024/25 exclude the SCAPE pension grant, and requires adjustment to make a like for like year on year comparison.
- 13 A draft breakdown of the levy requirement of £51.788m by each constituent local authority is set out within [Appendix 2](#).
- 14 The table below confirms reductions of £0.902m for employee and non-pay cost identified through the work of the Group between September and October 2024. However, the net reduction was £0.386m due to the impact of the increase to National Insurance rates following the Autumn budget statement and refinement of capital financing.

£'m	2024/25	Sept-24	Oct-24	Nov-24	Changes via Budget Scrutiny
Employees	34.192	36.751	36.614	36.936	0.185
Non-Pay	12.807	13.077	12.432	11.990	-1.087
Income	-0.946	-1.039	-1.039	-1.039	0.000
Capital Finance	3.193	3.985	3.856	4.407	0.516
Total	49.246	52.774	51.863	52.388	-0.386

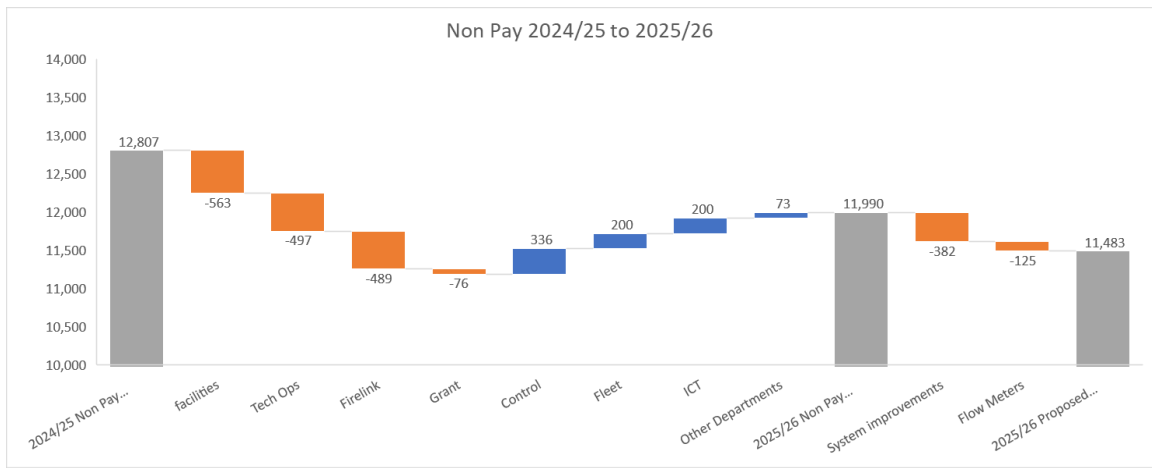
- 15 The following waterfall charts illustrate the key changes between the 2024/25 budget and the proposed 2025/26 budget, highlighting the adjustments and the utilisation of reserves where applicable and appropriate.
- 16 Employee costs have risen from the 2024/25 payroll budget of £34.192m to the proposed 2025/26 payroll budget of £36.936m. Key contributors to this increase include £0.060m for the 2024/25 pay award for Green Book staff, £1.009m for the Retained Duty System (RDS) effective from the 1 January 2025, £0.648m for Grey Book inflation at 3%, £0.202m for Green Book inflation at 3%, and £0.772m reflecting the impact of changes to employers' National Insurance contributions. These increases are partially offset by a reduction of £0.119m due to adjustments in RDS positions (reducing the assumed additional recruitment from 30 to 15). Additionally, £0.061m is allocated to cover an income matched post, £0.045m allocated for the introduction of a Business Fire Safety (BFS) Senior Compliance Officer post, and £0.035m for a Procurement Officer role.



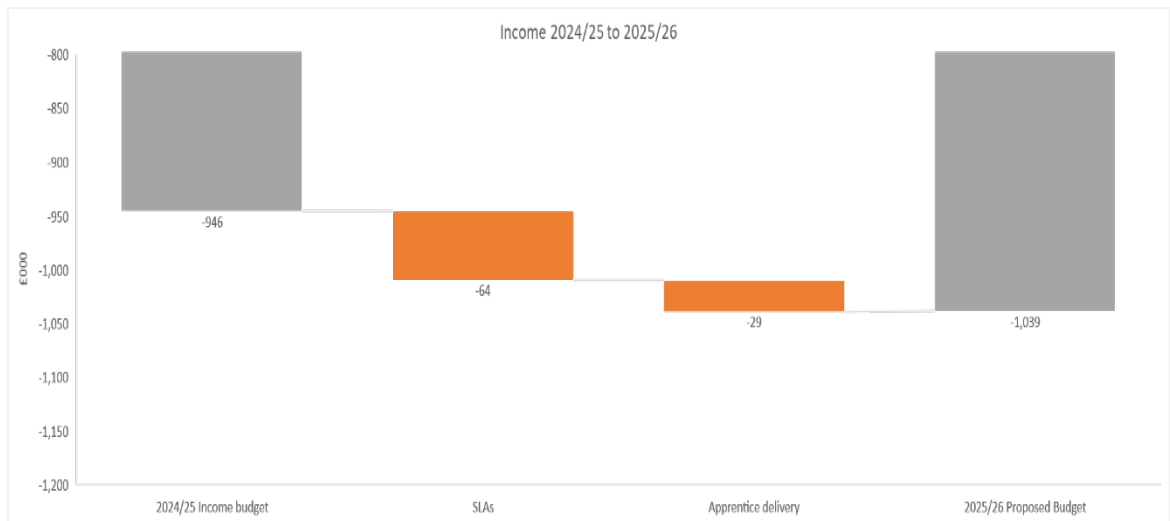
- 17 The analysis of direct payroll costs, detailed below, confirms a total allocation of £36.936m for employees in service delivery roles. The budget planning includes provisions to support the continued growth of the Retained Duty System (RDS), albeit with a reduced additional recruitment assumption of 15, ensuring operational response capacity and resilience are maintained.

Analysis of Direct Pay Costs	2025/26 £'m
Delivery of Response Services	31.267
Delivery of Protection and Prevention Services	2.712
Corporate Services	2.957
Staffing Budget Requirement	36.936

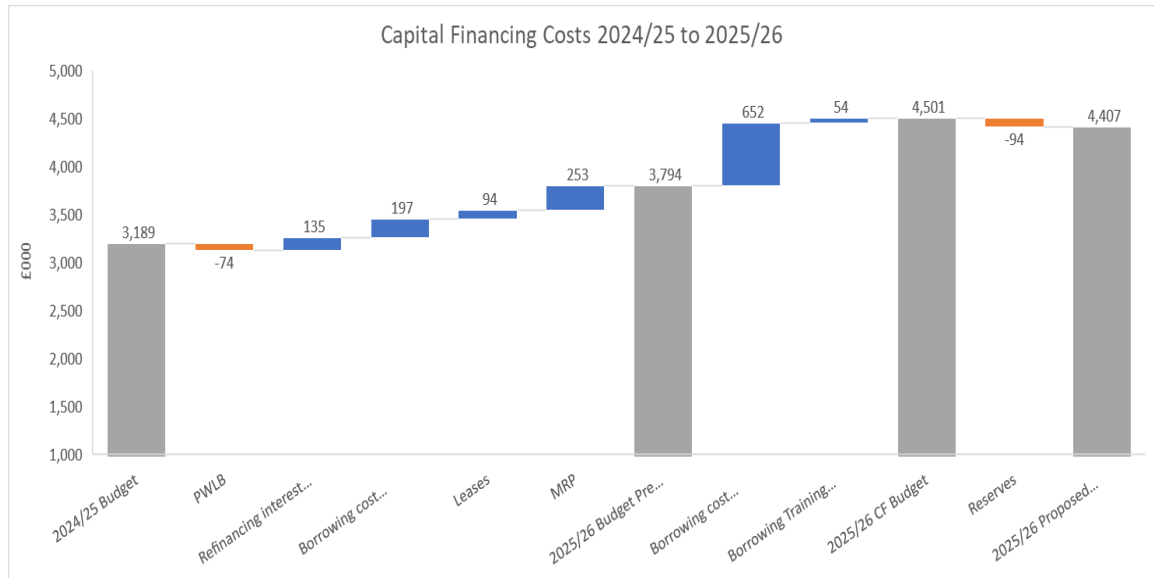
- 18 Non-pay costs are projected to decrease from £12.807m in 2024/25 to a revised baseline of £11.990m for 2025/26. This reduction is driven by £0.563m in utility savings, £0.497m from the removal of one-off Tech Ops expenditures, £0.489m from anticipated Firelink cost reductions, and £0.076m due to the cessation of grant-funded expenditure.
- 19 These reductions are partially offset by increases of £0.336m for Control, £0.200m each for Fleet and ICT, and £0.055m for other departmental costs. One-off costs, including £0.382m for system improvements and £0.125m for flow meters, are proposed to be funded from reserves, resulting in a final proposed non-pay budget of £11.955m.



- 20 Income is projected to increase from the 2024/25 budget of £0.946m to £1.039m, driven by higher revenue from Service Level Agreements (SLAs) and additional income anticipated from apprentice delivery in partnership with Coleg Cambria.



- 21 Capital financing costs are projected to increase from £3.189m in 2024/25 to £4.407m in 2025/26, primarily due to rising interest rates. Key drivers include £0.135m in refinancing interest costs, £0.197m for borrowing related to capital projects, £0.094m for leases, and £0.253m for the Minimum Revenue Provision. Additional borrowing costs for new capital projects and training facilities contribute £0.652m and £0.054m, respectively. These increases are partially offset by a £0.074m reduction in Public Works Loan Board (PWLB) costs and £0.094m utilisation of reserves, resulting in the proposed budget of £4.407m.



FURTHER WORK

- 22 Business cases for capital funding will undergo further internal scrutiny to ensure they align with the organisation's strategic objectives, effectively mitigate risks, and comply with the principles of the Well-being of Future Generations Act 2015. This process will provide assurance that proposed investments contribute to long-term sustainability, deliver value for money, and support the wider goals of economic, environmental, and social well-being.
- 23 The draft financial planning assessment will be subject to further refinement and updated in the final assessment presented to the Authority at its meeting on 20 January 2025.

IMPLICATIONS

Well-being Objectives	This report links to the Authority's Improvement and Well-being Objectives. It reports on the financial viability of the Authority.
Budget	The initial planning assessment has indicated a budget requirement of £52.8m.
Legal	The Authority has a legal duty to set a balanced budget based on realistic planning assumptions.
Staffing	70% of expenditure relates to staff costs and therefore is a material factor when considering future financial stability. The risks identified by the Chief Fire Officer include ongoing pay negotiations as well as the need to recruit further retained duty staff and build corporate resilience.
Equalities/Human Rights/Welsh Language	These issues will be factored into budget setting proposals.
Risks	The key risks and uncertainties to the 2025/26 budget have been outlined in Appendix 1.

Appendix 1
Summary of planning assumptions and risks

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Employee costs	<ul style="list-style-type: none"> • The staffing budgets will be formulated on existing service delivery models and reflective of the decision of the outcome of the Fire and Rescue Authority’s Emergency Cover Review in December 2023. • RDS expenditure has been based on the 2023/24 headcount. Budgeting for the full required establishment would result in an additional cost of approximately £3 million. • The planning assessment for pay awards for 2025/26 is an increase of 3% for all staff groups. • The 2024/25 firefighter settlement included an uplift of circa 50% in the retaining fee paid to firefighters on the retained and day crewing duty systems. The impact of this increase is an estimated £1m per annum. • During 2023/24 the Welsh Government revised the flow of funds in relation to financial support for increases to the employer contributions associated with the firefighters’ pension scheme. Following the 2016 actuarial valuations £1.1m of support was provided to the Authority directly from the Welsh Government (known as SCAPE funding). From 2023/24 this has been included within funding to constituent local authorities. At the time of writing the financial support for the increase arising from the 2020 valuation has not yet been confirmed. For the purpose of budget setting all costs are included within expenditure to be met from the levy. 	<ul style="list-style-type: none"> • The National Joint Council (NJC) has not yet reached agreement on the firefighter pay award for 2025/26. • The National Joint Council (NJC) for Local Government Services has not yet reached agreement on the pay award for staff on LGPS contracts for 2025/26. • The budget planning assumes normal levels of activity. If spate conditions occur budget pressures will be experienced. The working assumption is that the General Fund would be utilised in the first instance.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Non-Pay	<ul style="list-style-type: none"> • The initial planning assessment has confirmed that the non-pay budgets will be formulated on existing service delivery models. • The demands on the non-pay budget are further exacerbated by the inflationary impact inherent within existing and future contracts and supply chain issues in a number of business-critical areas. These include the supply of firefighting kit and the sourcing of replacement parts for operational vehicles. • Unavoidable costs associated with industry specific health and safety matters have been included within the non-pay budget. These include costs associated with the training of operational firefighters and the management of contaminants. • Budgets have been formulated by each relevant Head of Department based on their knowledge and professional judgement of expenditure necessary to achieve corporate objectives. This includes a review of underlying contractual obligations and estimates of activity. New requests for funding over £10,000 are subject to a business case which is subject to scrutiny. 	<ul style="list-style-type: none"> • Whilst the Service continues to review non-pay costs and strives to manage cost pressures within the planned budget this remains an area of risk and uncertainty. In particular, it has been noted that delays in the delivery of goods or services have impacted on the time profiles of expenditure. • Although cost inflation is generally more manageable than in recent years it is noted that some areas of concern remain. This includes increases in licences associated with software including business critical systems. • The cost of gas and electricity has been a known cost pressure since 2022/23 due to global cost pressures. The position appears to have stabilised and the budget for 2025/26 is predicated on best estimates at this time. However, volatility in the market continues and this is carefully managed throughout the financial year. • During 2023/24 the Welsh Government removed its financial support of £0.4m for the existing national emergency services communication network (Firelink). The full contract price is now funded directly from core funding. Due to the fixed nature of this contract these costs are unavoidable and the contract includes an annual inflationary increase. The full year cost is £1m per annum although following a national legal challenge this may reduce to £0.5m. The national legal challenge is subject to appeal and the final outcome remains uncertain, however, the cost reduction has been included as part of budget setting.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Capital Financing	<ul style="list-style-type: none"> • The capital financing requirement for 2025/26 includes the revenue charge for the minimum revenue provision for existing assets and an estimate of the interest charges arising from borrowing. These costs are influenced by historical capital expenditure, the need to borrow for the 2025/26 capital programme and the impact of interest rate increases when re-financing maturing loans. • The initial planning assessment assumes that all future borrowing will be at the prevailing PWLB rate at the time of budget setting, currently estimated at 4.5%. The Authority receives independent advice and guidance on this matter from Arlingclose, a specialist advisory company. • The capital plan includes potential costs associated with business cases submitted by each Head of Department. This includes some provision for initial costs associated with the Training Centre Project to enable a detailed business case and funding model to be developed. 	<ul style="list-style-type: none"> • The increase in interest rates in recent years is a key risk area and is exacerbated as a number of loans require refinancing during the 2025/26 financial year. Financial modelling will be undertaken to assess the affordability of all proposals during the budget setting process. • The timing of any costs associated with a new training centre are unknown at this stage as the business case has not been considered by the Authority. Although it is not anticipated that the final business case and funding options will not be presented for approval until 2027 provision for costs associated with detailed planning applications will be included in the initial budget estimates.
Income	<ul style="list-style-type: none"> • Income budgets have been reviewed and set in line with previous years, subject to inflationary increases. These largely relate to income from property where our sites are jointly occupied. • Welsh Government grant income reduced significantly in recent years and the budget setting will assume that remaining Welsh Government grant funding will be received at 2024/25 levels. 	<ul style="list-style-type: none"> • No specific risks have been identified over and above the grant income from the Welsh Government for which inflationary uplifts are not anticipated.

Appendix 2

Draft financial levy by local authority

Authority	2024/2025 Contribution £	Population	Apportionment %	2025/26 Budget Requirement (Levy) £	Increase in Levy £	Increase in Levy %
Anglesey Council	4,848,293	69,291	10.02%	5,190,383	342,090	7.06%
Gwynedd Council	8,256,681	119,173	17.24%	8,926,896	670,214	8.12%
Conwy County Borough Council	8,024,901	114,410	16.55%	8,570,114	545,213	6.79%
Denbighshire County Council	6,779,844	97,156	14.05%	7,277,668	497,824	7.34%
Flintshire County Council	10,905,762	155,182	22.45%	11,624,223	718,461	6.59%
Wrexham County Borough Council	9,506,724	136,149	19.69%	10,198,518	691,794	7.28%
Total	48,322,205	691,361	100%	51,787,801	3,465,596	7.17%

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer
Contact Officer	Anthony Jones, Head of Planning, Performance and Transformation
Subject	Local Government (Wales) Measure 2009



PURPOSE OF REPORT

- 1 The purpose of this report is to confirm to Members of the North Wales Fire and Rescue Authority (the Authority) the outcome of the external audit of the Authority's Assessment of 2022-23 Performance, as required by the Local Government (Wales) Measure 2009 (the Measure).

EXECUTIVE SUMMARY

- 2 Under the Measure, the Authority is required to annually publish an assessment which describes its performance:
 - in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
 - in meeting the improvement objectives it has set itself;
 - by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
 - in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.
- 3 The Annual Performance Assessment was presented to Members at the Authority meeting of 16 October 2023.
- 4 The improvement measures are subject to audit by Audit Wales who in accordance with section 17 of the Measure and Audit Wales' Code of Audit Practice.

RECOMMENDATIONS

- 5 Members are asked to:
 - i) Note the audit letter which confirms that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.

BACKGROUND

- 5 The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates.

INFORMATION

- 6 The audit letter set out in Appendix 1 confirms that Audit Wales has concluded its work and is satisfied that the Authority has discharged its responsibilities.
- 7 The delay in certification was due to sickness absence within Audit Wales, and resourcing issues in back filling the role.

IMPLICATIONS

Wellbeing Objectives	This report confirms that the Authority has met its statutory obligations under the Local Government (Wales) Measure 2009
Budget	None – historic activity
Legal	The Audit Wales report confirms that the Authority has met its statutory obligations
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	None

Reference: 4529A2024

Date issued: October 2024

Audit of North Wales Fire and Rescue Authority's Assessment of 2022-23 Performance

Certificate

I certify that I have audited North Wales Fire and Rescue Authority's (the Authority) assessment of its performance in 2022-23 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Authority's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Authority has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Authority's assessment of performance, therefore, comprised a review of the Authority's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



Adrian Crompton

Auditor General for Wales

CC: Jane Bryant – Cabinet Secretary for Housing and Local Government
Carwyn Rees – Audit Manager

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer
Contact Officer	Anthony Jones, Head of Planning, Performance and Transformation
Subject	Local Government (Wales) Measure 2009



PURPOSE OF REPORT

- 1 The purpose of this report is to confirm to Members of the North Wales Fire and Rescue Authority (the Authority) the outcome of the external audit of the Authority's Assessment of 2023-24 Performance, as required by the Local Government (Wales) Measure 2009 (the Measure).

EXECUTIVE SUMMARY

- 2 Under the Measure, the Authority is required to annually publish an assessment which describes its performance:
 - in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
 - in meeting the improvement objectives it has set itself;
 - by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
 - in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.
- 3 The Annual Performance Assessment was presented to Members at the Authority meeting of 21 October 2024.
- 4 The improvement measures are subject to audit by Audit Wales who in accordance with section 17 of the Measure, and Audit Wales' Code of Audit Practice.

RECOMMENDATIONS

- 5 Members are asked to:
 - i) Note the audit letter which confirms that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.

BACKGROUND

- 5 The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates.

INFORMATION

- 6 The audit letter set out in Appendix 1 confirms that Audit Wales has concluded its work and is satisfied that the Authority has discharged its responsibilities.

IMPLICATIONS

Wellbeing Objectives	This report confirms that the Authority has met its statutory obligations under the Local Government (Wales) Measure 2009
Budget	None – historic activity
Legal	The Audit Wales report confirms that the Authority has met its statutory obligations
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	None

Reference: 4567A2024

Date issued: November 2024

Audit of North Wales Fire and Rescue Authority's Assessment of 2023-24 Performance

Certificate

I certify that I have audited North Wales Fire and Rescue Authority's (the Authority) assessment of its performance in 2023-24 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Authority's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Authority has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Authority's assessment of performance, therefore, comprised a review of the Authority's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



Adrian Crompton

Auditor General for Wales

CC: Jane Bryant - Cabinet Secretary for Housing and Local Government
Carwyn Rees – Audit Manager

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer
Contact Officer	Anthony Jones, Head of Planning, Performance and Transformation
Subject	Local Government (Wales) Measure 2009



PURPOSE OF REPORT

- 1 The purpose of this report is to confirm to Members of the North Wales Fire and Rescue Authority (the Authority) the outcome of the external audit of the Authority's 2024/25 improvement measures, as required by the Local Government (Wales) Measure 2009 (the Measure).

EXECUTIVE SUMMARY

- 2 Under the Measure, the Authority is required to publish an annual Improvement Plan as soon as reasonably practicable after the start of the financial year. This requirement is incorporated into the Community Risk Management Plan (CRMP) 2024-2029 and Community Risk Management Implementation Plan (CRMIP) 2024-2025, which were presented to Members at the Authority meeting of 15 July 2024.
- 3 The improvement measures are subject to audit by Audit Wales who are required to report on whether the Authority has discharged its responsibilities under section 17 and 19 of the Measure.

RECOMMENDATIONS

- 4 Members are asked to:
 - i) Note the audit letter which confirms that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.

BACKGROUND

- 5 Fire and Rescue Authorities (FRA) in Wales are required to publish improvement objectives in accordance with the Measure, and well-being objectives in compliance with the Well-being of Future Generations (Wales) Act 2015. For the purposes of the Authority's planning processes these are treated as one and the same.

- 6 The Measure requires the Authority to:
- Make arrangements to secure continuous improvement in the exercise of its functions;
 - Make arrangements to secure achievement of its improvement objectives; and
 - Make arrangements to exercise its functions so that any performance standard specified by the Welsh Ministers is met.

INFORMATION

- 7 The CRMP 2024-2029 and the CRMIP 2024-25 sets out the Authority's objectives, and were approved by Members at the meeting of the 15 July 2024. It is subject to audit review by Audit Wales who are required to confirm whether the Authority has discharged its responsibilities in respect of the improvement measures.
- 8 The audit letter set out in Appendix 1 confirms that Audit Wales has concluded its work and is satisfied that the Authority has discharged its responsibilities.

IMPLICATIONS

Wellbeing Objectives	This report confirms that the Authority has met its statutory obligations under the Local Government (Wales) Measure 2009
Budget	The improvement measures set out in the CRMP 2024-2029 and CRMIP 2024-2025 are underpinned by the financial planning process
Legal	The Audit Wales report confirms that the Authority has met its statutory obligations.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	The development of the CRMP 2024 -2029 considers the risks faced by the Authority.

Reference: 4530A2024

Date issued: October 2024

Audit of North Wales Fire and Rescue Authority's 2024-25 Improvement Plan

The Wales Fire and Rescue Service Circular number: W-FRSC(2021)07 requires Fire and Rescue Authorities in Wales to continue to report against the Local Government Measure 2009 until a new National Framework and revised arrangements have been introduced.

Certificate

I certify that, following publication in July 2024, I have audited North Wales Fire and Rescue Authority's (the Authority) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice. As a result of my audit, I believe that the Authority has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Authority to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Authority is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Authority's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties to prepare and publish an

Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit, I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Authority can be achieved. My audit of the Authority's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



Adrian Crompton
Auditor General for Wales

CC: Jayne Bryant – Cabinet Secretary for Housing and Local Government
Carwyn Rees – Audit Manager

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Dafydd Edwards, Treasurer
Contact Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Subject	Approval of Bank Mandate



PURPOSE OF REPORT

- 1 The purpose of this report is to seek approval from the Audit Committee in relation to the delegation of the banking arrangements.

EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) is required to put proper arrangements in place to safeguard the assets under its control, including the management of bank accounts and transactions.
- 3 The report confirms the proposal to seek authority for the activities set out in this report to be delegated to three authorised persons; the Chief Fire Officer (CFO), the Authority's Treasurer, and the Assistant Chief Fire Officer (ACFO), Finance and Resources. In all cases, two signatures would be required.

RECOMMENDATIONS

- 4 It is recommended that Members:
 - i) Approve the proposed delegation of the activities set out within this report to any two signatories from the following; the Chief Fire Officer, the Authority's Treasurer or the Assistant Chief Fire Officer, Finance and Resources.

BACKGROUND

- 5 The Authority is required to put proper arrangements in place to safeguard and control its assets including the operation of its bank accounts.
- 6 Each bank account is subject to a bank mandate which provides confirmation of the person(s) authorised to act on behalf of the Authority. To enable the bank account to function on a day to day basis it is necessary to put arrangements in place to delegate functions of the Authority to officers of North Wales Fire and Rescue Service.

INFORMATION

- 7 Approval is sought from the Audit Committee to delegate the following actions to the Chief Fire Officer, the Authority's Treasurer or the Assistant Chief Fire Officer, Finance and Resources:
- Opening of bank accounts;
 - Signatory amendments to bank accounts;
 - To deal with related banking matters including signing any agreement in relation to cash management services provided by the bank which shall include, but is not limited to, account conditions, bank products and services, cash pooling arrangements, agreements relating to payment and receivable services or other agreements relating to financial banking transactions; and
 - To sign documents in relation to electronic banking channels and to delegate to the specified individuals the power to decide matters dealt with for electronic banking channels and to allow those individuals to sub-delegate the power to other individuals to make payments and give other instructions in respect of those electronic banking channels.
- 8 To ensure that proper controls are in place, the actions above would require the signature of two persons from the list of three approved signatories.

Wellbeing Objectives	The operation of the Authority's bank accounts is critical to the ongoing function of the Service.
Budget	No budgetary impact.
Legal	The delegation supports the effective internal control environment.
Staffing	No impact.
Equalities/ Human Rights/ Welsh Language	Not applicable.
Risks	Delegated activities are subject to control with two signatories required .

Report to	Audit Committee
Date	16 December 2024
Lead Officer	Justin Evans, Assistant Chief Fire Officer
Contact Officer	Jack Millward, Procurement & Contracts Manager
Subject	Training Centre Consultancy Procurement Proposal



PURPOSE

- 1 This paper presents to Members the proposed procurement strategy for the appointment of consultancy professionals for the new training centre project.

EXECUTIVE SUMMARY

- 2 Following approval of the new training centre business case, a procurement route for appointing key consultancy professionals through a public sector framework is being sought.
- 3 Public sector frameworks ensure compliance with procurement regulations, enabling direct award to specialist suppliers of principal consultancy services.
- 4 Principal consultants are essential for advancing the project and progressing the necessary Royal Institute of British Architects (RIBA) stages.
- 5 An appropriate principal consultant can be procured through a compliant public sector framework to provide professional expertise to meet the scale and requirements of the project.

RECOMMENDATIONS

- 6 Members are asked to:
 - i) Endorse the proposed compliant procurement route of professional consultancy services through a public sector framework;

PROCUREMENT OF DESIGN CONSULTANTS

Consultancy Appointment

- 7 Following North Wales Fire and Rescue Authority's (the Authority) approval of the business case for the new training centre on 21 October 2024, work has commenced to appoint the primary supplier for design and consultancy activities. It is proposed that we use an identified framework that provides access to Architects, Structural Engineers, Quantity Surveyors, Employer's Agents, and Building Services Engineers.
- 8 For other services such as RIBA Stages 0 and 1, Principal Designer (Building Regulation), Civil Engineer, Planning Consultant, and BREEAM, fixed fee quotations are built up using tendered hourly rates once the project scope is known, prior to entering a contract. The price calculation is carried out on an open book basis, which is auditable. The tendered rates are confidential at this stage but can be shared upon signing a confidentiality agreement. It is confirmed that these rates are competitive in the current marketplace.
- 9 This framework has been used by various Fire and Police Services to appoint consultants for Fire Station and Training Centre projects, as well as for feasibility studies previously carried out for the Service. It has also been successfully used to procure consultants for Greater Manchester, Lancashire, and Cheshire Fire and Rescue Services to support their construction projects. The framework provides the option to develop the consultant team within the tendered prices, utilising consultants with extensive previous experience in Fire Stations and Training Centre projects.
- 10 Benefit of utilising framework:
 - Procured via a two-stage restricted process, the framework complies with Regulation 28 of the Public Contracts (England, Wales and Northern Ireland) Regulations 2015;
 - market tested prices;
 - flexibility of consultants and scope of service;
 - experience of undertaking fire station and training centre projects;
 - consultants previously employed to develop the scheme for approval;
 - open book price calculation;

- flexibility to add other consultants as the project progresses e.g. Clerk of Works (COW);
- allows the use of small medium enterprise consultants;
- Framework level Social Value targets;
- ability to negotiate local Social Value targets to align with The Well-Being Future Generations (Wales) Act 2015;
- Public sector framework Champion status within the Construction Leadership Council's Carbon Reduction Code;
- framework fee included within quoted rates;
- appointment is quick with consultants typically being appointed two to three weeks after initial enquiry; and
- North Wales Fire and Rescue Service (the Service) have previously utilised the framework for feasibility studies.

11 Risks and issues of utilising framework:

- Single sourcing, i.e. no mini competition to reopen the procurement;
- Fire Engineer cannot be appointed for insurance reasons; and
- Ecologist cannot be appointed via this framework

12 The benefits of using a framework outweighs the risks and therefore it is recommended that this is the preferred procurement route.

IMPLICATIONS

Wellbeing Objectives	This report links to the North Wales Fire and Rescue Authority's (the Authority) long-term well-being objectives. Ensures that the procurement of the consultancy professionals is compliant and supports the Service's commitment for excellence.
Budget	Budget associated with these consultancy services have previously been included in cost projections and cashflow analysis presented to the Authority.
Legal	The regulatory framework is set out via Welsh Government and UK legislation, as well as internal contract procedure rules.
Staffing	None
Equalities/Human Rights/Welsh Language	Procurement requirements ensure that the relevant standards as required in legislation is met.
Risks	Failure to adhere to procurement regulations could lead to legal challenge.