

Report to	Audit Committee
Date	16 September 2024
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources)
Contact Officer	Helen MacArthur
Subject	Budget Scrutiny Working Group



PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members with an update on the work of the Budget Scrutiny Working Group.

EXECUTIVE SUMMARY

- 2 The Authority is required to set a balanced revenue budget which must be approved by the full Authority before the commencement of the financial year. Although the term “balanced” is not formally defined in the legislation, the Chartered Institute of Public Finance (CIPFA) recognises that organisations should have financial plans which demonstrate how expenditure will be funded over the short and medium term.
- 3 The Audit Committee's role includes scrutiny of financial aspects of the Authority's business and this is discharged through a member led Budget Scrutiny Working Group established in 2023.
- 4 The Budget Scrutiny Working Group is scheduled to meet on six occasions between June 2024 and December 2024.
- 5 This report confirms the forward work plan of the Budget Scrutiny Working Group and the work undertaken as at 31st August 2024.

RECOMMENDATIONS

- 6 It is recommended that Members:
 - i. Note the terms of reference of the Budget Scrutiny Working Group;
 - ii. Note the meeting dates and forward work plan for 2024; and
 - iii. Note the work undertaken as at 31st August 2024.

BACKGROUND

- 7 The Authority is required to set a balanced revenue budget which must be approved by the full Authority before the commencement of the financial year. Although the term “balanced” is not formally defined in the legislation, the Chartered Institute of Public Finance (CIPFA) recognises that organisations should have financial plans which demonstrate how expenditure will be funded over the short and medium term.
- 8 The Authority's financial sustainability in the short, medium and longer term is underpinned by knowledge and understanding of key cost drivers including the evaluation of risks and uncertainties. Pivotal to this is an understanding of service demands, resources available and the future strategic vision.
- 9 The Authority's revenue budget is set in January of each year which confirms the levy for each constituent local authority. The statutory deadline for confirming the levy is 15 February each year.
- 10 The Budget Scrutiny Working Group plays a pivotal role in scrutinising the Authority's budget setting process including scrutiny of the elements of income and expenditure.

INFORMATION

- 11 The first meeting of the 2024 Budget Scrutiny Working Group took place on 24 June 2024 with Cllr Mark Young as the chair. The membership includes representation from all local authorities. It was noted that cost pressures and financial challenges require that Members of the North Wales Fire and Rescue Authority are assured that all reasonable steps have been taken to understand the cost drivers and that the future budget proposals are considered reasonable. During this meeting the Terms of Reference were approved which are set out in Appendix 1.
- 12 At the meeting in June 2024, Members also confirmed the meeting dates and the forward work plan to enable sufficient scrutiny of key elements of income and expenditure prior to the budget proposals being submitted to the Fire and Rescue Authority in January 2025.
- 13 In addition to its role in scrutinising the budget setting process, Members also received a report in relation to conformance with financial processes. A particular focus was on the arrangements for ensuring the use of purchase orders to confirm financial commitments. This process underpins the financial monitoring and supports good governance. Members acknowledged the work being undertaken to improve

compliance and supported the “no purchase order, no payment” approach ensuring that payments will only be made with a valid purchase order.

- 14 The most recent meeting of the Budget Scrutiny Working Group took place on 20 August 2024 with briefings in relation to payroll costs, contamination risks, environmental matters and training provision being provided by officers.
- 15 The payroll briefing provided an overview of the current establishment levels, noting that vacancies were being experienced in relation to both retained and wholetime roles as well as corporate service staff. Members noted that the 2024/25 pay award was outstanding for staff conditioned to green book terms and conditions. Furthermore, it was noted that the 2024/25 pay settlement for staff on the retained duty system included an uplift of up to 50% to the retaining element which is a full year unbudgeted cost pressure of circa £1m. Members have requested that further work is undertaken within this area of expenditure.
- 16 Members received a presentation from the Head of Technical Operations setting out the national work being undertaken to reduce the exposure of operational firefighters to contaminants and other health and safety measures. This work included recent challenges in relation to delays in supply and Members noted the measures being taken to address the risks and manage the associated costs. This is an area where research is ongoing and further updates are anticipated.
- 17 Following approval by the Fire Authority of the Environmental Strategy and the Fuel Decarbonisation Plan, Members received an update from the Environment and Climate Change Manager on the work being undertaken during 2024/25 to introduce hydrotreated vegetable oil tanks in key locations. Members noted the plan but sought further assurances on the costs of the fuel prior to implementation. Further updates were provided in terms of the need to replace failing heating systems within fire stations. These plans will be subject to business cases in future meetings, noting that, where possible, grant funding was sought in the first instance.
- 18 The provision of training for operational firefighters and incident commanders is a key area of non-pay expenditure and Members received a presentation from the Head of Training outlining the rationale for the training and associated risks. This included an overview of the key competencies required for all firefighters including the need for ongoing development. Members noted the associated costs and risks and sought further assurances on the reasonableness of the costs in future meetings.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objective which is "To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk."
Budget	The working group supports the development of the budget and provide assurance that scrutiny has taken place.
Legal	It is a legal requirement for the Fire and Rescue Authority to set a balance budget which enables the organisational objectives to be achieved.
Staffing	Robust budget setting ensures that staff costs are fully considered enabling workforce plans to be developed.
Equalities/ Human Rights/ Welsh Language	The budget development is based on service plans which consider legal obligations.
Risks	A number of risks and uncertainties exist in relation to future budgets which include pay awards, inflationary increases in non pay expenditure and interest rate risks. The budget setting process supports the short, medium and longer term planning and supports achievement of the organisational objectives.

Appendix 1 – Terms of Reference

North Wales Fire and Rescue Authority Budget Scrutiny Working Group

CYLCH GORCHWYL / TERMS OF REFERENCE

1. ENW'R CYFARFOD / NAME OF MEETING	North Wales Fire and Rescue Authority – Budget Scrutiny Working Group
2. CADEIRYDD / CHAIRPERSON	Chair of the Audit Committee
3. IS-GADEIRYDD / VICE-CHAIRPERSON	Vice Chair of the Audit Committee
4. YN ATEBOL I / REPORTS TO	Audit Committee
5. AMLDER CYFARFODYDD / FREQUENCY OF MEETINGS	- Six meetings between June & December 2024
6. FERSIWN A DYDDIAD / VERSION AND DATE	Version 2 24 June 2024

7. PWRPAS Y CYFARFOD / PURPOSE OF THE MEETING

The Budget Scrutiny Working Group is a Member led working group made up of Members from the Audit Committee, supported by the Authority's Treasurer.

With Members representing each of the constituent local authorities, the purpose of the group is to act as a scrutiny function in respect of the financial aspects of the Fire and Rescue Authority. In particular, the scrutiny will focus and consider the financial sustainability of the Authority and gain a common understanding of the financial assessment and risks.

8. AMCANION Y CYFARFOD / OBJECTIVES OF THE MEETING

- To provide scrutiny in respect of all areas of expenditure, seeking clarification and assurance as required.
- To gain sufficient understanding of the underlying issues relevant to the financial aspects of the Fire and Rescue Authority and its ability to deliver its objectives.
- To consider the completeness and reasonableness of the budget assessment for the 2024/25 financial year and the associated risks.
- Consider the robustness of the budget proposals and the Authority's ability to deliver savings against these budget proposals.
- To produce and publish a full report to the Audit Committee as part of the annual budget setting process.
- To cover key / contentious issues thoroughly enough to allow Working Group members to communicate thereon with wider NWFRA membership and their LAs' Cabinet members, etc.

9. AELODAU / MEMBERS

Swydd / Position	Yn Cynrychioli / Representing
Chair, Cllr Mark Young	Denbighshire CC
Vice Chair, Cllr Gwynfor Owen	Gwynedd CC
Cllr Jeff Evans	Ynys Mon CC
Cllr Gareth Jones	Conwy CC
Cllr Tina Claydon	Flintshire CC
Cllr Bryn Apsley	Wrexham CC
Other Members of the Audit Committee may also attend	
Treasurer, Dafydd Edwards	Professional advisor to the Authority

10. BUDD-DDEILIAID / STAKEHOLDERS

- Fire and Rescue Authority
- Constituent local authorities
- Service Leadership Team

11. TREFNIADAU GWEITHREDU / OPERATING ARRANGEMENTS

- The work of the group will take place over six meetings scheduled between June & December 2024
- Dates have been scheduled in advance;
- The Chair requests agenda items in advance;
- Meetings can take place physically or online depending on the circumstances;
- Actions and key decisions are noted and circulated for progression after the meeting.

12. ADDASU'R CYLCH GORCHWYL / AMENDING THE TERMS OF REFERENCE

- The Terms of Reference will be reviewed annually

Appendix 2 – Forward Work Plan

	24-Jun-	20-Aug-	30-Sep-	23-Oct-	14-Nov	12-Dec
25/26 budget proposal - pay		x			x	
Aerial Ladder Platforms			x			
Borrowing		x				
Budget setting assumptions			x			
Capital business cases			x			
Conformance Report	x			x		
Contaminants & H&S		x				
Environmental improvements		x				
Final budget proposals					x	
Financial impact - ECR		x				
First draft of budget requirement				x		
Funding assumptions & MTRS		x				
Membership	x					
Non Emergency Vehicles				x		
Overview of leased buildings						
Payroll 2024-25 pay award	x					
Pension - funding update	x					
Pension - legal challenges		x				
PPE requirement				x		
RDS payroll	x					
Revenue business cases			x			
Risk register	x				x	
Technical Rescue Unit			x			
Terms of Reference	x					
Training Centre Business Case			x			
Training provision		x				

