

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the **AUDIT COMMITTEE** will be held
MONDAY 16 JUNE 2025 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 17 March 2025

5. Matters Arising

6. Head of Internal Audit Opinion and Annual Report 2024-25

7. Internal Audit Progress Report June 2025

8. Safeguarding Annual Update 2024-25

9. Treasury Management Report 2024-25

10. Welsh Fire and Rescue Services' Procurement Strategy 2025- 30

11. Budget Setting 2026-27 (verbal)

12. Draft Statement of Accounts 2024-25

13. Annual Governance Statement 2024-25

14. Audit Plan 2024-25

15. 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.

16. None

NORTH WALES FIRE AND RESCUE AUTHORITY
AUDIT COMMITTEE

Minutes of the **Audit Committee** of the North Wales Fire and Rescue Authority held on Monday 17 March 2025 virtually via Zoom. Meeting commenced at 09.30hrs.

Councillor

Mark Young (Chair)
Bryan Apsley
Marion Bateman
Tina Claydon
Adele Davies-Cooke
Sharon Doleman
John Brynmor Hughes
Gareth R Jones
Marc Jones
Beverley Parry-Jones (left 10:14)
Austin Roberts

Representing

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

Also present:

Helen MacArthur
Anthony Jones
Elgan W Roberts
Dafydd Edwards
Gareth Owens
Carwyn Rees
Angharad Ellis
Carwyn Rees
George Jones
Lisa Allington

Assistant Chief Fire Officer
Assistant Chief Fire Officer
Head of Finance and Procurement
Treasurer
Monitoring Officer
Audit Wales
Mersey Internal Audit Agency
Audit Wales
Translator
Executive Assistant – Note taker

1.0 APOLOGIES

Councillor

Gwynfor Owen (Deputy Chair)
Jeff Evans
Arwyn Herald Roberts

Representing

Gwynedd Council
Anglesey County Council
Gwynedd Council

2.0 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest to record.

3.0 NOTICE OF URGENT MATTERS

- 3.1 ACFO Ant Jones was welcomed to the meeting to update Members on two wildfire incidents experienced over the last 24 hours. The first was in Blaenau Ffestiniog around 18:30 the previous evening and was the result of a controlled burn that had become unmanageable and therefore confirmed a wildfire. The wildfire unit, command unit and welfare unit were in attendance along with six pumps. There had been some concern about the fire spreading towards residential dwellings and a plastic factory. At the height of the incident, the fire front (the length of the fire from end to end) had been approximately 300m. Due to the darkness it was not possible to use the helicopter resource; however, the North Wales Police drone had provided good sight on the incident. A Level 3 Wildfire Officer had been in charge and the crews had used several tactics, including beaters, to attack the fire and quickly managed to extinguish it shortly before midnight. Crews remain on site looking for hot spots.
- 3.2 The second incident had been reported at 22:00 last night in Trawsfynydd and had run concurrently to the incident in Blaenau Ffestiniog. It had begun as a small fire in the open and had then been declared a wildfire by crews. The area affected had initially been approximately 86 acres of gorse and bracken with approximately 200 hectares of land burnt, and at its height the fire front had been 500m across with a flame height of 1m. A Level 3 Wildfire Officer had also attended this incident. There had been a large area of land, marsh and streams and the priority had been to protect property. The wind had since picked up resulting in an increase in the length of the fire and crews remain on the incident ground working to prevent spread into the local forest land. A more effective attack would be possible during daylight hours and throughout both incidents, crews had used their local skills and knowledge to excellent effect. The Control teams were also commended in managing the resources for both incidents.

4.0 MINUTES OF THE MEETING HELD ON 16 DECEMBER 2024

- 4.1 The minutes of the meeting held on 16 December 2024 were submitted for approval. It was proposed that they were an accurate recording of proceedings, and this was seconded with all in agreement.

4.2 RESOLVED to:

- i) approve the minutes as a true and accurate record of the meetings held, noting the above amendments.**

5.0 MATTERS ARISING

- 5.1 There were no matters arising.

6.0 INTERNAL AUDIT PROGRESS REPORT 2024-25

6.1 Angharad Ellis from MIAA was welcomed to the meeting and presented the progress report from Internal Audit, 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, as of 28 February 2025.

6.2 ACFO MacArthur gave thanks to Angharad and the team and encouraged Members to participate in any of the workshops that MIAA deliver as they were instrumental in developing understanding. Angharad confirmed that a new calendar would soon be out for 2025/26 and that a workshop on fraud was likely to be included.

6.3 RESOLVED to:

- i) Note the work undertaken by MIAA during 2024/25; and**
- ii) Note the work finalised between 1 December 2023 to 28 February 2025.**

7.0 INTERNAL AUDIT PLAN 2025/26

7.1 Angharad Ellis was invited to present the Internal Audit Plan 2025/26 paper which delivered to Members the proposed internal audit plan for the 2025/26 financial year.

7.2 Members were signposted to section 6 and Appendix A which set out the three-year strategic internal audit plan.

7.3 The Treasurer noted that on page 26 of the pack, the plan for the year was shown and asked if MIAA felt that it was the best use of a finite resource that they sit in on the Budget Scrutiny workshops. Angharad confirmed that only five days of the allocated 70 were dedicated to these workshops and so the decision was with Members as to whether they felt it helpful that they attend.

7.4 ACFO MacArthur confirmed that as part of budget scrutiny, the new business case model would be introduced and that it may be more effective for them to spend those five days' time on that. It was agreed that the five days remain flexible to be spent as the need dictated.

7.5 RESOLVED to:

- i) Approve the proposed audit work programme for 2025/26.**

8.0 AUDIT WALES – ANNUAL AUDIT SUMMARY 2024

- 8.1 Carwyn Rees from Audit Wales was welcomed to the meeting and presented the Audit Wales Annual Audit Summary 2024 paper.
- 8.2 It was noted that there were no new matters to report and the accounts had received an unqualified opinion.
- 8.3 Some national reports had been flagged within the paper that may be of interest to Members.
- 8.4 The Treasurer noted that the situation with the audit of accounts had been very good over the last couple of years and this was to be commended. Carwyn confirmed that plans were in place to begin the audit process slightly earlier this year which would mean that the following year would also be able to commence earlier, so streamlining processes. He also noted that they were looking forward to working with the new Head of Finance and Procurement, Elgan Roberts for a full financial year and thanked him for his invaluable support.

8.5 RESOLVED to:

- i) note the annual audit summary.**

9.0 AUDIT WALES ANNUAL RISK ASSESSMENT

- 9.1 Carwyn Rees from Audit Wales was asked to provide Members with a verbal update on the Audit Wales Annual Risk Assessment.
- 9.2 He confirmed that planning for the 2025/26 performance audit had commenced and the areas of risk in the financial statement should be brought to the Committee in June 2025. He noted that the audit approach was changing from a national programme looking at themes from the National priorities, to more of a formalisation of planning locally within the Authority to make sure that audit work focussed on the Authority's risks. This was something that had been done at a higher level in the past and more resources were now being dedicated to this due to the changing risk environment within all fire authorities.
- 9.3 It was asked how the Forward Work Programme was developed to make sure that it fit in with workloads, and Carwyn responded that discussions were taking place with the team within the Service to carry the audit out in two tranches to fit in better with staff commitments. There were some necessary pieces, largely around document review, and it could be cumbersome for officers to deal with this in one go. This would be supplemented with interviews with relevant individuals within the Service. It was discussed and agreed that the treasurer as S151 officer and ACFO MacArthur should be interviewed at the same time.

- 9.4 Carwyn further confirmed that there would not be a report provided to Members on the back of the Risk Assessment, rather reports would be provided by exception.

9.5 RESOLVED to:

- i) Note the content of the update provided.**

10.0 TREASURY MANAGEMENT REPORT Q3 2024/25

- 10.1 Dafydd Edwards delivered the Treasury Management Report Q3 2024/25 to Members and advised that the purpose of this report was to provide Members of the Authority with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2024 – 31 December 2024.
- 10.2 Key areas of the Treasury Management Report were highlighted and one Member noted that, in relation to the refinance aspects, it appeared that most of the loans would come to an end within either a year or ten years and asked what the context behind that was. The Treasurer responded that this was often a consequence of history in terms of the way that interest rates had moved over time and the guidance received from Arlingclose had been accurate in that they had advised not to borrow any more whilst interest rates were high. This was an area that would be looked at in August when there was a need to borrow more, and the profile would be planned so that all the redemptions would not be hit at the same time.

10.3 RESOLVED to:

- i) note the treasury management activities and prudential indicators for the period 1 April – 31 December 2024.**

11.0 PAYROLLING BENEFITS 2025-26

- 11.1 Elgan Roberts, Head of Finance and Procurement, presented the Payrolling Benefits 2025-26 paper which provided members of Audit Committee with an update on the requirement to implement all Employee Benefits, that require a P11D form at the end of each Tax Year, through the Payroll System. In 2024, the Government announced that from 6 April 2026, employers will be required to report and pay Income Tax and Class 1A NICs (National Insurance Contributions) on most Benefit in Kind (BiKs) in real-time on the Full Payment Submission (FPS).
- 11.2 It was asked how staff understanding of the new approach would be ensured, and ER confirmed that a list of all staff in scope was in place and that the change would be treated as a project with communication channels with those staff and stakeholders being critical to successful implementation.

- 11.3 A Member asked, in relation to paragraph 7 around testing the process on a small number of employees, whether there had been any objections from those employees selected to take part in this trial. ER confirmed that the Payroll Manager would be linking in with those staff involved and lessons learned would be noted for the future.
- 11.4 ACFO MacArthur clarified that the important thing to recognise was that this did not alter the amount of tax that staff would pay, rather improved their understanding of the process and ensured that any deductions happened at source rather than at the end of the financial year.
- 11.5 A Member asked, in relation to the change in legislation with the double cab Pick-Up vehicles, were there staff that would be impacted by that, and would staff be warned as soon as this system was implemented to enable them to do something different if necessary.
- 11.6 ACFO MacArthur confirmed that she was not aware of any staff that would be impacted by the proposed changes to the double cab tax but the new approach would ensure that staff were aware of any changes much earlier than under the existing arrangements.

11.7 RESOLVED to:

- i) Note the legislation changes; and**
- ii) Support incremental trialling of payrolling benefits over the 2025/26 financial year to prepare for full implementation from April 2026 in line with the legislative requirement.**

12.0 IFRS 16 IMPLEMENTATION FOR 2024/25

- 12.1 Elgan Roberts presented the IFRS 16 Implementation for 2024/25 paper, the purpose of which was to provide Members of the Authority with an update about the necessary changes required for the implementation of International Financial Reporting Standards 16 (IFRS 16) for the 2024/25 annual accounts.
- 12.2 Members' attention was drawn to paragraph 14 of the paper which provided a list of leases impacted by this implementation.
- 12.3 A Member sought clarification on the de-minimis of ten thousand pounds and ER confirmed that this was a technical limit for IFRS 16. ACFO MacArthur further clarified that this meant smaller leases, such as the hire of photocopiers, would not be treated as capital assets so reducing the required workload. This was standard practice across organisations.

- 12.4 The Treasurer gave thanks to ER for his work in getting this over the line, as it had been pending since around 2020, and recommended that Members endorse the report.

12.5 RESOLVED to:

- i) Note the legislative change for IFRS 16;**
- ii) approve a de-minimis level of £10k for lease recognition; and**
- iii) approve the discount rate to be based on the borrowing cost as of 1 April 2024, or at commencement of the lease.**

13.0 NWFRA CONTRACT PROCEDURE RULES SUMMARY 2025

- 13.1 Elgan Roberts explained to Members that the purpose of this report was to present the proposed changes to the Contract Procedure Rules (CPR) of the Authority, following amendments to align with the Procurement Act 2023, implemented on 24 February 2025 and discussed the key changes.
- 13.2 ACFO MacArthur highlighted that where possible, collaboration and joint procurement was carried out with the other Welsh Fire and Rescue Services (FRS).
- 13.3 A Member queried how it would be ensured that the Service had the capacity to comply with the CPR, ER confirmed that plans were in place to employ a Procurement Officer to provide valuable support to the Contracts and Procurement Manager moving forward. In addition, technology would be used to simplify reporting and ER provided the example that all suppliers were categorised within the financial ledger and this information could be quickly collated when necessary.
- 13.4 ER further highlighted that, where possible, local suppliers were being utilised and gave examples of where there had been a change to use local suppliers within North Wales region. The Chair asked how value for money could be demonstrated with one quote and ER stated that one quote was an absolute minimum. However, as good practice, and to demonstrate the most advantageous offer, two or more quotes would always be sought where possible.
- 13.5 It was asked if small firms up to £30k were worked with to ensure that they were best equipped to put in a quote and ACFO MacArthur confirmed that they were. It was noted that the employment of the aforementioned Procurement Officer would also help in this area as they would be able to build better connections across North Wales.

13.6 RESOLVED to:

- i) Note the key changes in the CPR; and**
- ii) recommend approval of the CPR by the Authority.**

14.0 URGENT MATTERS

- 14.1 ACFO MacArthur noted that Members had been issued with a link to complete an electronic declaration of interest form and asked that they ensure this be completed as soon as possible, and at the latest by the end of March, as this was a requirement of the annual audit.
- 14.2 Elgan Roberts asked Members whether, in relation to budget setting for 2026-27, it was felt that the Budget Scrutiny workshops were of value and that they be continued.
- 14.3 Members voted that these workshops continue and that the same process as previous years be followed with five meetings held as in the previous year, with one representative from each constituent local authority.

Meeting closed 10:55

Report to	Audit Committee
Date	16 June 2025
Lead Officer	Helen MacArthur ACFO Finance and Resources
Contact Officer	Angharad Ellis, MIAA
Subject	Head of Internal Audit Opinion and Annual Report 2024/25



PURPOSE OF REPORT

- 1 Under the terms of the Accounts and Audit (Wales) Regulations 2014 Part 3 5. (2), North Wales Fire and Rescue Authority (the Authority) is required annually to conduct a review of the effectiveness of its system of Internal Control. Internal Audit is an integral part of that system and is a significant contributor to the preparation of the Annual Governance Statement.
- 2 CIPFA's Public Sector Internal Audit Standards 2017 require the Head of Internal Audit to provide the Audit Committee with assurance on the whole system of internal control, including the adequacy of risk management and corporate governance arrangements.
- 3 The report analyses the work of the Internal Audit Service for 2024/25 and contains the assurance statement based on the work of Internal Audit during the year ended March 2025.

EXECUTIVE SUMMARY

- 4 The Head of Internal Audit is able to provide assurance to the Audit Committee, based on the internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures, that the Authority has effective corporate governance, risk management and internal control arrangements to manage the achievement of the Authority's objectives.
- 5 The audit reviews provide a substantial level of assurance upon the adequacy of the systems of internal control in place, with 18 recommendations having been made in the year to address some weaknesses. A formal follow up process is in place to ensure that the recommendations are implemented within agreed timescales.

- 6 The work of Internal Audit has not identified any weaknesses that would qualify this opinion and there are no significant issues that are relevant to the preparation of the Annual Governance Statement.
- 7 The report also provides assurance that the Internal Audit Service operates in compliance with the UK Public Sector Internal Audit Standards to enable the Authority to take assurance from this opinion.

RECOMMENDATIONS

- 8 It is recommended that Members:
 - 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.

BACKGROUND

The Role of Internal Audit

- 9 Under the terms of The Accounts and Audit (Wales) Regulations 2014, Fire Authorities have a statutory responsibility to maintain "an adequate and effective system of internal audit."
- 10 The role of Internal Audit Services is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the organisation's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - The Audit Committee and senior management are aware of the extent to which they can rely on the whole system; and
 - Individual managers are aware of how reliable the systems and controls for which they are responsible are.
- 11 The internal control system comprises the whole network of systems and controls established to manage the Authority, to ensure that its objectives are met. It includes financial and other controls and also arrangements for ensuring that the Authority is achieving value for money from its activities.
- 12 In accordance with the Public Sector Internal Audit Standards the Head of Audit is required to deliver an annual internal audit opinion and report that can be used by the Authority to inform its governance statement.

INFORMATION

Internal Audit Opinion 2024/25

- 13 The Regional Assurance Director is satisfied that the internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures allows a reasonable conclusion to be made, as to the adequacy and effectiveness of the Authority's risk management, control and governance processes.
- 14 The opinion provided by the Regional Assurance Director is that there is a good system of internal control designed to meet the organisation's objectives and this is generally being applied consistently.
- 15 In giving an audit opinion, it should be noted that assurance can never be absolute although this provides reasonable assurance based upon the work undertaken in that year, that there are no major weaknesses that need to be brought to the attention of the Audit Committee.
- 16 The overall audit opinion may be used in the preparation of the Annual Governance Statement and the full report is included within Appendix A

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	Internal Audit Services is provided by a suitably qualified external contractor and within the agreed budget
Legal	The report supports the Audit Committee discharge its legal responsibilities
Staffing	N/A
Equalities / Human Rights / Welsh Language	N/A
Risks	The Statement of Assurance is submitted in compliance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the internal auditor Members would be unaware of the adequacy and effectiveness of the corporate governance, risk management and internal control arrangements and its associated ability to achieve its objectives.

Internal Audit Annual Report & Head of Internal Audit Opinion 2024/25

North Wales Fire & Rescue Service

Contents

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- 3 Informing our Opinion
- 4 Internal Audit Coverage and Outputs
- 5 Areas for consideration – your Annual Governance Statement
- 6 Ensuring Quality

1 Executive Summary

This annual report provides your 2024/25 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2024/25 and MIAA Quality of Service Indicators.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

Head of Internal Audit Opinion	1 st April 2023 – 31 st March 2024	1 st April 2024 – 31 st March 2025	Factors considered in forming our opinion
High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.			<ul style="list-style-type: none"> • Inherent risks in the areas audited • Scope limitations of individual audit reviews • Control weaknesses identified and their impact • Internal control environment adequacy and effectiveness • Management's responses to recommendations • Progression of implementation of recommendations by management
Substantial Assurance , can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	✓	✓	
Moderate Assurance, can be given that 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 of the organisation's objectives at risk.			
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.			
No Assurance, can be given that 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 organisation's objectives.			

Key Area	Summary
Head of Internal Audit Opinion	<p>As highlighted above, the overall opinion for the period 1st April 2024 to 31st March 2025 provides Substantial Assurance, that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.</p> <p>Context: This opinion is provided in the context that the North Wales Fire & Rescue Service (NWFRS) like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations and systems.</p> <p>With regards to the Senior Leadership Team (SLT), there has been some changes across the Assistant Chief Fire Officer roles in year.</p> <p>NWFRS has developed and implemented their Community Risk Management Plan (CRMP) for 2024-29, aiming to identify risks facing the community and describes how the Fire and Rescue Authority will manage those risks, and continue to prevent and respond to fires and other emergencies. The plan is intended to assist in transparent and justifiable decision-making and help Fire and Rescue Services identify collaborative opportunities with partner organisations more easily.</p> <p>In response to the Corporate Resilience review at NWFRS, the Authority has commissioned an Emergency Cover Review to identify options for emergency response, which is ongoing.</p> <p>A Budget Scrutiny working group has met regularly in year which has included members of the Audit Committee to endorse the financial planning assessment process to set a balanced budget for 2025/26.</p> <p>In February 2025, NWFRS (along with Mid and West Wales Fire and Rescue Services) published its final report of the jointly commissioned Independent Cultural Review. The recommendations made as part of the review are now being taken forward by the Service in creating a supportive, inclusive and progressive workplace culture.</p> <p>In year we have issued a limited level of assurance in relation to Risk Management. Internal work is being progressed within the Service such as the development of a Risk Management Strategy, full implementation of the risk registers and embedding of risk management processes across the Departments and roll out of the training provision. It was also recognised that the Internal Audit work for 2024/25 has placed a focus on the key risks to NWFRS business and the key areas of concern.</p> <p>Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm</p>

Key Area	Summary
	<p>organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p>Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer and the Fire Authority which underpin their own assessment of the effectiveness of the system of internal control. As such, it is one component that the Accountable Officer on behalf of the Fire Authority takes into account in making its Annual Governance Statement (AGS).</p> <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>
Scope and Limitations of Our Work	<p>Our opinion is formed through the completion of a risk-based plan of assignments, agreed with management and approved by the Audit Committee.</p> <p>Our opinion is subject to the following inherent limitations:</p> <ul style="list-style-type: none"> • We have not reviewed all risks and assurances relating to the organisation. • The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) • The opinion is based on the findings and conclusions of the agreed audit assignments which were limited to the objectives and scope agreed with management. • Where strong controls have been identified and confirmed, their effectiveness may still be impaired in some instances. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance. • Due to the limited scope of individual audit assignments, there may be weaknesses in controls which we are not aware of, or which were not brought to our attention. • The points raised in this report relate only to the issues we encountered during delivery of the internal audit service. It is not an exhaustive list of all weaknesses or potential improvements. Management is responsible for maintaining a

Key Area	Summary
	<p>robust system of internal controls, and internal audit should not be the sole basis for identifying all strengths and weaknesses.</p> <ul style="list-style-type: none"> • This report is prepared solely for the use of the Audit Committee and the Fire Authority.
Planned Audit Coverage and Outputs	<p>The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your HoIA Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> • The organisation's Assurance Framework • Core and mandated reviews, including follow up; and • A range of individual risk-based assurance reviews.
Recommendations / Management Actions	<p>We have raised 18 recommendations as part of the reviews undertaken during 2024/25. All recommendations raised by MIAA have been accepted by management but have not yet been followed up by MIAA as the implementation due dates have not yet passed.</p> <ul style="list-style-type: none"> • Of these recommendations: 0 were critical and 4 were high risk recommendations in relation to the reviews of Risk Management. • At the start of the 2024/25 year there were 8 recommendations outstanding from prior years. During the course of the year, we have undertaken follow up reviews and can conclude that the organisation implemented 2 actions during 2024/25. • The total number of prior year recommendations yet to be implemented is 6, of which 1 high risk which relates to the Cyber Organisational Controls review. All 6 outstanding recommendations (which relates to the Cyber Organisational Controls review) were not yet due and evidence has been provided to confirm that these are partially implemented. These will be followed up again in Quarter 2 2025/26.
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA's full compliance with the Public Sector Internal Audit Standards (PSIAS). We also undertake regular</p>

Key Area	Summary
	<p>internal assessments to ensure our ongoing compliance with requirements. In year we completed our annual self-assessment of compliance with PSIAS and can continue to confirm full compliance with these standards.</p> <p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and we are one of only circa 20 NHS organisations certified to the Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>

2 The Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with PSIAS. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

2.1 Roles and Responsibilities

The Fire Authority is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The AGS is an annual statement by the Accountable Officer, on behalf of the Fire Authority, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with PSIAS, the HoIA is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

3 Informing our Opinion

3.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

3.2 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1st April 2024 to 31st March 2025 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

A) Assurance Framework (AF)

A Risk Management review has been undertaken 2024/25 which resulted in a limited level of assurance. Five recommendations were raised and are due for completion in September 2025; these relate to finalising a Risk Management Strategy for the Service, review of risk registers, oversight and reporting arrangements and providing risk management training. These recommendations will be followed up in 2025/26 as part of our follow up work.

B) Core & Risk-Based Reviews Issued

We issued:

0 high assurance opinions:	N/A	1 limited assurance opinions:	Risk Management
3 substantial assurance opinions:	Training Strategy Implementation Plan Key Financial Transactional Processing Controls Procurement	0 no assurance opinions:	N/A
0 moderate assurance opinions:	N/A	1 review without an assurance rating:	Attendance at Budget Scrutiny meetings

C) Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **good progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

Chris Harrop

Managing Director, MIAA
March 2025

Louise Cobain

Assurance Director, MIAA
March 2025

4 Internal Audit Coverage and Outputs

The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
1	Risk Management	Limited	-	4	-	1	5
2	Training Strategy Implementation Plan	Substantial	-	-	4	-	4
3	Key Financial Transactional Processing Controls	Substantial	-	-	3	3	6
4	Procurement	Substantial	-	-	2	1	3
5	Budget Scrutiny meetings	N/A	N/A	N/A	N/A	N/A	N/A
	TOTAL		-	4	9	5	18

There are no critical or high-risk recommendations overdue at the time of reporting. We will continue to follow up progress against all recommendations as part of the 2025/26 Internal Audit Plan.

ADVISORY SUPPORT AND GUIDANCE: Areas where MIAA have supported the organisation in strengthening arrangements in respect of governance, risk management and internal control.

Preparation for the National Fraud Initiative (NFI) work and support provided in relation to the privacy notices.

Engagement and support provided from MIAA Solutions in relation to the Training Centre.

CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.*

Detailed insight into the overall Governance and Assurance processes gained from liaison throughout the year with the Assistant Chief Fire Officer/ Treasurer, Senior Management Team and Officers.

Involvement and relationship with the organisation (e.g. attendance at Budget Scrutiny meetings).

Effective utilisation of internal audit including in year communication, and changes to the audit plan in respect of the Training Strategy Implementation Plan instead of the Whole Time Rostering/Duty System review.

5 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Accountable Officer on behalf of the Fire Authority when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Fire Authority reflects more widely on how these should be factored into the AGS. Areas for consideration include:

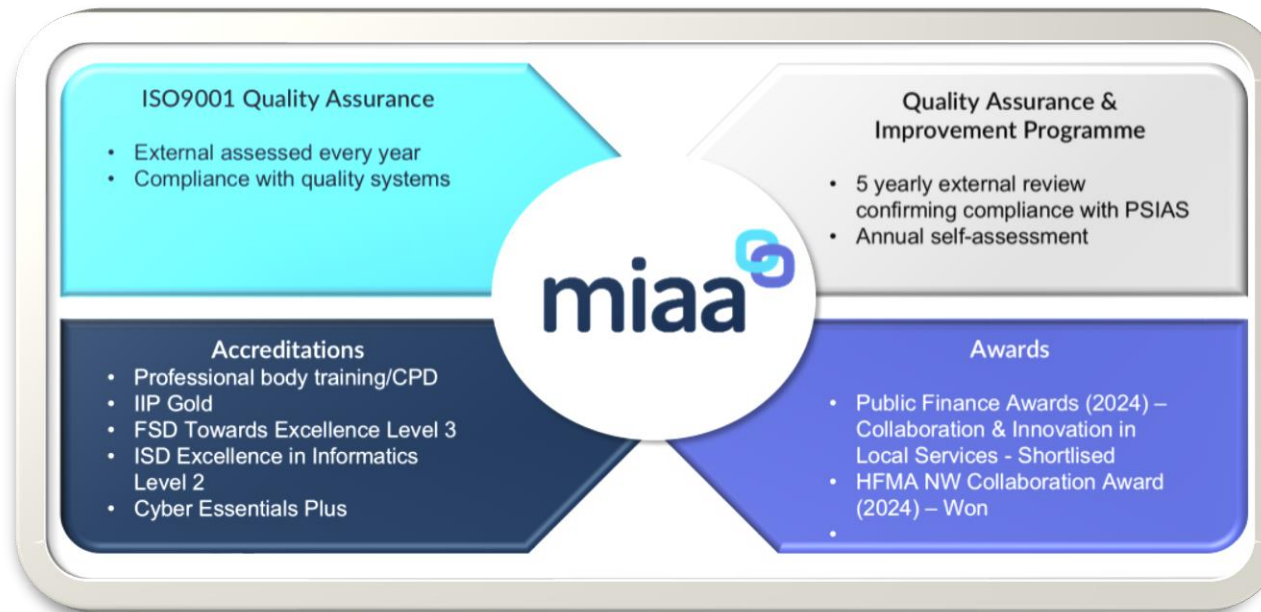
- Wider partnership/ collaborative working and engagement across the North Wales Footprint.
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Service leadership, including any significant changes to the Senior Management Team
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these.
- Compliance with all relevant laws, standards, regulations and Fire and Rescue National Framework for Wales 2016.
- Inspections and feedback during 2024/25 including any actions taken to address any areas of development (including the Independent Culture review).
- Organisation performance, including challenges in achieving financial duties, delivery of Priority Based Budgets and service pressures managed in year.
- Wider partnership working risks and challenges.

6 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with PSIAS, the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

Professional Standards and Accreditations

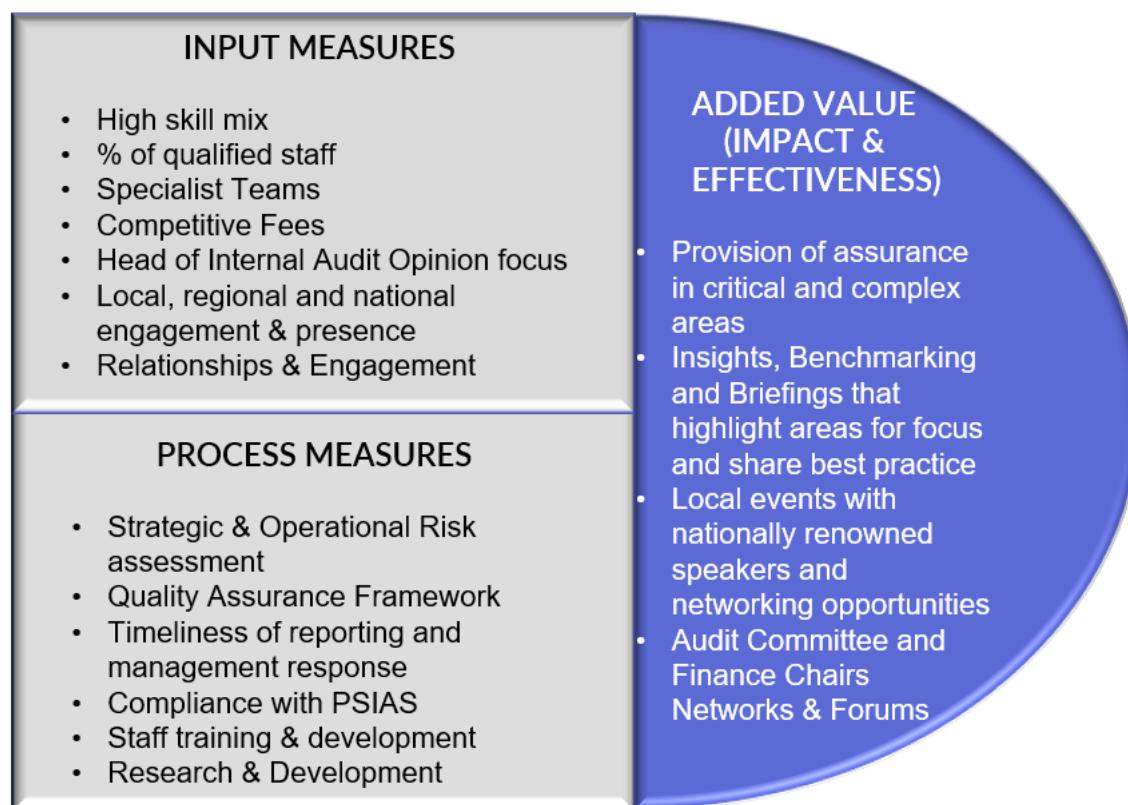
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The infographic on this page confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Audit Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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Report to	Audit Committee
Date	16 June 2025
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Angharad Ellis (MIAA)
Subject	Internal Audit Progress Report June 2025



PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members with an update of the work undertaken by North Wales Fire and Rescue Authority's (the Authority) internal audit providers, MIAA, for the 2024/25 financial year and for the period to 31 May 2025.

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 report contained within Appendix 1 provides an overview of the work undertaken during the 2024/25 financial year against the agreed internal audit plan and progress to 31 May 2025.
- 4 The report contained within Appendix 2 provides an update of the progress made in implementing the agreed recommendations arising from previous reports.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) Note the work undertaken by MIAA during 2024/25; and
 - ii) Note the progress made in implementing the agreed recommendations.

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 Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.

INFORMATION

- 8 The report contained within Appendix 1 provides an overview of the work undertaken during 2024/25 and confirms that the agreed plan was fully delivered.
- 9 The report contained at Appendix 2 provides an update on the progress of implementing the recommendations from previous reports.

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 (June 2025)

North Wales Fire and Rescue Service

Contents

1 Introduction

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 2025/26 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 March to 31st May 2025.

3 Executive Summary

2024/25 Audit Reviews

The following reviews have been finalised:

- Risk Management (Limited Assurance)

At the time of the review, a formal Risk Management Strategy for the Service was in the process of being drafted. A review of the risk register identified that the format of the risk register has been enhanced. However, we found that the risk register had not been consistently completed for risks across both the Strategic and Operational Risk Registers. In addition, most of the risks included within the risk register did not have progress updates recorded. Although some risk assessment training has been provided, the training provision should be rolled out further. In addition, risk management training needs should be clearly identified for all staff and the arrangements for monitoring compliance should be agreed. As at the time of the review, the Strategic Risk Committee has met twice since it was implemented to provide review and oversight of the Strategic and Operational Risk Registers across the Service. However, documentation should be enhanced to evidence the discussion, challenge, scrutiny and debate of risks at the Strategic Risk Committee meetings. Any issues that require escalation should then be reported to the Senior Leadership Team (SLT).

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

2025/26 Audit Reviews

The following reviews are in progress:

- Equipment Asset Management (Fieldwork)
- National Fraud Initiative (In progress)
- Attendance at Budget Scrutiny meetings (when required)

Follow Up

A summary of the current status of all follow-up activity is included as a separate report.

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.

- It has been requested by the Assistant Chief Fire Officer that the timing of the Business Planning review be changed to Quarter 2 2025/26 and that the Equipment Asset Management review be brought forward to Quarter 1 2025/26.

Added Value

Briefings

Our latest briefings/blogs/podcasts are:

- [MIAA Blog - Insights from the 2024 NHS Staff Survey](#)

- [Key NHS Publications - March 2025](#)
- [Summary of NHS Planning Guidance](#)
- [Key NHS Publications - February 2025](#)
- [24/25 MIAA Checklist Series - Local Safety Standards for Invasive Procedures \(LocSSIPs\)](#)
- [Key NHS Publications - January 2025](#)
- MIAA's Assurance Director, Louise Cobain contributed to HFMA's latest briefing: [The value of internal audit | HFMA](#)
- 24/25 MIAA Insight – Wellbeing Reviews Benchmarking
- [Key NHS Publications - November 2024](#)
- [24/25 MIAA Insight - EU Artificial Intelligence Act and its wider implications](#)




Events

- [Climate Change and the Public Sector – Placing sustainability at the core to deliver better services and support a healthier population](#) (21st May 2025): Climate change poses a major threat to our health and wellbeing, as well as our planet. The environment is changing, that change is accelerating, and this has direct and immediate consequences for the delivery of health and social care services, and above all those people who receive care and support.
- [Psychological safety as an enabler to innovation, engagement and productivity](#) (10th July 2025): We will hear from experts in the field and consider how the leaders role is essential in role modelling this approach. This means considering our own bias', ways of working and willingness to embrace uncertainty and change.

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.’


Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2024/25:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management		Completed	Limited	June 2025
Training Strategy Implementation Plan		Completed	Substantial	December 2024
Key Financial Transactional Processing Controls		Completed	Substantial	December 2024
Procurement		Completed	Substantial	September 2024
National Fraud Initiative (Data matches released)	N/A	Briefing note issued	N/A	March 2025
Budget Scrutiny meetings	N/A	Completed	N/A	N/A
Follow Up				
Q1	N/A	Completed	N/A	June 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Q4	N/A	Completed	N/A	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.

The table summarises the delivery of your Head of Internal Audit Opinion for 2025/26:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management – Core Controls		Q4 delivery		June 2026
National Fraud Initiative	N/A	In progress		September 2025
Key Financial Systems		Q3 delivery		December 2025
Business Planning		Q2 delivery		December 2025
Equipment Asset Management		Fieldwork		September 2025
Attendance at Budget Scrutiny meetings	N/A	As required		N/A
Follow Up				
Q1	N/A	Completed	N/A	June 2025
Q4	N/A	Q4 delivery		June 2026

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	Risk Management			
Executive Sponsor	Assistant Chief Fire Officer			
Objective	To evaluate the effectiveness of the risk management systems and processes.			
Recommendations	0 x Critical	4 x High	0 x Medium	1 x Low
Summary	<ul style="list-style-type: none"> The Deputy Chief Fire Officer has been assigned (detailed in the draft Risk Management Strategy) as the Executive Lead and Senior Risk Owner (SRO) for risk management within the Service. The Service has recently reviewed and agreed it's risk appetite statement which has been linked to the strategic objectives. This was updated and approved in December 2024 by the Strategic Risk Committee and Fire and Rescue Authority (FRA) Executive Panel. A Strategic Risk Register has been developed and has been shared on a dedicated Teams channel where all members of the Senior Leadership Team (SLT) and designated risk managers have access. MIAA review of current corporate risks register (as at March 2025) highlighted that the format has been updated and enhanced to include the scoring of risks (gross, residual and target), details of current controls in place to mitigate the identified risks, assurances in place and the responsible risk owner. The Corporate Planning and Performance Manager and Head of Training have developed and delivered some risk management training. Formal training has been recently introduced using an external provider. Face to face training (rolled out from January 2025) started with members of SLT (Level 3). The Service has also used "Learnpro" (an online training tool) for the facilitation of other training and we were informed that this will be explored for the delivery of Risk Management training. Training attendance for the SLT members has been monitored to identify instances of non-attendance so that full 			

	<p>training compliance can be achieved. At the time of the review, Level 4 training for members of the FRA was in the process of being arranged.</p> <ul style="list-style-type: none"> • A Corporate risk report is produced by the Strategic Risk Committee (SRC) on a quarterly basis and is shared with the Executive team. This focuses on the overall risk position of the Service. The report also includes risks rated high and very high by Department. • The Strategic Risk Register (SRR) was recently reviewed by the SRC in February 2025 which includes all risks scoring 15 and above. • MIAA review of the December 2024 meeting papers for the FRA Executive Panel confirmed that an update in relation to Strategic Risk Management had been provided. This included an update on the development of the risk management processes, an outline of the draft Risk Appetite Statement, and an overview Strategic Risk Register.
Key Areas Agreed for Action	<ul style="list-style-type: none"> • At the time of the review, a formal Risk Management Strategy for the Service was in the process of being drafted. (High Risk) • A review of the risk register (dated March 2025) identified that the format of the risk register had not been consistently completed for risks across both the Strategic and Operational Risk Registers e.g. current controls, assurances in place, gaps in control/assurances and action plans. In addition, most of the risks included within the risk register did not have progress updates recorded (this was also the case for 4 out of 6 risks in the Strategic Risk Register). (High Risk) • A review of SRC papers identified that the meetings were not minuted. Therefore, we could not confirm the discussions taken place and the level challenge, scrutiny and debate in relation to risks. In addition, from a review of recent meeting minutes from SLT we could not confirm that issues in relation to risk management have been appropriately escalated from the SRC e.g. lack of progress updates and actions taken to address the identified risks. (High Risk) • The Service does not have a formal Training Needs Analysis (TNA) for Risk Management. Although our review identified that some face to face training has been provided to members of SLT (Level 3), the training provision should be rolled out to Levels 1, 2 and 4. The arrangements for monitoring compliance should also be agreed. (High Risk) • At the time of the review, the Terms of Reference for the SRC was in draft and required formal agreement by SLT. (Low 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.

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Recommendations Follow Up Assignment Report 2025/26

North Wales Fire & Rescue Service

June 2025

Contents

1 Executive Summary

2 Summary of Findings

3 Outstanding Critical / High Level Recommendations

Appendix A: Assurance Definitions and Risk Classifications

Appendix B: Report Distribution

MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review, please contact the Engagement Manager. To discuss any other issues then please contact the Director.

1 Executive Summary

A key part of the work undertaken by MIAA as your internal auditors involves us making recommendations to improve and strengthen governance, risk management and controls to support the organisation in achieving its objectives. To verify that the benefits of the recommendations are achieved, it is necessary to subsequently follow up on implementation of agreed actions, in order to fully assess:

- Whether implementation has occurred or been superseded by further events; and
- Whether the actions have produced the intended effect.

Follow-up is, therefore, a vital aspect of the internal audit process and it is our policy, in accordance with the Internal Audit plan, to revisit previous assignments.

The table overleaf sets out the areas and recommendations which have been reviewed this time and the level of progress which has been made. Our review confirms that good progress has been made in implementing recommendations.

2 Summary of Findings

The table below sets out the areas and recommendations which have been reviewed this time and the level of progress which has been made.

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
2023/24																			
Key Financial Transactional Processing Controls	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	All recommendations have now been implemented.
Cyber Organisational Controls Review	6	-	-	1	5	-	-	-	-	-	-	-	-	-	-	-	-	-	6 recommendations have been partially implemented in relation to the following actions: <ul style="list-style-type: none">Incident management and response and threat reporting (High)Embedding cyber security, developing a positive cyber security culture and growing cyber expertise (Medium)Third party/partner management (Medium)Identifying cyber assets (Medium)Cyber security regime (Medium)

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
																			<ul style="list-style-type: none"> Cyber security measures (Medium) Revised implementation dates – April 2025 These recommendations will be followed up again by our Technology Risk Assurance Team in Q2 2025/26 and an update will be provided at the next Audit Committee in September 2025. Responsible Officer – Head of ICT
2024/25																			
Procurement	3	2	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1 recommendation has been partially implemented in relation to the following action: <ul style="list-style-type: none"> Manual process for contracts (Low) Revised implementation date – End of Quarter 2 2025/26 Responsible Officer – Procurement and Contracts Manager / Deputy Head of Finance and Procurement

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
Key Financial Transactional Processing Controls	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	3	These recommendations will be followed up as part of the Key Financial Transactional Processing Controls review scheduled in Quarter 3 2025/26.
Training Strategy Implementation Plan	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	All implementation due dates have not yet passed (end of Quarter 1 2025/26)
Risk Management	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	1	All implementation due dates have not yet passed (September 2025)
TOTAL	26	4	-	1	5	1	-	-	-	-	-	-	-	-	-	4	7	4	

3 Outstanding Critical / High Level Recommendations

Review Title	Recommendation	Responsible Officer (Title)
Cyber Organisational Controls Review	<p>Incident management and response and threat reporting</p> <p>Recommendation – 1. Formalise / implement a plan to update Incident Response Plans and the overarching Business Continuity Plan (BCP) / Cyber Response Plan.</p> <p>2. Schedule / implement a timetable to test the BCP plans / playbooks and include SLT representation. As part of the testing, review the associated roles and responsibilities, documentation, and assurances around resilience arrangements. Formally capture lessons learnt.</p> <p>3. Evidence updated documented cyber / IT disaster recovery / incident response plan(s) / schedules to ensure roles and responsibilities for managing a system-wide incident are understood and for ensuring communications are effective.</p> <p>4. Publish an approved overarching incident response policy across all the providers. Include:-</p> <p>a. a definition of what a cyber incident is.</p> <p>b. key contacts and reporting channels for all localities / third parties / the region / nationally such as NCSC</p> <p>c. service priorities / IAR critical assets agreed by SLT.</p> <p>d. critical assets and a critical system recovery list based upon service priorities.</p> <p>e. escalation routes between SLT / ICT for cyber events and sign off authority/ target groups to make decisions such as the sign off of forensic costs.</p> <p>f. Security notification / advisory incident distribution list.</p> <p>g. alignment with security update processes.</p>	<p>Responsibility for Action – Head of ICT</p> <p>Original Deadline for Action –</p> <ol style="list-style-type: none"> 1. Mar 24 2. Oct 24 3. July 24 4. July 24 5. ongoing 6. ongoing 7. Oct 24 8. Mar 24 9. Apr 25 10. June 24 11. Apr 25 12. a) June 24 - discussion taken place b) dashboards to be evidenced - date TBC <p>Revised Deadline for Action – end of April 2025</p> <p>These recommendations will be followed up again by our Technology Risk Assurance Team in Q2 2025/26 and an update will be provided at the next Audit Committee in September 2025.</p>

Review Title	Recommendation	Responsible Officer (Title)
	<p>h. formalising the link between learning from incidents and the training needs analysis plan.</p> <p>5. Review and ensure supplier support arrangements / SLAs provide appropriate coverage in terms of incident management and security assurance reporting. Continue to work with Information Asset Owners (IAOs) to ensure local plans are understood and aligned with the business objectives.</p> <p>6. Publish and approve as planned an ICT / Digital strategy.</p> <p>7. Document the logging and monitoring (and data retention) policy and align within the new ICT strategy. For example, to enable prosecution to be enforceable and / or to be able to hold suppliers / staff to account.</p> <p>8. Formalise and publish a digital plan going forward including for instance, ongoing management / maintenance of solutions, details of planned projects / pilot programmes / enhancements such as further automation / scripting, additional network segmentation / testing, regular review of on call arrangements / supporting toolsets, etc.</p> <p>9. Schedule / implement CIPR training, as appropriate and review the job description for the Incident Manager.</p> <p>10. Continue to evidence regular threat reporting being undertaken and reported to an appropriate governance group.</p> <p>11. Schedule regular penetration testing and evidence progress against associated improvement plans as a result of these tests / scans / reviews.</p> <p>12. Evidence solution dashboards being calibrated against one another to ensure they align.</p>	

Review Title	Recommendation	Responsible Officer (Title)
	<p>Management Response (Remedial Action Agreed) –</p> <ol style="list-style-type: none"> 1. Plan will be formed in conjunction with the annual departmental strategy (currently in draft). Final version anticipated Feb 2024 (TBC) 2. HoICT to produce playbook in conjunction with infrastructure team with the target of doing a tabletop exercise by the end of Q2 in the year 24/25 in conjunction with ISC. ISC includes SLT representatives from the Control Room, Operations, ICT and a principal officer. 3. An All-Wales Cyber Response Plan is being drawn up by the Local Resilience Forum (lead by North Wales Police). Once this is distributed, NWFRS will adapt to its own technological implementations. It was not possible to establish a publish date at this time although it is expected before the end of the 23/24 year. A draft CRP can be expected mid-way through the following year (2024). 4. As above 5. HoICT to work with supervisory managers in ICT and review as contracts are renewed during the 24/25 year, or during contract reviews for multi-year contracts. 6. See point 1 7. HoICT to work with Infrastructure Manager to produce policy ready for consultation by the end of Q2 of the 24/25 year. 8. HoICT to work with supervisory ICT managers to develop a 1- and 5-year strategy including technological advancements and cyber security testing. Expected end of 23/24 year (March). 9. HoICT to submit financial bid for in the 25/26 financial year with the potential to bring training forward if flexibility in the already agreed 24/25 budget allows 	

Review Title	Recommendation	Responsible Officer (Title)
	<p>10. Cyber Security Working Group to be formalised at the beginning of the 24/25 year and the Terms of Reference will include this</p> <p>11. HoICT to submit financial bid for in the 25/26 financial year with the potential to bring training forward if flexibility in the already agreed 24/25 budget allows. Consideration will also be given whether the infrastructure team has sufficient capacity to undertake this work</p> <p>12. Discussions will need to be held with the Infrastructure Manager regarding this in Q1 24/25, which was not possible at time of writing.</p> <p>Update March 2025 – Parts 6, 8, 10 and 12 have been completed.</p> <p>1. We were advised that the first iteration of the Cyber Response Action Plan had been created. A draft was expected to be presented to Information Steering Committee (ISC) by the end of 2024/25 period.</p> <p>2. We were advised that the playbook will be drafted once the Cyber Response Action Plan has been approved, likely to be based on the NCSC exercise in a box. For the ICT objectives for 2025/26, we were advised that there was a plan for a desktop Business Continuity Management (BCM) exercise in the first half of the year, with a possible real-life exercise towards the end of the year. Also, the Head of ICT had joined the new Business Continuity Management group.</p> <p>3. We were advised that the updated documentation cyber / IT disaster recovery and incident response plans, including schedules that define roles and responsibilities for managing system-wide incident and ensuring effective communication, were to be included as part of the Cyber Response Action Plan.</p> <p>4. We were advised that the elements of the overarching incident response policy was to be incorporated into the Cyber Response Action Plan.</p>	

Review Title	Recommendation	Responsible Officer (Title)
	<p>5. We were advised that the Service was investigating the cost of the 'Risk Ledger' product by the end of the financial year. Indicative costs (£10-15K) are considered by ICT too much for ICT's use alone but there was potential through conversations with the procurement manager to introduce this to the whole service. Conversations were ongoing and pending a demonstration by Risk Ledger of their capabilities.</p> <p>To evidence - review supplier support arrangements / SLAs provide appropriate coverage in terms of incident management and security assurance reporting. Continue to work with Information Asset Owners (IAOs) to ensure local plans are understood and aligned with the business objectives.</p> <p>7. We were advised a Logging and Monitoring policy was to be written by the end of the financial year.</p> <p>9. We were advised that the Head of ICT was to arrange and attend CIPR training in the next 25/26 financial year, finances allowing.</p> <p>11. Penetration testing for corporate systems was to be arranged for the 2025/26 financial year and sensitive systems such as CAD are scheduled to be tested in 2024/25.</p>	

Appendix A: 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.

Appendix B: Report Distribution

Name	Title
Helen MacArthur	Assistant Chief Fire Officer
Audit Committee	

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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.

Report to	Audit Committee
Date	16 June 2025
Lead Officer	ACFO Anthony Jones, Transformation, Planning and Performance
Contact Officer	AM Paul Kay, Prevention and Protection
Subject	Safeguarding Annual Update 2024-25



PURPOSE OF REPORT

- 1 This Annual Safeguarding Report outlines the safeguarding activities undertaken by North Wales Fire and Rescue Service (the Service) between 1 April 2024 and 31 March 2025. It reaffirms the Service's commitment to protecting vulnerable individuals across North Wales, detailing the number and nature of safeguarding referrals made for both children and adults at risk. The report also highlights the proactive role of staff in identifying and responding to signs of abuse, neglect, and exploitation.

EXECUTIVE SUMMARY

- 2 In 2024–2025, the Service made 24 child and 269 adult safeguarding referrals. While child referrals declined slightly from previous years, adult referrals remained high, reflecting the Service's growing role in community safeguarding. Denbighshire and Conwy saw the highest referral rates for children and adults respectively.
- 3 The Service continued to face challenges in training delivery due to qualification requirements but mitigated these through partnerships and digital learning platforms. Strategic priorities for 2025 include embedding safeguarding leads across regions, enhancing data systems, and aligning training with national standards. The Service remains committed to continuous improvement, transparency, and multi-agency collaboration.

RECOMMENDATION

- 4 It is recommended that Members note the Service's commitment to:
 - i) Expand internal training capacity by supporting staff to achieve higher safeguarding qualifications;
 - ii) enhance safeguarding awareness in low-referral areas like Wrexham and Ynys Môn through targeted outreach and training;
 - iii) strengthen data collection and analysis to better monitor trends and inform strategic decisions; and
 - iv) implement functional safeguarding leads across all operational areas to ensure consistent practice and leadership.

BACKGROUND

- 5 The Service plays a vital role in safeguarding vulnerable individuals through its prevention, protection, and emergency response functions. The Service operates within the legal framework of the Social Services and Well-being (Wales) Act 2014 and works closely with Regional Safeguarding Boards, local authorities, and health services. Safeguarding is embedded in the Service's culture and is supported by governance structures, training, and inter-agency collaboration.

INFORMATION

- 6 Children: 24 referrals in 2024, with Denbighshire accounting for one-third. No referrals in Wrexham or Ynys Môn.
- 7 Adults: 269 referrals, with Conwy leading. A five-year upward trend highlights the Service's increasing safeguarding role.
- 8 Training: 906 completions of Level A training; 893 staff completed Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) training. Collaboration with Conwy Council supports Level B delivery.
- 9 Governance: Oversight by Audit Wales, Care Inspectorate Wales (CIW), and internal audit teams ensures compliance and accountability.

IMPLICATIONS

Well-being Objectives	The safeguarding work directly supports NWFRS's well-being objectives by protecting vulnerable individuals from harm, promoting safe communities, and contributing to the broader goals of the Well-being of Future Generations (Wales) Act 2015.
Budget	Delivering safeguarding training, expanding internal capacity, and improving data systems require financial investment.
Legal	NWFRS must comply with the Social Services and Well-being (Wales) Act 2014 and related safeguarding legislation.
Staffing	Safeguarding responsibilities place additional demands on staff, particularly in training and reporting.
Equalities/Human Rights/ Welsh Language	Safeguarding must be inclusive and accessible to all, respecting individuals' rights and cultural needs.
Risks	Key risks include underreporting in certain areas, inconsistent training standards, and limited internal training capacity.

Safeguarding Annual Report 2024-25



Gwasanaeth Tân ac Achub
Fire and Rescue Service



Safeguarding Annual Report 2024-25

1. Purpose of Report

This Annual Safeguarding Report outlines the safeguarding activities undertaken by North Wales Fire and Rescue Service (NWFRS) between 1st April 2024 and 31st March 2025. It reaffirms the Service's commitment to protecting vulnerable individuals across North Wales, detailing the number and nature of safeguarding referrals made for both children and adults at risk. The report also highlights the proactive role of staff in identifying and responding to signs of abuse, neglect, and exploitation. In addition to referral data, the report showcases significant improvements in safeguarding governance, training, and inter-agency collaboration. It provides assurance to the Service Leadership Team, the Fire and Rescue Authority, and partners that safeguarding responsibilities are being met in line with Welsh legislation and national guidance. The Service continues to prioritise continuous improvement, ensuring its safeguarding practices evolve to meet emerging needs and uphold the highest standards of care and protection.

2. Children and Young People Safeguarding statistics

In 2024, North Wales Fire and Rescue Service (NWFRS) made a total of 24 child safeguarding referrals across the region. Denbighshire accounted for the highest number with 8 referrals representing one-third of the total. This may reflect a higher incidence of child safeguarding concerns, proactive identification and reporting by local fire crews, or a concentration of vulnerable populations (e.g., areas with higher deprivation or more care settings). Conwy and Flintshire recorded 6 each, and Gwynedd with 4. Notably, Wrexham and Ynys Môn reported no referrals, raising concerns about potential underreporting or gaps in safeguarding awareness and engagement in those areas.

The five-year trend shows a peak in 2022 (32 referrals), followed by a gradual decline to 24 in 2024. While this may suggest a reduction in incidents, it could also reflect changes in reporting practices. The three-year average (2022–2024) stands at 28 referrals, while the five-year average (2020–2024) is 20.8. These figures underscore the importance of continued vigilance, targeted training, and consistent safeguarding practices across all unitary authorities to ensure that no child at risk goes unnoticed.

3. Adult Safeguarding Statistics

In 2024, North Wales Fire and Rescue Service (NWFRS) made a total of 269 adult safeguarding referrals, reflecting the Service's strong commitment to protecting vulnerable adults across the region. Conwy accounted for the highest number of referrals (77), representing nearly 29% of the total. This may indicate a higher prevalence of safeguarding concerns, more effective reporting mechanisms, or demographic factors such as a larger elderly population.

Gwynedd (46), Denbighshire (39), and Flintshire (37) showed moderate referral levels, suggesting balanced engagement, though potential underreporting cannot be ruled out. Wrexham (34) and Ynys Môn (36) had the fewest referrals, which may reflect either fewer incidents or gaps in detection and reporting.

The five-year trend shows a steady increase in referrals, rising from 91 in 2020 to a peak of 275 in 2023, with a slight dip to 269 in 2024. This upward trajectory highlights the growing role of NWFRS in safeguarding, underlining its evolving function as a key partner in community safety and social care through a multi-agency approach.

4. Learning and Improvement

North Wales Fire and Rescue Service (NWFRS) remains committed to equipping all staff with the necessary safeguarding knowledge and competencies. Unlike many UK fire and rescue services that follow the National Fire Chiefs Council (NFCC) Safeguarding Training Levels 1–4, NWFRS aligns its training with the Social Care Wales Safeguarding Levels A–F. While this approach ensures alignment with the broader health and social care sector in Wales, it has introduced operational and strategic challenges, particularly around consistency, comparability, and planning.

The NFCC framework offers a well-established, tiered model widely adopted across UK fire services, supported by national resources and guidance. In contrast, the Social Care Wales model, though comprehensive has been rolled out incrementally, leading to delays and uncertainty in implementation. This divergence has made it more difficult for NWFRS to benchmark training standards nationally and ensure uniform safeguarding capability across all roles. Addressing these challenges will be key to maintaining effective safeguarding practice and ensuring staff are fully supported in their responsibilities.

5. Operational Impact and Mitigation

North Wales Fire and Rescue Service (NWFRS) continues to face operational challenges in delivering safeguarding training due to the requirement that trainers must be qualified at a level above the one they teach. This has limited internal training capacity, particularly for Levels B and above, as qualifications are not yet fully accessible. To mitigate this, Level A training has been made widely available via LearnPro and PDRPro, with 906 completions recorded. Additionally, NWFRS is collaborating with Conwy County Borough Council to enable Safeguarding Officers and Partnership Managers to deliver Level B training, which will be rolled out to all front-facing staff.

Mandatory safeguarding training is now in place for all staff, with regular refreshers planned. The Service has also improved internal safeguarding communication and clarified referral pathways to ensure timely and appropriate action. A total of 893 staff have completed Violence Against Women, Domestic Abuse and Sexual Violence (VAWDA) training, reinforcing NWFRS's commitment to a well-informed workforce.

Oversight of safeguarding practices is maintained through a combination of internal governance and external audits. The Auditor General for Wales, via Audit Wales, provides overarching scrutiny, while Care Inspectorate Wales (CIW) and Regional Safeguarding Boards may conduct safeguarding-specific reviews. Internal audit teams also play a key role in ensuring compliance and continuous improvement, reinforcing transparency and accountability across the Service.

6. Safeguarding Priorities and Strategic Direction – 2025


Over the next year, North Wales Fire and Rescue Service (NWFRS) will embed safeguarding more deeply into everyday operations. A key focus will be on training staff to identify and respond to safeguarding concerns, while ensuring that trained safeguarding leads are in place across the East, Central, and West areas. The Service also aims to enhance how it records, reviews, and learns from safeguarding cases to better protect vulnerable individuals.

Strategically, NWFRS will strengthen its safeguarding framework by integrating safeguarding leads functionally across the organisation and aligning safeguarding with broader community risk reduction efforts. Training priorities include expanding internal capacity to deliver Level B training and preparing for higher-level delivery as qualifications become available. Improvements in data collection and reporting will support greater scrutiny, learning, and accountability.

To support these goals, NWFRS is transitioning to a functional safeguarding officer model, led by a dedicated Safeguarding Officer. This structure will provide clearer leadership, consistent practice, and stronger engagement with external partners. Robust governance mechanisms will be implemented to monitor safeguarding performance, identify emerging risks, and ensure compliance with statutory duties.

7. Conclusion

NWFRS is taking a proactive and structured approach to safeguarding, ensuring it is not only a compliance requirement but a core part of its service culture. Through strategic planning, staff development, and strengthened governance, the Service is well-positioned to enhance its safeguarding impact and protect the most vulnerable in North Wales.

Report to	Audit Committee	
Date	16 June 2025	
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Treasury Management Report for Year 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 – 31 March 2025.

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.
- 5 During the year, the Authority's borrowing and investments remained well within the limits originally set. There were no new defaults by banks in which the Authority deposited money. Furthermore, the Authority's actual investment income was higher than the expected income in the 2024/25 budget.

RECOMMENDATIONS

- 6 Members are asked to:
 - i) **note the treasury management activities and prudential indicators for the period 1 April 2024 to 31 March 2025.**

EXTERNAL CONTEXT

- 7 UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.
- 8 The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.
- 9 In May 2025, the Bank Rate was reduced to 4.25%. Interest rates are expected to decline further into 2025, contingent on wage growth, services inflation, and broader economic conditions.

LOCAL CONTEXT

- 10 On 31 March 2025, the Authority had net borrowing of £19.07m arising from capital expenditure.
- 11 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.
- 12 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	31.03.25 Actual £m
General Fund CFR	27.94	29.68
External borrowing	-17.78	-19.07
Internal borrowing	10.16	10.61
Less: Balance sheet resources	-13.13	-13.13
Less: New Investments	2.97	2.52
New borrowing	0.00	0.00

- 13 The treasury management position at 31 March and the change over the twelve months is shown in [Table 2](#) below.

Table 2: Treasury Management Summary

	31.3.24 Balance	Movement	31.03.25 Balance	31.03.25 Rate
	£m	£m	£m	%
Long-term borrowing	14.07	-5.61	8.46	2.81 - 4.80
Short-term borrowing	3.71	6.91	10.62	1.07 - 5.20
Total borrowing	17.78	1.29	19.07	
Short-term investments	-1.48	1.48	0.00	4.45 - 5.19
Cash and cash equivalents	-1.48	-1.04	-2.52	4.34- 5.14
Total investments	-2.96	0.44	-2.52	
Net borrowing	14.82	1.73	16.55	

BORROWING

- 14 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.
- 15 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

- 16 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.
- 17 For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However, from late 2024 rates began to rise, peaking at around 6% in February and March 2025.
- 18 The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.42% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.71%. Rates for 20-year maturity loans ranged from 5.01% to 6.14% during the period, and 50-year maturity loans from 4.88% to 5.88%.
- 19 As of 31 March 2025, the Authority held £19.07m of loans, an increase of £1.29m compared to 31st March 2024. A summary of outstanding loans as of 31 March is provided in [Table 3A](#) below.

Table 3A: Borrowing Position

	31.03.24 Balance £m	Net Movement £m	31.03.25 Balance £m	31.03.25 Weighted Average Rate %	31.03.25 Weighted Average Maturity (years)
Public Works Loan Board	17.78	-3.714	14.073	3.200	7.150
Local authorities (short-term)	0.00	5.000	5.000	5.200	0.410
Total borrowing	17.78	1.29	19.073		

- 20 The Authority took out a new £5M short-term local authority loan in December 24 due for repayment in August 25. All other short-term loans are held with the PWLB. Further borrowing is not required until August, however, if there is a sudden movement in the market with improved rates this will be utilised upon advised from our treasury advisors Arlingclose.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan	2.00	4.80	28
PWLB EIP Loan	0.59	3.09	13
PWLB EIP Loan	4.17	3.91	16
Total borrowing	6.76		

- 21 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

- 22 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.
- 23 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £1.37m and £9.13m. The investment position is shown in [Table 4](#) below.

Table 4: Treasury Investment Position

	31.3.24		31.03.25	31.03.25	31.03.25
	Balance	Net Movement	Balance	Income Return	Weighted Average Maturity
	£m	£m	£m	%	days
Banks & building societies	1.48	1.04	2.52	4.34 - 5.14	On call
Fixed Term		0	0	4.75	37
Central Government	1.48	-1.48	0.00	4.45 - 5.19	
Total investments	2.96	-0.44	2.52		

- 24 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.
- 25 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.
- 26 Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.45% and 5.19% and money market rates between 4.34% and 5.14%.

COMPLIANCE

- 27 All treasury management activities undertaken during the year 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.
- 28 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.

29 Compliance with specific investment limits is demonstrated in [Table 5](#) below.

Table 5: Investment Limits

Institution	Description	Limit	31.03.25 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	£2.52m	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

30 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

	31.03.25 Actual £m	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied?
Borrowing	19.07	28.99	30.99	Yes
Total debt	19.07	28.99	30.99	

31 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

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

Liability Benchmark

33 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.

34 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.

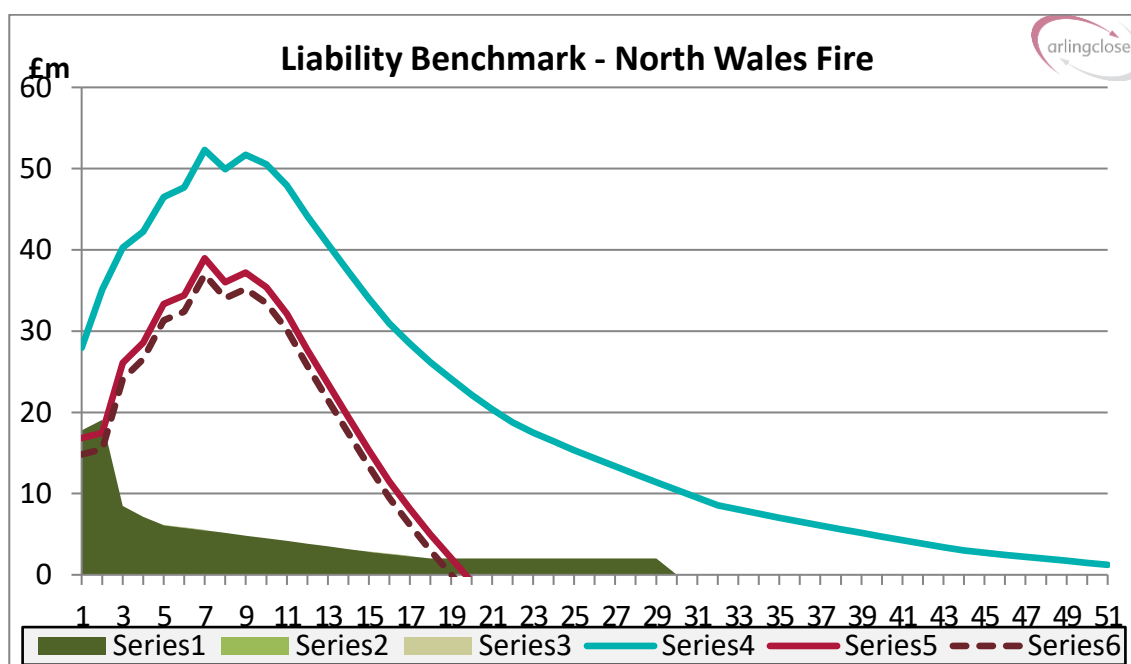
	31.03.24 Actual £m	31.03.25 Actual £m	31.03.26 Forecast £m	31.03.27 Forecast £m
Loans CFR	27.94	29.68	40.30	42.200
Less: Balance sheet resources	-13.12	-13.13	-16.20	-15.70
Net loans requirement	14.82	16.55	24.10	26.60
Plus: Liquidity allowance	2.00	2.00	2.00	2.00
Liability benchmark	16.82	18.55	26.10	28.60
Existing borrowing	-17.78	-19.07	-8.50	-7.10

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

36 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £4m - £6m a year, 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.

37 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.

- 38 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

- 39 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:

	31.03.25 Actual	Actual Limit	Upper Limit	Lower Limit	Complied Y/N
<12 months	9.3	48.77%	60.00%	0.00%	Y
12 months and <24 months	1.5	7.87%	45.00%	0.00%	Y
24 months and < 5 years	1.2	6.29%	45.00%	0.00%	Y
5 years and <10 years		0.00%	75.00%	0.00%	Y
>10 years	7.07	37.07%	100.00%	0.00%	Y


- 40 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

- 41 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 June 2025	
Lead Officer	Elgan Roberts, Head of Finance and Procurement	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Welsh Fire and Rescue Services' Procurement Strategy 2025- 2030	

PURPOSE OF REPORT

- 1 To present to Members of the Audit Committee the all-Wales Fire and Rescue Services' Procurement Strategy 2025-2030.

EXECUTIVE SUMMARY

- 2 The All Wales Procurement Strategy 2025-2030 provides a common framework for all three fire and rescue services in Wales to deliver efficiencies, value for money and other benefits in relation to the acquisition of goods and services.
- 3 The Strategy supports the premise of joint working and collaboration and is compliant with the underpinning legislation and regulations. Implementation and monitoring will be overseen by the Strategic Procurement Board.

RECOMMENDATIONS

- 4 It is recommended that Members:

i) Note and endorse the All-Wales Procurement Strategy 2025-2030

IMPLICATIONS

Wellbeing Objectives	The effective use of resources supports the achievement of the Authority's CRMP which incorporates the Wellbeing Objectives.
Budget	The procurement of goods and services includes financial consideration
Legal	This Strategy aligns to all the underpinning legislation and regulations
Staffing	Collaboration enables best use of resources and staff time.
Equalities/ Human Rights/Welsh Language	All procurement activity has due regard to ensure compliance and consideration.
Risks and Uncertainties	Effective procurement and contract management supports the Authority's risk management approach



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WELSH FIRE AND RESCUE SERVICES' PROCUREMENT STRATEGY 2025-2030

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1. Background and Purpose

This Strategy sets out the framework for procurement within the Fire & Rescue Services (FRS) in Wales from 2025 – 2030 and is in line with the Welsh Government's Welsh Procurement Policy Statement (WPPS) See Appendix A)

The Strategy creates a Fire and Rescue Service (FRS) Procurement Structure that makes the best of opportunities to deliver efficiencies and other improvements in the acquisition of goods, services and the awarding of contracts, across the three FRSs in Wales.

Importantly, the Strategy also paves the way for exploring the contribution that the FRS can make to a broader vision for public procurement.

The key aims of the Strategy are:

- To align its procurement activity with the Procurement Act 2023, Procurement Regulations 2024, Procurement Regulations (Wales) 2024 and the Social Partnership and Public Procurement (Wales) Act 2023.
- To emphasise the importance of collaborative procurement in the FRS because of the demonstratable efficiencies and other benefits it can deliver.
- To support the Welsh Local Government Association Procurement Network (WLGAPN), the Welsh Government Commercial Delivery Hub (WGCDH), the National Fire Chiefs Council (NFCC) and other suitable equivalent consortiums in promoting collaborative procurement.
- To develop a better understanding and analysis of expenditure in the FRS to support more effective procurement and to develop improved systems for the regular reporting of the benefits and opportunities presented by collaboration.
- To promote sustainability practices in the FRS procurement process, aligned with Welsh Government's net zero 2030 ambition.

An All-Wales Strategic Contract Plan is in place and is led by a Strategic Procurement Board developed by the Welsh Fire and Rescue Services' National Issues Committee (NIC), who advise on the strategic direction of procurement in the Welsh Fire and Rescue Sector. The Strategic Procurement Board consists of three strategic leads of the Welsh FRS's along with procurement professionals from across the three Welsh FRSs.



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This Strategy is designed to take account of the following policies and encourage stakeholders to consider the long-term implications of each procurement activity. Summaries of these policies are attached in Appendix A:

- Well-being of Future Generations (Wales) Act 2015 and the Cymru Can Strategy for 2023-2030.
- Welsh Government's Wales Procurement Policy Statement (WPPS).
- Prosperity for all: A Low Carbon Wales.
- Wales "Beyond Recycling" Circular Economy Strategy.
- The Fire Standards Board's Procurement and Commercial Standard.

The strategy will be reviewed on an annual basis or in line with any new policies / legislation that affect procurement. This strategy sits within the context of the Welsh Government's Fire and Rescue Service National Framework which, among other things, sets a clear expectation of greater collaboration to deliver efficiencies.

The NIC drives collaboration across the three Welsh Fire and Rescue Services in line with the Government's agenda on Public Sector reform. This strategy document outlines proposals to ensure that the collaborative procurement opportunities identified by the NIC Strategic Procurement Board are delivered efficiently and effectively across the three Services.

This strategy document sets out how the NIC Strategic Procurement Board seeks to adopt a strategic approach to procurement which will underpin its efforts to unlock these efficiencies and achieve value for money. In taking a holistic view and integrating the principles of sustainable development and e-procurement through all activity, the public sector can optimise the positive impact of responsible procurement; ensuring savings are equally about optimising whole-life costs, achieving wellbeing benefits and taking a sustainable approach wherever possible.

This strategy seeks to ensure the Welsh Fire and Rescue Procurement Services' activities consider the WGCDH and WLGAPN for areas of common and repetitive spend.

The Welsh FRS Procurement Teams promote procurement professionalism to support staff in engaging with suppliers and ensuring that procurement processes and procedures are appropriate and effective in order to encourage innovation, promote sustainability and ultimately deliver value for money and wellbeing benefits.



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2. Definition of Sustainable Procurement

For the purposes of this strategy document, sustainable procurement will be defined as:

The process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment"

Thus, the functions of procurement are considered to be:

- **Identification of a business need** – Procurement will have a key role in identifying if there is a definite need for equipment, premises or services through Purchasing plans and the scrutiny of Revenue Budgets / Capital payments, review of existing products and services of similar nature within the fire service, review of options to deliver service in-house and potential for collaboration.
- **Technical Services (Research and Development)** – Including completion of risk assessments, a consistent approach to options appraisal, translating the business need into measurable performance criteria, co-ordination and evaluation of trials promoting workforce engagement, production of supporting training materials and guidance notes. In this regard the Welsh FRS's have agreed a common approach as part of the procurement process. This will enable any one of the Welsh FRSs to undertake the complete procurement process on behalf of the other Welsh FRSs and thus reduce duplication and make best use of resources. We will therefore do it once for Wales and avoid repetition.
- **Purchasing and Contracting** – Including strategic and routine procurement, issue of Find a Tender Service (FTS) notices, tendering, contracts, legal and finance tasks and compliance with Standing Orders.
- **Commissioning** – Including production of final safety and technical materials, training and distribution.
- **Contract Management** – Whole life costs, including servicing, maintaining and disposing of the equipment at the end of its useful life, managing and monitoring contracts and supplier relationships and development. Whole life costs remain a consideration throughout the procurement cycle and cannot be neglected after the options appraisal stage. Management and monitoring of contracts to be undertaken via electronic systems.
- **Decomissioning and Replacement** – Including a review of equipment or contract performance and ultimate disposal. Sustainable procurement and the foundational and circular economy is a key principle to be embedded within procurement processes.



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3. Governance Structure

Following a review of procurement across the Welsh FRSs as instigated by the National Issues Committee in 2014, a virtual procurement service was established to facilitate increased collaboration and improve efficiencies.

The virtual procurement team work within their respective FRSs and report directly to the Strategic Procurement Board which is led by three members of the Executive Leadership Team, one from each of the three Welsh FRSs.

The Virtual Procurement Team will support staff by providing strategic procurement direction, offering professional advice and guidance on all procurement matters, assisting in making the procurement process more efficient and effective and ensuring that staff have the necessary skills and competencies to undertake their procurement duties through facilitating appropriate training.

4. Supplier Expenditure

The Three Welsh FRS's analyse their spend data through use of the Welsh Government expenditure analysis tools which provides identification of spend patterns and potential areas of collaboration. It also provides identification of category expenditure so efforts can be focused on priority areas.

Analysis of data will enable reduction of the number of suppliers used, consolidation of expenditure, increase in the proportion of SME spend, identification of alternative methods of payment for low value transactions and will also provide a benchmark to enable identification of areas suitable for carbon reduction initiatives.

5. Collaboration

The Welsh FRS's support collaboration through use of national frameworks including the WGCDH, WLGNP and NFCC Procurement Hub, Crown Commercial Services, and other Purchasing Bodies. There is also cross sector collaboration with other public sector bodies via local Public Service Boards (PSBs) and via regional procurement groups, which feed in to the WLGA Procurement Network.

In line with our collaborative approach there is an aim to standardise on specifications as far as possible to maximise economies of scale and interoperability.



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6. Strategic Procurement Objectives

In order to promote procurement best practice, remain legally compliant, meet the Welsh WPPS Principles and to act to prevent climate change by prioritising carbon reduction and zero emissions to deliver our ambition to be net zero by 2030, the following key procurement objectives have been identified as priority areas for improvement. The Welsh Procurement Policy Statement can be seen at Appendix A.

- a) **Strategic Procurement** – the Strategic Procurement Board consisting of members of the Executive Leadership Teams of each of the FRS's influences strategic procurement.
- b) **Professionally Resourced** - To ensure a consistent approach to the training and development of staff that have a procurement role throughout the fire service in line with good practice.
- c) **Economic, Social and Environmental Impact** – To not only obtain optimum value for the Service in terms of whole life cost (from acquisition to disposal) and quality outcomes through effective sourcing, supply and performance monitoring, but also to provide benefit to society, the economy, and the environment, both now and in the future.
- d) **Sustainable Procurement** – integrate sustainability considerations into the procurement process, apply the Sustainable Risk Assessment (SRA) framework and execute the sustainable procurement action plan and supplier engagement strategy.
- e) **Wellbeing Benefits** - delivery of social, economic and environmental benefit through effective application of Welsh Government's Wellbeing Benefits must be an integral consideration in procurement.
- f) **Open and accessible competition** – To advertise all contract opportunities above £30,000 via Sell2Wales, thereby encouraging open and fair competition.
- g) **Simplified Standard Processes** – To simplify and standardise the Welsh FRSs' procurement documentation and processes.
- h) **Collaboration** – To promote and encourage further collaboration through the NIC work-streams in order to achieve economies of scale, standardisation and to deliver procurement process efficiencies.



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i) **Supplier Engagement and Innovation** – To encourage more effective supplier engagement both pre-tender in terms of market testing and supplier pre-tender events and post tender in terms of providing constructive feedback on submissions. Encourage suppliers to make use of Business Wales for bidding advice and guidance.

j) **Policy Development and Implementation** – support the achievement of the seven well-being goals for Wales as set out in the Well-being of Future Generations (Wales) Act (2015) and comply with the relevant standards of the Welsh Language (Wales) Measure 2011. Ensure compliance with the Procurement Act 2023, Procurement Regulations 2024, Procurement Regulations (Wales) 2024 and the Social Partnership and Public Procurement Act 2023.

k) **Monitoring performance and delivery** – The delivery of this Strategy will be managed through an Action Plan with progress reported on an annual basis based on the strategic procurement objectives. The plan will include detailed actions and KPIs.

l) **Risk and Contract Management** – To ensure that project, commercial, organisational and health and safety risks are considered in all key procurements, that suitable contingency plans are in place for key products and that all those in project management and contract management roles have the appropriate skills and experience.

m) **eProcurement** – To ensure the FRS is able to meet e-government targets in respect of procurement and that a consistent approach is taken on a national basis with regard to the implementation of eProcurement within the FRS.



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Appendix A

The sustainable procurement activities should be structured around the following key Policy drivers and initiatives:

- The Well-being of Future Generations (Wales) Act 2015 came into force on 1 April 2016, focuses on improving the social, economic, environmental and cultural well-being of Wales. The aim of the Act is to help create a Wales that we all want to live in, now and in the future. Importantly, the Act recognises the important role of procurement: "The role of procurement will be an important part of how a public body allocates resources under the Act. It is expected that public bodies comply with their existing legal obligations in relation to procurement and that they also apply the Wales Procurement Policy Statement which adopts the Sustainable Procurement Task Force's definition of sustainable procurement. This sets out the procurement practices and the specific actions expected of every public sector organisation in Wales".

The Act puts in place seven well-being goals, illustrated below, is how a Sustainable Procurement policy approach meets these goals, particularly focussing upon a circular economy.

Cymru Can sets out their strategy for 2023 – 2030 and their long-term vision. It summarises the approach they intend to take, gives an overview of the way they will work, and outlines how they will measure their impact.

Figure 1: Outcomes of Sustainable Procurement System Fit for Future Generations¹



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- Wales Procurement Policy Statement (WPPS) establishes a number of key principles by which the WG expects public procurement to operate across Wales and their reporting methods. This includes several principles that directly support the delivery of the Well-being of Future Generations (Wales) Act 2015 namely:
 - Collaboration across procurement activities and with stakeholders.
 - Integration of data driven, digital solutions for procurement into the heart of Welsh policy.
 - Sustainable, value-based procurement delivering long-term outcomes for Wales.
- Prosperity for all: A Low Carbon Wales Cutting our emissions and transition to a low carbon economy in a way that maximises wider benefits for Wales, ensuring a fairer, healthier and more equal society. The plan makes clear what it expects of leadership in the public sector: Delivering the decarbonisation targets and the carbon neutral ambition will require significant leadership from the public sector in areas such as buildings, transport and procurement.
 - This is backed-up by WG declaring that the local government in Wales must achieve Net Zero Carbon on their emissions by 2030. Procurement will play a crucial role in delivering this.
- Wales "Beyond Recycling" Circular Economy Strategy. The strategy, published in March 2021, aims to support the green recovery by focusing on zero waste, net zero carbon actions that use resources fairly. The document outlines key themes for Wales:
 - Driving innovation in materials use
 - Upscaling prevention and re-use
 - Building on the recycling record
 - Investing in infrastructure
 - Enabling community and business action
 - Aligning Government levers



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- Fire Standards Board Procurement and Commercial Standards – a fire and rescue service whose leaders recognise the importance of procurement and commercial best practice ensuring that contracts and relationships with its suppliers realise value for money (VFM) and result in the delivery of quality public goods, services and works that support the environment and the diversity, safety and wellbeing of its people and communities. A service that makes strategic, ethical, and informed procurement and commercial decisions that are aligned to organisational goals, ensuring fairness, transparency, and integrity throughout the lifecycle of its procurement activity. A service that considers procurement and commercial options robustly and thoroughly, engages and consults with staff and wider markets to consider needs, and partners with others to define the optimum procurement and commercial approach. A service that establishes competition, legally compliant and transparent processes and adopts robust contract management practices, ensuring VFM and security of supply is delivered throughout the procurement and contract lifecycle. A service that embraces innovation and contributes to continuous improvement and collaboration at local, regional and national levels. It understands the impact that procurement and commercial activity has on people, the local economy, the environment, and that it delivers its social value and net zero targets. A service that establishes and maintains appropriate capability and capacity by ensuring teams are equipped with the technical skills, commercial expertise, and resources to keep communities safe supporting continued professional development of its procurement and commercial people.




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Report to	Audit Committee	
Date	16 June 2025	
Lead Officer	Elgan Roberts, Head of Finance and Procurement	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Draft Statement of Accounts 2024-25	

PURPOSE OF REPORT

- 1 To present the unaudited Statement of Accounts for 2024/25, including the revenue and capital outturn, balance sheet position, and key financial movements for North Wales Fire and Rescue Authority (the Authority).

EXECUTIVE SUMMARY

- 2 The Authority has maintained a strong financial position despite ongoing pressures. The 2024/25 revenue outturn shows a surplus of £293k, with usable reserves increasing to £10.879m. The full accounts including the narrative report are included within Appendix i.
- 3 Capital expenditure totalled £3.087m, with £2.589m carried forward. The accounts incorporate the adoption of IFRS 16 and continued investment in sustainability, training infrastructure, and operational resilience.
- 4 The report also includes the response provided to Audit Wales following enquiries in relation to the governance arrangements relevant to the Statement of Account, attached as Appendix ii.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) **Note the unaudited revenue and capital outturn position;**
 - ii) **Note the unaudited balance sheet position;**
 - iii) **Note and endorse the movement to and from reserves; and**
 - iv) **Endorse the response to Audit Wales in relation to matters of governance relevant to the Statement of Accounts.**

BACKGROUND

- 6 The Accounts and Audit (Wales) Regulations 2014 require the Authority to prepare and publish a statement of accounts on an annual basis. The pre-Covid timescales prescribed within the Regulations require a draft statement of accounts to be issued by 31 May, with an audit deadline of 31 July each year.

- 7 The Welsh Government, following consultation with the Society of Welsh Treasurers and Audit Wales, confirmed that the draft statement of accounts for 2024/25 should be prepared no later than 30 June 2025, and that the statement of accounts should be audited by the 31 October 2025.
- 8 The draft Statement of Accounts were certified by the Authority's Treasurer on 30 May 2025 and the external audit by Audit Wales is currently in progress. Following the conclusion of the audit the accounts will be presented to the full Fire Authority for final approval.

INFORMATION

- 9 The Statement of Accounts has been prepared in accordance with CIPFA's Code of Practice and provides a comprehensive overview of the Authority's financial performance and position for the year ended 31 March 2025.
- 10 It also includes a Narrative Report, which outlines the Authority's operational context, strategic priorities, and key achievements. The purpose of the Narrative Report is to help stakeholders understand the financial statements and the broader environment in which the Authority operates.
- 11 The Statement of Accounts confirms that the year-end balance of usable reserves is £10.879m (Note 8, page 36) which includes the surplus of £0.293m on the general fund and increases of £1.540m in earmarked reserves.
- 12 As part of the audit of the Statement of Accounts, Audit Wales seek assurance from those charged with governance on the governance arrangements relevant to the Statement of Accounts. The response to the audit enquiries is provided within Appendix B and has been approved by the Chair of the Fire Authority.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and 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 in accordance with the proposed service delivery which includes emergency response and prevention work.
Legal	It is a legal requirement that the Authority produces the Statement of Accounts in accordance with the prescribed standards.
Staffing	Effective financial management supports the long-term workforce strategy to ensure that the Authority is able to discharge its responsibilities
Equalities/ Human Rights/Welsh Language	None
Risks and Uncertainties	Income and expenditure are closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Statement of Accounts

2024-2025



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The maintenance and integrity of the Authority's website is the responsibility of the Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Narrative Report

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public and residents of North Wales, Fire and Rescue Authority Members, partners, stakeholders, and other interested parties can:

- Understand the overall financial position of the Authority and the outturn position for 2024/25;
- Have confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Authority is sound and secure.

The style and format of the accounts comply with CIPFA standards. The information contained within these accounts is presented as simply and clearly as possible. However, the accounts of an organisation such as North Wales Fire and Rescue Authority are, by their nature, both technical and complex.

The Statement of Accounts includes the core financial statements, which are: -

The Comprehensive Income and Expenditure Statement (CIES) – shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Expenditure and Funding Analysis (EFA) – shows the information in the CIES but also provides the accounting adjustments which are cancelled out in Note 7 to ensure that these adjustments are not funded by Taxpayers.

The Movement in Reserves Statement (MIRS) – shows the movement in the year of reserves held by the Authority, analysed between 'usable' and 'unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.

The Balance Sheet – shows the value as of the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.

The Cash Flow Statement – shows the changes in cash and cash equivalents of the Authority during the reporting period.

Foreword from the Chair

As Chair of North Wales Fire and Rescue Authority, I am pleased to present the Statement of Accounts for 2024/25. Despite ongoing financial challenges, I am incredibly proud of how the Service, supported by the Authority, has managed to serve our communities effectively while maintaining financial stability.

The Authority remains dedicated to ensuring an efficient and effective fire service that aligns with our mission: *making North Wales a safe place to live, work and visit*. Achieving this requires not only balancing the budget for the current year but also planning for a sustainable financial future. A critical part of this strategy is investing in assets that will support both the Service and the community for years to come.

While the financial outlook for the future remains challenging, I am confident that the strong financial position we've maintained will enable us to navigate these challenges successfully.

Councillor Dylan Rees

Chair of North Wales Fire and Rescue Authority



Introduction from Dawn Docx, Chief Fire Officer

This Narrative Statement is intended to provide readers with a clearer understanding of the Fire and Rescue Authority, its operating environment, and to help interpret the accompanying Statement of Accounts.

In addition to financial information, the Narrative Statement offers insights into the Authority's operational activities, strategic initiatives, and performance metrics. This comprehensive overview helps readers appreciate the broader context in which the Authority operates.

While the accounts themselves are complex and technical, I encourage you to take the time to review them, along with this Narrative Statement, which provides a detailed overview of the financial year and the financial position of the Fire and Rescue Authority as of 31 March 2025. If you require further information or have any questions about the accounts, contact details are provided within this Narrative Statement.

Dawn Docx

Chief Fire Officer



Introduction to North Wales Fire and Rescue Authority

These accounts cover the year to 31 March 2025 for the North Wales Fire and Rescue Authority. The Authority covers the whole of the geographic area of 2,400 square miles with an estimated population of approximately 700,000 people. There are 44 fire stations in North Wales – 8 full-time and 36 on-call stations.

In addition to emergency response, the Authority is committed to community safety and fire prevention. We collaborate with local schools, businesses, and community groups to deliver educational programs and safety campaigns.

The Authority comprises 28 elected councillors from the six unitary authorities of North Wales, with the number of representatives determined by the population of the constituent Council's area. More information about the Authority, its members and responsibilities can be found [here](#).

North Wales Fire and Rescue Service is led by a Chief Fire Officer and the Service Leadership Team. This comprises Senior Officers and Managers who are responsible for departments looking after our Service's key operational and corporate functions.

Our principles

At NWFRS, we are guided by our principles that shape our actions and decisions. These are:







These principles help us deliver high-quality services and maintain the trust and safety of the communities we serve.

About Our Service Area



Resources

 44 fire stations
 54 front line fire appliances
 43 special appliances including rescue boats and aerial ladder platforms
 878 staff of which 29% are fluent welsh speakers

Prevention and Protection activities

 20,021 safe and well checks completed
 320 business audits conducted
 133 safety talks with 11,563 children and young people
 22 phoenix courses with 203 participants completing the programme

Responding activities

 14,530 emergency calls handled
 Attended 6,485 emergency incidents
 1,801 fires attended of which 43 were wildfires
 3,263 false alarms

Governance

In the financial year 2024/25, we focused on making our operations transparent, accountable, and efficient. Our governance framework helps us make decisions, manage risks, and monitor performance.

Key Governance Developments

This year, we made important changes to our governance:

- **Governance Structure Review:** We reviewed and updated our governance structure to meet our needs better. This included updating the roles and responsibilities of key committees.
- **Risk Management:** We improved our risk management by including risk assessments in our planning and decision-making processes.
- **Internal audit:** 2024/25 was the second year of a three-year internal audit plan to review our internal controls and ensure we follow established policies and procedures.

Annual Governance Statement

The annual governance statement, which comes with the financial statements, gives a detailed account of our governance framework and its effectiveness during the year. It highlights key governance issues and the steps we took to improve governance practices.

Future Governance Initiatives

Looking ahead, we are committed to continuously improving our governance. Key initiatives for the next financial year include:

- **Training and Development:** We will provide ongoing training and development opportunities for members and officers to ensure they have the necessary skills and knowledge to fulfil their governance roles effectively.
- **Performance Monitoring:** We will enhance performance monitoring and reporting mechanisms to provide timely and accurate information on our performance against strategic objectives.

Service Leadership Team

The Service Leadership Team (SLT) structure includes the Chief Fire Officer and all the Assistant Chief Fire Officers. The rest of the SLT consists of Area Managers and Heads of Departments, ensuring a comprehensive and effective leadership framework.

Operating Model

The Fire Authority's operating model explains how we work to keep our communities safe. It shows how we use our resources, manage our services, and reach our goals.

Our main services include:

- **Emergency Response:** Quickly and effectively responding to fires, special service calls, and other incidents.
- **Prevention and Protection:** Promotion and education of fire safety, completing inspections, and enforcing rules to reduce risk.
- **Community Engagement:** Working with residents, businesses, and local groups to promote safety and preparedness.

We regularly check and adjust how we use our resources to make sure we are meeting our goals efficiently. This includes reviewing our budget, staffing, and equipment needs, as well as assessing our performance and impact.

Below is a map of all our facilities across North Wales.

Emergency Cover Review (ECR)

Following the Fire Authority's decision not to proceed with the original proposals (Option 1a as presented in December 2023), a new Emergency Cover Review (ECR) Task and Finish Group was established in January 2024.

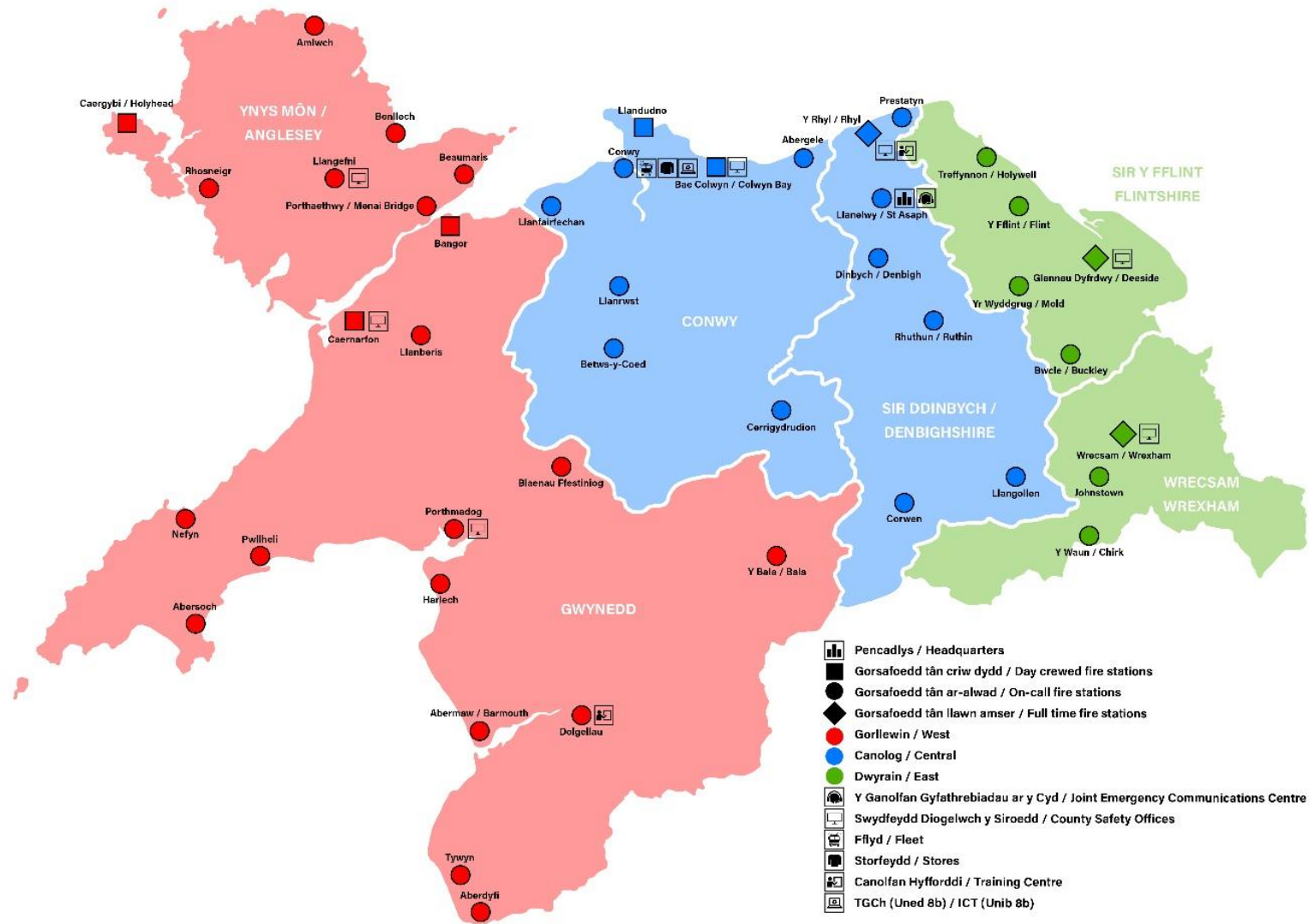
Throughout the year, the group has explored additional recommendations presented during the ECR to enhance the emergency response element of the operating model.

A key objective is to maximise the effectiveness and efficiency of existing shift patterns and pilot new models for wholetime firefighters to operate in key rural areas to strengthen fire cover.

A "Collective Agreement" has now been reached between the Chief Fire Officer and the Fire Brigades Union, setting out the broad principles of the proposed changes.

The service is now focused on developing and delivering an implementation plan, with key milestones agreed and workstreams underway.

NWFRS Facilities/Station Map



Community Risk Management Plan

This year marked the official close of the 2021–2024 Corporate Plan and the introduction of the new Community Risk Management Plan (CRMP), which reshapes how the Service identifies and manages risks across North Wales.

Following a public consultation, the Fire Authority published its new medium-term plan and objectives in July 2024. These are available [here](#).

The CRMP, which spans 2024 to 2029, outlines the key risks facing our communities and sets out how we will address them—while continuing to prevent and respond to fires and other emergencies.

To support the CRMP, we produce annual Community Risk Management Implementation Plans. The 2024–2025 plan, also published in July, is available [here](#). These implementation plans detail the specific actions we will take each year to achieve our goals and keep our communities safe. It also includes well-being and improvement objectives, in line with Welsh legislation.



Annual Performance

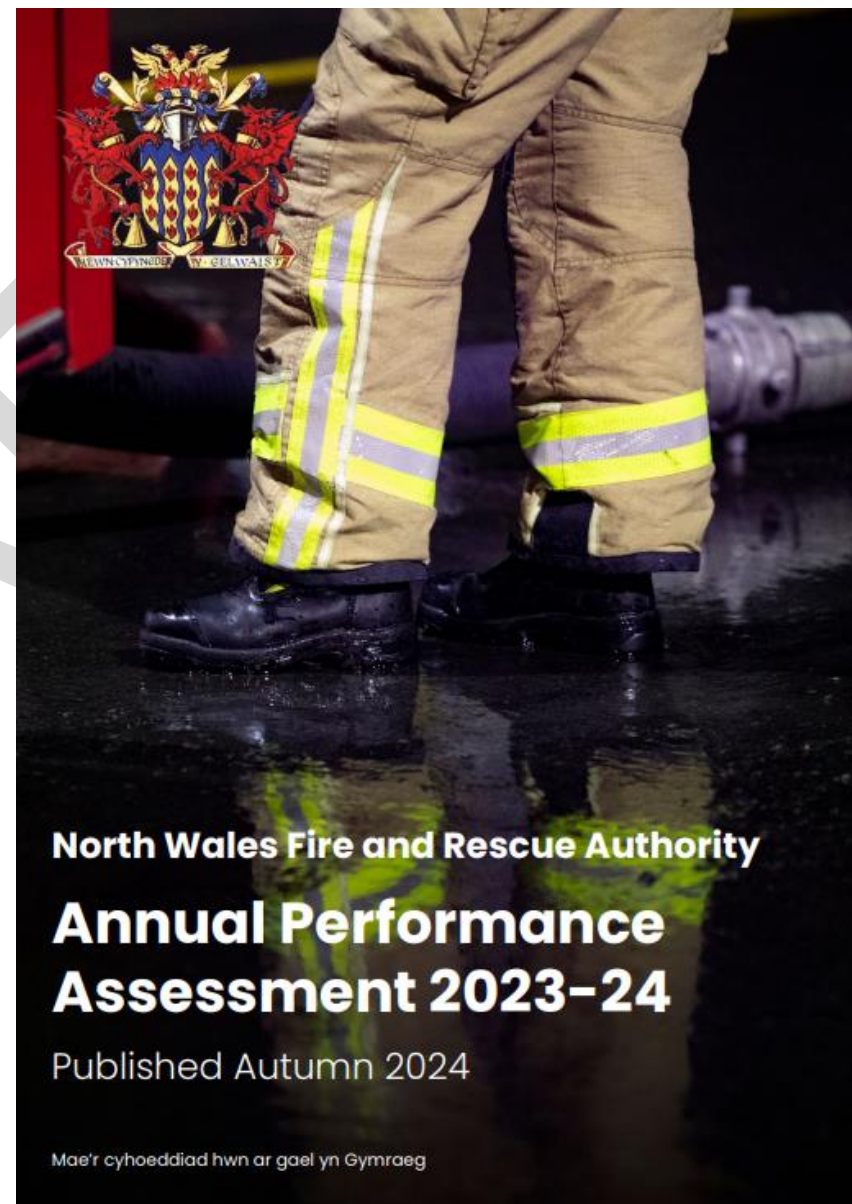
NWFRA's Annual Performance Assessment, published in October 2024, marked the final year of the three-year Corporate Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

In addition to reporting on three statutory and sector-wide performance indicators, the report assessed progress against seven improvement and well-being objectives. These included enhancing community safety and resilience, improving environmental sustainability, and embedding social value in procurement.

The annual performance assessment also highlighted the Authority's commitment to workforce development, stakeholder engagement, and operational efficiency. A summary of performance data and the Dwelling Fire Response Charter for 2023/24 were also included.

The accompanying Annual Governance Statement (pending approval at the time of publication) outlines governance arrangements and sets out the work plan for 2024/25

The Annual Performance Assessment can be accessed [here](#).



Organisational Culture and Improvement

During 2024/25, the Authority published an Independent Cultural Review, jointly commissioned with Mid and West Wales Fire and Rescue Service.

Delivered by Crest Advisory and published in February 2025, the review involved surveys, interviews, focus groups, and site visits. It highlighted strengths in staff commitment and public service, while identifying areas for improvement in leadership visibility, communication, and accountability.

In response, the Service developed a Culture Improvement Plan shaped through staff workshops and aligned with the review's recommendations. Oversight of the plan is provided by the Service Leadership Team and the Cultural Board, which includes members of the leadership team, the Chair of the Authority, the EDI Member Champion, and a representative from Welsh Government. Progress is monitored through SMART objectives and regular reporting mechanisms.

Support has also been sought from Welsh Government to help implement the changes. The Authority remains committed to fostering a safe, inclusive, and values-led workplace.

Development of a new training centre

During 2024/25, the Authority made significant progress in advancing plans for a new fit for purpose fire and rescue training centre.

A strategic outline case was developed and formally approved by the Fire and Rescue Authority in October 2024. The project is being led by an Assistant Chief Fire Officer, with the Head of Training and Development overseeing operational delivery, supported by a project team.

Programme governance is supported by a structured framework that includes a programme board, programme group, subgroups, and task and finish groups. These groups include representation from staff, North Wales Police facilities team, Councillors, Trade Union representatives, and external consultants, ensuring broad engagement, transparency, and collaborative decision-making throughout the programme's development.

The new centre is a key component of the Authority's long-term strategy to enhance operational readiness, improve training capacity and efficiencies in training delivery, and support the delivery of the Community Risk Management Plan 2024–2029

Sustainability and climate change

In 2024/25, the Authority continued to implement its Environmental Strategy (2023–2030), focusing on decarbonisation across fleet, estates, and procurement. The Environment and Sustainability Working Group led the development of detailed plans to support the Service's Net Zero 2030 target.

A successful test of Hydrotreated Vegetable Oil (HVO) as a diesel alternative was completed, with a station-based trial now underway. Plans are in place to install HVO tanks and dispensing equipment at twenty sites.

Progress continued on a bespoke Environmental Management System aligned with ISO 14001, aimed at improving environmental performance through better resource use and waste reduction. Implementation is expected to begin in 2026/27.

Working with the Welsh Government Energy Service, a heating decarbonisation plan was developed to guide a rolling programme of system replacements, prioritised by funding and operational need. Initial installations are planned for Llandudno and Conwy fire stations.

A grant of £295k was received by the Low Carbon Heat Team at the Welsh Government Energy Service to fund 90% of the cost of installing a low carbon heating system at Llandudno Fire Station, with the remaining 10% met from the Authority's

capital budget. An additional £131k was secured through the Electric Vehicle Charging Infrastructure (EVCI) grant, covering 75% of the total cost associated with the procurement and installation of vehicle charging infrastructure.

During 2024/25, the Authority secured £492k in capital funding from Welsh Government, of which £117k was allocated to sustainability initiatives, including the purchase of two electric cars and two electric vans.



Financial Performance

The Authority remains committed to delivering high-quality fire prevention, enforcement, and emergency response services. In 2024/25, the Authority continued to navigate a challenging financial landscape, balancing rising costs with the need to maintain operational effectiveness and community safety.

To support long-term sustainability, Members reaffirmed the Medium-Term Financial Strategy and agreed to increase the contributions from the constituent authorities by 8.9% to £48,322k, alongside the planned use of earmarked reserves and non-recurring measures to maintain service delivery.

Recruitment challenges persisted, particularly in specialist and retained roles, though progress was made in implementing workforce recommendations and aligning with national discussions on terms and conditions. Work also continued on developing a revised Emergency Cover model, following the 2023 consultation.

Despite ongoing pressures, the Authority maintained financial stability through careful budget monitoring, vacancy management, and in-year income generation. Looking ahead, the Authority remains focused on managing pension and payroll costs, while ensuring that financial decisions continue to support operational resilience and strategic priorities.

Revenue Performance

The Authority reported a surplus of £293k for 2024/25 after applying statutory accounting adjustments and transfers to reserves. This compares to an outturn forecast of £330k at the end of March.

Usable reserves increased by £1,785k during the year, bringing the total to £10,879k. These reserves have been set aside to support ongoing service requirements, including anticipated insurance claims and the replacement of fire kit. It is anticipated that reserve levels will reduce in future years as these commitments are met. Further details are provided in Note 8 of the Statement of Accounts.

IFRS 16 Adoption

As part of changes introduced under IFRS 16, the Authority has recognised most lease agreements—such as for vehicles and equipment—as assets and liabilities on the balance sheet. This change improves transparency by showing the full value of leased assets and the Authority's long-term financial commitments, rather than just annual lease payments. The value of assets recognised totalled £903k.

Revenue Summary

2024/25	Budget (£'000)	Outturn (£'000)	Reserves (£'000)	CERA (£'000)	Total (£'000)	Variance (£000)	Variance (%)
Employees	35,430	33,937	525	0	34,462	(968)	-2.7%
Premises	3,530	2,921	317	0	3,238	(292)	-8.3%
Transport	1,259	1,085	102	0	1,187	(72)	-5.7%
Supplies	6,622	6,305	596	0	6,901	279	4.2%
Third Party Payments	363	385	0	0	385	23	6.2%
Capital Finance & Charges	2,989	2,397	0	1,459	3,856	866	29%
Income	(946)	(1,774)	0	0	(1,774)	(828)	87%
Use of Reserves	(924)	0	0	0	0	924	-100%
Sub Total	48,322	45,257	1,540	1,459	48,256	(65)	-0.1%
Levies	(48,322)	(48,549)	0	0	(48,549)	(227)	0.5%
Outturn Position					(293)	(293)	0.6%

Usable Reserves

Usable Reserves	Balance 31 March 2024	Transfers (in/)/out 2024/25	Balance 31 March 2025
	£'000	£'000	£'000
Earmarked Reserves	(7,398)	(1,540)	(8,938)
General Fund	(1,575)	(293)	(1,868)
Capital Grants Unapplied	(48)	48	0
Capital Receipts Reserve	(73)	0	(73)
Total Usable Reserves	(9,094)	(1,785)	(10,879)

Capital Performance

The Authority approved a capital programme of £5,676k in January 2024, of which £1,110k was rollover funding from 2023/24. Capital expenditure for 2024/25 totalled £3,087k, with detailed breakdown of the schemes seen below. Included was the land purchase of £2,714k, which formed a key part of the Authority's long-term asset strategy.

Due to project slippage, approximately £2,589k will be carried forward into 2025/26 to complete ongoing schemes. The Authority continues to monitor capital delivery closely, with improved scrutiny and planning processes now in place.

Capital Funding

During the year, the Authority also received capital grant funding from Welsh Government to support key operational improvements. This included funding for the replacement of fireground radios in line with recommendations from the Grenfell Tower Inquiry, and for the purchase of new vehicles to support frontline service delivery. These investments contribute to both firefighter safety and the Authority's long-term asset resilience.

Funding	Amount £000
Internal Borrowing	710
Grant Funding	918
Contributions	1,459
Total	3,087

Scheme	Allocation £'000	Actual £'000	Rollover £'000
ICT upgrades	827	377	450
Training towers	305	34	271
Station improvements	1100	394	706
Sustainability works	470	0	470
Training Facilities upgrade	300	0	300
Fire Appliances	427	534	0
Light Vehicles	166	194	0
Specialist Light Vehicles	632	570	0
Operational Equipment	290	0	242
Fleet Equipment	50	0	0
Rollover 2023/24			
Fire Appliances	960	984	0
Sustainability works	150	0	150
Total	5,676	3,087	2,589
Land Purchase	3,000	2,714	0
Grant Funding	918	1,012	0

In addition to the capital allocation, supplementary funding of £918k was received from various bodies, with £1,012k spent—primarily on sustainability initiatives. This reflects a prioritisation of grant-funded schemes.

A rollover of £2,589k is required to support the completion of ongoing projects, as outlined above.

Treasury Management

The Authority remained compliant with its Treasury Management Strategy throughout 2024/25. Borrowing and investments stayed within approved limits, and no defaults were reported. Investment income exceeded budget expectations, and the Authority's net borrowing position at year-end was £19,070k below the Capital Financing Requirement.

The Authority continues to work with a Treasury Advisor, Arlingclose, to plan and manage interest rate risk and borrowing strategy effectively.

Pension Costs

Employer contributions to the Firefighters' Pension Scheme totalled £4,906k, with total payments to retired members amounting to £9,737k. The scheme remains unfunded, with the liability decreasing to £208,143k driven by actuarial gains from changes in financial assumptions.

For the Local Government Pension Scheme, the employer's primary rate remained at 18.3%, and the same secondary rate reduction of £525k continued to be applied.

Outlook

Cashflow and Future Considerations

The Authority maintained a strong cash position throughout 2024/25, supported by timely receipt of precepts and active treasury management.

Looking ahead, future cashflows may be affected by the timing of capital projects—particularly the Training Centre development. The Authority continues to monitor liquidity closely, using short-term investments and scenario planning to ensure sufficient flexibility to meet operational and capital commitments. Specialist advice is provided by Arlingclose, supporting the Authority's approach to prudent and informed treasury decision-making.

Key Commitments

The Authority approved an allocation of £2,940k to support the development of proposals for a new centralised training centre, with funding phased through to 2026/27.

Future Budget Pressures and Mitigation

The Authority continues to face rising cost pressures and demand on services. The 2025/26 budget was approved by the Authority during the year, and work is ongoing to manage future shortfalls through efficiency savings, service prioritisation, and careful use of reserves.

Consideration of Section 114

The Authority reviewed updated guidance from the CIPFA regarding issuing a Section 114 notice — when a Treasurer notifies an authority that they are heading for a breach of the legal requirement to balance their revenue budget. Despite the financial pressures facing the wider public sector, the Authority maintained strong financial oversight throughout the year, including regular monitoring of budgets, reserves, and emerging risks.

At no point was a Section 114 notice considered necessary. This reflects the Authority's commitment to sound financial management and its proactive approach to protecting public services and ensuring long-term sustainability.

Further Information

Additional information about these accounts is available from Elgan Roberts, Head of Finance and Procurement for North Wales Fire and Rescue Service, Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.

Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

At the appropriate time, availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority

www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/

Acknowledgements

In closing, I would like to express my sincere thanks to colleagues across the organisation who have contributed to the preparation of this narrative report and the wider Statement of Accounts. In particular, I wish to acknowledge the dedication and professionalism of the Finance team, whose efforts have ensured the timely and accurate completion of this year's financial reporting.

We also remain grateful to our partners and stakeholders for their continued support and collaboration throughout 2024/25.

Dafydd Edwards

**Treasurer and Section 151 Officer
North Wales Fire and Rescue Authority**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

AUTHORITY'S CERTIFICATE

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2025.

Signed: _____

Dated: _____

Chairman, North Wales Fire and Rescue Authority

THE TREASURER'S RESPONSIBILITIES

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.
- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

TREASURER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of North Wales Fire and Rescue Authority as at 31 March 2025 and the Authority's income and expenditure for the year then ended.

Signed: Ad Edwards

Dated: 30-05-2025

Treasurer, North Wales Fire and Rescue Authority

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EXPENDITURE AND FUNDING ANALYSIS

This statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred. Income and Expenditure accounted for under generally accepted accounting practices (GAAP) is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
43,123	(7,682)	35,441	Provision of Fire and Rescue Services	46,716	(9,309)	37,407
(44,394)	10,557	(33,837)	Other Income & Expenditure	(48,549)	10,318	(38,231)
(1,271)	2,875	1,604	Deficit or (Surplus) on Provision of Services	(1,833)	1,009	(824)

2023/24				2024/25		
General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000
(1,480)	(6,341)	(7,821)	Brought Forward	(1,575)	(7,519)	(9,094)
(1,271)		(1,271)	(Surplus)/Deficit on Provision of Services	(1,833)		(1,833)
	37	37	Transfer between General Fund Balance and Capital Grants Unapplied		48	48
1,176	(1,215)	(39)	Transfer between General Fund Balance and Earmarked General Fund Reserves	1,540	(1,540)	0
(1,575)	(7,519)	(9,094)	Closing General Fund Balance	(1,868)	(9,011)	(10,879)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement.

2023/24				2024/25			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
36,878	(1,437)	35,441	Provision of Fire and Rescue Services		39,181	(1,774)	37,407
36,878	(1,437)	35,441	Cost of Services		39,181	(1,774)	37,407
(14)	0	(14)	Other Operating Expenditure		56	0	56
11,071	(429)	10,642	Financing & Investment Income & Expenditure	9	11,362	(182)	11,180
0	(44,465)	(44,465)	Taxation and Non Specific Grant Income	10	0	(49,467)	(49,467)
		1,604	(Surplus)/Deficit on Provision of Services				(824)
557	0	557	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18	0	0	0
		1,096	Remeasurement of the Net Defined Benefit Liability	18			(26,136)
		1,653	Other Comprehensive (Income) & Expenditure				(26,136)
		3,257	Total Comprehensive (Income) & Expenditure				(26,960)

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The movements in 'Unusable Reserves' in local government accounting are notional, primarily reflecting changes in asset valuation (like buildings or pension liabilities). These are figures on paper, rather than 'cash backed', and cannot be spent on services.

2024/25	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2024		(1,575)	(7,398)	(48)	(73)	(9,094)	203,757	194,663
Movement in Reserves during 2024/25								
Surplus or (Deficit) on the Provision of Services		(824)	0	0	0	(824)	0	(824)
Other Comprehensive Income & Expenditure		0	0	0	0	0	(26,136)	(26,136)
Total Comprehensive Income & Expenditure		(824)	0	0		(824)	(26,136)	(26,960)
Adjustments between accounting basis & funding basis under regulations	7	(962)	0		0	(962)	962	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(1,786)	0	0	0	(1,786)	(25,174)	(26,960)
Other Transfers to/(from) Earmarked Reserves	8	1,493	(1,540)	48	0	1		1
Increase/(Decrease) in 2024/25	6	(293)	(1,540)	48	0	(1,785)	(25,174)	(26,959)
Balance as at 31 March 2025		(1,868)	(8,938)	0	(73)	(10,879)	178,583	167,704

MOVEMENT IN RESERVES STATEMENT

2023/24	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2023		(1,480)	(6,222)	(85)	(34)	(7,821)	199,227	191,406
Movement in Reserves during 2023/24								
Surplus or (Deficit) on the Provision of Services		1,604	0	0	0	1,604	0	1,604
Other Comprehensive Income & Expenditure		0	0	0	0	0	1,653	1,653
Total Comprehensive Income & Expenditure		1,604	0	0		1,604	1,653	3,257
Adjustments between accounting basis & funding basis under regulations	7	(2,877)	0		0	(2,877)	2,877	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(1,273)	0	0	0	(1,273)	4,530	3,257
Other Transfers to/(from) Earmarked Reserves	8	1,178	(1,176)	37	(39)	0	0	0
Increase/(Decrease) in 2023/24	6	(95)	(1,176)	37	(39)	(1,273)	4,530	3,257
Balance as at 31 March 2024		(1,575)	(7,398)	(48)	(73)	(9,094)	203,757	194,663

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 £'000		Note	31 March 2025 £'000
56,044	Property, Plant & Equipment	11	60,872
141	Intangible Assets	11	99
62	Long Term Debtors	14	102
56,247	Long Term Assets		61,073
614	Inventories	13	662
1,275	Short Term Debtors	14	2,527
0	Short Term Investments	15	0
2,973	Cash & Cash Equivalents	15	2,523
4,862	Current Assets		5,712
(3,830)	Short Term Borrowing	12	(10,617)
(217)	Short Term Provisions	17	(374)
(6,042)	Short Term Creditors	16	(6,433)
(10,089)	Current Liabilities		(17,424)
(231,610)	Pension Liability	18	(208,143)
0	Long Term Provisions	17	0
0	Long Term Creditors	16	(466)
(14,073)	Long Term Borrowing	12	(8,456)
(245,683)	Long Term Liabilities		(217,065)
(194,663)	Net Assets		(167,704)
(9,094)	Usable Reserves	8	(10,879)
203,757	Unusable Reserves	18	178,583
194,663	Total Reserves		167,704

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of contributions and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2023/24 £'000		Note	2024/25 £'000
1,604	Net (Surplus)/Deficit on the Provision of Services		(824)
(11,409)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(4,948)
(263)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	19	(447)
(10,068)	Net Cash Flows From Operating Activities	19	(6,219)
2,240	Investing Activities	20	7,508
9,032	Financing Activities	21	(839)
1,204	Net (Increase) or Decrease in Cash and Cash Equivalents		450
(4,177)	Cash and Cash Equivalents at the beginning of the reporting period		(2,973)
(2,973)	Cash and Cash Equivalents at the End of the Reporting Period	15	(2,523)

NOTES TO THE FINANCIAL STATEMENTS

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2025/26 Code are:

- a) **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) **IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

It is not anticipated that the above amendments will have a material impact on the information provided in the Authority's financial statements.

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

In applying the accounting policies set out in Appendix 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for local government as a whole.

However the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The main items in the Authority's Balance Sheet at 31 March 2025, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment - The Authority revalues its assets every 5 years. It is possible that property values could continue to fluctuate especially during times of economic uncertainty. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuers.

The last full revaluation was completed on 31 March 2023, and a further review of all fire station buildings was completed via a desktop revaluation exercise as at 31 March 2024.

Pension Liability - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.

Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Further information is provided within the Pension Fund Account.

4 EVENTS AFTER THE REPORTING PERIOD

The pre-audit Statement of Accounts was certified for publication by the Treasurer on 30 May 2025. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing as at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the Balance Sheet date.

5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2024/25	Adjustments for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(1,443)	(8,064)	198	(9,309)
Net Cost of Service	(1,443)	(8,064)	198	(9,309)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(862)	10,733	447	10,318
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(2,305)	2,669	645	1,009

2023/24	Adjustments for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(1,217)	(7,008)	543	(7,682)
Net Cost of Service	(1,217)	(7,008)	543	(7,682)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(85)	10,379	263	10,557
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(1,302)	3,371	806	2,875

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the pensions adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Adjustments - Other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the General Fund.

6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2023/24 £000		2023/24 £000
	Expenditure	
24,003	Employees	25,888
10,079	Other Operating Costs	10,312
318	Support Services	385
(14)	Gain on the disposal of assets	56
11,071	Financing and Investment Expenditure	11,362
2,478	Capital Financing Costs	2,595
47,935	Total Expenditure	50,598
	Income	
(546)	Fees, Charges & Other Service Income	(792)
(429)	Interest and Investment Income	(182)
(44,394)	Levies from Constituent Authorities	(48,549)
(962)	Government Grants and Contributions	(1,899)
(46,331)	Total Income	(51,422)
1,604	(Surplus)/Deficit on Provision of Services	(824)

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the authority is required to recover) at the end of the financial year.

Capital receipts reserve

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital grants unapplied

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2023/24					Adjustments between Accounting Basis and Funding Basis under Regulations	2024/25				
General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000		General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000
(2,446)	0	0	(2,446)	2,446	Depreciation and impairment	(2,595)	0	0	(2,595)	2,595
(32)	0	0	(32)	32	Revaluation losses/Gains on Property	0	0	0	0	0
14	0	(39)	(25)	25	Disposal of non-current assets	(56)			(56)	56
1,101	0	0	1,101	(1,101)	Capital expenditure financed from earmarked reserve/CERA	1,459			1,459	(1,459)
71	0	0	71	(71)	Capital expenditure funded from grants	918			918	(918)
1,902	0	0	1,902	(1,902)	Financing Capital (MRP)	1,949			1,949	(1,949)
610	0	(39)	571	(571)		1,675	0	0	1,675	(1,675)
10,532	0	0	10,532	(10,532)	Employers Pension contributions and payments to pensioners	11,028			11,028	(11,028)
(13,903)	0	0	(13,903)	13,903	Reversal of retirement benefits in the CIES	(13,697)			(13,697)	13,697
(3,371)	0	0	(3,371)	3,371		(2,669)	0	0	(2,669)	2,669
0	37	0	37	(37)	Adjustment to Grants Reserve	0	48	0	48	(48)
(114)			(114)	114	Movement in Accumulated Absence accrual	(16)	0	0	(16)	16
(2,875)	37	(39)	(2,877)	2,877	Adjustments between accounting basis and funding basis under regulation	(1,010)	48	0	(962)	962

8 USABLE RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

Reserve	Purpose of the Reserve	Balance 31 March 2023 £'000	Transfers (in) / out 2023/24 £'000	Balance 31 March 2024 £'000	Transfers (in) / out 2024/25 £'000	Balance 31 March 2025 £'000
Service Reserves						
Pension Reserve	Additional pension costs relating to changes to pension rules	(545)	0	(545)	(525)	(1,070)
Interest Reserve	Offset increases in interest rates that would impact on the revenue budget	(300)	0	(300)	0	(300)
Fire Hydrant Repairs	Funding of the backlog of hydrant repairs	(90)	0	(90)	0	(90)
PPE Uniform / Stock	Increased uniform costs due to changes in legislation	(250)	(447)	(697)	(71)	(768)
Transformational Change	Funding for the delivery of transformational change projects	(851)	0	(851)	0	(851)
Facilities Improvements	Ensure buildings meet required standard and improve energy efficiency	(651)	0	(651)	(329)	(980)
Legal Liability	Funding of future legal liabilities for known/expected claims	(186)	(124)	(310)	0	(310)
Training	Implement changes to training provision as required by legislation	(250)	0	(250)	0	(250)
Major Incidents	Offset costs of major incidents in excess of budget	(150)	0	(150)	0	(150)
System Improvements	A fund set aside to meet the cost of system improvements	(711)	0	(711)	0	(711)
Inflation	Offset costs of inflation in excess of budget	(250)	0	(250)	0	(250)
Firefighters Pay Structure review	Funding allocated for on-going discussions regarding the pay structure for pay progression for staff	0	(473)	(473)	0	(473)
Capital & Grants Reserves						
Capital Projects	A fund set aside for delayed schemes and retention costs	(1,043)	129	(914)	(89)	(1,003)
Radio Scheme	Emergency Service Network upgrade - offset some of the additional costs	(750)	(261)	(1,011)	(526)	(1,537)
Grant Reduction	Offset reduction in Fire Safety funding from Welsh Government	(195)	0	(195)	0	(195)
Total Earmarked Reserves		(6,222)	(1,176)	(7,398)	(1,540)	(8,938)
General Fund	Available for general purposes and to provide operational resilience	(1,480)	(95)	(1,575)	(293)	(1,868)
Capital Receipts Reserve	Holds receipts from the sale of assets, available to finance future capital expenditure	(34)	(39)	(73)	0	(73)
Capital Grants Unapplied	Holds grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure	(85)	37	(48)	48	0
Total Usable Reserves		(7,821)	(1,273)	(9,094)	(1,785)	(10,879)

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
692	Interest payable and similar charges	629
(429)	Interest receivable and similar income	(182)
10,379	Net Interest on the net defined benefit liability	10,733
10,642	Total	11,180

10 TAXATION AND NON SPECIFIC GRANT INCOME

2023/24 £'000		2024/25 £'000
7,478	Conwy County Borough Council	8,063
4,403	Anglesey County Council	4,871
7,914	Gwynedd Council	10,944
6,064	Denbighshire County Council	6,812
9,936	Flintshire County Council	8,308
8,599	Wrexham County Borough Council	9,551
44,394	Levies from Constituent Authorities	48,549
71	Capital Grants and Contributions	918
44,465	Total Taxation and Non Specific Grant Income	49,467

11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Movements on Balances

2024-2025	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 1 April 2024	46,253	24,129	1,060	71,442	233	0
Re-categorisation of assets	483	577	(1,060)	0	0	0
Additions	3,995	2,676	766	7,437	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	(777)	0	(777)	0	0
Derecognition - Other	0	0	0	0	0	0
Gross Book Value at 31 March 2025	50,731	26,605	766	78,102	233	0
Accumulated Depreciation & Impairment						
At 1 April 2024	(43)	(15,355)	0	(15,398)	(92)	0
Depreciation/Amortisation charge	(984)	(1,569)	0	(2,553)	(42)	0
Depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	721	0	721	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2025	(1,027)	(16,203)	0	(17,230)	(134)	0
NET BOOK VALUE AT 31 MARCH 2025	49,704	10,402	766	60,872	99	0
NET BOOK VALUE AT 31 MARCH 2024	46,210	8,774	1,060	56,044	141	0

2023-2024	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 1 April 2023	47,289	24,721	85	72,095	431	0
Re-categorisation of assets	0	36	(36)	0	0	0
Additions	414	758	1,011	2,183	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	(1,352)	0	0	(1,352)	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(95)	0	0	(95)	0	0
Derecognition - Disposals	(3)	(1,303)	0	(1,306)	0	0
Derecognition - Other	0	(83)	0	(83)	(198)	0
Gross Book Value at 31 March 2024	46,253	24,129	1,060	71,442	233	0
Accumulated Depreciation & Impairment						
At 1 April 2023	(4)	(15,250)	0	(15,254)	(209)	0
Depreciation/Amortisation charge	(897)	(1,468)	0	(2,365)	(81)	0
Depreciation written out of the Revaluation Reserve	795	0	0	795	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	63	0	0	63	0	0
Derecognition - Disposals	0	1,280	0	1,280	0	0
Derecognition - Other	0	83	0	83	198	0
Accumulated Depreciation at 31 March 2024	(43)	(15,355)	0	(15,398)	(92)	0
NET BOOK VALUE AT 31 MARCH 2024	46,210	8,774	1,060	56,044	141	0
NET BOOK VALUE AT 31 MARCH 2023	47,285	9,471	85	56,841	222	0

Depreciation

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge.

Other assets are recognised at historic cost, which is a proxy for current cost on short life assets, and depreciated over their useful lives.

Revaluations and Impairments

The authority ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

A review of all fire station buildings was undertaken, as at 31 March 2025, following advice from the valuers that the replacement cost had reduced. Fire stations are valued at depreciated replacement cost. Office accommodation and workshops were revalued in 2023/24 and are valued at existing use value.

Valuations of vehicles, plant and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

Capital Commitments

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at the 31 March 2025 for future periods equates to £1,661k (2023/24: £3,804k). The commitments relate to the following:

Description	£'000
Building Works	626
Vehicles	1,035
Total	1,661

Surplus Assets (Non operational property, plant and equipment)

The Authority does not have any material surplus assets.

12 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Non Current		Current	
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Assets at Amortised Cost:				
Cash and Cash Equivalents	0	0	2,973	2,523
Debtors	62	102	1,275	2,527
Financial Liabilities at Amortised Cost:				
Interest Accrued	0		(116)	
Borrowings	(14,073)	(8,456)	(3,714)	(10,617)
Total Borrowing	(14,073)	(8,456)	(3,830)	(10,617)
Creditors	0	0	(6,042)	(6,899)

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2023/24		2024/25	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense	692		629	
Total expense in Surplus or Deficit on the Provision of Services	692		629	
Interest income		(429)		(182)
Total income in Surplus or Deficit on the Provision of Services		(429)		(182)
Net gain/(loss) for the year	692	(429)	629	(182)

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31-Mar-24		31-Mar-25	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB debt	(17,787)	(17,118)	(14,073)	(13,300)
Non-PWLB debt	0	0	(5,000)	(5,000)
Total Debt	(17,787)	(17,118)	(19,073)	(18,300)

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

13 INVENTORIES

	Main Stores		Fleet Stock		Totals	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at start of year	451	413	187	201	638	614
Purchases	314	952	229	203	543	1,155
Write offs/adjustments	(50)	(3)	(1)	(1)	(51)	(4)
Recognised as an Expense in year	(302)	(925)	(214)	(178)	(516)	(1,103)
Balance outstanding at year end	413	437	201	225	614	662

14 DEBTORS

2023/24 £'000		2024/25 £'000
	Long Term	
62	Prepayments	102
62	Total Long Term	102
	Short Term	
286	Other Receivable Amounts	445
488	Trade Receivables	1,509
501	Prepayments	573
1,275	Total Short Term	2,527
1,337	Total Long and Short Term Debtors	2,629

15 CASH AND CASH EQUIVALENTS

31-Mar-24 £'000		31-Mar-25 £'000
1,483	Cash and Bank Balances	2,517
1,480	Short Term Deposits	0
10	Petty Cash Imprests	6
2,973	Total	2,523

16 CREDITORS

2023/24 £'000		2024/25 £'000
	Long Term	
0	Trade Payables	(466)
0	Total Long Term	(466)
	Short Term	
(3,364)	Other Payables	(820)
(2,678)	Trade Payables	(5,613)
(6,042)	Total Short Term	(6,433)
(6,042)	Total Long and Short Term Creditors	(6,899)

17 PROVISIONS

At 31 March 2025 the Authority held a provision with a value of £374k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing Balance £'000
Short Term Provisions	(217)	(175)	18	(374)
Long Term Provisions	0	0	0	0
Total	(217)	(175)	18	(374)

18 UNUSABLE RESERVES

31-Mar-24 £'000		31-Mar-25 £'000
(17,304)	Revaluation Reserve	(17,009)
(10,935)	Capital Adjustment Account	(12,954)
231,610	Pensions Reserve	208,143
386	Accumulated Absences Account	403
203,757	Total	178,583

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023/24 £'000		2024/25 £'000
(18,175)	Balance at 1 April	(17,304)
0	Upward revaluation of assets	0
557	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.	0
0	Prior Year Adjustment	0
0	Adjustment from Capital Adjustment Account	0
314	Difference between fair value depreciation and historical cost depreciation	295
(17,304)	Balance at 31 March	(17,009)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2023/24 £'000		2024/25 £'000
(10,013)	Balance at 1 April	(10,935)
2,445	Charges for depreciation & impairment of non-current assets	2,595
25	Amount of non current asset written off on disposal or sale	56
32	Adjustment relating to the revaluation of assets	0
(314)	Adjusting amounts written out of the Revaluation Reserve	(295)
2,188	Net written out amount of the cost of non-current assets consumed in the year	2,356
(71)	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(918)
(1,101)	Capital expenditure charged against the General Fund/ Earmarked reserves	(1,459)
(36)	Application of grants to capital financing from the capital grants unapplied account	(49)
(1,902)	Statutory provision for the financing of capital investment charged against the General Fund	(1,949)
(3,110)	Capital Financing Applied in year	(4,375)
(10,935)	Balance at 31 March	(12,954)

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24 £'000		2024/25 £'000
227,143	Opening Balance 1 April	231,610
1,096	Re-measurement of the net defined benefit liability	(26,136)
13,903	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	13,697
(10,532)	Employer's pensions contributions and direct payments to pensioners payable in the year	(11,028)
4,467	Movement on Pension Reserve	(23,467)
231,610	Balance at 31 March	208,143

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24 £'000		2024/25 £'000
272	Balance at 1 April	386
(272)	Settlement or cancellation of accrual made at the end of the preceding year	(386)
386	Amounts accrued at the end of the current year	403
386	Balance at 31 March	403

19 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2023/24 £'000		2024/25 £'000
1,604	Net (Surplus)/Deficit on the Provision of Services	(824)
	Adjustment to net (surplus)/deficit for non-cash movements	
(26)	Increase/(Decrease) in Inventories	49
(3,736)	Increase/(Decrease) in Debtors	1,293
(1,754)	(Increase)/Decrease in Creditors	(857)
(2,446)	Depreciation Charge	(2,595)
39	Contributions Received/Capital Receipts	0
(3,371)	IAS 19 Pension Adjustments	(2,608)
(32)	Impairment Charge/Revaluation of Assets	0
(25)	Carrying amount of Non Current Assets sold or derecognised	(56)
56	Contribution (to)/from Various Provisions	(158)
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
(114)	Accumulated Absences Reserve	(16)
(11,409)	Less Total	(4,948)
	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	
(692)	Interest paid	(629)
429	Interest Received	182
(263)		(447)
(10,068)	Net Cash Flow From Operating Activity	(6,219)

20 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2023/24 £'000		2024/25 £'000
2,183	Purchase of property, plant and equipment, investment property and intangible assets	6,534
(14)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	56
71	Other receipts from investing activities	918
2,240	Net cash flow from investing activities	7,508

21 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2023/24 £'000		2024/25 £'000
0	Cash receipts of short-term and long-term borrowing	(5,000)
8,769	Repayments of short-term and long-term borrowing	3,714
263	Other payments for financing activities	447
9,032	Net cash flow from financing activities	(839)

22 MEMBERS' ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

2023/24 £		2024/25 £
84,804	Elected Members' Allowances	90,515
2,209	Elected Members' Expenses	1,560
2,390	Co-opted Members' costs	1,142
89,403	Total	93,217

Elected members

Elected Members of the Fire and Rescue Authority are entitled to receive allowances in recognition of their roles and responsibilities. These allowances include a basic salary payable to all members, and where applicable, senior salaries for those undertaking additional duties such as Chair or Deputy Chair of the Authority or its committees.

In addition to allowances, Elected Members may claim reimbursement for expenses incurred in the performance of their official duties. These expenses typically include travel and subsistence costs associated with attending Authority meetings, training sessions, and other approved engagements.

Co-opted Members

Co-opted Members, who are appointed to provide independent input or specialist expertise—such as those serving on the Standards Committee—do not receive an allowance. Instead, they are eligible for payments in recognition of their participation in official meetings and related activities.

23 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is detailed in the following table. Senior Officers whose salary is £150,000 or more are named:

Post Title	Year	Salary (Inc Fees & Allowances) £	Pension Contributions £	Total Remuneration £
Chief Fire Officer: Dawn Docx	2023/24	160,231	29,216	189,447
	2024/25	156,392	28,620	185,012
Deputy Chief Fire Officer	2023/24	127,594	34,833	162,427
	2024/25	125,114	38,785	163,899
Assistant Chief Fire Officer (retired June 2023)	2023/24	31,369	6,888	38,257
	2024/25	0	0	0
Assistant Chief Fire Officer (seconded March 2024)*	2023/24	104,335	28,483	132,818
	2024/25	47,314	13,938	61,252
Assistant Chief Fire Officer	2023/24	120,176	21,912	142,088
	2024/25	117,294	21,465	138,759
Temporary Assistant Chief Fire Officer (appointed March 2024)**	2023/24	6,530	1,421	7,951
	2024/25	101,921	25,901	127,822
Temporary Assistant Chief Fire Officer (appointed January 2025)	2023/24	0	0	0
	2024/25	28,926	7,431	36,357
Treasurer - Section 151 Officer (15 days per Year)	2023/24	8,180	2,860	11,040
	2024/25	8,340	1,526	9,866

The 2023/24 figures above include backpay of £38k, from January 2022, due to the settlement of the Brigade Managers pay award agreed in May 2023.

*Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 14 November 2024. Salary costs for this period, totalling £107,708 and pension costs totalling £22,423, have been met and reported by South Wales Fire and Rescue Service.

** The fixed-term contract for the Assistant Chief Fire Officer (ACFO) concluded at the end of December. Following this, due to changes within the principal officer availability, the ACFO was subsequently re-appointed on a temporarily basis in February 2025.

The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 27 – Related Parties.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer pension contributions) were paid the following amounts:

REMUNERATION BAND	NUMBER OF EMPLOYEES	
	2023/24	2024/25
£60,000 - £64,999	19	22
£65,000 - £69,999	6	6
£70,000 - £74,999	6	4
£75,000 - £79,999	1	2
£80,000 - £84,999	0	0
£85,000 - £89,999	2	2
£90,000 - £94,999	1	2

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

2023/24 £		2024/25 £
160,231	Chief Fire Officer	156,392
36,226	Median	37,675
4.42	Ratio	4.15

The staff that are employed under Retained Duty System (RDS) contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings. The data for 2023/24 includes total salary paid and also includes backpay for the CFO relating to 2022-23 which has reflected on the ratio (excludes pension contributions).

There were no redundancies and hence no exit packages in 2023/24 and 2024/25.

24 EXTERNAL AUDIT COSTS

Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor:

2023/24 £'000		2024/25 £'000
60	Financial Audit work	60
16	Performance Audit work	17
76	Total	77

25 GRANTS

2023/24 £'000	Credited to Services	2024/25 £'000
169	Arson Reduction	0
240	Home Safety Equipment	250
322	All Wales National Resilience	304
141	Youth & Young People Engagement	145
14	Operation Ugain	72
5	Cyber Essentials	0
0	Windrush Grant	2
0	Fire and Rescue Service Pay Pressures	209
891	TOTAL	982
	Credited to taxation and non-specific income & expenditure	
71	All Wales National Resilience	0
0	Fireground Radios	377
0	Electric Vehicles	115
0	Electric Vehicle Charging Infrastructure	131
0	Public Sector Low Carbon Heat Grant	295
71	TOTAL	918

26 AGENCY SERVICES

The Authority acts as an agent on behalf of Welsh Government in administering two grant schemes for all the Fire and Rescue Services in Wales. The approved grants are paid to North Wales Fire and Rescue Service who are then responsible for distributing the grants to the Mid and West Wales Fire and Rescue Service and South Wales Fire and Rescue Service.

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum. As at 31 March 2025, the Authority held funds of £11k relating to the Forum.

2023/24 £'000		2024/25 £'000
3,144	All Wales National Resilience	3,117
266	Youth and Young People Engagement	227
135	Local Resilience Forum	110
3,545	Total	3,454

27 RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

Welsh Government

The Welsh Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 25 and constituent authority contributions are shown in Note 10.

Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 22.

All Members completed a declaration of interest with related parties return for the year 2024/25. Apart from allowances and expenses no other transactions were identified. Nothing was paid by the Authority during 2024/25 under such arrangements (2023/24: nil), and no income was received by the Authority during 2024/25 (2023/24: nil).

A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - www.northwalesfire.gov.wales

Senior Officers

The Senior Officers completed a declaration of interest with related parties return for the year 2024/25. Senior Officers' remuneration is shown in Note 23.

An Assistant Chief Fire Officer declared an interest as a trustee with DangerPoint. The independent charity runs an education activity centre based in North Wales. Payments of £13,300 have been made to DangerPoint in 2024/25, as part of Welsh Government grant funding (2023/24: £12,844). In addition, funding is provided for the cost of an administrator, which amounted to £34,826 (2023/24: £32,258).

The S.151 Officer was also contracted as Independent Board Chair for Powys Pension Fund, and as a Non-Executive Director on the Board of Adra, a housing association.

No income was received by the Authority during 2024/25 (2023/24: nil).

Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. This post is held by the Chief Officer (Governance)/Monitoring Officer and payments amounted to £20k (2023/24: £19k).

Conwy County Borough Council previously provided legal services, with the arrangement coming to an end during 2023/24 (2023/24: £12k). As at 31 March 2025 £12k remained outstanding.

Mersey Internal Audit provide internal audit services for which payments amounted to £23k. As at 31 March 2025 nothing remained outstanding.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme. Transactions in the year amounted to £113k (2023/24: £91k). As at 31 March 2024 nothing remained outstanding.

South Wales Fire & Rescue Service, via a secondment agreement, provide a Firefighter's Pension Lead for which payments in year amounted to £18k (2023/24: £2k) which was outstanding at year end.

There are joint arrangements with North Wales Police and Crime Commissioner as well as a shared control room. The Authority's contribution towards facilities management amounted to £234k (2023/24: £220k). Procurement advice was previously provided with the arrangement coming to an end during 2023/24 (2023/24: £7k). As at 31 March 2025 £7k remained outstanding.

28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2023/24 £'000		2024/25 £'000
28,877	Opening Capital Financing Requirement	27,950
	Capital Investment	
2,183	Property, Plant & Equipment	7,437
	Sources of Finance	
(107)	Government Grants & Contributions	(967)
(1,902)	Sums set aside from revenue	(1,949)
(1,101)	Direct Revenue Contributions	(1,459)
27,950	Closing Capital Financing Requirement	31,012
(927)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	3,062
(927)	Increase/(decrease) in Capital Financing Requirement	3,062

29 LEASES

Authority as lessee

Leases are recognised as right of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year, but may have extension options.

The authority has acquired vehicles and equipment by entering into lease contracts with typical terms of four years. In addition the authority leases three buildings with typical lease terms of five years.

The table shows the change in the right of use assets held under leases by the Authority.

	Land & Buildings	Vehicles and Equipment	Total
	£000	£000	£000
Balance at 1 April 2024	593	310	903
Additions	0	0	0
Revaluations	0	0	0
Depreciation and amortisation	(108)	(143)	(251)
Disposals	0	(3)	(3)
Balance as at 31 March 2025	485	164	649

The authority incurred the following expenses and cash flows in relation to leases:

	Land & Buildings	Vehicles and Equipment	Total
	£000	£000	£000
Comprehensive income and expenditure statement			
Interest expense on lease liabilities	29	17	46
Expense relating to short-term leases	0	4	4
Expense relating to exempt leases of low value items	0	2	2
Cash flow statement			
Minimum lease payments	115	155	270

As permitted by the Code, the authority excludes leases:

- for low value items that costs less than £10,000, in line with the de-minimis expenditure level for Property, Plant and Equipment.
- with a term shorter than 12 months

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

	31 March 2024	31 March 2025
	£000	£000
Less than one year	444	437
One to five years	1,182	466
More than five years	72	0
Total undiscounted liabilities	1,698	903

30 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme. The LGPS is a defined benefit funded scheme of which the Authority is an employer member of the Clwyd Pension fund. The governance of this scheme is the responsibility of Clwyd Pension Fund, Flintshire County Council in its capacity of Scheme Manager and Administering Authority.

Policy is determined in accordance with the Pensions Fund Regulations and overseen by the Pension Committee, including the appointment of the investment managers. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements for an actuarial revaluation to be undertaken at regular intervals and for employer and employee contribution rates to be set. The employer contributions are charged to the cost of services based on employee earnings in the period rather than when the benefits are eventually paid as pensions.

The charge to the levy reflects only the actual pension payments made during the year. However, to show the full cost of retirement benefits, these are first recorded in the Comprehensive Income and Expenditure Statement and then reversed out of the General Fund through the Movement in Reserves Statement. The following entries reflect these adjustments.

Any discretionary benefits or additional costs associated with ill-health retirements are an unfunded cost and charged separately to the Authority. To the extent that such costs are known they are included within the budget setting process and the Authority maintains a reserve to address any unplanned costs and to smooth the effect of changes to the employer contribution rates.

The Firefighters' Pension Scheme (FFPS) is an unfunded defined benefits scheme, meaning that no investments are held to fund the liabilities. Contributions, at a rate set by the Welsh Government, made by the employer and employees on pensionable earnings are held in a pension fund account. Benefits paid to retirees are also charged to the account with any cash deficit being received from or paid to the Welsh Government.

The information that follows has been extracted from the disclosure reports provided by Mercer (for the LGPS pension scheme) and Government Actuary's Department (GAD) (for the Firefighters Pension Scheme (FFPS)). The most relevant details affecting the Pension funds are detailed below:

Guaranteed Minimum Pension equalisation and indexation

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021. A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

McCloud and 2016 valuation cost control

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included within the Pension Fund since 2018/19. These estimates have been updated to reflect the remedy outlined by the UK Government and the requisite changes to the Firefighters' Pension Scheme Regulations laid down by Welsh Ministers which came into force on 1 October 2023.

The Firefighters' Pensions (Remediable Service) (Wales) Regulations 2023 were laid and came into force on 1 October 2023 to make provision for Scheme Managers to implement the changes necessary to effect remedy and these are required to be completed within an 18-month period. Due to the complexity and volume of calculations, the Service did not fully meet the deadline of 31 March 2025.

Due to the inability to meet the statutory requirements of Section 29 of the PSPJOA 2022, the matter was reported to The Pensions Regulator (TPR). TPR may impose penalties and fines for failing to meet the statutory deadline. The minimum fine that TPR can issue for failing to meet statutory deadlines is £500. This fine can increase depending on the specifics of the case, such as the number of members in the pension scheme. At this stage the value and timing of any outflow is currently unknown.

O'Brien

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

The tables below provide additional details regarding the pension schemes:

LGPS	FFPS	General Fund Transfers	LGPS	FFPS
2023/24 £'000	2023/24 £'000		2024/25 £'000	2024/25 £'000
		Comprehensive Income & Expenditure Statement		
		Cost of Services		
		Service Cost comprising:		
1,055	1,620	Current Service Cost	1,033	1,870
0	0	Past Service Costs	0	0
49	0	Administration Expenses	51	0
		Financing & Investment Income & Expenditure		
69	10,310	Net Interest Expense	(16)	10,810
0	0	Transfers out of scheme	0	0
0	800	Transfers in to scheme	0	(10)
0	0	Curtailments	0	0
1,173	12,730	Total Post Employment Benefits Charged to Provision of Services	1,068	12,670
		Other Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement		
		Remeasurement of the net defined benefit/liability comprising:		
(1,852)	0	Return on Plan Assets (excluding Interest)	1,894	0
(331)	0	Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions	(51)	(530)
(1,359)	(4,410)	Actuarial (Gains)/Losses arising on Changes in Financial Assumptions	(6,176)	(25,240)
0	7,810	Actuarial (Gains)/Losses - experience	0	(60)
(3,542)	3,400	Total Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement	(4,333)	(25,830)
		Movement in Reserves Statement		
(1,173)	(12,730)	Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code	(1,068)	(12,670)
		Actual amounts charged to the General Fund for pensions in the year		
0	9,910	Retirement Benefits payable to Pensioners	0	10,370
622	0	Employer Contributions Payable to the scheme	658	0

The amount included on the Balance Sheet arising from the Authority's obligation, in respect of its defined benefit plans are as follows:

LGPS 2023/24 £'000	FFPF 2023/24 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	LGPS 2024/25 £'000	FFPF 2024/25 £'000
(40,392)	(231,610)	Present value of the defined benefit obligation	(35,728)	(208,100)
41,630		Fair Value of plan assets	40,950	
1,238	(231,610)	Sub Total	5,222	(208,100)
(1,238)		Effect of IAS19 / IFRIC 14	(5,265)	
0	(231,610)	Net surplus / (liability) arising from defined benefit obligation	(43)	(208,100)

LGPS 2023/24 £'000	FFPF 2023/24 £'000	Movement in the Value of Scheme Assets	LGPS 2024/25 £'000	FFPF 2024/25 £'000
38,559	0	Opening Fair Value of Scheme Assets	41,630	0
1,837	0	Interest Income	2,021	0
		Remeasurement Gain/Loss		
1,852	0	The return on plan assets, excluding the amount included in the net interest expense	(1,894)	0
622	11,520	Contributions from employer	658	12,440
419	0	Contributions from employees into the scheme	437	0
(1,610)	(11,520)	Benefits/transfer Paid	(1,851)	(12,440)
(49)	0	Administration Expenses	(51)	0
41,630	0	Closing value of scheme assets	40,950	0

LGPS 2023/24 £'000	FFPF 2023/24 £'000	Movement in the Fair Value of Scheme Liabilities	LGPS 2024/25 £'000	FFPF 2024/25 £'000
(40,312)	(225,390)	Opening Balance as at 1 April	(40,392)	(231,610)
(1,055)	(1,620)	Current Service Cost	(1,033)	(1,870)
0	(800)	Transfers In	0	(10)
(1,906)	(10,310)	Interest Costs	(1,944)	(10,810)
(419)	(1,610)	Contributions from scheme participants	(437)	(2,070)
		Remeasurement Gains and losses		
331	(7,810)	Actuarial Gains/losses- experience	51	60
1,359	4,410	Actuarial Gains/losses arising from changes in demographic assumptions	6,176	530
1,610	11,520	Actuarial Gains/losses arising from changes in financial assumptions	1,851	25,240
0	0	Benefits/ transfers paid	0	12,440
0	0	Curtailments	0	0
0	0	Past Service Cost	0	0
(40,392)	(231,610)	Balance at 31 March	(35,728)	(208,100)

Local Government Pension Scheme: Assets Comprised Of:

Quoted 2023/24 £'000	Fair Value of Scheme Assets	Quoted 2024/25 £'000
	Cash & Cash Equivalents	
2,122	Cash Accounts	0
0	Temporary Investments	0
2,122	Subtotal Cash and Cash Equivalents	0
	Equity Securities	
5,787	Global Quoted	6,296
0	Emerging Markets	0
5,787	Subtotal Equities	6,296
	Bonds	
4,205	Overseas Other	5,409
10,990	Liability-Driven Investment	9,685
15,195	Subtotal Bonds	15,094
	Property	
1,748	UK	1,550
167	Overseas	209
1,915	Subtotal Property	1,759
	Alternatives	
2,040	Hedge Funds	6,298
6,119	Private Equity	3,239
2,498	Infrastructure	123
167	Timber and Agriculture	4,808
4,746	Diversified Growth Fund	1,380
1,041	Private Credit	1,953
16,611	Subtotal Alternatives	17,801
41,630	Totals Assets	40,950

All scheme assets have quoted prices in active markets

Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value.

The Firefighters' Scheme has been valued by the Government Actuary's Department.

The LGPS liabilities have been valued by Mercer, an independent firm of actuaries and are based on the latest full valuation of the scheme as at 1 April 2023.

2023/24	LGPS	2024/25
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.0	Men	21.1
23.5	Women	23.6
	Longevity at retirement for future pensioners	
22.4	Men	22.4
25.3	Women	25.4
	Other Assumptions	
2.6%	Rate of Inflation	2.6%
3.9%	Rate of Increase in Salaries	3.9%
2.7%	Rate of Increase in Pensions	2.7%
4.9%	Rate of Discounting Scheme Liabilities	5.9%
2.6%	CARE Revaluation Rate	2.6%

2023/24	Firefighters Pension Scheme	2024/25
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.3	Men	21.3
21.3	Women	21.3
	Longevity at retirement for future pensioners	
22.9	Men	22.7
22.9	Women	22.7
	Other Assumptions	
2.6%	Rate of Inflation	2.7%
3.9%	Rate of Increase in Salaries	3.5%
2.6%	Rate of Increase in Pensions	2.7%
4.8%	Rate of Discounting Scheme Liabilities	5.7%
3.9%	CARE revaluation rate	3.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above tables.

The sensitivity analyses below are based on reasonably possible changes to assumptions at the reporting period end, with each assumption varied independently. For example, longevity assumes changes in life expectancy for men and women. While such isolated changes are unlikely in practice, and some assumptions may be interrelated, the estimates follow the scheme's accounting policies—using the projected unit credit method on an actuarial basis. The methods and assumptions used are consistent with those applied in the previous period.

Impact of Assumptions on the obligation - LGPS

	As Reported	+0.5% p.a. discount	+0.25% p.a. inflation	+0.25% p.a. pay growth	1 year increase in life expectancy	+/-1% change in 2023/24 investment returns	
	£000	£000	£000	£000	£000	+1% £000	-1% £000
Liabilities	35,728	33,166	37,082	36,010	36,440	35,728	35,728
Assets	(40,950)	(40,950)	(40,950)	(40,950)	(40,950)	(41,356)	(40,544)
Deficit (surplus)	(5,222)	(7,784)	(3,868)	(4,940)	(4,510)	(5,628)	(4,816)
Projected Service Cost for next year	771	667	827	771	791	771	771
Projected Net Interest Cost for next year	(327)	(519)	(247)	(310)	(285)	(351)	(303)

	As Reported	Discount rate on liabilities 0.5% increase	Increase in salaries 0.5% increase	Life expectancy 1 year increase	Increase in pensions 0.5% increase
	£000	£000	£000	£000	£000
FFPS	Impact (208,100)	-6.50% (194,574)	1% (210,181)	2.50% (213,303)	6.5% (221,627)

Impact on the Authority's Cashflow

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against the levy is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2024/25 was formally approved at a meeting on 15 April 2024. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year, quarterly reports detail the progress against the strategy and if necessary a revision of the PI's.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - www.northwalesfire.gov.wales

The Authority's activities expose it to a variety of financial risks, including:

Credit Risk

This is the possibility that other parties might fail to pay amounts due to the Authority.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy, which sets out the parameters for the management of risks associated with Financial Instruments and emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's policy on treasury investments is to place short term cash surpluses into bank call accounts until required. The Authority does not have long term investments. Cash that is likely to be spent in the near term is invested securely with selected high-quality banks, to minimise the risk of loss.

Liquidity Risk

This is the possibility that the Authority might not have funds available to meet its commitments to make payments.

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loan Board and so there is no perceived risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

Market Risk (Interest rate risk)

This is the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

As at 31 March 2025, the Authority held market loans of £5m (2023/24: nil).

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

32 CONTINGENT LIABILITY

Pension Claims

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 6 April 2000 including those who have not yet previously received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

Airwave Emergency Service Contract

In October 2021, the Competition and Markets Authority (CMA) opened an investigation into mobile radio network services amid concerns that the market might not be working well. The investigation found that UK emergency services currently have no choice but to continue using Motorola's Airwave Network, due to a lack of alternative providers. As such, Motorola charged the Home Office – which negotiates contracts on behalf of emergency services – prices well above competitive levels, resulting in higher costs to the emergency services.

To reduce these costs, the CMA imposed a price cap in July 2023, which brought the price down to a level that would be expected in a well-functioning and competitive market.

This decision was appealed by Motorola Solutions Limited and in December 2023, the Competition Appeal Tribunal, in a unanimous decision, has upheld the CMA's finding that Motorola was excessively pricing due to its virtually unconstrained monopoly on providing communications network services to the UK emergency services.

Motorola Solutions has appealed the matter to the UK Court of Appeal which as of the 30 January 2025 unanimously dismissed Motorola's application for permission to appeal on both of its pleaded grounds, in which it claimed that the Competition and Markets Authority (CMA) had made errors in assessing competition in the relevant market and the profitability of the Airwave Network in 2021.

As a result of the price cap, there was a reduction in costs of £526k in 2024/25 (2023/24: £262k), however as Motorola can appeal at the European Court of Human Rights, this amount has been set aside in earmarked reserves, in the event that this has to be refunded.

Legal Related Matters

The Authority may be subject to challenge on a range of issues that at any point in time may be subject to litigation. At the year-end all known claims are reviewed and assessed. Where it is assessed that there is a probable liability and a reasonable estimate can be made a provision is recognised for amounts that would fall to the Authority. Where the probability of settlement is low or the liability cannot be reasonably estimated a liability is not recognised. There remains the possibility however of future claims arising as a result of past actions that are either unknown at the Balance Sheet date or where the outcome is so unpredictable in terms of outcome or financial liability that no reliable estimate of liability can be made. The Authority maintains a reserve for such matters.

Employment Tribunal

At the year-end there were no matters that required financial recognition.

33 CONTINGENT ASSET

Truck Cartel

In July 2016 the European Commission fined European truck manufacturers €2.9 billion for price fixing and other cartel activities between 1991 and 2001. DAF, Daimler, Iveco, MAN, and Volvo/Renault acknowledged their guilt and confirmed they did the following:

- At Senior HQ management level, fixed gross and sometimes net list prices.
- Aligned gross list prices in Europe including the UK at the start of the cartel.
- Reduced rebates when the Euro was introduced.
- Delayed introduction of more fuel efficient Euro 3, 4, 5 and 6 technologies.
- Agreed the cost that operators should pay for Euro technologies.

Scania did not participate in the settlement procedure and the European Commission issued its decision finding that Scania participated in the same cartel and fining Scania €880 million. Scania has exhausted its appeals against the Decision, which were unsuccessful.

The matter involves any trucks of 6 tonnes and over, purchased outright, financed or leased between 1997 and 2011. A public sector legal action is now ongoing to recoup some of the money lost due to this cartel price fixing. The specific value, percentage or likelihood have not yet been quantified and timescales remain unclear. However, the trial for the Second Wave Trucks Claims is set for September 2026.

Under the Litigation Funding Agreement, only the VAT is payable by the Authority for the legal costs. Current payments for 2024/25 totalled £5,268 (2023/24: £67).

FIREFIGHTERS' PENSION FUND ACCOUNT

Firefighters Pension Fund Account for the year ended 31 March 2025

This statement presents the financial position of the Firefighters' Pension Fund Account, detailing whether the Authority has a payable or receivable balance with the Welsh Government to ensure the account is balanced. Additionally, it provides information on the net assets of the fund.

2023/24 £'000		2024/25 £'000
	Contributions Receivable:	
(4,055)	Employer normal contributions	(4,906)
0	Employer ill health charge	(156)
0	Employer backdated contributions	0
(1,928)	Members normal contributions	(2,067)
(122)	Members backdated contributions	(88)
(798)	Transfers In	(321)
(6,903)	Total Contributions	(7,538)
	Benefits Payable:	
9,005	Pension Payments	9,737
1,596	Commutation of Pensions and Lump Sum retirement benefits	2,593
0	Backdated Commutation Payments	0
	Payments to and on account of leavers:	
195	Transfers out	88
10,796	Total Benefits	12,418
3,893	Deficit for the year before grants receivables from the Welsh Government	4,880
(3,893)	Top Up grant payable to/(from) Welsh Government	(4,880)
0	Net Amount (Payable)/Receivable for Year	0

Net Assets Statement as at 31 March 2025

2023/24 £'000		2024/25 £'000
	Current assets	
(2,320)	Amount owed (from)/to the General Fund	(655)
(2,320)	Total Current Assets	(655)
	Current Liabilities	
2,320	Top Up grant payable to/(from) Welsh Government	655
2,320	Total Current Liabilities	655

Notes to the Firefighters' Pension Fund Account

The Fund, established on 1 April 2007 under the Firefighters' Pension Scheme (Wales) Order 2007, encompasses the 1992, 2007, and 2015 Firefighters' Pension Schemes and is administered by the Authority. This is an unfunded scheme with no investment assets. Each year, the fund is balanced to zero through the receipt of a pension top-up grant from the Welsh Government in the event of a deficit, or by remitting any surplus back to the Welsh Government.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to revaluation by the Government Actuary's Department (GAD) on a four yearly basis or as otherwise directed by HM Treasury.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made as to the amount of Top Up grant required from the Welsh Government. The estimate includes an assessment of the number of firefighters due to retire within the year, based on age and years' service.

Contribution Rates

On 1 April 2022, all scheme participants were transferred into the 2015 scheme. As per the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme will be 31.0% of pensionable pay, effective from 1 April 2024 (up from 27.3% in 2023/24). The employee contribution rate will vary based on the pensionable pay banding detailed below:

Pensionable Pay Band	2024/25 Contribution Rate %
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
More than £142,501	14.5

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 30 to the core financial statements.

ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. ACCRUALS OF INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for net of VAT (unless the VAT is irrecoverable) in the year they arise, not when cash payments are made or received. This aligns with IAS 1, which mandates the accrual basis of accounting to ensure comparability and a true and fair view of financial performance and position.

- **Expenses:** Recorded when services are received, not when payments are made. Income from customers is recognised when goods or services are provided.
- **Supplies:** Recorded as expenditure when consumed. If received but not yet used, they are carried as inventories on the Balance Sheet.
- **Interest:** Accounted for using the effective interest rate method, rather than the cash flows specified by the contract.
- **Debtors and Creditors:** If revenue and expenditure are recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. If debts may not be settled, the balance of debtors is written down, and a charge is made to revenue for the income that might not be collected.

3. CASH AND CASH EQUIVALENTS

Cash includes cash in hand and deposits with financial institutions that can be withdrawn without penalty within 24 hours. Cash equivalents are investments that mature within three months of acquisition and can be easily converted to cash with minimal risk.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and are part of the Authority's cash management.

4. **PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may occur due to changes in accounting policies or to correct material errors. Changes in accounting estimates are accounted for prospectively, affecting the current and future years, and do not result in prior period adjustments.

Changes in accounting policies are made only when required by proper accounting practices or when they provide more reliable or relevant information about the Authority's financial position or performance. These changes are applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior periods as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services, and trading accounts are charged an estimate of the cost of holding non-current assets during the year. This includes:

- **Depreciation:** Attributable to the assets used by the relevant service.
- **Revaluation and Impairment Losses:** On assets used by the service where there are no accumulated gains in the revaluation reserve to offset the losses.
- **Amortisation:** Of intangible assets attributable to the service.

The Authority is not required to raise a levy to fund these costs. Instead, it makes an annual contribution from revenue towards reducing its overall borrowing requirement, calculated on a prudent basis. Depreciation, revaluation and impairment losses, and amortisation are replaced by this contribution in the General Fund balance (MRP) through an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement.

6. **EMPLOYEE BENEFITS**

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end and include wages, salaries, paid leave, bonuses, and non-monetary benefits (e.g., cars). These are recognised as expenses in the year employees provide services to the Authority.

An accrual is made for holiday entitlements (or any form of leave, e.g., time off in lieu) earned but not taken before the year-end, which employees can carry forward to the next financial year. This accrual is made at the wage and salary rates applicable in the following accounting year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account, ensuring holiday entitlements are charged to revenue in the year the leave is taken.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- **Firefighters' Pension Scheme:** Administered by Dyfed Pension Fund, Carmarthenshire County Council.
- **Local Government Pension Scheme:** Administered by Clwyd Pension Fund, Flintshire County Council.

Both schemes provide defined benefits (retirement lump sums and pensions) earned as employees work for the Authority.

Firefighters' Pension Scheme (FFPS)

The Firefighters' Pension Scheme is an unfunded defined benefits scheme with no assets or investment income.

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on Government bond yields plus an additional margin.

Service cost:

- **Current Service Cost:** Increase in liabilities from service earned in year, allocated in the CIES to the services for which employees worked.
- **Past Service Cost:** Increase in liabilities from scheme amendments or curtailments related to earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES.
- **Net Interest:** Expense that arises from the passage of time on the net defined benefit liability. It is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period. This expense is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Essentially, it represents the interest cost of having a pension liability over time.

Remeasurements:

- **Actuarial Gains and Losses:** Changes in net pension liability due to updated assumptions or events not matching previous actuary assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension funds or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to

and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on corporate bonds.
- **Assets:** The assets of the Clwyd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities: current bid price
 - Unquoted securities: professional estimate
 - Unitised securities: current bid price
 - Property: market value

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- **Current Service Cost:** The increase in liabilities due to years of service earned this year, allocated to the services for which the employees worked in the Comprehensive Income and Expenditure Statement.
- **Past Service Cost:** The increase in liabilities due to a scheme amendment or curtailment related to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- **Net Interest on the Net Defined Benefit Liability (Asset):** The change during the period in the net defined benefit liability (asset) due to the passage of time, charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, considering any changes during the period due to contributions and benefit payments.

Remeasurements comprising:

- **Return on Plan Assets:** Excluding amounts included in net interest on the net defined benefit liability (asset), charged to the pensions reserve as other comprehensive income and expenditure.

- **Actuarial Gains and Losses:** Changes in the net pensions liability due to events not coinciding with assumptions made at the last actuarial valuation or updates to the actuaries' assumptions, charged to the pensions reserve as other comprehensive income and expenditure.
- **Contributions Paid to the Clwyd Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Statutory Provisions

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the pensions reserve measures the beneficial impact to the General Fund of accounting for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits:

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise from such awards are accrued in the year of the decision and accounted for using the same policies as applied to the Local Government Pension Scheme.

7. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the statement of accounts are authorised for issue. These events are classified into two types:

- **Events Providing Evidence of Conditions at the End of the Reporting Period -** If the event provides evidence of conditions that existed at the end of the reporting period, the statement of accounts is adjusted to reflect such events.
- **Events Indicative of Conditions Arising After the Reporting Period -** If the event indicates conditions that arose after the reporting period, the statement of accounts is not adjusted. However, if these events would have a material effect, their nature and estimated financial impact are disclosed in the notes.

8. FINANCIAL INSTRUMENTS

A Financial instrument is 'any contract that creates a financial asset for one entity and a financial liability or equity instrument for another'.

Initial Measurement and Carrying Amount:

- **Financial Liabilities (Loans):** Initially measured at fair value and carried at amortised cost. The annual interest paid is based on the carrying amount of the loan multiplied by the effective interest rate.
- **Financial Assets (Investments):** Initially measured at fair value and carried at amortised cost. The annual interest received is based on the carrying amount of the investment multiplied by the effective interest rate.

For all loans and investments, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

Recognition and Measurement

- **Financial Liabilities:** Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. Initially measured at fair value and carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- Amortised Cost
- Fair Value Through Profit or Loss (FVPL)

The Authority's business model is to hold investments to collect contractual cash flows, so financial assets are classified as amortised cost.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value.

These assets are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most financial assets held by the Authority, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and the interest credited to the CIES is the amount receivable for the year according to the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

9. FOREIGN CURRENCY TRANSACTIONS

When the Authority enters into a transaction in a foreign currency, the transaction is converted into sterling at the exchange rate on the date the transaction occurs. If there are amounts in foreign currency outstanding at the year-end, they are reconverted at the spot exchange rate on 31 March. Any resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

10. ACCOUNTING FOR GOVERNMENT GRANTS

Government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Recognition: Amounts recognised as due are not credited to the Comprehensive Income & Expenditure Statement until the conditions attached to the grant or contribution have been satisfied.

Unsatisfied Conditions: Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

Satisfied Conditions: When the conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or to Taxation & Non-specific Grant Income (for non-ring fenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure

11. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, such as software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are initially measured at cost. They are only revalued if their fair value can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, so they are carried at cost less accumulated depreciation and any accumulated impairment loss.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

When expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not allowed to impact the General Fund balance. These gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account. For any sale proceeds greater than £10,000, the amounts are posted to the capital receipts reserve.

12. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In, First-Out (FIFO) costing formula

13. LEASES

From 1 April 2024, IFRS 16 requires that most leases be accounted for using the acquisition model. This means recognising a right-of-use asset on the balance sheet, reflecting the lessee's right to use the leased item.

Leases that were classified as finance leases as of 31 March 2024—where the lease transfers substantially all the risks and rewards of ownership to the lessee—will continue to be treated as finance leases.

All other leases previously classified as operating leases will, subject to any applicable exemptions, be reclassified as right-of-use assets with a corresponding lease liability recorded on the balance sheet.

Where a lease includes both land and buildings, each component is assessed separately for classification purposes.

Additionally, arrangements that do not legally constitute a lease but grant the right to use a specific asset in exchange for payment will also fall under this policy, provided the arrangement depends on the use of identified assets.

Finance Leases

Leases are classified as finance leases when they transfer substantially all risks and rewards of ownership to the lessee; all others are treated as operating leases.

For finance leases, the leased asset is recognised on the Balance Sheet at the lower of its fair value or the present value of minimum lease payments, with a corresponding lease liability. Any initial direct costs and lease premiums are added to the asset or used to reduce the liability. Contingent rents are expensed as incurred.

Lease payments are split between:

- A capital repayment reducing the lease liability, and
- A finance charge recognised in the Comprehensive Income and Expenditure Statement.

Assets under finance leases follow the same accounting policies as other property, plant, and equipment. Depreciation is charged over the lease term unless ownership transfers to the Authority.

Instead of raising a levy for depreciation or impairment losses, the Authority makes an annual revenue contribution towards the capital investment, in line with statutory requirements. This is reflected through an adjustment between the General Fund and the Capital Adjustment Account.

Operating Leases

The Authority has adopted IFRS 16 from 1 April 2024. Property, Plant and Equipment that fall under the scope of IFRS 16 are now classified as right-of-use assets on the balance sheet.

Where the operating lease is considered as low value (below £10k asset original cost) or the lease has less than 12 months to run, then these will not be recognised on the balance sheet. In these instances rentals paid under operating leases are charged to the CIES as an expense to the services benefitting from the use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., a rent-free period at the start of the lease).

IFRS16: The Authority's IFRS16 policy will apply to those leases where the Authority is the lessee and the following approach will be adopted.

Low-cost exemption: The low-cost exemption is initially set at £10,000, in line with the de-minimus expenditure level for Property, Plant & Equipment. This will be reviewed annually and adjusted using the March CPI rate, rounded to the nearest £1,000. Leases below this value will be excluded from IFRS16.

Use of portfolio of leases with reasonably similar characteristics: The Authority will apply the portfolio expedient for photocopiers and similar machines (e.g., MFDs, franking machines). These leases have similar characteristics in function, cost, and agreements, and will fall within the low-cost exemption.

Existing contracts at date of implementation: The Authority will not reassess existing contracts as of the implementation date (1 April 2024) to determine if they contain a lease. New contracts from this date will be assessed for lease arrangements.

Leases for intangible assets: IFRS16 will not be applied to lease arrangements for intangible assets (e.g., software licences).

Leases with less than 1-year remaining life at the implementation date: The short-life exemption will be applied to existing leases with less than 1 year remaining at the implementation date. The existing accounting treatment will continue unless there is a modification after the implementation date, in which case the lease will be considered a new lease.

The Authority as Lessor

Finance Leases Assets disposed of under finance leases shall be written out of the Balance Sheet and an amount recognised in the Balance Sheet as a receivable debtor that reflects the net investment in the lease as defined by the appropriate accounting standard.

The capital element of any rental due under a finance lease shall be accounted for as a capital receipt, the debtor and the equivalent liability being written down by that amount. The finance element shall be treated as revenue income.

14. PROPERTY PLANT AND EQUIPMENT

Assets that have physical substance and are used for producing or supplying goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one financial year, are classified as Property, Plant, and Equipment.

Recognition

Expenditure on acquiring, creating, or enhancing Property, Plant, and Equipment is capitalised on an accruals basis if it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential (e.g., repairs and maintenance) is charged as an expense when incurred.

A de-minimus expenditure level of £10,000 has been set for Property, Plant, and Equipment. Expenditure below this level will not be subject to capital accounting requirements. If an asset is revalued below £10,000, any associated expenditure and depreciation will be written out, and the asset will be removed from the Fixed Asset Register.

Measurement

Assets are initially measured at cost, which includes the purchase price, any costs necessary to bring the asset to its intended location and condition, and an initial estimate of dismantling and site restoration costs. The Authority does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be their fair value.

Assets are carried on the Balance Sheet using the following measurement bases:

- Land & Buildings: Offices/Workshops – current value (Existing Use Value)
- Land & Buildings: Fire Stations – current value (Depreciated Replacement Cost)
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

If there is no market-based evidence of current value due to the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets with short useful lives or low values, depreciated historical cost is used as a proxy for current value.

Increases in valuations are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services if they reverse a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Impairments

Assets are assessed at each year-end for indications of impairment. If indications exist and the differences are material, the recoverable amount of the asset is estimated. If this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the carrying amount of the asset against any revaluation gains in the revaluation reserve (up to the amount of the accumulated gains). If there is no balance in the revaluation reserve or an insufficient balance, the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

If an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the

amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all Property, Plant, and Equipment assets by systematically allocating their depreciable amounts over their useful lives. The useful economic life of assets is as follows:

Land	Infinite (no depreciation)
Buildings	Useful life of the property (as estimated by the valuer)
Buildings (leased)	Term of lease
Vehicles, Plant and Equipment	5 - 20 years
Intangible Assets	5 years

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal. Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building, and a weighted average is used to calculate the annual charge. The percentages used are:

Buildings – fire stations	2.05% - 2.22%
Buildings – offices/workshops	1.98% - 2.15%

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities. The Authority is required to make an annual contribution from revenue towards reducing its overall borrowing requirement.

Depreciation, revaluation, and impairment losses and amortisation are replaced by the contribution from General Fund Balances (MRP) through an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Revaluation gains are also depreciated, with the difference between current value depreciation and historical cost depreciation being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Subsequent decreases to fair value less costs to sell are posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made when an event has occurred on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made.

If it is unclear whether an event has occurred on or before the Balance Sheet date, it is considered a present obligation if, based on all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation. They are measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, considering relevant risks and uncertainties. Estimated settlements are reviewed at the end of each financial year. If it becomes less probable that a transfer of economic benefits will be required (or a lower settlement is made), the provision is reversed and credited back to the relevant service.

If some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., through an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises when an event has occurred that gives the Authority a possible obligation, which will only be confirmed by the occurrence or otherwise of uncertain future

events not wholly within the Authority's control. Contingent liabilities also arise in situations where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises when an event has occurred that gives the Authority a possible asset, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential

16. RESERVES

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by transferring amounts out of the General Fund balance. When expenditure is financed from a reserve, it is charged to the appropriate service in that year, affecting the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance, ensuring there is no net charge against the levy for the expenditure.

Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits. These reserves do not represent usable resources for the Authority and are explained in the relevant policies.

17. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income

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DRAFT



Gwasanaeth Tân ac Achub
Fire and Rescue Service



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Councillor Dylan Rees, Chair of the Fire & Rescue Authority,
Helen MacArthur, Assistant Chief Fire Officer (Finance & Resources),
North Wales Fire & Rescue Authority,
Ffordd Salesbury, St Asaph Business Park,
St Asaph,
Denbighshire,
LL17 0JJ

Date issued: 16 May 2025

Issued via email

Dear Dylan and Helen,

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management North Wales Fire & Rescue Authority and 'those charged with governance' (the Fire & Rescue Authority).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

The information you provide will inform our understanding of North Wales Fire & Rescue Authority and its business processes and support our work in providing an audit opinion on your 2024-25 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2024-25.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by 20/06/2025. In the meantime, if you have queries, please contact me on 02920 829375 or carwyn.rees@audit.wales.

Yours sincerely

C.J. Rees

Carwyn Rees
Audit Manager

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which is the Fire & Rescue Authority. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

Question	2024-25 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>Our assessment indicates that due to the appropriate controls the risk of material misstatement as a result of fraud is low:</p> <ul style="list-style-type: none"> • There are no allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others. • Senior personnel have a high degree of knowledge and awareness • Access to cash and significant payments is limited. • The Service participates in the NFI process which with no concerns noted in relation to internal controls • Robust procedures are in place in respect of staff recruitment and management with Internal Audit reviews providing assurance that arrangements are operating as expected • Dedicated professional standards within Finance department • Appropriate policies and procedures are adopted, including the operation of internal controls and maintenance of asset registration processes

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2024-25 Response
	<ul style="list-style-type: none"> Financial Regulations are in place and financial procedures include key controls such financial scheme of delegation, contract procedure rules, separation of duties and authorisation limits. Management reliance is placed on budgetary control processes, analytical review and internal audit reviews.
2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	It is confirmed that management do not have any knowledge of any suspected fraud or allegations.
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>It is considered that there is a high level of management awareness, with key risks identified on the corporate risk register. The Authority has a robust whistle-blowing policy and the roles of the statutory officers and internal audit are clearly defined and understood.</p> <p>There is regular scrutiny of budget lines, segregation of duties in arrangements, and controlled use of electronic payments, with a clear audit trail. Robust</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2024-25 Response
	<p>arrangements are in place governing the procurement arrangements with a recent review by Internal Audit.</p> <p>Robust checks are in place for new employees paid via the payroll system and for setting up new suppliers on the accounts payable system, within Internal Assurance on the existence and operation of key controls.</p> <p>All invoices are subject to approval in accordance with the Service's financial scheme of delegation which is embedded within the TechOne financial system. Matters of concern would be raised internally within Finance and escalated to the ACFO Finance & Resources or the Authority's Treasurer as appropriate</p>
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>It is considered that there is a risk of fraud in the following areas:</p> <p>Payroll – mitigated through checks on employment</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2024-25 Response
	<p>Creditors – mitigated through processes to ensure that changes to supplier details and bank details are properly managed. A financial scheme of delegation is in place to ensure that orders approved prior with receipting arrangements to confirm goods are received.</p> <p>Contract fraud – mitigated through the use of frameworks and tenders where appropriate due diligence is undertaken prior to award. All contracts are reviewed by the Service's Procurement Manager.</p> <p>Pensions – mitigated through ID checks prior to processing (e.g. birth certificate and marriage certificate). Further checks are undertaken by the administrator to cross match pension payments with death records.</p> <p>Cyber Security - mitigated through training, using strong passwords, installing firewalls, and being one of the first authorities to onboard Socura / CymruSOC cloud-based SOC service (security operations centre). The Service is also part of the all Wales CAF Group.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2024-25 Response
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	No such complaints have been received
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	<p>The Budget Scrutiny Working Group receives a conformance report in relation to compliance with key financial regulations and requirements. The Audit Committee receives the reports produced by the Authority's internal auditors.</p> <p>In addition, the Fire and Rescue Authority receives the Annual Governance Statement and the annual reports of internal audit.</p>
7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	The Service has a Financial Scheme of Delegation which is embedded via system controls within the Financial Systems. Finance provide advice and guidance to staff via newsletters and specific guidance notes (e.g. Lloyds Corporate Cards & mileage returns). Ongoing training has been provided to Budget Holders and Managers. Key contacts have been identified within each department to receive procurement training. The contract procedure rules have been updated to

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2024-25 Response
	reflect current procurement legislation and set out the required standards in relation to contracts and financial governance is monitored through the Service's Finance and Procurement Committee which is part of the Service's internal governance structure.
8. For service organisations, have you reported any fraud to the user entity?	No

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2024-25 Response
1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?	No cases of suspected fraud are known to the Authority at this time.
2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?	<p>Our assessment of the risk of fraud within North Wales Fire & Rescue Authority is low. There are appropriate controls in financial systems, and statutory officers (Chief Fire Officer, Monitoring Officer and Section 151 Officer) report regularly to the Authority. Internal audit also reports to the Authority. No alleged fraud has been reported.</p> <p>Employment – reliance is placed on due diligence within the recruitment process. This includes obtaining references and verifying qualifications and membership of professional bodies by reference to original certificates. All staff are required to disclose secondary employment, and the Authority participates in the NFI with no issues previously identified. All absences are monitored with arrangements for management intervention on</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2024-25 Response
	<p>multiple short-term absences or any absence over 28 days.</p> <p>Work related accidents – Robust arrangements exist for the reporting, investigation and assessment of all work-related incidents. Those which progress to a claim are managed by external claims managers working on behalf of the Authority and the insurer. This ensure that all cases are fully evidenced.</p> <p>Supplier payments – Reliance is placed on the arrangements in place for setting up of suppliers, the underlying procurement controls and the requirement for purchase orders. This provides a clear audit trail.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

3. How do you exercise oversight of:

- management's processes for identifying and responding to the risk of fraud in the audited body, and
- the controls that management has established to mitigate these risks?

There are regular meetings between Internal Audit (which assesses the environment in terms of the Authority's internal controls and controls in systems, and who would carry out investigative functions as required) and the Assistant Chief Officer (Finance and Resources). Those meetings also include the Section 151 Officer as necessary.

The Authority's Section 151 Officer is present at all Authority meetings.

The Internal Audit Manager reports independently to the Authority's Audit Committee.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that North Wales Fire & Rescue Authority's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether North Wales Fire & Rescue Authority is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
<p>1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?</p>	<p>The Service operates an internal governance structure which includes committees and groups covering all aspects of activity. This includes reviewing and addressing any new legislation or regulatory matters.</p> <p>The Service has been addressing a number of regulatory matters in relation to pensions. These are national issues arising from legal challenges and for which primary and secondary legislation has been necessary. The McCloud judgment addresses the age discrimination within the pension scheme changes introduced in 2015 and requires that all staff within scope are provided with a remedial service statement by 31st March. Due to the complexity and workload arising the Authority has not been able to meet this deadline and has reported itself to the Pensions Regulator. This matter has been reported to both the Local Pension Board and the Fire Authority.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
	<p>Other than the issue relating to compliance with the timescales for the processing of the pension reforms above, no further issues have been identified which need to be highlighted. Managers and staff receive relevant information and training relevant to their role, and experienced statutory officers are employed. The Authority purchases expertise where necessary, i.e. where there is a lack of in-house expertise (e.g. use of external lawyers in relation to employment matters).</p> <p>The Authority places reliance on the overall governance arrangements in place to provide assurance that relevant laws and regulations are complied with. This includes a documented constitution which provides delegation for day to day operational matters to the Chief Fire Officer. The constitution also includes reserved matters as required.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
	<p>The Authority has established Committees comprising of the Audit Committee, the Executive Panel and the Local Pension Board. In addition, the Standards Committee is formed and functioning.</p> <p>The Authority is assisted by the Monitoring Officer and Treasurer who provide professional input and due diligence. Internal Audit arrangements are also in place.</p> <p>At a Service Level there is a documented assurance framework which includes a Service Leadership Team with a range of Committees and Groups. These have nominated Chairs, agreed terms of reference and reporting arrangements.</p> <p>Internally there are reporting arrangements to capture incidents and near misses, and a documented procedure for complaints.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?	We are not aware of any suspected non-compliance with relevant laws and regulations that would materially affect the 2024-25 financial statements. The pensions matter referred to above is not considered to have a financial effect; the liabilities arising have been included within the GAD valuations which are reflected in the Pension Fund.
3. Are there any potential litigations or claims that would affect the financial statements?	<p>No, we are not aware of any suspected non-compliance with relevant laws and regulations that would materially affect the 2024-25 financial statements.</p> <p>The Authority does not self-insure in respect of any liabilities and insurance arrangements are in place. All claims are notified to Finance and provision made for the insurance excess as appropriate.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	The Authority was subject to a number of routine compliance inspections in recent years (most recently in 23/24). No issues were identified which would indicate non-compliance.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2024-25 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No, the Authority is not aware of any such non-compliance during 2024/25 (i.e. that would be expected to have a fundamental effect on the operations of the entity).

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2024-25 Response
2. How does the Fire & Rescue Authority, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>There is a delegation plan in place, and the officers are trusted to follow the expected arrangements. Otherwise, the Chief Fire Officer, the ACFOs, the Monitoring Officer, the Section 151 Officer, or internal audit would have reported to the Authority.</p> <p>The Annual Governance Statement is provided which gives assurance to the Authority that the delegation plan for officers is implemented appropriately.</p>

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2024-25 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	All members and senior officers are required to disclose their related parties, and any transactions are confirmed during the production of the Statement of Account. No issues of note have been identified which require disclosure. All declarations have been received for the 24/25 financial year.
2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	During the preparation of the financial statements a full check of all related party declarations is undertaken and cross referenced to supplier payments. No existing issues are known.
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	Disclosures in the annual Statement of Accounts include external relationships and relevant interests. This information is requested annually from the Members and senior managers in order to include material transactions in the Statement of Accounts. The annual review and declaration procedure to identify the interests of members and senior officers has been strengthened in recent years.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to related parties

Question	2024-25 Response
<p>4. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	<p>The contract procedure rules were recently updated and provide the framework of control, and all contracts are subject to the value for money requirement which would involve quotes, tenders or recognised procurement frameworks. Deviation from the contract procedure rules is permitted although further controls are in place through the use of the single tender waiver process. This requires further financial due diligence checks to be performed and sign off by the Head of Finance or ACFO as appropriate. Notably any evidence of personal relationships between the contracting officer and the third-party supplier would be subject to further investigation.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to related parties

Question	2024-25 Response
1. How does the Fire & Rescue Authority, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>The annual review and declaration procedures that are in place ensure that the Authority fulfils this role.</p> <p>Members of the Authority, when reviewing the draft Statement of Accounts, are always vigilant in relation to this duty. Reliance is placed on the underpinning arrangements which include full disclosure by senior staff and members of the Fire and Rescue Authority of employment, business interests and land holdings. This provides transparency of the underlying risks, and these are managed via the contract procedure rules in place.</p> <p>The production of the financial statements includes a review of all disclosures to identify any relevant transactions that require disclosure. Where there are any queries or concerns these would be escalated internally to the ACFO Finance and Resources in the first instance and advice sought from the Treasurer or Monitoring Officer as appropriate.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Report to	Audit Committee
Date	16 June 2025
Lead Officer	Anthony Jones – Assistant Chief Fire Officer
Contact Officer	Mike Plant – Head of Planning, Performance and Transformation
Subject	Annual Governance Statement 2024-2025



PURPOSE OF REPORT

- 1 To present to Members of the Audit Committee a draft Annual Governance Statement (AGS), as required by The Accounts and Audit (Wales) Regulations 2014, prior to submission to Audit Wales by the deadline of 31 May 2025.

EXECUTIVE SUMMARY

- 2 The Accounts and Audit (Wales) Regulations 2014 requires the North Wales Fire and Rescue Authority (the Authority) to publish an Annual Governance Statement (AGS) to demonstrate that:
 - Business is conducted in accordance with all relevant laws and regulations;
 - Public money is safeguarded and properly accounted for; and
 - Resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people
- 3 A draft version is required to be submitted to Audit Wales by no later than 31 May 2025 for their feedback.
- 4 This year's AGS is attached.

RECOMMENDATION

- 5 It is recommended that Members:
 - i) **Agree the proposed actions for 2024/25; and**
 - ii) **authorise submission to Audit Wales prior to 31 May 2025**

BACKGROUND

- 6 Since 2010/11 all local government bodies have been required, by the Accounts and Audit Regulations 2015, to prepare an AGS which is published as part of the Statutory Accounts.
- 7 The purpose of the AGS is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

INFORMATION

- 8 Unlike previous years, the AGS will have minimal design applied to it.

IMPLICATIONS

Well-being Objectives	This report links to NWFRA's long-term well-being objectives and demonstrates the governance arrangements in place to enable the Service to provide emergency responses and prevention work well in to the future.
Budget	Na
Legal	The Annual Governance Statement has been prepared in accordance with the prescribed standards.
Staffing	None
Equalities/Human Rights/ Welsh Language	None
Risks	A sound governance framework supports the Authority's risk management arrangements.



TÂN FIRE

**ATAL AMDDIFFYN YMATEB
PREVENTING PROTECTING RESPONDING**

North Wales Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT ON INTERNAL CONTROL

For the year ended 31 March 2025

This Statement has been prepared in accordance with The Accounts and Audit (Wales) Regulations 2014 and the guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), the 'Delivering Good Governance in Local Government Framework' 2016. The relationships between the seven principles for good governance in the public sector are illustrated below.

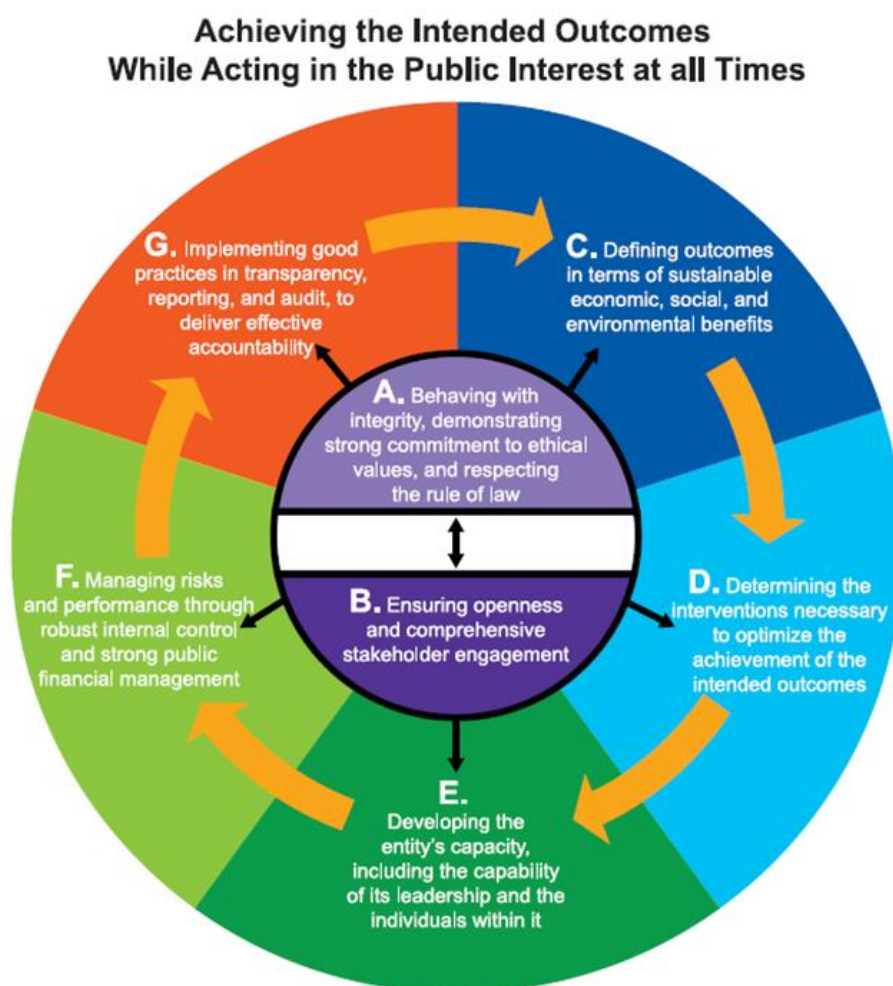


Fig. 1 How Principles for good governance relate to each other.

Source: international Framework-[Good Governance in the Public Sector](#)

This Annual Governance Statement explains how North Wales Fire and Rescue Authority (The Authority) has complied with the framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and priorities.

Scope of Responsibility

North Wales Fire and Rescue Authority is responsible for ensuring that:

- business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently, effectively and equitably to achieve agreed priorities which benefit local people.

In discharging its overall responsibility, Members and Senior Officers are responsible for putting in place appropriate arrangements for the governance of the Authority's affairs and the stewardship of the resources at its disposal, which includes arrangements for the management of risk.

Strategic leadership is given by and discharged through the Authority and its various Committees, panels and working groups, which enable Members to decide on issues affecting the running of the Authority, in accordance with the principles of openness and democratic accountability.

The Purpose of the System of Internal Control

To fulfil its wide range of functions, the Authority must satisfy political, economic, social and environmental objectives over the short, medium and longer term. This subjects it to a different set of external and internal constraints and incentives from those found in the private sector, all of which affect its governance arrangements.

A key piece of legislation in Wales is the Well-being of Future Generations (Wales) Act 2015, which requires the Authority to consider the longer term in making its decisions and to work collaboratively with other public bodies to improve well-being in Wales.

Stakeholders are, therefore, interested in issues such as:

- whether the Authority's planned outputs have been delivered and outcomes achieved, and
- whether this has been done in an efficient, economic, effective and equitable manner.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector organisations must try to achieve their objectives while acting in the public interest at all times, which implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

This Statement gives assurances that North Wales Fire and Rescue Authority has complied with the governance framework for the year ended 31st March 2025.

The Governance Framework

North Wales Fire Authority comprises 28 elected councillors from the six unitary authorities of North Wales, with the number of representatives determined by the population of the area. More information about the Authority, its members and responsibilities can be found [here](#).

The Authority is required to review the effectiveness of its arrangements each year to ensure that there is a sound system of governance. The key contributors to this process include:

Having an Authority and committee structure that:

- monitors the effectiveness of risk management arrangements
- regularly reviews the governance arrangements
- considers and reviews internal and external audit strategies, plans and reports
- reviews, scrutinises and approves the annual statement of accounts.

Having an Executive Panel that:

- provides leadership on governance
- contributes to the completion and review of the Annual Governance Statement
- provides clear direction to the Service and senior managers.

The use of information from various sources to inform the governance arrangements, for example:

- improvement and performance board reports
- risk management arrangements
- external regulator reports
- internal audit reports

The Authority's normal schedule of meetings are attended remotely. The full Fire and Rescue Authority meetings are webcast in Welsh and English simultaneously. All meetings are made available to the public to observe, should they make a request to do so.

Early in 2023, the Authority established two working-groups to support the development of two key organisational priorities:

- The Emergency Cover Review Working Group, which has now been superseded by a Collective Agreement Task and Finish Group with Trade Union representation but no longer any Fire Authority representation.
- The new Training and Development Centre Working Group.

In addition, a member of the Fire and Rescue Authority sits on the Equality, Diversity and Inclusion Committee as a member champion, and following the report of the CREST cultural review report the Chief Fire Officer now chairs a Cultural Board to manage the implementation of the Strategic Cultural Improvement Plan, which is due to be published on the Fire Authority website imminently.

In April 2025 the Authority approved the second of its Community Risk Management Implementation Plans ([CRMIP 2025/26](#)) to deliver against the objectives outlined in the five-year [Community Risk Management Plan \(CRMP\) 2024-2029](#)

A Community Risk Management Plan (CRMP) aims to identify risks facing the community and describes how the Fire and Rescue Authority will manage those risks and continue to prevent and respond to fires and other emergencies.

The Authority has developed five principles for keeping communities safe and the CRMP;

- Acknowledges the requirements of key legislation
- Considers the ongoing work of the Public Services Boards
- Identifies the risks facing our communities
- Outlines what activity the Authority had taken to address these risks
- Explains what actions the Authority will take over the next five years to mitigate those risks
- Aligns with the Authority's revenue budget, capital plan and medium-term financial plan.

Fig 2. Committees of the Fire and Rescue Authority

The Authority has delegated responsibility for the day to day operation of the Fire and Rescue Service (the Service) to the Chief Fire Officer.

The Chief Fire Officer is supported by The Executive Group comprising the Principal Officers, (Chief, Deputy and Assistant Fire Officers) which is responsible for strategic leadership.

The Service Leadership Team (SLT), includes the Principal Officers, Area Managers and Heads of Department. It meets as a Performance Board to scrutinise performance, and as an Improvement Board to provide challenge and senior oversight of programmes, projects and policies. The SLT provides organisational leadership and service delivery.

The Service Governance and Assurance Structure of committees and groups, reporting to SLT, are embedded across the organisation, demonstrating robust governance across reporting, monitoring, scrutiny and decision-making within all areas of the organisation.

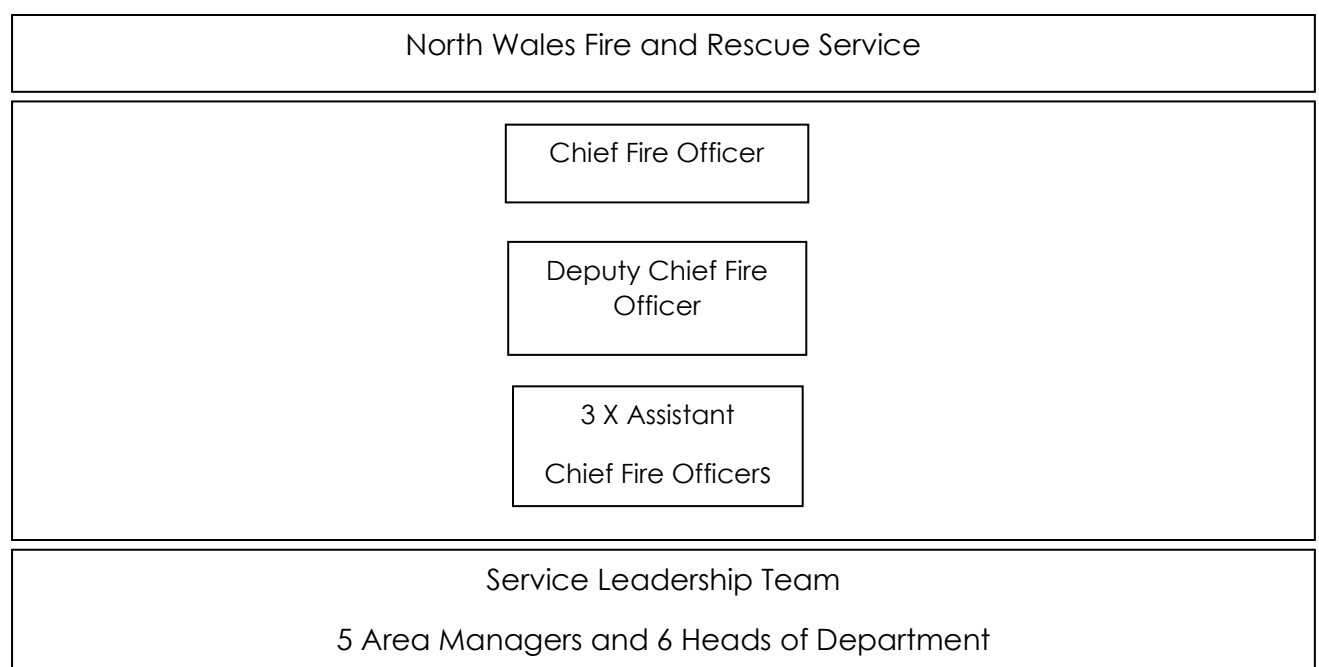


Fig 3. Service Leadership Structure

Key Contributors to Developing and Maintaining the Governance Framework

Constitution	The purpose of the Constitution is to set out in clear language how the Fire Authority works and how it makes decisions
Fire Authority	Provides the strategic leadership, political interface and corporate challenge in relation to the provision of fire and rescue services across North Wales, encouraging public participation and conducting its affairs in an open and transparent manner. It agrees the Improvement and Wellbeing Plan, and the revenue and capital budgets
Executive Panel	Monitors the performance of the Service and makes recommendations to the Authority on its key policies including the Improvement and Wellbeing Plan. The Panel reviews the strategic risk register.
Audit Committee	Provides independent review of the governance, risk management and control frameworks and oversees the financial reporting, including the Treasury Management Strategy and annual accounts.
Standards Committee	Promotes and maintains high standards of conduct by Members of the Authority and oversees the whistle-blowing policy for complaints against Members of the Authority. Also, where statute permits, to receive reports and complaints about Members and to conduct or oversee investigations and make recommendations to the Authority.
Fire Authority Working Groups	Undertake detailed work associated with the Authority's planning and budget-setting process. It submits its observations to the Executive Panel which in turn makes recommendations for improvement/risk reduction/well-being objectives to the Authority.
Executive Group	Implements the policy and budgetary framework set by the Fire Authority and provides advice to the Fire Authority on the development of future policy and budgetary issues.
Service Leadership Team	Sets and leads the implementation of the governance standards across the Service. Receives the annual improvement plan and feeds into the annual self-assessment.
Section 151 Officer	Ensures lawful and financially prudent decision making. Administration of financial affairs. Accountable for developing and maintaining the Fire Authority's governance, risk and control framework. Contributes to the effective corporate management and governance of the Fire Authority
Monitoring Officer	Reports on contraventions of any enactment or rule of law. Reports on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. Maintains and updates the Constitution. Maintains registers of member interests and gifts and hospitality. Advises Members on the interpretation of the Code of Conduct.
Internal Audit	Provides independent assurance and annual opinion on the adequacy and effectiveness of the Fire Authority's governance, risk management and control framework. Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity. Makes recommendations for improvements in the management of risk.

CIPFA Principles - Governance Assurance

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

The Authority's [Missions and Values](#) are published in the Community Risk Management Plan and on the [Authority's website](#).

The [Constitution](#) sets out the responsibilities of the Fire and Rescue Authority and its committees and includes the Scheme of Delegation to Officers.

The Monitoring Officer ensures that decisions taken are within the law and comply with the provisions of the Constitution.

The Constitution includes the [Code of Conduct for Members](#) and this is monitored by the Standards Committee.

Where necessary legal advice is sought to inform decision making.

Codes of Conduct for Members and Officers are in place, which requires the declaration of business interests and recording of the receipt of gifts and/or hospitality. These are published on the Authority's website as part of each [Member's personal profile](#).

Key policies are in place to prevent and minimise the risk of fraud. Policies include: Whistleblowing Policy, [Anti-Fraud, Bribery and Corruption Policy](#) and [Financial Regulations](#) and [Contract Procedure Rules](#). Where irregularity is suspected arrangements are in place to ensure that it is thoroughly investigated.

The recruitment policy, induction and training processes incorporate personal behaviours with core values.

Reaccreditation of our Public Health Wales Corporate Health Gold and Platinum awards, an award scheme run by Healthy Working Wales, on behalf of Public Health Wales. These awards allow employers to demonstrate policies and actions designed to promote happier and healthier workforces.

An Equality, Diversity and Inclusion (EDI) Steering Committee was established in 2022 and a five-year [Equality, Diversity and Inclusion Strategy 2024-2029](#) has been developed and published.

The implementation of the EDI strategy will be guided by a detailed annual EDI action plan, which will be performance-managed by the Equality, Diversity and Inclusion Committee which meet on a quarterly basis.

The Service is committed to upholding standards and takes all concerns seriously. Disciplinary cases and any allegations of wrongdoing are investigated in accordance with the Service's Discipline Handbook. The Service has now recruited two Discipline and Grievance Officers, ensuring allegations are promptly and professionally investigated.

[Welsh Language Standards Monitoring report 23-24](#) is published on the Authority's website detailing the Authority's compliance with the Standards.

As part of our commitment to the Welsh language, all new members of staff are required to achieve a minimum of Level 2 Welsh language skills and Level 3 upon promotion.

The Community Risk Management Plan which contains Improvement and Well-being objectives is currently subject to public and stakeholder consultation. The ratified Five-year Plan and the 2024-25 Implementation Plan will be published on the Authority's website. This meets our obligations as required by the Local Government (Wales) Measure 2009, and the Well-being of Future Generations (Wales) Act 2015.

A Safeguarding policy and procedure is in place to refer vulnerable people the Service come into contact with, to other agencies.

All departmental plans and policies, where applicable, demonstrate alignment to the Well-being of Future Generations (Wales) Act 2015

Safecall, a professional, confidential and independent service provides a means for concerns to be reported by any member of staff 24/7, 365 days of the year, and is widely publicised across the Service. The Service recognises the importance of offering anonymous reporting and engagement in sensitive situations.

The Service has adopted The Social Partnership Duty and has built on well-established arrangements between the Service and staff representative bodies to consult on objectives and strategic decisions about how it intends to deliver those objectives. The first [Social Partnership Duty Annual Report](#) was approved for publication and submission to the Social Partnership Council in April 2025.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

All meetings are advertised and full Authority meetings are webcast. Agendas and papers are available on the Authority's website.

Information is published on the Authority's website as part of the publication scheme. Read/Speak and Welsh versions of documents are provided.

Public consultation arrangements are in place to invite the views of stakeholders prior to developing and implementing key changes. This includes consultation on the Improvement Objectives contained in the Community Risk Management Implementation Plan 2024-25.

The [Authority has previously been recognised as achieving 'Good Practice' by the Consultation Institute](#) for all elements of the public consultation in connection with the ongoing Emergency Cover Review.

The commitment to openness is also shown through;

- completion of impact assessments for all key decisions;
- the Complaints and Compliments Procedure, which includes the ability to escalate significant matters;
- the Public Engagement and Consultation Strategy;
- engagement with Employee Representative Bodies, informally and formally through the Joint Consultation and Negotiation Committee, which will be further strengthened by the adoption of the Social Partnership Duty in the new financial year;
- a biennial commitment to engage with staff via the 'Fire Family' staff survey.
- membership of the Welsh Local Government Association, North Wales Equality Leads Forum, The Race Council Cymru and the North Wales Inter-Faith Forum.

A variety of engagement methods are used including:

- directed communication using social media, with accounts on Facebook and X. This includes both corporate accounts as well as social media accounts run by fire station staff to widen engagement in local communities;
- the ability to sign up for email updates on specific issues via the website;
- engagement with young people via the Phoenix programme, Fire cadets and school visits;
- community safety engagement with householders and businesses;
- a Positive Action group, chaired by the ED&I officer, to plan and direct events for all firefighter recruitment;

- attendance at open days/events – for example organised events like the Eisteddfod as well as fire station events organised by staff;
- internal communications include the Weekly Brief electronic newsletter to staff;
- external communications campaigns, led by the Community Safety Managers.
- through Prevent and Recruitment activities the service engages with people of all ages and diverse backgrounds.

Partnership arrangements are in place for:

- All Wales Joint Emergency Service Group currently chaired by the CFO;
- Local Resilience Forums;
- the three local Public Services Boards;
- the Regional Partnership Board;
- the Strategic Arson Reduction Board;
- the Local Safeguarding Adults Boards and Local Safeguarding Children's Board;
- collaboration with other Emergency Services.

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

The five-year Community Risk Management Plan sets the strategic direction for the Authority and details the improvement objectives in accordance with the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015.

The Authority's policies reflect the sustainable development principle of the Well-being of Future Generations Act (Wales) 2015.

The Medium-Term Resource Strategy, which includes a 10-year Capital Plan, and annual budget process aims to ensure that financial resources are directed to the Authority's priorities.

The Service continues to ensure the mandatory e-learning is undertaken by all staff in respect of the Violence Against Women, Domestic Abuse and Sexual Violence Act.

As a [Disability Confident](#) employer, the Service is committed to recruiting and retaining disabled people and those with health conditions.

The Service has also signed the [Armed Forces Covenant](#), which is a promise by the nation to ensure that those who serve or who have served in the armed forces, and their families, are treated fairly. This is supported by an Armed Forces Reserves and Veterans Policy.

The Service pays [above the real living wage](#).

A Safeguarding policy and procedure are in place to refer vulnerable people the Service come into contact with, to other agencies.

The appropriate criminal records checks are crucial to the Service to understand and mitigate risk, to protect colleagues and the public. Fire and Rescue Authorities are now listed in Schedule 1 Rehabilitation of Offenders 1974 (Exceptions) and as such, all employees are now eligible for a Standard level DBS check as a minimum level and these are now renewed on a three-yearly cycle.

The Service has a statutory duty to put in place business continuity arrangements. Plans across the Service are reviewed annually and there is ongoing collaboration with the other fire and rescue services in Wales to improve planning and consider current risks.

Key decisions are subject to an integrated impact assessment, which takes account of equality; data protection; health, safety and wellbeing; Welsh language; finance; sustainability and staffing; Well-being of Future Generations (Wales) Act 2015 and the socio-economic duty and it will also take account of the anticipated statutory Health Duty.

The Authority has developed and adopted an Environmental Strategy which sets out detailed and robust performance targets for a reduction of our carbon emissions and other significant environmental impacts.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Public consultation is carried out as part of setting the Authority's objectives which are set out in the Community Risk Management Implementation Plan.

An assessment of the Authority's performance against its annual objectives is published in October each year.

The Authority's Strategic Risk Management Policy (which is currently being reviewed following internal audit) sets out the process used to identify and control exposure to uncertainty, which may impact on the achievement of the objectives or activities. This is reviewed throughout the year to ensure that risks are appropriately managed.

Following scrutiny from the Executive Group, performance and financial reports are presented to the Authority and its committees.

A quarterly Performance Monitoring Report is prepared for the Executive Panel and the Service Leadership Team scrutinise data relating to incident demand, emerging trends, and availability at the Performance Board, ensuring that issues are identified and appropriate interventions agreed.

The budget planning processes, involving Service leads and Authority Members, ensure budgets are allocated to support risk-based objectives whilst balancing the costs associated with maintaining estates, vehicles and equipment. The Budget, Monitoring and Procurement Committee provides the necessary strategic oversight and governance.

The Organisational Learning Committee provides strategic oversight and governance of National Operational Guidance and Joint Operational Learning available and implements any necessary changes.

Health and Safety incidents are reported, reviewed and monitored to ensure the safety of all staff is optimised and risks are minimised. The Health Safety & Wellbeing Committee has strategic oversight and governance.

The [All Wales Dwelling Fire Response Charter](#) sets out seven high-level commitments in respect of preventing and responding to dwelling fires. It is reported upon annually as part of the Authority's Annual Performance Assessment.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

The Authority's Constitution outlines the roles of elected members and designated officers to enable shared understanding of roles and objectives.

The designated posts include the Chief Fire Officer, Treasurer and Monitoring Officer.

Regional and national collaborative working exists, for example, the three Welsh fire and rescue services participate in the All Wales Fire Investigation Training Forum, supporting shared learning and promoting a consistent approach across Wales.

The Authority has adopted the All-Wales People and Organisational Development Strategy 2025-2028, which underpins the commitment to lifelong learning and workplace competence.

Induction processes for Members and employees include an introduction to the organisation's core values, the standards of conduct and the role requirements.

The development needs of employees are identified through one to one meetings.

Health and wellbeing support is provided to maintain physical and mental wellbeing. This is achieved through a range of measures including HR policies and guidance documents, flexible working approach, the occupational health service and the employee assistance programme. The Health, Safety & Wellbeing Committee provides strategic oversight and governance.

The Service has a dedicated training department, with competency frameworks for operational staff. Training is delivered using a variety of methods including e-learning modules which are mandatory for certain subjects e.g. Data Protection. The Organisational Learning Committee provides strategic oversight and governance.

Staff are members of relevant professional bodies and undertake the required continual professional development.

The Service aligns its promotional processes to the National Fire Chiefs Council (NFCC) leadership framework.

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

The Treasurer is responsible for the proper administration of the Authority's financial affairs as required by [Section 151 Local Government Finance Act 1972](#).

The Monitoring Officer ensures compliance with established policies, procedures, laws and regulations.

The Strategic Risk Management Policy (which is currently being reviewed following internal audit) details the process for the identification and control of risks. A corporate risk register is maintained by the Corporate Planning Department and is monitored throughout the year.

Reports to the Authority and its committees include an integrated impact assessment to inform and support decisions.

Business continuity arrangements are in place to ensure that critical services can continue to be delivered at all times and reviewed annually.

The Authority's Audit Committee ensure that recommendations for improvement made by the External Auditor, Audit Wales, and the Internal Auditor are agreed and monitored.

Members and senior management are provided with [quarterly reports](#) on Service improvement and performance against key performance indicators and milestones.

The Authority has arrangements to maintain [registers of Members' personal and business interests and a register of gifts and hospitality](#). These are published on the Authority's website as part of each Member's personal profile.

Policies for Anti-Fraud and Corruption and Whistle-blowing are in place which confirms the Authority's commitment to operating in a fair and transparent manner.

Policies and arrangements are in place to manage the handling of data. These are the Data Protection Policy, Freedom of Information Policy, Data Retention Policy and Communications and Information Security Policy. These policies are supplemented with training and the e-learning module on data protection is mandatory for all staff.

Information sharing protocols have been developed and agreed with partners.

Financial management supports the delivery of services and transformational change as well as securing good stewardship. [A financial update](#) is presented at each Authority meeting, with [reports](#) available to the public on the website.

The Treasury Management arrangements follow professional practices and are reviewed annually by members.

The [Authority's Statements of Accounts](#) and its performance against key areas of risk and priority are subject to scrutiny by external audit.

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

North Wales and Mid and West Wales Fire and Rescue Services jointly appointed Crest Advisory to facilitate an independent cultural review. The review followed the Welsh Government's acceptance in March 2024 of a proposal from both Fire and Rescue Services to better understand the progress of improvements to organisational culture in each Service.

The proposal formed the basis of a written statement by the, then, Deputy Minister for Social Partnership, Hannah Blythyn, whose statement can be read in full [here](#).

Crest Advisory, conducted the review and published a [report](#) into their findings in January 2025, which contained 32 recommendations.

The Authority Chair and Chief Fire Officer have promised to;

- Turn the report recommendations into actions that will guide improvements to workplace culture.
- Engage staff and stakeholders at all levels to foster awareness and participation, to make sure change is meaningful and reflects the needs of everyone.
- Maintain transparency and accountability through regular updates and feedback opportunities with staff and wider stakeholders.

The Authority, with assistance from the Monitoring Officer, oversees and reviews the adequacy and effectiveness of the governance arrangements and internal control environment.

Agendas and minutes of [Fire and Rescue Authority meetings](#) are publicly available on the internet along with webcasts of the Authority meetings.

Authority reports follow a structured format which ensures that key information is presented in a clear and consistent manner to aid decision making.

The Authority complies with the requirements of the Freedom of Information Act 2000, in respect of its obligation to publish certain information as part of its [publication scheme](#) and responding to requests for information from members of the public.

The Community Risk Management Plan documents the improvement and well-being objectives of the Authority and is reviewed by Audit Wales in connection with the issue of a Certificate of Compliance.

The Annual Statement of Accounts are produced in a user-friendly format. This provides clear information on income and expenditure and demonstrates the stewardship of public money for the year. The accounts are submitted for audit by the statutory deadline.

The [Annual Pay Policy Statement](#) is approved and published in accordance with the Localism Act 2011. Members' salaries are paid in accordance with the Independent Remuneration Panel decisions and reported on the internet.

Members and senior officers declare relevant interests in accordance with the Code of Practice on Local Authority Accounting in the UK. These declarations enable the Authority to identify and report any related party transactions.

A report is prepared for Welsh Government each January and July detailing matters of discipline, grievance and external complaints. In particular, it highlights cases of alleged misconduct/gross misconduct where the alleged behaviour of individuals calls into question the culture and values of North Wales Fire and Rescue Service.

The Annual Governance Statement provides transparency on the governance arrangements and the planned governance improvement actions for the coming year.

The Auditor General is the external auditor appointed by statute and provides an opinion on the Statement of Accounts, which is published on the Authority's website. The Authority acts on recommendations and, where necessary, takes corrective action.

The Internal Audit arrangements include a risk-based approach, which provides assurance that key risks are being managed. The Authority acts on recommendations and where necessary, takes corrective action.

Following a review of internal arrangements, the Service appointed a new Internal Auditor in June 2023 to strengthen assurance arrangements.

Processes are in place to ensure that recommendations from inspection and regulatory bodies are actioned.

How the Authority addressed its 2024/25 Governance Improvement Actions.

Governance Improvement Area	Planned Action	Forum	Responsibility	Progress as at March 2025
Governance Framework Review	Action through the Service Leadership Team to design an annual process that explicitly involves the SLT and Internal Audit in assessing the extent to which the principles contained in the Good Governance Framework are being applied.	SLT Performance Board	Head of Corporate Planning, Performance and Transformation	This action has been completed. SLT leads were identified for each of the seven CIPFA Principles and they have reviewed existing arrangements against each of the sub principles.
Governance Arrangements	Consider the findings and recommendations arising from Audit Wales review of Governance Arrangements.	Fire and Rescue Authority	Head of Corporate Planning, Performance and Transformation	This action has been completed. The Report was presented to the full Fire and Rescue Authority (FRA) on the 21 st October 2024, where the report and its recommendations were noted. As a direct response to one of the recommendations, relating to training, Level 4 strategic risk training was delivered to members of the FRA Executive Panel on the 17 th March 2025 and the training resources made available to all members of the FRA.
Efficacy of Prevention activities	Consider the findings and recommendations arising from Audit Wales review of Prevention.	Fire and Rescue Authority	Head of Prevention and Protection	This action is not complete. The Audit did not take place as originally scheduled but has now been completed and the report is awaited from Audit Wales. This action will be carried forward for action on any recommendations during 2025/26.

Strategic Risk Management	Implement the recommendations from the Internal Audit review of Core Controls of Risk Management.	SLT Improvement Board	Head of Corporate Planning, Performance and Transformation	This action is complete. However, a Risk Management Review Assignment Report 2024/25 by internal auditors in March 2025 provided limited assurance and five recommendations have been agreed and will be progressed to conclusion in 2025/26.
Well-being of Future Generations (Wales) Act 2015	The statutory obligation to ensure that the well-being objectives in the Community Risk Management Plan are kept under review to ensure the objectives are met.	SLT Performance Board	Head of Corporate Planning, Performance and Transformation	The 2023/24 Annual Performance Assessment reported on the 2023/24 well-being and improvement objectives as well as reflecting upon the achievements against the FRA's three-year Corporate Plan. Progress against the well-being objectives, contained within the first Community Risk Management Improvement Plan 2024-25, were reported to SLT Performance Board, which is now embedded as a quarterly report.
The Social Partnership and Public Procurement (Wales) Act 2023	Embed the principles and requirements of The Social Partnership and Public Procurement (Wales) Act 2023.	Joint Consultation and Negotiation Committee	Head of Corporate Planning, Performance and Transformation	This action is complete. The Head of Corporate Planning, Performance and Transformation attends the Joint Consultation and Negotiation Committee with Union representatives to discuss objective setting at the formative stage and updates are provided and feedback invited from Union representatives, culminating in the agreement of the annual Social Partnership Duty Report which was ratified by the FRA on 28 th April 2025.

The Authority's Governance Improvement Actions 2025/26

Governance Improvement Area	Planned Action	Forum	Responsibility	For completion by
Efficacy of Prevention activities	Consider the findings and recommendations arising from Audit Wales review of Prevention.	Fire and Rescue Authority	Head of Prevention and Protection	March 2026
Setting of Well-being Objectives	Consider the findings and recommendations arising from Audit Wales review of well-being objective setting.			December 2025
Strategic Risk Management	Implement the recommendations from the Internal Audit review of Core Controls of Risk Management.	SLT Improvement Board	Head of Corporate Planning, Performance and Transformation	March 2026
Organisational Culture	Respond to the recommendations of the CREST independent cultural review through staff and Fire and Rescue Authority engagement, culminating in the publication of an improvement plan.	Fire and Rescue Authority	Chief Fire Officer	July 2026
Efficacy of Response to Domestic Dwelling Fires	Respond to recommendations in the Chief Fire Advisor and Inspector for Wales' "Inspection of the North Wales Fire and Rescue Service to consider the effectiveness of its response to domestic dwelling fires".	Fire and Rescue Authority	Head of Response	March 2026
Supplier verification and Anti-fraud guidance	Respond to recommendations by the Internal Auditor in relation to Key financial processing controls 2024/25 including implementing Supplier Verification, Anti-Fraud Guidance and Regular Reviews of Bank Mandates.	Finance and Procurement Committee	Head of Finance	March 2026

Compliance with the Financial Management Code

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist the Authority in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for the Authority.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of the Authority
- Manage financial resilience to meet foreseen demands on services
- Financially manage unexpected shocks in their financial circumstances.

Each Authority must demonstrate that the requirements of the Code are being satisfied.

As Section 151 Officer I have the Statutory Responsibility (supported by the Service Leadership Team and Members of the Authority) for ensuring compliance with the CIPFA FM Code.

I have carried out a full assessment of compliance with the CIPFA FM Code as part of the annual review of the Annual Governance Statement and I can confirm that in my opinion the Authority is compliant with the code in the majority of areas.

Signed _____

(Treasurer) 2025

Governance Opinion and Conclusion

The Authority recognises that good governance provides the foundation for the delivery of good quality services that meet the needs of stakeholders and ensures that public money is well spent. This review confirms the governance systems and monitoring in place for 2023/24 and the steps taken to ensure that they are working effectively.

The Authority is satisfied that appropriate governance arrangements are in place and remains committed to enhancing these through the implementation of the action plan for 2024/25.

Signed _____

(Chair) 2025

Signed _____

(Chief Fire Officer) 2025



Awdurdod Tân ac Achub Gogledd Cymru
North Wales Fire and Rescue Authority

Report to	Audit Committee
Date	16 June 2025
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Carwyn Rees, Audit Wales
Subject	Audit Plan 2025



PURPOSE OF REPORT

- 1 The purpose of this report is to confirm the 2024 Audit Plan which details the audit approach and work to be undertaken by Audit Wales as North Wales Fire and Rescue Authority (the Authority)'s statutory auditors.

EXECUTIVE SUMMARY

- 2 Audit Wales is the statutory auditor for the Authority and its work covers the financial statements, the Local Government (Wales) Measure 2009 and the sustainable development principle arising from the Authority's wellbeing objectives.
- 3 The audit plan for 2025 is contained within appendix 1 and confirms the auditor's responsibilities and proposed approach.

RECOMMENDATIONS

- 4 It is recommended that Members:
 - i) **Note the scope of the work undertaken by Audit Wales.**

IMPLICATIONS

Wellbeing Objectives	The audit plan considers the arrangements for delivering the sustainable development principle contained within the Authority's well-being objectives
Budget	The consideration of the Authority's arrangements for value for money is contained within the audit plan
Legal	The external audit of the Authority's financial statements is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	Not directly applicable
Equalities/ Human Rights/ Welsh Language	The performance audit work will consider a range of measures including compliance with equality and Welsh language duties where applicable.
Risks	The work of Audit Wales will be planned around known risks.

North Wales Fire & Rescue Authority – Detailed Audit Plan 2025

Audit year: 2024-25

Date issued: June 2025



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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Introduction



Adrian Crompton

Auditor General
for Wales

I am pleased to share my 2025 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My Code of Audit Practice provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 21) sets out how we will ensure those standards of quality are met. Our latest annual quality report, Audit Quality Report 2024, provides more information about our audit quality arrangements.

My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other national audit work that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.

Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions

Our purpose



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

Our vision



Fully exploiting our unique perspective, expertise and depth of insight



Strengthening our position as an authoritative, trusted and independent voice



Increasing our visibility, influence, and relevance



Being a model organisation for the public sector in Wales and beyond

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and Our [Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements (and the Firefighters Pension Fund) which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).

There have been no limitations imposed on me in planning the scope of this audit.

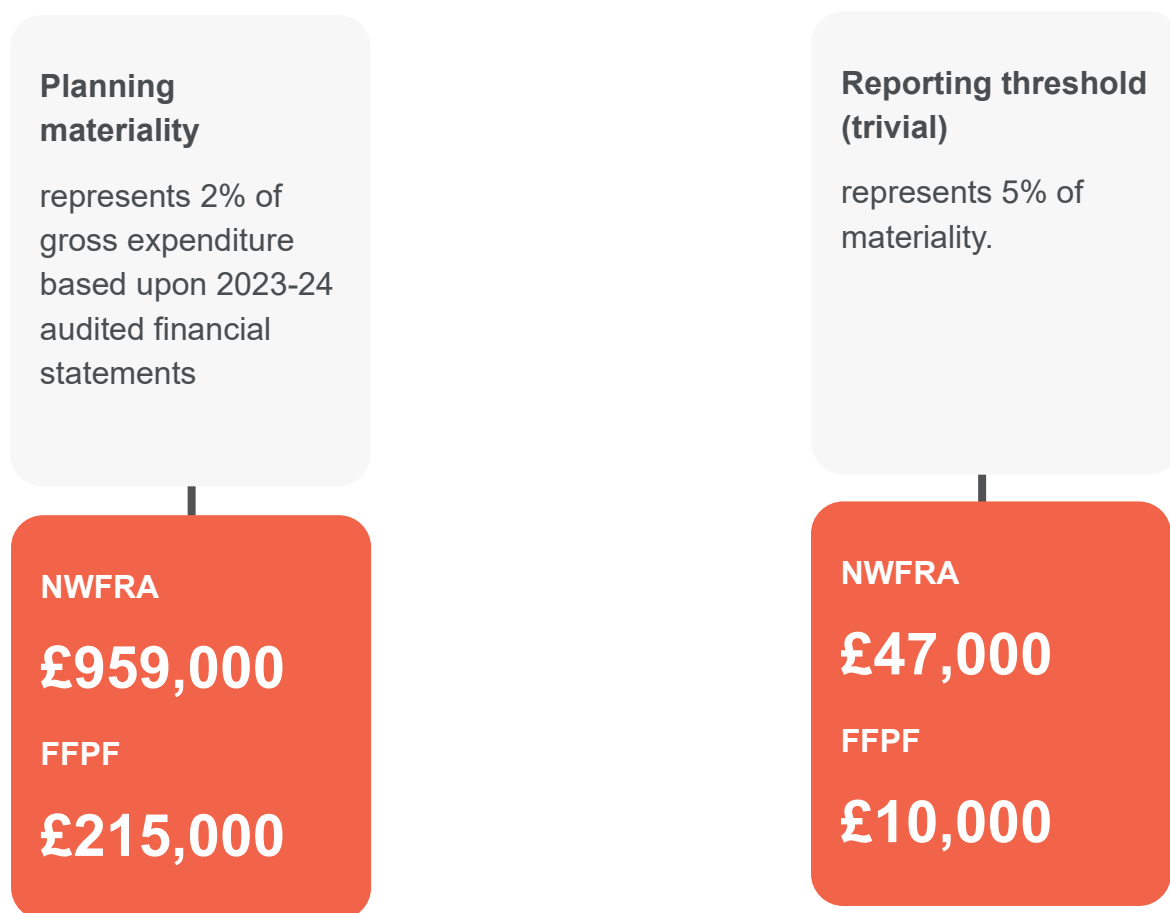
Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set materiality to:

- Determine the level of misstatement that could cause the user of the accounts to be misled
- Assist in the scoping of our audit approach and resultant audit tests
- Determine sample sizes
- Assess the effect of known and likely misstatements in the financial statements; and
- Report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

Remuneration report	Related party disclosures
£1,000	£10,000

My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) and Firefighters Pension Scheme pension fund liability recognised in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels, also has a significant impact on the liability.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability is materially misstated.

Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability
- test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary
- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.

Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be revalued every five years, but values may also change year on year, and there is a risk that the carrying value of assets recognised in the accounts could be materially different to the current

value of assets as at 31 March 2025, particularly in the current economic environment.

Our planned response

My audit team will:

- assess the work undertaken by the authority to determine that asset values are not materially misstated.

Senior officer remuneration

Even though there are no significant changes in senior officers for 2024-25, remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a that as even low value errors in the disclosure could result a material misstatement.

Our planned response

My audit team will:

- understand the movements in the senior management team during 2024-25
- ensure that remuneration disclosed is consistent with supporting evidence
- ensure that amounts paid are consistent with those approved by the Authority; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Implementation of International Accounting Standard (IFRS) 16 - Leases

Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.

This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.

There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.

Our planned response

My audit team will:

- review the Authority working papers to ensure that all leases falling within the scope of the Standard have been included in calculations
- test a sample of asset and liability calculations to ensure that the assumptions are reasonable, and the calculations have been correctly prepared; and
- confirm that asset and liability values have been correctly accounted for and disclosed in the financial statements.

Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Authority and the other body/party.

The Authority has many relationships that could be considered a related party. Many are well known for example, Welsh Government.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature.

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

Our planned response

My audit team will:

- review the Authority's process for identifying related party relationships and associated transactions and balances
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

Planning March 2025	Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee
Interim April 2025	Information flows Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing on pension lump sums
Fieldwork June to July 2025	Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
Reporting September to December 2025	Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Annual Audit Summary Post project learning








Performance audit work

Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Authority and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

- | | |
|---|---|
|  Strategic planning |  Asset management |
|  Financial planning |  Collaborative working |
|  Performance and risk management |  Overall governance. |
|  Workforce planning | |

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Authority.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Intergration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Authority. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

Local Government Measure 2009

Under the Local Government (Wales) Measure 2009, I must also satisfy myself that the Authority has put in place arrangements to make continuous improvements, including related plans and reports and to assess whether the Authority is likely to (or has) met these requirements.

Planned performance audit work

I set out below details of my performance audit work.

Financial sustainability

The public sector faces significant financial challenges in the short, medium, and long term that will require actions from all bodies. We have recently examined the financial sustainability of other local government bodies to gain insight and support bodies in responding to these challenges.

We intend to review the Authority's arrangements to secure value for money when planning for its financial sustainability.

Indicative timescales

Autumn 2025

Timing of Performance Audit Work

My team will work with officers in the Authority to arrange exact timescales for the individual projects and will be communicated regularly. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2026.

Other statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the [responsible finance officer].

Audit fee

In January 2025 we published our [2025-26 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 1.7%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

Your estimated total audit fee: £78,166

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Assistant Chief Fire Officer (Finance and Resources). **Exhibit 2** sets out a further breakdown of your estimated audit fee.

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 2: Breakdown of my estimated audit fee for 2025 (and 2024 for comparison)

Estimated fee for 2025 (£)¹

Audit of financial statements ²	Performance audit work ³
£60,442	£17,724
Total fee: £78,166	

Fee for 2024 (£)

Audit of financial statements	Performance audit work
£59,432	£17,428 ⁴
Total fee: £76,860	

¹ The fees shown in this document are exclusive of VAT.

² Payable November 2024 to October 2025

³ Payable April 2025 to March 2026.

⁴ Work is ongoing and therefore this remains an estimate

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will continue where it is appropriate to do so.

Indeed, my audit team who were onsite during the audit of accounts work last year found the close proximity to officers a more efficient way of working, and officers have fed back positively on their experiences.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: My local audit team

Engagement Director	Gary Emery gary.emery@audit.wales	
	Financial Audit	Performance Audit
Engagement Lead	Kate Havard kate.havard@audit.wales	Gary Emery gary.emery@audit.wales
Audit Manager	Carwyn Rees carwyn.rees@audit.wales	Timothy Buckle timothy.buckle@audit.wales
Audit lead	Kieran Vickery kieran.vickery@audit.wales	Charles Rigby charles.rigby@audit.wales

I can confirm that my team members are all independent of NWFRA and your officers.

There is one potential conflict of interest that I need to bring to your attention.

From January to July 2024, an apprentice from each of Audit Wales and NWFRA were engaged in a reciprocal secondment agreement. The individuals will not be included in the 2024-25 audit team.

Audit quality

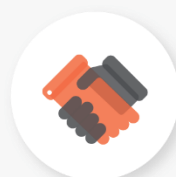
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



Audit Wales

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We welcome correspondence and telephone calls in Welsh and English.

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