

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the **NORTH WALES FIRE AND RESCUE AUTHORITY** will be held **MONDAY 15 APRIL 2024** virtually **via Zoom**, commencing **at 09:30hrs**.

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 Chair, 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 22 January 2024**
- 5. Matters Arising**
- 6. Chair's Report**
- 7. Independent Cultural Review**
- 8. Emergency Cover Review (ECR) Update**
- 9. Equality, Diversity and Inclusion (EDI) Strategy 2024-29**
- 10. North Wales Healthy Travel Charter**
- 11. Provisional Outturn 2023/24**
- 12. Pay Policy Statement 2024/25**
- 13. Treasury Management Strategy (TMS) 2024/25**
- 14. Capital Strategy 2024/34**

Cont...

15. Financial Reserves Strategy

16. Standards Committee Annual Report

i) Members' Code of Conduct

17. 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 2 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.

18. None

NORTH WALES FIRE AND RESCUE AUTHORITY

Minutes of the meeting of **North Wales Fire and Rescue Authority** held on **Monday 22 January 2024** virtually via **Zoom**. Meeting commenced at **09.30hrs**.

Councillor

Dylan Rees (Chair)
Bryan Apsley
Marion Bateman
Tina Claydon
Adele Davies-Cooke
Jeff Evans
Chrissy Gee
Alan Hughes
Chris Hughes
Gareth R Jones (until 09:25)
Marc Jones
Gwynfor Owen
Beverley Parry-Jones
Arwyn Herald Roberts
Gareth A Roberts
Rondo Roberts
Gareth Sandilands
Michelle Walker
Mark Young

Representing

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

Also present:

Dawn Docx
Stewart Forshaw
Helen MacArthur
Dafydd Edwards
Gareth Owens
Lisa Allington
Helen Howard
Tracey Williams
Euros Lake
Rachel Harries

Chief Fire Officer (CFO)
Deputy Chief Fire Officer (DCFO)
Assistant Chief Fire Officer (ACFO)
Treasurer
Clerk and Monitoring Officer
Executive Assistant
Head of Finance and Procurement
Head of Corporate Communications
Audit Wales
Audit Wales

1 APOLOGIES

Councillor

Paul Cunningham (Deputy Chair)
Sharon Doleman
John Brynmor Hughes
John Ifan Jones
Austin Roberts
Paul Rogers
Dale Selvester
Rob Triggs

Representing

Flintshire County Council
Conwy County Borough Council
Gwynedd Council
Anglesey County Council
Conwy County Borough Council
Wrexham County Borough Council
Flintshire County Council
Gwynedd Council

ABSENT

Councillor

Carol Beard

Representing

Conwy County Borough Council

The above apologies were offered and accepted.

A session reflecting on the Emergency Cover Review (ECR) decision making process and Culture was delivered to Members by the Chief Fire Officer (CFO) prior to the meeting's commencement.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 NOTICE OF URGENT MATTERS

3.1 No notice of urgent matters had been received.

4 MINUTES OF THE FIRE AND RESCUE AUTHORITY MEETING HELD ON 16 OCTOBER 2023 AND THE EXTRAORDINARY FRA MEETING HELD ON 18 DECEMBER 2023

4.1 The minutes of the North Wales Fire and Rescue Authority (the Authority) meeting held on 16 October 2023 were submitted for approval.

4.2 The minutes of the extraordinary Authority meeting held on 18 December 2023 were submitted for approval.

4.3 **RESOLVED to:**

- i) approve the FRA minutes from 16 October 2023 and 18 December 2023 as a true and correct record of the meetings held.**

5 MATTERS ARISING

5.1 In relation to the minutes from the meeting of 16 October 2023, an update was requested for item 15.7 which referred to the New Training Centre. DCFO Forshaw confirmed that, following Members' approval for the purchase of the land, lawyers had been engaged and the process to finalise the purchase of the land was progressing and was anticipated to complete over the next few weeks.

- 5.2 In relation to the minutes from the meeting of 18 December 2023, CFO Docx informed Members that a Task and Finish group had now been established and was being led by AM Ant Jones. A formal meeting with the Fire Brigades Union (FBU) had already taken place and a place on that group been offered to them. A request had also been sent out to all employees for volunteers from any department or area of the North Wales Fire and Rescue Service (the Service) to sit on this group. The first meeting should take place before the end of the month. Options would be developed and brought back to Members.

6 CHAIR'S REPORT

- 6.1 It was noted that a written paper had been provided to Members to inform them on the meetings and events attended by the Chair and Deputy Chair of the Authority in their official capacities between October 2023 and December 2023.

6.2 RESOLVED to:

- i) Note the information provided within the report.**

7 PROVISIONAL OUTTURN 2023/24

- 7.1 ACFO HM presented the Provisional Outturn 2023/24 paper which provide Members with an update on the revenue and capital expenditure forecast for 2023/24, as at 30 November 2023.

- 7.2 It was noted that all of the financial papers on the agenda were inter-related and therefore there may be some duplication of information.

- 7.3 Dafydd Edwards, Treasurer, noted that the need to utilise reserves had been less in 2023/24 than in had previously been anticipated at around £1m. This would therefore enable the remaining £1m of the £2m originally expected to be spent from reserves in 2023/24 to be used for 2024/25.

- 7.4 It was also noted that the premises spend had increased with an overspend in 2023/24 and ACFO MacArthur confirmed that this was largely due to the impact of Covid meaning that spend on premises had to be stopped. Work on stations had been caught up on in 2023/24 with the backlog of routine maintenance now back on track, and so pressures within building works won't be to the same level next year.

7.5 RESOLVED to:

- i) note the draft revenue and capital outturn projections for the 2023/24 financial year as detailed within the report;**
ii) note the risks associated with inflation and supply chain issues; and
iii) approve the use of earmarked and general fund reserves.

8 BUDGET SETTING 2024/25 AND MEDIUM-TERM RESOURCE STRATEGY

- 8.1 Dafydd Edwards, Authority Treasurer, presented the 2024/25 Budget Setting and Medium-Term Resource Strategy to Members, the purpose of which was to provide Members with a detailed budget overview contained within the Authority's Medium-Term Resource Strategy (MTRS) 2024/25 – 2026/27, including associated risks and uncertainties.
- 8.2 The Treasurer congratulated the Budget Scrutiny Working Group on the work that they had put into the budget setting process, and advised Members that the details of the levy to constituent authorities were detailed on page 57 and the difference in the amounts to be paid came down to population. Those who had to pay more received a higher allocation from the Welsh Government Financial Settlement for Local Authorities accordingly.
- 8.3 The levy increase had been reduced from around 15% to 10.8% following the work of the Budget Scrutiny Working Group. However, following the receipt of a letter from the Deputy Minister urging the Service to keep the increase in the levy to a minimum, the decision had been taken to use reserves to cover some exceptional one-off or non-recurring expenditure in order to bring it down to the 8.8% increase being proposed today.
- 8.4 Members were asked to note that using reserves to support core services was not permitted and so only exceptional one-off or non-recurring expenditure could be covered.
- 8.5 ACFO MacArthur gave thanks to the Finance Department and the Budget Scrutiny Working Group, who had been working hard since October to put this budget proposal together.
- 8.6 The Chair of the Budget Scrutiny Working Group advised Members that work had been carried out in a respectful manner and with the cost of living crisis borne in mind. A good working relationship with Officers had been in place and he felt the involvement of Members in the budget setting process to be crucial.
- 8.7 It was asked whether the Service were happy with the risk of utilising reserves as part of the budget setting, as this would obviously deplete them further, and what if the Service were to need them for extraordinary circumstances. It was further asked if there would be any communication for Members to take back to their constituent authorities.

- 8.8 ACFO MacArthur confirmed that a briefing paper for Members would be produced following the meeting. She further confirmed that she was satisfied that the proposal to utilise reserves for the financial year 2024/25 was based on expenditure that was non-recurring or exceptional; however, there were some potential residual risks such as pay, pensions and spate conditions. Should that happen, it would be necessary to revisit the use of general fund reserves which may result in the need to bolster the reserves in future years.
- 8.9 A Member stated that these were difficult and unprecedented times and that all those involved in producing this budget should be applauded for their hard work in reducing the increase to below double figures. He also asked that future budgets be kept to as low an increase as possible.
- 8.10 One Member queried the apportionment of the levy amongst the constituent authorities and asked if they were stable year on year. The Treasurer responded that the apportionment of the levy was based on population, as was the local government grant. There had been a change in the population figures this financial year due to the phasing in of population figures from the last census resulting in an increase in population in some authority areas and a reduction in others. It was confirmed that there should be no significant change to population figures over the next few years.
- 8.11 Another Member asked for an example of the one-off costs being covered by the use of reserves. It was also asked if steps were being taken to save money on capital expenditure where possible, and whether the Budget Scrutiny Working Group could meet more often in the future.
- 8.12 ACFO MacArthur confirmed that discussions were taking place about more regular meetings of the Budget Scrutiny Working Group.
- 8.13 ACFO MacArthur further gave examples of one-off expenditure being covered by reserves, including one-off exceptional costs for the introduction of Microsoft 365 across the Service and the introduction of wildfire kits.
- 8.14 It was confirmed that the capital programme was predicated on essential expenditure and a focus was placed on sustainability where possible.
- 8.15 A Member asked whether, when calculating the levy, the Barnett formula was taken into consideration, and the Treasurer confirmed that it was not as this was not the formula used by the Welsh Government for their local government settlement.

- 8.16 ACFO MacArthur was asked to confirm who worked out the apportionment for the constituent authorities and she responded that the funding formula was developed by the Welsh Government, with representation from local authorities and that the Service had no flexibility in this regard.
- 8.17 The Treasurer confirmed that the Budget Scrutiny Working Group would be convened at an earlier stage this year in order to commence work on the budget for financial year 2025/26.
- 8.18 The Clerk advised Members that there were two different formulas where the budget was concerned; that used for the local government settlement which also considered factors such as rural density and deprivation, and that used to allocate the levy which was based on population alone. This was part of the reason that a precept levy was being lobbied for.
- 8.19 **RESOLVED to:**
- i) Note the findings of the Budget Scrutiny Working Group, including the planning assumptions used to develop the revenue budget for 2024/25;**
 - ii) approve the final financial planning assessment of a net budget requirement of £48.322m for 2024/25 including the use of earmarked reserves of £0.924m;**
 - iii) note the requirement to review the arson reduction activity during 2024/25 to consider the future provision following the grant reductions;**
 - iv) note the residual risks and uncertainties faced by the Authority in 2024/25 in respect of nationally agreed pay awards and financial support for the anticipated pension increases;**
 - v) approve the final planning assessment of £5.676m for the capital programme for 2024/25;**
 - vi) note the 10-year capital plan and the separate requirement to consider the business case for the new training centre during 2024/25; and**
 - vii) endorse the communication of the financial levy to each constituent local authority.**

9 TREASURY MANAGEMENT UPDATE Q2 2023/24

- 9.1 ACFO HM presented to Members the Treasury Management Report Q2 2023/24. This report presented Members with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2023 to 30 September 2023.
- 9.2 It was noted that this report had already been scrutinised and approved by Members of the Audit Committee.

- 9.3 **RESOLVED to:**
i) **note the treasury management activities and prudential indicators for the period 1 April to 30 September 2023.**

10 PROTOCOL ON GIFTS AND HOSPITALITY

10.1 The Clerk to the Authority presented for Members' approval the revised gifts and hospitality protocol.

10.2 It was noted that the format of the document had altered slightly and that recommendations made by the Standards Committee had been incorporated.

- 10.3 **RESOLVED to:**
i) **approve the gifts and hospitality policy and procedure.**

11 URGENT MATTERS

11.1 There were no urgent matters to consider.

It was noted that the next meeting would take place on 15 April 2024.

Meeting closed: 10:35

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Not applicable
Contact Officer	Members Services (members.services@northwalesfire.gov.wales)
Subject	Chair's Report



PURPOSE OF REPORT

- 1 This report provides Members with information on the meetings and events attended by the Chair and Deputy Chair of the North Wales Fire and Rescue Authority (the Authority) in their official capacities between January and March 2024.

EXECUTIVE SUMMARY

- 2 The Chair and/or Deputy Chair have attended several meetings and events, both internally and externally on behalf of the Authority.

RECOMMENDATION

- 3 That Members:
 - i) note the information provided.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 This report has not previously been considered by Members.

INFORMATION

- 5 In addition to Authority-related meetings, the Chair and Deputy Chair have met with the Chief Fire Officer (CFO) on a regular basis.
- 6 On 19 January the Chair attended the Ceremony of Achievement at Menai Bridge Fire Station and presented certificates to the school pupils who had completed the course.
- 7 On 19 February the Chair and the CFO attended a virtual meeting with the Deputy Minister Hannah Blythyn MS and her advisers.
- 8 On 4 March the Chair and the CFO attended a further virtual meeting with the Deputy Minister and her advisers.

- 9 On 6 March the Chair and the CFO attended Welshpool Fire Station and met with the Chair and CFO of Mid and West Wales Fire and Rescue Service.
- 10 On 11 March the Chair and the CFO attended the Social Partnership meeting held at the Welsh Government Offices in Cardiff.
- 11 Also, on 11 March the Chair and the CFO gave evidence to the "Equality and Social Justice Committee" at the Senedd.
- 12 On 14 March the Chair, Deputy Chair and the CFO met with Fire Brigades Union representatives to discuss the forthcoming Executive Panel agenda.
- 13 On 15 March the Deputy Chair attended the Ceremony of Achievement at Llanfairfechan Fire Station and presented certificates to the school pupils who had completed the course.
- 14 On 20 March the Chair and the CFO attended a virtual pay consultation meeting of the N.J.C.
- 15 On 22 March the Chair and the CFO attended a virtual meeting of the North Wales Regional Leadership Board.

IMPLICATIONS

Wellbeing Objectives	Not relevant.
Budget	Any costs associated with meetings and events attended by members are reimbursed from the travel and subsistence budget.
Legal	No specific implications arise from approving the recommendation.
Staffing	No specific implications arise from approving the recommendation.
Equalities/Human Rights/ Welsh Language	No specific implications arise from approving the recommendation.
Risks	No specific risks arise from approving the recommendation.

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Dawn Docx, Chief Fire Officer
Contact Officer	Dawn Docx, Chief Fire Officer
Subject	Independent Cultural Review



PURPOSE OF REPORT

- 1 This paper is to update Members as to the cultural journey of North Wales Fire and Rescue Service (NWFRS) and progress towards commissioning an Independent Cultural Review.

EXECUTIVE SUMMARY

- 2 Work to develop the culture within NWFRS commenced in 2021. In March 2024 it was agreed with the Deputy Minister for Social Partnership to jointly commission with Mid and West Wales Fire and Rescue Service (MAWWFRS) an independent cultural review. This will contribute to the ongoing progress of NWFRS in improving the working environment of employees and the provision of Services to the public of North Wales.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 3 This paper builds upon the verbal update provided to Members of the Executive Panel and Audit Committee by the Chief Fire Officer on 18 March 2024.

RECOMMENDATION

- 4 That Members:
 - i) Note the contents of the paper; and
 - ii) approve the creation of a reserve to fund the independent review and supporting roles within the Service.

BACKGROUND

- 5 From the appointment of the new Chief Fire Officer in 2021, North Wales Fire and Rescue Authority (the Authority) has supported her desire to improve NWFRS and its culture. To that end, Members supported the findings of the Chief Fire Officer when she reported back to them after visiting every station, crew and department in her first 100 days.

- 6 Similarly, Members endorsed the need for an independent cultural survey to be undertaken in September 2021 to provide a baseline assessment of the existing culture. Following this, an action plan was created to improve the culture of the Service. The progress made over 24 months was reassessed with another independent cultural survey in September 2023 and reported back to Authority Members at a Members Culture Seminar in February 2024.
- 7 In the meantime, on the 3 January 2024, the Independent Culture Review into South Wales Fire and Rescue Service (SWFRS) was published. In response to the findings on the 5 February 2024 the Deputy Minister for Social Partnership, Hannah Blythyn, announced the removal of South Wales Fire and Rescue Authority and the appointment of four independent commissioners to ensure that the recommendations from the review and those made by the Chief Fire and Rescue Adviser were acted upon.

INFORMATION

- 8 The Chair of the Authority and the Chief Fire Officer met with the Deputy Minister and her officials on the 19 February and 4 March 2024 to discuss the progress that has been made around culture within NWFRS. She recognises that both NWFRS and MAWWFRS are in a different place on their cultural journey to SWFRS. Both Services agree with the Deputy Minister's statement issued on the 11 March 2024 that the public sector in Wales can be a beacon of inclusivity and support, not just for their workforces, but for the communities in which they serve.
- 9 To further this intent, both MAWWFRS and NWFRS proposed to the Deputy Minister that they would jointly commission the services of an external organisational culture specialist to undertake a review of the progress both FRSs are making. This was agreed and it formed the basis of the statement issued by the Deputy Minister on the 11 March 2024.
- 10 The Terms of Reference have been agreed based upon the bullet points of the Deputy Minister's statement and the intention is to procure these services through a framework. Until tenders are received we cannot quantify the cost to NWFRS but it would be prudent to create a reserve to fund the review and temporary posts to support the workload.
- 11 As part of the proposed review, and through the appointed specialist provider, the views and experiences of interested parties, including current and former staff, will be sought. These observations will be captured and considered to ensure that they are reflected within the overall report conclusions and future action plans. Both FRS's have agreed that such feedback will be limited to experiences within a set timeframe, which is yet to be agreed.

- 12 The final report from the independent culture specialists, together with any identified areas for improvement, will be presented to both Fire and Rescue Authorities and the Welsh Government, as further evidence of independent assurance. It is envisaged that both these separate reviews will contribute to the ongoing progress of MAWWFRS and NWFRS in improving their organisational culture whilst also evidencing and assuring stakeholders of both Services' commitment and progress to cultural change.

IMPLICATIONS

Well-being Objectives	This ongoing work will contribute to the well-being goals of a More Equal Wales and a Healthier Wales
Budget	A reserve will be put aside to fund the review and temporary roles to support the process
Legal	None
Staffing	This will be determined once the tenders for the review work have been assessed
Equalities/Human Rights/ Welsh Language	This review will provide assurance and guidance as to continuing the improvement of culture within NWFRS
Risks	The Ministerial Statement has raised expectations with stakeholders and employees which should be met.

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer
Contact Officer	Anthony Jones, Head of Planning, Performance and Transformation
Subject	Emergency Cover Review (ECR) Update



PURPOSE OF REPORT

- 1 To provide Members with the latest position on the progress being made by the newly formed Emergency Cover Review (ECR) Task and Finish Group, established in response to the decision made by the North Wales Fire and Rescue Authority (the Authority) at its meeting on 18 December 2023 to develop a new permanent option for the provision of emergency cover across North Wales.

EXECUTIVE SUMMARY

- 2 At its meeting on the 18 December 2023, when considering which option to implement from the ECR, the Authority decision was that:
 - *Members request that Officers continue to work with all stakeholders to develop a new permanent option taking into consideration today's decision and the limits of the proposed budget.*
- 3 Expressions of interest were sought from staff working at all levels across Service departments, stations and duty systems and an ECR Task and Finish Group was established in January 2024. The Fire Brigades Union are also represented and have been present at every meeting to date.
- 4 The aim of the ECR Task and Finish Group has been to start afresh, understand the challenges around the current pre-planning and daily interventions needed to support the provision of more equitable emergency cover and then explore how improvements in effectiveness and efficiency can be delivered within the budget.
- 5 The Task and Finish Group are currently focusing on how changes to the current method of delivering the service could provide an improved equity of guaranteed emergency cover across the whole of North Wales, especially during the daytime.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

6 This report has not previously been considered by Members.

RECOMMENDATION

7 Members are asked to:

- i) Note the engagement of all stakeholders on the ECR Task and Finish Group to work together to develop options that deliver improvements in emergency cover for the communities of North Wales; and
- ii) note the progress made by the Task and Finish Group to date.

BACKGROUND

- 8 Following the commissioning of an ECR by the Authority in September 2021, extensive work was undertaken to determine the current position and scope proposals for improvement. The findings were presented to the Member led ECR Working Group. The group met on nine occasions between March 2023 and December 2023. The focus of the group was to consider options around a future service delivery model to address the existing challenges and to be able to respond to future operational risks.
- 9 At its meeting on the 18 December 2023, the Authority considered four options for the future provision of emergency cover in North Wales. These included Options 2 and 3 as consulted upon, Option 1a, an improved variation of consultation Option 1 and a Fire Brigades Union Option 4.
- 10 The recommendation to implement Option 1a was not approved by Members of the Authority at its meeting in December and instead Officers were requested to continue working with all stakeholders, including the FBU, to develop a new permanent option for more equitable emergency cover provision across the whole of North Wales.
- 11 Therefore, an ECR Task and Finish Group was established in January 2024 with representation from each duty system and Control, along with staff who plan and manage availability of resources, finance and the Fire Brigades Union. The ECR Task and Finish Group Chair and Vice Chair have been elected from within the group, who have met regularly to discuss options for delivering improvements to emergency cover across the whole of North Wales.

INFORMATION

- 12 The ECR Task and Finish Group held its first meeting on 1 February 2024 and has subsequently met on another three occasions with a fifth meeting scheduled for 3 April 2024. Meetings are conducted in person, across the service area at different venues to increase visibility and accessibility for staff.
- 13 At the first meeting, the group received presentations on the current level of emergency cover provision, the process undertaken every day to cover gaps in emergency cover and the financial constraints that any options have to deliver against. The Terms of Reference were also agreed with a Chair and Vice Chair appointed.
- 14 During subsequent meetings held on the 20 February, 7 March and 19 March, the group have discussed the current response model in depth and examined innovative means of providing a future model that meets the ECR evaluation criteria. The group have also received presentations on alternative emergency cover delivery models from other UK Fire and Rescue Services.
- 15 Following each meeting, group members are tasked with speaking to their colleagues to gauge feedback on the ideas being discussed in order that the wider workforce remain informed on progress. Colleagues are also encouraged to bring their ideas forward to the ECR Task and Finish Group representatives for inclusion in the group discussions.
- 16 The ECR Task and Finish Group have accepted that improvements in emergency cover, particularly in more rural areas of North Wales are required and understand that any proposals they put forward must meet the ECR evaluation criteria used throughout the development of options.

IMPLICATIONS

Well-being Objectives	The consultation must meet the Authority's obligations under the Well-being of Future Generations (Wales) Act 2015
Budget	The consultation budget implications have been publicised in the consultation frequently asked questions and have been presented to the Budget, Monitoring and Procurement Committee.
Legal	Our legislation requires that the Authority must consult the public on changes to our emergency cover. The ECR consultation and the best practices the Service is following as recommended by the Consultation Institute support the Authority in meeting these requirements.
Staffing	The Service has conducted extensive direct consultation with staff and their representative bodies during pre-consultation and this continued during the full public consultation. However, in deciding on options to be presented, staff will be impacted by the proposed changes within the options
Equalities/Human Rights/ Welsh Language	The Service's Equality, Diversity and Inclusion Officer engaged with ED&I groups throughout the consultation. The best practice the Service is following and the quality assurance of the consultation by the Consultation Institute, ensures focus on the Authority's requirements in this area.
Risks	The ECR and its consultation reduces the risks of not being able to set a balanced budget and respond to emergencies effectively and efficiently in the communities of North Wales.

Report to	Executive Panel
Date	15 April 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer (EDI Committee Chair)
Contact Officer	Justin Evans, Assistant Chief Fire Officer
Subject	Equality, Diversity and Inclusion Strategy 2024-2029



PURPOSE OF REPORT

- 1 This paper presents to Members of the North Wales Fire and Rescue Authority (the Authority) the proposed 2024-2029 Equality, Diversity and Inclusion Strategy (the EDI strategy). It presents our commitments relating to equality, diversity and inclusion (EDI), and sets out how we propose to meet them.

EXECUTIVE SUMMARY

- 2 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people who share a protected characteristic and those who do not.
- 3 Public bodies are required to publish information demonstrating their compliance with this general duty, as well as equality objectives they have set, and progress made toward achieving those objectives.
- 4 This EDI Strategy sets out how the Authority will meet its legal duty to promote equality and outlines its goals for achieving fairness and inclusion.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) note the content of the report; and
 - ii) approve the proposed Equality, Diversity and Inclusion Strategy 2024-2029.

BACKGROUND

- 6 The development of this EDI strategy has been supported by staff representatives and staff network leads within North Wales Fire and Rescue Service's (the Service) EDI Committee.
- 7 The draft EDI strategy was presented to the Authority Executive Panel on 18th March 2024 and was approved for consultation with Authority Members, staff and relevant stakeholders.
- 8 The EDI strategy sets out the resources, and key responsibilities that will lead to successful implementation. The strategy identifies four key themes that will form the cornerstones of our future EDI action plans. The strategy identifies key deliverables (objectives) for each theme.
- 9 The EDI strategy sets out a commitment to creating an inclusive workplace and providing high-quality services that are accessible and relevant to everyone in our communities. It lays out a comprehensive framework for action, setting out our commitment to embedding EDI within our practices and processes.
- 10 It is essential that public services are representative of the communities they serve, with staff and leadership that understand and can respond to the needs of diverse populations.
- 11 Effective public services rely on trust, and this is formed with every action and interaction that impact upon people's lives. Public services play a critical role in promoting social cohesion and addressing the inequalities that exist within society.
- 12 Shifts in society, such as changing demographics, have raised awareness about the vital role of diversity and inclusion. As we recognise more of the advantages diversity brings, there has been a stronger focus on EDI across the public sector.
- 13 By recognising the challenges within the sector, as well as incorporating government policies and societal drivers into our EDI Strategy, we are demonstrating our commitment to fulfilling our legal obligations and responding to the evolving needs of our communities. This supports our goal of delivering high-quality public services and will also position us as a leader in promoting equality, diversity and inclusion within the fire sector.

INFORMATION

- 14 In Wales, the legal framework for equality, diversity, and inclusion is primarily governed by the Equality Act 2010. This legislation sets out the public sector equality duty (PSED), which requires public bodies, including Fire and Rescue Services, to consider the needs of individuals with protected characteristics in the development and delivery of policies, services, and employment practices.
- 15 Under the duty, public bodies must have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people who share a protected characteristic and those who do not. They are required to publish information demonstrating their compliance with the general duty, as well as equality objectives they have set, and progress made toward achieving those objectives.
- 16 The Well-being of Future Generations (Wales) Act 2015 requires public bodies in Wales to consider the long-term impact of their decisions on the well-being of current and future generations, including promoting equality, tackling poverty, and fostering cohesive communities.
- 17 The Welsh Language Standards were established under the Welsh Language (Wales) Measure 2011 and later refined under the Welsh Language (Wales) Act 2017. These standards aim to ensure that the Welsh language is treated no less favourably than the English language in the provision of services by public bodies in Wales. The standards apply to various aspects of service delivery, including communication, promotion, and interaction with the public.
- 18 The publication of an EDI strategy aligns with the Nolan Principles by promoting openness, accountability, and leadership in addressing diversity, inclusion, and equality within public services.
- 19 The draft EDI Strategy was circulated to Fire Authority Members, independent Members and all staff following the Fire Authority Executive Panel meeting on 18th March.
- 20 A number of comments were received following the internal consultation process, these comments focussed on language, grammar and formatting and have been incorporated into the final document.

IMPLICATIONS

Well-being Objectives	Direct implications towards meeting the Authority's long-term improvement and well-being objectives.
Budget	No known additional budgetary implications from the introduction of this strategy. Equality impacts are already considered within routine planning arrangements.
Legal	Supports compliance with equality, well-being and Welsh Language legislation.
Staffing	The strategy seeks a more diverse, and inclusive workforce, reflecting a commitment to equity and fairness in staffing practices.
Equalities/Human Rights/ Welsh Language	Underscores our commitment to fostering equality, respecting human rights, and promoting linguistic diversity.
Risks	Reduces the risk of legal non-compliance. Addressing EDI concerns proactively mitigates risks associated with discrimination, exclusion, and reputational damage.

Equality, Diversity & Inclusion Strategy 2024-2029



Gwasanaeth Tân ac Achub
Fire and Rescue Service

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Equality, Diversity & Inclusion Strategy 2024-2029

Foreword

The Fire and Rescue Service holds a unique place in the community, serving not only as a first responder in emergencies, but also as a support network for those most at risk. To effectively fulfil this role, it is important that we acknowledge and respond to the diverse needs of the communities we serve. This requires not only a workforce that reflects their identities, but also one that understands their needs and has earned their trust.

Through the development and application of our Service's core values, we have aimed to promote equality, celebrate diversity, and foster inclusiveness in our day-to-day business. Our commitment to these values has allowed us to engage with individuals at risk in a more effective and targeted manner, leading to historically low levels of deaths, injuries, and damage from fire. Our inclusive approach to staffing has resulted in teams that represent a range of backgrounds and identities, but in order to earn a reputation as an open, compassionate, and inclusive organisation we must do more.

This Equality, Diversity, and Inclusion (EDI) Strategy 2024-2029 builds on our previous progress, providing with a clear framework for fostering ever-closer relationships with all members of our community and consolidating our standing as an employer of choice.

The importance of EDI has never been more evident than it is today. As a society, we are facing a range of challenges, from rising inflation and political uncertainty to the residual impacts of the COVID-19 pandemic, which has underscored the importance of creating a more inclusive and equitable world. Existing social disparities and health inequalities, and the Grenfell Tower fire serves as a reminder of the disproportionate impact that such tragedies can have upon low-income and ethnically-diverse communities. At the same time, the global focus on diversity, equity and inclusion has never been greater. It is imperative that we continue to drive change and build a culture that embraces diversity, respects differences and supports everyone to reach their full potential.

To continue our mission of improving the lives of those we serve, we must reflect on the role we can play in protecting underrepresented communities and serving as visible allies. The priorities outlined in this EDI Strategy will help us achieve these goals, but we cannot do it alone. We are grateful for the support and commitment of our colleagues, Fire Authority members, and partners, and look forward to working together to make meaningful progress towards our vision.

As a Fire and Rescue Service, we are committed to creating an inclusive workplace and providing high-quality services that are accessible and relevant to everyone in our communities. Our EDI Strategy lays out a comprehensive framework for action, and sets out our commitment to embedding EDI within our practices and processes. We are dedicated to working with our communities, partners and people to create a Service that is open, inclusive and reflective of the diversity of North Wales. I am proud to be a part of this effort and look forward to our continued progress towards a more inclusive future.

Dawn Docx

Chief Fire Officer and Chief Executive



Dawn Docx
Chief Fire Officer and Chief Executive



Dylan Rees
Chair of the Authority and Executive Panel



National Picture

The United Kingdom's (UK) commitment to promoting equality, diversity, and inclusiveness (EDI) within public services is driven by a number of government policies, regulations, and societal drivers.

The Wellbeing of Future Generations (Wales) Act 2015 and the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out the legal framework for promoting equality of opportunity and protecting individuals from discrimination in the workplace. The Public Sector Equality Duty, as outlined in the Equality Act requires public authorities to advance equality of opportunity, eliminate discrimination and foster good relations amongst their employees and the communities that they serve.

Societal drivers such as demographic changes, increasing awareness of the importance of diversity and inclusiveness, and a growing recognition of the business case for diversity are driving a heightened focus on EDI in the public sector.

The sector itself presently faces significant challenges, with a number of fire and rescue services having been subject to serious allegations of bullying and harassment. The National Fire Chiefs Council (NFCC) has created a culture action plan which includes key recommendations to assist UK fire and rescue services to bring about positive organisational change. In other Public Sector organisations, it is reported that public trust and confidence is at an all-time low. Similar reviews across Policing and Health have found widespread issues with equality of access, racism, homophobia and sexism.

Effective public services rely on trust, and this is formed with every action and interaction that impact upon people's lives. Public services play a critical role in promoting social cohesion and addressing the inequalities that exist within society. To achieve this, it is essential that public services are representative of the communities they serve, with staff and leadership that understand and respond to the needs of diverse populations.

In line with this vision, the UK government and devolved administrations have established a number of policies and initiatives aimed at promoting EDI within public services, including promoting diversity in the recruitment and retention

of staff, increasing representation of underrepresented groups in all leadership positions, and addressing barriers to equal opportunities.

The Anti-Racist Wales Action Plan sets out the Welsh Government's plan to make Wales an anti-racist nation. Adopting an anti-racist approach requires all public bodies to look at the ways that racism is built into policies, formal and informal rules and regulations and generally the ways in which we work. This action plan is a real opportunity to make a difference as a catalyst to improving life chances to current and future generations of ethnic minority people. With intersectionality in mind, this plan also sets out to tackle poverty across all protected groups.

In its LGBTQ+ Action plan for Wales, the Welsh Government has set out its vision of sustainable long-term change towards improving the lives of LGBTQ+ people in Wales. It is recognised that disadvantage, inequality, and discrimination remain a reality for many LGBTQ+ people living in Wales. While this is the first policy framework to focus on the specific needs and vulnerabilities of LGBTQ+ people, it forms part of a wider approach to mainstream equality and strengthening human rights protections for everyone. The Service will also adopt relevant recommendations that emerge from the Government's Disability Action Plan in 2024.

By recognising the challenges within the sector, as well as incorporating government policies and societal drivers into our EDI Strategy, we are demonstrating our commitment to fulfilling our legal obligations and responding to the evolving needs of our communities. This will not only support our overall mission of delivering high-quality public services, but will also position us as a leader in promoting EDI within the public sector.

The fire and rescue sector has experienced substantial shifts in its approach to equality, diversity, and inclusiveness in recent years; however, despite this it is apparent that there remains a significant amount of work to be done. The success of fire and rescue services nationally in promoting EDI, has been mixed, and as a Service we recognise the need to increase representation of diverse groups, improve cultural competence, promote inclusiveness in recruitment and training, and eliminate discrimination to ensure equality of opportunity.

The NFCC has developed a suite of templates, guidance documents and toolkits to support fire and rescue services to recruit and retain talented people from different backgrounds.

The UK government, through the Equality Act 2010 and the Public Sector Equality Duty, has set out the legal framework for promoting equality and inclusion in the public sector. NWFRS shares the strong commitment of the Equality and Human Rights Commission in Wales to meet objectives within key documents set by the European Convention on Human Rights.

Advocacy groups, such as those representing LGBTQ+, disabled people, women, ethnic minority individuals, and low-income communities, are also making a crucial contribution to this effort by raising awareness of the importance of diversity and inclusiveness in the Fire and Rescue sector.

In light of these shifts and stakeholder efforts, this EDI Strategy aims to build on the progress made thus far and drive further advancements in EDI within the Fire and Rescue sector over the next five years.

The local picture

North Wales is a region with a rich cultural heritage and a diverse population. While there is significant socioeconomic and demographic variation within the region, some communities face specific challenges that impact their well-being and safety.

The local demographic includes individuals from different ethnicities, ages, and backgrounds, with a higher proportion of Welsh speakers compared to the national average. There are also significant numbers of elderly residents, individuals with disabilities, and individuals from low-income households.

Some areas within North Wales have higher levels of deprivation and lower life expectancy compared to the national average, with parts of north-east Wales being amongst the most deprived in Wales. In some of these areas 70% of households are affected by deprivation, which ranks them amongst the poorest in Wales. These communities are more likely to face challenges such as poor health, low income, and social exclusion.

To meet the diverse needs of these communities, North Wales Fire and Rescue Service (NWFRS) must understand and address the specific challenges they face. This requires a proactive approach to engagement, a culturally competent workforce, and targeted support to help these individuals stay safe and well.

Attracting and retaining a diverse workforce can be a challenge in the North Wales region. We may face competition for talent from other sectors, and may struggle to overcome traditional gender, cultural and social stereotypes associated with firefighting as a profession.

To address these challenges, we must take a proactive approach to outreach and recruitment, working to build relationships with underrepresented communities, and promoting the Service as an inclusive and supportive employer. By doing so, we can help to ensure that our workforce reflects the diversity of the communities we serve and are equipped to meet the needs of all members of the public.

We must strive to be a trusted and inclusive partner, working with local communities to identify and tackle the challenges they face, and promoting equality and diversity in all that we do. Through this approach, we can help ensure that all members of the community receive the support they need to stay safe and well.

The Profile of North Wales

Area: 6,172 square kilometres

Infrastructure:

North Wales includes the counties of Conwy, Denbighshire, Flintshire, Gwynedd, Ynys Môn, and Wrexham. It encompasses a diverse landscape, including Eryri National Park, mountainous regions, coastal areas, and rural communities. The region is well-connected, with major highways, railways, and ports providing access to the rest of the UK and Europe. The largest city in North Wales is Wrexham, which serves as a hub for commerce and industry, while other major conurbations include Bangor, Caernarfon, Colwyn Bay, Deeside, Llandudno and Rhyl. The region is also home to several universities and colleges, providing a strong talent pool for local businesses. Additionally, the region is a popular tourist destination, attracting visitors from all over the world with its stunning coastline, rich history, and unique culture.

Welsh, as a language for living, remains at the heart of the modern Welsh identity. Enjoying family life, education, work and leisure all through the medium of Welsh is testimony to the importance of the language and culture to the people of Wales.

Population: 687,000

Gender split: Female 51.1%, Male 48.9%

Trans status: It is estimated that 0.3% of people identify as trans and/or non-binary in North Wales.

Age profile: 26.7% (0-24), 28.3% (25-49), 21.5% (50-64) 12.6% (65-74), 10.9% (75+)

People with a disability and/or long-term health condition: 20.7%

Ethnicity

96.8% of North Wales are White British. The percentage varies across the region from 98.1% in Ynys Môn to 96.0% in Wrexham.

Religion and belief

49.8% of people identified as Christians, the second most popular religion was Islam with 0.8% and 41.7% of people state no religion.



Legal Duties

NWFRS is bound by a range of legal and statutory obligations with regards to equality, diversity and inclusion. These duties ensure that the Service is proactive in addressing the risk of discrimination, embrace diversity within the workforce and deliver inclusive services in the communities that it serves.

The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011, Public Sector Equality Duties (PSED) and The Well-being of Future Generations (Wales) Act 2015 are key pieces of legislation that places a duty on public bodies, including NWFRS to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics. Since 2011, the Act has required public sector bodies in Wales to publish their gender pay gap and record which steps they are taking to address it. The Gender Pay Gap shows the difference in the average pay between men and women, it compares hourly rates of pay staff may receive by gender, seeking to expose any imbalance. The Socio-economic Duty came into force in Wales on 31 March 2021. The Socio-economic Duty gives public bodies an opportunity to do things differently in Wales. It puts tackling inequality at the heart of decision-making, and will build on the good work public sector organisations are already doing.

NWFRS is dedicated to upholding the principles of EDI in all its operations. In addition to being guided by the Equalities and Wellbeing Future Generations legislation, the Service is also accountable to the Human Rights Act 1998, which brings the provisions of the European Convention on Human Rights into UK law. This legislation ensures that everyone is treated with dignity and respect and has the right to freedom from discrimination, regardless of race, religion, gender, or other protected characteristics. Additionally, the Service has a well-established commitment to promoting and encouraging the Welsh language among staff, stakeholders, and the public. From the statutory duty to comply with the Welsh Language Standards, that are in place to ensure the promotion and preservation of the Welsh language, to our commitment from within our governance framework, we take these measures to ensure the Service's commitment to promoting diversity and inclusiveness in all its forms. By acknowledging our moral and legal duties to protect the cultural heritage of the area, which includes the Welsh language, we aim to meet the expectations of the local community and acknowledge the positive service benefits of conducting our public business in both languages.

The Welsh Language (Wales) Measure 2011 requires public bodies, including fire and rescue services, to treat the Welsh language no less favourably than the English language and to take reasonable steps to provide services in Welsh. Our commitment to complying with these standards and promoting the Welsh language can be found on our [website](#).

The Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010, requires public authorities, including fire and rescue services, to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their functions.

These legal and statutory obligations shape the overall approach to EDI within NWFRS, and inform the development of policies, practices and initiatives designed to create a diverse and inclusive workplace and to serve the diverse needs of the communities in North Wales.

Core Values and Code of Ethics

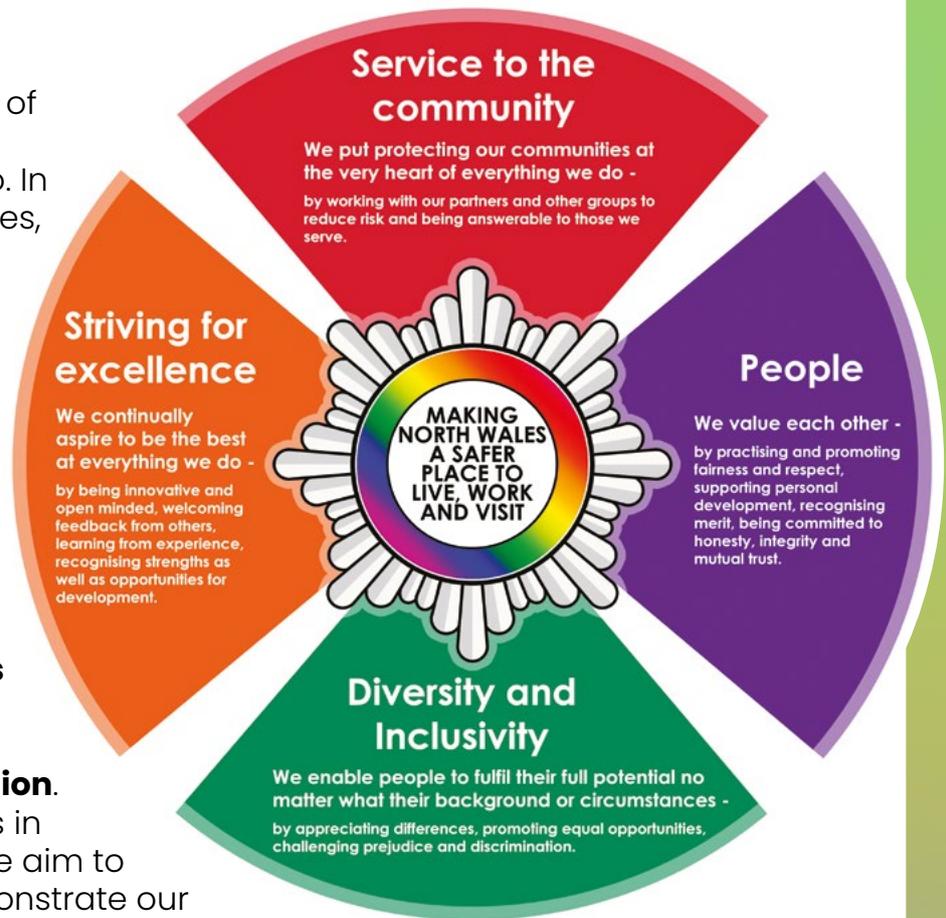
We recognise the importance of upholding the highest ethical standards in everything we do. In addition to our own Core Values, we fully endorse the National Fire Chiefs Council (NFCC) Core Code of Ethics. This code provides a framework of principles to guide our actions and ensure that we foster a culture of inclusion and equality.

The five principles of the NFCC Core Code of Ethics are: **putting our communities first; integrity; dignity and respect; leadership; and equality, diversity and inclusion.** By embracing these principles in our day-to-day operations, we aim to improve our service and demonstrate our commitment to inclusion and diversity.

At the heart of these principles is the belief that everyone should be treated with respect and dignity, regardless of their background or identity. We will work tirelessly to advance equality of opportunity, eliminate discrimination and promote good relations between different people. By doing so, we will help to create a fire and rescue service that is representative of the communities it serves, and that is trusted and respected by all.

Commitment to diversity and inclusivity is a central part of our Core Values, and we strive to enable individuals to reach their full potential regardless of their background or circumstances. This involves appreciating differences, promoting equal opportunities, and combating prejudice and discrimination.

The core values serve as a guide for all members of NWFRS, to ensure that all individuals are treated with dignity, respect, and fairness. By incorporating them into our work and daily practices, we aim to create a more inclusive and diverse workplace and community. It is our hope that by embodying these values, we will become a beacon of excellence in the fire and rescue sector, and it will inspire others to follow our lead.



Roles and Responsibilities

At the heart of our EDI strategy lies a strong commitment to promoting equality, diversity, and inclusion within our organisation. This is reflected in the dedicated time and resources allocated towards ensuring that our efforts in this area are well-coordinated and prioritised.

However, it is not just the responsibility of Fire Authority members, senior officers, managers or our equality and inclusion lead. Every individual within the organisation plays a crucial role in creating a fair and inclusive work environment. By embracing the principles of EDI, we aim to make diversity and inclusivity a natural part of our daily operations, regardless of our individual position within the organisation

In order to effectively implement this EDI Strategy, our Deputy Chief Fire Officer has been designated as the key leader responsible for overseeing its implementation. This includes ensuring that adequate resources and support are available, chairing the multi-disciplinary Equality, Diversity and Inclusion Committee. This demonstrates our commitment to making EDI a priority and ensuring it is well-coordinated across the organisation.

The Service Leadership Team, with the support of the EDI Officer, are responsible for ensuring the effective implementation and coordination of our EDI Strategy. They play a crucial role in integrating EDI objectives into all levels of corporate, departmental, and individual action plans. Regular monitoring and evaluation processes are established to track progress and assess the impact of our EDI initiatives.

The EDI Committee, which plays a key role in the implementation of our EDI strategy, convenes on a quarterly basis. The committee comprises representation from all departments, shift systems, trade unions, staff network groups, and individuals representing protected characteristics as defined by the Equality Act 2010. The group's primary function is to review progress on EDI workstreams and analyse monitoring data, ensuring the effective integration and implementation of our EDI goals across the Service.

The role of managers and employees in supervisory positions is crucial in the implementation and promotion of our EDI Strategy. They have a responsibility to ensure that their colleagues are adequately informed, trained, and supported in carrying out their duties with EDI as a key consideration. By fostering a workplace culture that prioritises EDI, managers and supervisors play a critical role in fulfilling our commitment to creating a more inclusive and diverse environment.

Our staff, trade unions and staff network groups hold integral roles in realising our EDI objectives and fostering a workplace culture that is not only positive but also inclusive and open. By embracing diversity and treating one another with respect and dignity, our staff collectively create an environment where everyone feels valued, heard, and able to thrive.

Our Strategy 2024–2029

Our Diversity and Inclusivity Core Value plays a central role in guiding the development of our EDI Strategy. The strategy has been created through collaboration with key stakeholders including managers, colleagues, members, and trade union partners. This approach allows us to work together to realise our shared EDI priorities and create a framework that enables everyone to achieve their full potential, regardless of background or circumstances.

The implementation of the strategy is focused on four interdependent themes, each supported by its own set of principles, aimed at promoting equal opportunities, reducing prejudice and discrimination, and advancing the overall goal of creating a more diverse and inclusive workplace.

The cornerstones of our strategy

Theme 1 – Embedding inclusivity into our organisational culture

- Lead inclusively
- Create openness and transparency
- Promote accessibility

Theme 2 – Attracting, recruiting and retaining talented people

- Attract
- Empower
- Educate

Theme 3 – Delivering inclusive services to our community

- Engage
- Build trust and confidence
- Keep safe

Theme 4 – Develop effective partnerships

- Connect
- Collaborate
- Maximise impact



Theme 1: Embedding inclusivity into our organisational culture

In order to create a workplace where inclusivity is second nature, it is important for everyone within the organisation, from senior leaders to front-line staff, to lead by example and actively promote EDI.

To achieve this, we will pursue the following objectives:

- **EDI Leadership Development:** Integrating EDI into our leadership development programs to ensure that all managers have the necessary skills and knowledge to embed inclusivity into their day-to-day work.
- **Visible Commitment:** Encouraging Fire Authority members, senior leaders, managers, and colleagues to be highly visible in their commitment to EDI and to speak openly about EDI issues at internal and external events.
- **Ongoing Dialogue:** Maintaining an ongoing dialogue around EDI and exploring ways to address both historic and emerging challenges.
- **Embedding Equality Impact Assessments:** Ensuring that the Equality Impact Assessment (EqIA) process is embedded across the organisation to consider the needs of all those impacted by policy or service developments.
- **Training and Development:** Promote and monitor the uptake of EDI training and development activities, ensuring that all colleagues are aware of their professional and personal responsibilities.
- **Maintaining a firm stance against discrimination:** Upholding our commitment to combat bullying, prejudice, and all forms of discrimination.
- **Supplier Commitment to EDI:** Continuously monitoring our suppliers' commitment to equality, diversity, and inclusivity throughout the procurement and contract management process.
- **Inclusive Workplaces and Community Facilities:** Designing and adapting our buildings to create accessible and inclusive workplaces, as well as community facilities that are suitable for a modern fire and rescue service.



Theme 2: Attracting, recruiting and retaining talented people

Our goal is to establish our organisation as the employer of choice in our sector, attracting the best talent to both firefighting and corporate services roles. We envision a diverse workforce that reflects our communities and feels supported in reaching their full potential.

To achieve this, we will pursue the following objectives:

- Adopt a creative and innovative approach to positive action, removing any barriers in our recruitment processes and maximising opportunities to reach underrepresented groups.
- Continuously monitor workforce demographic data to identify trends that help us target underrepresented groups in our recruitment efforts and retention of existing staff in our workforce.
- Provide cognitive screening, targeted support and adjustments to individual employees at every stage of the employee lifecycle, including physical adaptations and flexible working arrangements.
- Regularly review our policies and procedures to ensure they foster a safe and inclusive culture where employees feel comfortable to bring their 'whole selves' to work.
- Develop a comprehensive education program to better understand EDI issues and encourage all staff and volunteers to participate.
- Raise awareness of EDI issues through internal communications, events, campaigns, and staff networks.
- Encourage mentoring, reverse mentoring, and coaching to develop employees from minority identities and promote senior leaders' understanding of EDI issues.
- Expand our staff networks and equality champions by recruiting more members and broadening the themes covered, including those who identify with multiple protected characteristics.
- We will continue to support the work of the National Fire Chiefs Council (NFCC) to diversify leadership, people and talent in fire and rescue services.
- Promote inclusion amongst an aging workforce with consideration for working arrangements and our ability to train and retrain staff throughout the employment lifecycle.



Theme 3: Delivering inclusive services to our community

Our aim is to provide excellent services that meet the diverse needs of every person we interact with. We will strive to understand their unique circumstances and deliver services that are inclusive, accessible, and targeted to those most in need. Our frontline staff will be equipped to carry out their duties with empathy, compassion, and respect, and our protection teams will consider the impact of Equality, Diversity, and Inclusion (EDI) on their work.

To achieve this, we will pursue the following objectives:

- Engage and consult with our communities in an inclusive manner, seeking diverse perspectives and feedback on our strategic objectives, proposals and plans.
- Communicate in a way that connects with all communities, promoting safety messages, career opportunities, and critical information in the event of a civil emergency.
- Conduct data-led risk and equality analysis to ensure that our services are in line with our social and economic duty to serve all members of society.
- Consider external drivers such as the cost of living crisis, the ongoing impact of the Covid-19 pandemic on our risk profile and EDI considerations related to the Grenfell Tower fire and the national fire reform program.
- Provide department-specific training and guidance to ensure that colleagues understand the importance of EDI in their day-to-day roles.
- Encourage volunteering and provide opportunities for young people to participate in our staff networks and attend relevant events.
- Act as visible EDI champions and role models by participating in community events and festivals, supporting awareness campaigns, and contribute to the shaping of the national EDI agenda.

Through these actions, we will fulfil our social and economic duty to provide inclusive and accessible services that meet the needs of all members of our communities.



Theme 4: Develop effective partnerships

We aim to establish a wide-ranging and impactful network of strategic partnerships with different stakeholders and communities. These partnerships will allow us to reach and serve marginalised groups, enhance our EDI knowledge and expertise, and extend our outreach. By collaborating with other fire and rescue services and public organisations, we aim to share our experiences and adopt best practices in EDI.

To achieve this, we will pursue the following objectives:

- Build relationships with specialised EDI advocacy groups that support the implementation of our EDI Strategy, and which will help us identify new and emerging populations that are vulnerable or at risk.
- Stay engaged with external benchmarking and relevant organisations to maintain our leadership and best practice standards in EDI.
- Host local, regional, and national events that provide learning opportunities for our staff, volunteers, and young people, and foster partnerships with organisations that share our commitment to promoting inclusive workplaces and services.
- Be active members of the National Fire Chiefs Council's (NFCC) EDI networks, and collaborate with our partners to deliver targeted safety messages and promote the fire and rescue service as a desirable employer.
- Comply with the socio-economic duty to ensure our EDI strategies and initiatives consider the impact of socio-economic factors on our communities and partner organisations.
- Play an active role in the All-Wales Fire and Rescue EDI group and work in collaboration with the other Fire and Rescue Services across the UK to promote efficiencies and share best practice.
- Explore the possible creation of All-Wales FRS staff networks for specific protected characteristics (e.g. Firepride LGBTQ+ Network).

Implementation of the EDI Strategy 2024–2029

The EDI Strategy for the period of 2024–2029 outlines our vision for promoting equality, diversity, and inclusion within the organisation. To ensure the successful implementation of this strategy, several measures have been put in place.

Annual EDI Action Plan

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 meets on a quarterly basis. The Committee will be chaired by the Deputy Chief Fire Officer as the accountable officer responsible for the implementation of the EDI strategy.

EDI Report

An EDI report will be produced every six months by the Equality, Diversity and Inclusion Officer and submitted to the Service Leadership Team Performance Board. The production of a six-month update report and an annual report at the end of the financial year will outline progress against the Service's performance equality priorities and future activities related to EDI.

Departmental Planning

Annual departmental plans will be complemented by comprehensive Equality Impact Assessments. Considering our EDI objectives and findings when developing our plans will ensure that the potential impact on underrepresented groups and people protected under the Equality Act 2010 are addressed. Opportunities for positive change will also be captured through the assessments.

Annual Appraisal

Every staff member will undergo an annual appraisal, which will include an assessment of their performance against their objectives, their well-being, their commitment to the Core Values and creating a positive workplace culture.

Embedding EDI within Practices and Procedures

Through these actions, the organisation is committed to embedding its EDI principles within its practices and procedures, ensuring that equality, diversity, and inclusion are at the forefront of everything it does.

Reference to the Socio-economic Duty

In addition to promoting equality, diversity, and inclusion, the organisation also recognises its socio-economic duty to ensure that its practices and policies contribute to the reduction of socio-economic inequality and promote social justice. This consideration will also be reflected in our Service delivery provision.

Staff Networks

Our staff networks play a critical role in advancing our EDI objectives and creating an inclusive workplace culture. These networks serve as forums for employees to share their experiences, perspectives, and ideas on EDI and access educational opportunities that help foster diversity, equity, and inclusion.

To support this, we aim to:

- Foster a culture of inclusivity by encouraging all staff to participate and benefit from our staff networks, regardless of their protected characteristics, individual identity, status or background.
- Provide an annual budget for staff networks to meet, organise events and seminars, develop activities and attend training opportunities that aid personal development, thus enabling members to promote EDI and foster collaboration among other networks and the wider workforce.
- Use staff networks as a platform for listening to the experiences and perspectives of staff members, particularly those from underrepresented groups, and integrating their feedback into our EDI initiatives and programs.
- Encourage and support the creation of new staff networks that represent the diverse backgrounds and experiences of our employees, and promote the exchange of best practices and ideas among staff networks.
- Provide opportunities for staff networks to partner with other departments, stakeholders, and community organisations to advance our EDI goals and create positive social impact.
- In conclusion, our staff networks are integral to our EDI strategy and play a vital role in ensuring that all employees feel valued, respected, and heard, and that our workplace culture promotes equity, equality, diversity, and inclusion for all.





**Gwasanaeth Tân ac Achub
Fire and Rescue Service**

If you require this document in an alternative format, please contact us via email enquiries@northwalesfire.gov.wales, or telephone 01745 535250

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Justin Evans, Assistant Chief Fire Officer
Contact Officer	Tim Christensen, Environment and Climate Change Manager
Subject	North Wales Healthy Travel Charter



PURPOSE OF REPORT

- 1 This paper sets out for Members of the North Wales Fire and Rescue Authority (the Authority) the obligations as prescribed in the North Wales Healthy Travel Charter (the Charter), and the practical considerations of implementing them.

EXECUTIVE SUMMARY

- 2 The Healthy Travel Charter is an initiative overseen by Public Health Wales, to help public bodies comply with Welsh Government strategies around transportation, decarbonisation and public health. The Charter contains 15 commitments, 10 of which are met by existing draft or adopted policies. Measures proposed to meet the remaining five Charter commitments are set out in this report.

OBSERVATIONS FROM EXECUTIVE PANEL

- 3 Ratification of the Charter was endorsed by the Executive Panel on 18 December 2023, on the terms set out below.

RECOMMENDATION

- 4 It is recommended that Members:
 - i) endorse the ratification of the North Wales Healthy Travel Charter, under the following terms:
 - The Chief Fire Officer (CFO) be delegated to sign the Charter on behalf of the Authority;
 - The Environment and Climate Change Manager be designated the Single Point of Contact (SPoC) for the scheme; and
 - Compliance reporting to the Flintshire and Wrexham Public Service Board to be made by ACFO Justin Evans.

BACKGROUND

- 5 In 2021, the Welsh Government launched Llwybr Newydd, the Transport Strategy for Wales. The strategy aims to achieve a transferal shift by displacing private car journeys with walking, cycling and public transport. This strategy has been further supported by the Active Travel (Wales) Act 2013.
- 6 Due to the significant public health benefits of active travel the Betsi Cadwaladr University Health Board (BCUHB) Public Health Team have led on the development of a Healthy Travel Charter for North Wales (attached).
- 7 The Charter was developed in partnership with key organisations in North Wales, including the six Local Authorities, Sustrans, Natural Resources Wales and Transport for Wales. The Charter provides organisations with a range of areas against which to act, including leadership and communication, public transport, walking and cycling, agile working and ultra-low emission vehicles.
- 8 Oversight of public sector signatories within the region is undertaken through local Public Service Boards.
- 9 The 15 commitments set out in the Charter align well with our Environmental Strategy 2023-2030, particularly with the commitment to encourage modal shifts in transportation.
- 10 For commitments where there is no existing policy, practical means to achieve compliance have been agreed by the Service Leadership Team (SLT), and are set out in this report.

INFORMATION

- 11 The Charter commitments which meet existing or otherwise planned policy are set out in [Table 1](#) below. [Table 2](#) (overleaf) sets out how we propose to meet those commitments not already met, or planned to be satisfied.

Table 1: Charter commitments met by existing policy

Charter Commitment	Existing Policy
Agree and use regular and consistent communications messages with the public, visitors and staff on healthy travel and reducing unnecessary travel, including targeting people of different backgrounds, gender, age, abilities and disabilities	Environmental Strategy
Promote and consider healthy travel options and benefits across wider functions, such as: procurement, conferences, and when advertising roles in our organisations	Fleet Decarbonisation Plan (<i>Draft</i>)
Review our travel expense policies and journey planning processes for staff, to align with the sustainable transport hierarchy	Fleet Decarbonisation Plan (<i>Draft</i>)
Support staff driving fleet vehicles to be responsible and considerate road users (e.g. driving within speed limits and not parking in cycle lanes), to enable safe walking and cycling	Fleet Decarbonisation Plan (<i>Draft</i>)
Explore discounts for staff on Transport for Wales rail services and with local transport providers	Fleet Decarbonisation Plan (<i>Draft</i>)
Offer the cycle to work scheme to all staff, including e-bikes	Fleet Decarbonisation Plan (<i>Draft</i>)
Assess and provide secure and accessible cycle storage, showers and lockers at all suitable sites	Fleet Decarbonisation Plan (<i>Draft</i>)
Provide flexible working options for staff wherever possible, including home and/or hub working, and promote a culture of agile working across public sector sites	Environmental Strategy
Review the current and future need for electric vehicle (EV) and e-bike charging infrastructure on our sites	Environmental Strategy
Review our fleet and procurement arrangements (where applicable) for introduction of ultra-low emission vehicles, including e-cargo and e-bikes where appropriate	Fleet Decarbonisation Plan (<i>Draft</i>)

Table 2: Charter commitments not met by existing or planned policy

Charter Commitment	Proposed action
Establish a network of proactive sustainable travel champions, including senior staff, managers and where relevant, elected Members, who routinely promote and model active and sustainable travel behaviour, in line with the sustainable travel hierarchy	This action will be carried out through the Environment and Sustainability Working Group
Collaborate with partners and provide strategic leadership and planning on healthy and sustainable travel, including infrastructure and services where relevant	Environment and Climate Change Manager to work with peers through the North Wales Decarbonisation Group
Make information easily available on how to get to our main site(s) by walking, cycling and public transport links, for example by contributing to an interactive map	Public website station pages to be updated to include this information
Improve access to bicycles at work where appropriate, e.g. pool bikes, hire bikes and cargo bikes	To be assessed case-by-case where appropriate
Explore and promote cycle training and maintenance sessions where appropriate	Videos and educational materials to be published on service intranet (Hwb Tân)

IMPLICATIONS

Well-being Objectives	Direct implications towards meeting the Authority's long-term improvement and well-being objectives
Budget	No known budgetary implications.
Legal	Supports compliance with improvement planning, well-being and environment legislation
Staffing	No known impact on staffing levels
Equalities/Human Rights/ Welsh Language	The impact of specific actions on these aspects will be assessed at the appropriate point in their development
Risks	Reduces the risks of legal non-compliance

North Wales Healthy Travel Charter

Communications and leadership
Establish a network of proactive sustainable travel champions, including senior staff, managers and where relevant, elected members, who routinely promote and model active and sustainable travel behaviour, in line with the sustainable travel hierarchy
Agree and use regular and consistent communications messages with the public, visitors and staff on healthy travel and reducing unnecessary travel, including targeting people of different backgrounds, gender, age, abilities and disabilities
Promote and consider healthy travel options and benefits across wider functions, such as: procurement, conferences, and when advertising roles in our organisations
Review our travel expense policies and journey planning processes for staff, to align with the sustainable transport hierarchy
Collaborate with partners and provide strategic leadership and planning on healthy and sustainable travel, including infrastructure and services where relevant
Support staff driving fleet vehicles to be responsible and considerate road users (e.g. driving within speed limits and not parking in cycle lanes), to enable safe walking and cycling
Public transport
Explore discounts for staff on Transport for Wales rail services and with local transport providers
Walking, cycling and public transport
Make information easily available on how to get to our main site(s) by walking, cycling and public transport links, for example by contributing to an interactive map
Cycling and walking
Offer the cycle to work scheme to all staff, including e-bikes
Assess and provide secure and accessible cycle storage, showers and lockers at all suitable sites
Improve access to bicycles at work where appropriate, e.g. pool bikes, hire bikes and cargo bikes
Explore and promote cycle training and maintenance sessions where appropriate
Agile working
Provide flexible working options for staff wherever possible, including home and/or hub working, and promote a culture of agile working across public sector sites
Ultra low emission vehicles (battery electric or hydrogen)
Review the current and future need for electric vehicle (EV) and e-bike charging infrastructure on our sites
Review our fleet and procurement arrangements (where applicable) for introduction of ultra-low emission vehicles, including e-cargo and e-bikes where appropriate

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Helen MacArthur Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Helen Howard, Head of Finance and Procurement
Subject	Provisional Outturn 2023/24



PURPOSE OF REPORT

- 1 To provide Members with an update on the revenue and capital expenditure forecast for 2023/24, as at 29 February 2024.

EXECUTIVE SUMMARY

- 2 The net budget requirement of £44.394m was approved on 16 January 2023, when North Wales Fire and Rescue Authority (the Authority) also approved non-recurring measures to address the underlying deficit, which included deferring expenditure and utilising reserves.
- 3 Actual expenditure for 2023/24 is forecast to be £44.664m which includes costs relating to various projects, national pay settlements above the budget provision, and general inflationary pressures. The use of earmarked reserves, the general fund, and provisions will mitigate the additional costs.
- 4 The 2023/24 capital budget of £6.532m included £3.00m for the purchase of land relating to the proposed training centre, which is now anticipated to complete during the first quarter of 2024/25. The capital programme is experiencing cost pressures; therefore, schemes are being prioritised, in order to remain with the funding available. It is anticipated that expenditure will be £2.185m with a requirement to roll over funding of £3.951m.

RECOMMENDATIONS

- 5 Members are asked to:
 - (i) note the draft revenue and capital outturn projections for the 2023/24 financial year as detailed within the report;
 - (ii) note the risks associated with inflation and supply chain issues; and
 - (iii) approve the use of earmarked and general fund reserves.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

- 6 This report has not previously been considered by Members.

BACKGROUND

- 7 Each year the Authority is required to set a balanced revenue budget which must be approved by the full Authority. The final budget for 2023/24 was approved by the Authority at its meeting of the 16 January 2023. This confirmed a net revenue budget requirement of £44.394m to be funded by the constituent local authorities. This included changes to the funding flow of £1.08m of Welsh Government support for firefighters' pensions. Previously this had been directly funded to the Authority, but from 1 April 2023 this was funded via constituent local authorities.
- 8 When setting the budget, Members also approved a range of non-recurring measures necessary to achieve financial balance within 2023/24, which impacted on both service delivery and corporate capacity. These included deferring expenditure and the use of earmarked and general reserves; actions necessary to address the loss of grant income of £0.4m from the Welsh Government in respect of the Airwave contract, other known pressures and also uncertainty relating to national pay negotiations.
- 9 The capital budget requirement was assessed as £6.532m and approved by the Authority at the meeting of the 16 January 2023. Since that time, slippage in the 2022/23 programme has resulted in schemes of £0.625m being carried forward into 2023/24.
- 10 This report provides information on the draft revenue and capital expenditure outturn position for the 2023/24 financial year.

INFORMATION

REVENUE BUDGET

- 11 The employee costs represent 72% of gross expenditure. The 2023/24 staffing budget is £31.872m for 2023/24 and includes measures taken at that time to contain expenditure within the approved budget. However, it was noted when setting the budget that the national pay negotiations for all staff were still ongoing; and that this related to both 2022/23 and 2023/24 for staff employed on grey book terms and conditions (operational staff).

- 12 The budget setting process reluctantly included an assumption that pay awards for 2023/24 would be 4% for all staff. The final agreed pay award for local government staff was confirmed in November 2023 as an uplift of £1,925 across all grades which equated to approximately 6.6%.
- 13 The firefighters' pay award was settled in February 2023. This confirmed that 7% had been accepted for firefighter and firefighter control roles from July 2022, with a further 5% from 1 July 2023 onwards. These settlements were above the 5% and 4% planning assumptions used when setting the budget.
- 14 The non-pay budget reflected the known unavoidable cost pressures that are being experienced in relation to ICT costs, building maintenance and repairs and fuel costs. However, further uncertainty remains due to general inflationary pressures and supply chain issues resulting in expenditure above anticipated budget.
- 15 Whilst the majority of expenditure is funded from the constituent authority levy, income is received from the Welsh Government for grant funded activities, as well as recharges from other bodies in relation to the use of our premises.
- 16 Capital financing costs include the costs of borrowing and revenue charges for using capital assets. It is anticipated that this budget will be underspent due to the delays in completing capital projects.

REVENUE OUTTURN

- 17 The report is projecting an overspend of £0.270m, which equates to 0.61% of the budget. The breakdown is detailed below.

	Budget	Forecast	Variance	Variance
	(£m)	(£m)	(£m)	(%)
Employees	31.872	31.183	(0.689)	-2.16%
Premises	3.516	3.886	0.370	10.51%
Transport	1.271	1.627	0.357	28.08%
Supplies	5.419	6.560	1.141	21.05%
Third Party Payments	0.305	0.335	0.029	9.63%
Capital Finance & Charges	3.129	2.194	(0.935)	-29.88%
Income	(1.118)	(1.121)	(0.003)	0.26%
Forecast Outturn	44.394	44.664	0.270	0.61%

EMPLOYEE COSTS

- 18 Employee costs form a significant element of the budget (72%) and include pay, pension costs, cost of recruitment and training and employee services, such as occupational health services. As part of the final budget approval in January 2023 a range of measures were approved by Members to contain staff expenditure. These are not recurring in nature and included measures such as not filling vacancies within the approved structure and limiting the anticipated increase in recruitment to retained stations.
- 19 A new staffing structure was implemented in June 2023 and these posts remain critical to achieving the corporate objectives. The cost of the vacancy savings has mitigated the increased costs in relation to the pay awards and overtime.
- 20 Action continues to be taken to increase the number of retained duty firefighters to address and maintain availability issues, mindful of the budget constraints. A process will take place in the first half of 2024/25 for wholetime firefighter recruitment, to replace staff that have retired throughout the year and are due to retire in 2024/25.
- 21 In addition, action has continued to fill specialist vacant posts and to maintain operational capacity. During 2023/24, although there have been savings due to ongoing vacancies and posts filled part way through the year, these have been utilised to maintain availability and address sickness in operational areas.
- 22 As is the case with other local government bodies, a refund has been received in relation to employer pension contributions, from Clwyd Pension Fund, following the actuarial valuation. This amounted to £0.503m.
- 23 The net underspend in employee costs amounts to £0.689m, with a further breakdown below:

Employee Costs	£m
Pay award above budget	0.730
In-year vacancy savings	(1.295)
Additional hours to cover operational duties	0.555
Other employee costs	(0.158)
Projected pension costs	(0.521)
Projected Underspend	(0.689)

NON-PAY COSTS

- 24 The non-pay budget is experiencing significant pressures. These include fuel costs which remain unpredictable due to price and supply issues. In addition, the availability and costs of other commodities such as building supplies, ICT equipment and fleet parts are also of concern, given the complexity of supply chains and global uncertainty.
- 25 Since the last report a number of departments, including Facilities and Operations, have reported that goods and services expected to be delivered/completed in 2023/24 have been delayed. This has therefore reduced the overspend for this year, but will put pressure on the 2024/25 budget.
- 26 Non-pay expenditure is subject to ongoing review by budget holders to ensure that the projections continue to be reasonable and to manage unavoidable costs.

Premises

- 27 Premises costs are projecting an overspend of £0.370, a reduction from the £0.576m forecasted in the last report. This overspend is largely due to an increase in relation to servicing and maintenance costs, as well as work being completed that was outstanding from 2022/23. Earmarked reserves will be used to offset the costs of the 2022/23 works.
- 28 The budget figures include the preliminary costs agreed at a previous meeting in relation to the site surveys for the proposed land purchase and developing the business case for a new training centre (£0.25m).
- 29 The market instability and increased costs of gas and electricity are a major financial challenge for the Authority. The costs are monitored as part of the service level agreement with North Wales Police. Based on the current cost of electricity and usage, the projection has reduced by £0.08m.
- 30 The Authority has benefited from a reduction in national non-domestic rates following successful rating appeals. The underspend in this area is £0.71m.

Transport

- 31 The transport budget is projecting a variance of £0.357m, mainly due to increased costs of fuel (oil, diesel and petrol). Increases in lease costs and the availability and costs of vehicle parts and repairs are also causing pressures on this budget.

Supplies

- 32 The net supplies budget is £5.419m and an overspend of £1.141m is forecasted, including in year initiatives that will be funded from earmarked reserves. This area of expenditure includes business critical areas, such as operational equipment and PPE purchase, essential ICT licences, the Firelink contract, and insurances.
- 33 Significant inflationary pressures are being experienced in a number of business-critical areas and action is being taken to contain and mitigate these, where possible.
- 34 The largest element of expenditure relates to the national Firelink contract which has an annual cost of £0.84m. This is the emergency service contract which enables mobilisation to incidents, communication and interoperability between emergency partners. This will be replaced by the Emergency Services Mobile Communications Programme (ESMCP), to provide enhanced voice and data communication across the emergency services. However, at this stage an implementation date is not known for ESMCP and there is no alternative to the Firelink contract. Previously, support of £0.42m was received from the Welsh Government, but this was withdrawn from 1 April 2023 and remains an ongoing cost pressure.
- 35 The ICT costs have included pressures such as increased costs associated with telephone line rentals. In response to this financial challenge, ICT management have strategically mitigated costs by phasing out outdated systems and embracing modern, cost-effective alternatives that align with current technological advancements. This proactive approach not only ensures financial efficiency, but also positions the Service to benefit from the enhanced functionalities and savings offered by cutting-edge solutions. ICT costs have also increased due to the requirement to purchase additional hardware, including replacement alerters and laptops that have come to their end of life.
- 36 Significant expenditure has also been incurred to purchase additional fire kit, due to the ongoing contaminants review, which has resulted in a projected overspend of £0.474m. Ongoing discussions have been taking place, across Wales, with the supplier of the fire kit, due to the delays being experienced with delivery. The supplier has now acknowledged that the fire kit will not be delivered until 2024/25, therefore there will be a need to ringfence the funding in an earmarked reserve at year end.
- 37 The projected outturn position includes costs for the replacement of essential operational equipment and fire kit, updated HR software and project work in relation to the various reviews that are currently being undertaken throughout the Service, including the Emergency Cover Review.

Third Party Payments

- 38 Third party payments relate to service level agreements with partners, including Conwy County Borough Council, Flintshire County Council, Carmarthenshire County Council, and North Wales Police. The agreements include the provision of legal services, monitoring officer services, pension administration, and facilities.
- 39 This expenditure is currently projected to overspend by £0.029m. This is due to the additional work required regarding the legislative changes in relation to firefighters' pensions.

Capital Financing

- 40 The capital financing budget sets aside revenue funding to finance capital expenditure, and includes the minimum revenue provision and interest costs on borrowing.
- 41 The Minimum Revenue Provision (MRP) represents the minimum amount that must be charged to an authority's revenue account each year for financing of capital expenditure, which will have initially been funded by borrowing. It is part of all Authority's accounting practices, and is aimed at ensuring that the Authority can pay off the debts it has from buying capital assets, such as buildings and vehicles.
- 42 Regulations require the Authority to determine each financial year an amount of MRP, which it considers to be prudent by reference to a calculated capital financing requirement (CFR). Following discussions with the Treasury Advisors, Arlingclose, work has been undertaken to review the MRP policy and MRP calculation. This has resulted in the MRP reducing to £1.902m for 2023/24 compared to a budget of £1.999m.
- 43 The budget also holds the interest costs in relation to the Authority's loans. Due to the volatile economic position, the cost of borrowing has continued to increase. However, it has not been necessary to take out further borrowing, as capital expenditure to date has been significantly slower than anticipated, resulting in a forecast budget saving of £0.428m.
- 44 In addition, the Service has actively invested surplus funds, on a short-term basis. During the year, interest rates have continued to rise and deposits have been placed in order to receive optimal returns, in line with the Treasury Management Strategy. The cash position is reviewed daily and any unused funds are transferred to various deposit accounts, in order to gain interest. To date interest received is £0.405m.

45 Due to the ongoing careful management of this budget, there are total savings of £0.935m.

INCOME

46 As well as the constituent authority levy, the budget also includes expected income from fees and charges, and grants.

47 Fees and charges largely relate to the recharges for buildings shared with other bodies.

48 Other income has increased due to an increase in recharges to other bodies.

	Budget (£m)	Forecast (£m)	Variance (£m)
Grants	0.854	0.854	0.000
Fees and charges	0.264	0.267	0.003
Total	1.118	1.121	0.003

Grant Funding

49 The total of 2023/24 Welsh Government grant funding allocations is £0.854m, which is analysed below. All grants are carefully monitored throughout the financial year, to identify any variances and to enable remedial action to be taken. No variances are forecast.

	Allocation (£m)
Arson Reduction	0.169
Home Safety Equipment	0.240
Youth & Young People Engagement	0.137
National Resilience	0.308
Total Grant Funding	0.854

CAPITAL PROGRAMME

50 The Authority approved a capital programme of £3.532m in January 2023. In addition, there was an allocation of £3.00m for the purchase of land for the proposed training centre.

- 51 As per the final outturn report presented to the July 2023 meeting, the requirement for rollover funding was agreed at £0.625m, for schemes that were not completed in 2022/23.
- 52 Due to ongoing delays, capital expenditure to date totals £2.075m and the year-end projection is forecast to be £2.185m.
- 53 As is the case with the revenue budget, the capital programme is experiencing cost pressures, with increased costs in relation to the purchase of vehicles and building works. This is being managed by prioritising the delivery of mission-critical projects.
- 54 Rollover of funding of £3.951m is required, as detailed below, due to delays in the completion of building works and the purchase of land. Five fire appliances are on order, however stage payments are expected to extend into 2024/25, due to delays in the availability of build slots with the supplier.
- 55 Details of the schemes are below:

Scheme	Original Allocation £m	Revised Allocation £m	Forecast £m	Rollover £m
2023/2024				
Fire Appliance replacement	1.430	0.475	0.475	0.960
Multi- purpose vans	0.189	0.189	0.269	
Electric Van pilot	-	-	0.107	
Welfare Units	0.150	0.150	0.150	
Command & Control refresh	0.600	0.600	-	
Minor Building works	0.483	0.100	0.100	0.100
Training Towers	0.250	0.250	-	
Fleet - fall arrest system and roof works	0.100	0.126	-	0.106
Appliance bay doors	0.180	0.180	0.180	
Llandudno Heating upgrade	0.150	0.150	-	0.150
Dolgellau Smokehouse works	-	0.365	0.256	
Proposed training centre land	3.000	3.000	-	2.635
Unallocated	-	0.947	-	
Total : Capital Plan	6.532	6.532	1.537	3.951
Rollover 2022/23				
Training Towers	0.307	0.307	0.328	
Multipurpose station vans	0.160	0.160	0.162	
Buildings - Minor works	0.158	0.158	0.158	
Total: Rollover	0.625	0.625	0.648	-
Total	7.157	7.157	2.185	3.951

BORROWING

- 56 Capital expenditure is largely funded via external borrowing, but in the short term the Authority utilises surplus revenue cash, known as 'internal borrowing'.
- 57 The Authority continues to utilise internal borrowing. This means that the capital borrowing needed, as calculated by the Capital Financing Requirement (CFR), has not been fully funded with external loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary expedient to fund capital spend and generate revenue savings. However, as reserves are utilised, it will be necessary to replace the internal borrowing with external borrowing.
- 58 No external borrowing has been required in 2023/24.

USE OF THE GENERAL FUND AND EARMARKED RESERVES

- 59 The aim of the Authority's financial reserves is to provide funding for investment in future activities, and to act as a safety net in case of short-term financial challenges arising from activity demands or unforeseen pressures.
- 60 The Authority currently has earmarked reserves of £6.22m which have been built up in recent years due to slippage in recruitment and delivery of projects following the pandemic.
- 61 In 2022/23 earmarked reserves were set aside to fund costs that should have been incurred in 2022/23, but supply chain issues meant that these could not be completed and were delayed. In addition, there are reserves set up to fund interest rate rises, increases in inflation, system improvements, and service improvements.
- 62 The provisional outturn assumes that an allocation of earmarked reserves will be utilised in-year, to offset the forecast revenue overspend of £0.270m. The use of reserves is kept under review as part of the budget monitoring process.

PRUDENTIAL INDICATORS – Q3 2023/24

- 63 The Authority measures and manages its capital expenditure and borrowing with references to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis. The Indicators are calculated based on the information in the 2023/24 Capital Strategy, that was approved by the Authority at its meeting on 24 March 2023.

Capital Expenditure

- 64 The Authority has undertaken and is planning capital expenditure as summarised below:

	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
General Fund Capital Projects	3.366	2.185	5.834	5.658

- 65 Further details of the General Fund capital projects to date are detailed within the Capital Programme section of this report, above.

Capital Financing Requirement

- 66 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

	31.03.23 actual £m	2023/24* forecast £m	2024/25* forecast £m	2025/26* forecast £m
General Fund Services	28.877	32.158	34.407	36.749

*The table above includes the costs for the proposed training centre.

Gross Debt and the Capital Financing Requirement

- 67 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.03.23 actual £m	31.12.23 actual £m	2023/24* forecast £m	2024/25* Budget £m	2025/26* budget £m
Debt (incl. Finance Leases)	26.650	21.620	18.620	25.960	29.683
Capital Financing Requirement	28.877	32.158	32.158	34.407	36.749

Debt and the Authorised Limit and Operational Boundary

- 68 The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt Q2 2023/24 £m	Debt at 31.12.23 £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied Yes/No
Borrowing	26.650	21.620	30.999	28.990	Yes

- 69 Since the operational boundary is a management tool for in-year monitoring, it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, 2023/24 borrowing remained within the operational boundary.

Proportion of Financing Costs to Net Revenue Stream

- 70 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from the levy and general government grants.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 budget £m	2025/26 budget £m
Financing costs (£m)	2.424	2.600	2.737	3.454
Proportion of net revenue stream	6.15%	5.85%	5.62%	6.50%

Treasury Management Indicators

71 These indicators are within the Treasury Management Report Q2 2023/24.

IMPLICATIONS

Well-being Objectives	This report links to NWFRA'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	Income and expenditure are closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer
Contact Officer	Helen MacArthur
Subject	Pay Policy Statement 2024/25



PURPOSE OF REPORT

- 1 To inform Members of the North Wales Fire and Rescue Authority's (the Authority) of their responsibilities arising from the Localism Act 2011 (the Act).
- 2 The Act requires the Authority to prepare an annual Pay Policy Statement for approval before the commencement of the financial year to which it relates.
- 3 This paper sets out the proposed Pay Policy Statement for 2024/25. It remains the same as for 2022/23 and 2023/24.

EXECUTIVE SUMMARY

- 4 The Authority is required to prepare and approve a Pay Policy Statement on an annual basis in accordance with the Localism Act 2011. The statement must also comply with the Welsh Government guidance issued in 2017, "Pay Accountability in Local Government in Wales"

OBSERVATIONS FROM EXECUTIVE PANEL

- 5 This report was presented to the Executive Panel on 18 March 2024. Members of the panel endorsed the report and recommended that it should be approved.

RECOMMENDATION

- 6 Members are asked to:
 - i) **note the requirements of the Localism Act 2011; and**
 - ii) **approve the Pay Policy Statement for the 2024/25 financial year.**

BACKGROUND

- 7 A Pay Policy Statement must be prepared in accordance with Part 1; Chapter 8 (Sections 38 – 43) of the Localism Act 2011. The guidance issued by the Welsh Government summarises the key elements of the Pay Policy Statement which includes:
- (a) Information relating to the remuneration of its chief officers;
 - (b) the remuneration of its lowest paid employees; and
 - (c) the relationship between:
 - (i) the remuneration of its chief officers, and
 - (ii) the remuneration of its employees who are not chief officers.
- 8 The statement must state:
- (a) the definition of “lowest-paid employees” adopted by the Authority for the purposes of the statement; and
 - (b) the Authority’s reasons for adopting that definition.
- 9 The statement must also include the Authority’s policies relating to:
- (i) the level and elements of remuneration for each chief officer;
 - (ii) remuneration of chief officers on recruitment;
 - (iii) increases and additions to remuneration for each chief officer;
 - (iv) the use of performance-related pay for chief officers;
 - (v) the use of bonuses for chief officers;
 - (vi) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority; and
 - (vii) the publication of and access to information relating to remuneration of chief officers.

INFORMATION

- 10 The purpose of this Pay Policy Statement is to provide transparency with regard to the Authority’s approach to setting the pay of its employees, in particular, that of chief officers and employees on the lowest pay scale, by identifying the methods by which salaries are determined.

IMPLICATIONS

Wellbeing Objectives	The Pay Policy Statement provides a framework for decision making on pay and in particular decision making on senior pay, contributing to securing the Authority's financial sustainability and to being able to demonstrate the fair and equitable allocation of pay.
Budget	Pay awards agreed and published by the National Joint Councils are taken into consideration when setting the Authority's annual budget.
Legal	Under section 38(1) of the Localism Act 2011 the Fire and Rescue Authority has a legal duty to produce an annual Pay Policy Statement by 31 March preceding the year of the statement.
Staffing	The Pay Policy Statement supports the principles of transparency, equal pay and support for staff.
Equalities/ Human Rights/ Welsh Language	Equal treatment in respect of pay is an important part of the FRA Equality objectives.
Risks	Non-compliance with legislation leads to legal and reputational risk.

North Wales Fire and Rescue Authority Pay Policy Statement 2024/25

1.0 Introduction

1.1 North Wales Fire and Rescue Authority's (the Authority) primary role is to:

- perform all the duties and responsibilities of a Fire and Rescue Authority in accordance with appropriate legislation and regulations, in particular the [Fire and Rescue Services Act 2004](#), and the [Regulatory Reform \(Fire Safety\) Order 2005](#) (which came into force on 1 October 2006), and the [1995 Combination Scheme](#);
- agree the annual service plans the revenue and capital budgets and the contribution for the constituent councils; and
- monitor the revenue and capital budgets and deal with any significant variations, including decisions on any supplementary contributions.

1.2 In order to fulfil its role, the Authority appoints staff to undertake duties on its behalf and in doing so must follow all relevant employment legislation. The Authority also follows a number of key principles which ensure affordability, equal pay, transparency and support for low pay.

1.3 The purpose of this document is to meet the Authority's legal obligations under the Localism Act 2011 and to provide information regarding the Authority's approach to setting the pay of its employees. It provides information on the remuneration of Chief Officers and employees on the lowest pay scale. It also provides information on the methods by which salaries are determined for all staff.

1.4 The document covers the period 1 April 2024 - 31 March 2025 and provides a framework for decision making on pay and in particular decision making on senior pay.

1.5 The Pay Policy Statement is an annual document prepared and approved by the Authority prior to the commencement of the financial year to which it relates.

2.0 Legislative framework

2.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh Local Authorities to produce a Pay Policy Statement from 2012/13 and for each financial year after that. The Act also requires the Authority to have due regard for any guidance issued by Welsh Ministers. The Welsh Government updated the guidance in November 2021, "Pay Accountability within Local Government in Wales".

- 2.2 The Act defines remuneration widely and includes pay, allowances, benefits in kind, increases in/enhancements of pension entitlements and termination payments.
- 2.3 In determining the pay and remuneration of all its employees, the Authority is required to comply with all relevant legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and, where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 2.4 The Authority ensures that there is no pay discrimination within its pay structures to meet its obligations under the equal pay requirements of the Equality Act 2010. Job evaluation processes are embedded across the organisation to ensure that pay differentials between employees can be objectively justified and salaries directly relate to the requirements, demands and responsibilities of the role.

3.0 Decision making including consideration of value for money

- 3.1 This policy applies to all North Wales Fire and Rescue Authority employees.
- 3.2 The Authority advocates collective bargaining arrangements and supports existing national level provisions that govern pay and conditions of service for the following employee groups:
- National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services, Constitution and Scheme of Conditions of Service (Gold Book)
 - Joint Negotiating Committee for Chief Officers of Local Authorities; Constitution, Conditions of Service, Salaries (Blue Book)
 - National Joint Council for Local Authorities' Fire and Rescue Services, Scheme of Conditions of Service (Grey Book)
 - National Joint Council (NJC) for Local Government Services (Green Book).
- 3.3 Pay levels are reviewed annually through these collective bargaining arrangements and any “cost of living” award associated with contractual conditions is implemented upon receipt of notification from the relevant negotiating body.
- 3.4 The Authority will consider any contractual ‘cost of living’ award for its chief officers in the context of similar decisions on lower paid employees and in accordance with the outcome of collective bargaining outlined above.
- 3.5 All roles conditioned to the NJC for Local Government Services are subject to the Authority’s job evaluation scheme which objectively assesses each role on creation of a new post, changes to existing posts or at periodic intervals to determine a fair remuneration pay grade comparable across this group of staff. On voluntary cessation of their duties no additional payments will be made.

3.6 In accordance with the constitution, the Authority is responsible for approving the annual financial budget including the affordability of employee costs.

4.0 Role of the Chief Fire Officer

4.1 The Chief Fire Officer is the Head of Paid Service and is responsible for the Service. The role is a full-time appointment and the post holder is appointed on merit and against objective criteria following an open competitive process. The selection process is overseen by an Appointment Panel comprising of members of the Authority.

4.2 The Chief Fire Officer works closely with elected members to deliver the strategic aims of the Authority. The organisation has an annual revenue budget of approximately £49 million and a capital budget of £6.4 million and is responsible for a wide range of services under the Fire and Rescue Services Act 2004, employing some 903 staff.

5.0 Chief Officers' Pay

5.1 The Authority's pay policy for the remuneration of chief officers, including the Chief Fire Officer, is aligned to the National Joint Council arrangements. Under these arrangements, Brigade Manager pay is reviewed annually at national level which provides the minimum salary for chief fire officers.

5.2 Remuneration of chief officers on appointment will be to the market-related base pay prevailing at the time of appointment and approved by the full Authority. In addition, a car will be provided in order to carry out the roles.

5.3 The remuneration of chief officers is also subject to a pay review undertaken on a periodical basis. This process benchmarks the chief officer salary levels against relevant comparators in other fire and rescue authorities. The pay review was undertaken by the Monitoring Officer during 2021 and the following principles were approved by the Authority:

- i. pay scales will be linked to the average basic pay rates collated and published by the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services in order to give appropriate sector-specific comparisons;
- ii. each seniority level will be employed on a three-point scale with progression up the scale to be subject to satisfactory annual appraisal. Each increment in scale will be based upon £1,500 for the CFO; and a relative proportion for the other posts;
- iii. the Authority will pay, at the bottom of the three-point scale, the average basic pay for an authority in Population Band 2, which will be inclusive of all duties;

- iv. the nationally negotiated and agreed annual pay awards will be automatically applied, as currently happens in the case of “grey book” and “green book” employees (subject to an employee choosing to forego any part of it);
- v. the pay relativities between the roles of CFO, DCFO, ACFO and ACO will be restored. The salary of each seniority level will be calculated as a proportion of the Chief Fire Officer’s salary as follows:

	Salary relative to CFO
Chief Fire Officer	
Deputy Chief Fire Officer	80%
Assistant Chief Fire Officer	75%
Assistant Chief Officer	60%

- vi. posts will be sized appropriately, relative to their seniority level, and will be of equal size across all at that level in order to ensure that officers receive equal pay for work of equal value; and
- vii. pay will be reviewed at regular intervals in line with the requirements under the ‘two- track’ approach for determining levels of pay for Brigade Managers as prescribed by the National Joint Council. Three years is the accepted interval.

- 5.4 The Authority does not pay any bonuses or additional enhancements such as performance related pay. On voluntary cessation of their duties no additional payments will be made to chief officers.
- 5.5 Following resignation or retirement from their duties no additional payments will be made other than those due for salary purposes or payments made to an individual in line with the appropriate pension scheme on retirement. Such payments may include salary paid in lieu of notice, pension benefit entitlements and holiday pay.
- 5.6 In circumstances where a severance package is being considered upon an agreed cessation of duties other than for the reasons outlined above, the full Authority will be offered the opportunity to vote before any severance package is approved for chief officers.
- 5.7 Information on the remuneration of chief officers is published as part of North Wales Fire and Rescue Authority’s annual Statement of Accounts. These are published on the Authority’s website.
- 5.8 Business expenses such as for train, car mileage, overnight accommodation and parking are claimed back in accordance with the organisation’s travel and subsistence policy which is applicable to all employees.

5.9 Chief officers are members of the relevant pension scheme. The Authority does not permit increases or enhancements to the pension outside of standard arrangements.

5.10 The notice period for chief officer roles is 3 months.

6.0 Senior Staff

6.1 For the purposes of this Pay Policy Statement the term “chief officer” is not limited to Head of Paid Service and includes those who report directly to the Chief Fire Officer. This includes the Monitoring Officer, the Section 151 Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officers and Assistant Chief Officers.

6.2 These posts are covered by a range of terms and conditions:

Employee Group	Terms and Conditions	Other benefits	Pension arrangements
Chief Fire Officer	Gold Book	Car provided	Local Government Pension Scheme
Monitoring Officer	Provided by a named officer from Flintshire County Council under a contracted out arrangement		
Treasurer (section 151 officer)	Part time contract negotiated outside of national terms and conditions.		
Deputy Chief Fire Officer	Gold Book	Car provided	Local Government Pension Scheme or Firefighters' Pension Scheme
Assistant Chief Fire Officer	Gold Book	Car provided	Local Government Pension Scheme or Firefighters' Pension Scheme
Assistant Chief Officer	Blue Book	Car provided	Local Government Pension Scheme

7.0 Talent management

7.1 The Authority’s strategic focus is on supporting and developing the quality of leadership in the Service. This includes increasing the capacity of existing management teams, planning the development of future leaders, championing leadership values throughout the organisation and attracting effective leaders, where appropriate, from other sectors.

8.0 Performance related pay

8.1 There is currently no performance related pay scheme in operation for any role across the Service.

9.0 Remuneration of other staff other than chief officers

9.1 The Authority's pay policy for the remuneration of employees who are not chief officers is aligned to nationally agreed salary rates negotiated through the National Joint Council comprising of national employer and employee representatives.

Employee Group	Terms and Conditions	Other benefits	Pension Arrangements
Officers (Station Managers, Group Managers and Area Managers)	Grey Book	A lease car is provided for staff on the flexi duty rota	Firefighters' Pension Scheme
Head of Corporate Departments	Blue Book	NONE	Local Government Pension Scheme
Firefighters	Grey Book	NONE	Firefighters' Pension Scheme
Apprentice Firefighters	Grey Book	NONE	Firefighters' Pension Scheme
Control Staff	Grey Book	NONE	Local Government Pension Scheme
Fire Safety and Prevention	Green Book	NONE	Local Government Pension Scheme
Corporate Services	Green Book	NONE*	Local Government Pension Scheme
Apprentices	Green Book	NONE	Local Government Pension Scheme

* A lease car is provided on an optional basis for a small number of posts where significant or frequent travel is undertaken

9.2 The lowest paid employee is engaged on the National Joint Council (NJC) for Local Government Services (Green Book) spinal column point 6 which equates to £23,893 per annum from 1 April 2023. The Authority occasionally employs apprentices who are not included within the definition of 'lowest paid employees' as they are not employed under contracts of employment.

9.3 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

The 2023/24 pay levels within the Authority define the multiple between the lowest paid (full time equivalent basic pay) employee scale and the Chief Fire Officer as 1:5.80.

- 9.4 The Hutton report on fair pay in the public sector was asked to explore the case for a fixed limit on pay dispersion in the public sector, through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median salary of the whole of the Authority's workforce. The multiple between the median full time basic equivalent earnings and the Chief Fire Officer is 1:4.32 (excluding RDS). Please note this figure includes full time salaries only and excludes allowances.
- 9.5 The Authority publishes information on the remuneration of Chief Officers, the median earnings of the organisation's workforce, and the ratio between these two figures in their annual financial statement to demonstrate the relationship between the two.

10.0 Support for lower paid staff

- 10.1 All employees of the Fire and Rescue Service are paid above the living wage. A range of further support measures are offered including a cycle to work scheme, Employee Assistance Programme, counselling, Occupational Health services and childcare vouchers.
- 10.2 A physiotherapy scheme is also offered to all employees. Employees receive financial assistance to refer themselves for therapy arising from muscular-skeletal injury or other ailments.
- 10.3 A range of flexible benefits have also been introduced including corporate discounts. Non-pay benefits and rewards assist with the development of an effective employment package and utilise reward systems whereby employees are able to flex the rewards they receive so they get more of whatever element is important to them at different stages of their careers.

11.0 Additions to Salary of Other Employees

- 11.1 Where appropriate, and in line with national conditions of service or local agreement, individuals may receive an allowance in addition to their salary. Examples include, but are not restricted to:
- on-call or out of hours provision
 - continuous availability
 - additional responsibility
 - rent, fuel and light allowance
 - telephone allowance
 - pension employer contributions
 - mileage allowances.

12.0 Honoraria

- 12.1 A member of staff who performs duties outside the scope of his or her post over an extended period may be granted a one-off additional payment of an amount dependent upon the circumstances of each case. Examples include:
- where an employee temporarily carries out significant additional work over and above their usual responsibilities; or
 - where an employee carries out a significant amount of work over their normal contracted hours, but is not eligible for overtime payments because of their placing on a salary scale.
- 12.2 Any determination relating to a proposed honoraria for chief officers would require approval by the Authority.
- 12.3 Decisions relating to all other staff will be considered by the appropriate Head of Department in consultation with the Assistant Chief Fire Officer (Finance and Resources).

13.0 Exit policy

- 13.1 On voluntary cessation of their duties no additional payments will be made other than those due for salary purposes or payments made to an individual in line with the appropriate pension scheme on retirement. Such payments may include salary paid in lieu of notice, pension benefit entitlements, holiday pay and any fees or allowances paid.
- 13.2 Employees conditioned to the NJC for Local Government Services may, at the Authority's discretion be entitled to added pension and/or redundancy payments upon authority initiated early termination of employment under the Authority's discretions in relation to the Local Government Pension Scheme Regulations 1997 (as amended) and the Local Government (Early Termination of Employment) (England and Wales) Regulations 2006 (as amended) – generally referred to as the Discretionary Compensation Regulations.
- 13.3 The Service has a policy for severance or exit arrangements.
- 13.4 Former employees are, on occasion, re-employed by the Fire and Rescue Service. Where the combined earnings and pension exceed the inflation adjusted final salary in the original employment the pension is subject to abatement in accordance with the scheme regulations.

14.0 Off payroll arrangements

- 14.1 The Authority does not routinely engage with individuals using off payroll arrangements. These are only considered on an exceptional basis for specialist pieces of work for which there is no internal capacity or expertise. The Authority has arrangements in place to ensure that the employment status indicator tool published by HMRC is completed for each supplier before payments are made.

15.0 Appendices

Appendix 1 Chief Officers' salary matrix

Appendix 2 NJC salary rates

- 2.1 Firefighter Roles
- 2.2 Retained Duty System
- 2.3 Control Roles

Appendix 3 NJC for local government services, salary matrix

**North Wales Fire and Rescue Service
Chief Officers Pay Rates (as at Jan 2024)**

Post	Salary	Salary	Salary	% of CFO
	Year 1	Year 2	Year 3	
CFO*	£153,066	£154,729	£156,392	
DCFO*	£122,453	£123,783	£125,114	80%
ACFO*	£114,800	£116,047	£117,294	75%
ACO	£91,840	£92,837	£93,835	60%

* includes remuneration for continuous duty arrangements

External provision of service	Value (per annum)
Monitoring Officer	£ 18,370 (excluding VAT)
Section 151 Officer	£8,180

FIREFIGHTING ROLES - PAY RATES FROM 1 JULY 2023 (pay award for 1 July 2024 onwards is still subject to national negotiation)

	Basic annual £	Basic hourly rate £	Overtime rate £
Firefighter			
Trainee	27,178	12.41	18.62
Development	28,310	12.93	19.40
Competent	36,226	16.54	24.81
Crew Manager			
Development	38,501	17.58	26.37
Competent	40,161	18.34	27.51
Watch Manager			
Development	41,031	18.74	28.11
Competent A	42,170	19.26	28.89
Competent B	44,911	20.51	30.77
Station Manager			
Development	46,712	21.33	32.00
Competent A	48,116	21.97	32.96
Competent B	51,525	23.53	35.30
Group Manager			
Development	53,801	24.57	Not applicable
Competent A	55,415	25.30	Not applicable
Competent B	59,642	27.23	Not applicable
Area Manager			
Development	63,163	28.84	Not applicable
Competent A	65,056	29.71	Not applicable
Competent B	69,283	31.64	Not applicable

**FIREFIGHTING ROLES – PAY RATES FROM 1 JULY 2023
(RETAINED DUTY SYSTEM) (pay award for 1 July 2024
onwards is still subject to national negotiation)**

	(1) £ per Annum	(2) £ per annum	(3) £ per Hour	(4) £ per occasion
Firefighter				
Trainee	2,718	1,359	12.41	4.77
Development	2,831	1,416	12.93	4.77
Competent	3,623	1,811	16.54	4.77
Crew Manager				
Development	3,850	1,925	17.58	4.77
Competent	4,016	2,008	18.34	4.77
Watch Manager				
Development	4,103	2,052	18.74	4.77
Competent A	4,217	2,109	19.26	4.77
Competent B	4,491	2,246	20.51	4.77
Station Manager				
Development	4,671	2,336	21.33	4.77
Competent A	4,812	2,406	21.97	4.77
Competent B	5,153	2,576	23.53	4.77
Group Manager				
Development	5,380	2,690	24.57	4.77
Competent A	5,542	2,771	25.30	4.77
Competent B	5,964	2,982	27.23	4.77
Area Manager				
Development	6,316	3,158	28.84	4.77
Competent A	6,506	3,253	29.71	4.77
Competent B	6,928	3,464	31.64	4.77

Column 1 shows the full annual retainer (10% of the full-time basic annual salary, as set out in Appendix A)

Column 2 shows the retainer for employees on the day crewing duty system (5% of the full-time basic annual salary, as set out in Appendix A)

Column 3 shows the hourly rate for work undertaken

Column 4 shows the disturbance payment per call-out

CONTROL SPECIFIC ROLES - PAY RATES FROM 1 JULY 2023(pay award for 1 July 2024 onwards is still subject to national negotiation)

	Basic annual* £	Basic hourly rate £	Overtime rate £
Firefighter (Control)			
Trainee	25,819	11.79	17.69
Development	26,895	12.28	18.42
Competent	34,415	15.71	23.57
Crew Manager (Control)			
Development	36,576	16.70	25.05
Competent	38,153	17.42	26.13
Watch Manager (Control)			
Development	38,979	17.80	26.70
Competent A	40,062	18.29	27.44
Competent B	42,665	19.48	29.22
Station Manager (Control)			
Development	44,376	20.26	30.39
Competent A	45,710	20.87	31.31
Competent B	48,949	22.35	33.53
Group Manager (Control)			
Development	51,111	23.34	Not applicable
Competent A	52,644	24.04	Not applicable
Competent B	56,660	25.87	Not applicable

*(95% of the respective firefighting role basic annual salary, as set out in AppendixA)

PAY RATES FROM 1 APRIL 2023 FOR STAFF EMPLOYED ON GREEN BOOK TERMS AND CONDITIONS (pay negotiations for 24/25 ongoing)

SCP	01-Apr-23	
	per annum	per hour*
1	N/A	N/A
2	£22,366	£11.59
3	£22,737	£11.79
4	£23,114	£11.98
5	£23,500	£12.18
6	£23,893	£12.38
7	£24,294	£12.59
8	£24,702	£12.80
9	£25,119	£13.02
10	£25,545	£13.24
11	£25,979	£13.47
12	£26,421	£13.69
13	£26,873	£13.93
14	£27,334	£14.17
15	£27,803	£14.41
16	£28,282	£14.66
17	£28,770	£14.91
18	£29,269	£15.17
19	£29,777	£15.43
20	£30,296	£15.70
21	£30,825	£15.98
22	£31,364	£16.26
23	£32,076	£16.63
24	£33,024	£17.12
25	£33,945	£17.59
26	£34,834	£18.06
27	£35,745	£18.53
28	£36,648	£19.00
29	£37,336	£19.35
30	£38,223	£19.81
31	£39,186	£20.31
32	£40,221	£20.85
33	£41,418	£21.47
34	£42,403	£21.98
35	£43,421	£22.51
36	£44,428	£23.03
37	£45,441	£23.55
38	£46,464	£24.08
39	£47,420	£24.58
40	£48,474	£25.13
41	£49,498	£25.66
42	£50,512	£26.18
43	£51,515	£26.70

*hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week in the National Agreement 'Green Book')

**PAY RATES FROM 1 APRIL 2023 FOR STAFF EMPLOYED ON
BLUE BOOK TERMS AND CONDITIONS
(pay negotiations for 24/25 ongoing)**

SCP	01-Apr-23	
	per annum	per hour
48	£56,285	£29.17
49	£58,328	£30.23
50	£59,348	£30.76
51	£60,368	£31.29

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer
Contact Officer	Helen Howard, Head of Finance and Procurement
Subject	Treasury Management Strategy (TMS) 2024-25



PURPOSE OF REPORT

- 1 The purpose of this report is to present to Members of the North Wales Fire and Rescue Authority (the Authority) the proposed Treasury Management Strategy for the period April 2024 – March 2025.

EXECUTIVE SUMMARY

- 2 The Treasury Management Strategy (the Strategy) shows how the Authority will manage its borrowings (loans from the PWLB) and investments (mainly cash deposits at banks) for the coming year, and sets the policies within which the Treasury Management function operates.
- 3 This Strategy has been developed in conjunction with the revenue and capital budgets for 2024/25, and the Medium-Term Resource Strategy, which was approved by the Authority at its meeting of 22 January 2024, as well as the Capital Strategy, which is also being presented today.

RECOMMENDATIONS

- 4 Members are asked to:
 - i) **approve the Treasury Management Strategy for 2024/25;**

OBSERVATIONS OF THE AUDIT COMMITTEE

- 5 This report was presented to the Audit Committee on 18 March 2024. Members of the Committee endorsed the report and recommended that it should be approved.

BACKGROUND

- 6 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Authority to approve the Strategy and Prudential Indicators annually.

INFORMATION

- 7 The Strategy, and associated Prudential Indicators, is contained within Appendix 1 and provides an overview of the Authority's approach to borrowing to fund the capital expenditure plans. The Strategy also incorporates the approach to the management of investments, although Members should note that this incorporates the management of short-term surplus cash only.
- 8 Treasury Management involves looking after the Authority's cash, which is a vital part of the Authority's work, as approximately £46m passes through the Authority's bank account every year.
- 9 During the year, the Authority has had varying levels of cash available to invest, in the short term, ranging for £3m - £12m, in 2023/24. Consequently, it needs to make sure that the optimal rate of return is achieved without exposing the cash to undue risk. Risk is minimised by diversification, meaning that the Authority's money is invested with a number of financial institutions.
- 10 When investing, the Authority will adhere to the following 'SLY' principles. The order of these three principles is important, with Security being the overriding priority.
 - **S**ecurity: Keeping money safe
 - **L**iquidity: Ensuring that money is available when it is needed
 - **Y**ield: Achieving a decent rate of return
- 11 The Authority will continue to borrow to fund capital expenditure. For 2024/25, borrowing of £5.676m is estimated, to fund the capital expenditure. It is expected that this will increase the borrowing to £24.493m by 31 March 2025 (March 2024 estimate: £20.787m).
- 12 It is estimated that the interest on current and new loans for 2024/25 will be £0852m. Interest rates for new loans have been forecast at 5.25%.
- 13 The Authority is supported through the use of professional advisors, Arlingclose, who provide advice and guidance in relation to treasury management activities.
- 14 The Capital Prudential indicators will be reported as part of the Capital Strategy.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives by ensuring that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. The Capital Strategy is designed to ensure that there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	The strategies link to the revenue and capital budget setting which considers longer term affordability
Legal	The regulatory framework is set out in the appendices to the report.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	The reports set out the financial risks associated with borrowing and investment activities.



Treasury Management Strategy 2024-25

North Wales
Fire and Rescue Service

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1 Introduction

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3 **Revised strategy:** In accordance with the WG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, with implications for the Authority's capital programme.

2 External Context

- 2.1 **Economic background:** The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.
- 2.2 **Interest rate forecast (December 2023):** Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser (Arlingclose) forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy, but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- 2.3 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

2.4 For the purpose of setting the budget, it has been assumed that new long-term loans will be borrowed at an average rate of 5.25%.

3 Local Context

3.1 On 31st December 2023, the Authority held £21.620m of borrowing and £7.743m of treasury investments, as detailed below.

	Dec 2023 Actual portfolio £m	Dec 2023 Average rate %
External borrowing:		
Public Works Loan Board	18.620	2.46%
Local authorities	3.000	4.35%
Total external borrowing	21.620	
Other long-term liabilities:		
Finance Leases	0	
Total gross external debt	21.620	
Treasury investments		
The UK Government	3.400	5.19%
Banks (unsecured)	4.343	4.65 - 5.38%
Total treasury investments	7.743	
Net debt	13.877	

3.2 Currently all leases are treated as operational leases, however from 1 April 2024, the reporting of leases will change and some leases will be classed as Right of Use (ROU) assets – for example property leases and will feature within the borrowing information on future reports.

3.3 Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	28.877	32.350	36.391	40.948	42.765
Less: Other debt liabilities *	0.000	0.000	-0.225	-0.252	-0.302
Loans CFR	28.877	32.350	36.616	41.200	43.067
Less: External borrowing **	-26.460	-20.787	-17.073	-11.456	-10.137
Internal/(over) borrowing	2.417	11.563	19.543	29.744	32.930
Less: Balance sheet resources	-6.594	-5.600	-4.700	-4.200	-3.700
Investments/ (new borrowing)	4.177	-5.963	-14.843	-25.544	-29.230

* leases that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

- 3.4 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.5 The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £16.568m over the period 2024-2027

-CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comfortably comply with this recommendation during 2024/25.

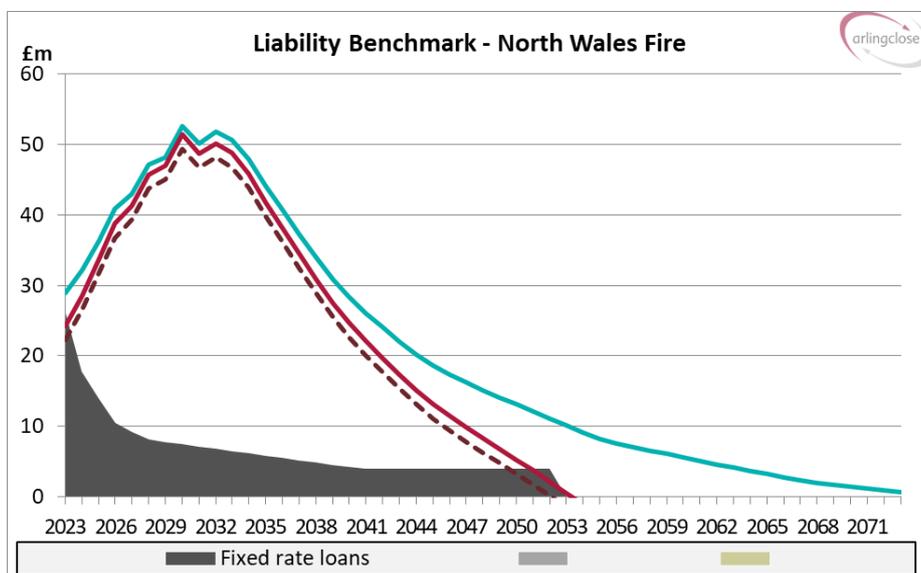
- 3.6 **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £2m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.7 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. The liability benchmark itself 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 required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	28.877	32.350	36.616	41.200	43.067
Less: Balance sheet resources	-6.594	-5.600	-4.700	-4.200	-3.700
Net loans requirement	22.283	26.750	31.916	36.800	39.367
Plus: Liquidity allowance	2.000	2.000	2.000	2.000	2.000
Liability benchmark	24.283	28.750	33.916	38.800	41.367

- 3.8 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure is to be funded by borrowing of £5.676m in 2024/25, £6.424m in 2025/26 and £4.468m in 2026/27.

3.9 Minimum revenue provision on new capital expenditure is based on their asset life for the class of asset (for example 50 years for buildings, 15 years for fire appliances) and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



3.10 The Authority will continue to be a borrower, as the authority does not hold investments or reserves to fund the capital plan. The blue line denotes the need to fund capital expenditure through borrowing. 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.

4 Borrowing Strategy

4.1 The Authority currently holds £21.620m of loans, a decrease of £4.840m on balance at 31 March 2023, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £14.843m in 2024/25. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £36.616m.

4.2 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs 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.

- 4.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years. It is therefore likely to be more cost effective, over the medium-term, to borrow short-term loans instead. By doing so, the Authority is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.4 The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and/or local authorities, in order to lower interest costs and reduce over-reliance on one source of funding, in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority will continue to avoid this activity in order to retain its access to PWLB loans.
- 4.5 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.6 In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.
- 4.7 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except for the Clwyd Pension Fund - Local Government Pension Scheme)
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

- 4.8 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - sale and leaseback
 - similar asset-based finance
- 4.9 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Audit Committee.
- 4.10 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 4.11 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5 Treasury Investment Strategy

- 5.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £3.737m and £14.616m million. Investment levels are expected to be lower in the forthcoming year, partly due to the amount of Welsh Government grant receivable in relation to the Firefighter's Pension Fund.

- 5.2 **Objectives:** Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the optimal 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 5.3 **Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments.
- 5.4 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 5.5 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£2m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	Unlimited
Registered providers (unsecured) *	5 years	£1m	Unlimited
Money market funds *	n/a	£1m	Unlimited
Other investments *	5 years	£1m	Unlimited

This table must be read in conjunction with the notes below

* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk in the table above will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty's credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

- 5.6 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk, due to its ability to create additional currency, and therefore may be made in unlimited amounts for up to 50 years.
- 5.7 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.8 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.9 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £5m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.10 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

- 5.11 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”), so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel, rather than an imminent change of rating.
- 5.12 **Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
- 5.13 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 5.14 **Liquidity management:** The Authority undertakes cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. No long-term investments are undertaken. The Authority will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6 Treasury Management Prudential Indicators

- 6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit	A

6.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2m

6.4 **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.030m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.030m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

6.5 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Actual	Upper limit	Lower limit
Under 12 months	26%	30%	0%
12 months and within 24 months	11%	30%	0%
24 months and within 5 years	28%	40%	0%
5 years and within 10 years	3%	30%	0%
10 years and above	32%	100%	0%

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.

7 Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

- 7.1 **Financial derivatives:** In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.
- 7.2 **Markets in Financial Instruments Directive:** The Authority has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Authority's officers believe this to be the most appropriate status.
- 7.3 **Government Guidance:** Further matters required by the WG Guidance are included in Appendix B.

8 Financial Implications

- 8.1 The Authority does not hold an investment portfolio and therefore there is no budget for investment income in 2024/25. Any investment income relates to the overnight placement of surplus cash. The budget for debt interest paid in 2024/25 is £0.852m, based on an average debt portfolio of £24.493m at an average interest rate of 5.25%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

9 Other Options Considered

- 9.1 The CIPFA Code does not prescribe any particular treasury management strategy for authorities to adopt. The Authority Treasurer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium-term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix B – Additional requirements of Welsh Government Investment Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Authority's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Authority's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities.

Climate change: The Authority's investment decisions consider long-term climate risks to support a low carbon economy to the extent that the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.

Loans: The WG Guidance defines a loan as a written or oral agreement where the authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

The Authority does not have any financial exposure to loans to local enterprises, local charities, wholly owned companies and joint ventures.

Non-specified investments: The Authority does not have any non-specified investments.

Non-financial investments: The Authority does not have any non-financial investments.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisors. The quality of these services is controlled by an internal review.

Capacity and skills: The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Treasurer, Assistant Chief Fire Officer (Finance and Resources), and Head of Finance and Procurement are qualified accountants with many years' experience.

The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

Arlingclose have provided training to members of the Audit Committee, who have responsibility for reviewing treasury management activities.

Corporate governance: All treasury activity is reported to the Audit Committee and Fire Authority, on a quarterly basis. The reports are presented by the Treasurer or Assistant Chief Fire Officer (Finance & Resources). Members have the opportunity to ask questions, following the presentations.

Report to	North Wales Fire and Rescue Service
Date	15 April 2024
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer
Contact Officer	Helen Howard, Head of Finance and Procurement
Subject	Capital Strategy 2024-34



PURPOSE OF REPORT

- 1 The purpose of this report is to present to Members the proposed Capital Strategy for the period April 2024 – March 2034, and provide details and explanations of the proposed Strategy.

EXECUTIVE SUMMARY

- 2 The purpose of the Capital Strategy is to set out how the Authority proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. The capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 3 This Strategy has been developed in conjunction with the revenue and capital budgets for 2024/25, and the Medium-Term Resource Strategy, which were approved by the Authority on 22 January 2024, as well as the Treasury Management Strategy, which is also being presented today.

RECOMMENDATIONS

- 4 Members are asked to:
 - 1) **approve the Capital Strategy for 2024- 2034;**

OBSERVATIONS

- 5 This report was presented to the Audit Committee on 18 March 2024. Members of the Committee endorsed the report and recommended that it should be approved.

BACKGROUND

- 6 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with the Service objectives and take account of stewardship, value for money, prudence, sustainability, and affordability.
- 7 CIPFA issued Capital Strategy guidance in 2021. The strategy has been developed in line with this guidance.
- 8 The Capital Strategy supports the Community Risk Management Plan 2024-2029 and the 2024/25 Implementation Plan, to deliver the principles for the North Wales Fire and Rescue Service (the Service).

INFORMATION

- 9 The Capital Strategy (the Strategy) and associated Prudential Indicators, is contained within Appendix 1 and provides an overview of anticipated capital expenditure for the next 10 years, and capital financing requirements and treasury management activity, for the next 3 years.
- 10 Capital expenditure is where the Authority spends money on assets, such as property, or vehicles, or equipment that will be used for more than one year. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
- 11 The Capital Strategy supports the Community Risk Management Plan 2024-2029 by providing resources to address issues arising from one or more of the principles within the Plan, as well as providing funding to maintain assets so that they remain fit for purpose.
- 12 Service Managers 'bid' annually, in September to include projects in the Authority's capital programme. Bids are collated by the Finance and Procurement Department. For 2024/25 initial bids in excess of £10m were received. The bids are scored based on a variety of factors, including meeting the principles in the Community Risk Management Plan, statutory requirements, ability to make savings, and their environmental impact.
- 13 Following the review and discussions with service managers, a capital plan of £5.676m was presented to the Budget Scrutiny Working Group, which is summarised on page 8 of the Strategy. This planned capital expenditure will be funded from borrowing.

- 14 Further details regarding borrowing are included in the Treasury Management Strategy, along with the treasury management prudential indicators.
- 15 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue. The total of these revenue contributions is known as minimum revenue provision (MRP). The MRP charge for 2024/25 is expected to be £1.885m, rising to £2.601m in 2026/27.
- 16 Financing costs are expected to be 5.62% of the 2024/25 budget rising to 7.47% in 2026/27.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives by ensuring that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. The Capital Strategy is designed to ensure that there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	The strategies link to the revenue and capital budget setting which considers longer term affordability
Legal	The regulatory framework is set out in the appendices to the report.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	The reports set out the financial risks associated with borrowing and investment activities.

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Dafydd Edwards - Treasurer
Contact Officer	Helen MacArthur – Assistant Chief Fire Officer
Subject	Financial Reserves Strategy



PURPOSE OF REPORT

1. The purpose of this report is to present an updated version of the Financial Reserves Strategy (the Strategy) to Members of the North Wales Fire and Rescue Authority (the Authority).

EXECUTIVE SUMMARY

2. The Financial Reserves Strategy was last presented to the Authority in January 2021, and in line with good practice has been subject to review.
3. The Strategy has been updated to reflect current practices and procedures.

OBSERVATIONS FROM THE AUDIT COMMITTEE

4. The report was reviewed by the Audit Committee at a meeting on 18 March 2024, at which Members recommended approval.

RECOMMENDATION

5. That Members:
 - i) **Approve the Financial Reserves Strategy at Appendix 1, as a basis for managing the Authority's usable reserves.**

BACKGROUND

6. The Authority differs from other local authorities, in that it is funded by contributions from the six constituent authorities in North Wales; it is not a precepting or billing authority.

7. The Welsh Government enacted 'The Combined Fire and Rescue Services Schemes (Variation) (Wales) Order 2009' in recognition of the possible burden on council budgets should the Authority require an additional contribution in any year. This provided fire and rescue authorities in Wales with a statutory basis for holding reserves.
8. The use of reserves is a critical component in managing the financial affairs of the Authority and has ensured that in any year the need for revised contributions is reduced (i.e. avoiding a supplementary levy on constituent Councils).

INFORMATION

9. The Financial Reserves Strategy is set out in Appendix 1. It provides details of the reserves held and documents the process for the review and reporting of the reserves.

IMPLICATIONS

Wellbeing Objectives	The holding of reserves enables the Authority to achieve its long-term well-being objectives which are: To support people to prevent accidental dwelling fires and stay safe if they do occur; 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	Current usable reserves total £7.821m (31 March 2023)
Legal	The Authority has a legal duty to set a balanced revenue budget. This may include the use of reserves for known commitments.
Staffing	None
Equalities/Human Rights/ Welsh Language	None
Risks	Income and expenditure are closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members. This includes the movements in the reserves.



North Wales Fire & Rescue Authority

Financial Reserves Strategy

This document is uncontrolled when printed. All users are responsible for checking to confirm that this is the current version before use.

Version: 2.0

Next review: 31/03/2027

Financial Reserves
Strategy

Status: Draft

Issue date: TBC

1.0 RESERVES HELD

North Wales Fire and Rescue Authority (the Authority) will maintain reserves in accordance with prevailing legislative and regulatory requirements. Ordinarily, the Authority will seek to avoid using reserves to fund a general deficit in the net revenue budget, as this represents an unsustainable financial position.

The Authority will not maintain funds for contingency purposes other than those reported as reserves.

In addition to a general reserve, the Authority will maintain earmarked reserves for specified purposes, where this is necessary to meet one-off time limited costs associated with specific initiatives or liabilities, or specific grants.

2.0 REPORTING OF RESERVES

The reporting of reserves in the financial statements will meet the prevailing accounting codes of practice applicable to the Authority.

In order to ensure transparency and scrutiny, publicly accessible reports containing further detail will be presented to the Authority when agreeing the Medium Term Resource Strategy, and when reporting the financial outturn for the preceding financial year.

When reporting the financial outturn for the previous year the following information will be provided:

- The purpose of each reserve,
- The basis of assessment of adequacy
- Transfers in and out of reserves

3.0 RESPONSIBILITY AND DELEGATION

The creation, deletion, assessment of adequacy and transfers in/out of reserves will be delegated to the Section 151 Officer (Authority Treasurer), in consultation with the ACFO Finance and Resources and with the Head of Finance.

The adequacy of the Authority's reserves will be assessed at least annually, as part of the accounts closedown process.

The Section 151 Officer will report to the Authority in accordance with this Strategy.

4.0 ROLE OF THE SECTION 151 OFFICER

Welsh Government Ministers have no role or powers to determine or advise on the appropriate level of reserves for individual local authorities (including Fire and Rescue Authorities).

This is a matter for determination at an organisational level, where consideration must be given to the particular risks, circumstances and plans which prevail at any time.

Within the existing statutory and regulatory framework, it is the responsibility of the Section 151 Officer (Authority Treasurer) to advise the Authority regarding the level of reserves that should be held, and to ensure that there are clear protocols for their establishment and use.

5.0 USABLE RESERVES

The Authority generally holds Usable Reserves for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves; or
- A means of building up funds referred to as earmarked reserves or specific reserves, to meet known or predicted requirements - these are accounted for separately, but remain legally part of the Authority's General Fund.

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations and Service priorities.	Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance.
Insurance reserves.	In the absence of any statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves, where these liabilities do not meet the definition of a 'provision' under the requirements of International Accounting Standard 37 <i>Provisions, Contingent Assets and Liabilities</i> .
Reserves for unspent revenue grants and donations.	Where revenue grants or donations have no conditions, or where the conditions are met and expenditure has yet to take place, the sums are held as earmarked reserves.

The Authority may also hold the following useable reserves -

Capital Receipts Reserve

This reserve holds the proceeds from the sale of non-current assets, and can only be used for those purposes specified in "The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended". That is:

- To meet capital expenditure;
- To repay the principal of any amount borrowed; or
- To meet any liability in respect of credit arrangements, other than any liability which, in accordance with proper practices, must be charged to a revenue account.

Capital Grants Unapplied Account

This reserve will hold capital resources (from capital grants) that have been recognised as income and not yet applied to capital expenditure.

The Authority may also make provision for expenditure in accordance with the strict definitions contained in accounting codes of practice. These are where specific liabilities exist at the balance sheet date and a reliable estimate of the liability can be made.

A summary of the usable reserves was contained within the Medium Term Resource Strategy (MTRS) approved by the Fire and Rescue Authority at its meeting of 22 January 2024 [MTFS 2009-12 \(gov.wales\)](#)

6.0 UNUSABLE RESERVES

Unusable reserves arise out of technical accounting adjustments due to interaction of legislation and proper accounting practice. These may be established to either record revaluation gains, or as adjustment to reconcile accounting and statutory requirements.

These reserves are not resource-backed, and cannot be used for any other purpose. The common unusable reserves are described below:

Revaluation Reserve	This reserve records unrealised gains in the value of property, plant and equipment. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated, or when assets are revalued downwards, or disposed of. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.
Capital Adjustment Account	This reserve reconciles the different rates at which assets are depreciated under proper accounting practice, and are financed through the capital controls system. Statute requires that the charge to the General Fund is determined by the capital controls system. For example, the credit balance on the Account shows that an Authority has generally financed capital investment in advance of receiving the benefits of that investment. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.
Pensions Reserve	This reserve reconciles the payments made for the year to various statutory pension schemes, in accordance with those schemes' requirements, and the net change in the Authority's recognised liability under International Accounting Standard 19 <i>Employee Benefits</i> , for the same period. A transfer is made to or from the pensions reserve to ensure that the charge to the General Fund reflects the amount of funding required. For example, a debit balance on the Reserve shows that an authority has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.

Accumulated Absences Account	This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences 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 is neutralised by transfers to or from the Account.
Financial Instruments Adjustment Account	This account reconciles the different rates at which gains and losses (such as the premiums on the early repayment of debt) are recognised under proper accounting practice, where required by statute to be met from the General Fund. For example, the debit balance on the Account shows that the Authority has incurred expenses on borrowings that the Government has permitted it to spread over future years.

Other such reserves may be created in the future where developments in accounting result in timing differences between the recognition of income and expenditure, under proper accounting practice and under statute or regulation.

7.0 REPORTING OF RESERVES

The International Financial Reporting Standard (IFRS) based *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) determines the reporting requirements around reserves. The Movement in Reserves Statement presents the movement in the year of the reserves of the authority, analysed into usable and unusable reserves.

The Code recommends that earmarked reserves are reported on the face of the Movement in Reserves Statement. The statutory reporting regime and effective financial management underpin the need for clear, transparent reporting arrangements for reserves, and best practice suggests that for each earmarked reserve held the following information should be reported:

- the reason for the reserve;
- how and when the reserve can be used;
- procedures for the reserve's management and control; and
- review mechanisms.

The budget report to the Authority should include:

- any use of or addition to reserves, including any specific use of reserves to meet recurring costs;
- a statement from the Section 151 Officer on the adequacy of the general reserves and provisions.

8.0 ADEQUACY OF RESERVES

In order to assess the adequacy of reserves when setting the budget, the Section 151 Officer (the Authority Treasurer, in consultation with the ACFO Finance and Resources, and with the Head of Finance) will take account of the strategic, operational and financial risks facing the Authority. The assessment of risks will include external risks, such as matters that may affect business continuity, as well as internal risks, for example, the ability to deliver planned savings.

In financial terms, the following risks will be considered:

Treatment of inflation and interest rates	<ul style="list-style-type: none"> • The overall financial standing of the authority • Rises in the prices of some commodities and whether reserves are adequate to deal with unexpected price variations. • How changes in interest rates will affect borrowing or income, given the agreed Treasury Management Strategy.
Estimates of the level and timing of capital receipts	<ul style="list-style-type: none"> • The Authority's track record in budget and financial management, including the robustness of the medium-term plans. • How the property market affects delivery of receipts, both in timing and amount.
Treatment of demand led pressures	<ul style="list-style-type: none"> • The authority's capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term.
Treatment of planned efficiency savings/ productivity gains	<ul style="list-style-type: none"> • The strength of the financial information and reporting arrangements.
Financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	<ul style="list-style-type: none"> • The authority's virement and end of year procedures in relation to budget under/overspends at authority and department level. • Risk management measures in relation to partnerships, including consideration of risk allocation. • Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements.

<p>Availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions</p>	<ul style="list-style-type: none"> • Risk assessments are used when balancing the levels of insurance premiums and reserves.
<p>The general financial climate to which the authority is subject to</p>	<ul style="list-style-type: none"> • External factors, such as future funding changes, the political landscape, and world economic conditions.

Report to	North Wales Fire Authority
Date	15 April 2024
Lead Officer	Gareth Owens, Clerk
Contact Officer	Gareth Owens (01745 535286)
Subject	Annual Report 2023/24



PURPOSE OF REPORT

- 1 To receive the annual report of the Standards Committee (the Committee).

EXECUTIVE SUMMARY

- 2 The Committee's nineteenth annual report includes a summary of its work during the financial year 2023/24.

RECOMMENDATIONS

- 3 Members are asked to:
 - i) receive the annual report of the Standards Committee

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 The annual report, being the Committee's account of its own activities over the last 12 months, has not been considered by the Executive Panel or Audit Committee.

BACKGROUND

- 5 The Standards Committee has produced annual reports since its inception. Since 2021 it has also been a statutory duty to produce such a report.

INFORMATION

- 6 The Standards Committee's annual report for the year 2023/24, is attached at Appendix 1.

- 7 Welsh Government has issued guidance on the production of such reports which is attached at Appendix 2. The Authority will note that the draft report complies with the requirements of the guidance as to the content which should be included in such reports.
- 8 The Committee continues to review the codes and protocols within the Constitution making recommendations where they need to be updated. During the year it has recommended updates to the gifts and hospitality protocol, the protocol on member/officer relations and the Councillors' Code of Conduct.
- 9 The Committee considers the findings of the Public Services Ombudsman for Wales (PSOW), as well as her annual report and the annual report of the Adjudication Panel for Wales. Where these documents contain lessons that could help to steer councillors away from poor behaviour, the Committee has, via the clerk, shared those messages.
- 10 The Committee also monitors member attendance on behalf of the authority and again, acting through the clerk, raises with councillors where their attendance has dipped below 50%.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget for 2023/24	The annual report can be produced within budget
Legal	The Committee has a duty under section 63 Local Government Act 2021 to produce an annual report, which must be considered by the fire authority within 3 months of receipt.
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	The report has been produced in bilingual format
Risks	The work of the Standards Committee described within its annual report should help to reduce the risk of authority members behaving in a manner that is inconsistent with the code and thus with best practice.

ANNUAL REPORT OF THE STANDARDS COMMITTEE OF NORTH WALES FIRE AND RESCUE AUTHORITY 2023/24

Background

This is the Standards Committee (the Committee)'s nineteenth annual report to the North Wales Fire and Rescue Authority (the Authority) and spans the period from April 2023 to March 2024. Legislation requires that Standards Committees meet at least once annually and that they prepare a report on their activity for consideration by the Authority.

The Terms of Reference of the Committee provide a remit to promote and maintain high standards of conduct by 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.

Membership

The Committee membership has not changed since new councillors were appointed after the elections in 2022. The Standards Committee membership is as follows:

Independent Members

Sally Ellis 01/01/22 – 31/12/26 (serving for a second term) (Deputy Chair)

Julia Hughes 01/01/22 – 31/12/26 (serving for a second term) (Chair)

Gill Murgatroyd 01/09/23 – 31/08/27 (serving for a second term)

Gareth Pritchard 01/09/23 – 31/08/27 (serving for a second term)

Fire and Rescue Authority Members

Councillor Marion Bateman (20/06/2022 until the next council elections)

Councillor John Brynmor Hughes (20/06/2022 until the next council elections)

Attendance

Meetings were held virtually on the following dates with the named members in attendance:

13 October 2023 – present: Julia Hughes (Chair), Sally Ellis (Deputy Chair), Gareth Pritchard, Gill Murgatroyd, Cllr John Brynmor Hughes

14 February 2024 – present: Julia Hughes (Chair), Sally Ellis (Deputy Chair), Gareth Pritchard, Gill Murgatroyd

Issues Discussed

At its meeting on 13 October 2023 the Committee reviewed:

- FRA Members' attendance at meetings. It was highlighted that failure to attend meetings represents a significant issue for the Authority as it reduces its capacity and creates gaps in Members' understanding that can take time to overcome. Those members with 50% attendance, or lower, are requested in writing if there is any reason why their attendance is so low and for a commitment to improve. Any mitigating circumstances are taken into account during this process.
- The Authority's gifts and hospitality policy was put into a new format and applied to all officers, including firefighters. It was recommended by the Committee that the document be reviewed once per year by a senior officer which was agreed.
- The Committee considered the annual reports of the Adjudication Panel for Wales and the Public Services Ombudsman for Wales plus findings published by the Ombudsman on her website to see whether there were useful lessons to be learned. A message was sent to all councillors about the dangers of attending meetings whilst driving.
- The Committee reviewed its series of observation visits to Authority meetings. Committee Members saw many examples of good chairing and compliance with the code. It made several recommendations to help improve adherence. It concluded that they had been of value, and similar visits will be conducted in two years.

The Committee met again on 14 February 2024. At this meeting, Members considered the following matters:

- Penn Review of the Ethical Framework – the report by Richard Penn included various recommendations on changes which required legislation to be implemented. Welsh Government has accepted some of those recommendations and legislation is not expected until the next term of the Senedd;
- Rolling review of the members Code of Conduct (the Code) – the Committee considered voluntary changes to the Code that might be considered in light of the Penn Review and asked for further details before reaching a conclusion
- Rolling review of member officer protocol – the Committee wanted further detail on the range of people (employees, contractors or agency workers) who should be considered to be within scope of the protocol.
- The Committee received an update to confirm that those Members contacted about their attendance after the October meeting had now increased their attendance levels above 50%

The Committee has also considered feedback from the National Forum for Standards Committee chairs. That forum is an opportunity to share good practice and build consensus around common areas of work. The views expressed there are taken into account when the Committee considers issues such as amendments to the code.

Training

The committee has agreed that it will undertake training at each of its meetings on matters pertinent to its terms of reference.

Forward Work Plan

The Committee has set itself an annual forward programme to ensure that it fulfils its terms of reference and considers all items that it needs to cover within a year. Regular standing items include Our Findings from the Ombudsman's website, feedback from the national forum, Members' attendance as well as training on its roles and responsibilities.

The Committee also sets itself a multi-year programme to review the codes and protocols within its terms of reference. Each is considered at least once per Authority term. That programme has commenced again following the elections in 2022.

Complaints against Members of the North Wales Fire and Rescue Authority

There were no complaints about FRA Members during this period. Consequently, there were no referrals under the local resolution process or to the Adjudication Panel for Wales or the Standards Committee to hold a hearing in respect of an alleged breach of the code.

Group Leaders' Duty to Promote Ethical Behaviour

The Authority does not divide its membership by political grouping. However, the Committee Chair and Vice Chair will meet with the Chairs of the Authority and Audit Committee to ensure the Committee adds value.

Financial Implications

The budget for the Committee is managed through a single budget heading for all Authority costs. Independent members of the Committee are entitled to claim remuneration based on meetings and events attended. For attending meetings in this financial year, a total of £1,213 has been claimed.

Conclusion

The Standards Committee recommends that the Authority notes its Annual Report 2023/24.

Statutory Guidance



Llywodraeth Cymru
Welsh Government

Statutory Guidance for Fire and Rescue Authorities and National Park Authorities in relation to standards of conduct (WG23-25)

June 2023

Statutory Guidance for Fire Rescue Authorities and National Park Authorities in relation to standards of conduct

Policy context

1. Part 3 of the Local Government Act 2000 (“the 2000 Act”) established a statutory framework to promote and maintain high standards of ethical conduct by members and employees of relevant authorities in Wales. A ‘relevant authority’ for this purpose includes a Fire and Rescue Authority and a National Park Authority.
2. The framework consists of the ten general principles of conduct for members (derived from Lord Nolan’s ‘Seven Principles of Public Life’), set out below:
 - Selflessness;
 - Honesty;
 - Integrity and propriety;
 - Duty to uphold the law;
 - Stewardship;
 - Objectivity in decision-making;
 - Equality and respect;
 - Openness;
 - Accountability;
 - Leadership.
3. These are included in the statutory Model Code of Conduct (“the Model Code”) (as required under section 50 of the 2000 Act), which lays down a set of enforceable minimum standards for the way in which members should conduct themselves, both in terms of their official capacity and (in some instances) in their personal capacity. As the Model Code may from time to time be updated, members must familiarise themselves with any changes with which they are required to observe.

Statutory Guidance on the Functions of Standards Committees

Status of this guidance

4. This guidance is issued under section 54(7) of the Local Government Act 2000 (“the 2000 Act”) as amended by the section 68(3)(c) of the Local Government (Democracy) (Wales) Act 2013 (“the 2013 Act”).
5. The duty on relevant authorities to have regard to any relevant guidance issued by the Welsh Ministers came into force on 1 May 2015.

Purpose of this guidance

6. Local standards committees play an important role in supporting members, individually and collectively, to develop and maintain a culture which embraces high standards of conduct.
7. A Fire and Rescue Authority and a National Park Authority is required by section 53 of the 2000 Act to establish a standards committee.
8. The general functions of a standards committee under section 54(1) of the 2000 Act are to promote and maintain high standards of conduct by members and co-opted members of a relevant authority and to assist them to observe the authority’s Code of Conduct (“the Authority’s Code”).
9. In addition, a standards committee also has specific functions under section 54(2) of the 2000 Act, namely to:
 - advise the authority on the adoption or revision of a code of conduct;
 - monitor the operation of the Authority’s Code; and
 - provide advice and training, or arrange training, on matters relating to the Authority’s Code.
10. An important aspect of governance arrangements is the approach taken to gifts and hospitality. While there has been some support for a Wales wide approach we consider this is a matter to be dealt with by individual authorities. We would expect standards committees to regularly review the approach taken in respect of gifts and hospitality and the use of thresholds. We would recommend this to be a matter included in standards committees annual reports. In addition it is considered this is a matter which would be routinely discussed at regular meetings of fire and rescue authorities or National Park authorities across Wales.

Duty of standards committee to make annual report

Status of this guidance

11. This guidance is issued under section 54(7) of the Local Government Act 2000 (“the 2000 Act”) as amended by the section 68(3c) of the Local Government (Democracy) (Wales) Act 2013 (“the 2013 Act”).

Purpose

12. Section 63(1) of the Local Government and Elections (Wales) Act 2021 (“the 2021 Act”) inserts section 56B into the 2000 Act which places a requirement on standards committees in each relevant authority to make an annual report to the authority concerned.

13. As a minimum, the report must:

- describe how the committee has discharged its functions during the preceding financial year;
- confirm the operation of a local protocol for the resolution of complaints about members’ standards of conduct and provide an assessment of its impact. Where no local protocol has been adopted, the standards committees must consider whether the adoption of such a protocol would support its functions in relation to promoting high standards of ethical conduct;
- include an analysis of complaints about members’ standards of conduct. This analysis must include information about the number of members who have been the subject of a complaint which has been upheld, and whether they have or have not attended a training session on the Authority’s Code prior to or after the complaint was received;
- include a summary of reports and recommendations made or referred to the committee by the Public Services Ombudsman for Wales relating to the investigation of alleged breaches of the Authority’s Code, and any subsequent action taken by the committee;
- include a summary of notices given to the committee by the Adjudication Panel for Wales, relating to the Panel’s decisions on possible breaches of the Authority’s Code;
- describe the advice it has provided on training for all members and how that has been implemented.

14. The committee may also wish to report on the number of cases considered under local resolution processes. This would help to capture data on an “all Wales” basis, on matters which do not reach the Public Services Ombudsman for Wales.

15. Approaches to the management and monitoring of gifts and hospitality are often sensitive matters. It is recommended the approach to this is reviewed and agreed within individual authorities and that the regular review of thresholds for declaration of gifts, hospitality, material benefit or advantage, are included in standards committee's annual report. This will assist in terms of transparency of the arrangements.
16. The requirement to make an annual report is intended to ensure there is a regular and consistent approach to the reporting and consideration of standards of conduct by members of relevant authorities in Wales. This is intended to promote local ownership and collective responsibility by members for ensuring high standards of conduct within their authority. To this end, section 56B(6) places an obligation on a relevant authority to consider the report and any recommendations made by its standards committee within three months of its receipt. The authority's consideration of a report will be a matter of public record through the published minutes of the meeting.
17. The standards committee should consider whether there are improvements that can be made to strengthen the standards of behaviour of members. This may include recommendations about matters such as mandating training in equalities and the model code of conduct.
18. It would be good practice for standards committees to share their Annual Reports with the Public Services Ombudsman for Wales.

Report to	North Wales Fire and Rescue Authority
Date	15 April 2024
Lead Officer	Gareth Owens, Clerk
Contact Officer	Gareth Owens (01745 535286)
Subject	Rolling Review of Councillors' Code of Conduct



PURPOSE OF REPORT

- 1 To review the councillors' Code of Conduct (the Code) to ensure that it remains pertinent and up to date, especially in light of recommendations made within the Penn Review.

EXECUTIVE SUMMARY

- 2 In 2021 the Penn Review, amongst other things, made recommendations for changes to the councillors' Code of Conduct. The Standards Committee (the Committee) has considered the recommendations and suggests that the North Wales Fire and Rescue Authority (the Authority) makes a number of voluntary changes.

RECOMMENDATIONS

- 3 Members are asked to:
 - i) Include all the protected characteristics under the Equality Act 2010 within the prohibition on discrimination; and
 - ii) Amend the requirement to report criminal behaviour by others to also include reporting oneself where a councillor receives a conviction (other than a fixed penalty notice)

OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE

- 4 This report has not previously been considered by Members.

BACKGROUND

- 5 The Committee reviews each code and protocol once per Authority term to ensure that it remains up to date and pertinent. The Authority must adopt a Code of Conduct for councillors under s.52 Local Government Act 2000 and so the document remains pertinent.

- 6 In 2021 Welsh Government commissioned Richard Penn (a former local authority chief executive and former chair of the Independent Remuneration Panel for Wales) to review the ethical framework, i.e., the councillors' Code of Conduct and the mechanisms to support and enforce it.
- 7 The report arising from that review ("the Penn Review") made some recommendations for changes to the national model on which the Authority's councillors' Code of Conduct (the code) is based. That national model is a statutory document, and changes to that model will require legislation. Welsh Government is proposing to legislate but not until the next term of the Senedd, i.e. after 2026. The Authority can, if it wishes, voluntarily adopt some or all of the recommendations now, provided it is satisfied that doing so will not make the code any less onerous than the national model.

INFORMATION

- 8 The national model code includes a prohibition on discrimination. However, the national model was issued in 2008, that is to say prior to the Equality Act 2010, and does not include all the protected characteristic under that Act. The Penn Review recommended included all the protected characteristics so that it is consistent with the Act. The Committee recommends that the Authority does extend the prohibition in the code to include all protected characteristics.
- 9 There is also a lacuna within the Code at the moment. Councillors are required to report behaviour by others which they "reasonably believe involves or is likely to involve criminal behaviour". It doesn't include a similar obligation to report their own criminal behaviour. There is an important legal principle that a person cannot be required to incriminate themselves, but there have been situations where a councillor has been convicted of an offence without their council/authority being aware of the conviction. If an obligation to report one's own criminal behaviour were to be triggered by the imposition of a conviction then:
 - a. it would avoid a councillor incriminating themselves; and
 - b. it would avoid the requirement having any retrospective effect
- 10 The Committee was also concerned that there might be a long delay between safeguarding or other serious allegations being made against a councillor and a trial/conviction. The safeguarding procedures would consider whether action needed to be taken in respect of a councillor and whether it would be necessary to ask the Ombudsman to seek an interim suspension order.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget for 2023/24	Considered not relevant
Legal	The role of the Committee under section 54 Local Government Act 2000 is: (a) promoting and maintaining high standards of conduct by the members and co-opted members of the authority, and (b) assisting members and co-opted members of the authority to observe the authority's code of conduct.
Staffing	Considered not relevant
Equalities/Human Rights/ Welsh Language	It is not considered that there are any issues that need addressing as the recommendations apply equally to all Members regardless of protected characteristics under the Single Equality Act. Recommendation v will need legislation to as a legal basis for any interference with the right to freedom of political expression.
Risks	The risk of adopting changes now is that, when WG actually publishes legislation, the Authority's code might not match. It would then need further amendment to confirm with the national model.

MEMBERS' CODE OF CONDUCT

PART 1 INTERPRETATION

1.—(1) In this code —

"co-opted member" ("*aelod cyfetholedig*"), in relation to a relevant authority, means a person who is not a member of the authority but who —

(a) is a member of any committee or sub-committee of the authority, or

(b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority, and who is entitled to vote on any question which falls to be decided at any meeting of that committee or subcommittee;

"meeting" ("*cyfarfod*") means any meeting —

(a) of the relevant authority,

(b) of any executive or board of the relevant authority,

(c) of any committee, sub-committee, joint committee or joint sub-committee of the relevant authority or of any such committee, sub-committee, joint committee or joint sub-committee of any executive or board of the authority, or

(d) where members or officers of the relevant authority are present other than a meeting of a political group constituted in accordance with regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990,

and includes circumstances in which a member of an executive or board or an officer acting alone exercises a function of an authority;

"member" ("*aelod*") includes, unless the context requires otherwise, a co-opted member;

"registered society" means a society, other than a society registered as a credit union, which is —

(a) a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014; or

(b) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969;

"register of members' interests" ("*cofrestr o fuddiannau'r aelodau*") means the register established and maintained under section 81 of the Local Government Act 2000;

"relevant authority" ("*awdurdod perthnasol*") means—

(a) a county council,

(b) a county borough council,

(c) a community council,

(d) a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies,

(e) a National Park authority established under section 63 of the Environment Act 1995;

"you" ("*chi*") means you as a member or co-opted member of a relevant authority; and

"your authority" ("*eich awdurdod*") means the relevant authority of which you are a member or co-opted member.

(2) In relation to a community council—

(a) "proper officer" ("*swyddog priodol*") means an officer of that council within the meaning of section 270(3) of the Local Government Act 1972; and

(b) "standards committee" ("*pwyllgor safonau*") means the standards committee of the county or county borough council which has functions in relation to the community council for which it is responsible under section 56(1) and (2) of the Local Government Act 2000.

PART 2

GENERAL PROVISIONS

2.—(1) Save where paragraph 3(a) applies, you must observe this code of conduct

- (a) whenever you conduct the business, or are present at a meeting, of your authority;
- (b) whenever you act, claim to act or give the impression you are acting in the role of member to which you were elected or appointed;
- (c) whenever you act, claim to act or give the impression you are acting as a representative of your authority; or
- (d) at all times and in any capacity, in respect of conduct identified in paragraphs 6(1)(a) and 7.

(2) You should read this code together with the general principles prescribed under section 49(2) of the Local Government Act 2000 in relation to Wales.

3. Where you are elected, appointed or nominated by your authority to serve

- (a) on another relevant authority, or any other body, which includes a Local Health Board you must, when acting for that other authority or body, comply with the code of conduct of that other authority or body; or
- (b) on any other body which does not have a code relating to the conduct of its members, you must, when acting for that other body, comply with this code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

4. You must

- (a) carry out your duties and responsibilities with due regard to the principle that there should be equality of opportunity for all people, regardless of their gender, race, disability, sexual orientation, age, gender reassignment, marriage and civil partnership, pregnancy and maternity or religion;
- (b) show respect and consideration for others;
- (c) not use bullying behaviour or harass any person; and
- (d) not do anything which compromises, or which is likely to compromise, the impartiality of those who work for, or on behalf of, your authority.

5. You must not —

(a) disclose confidential information or information which should reasonably be regarded as being of a confidential nature, without the express consent of a person authorised to give such consent, or unless required by law to do so;

(b) prevent any person from gaining access to information to which that person is entitled by law.

6.—(1) You must —

(a) not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute;

(b) report, whether through your authority's confidential reporting procedure or direct to the proper authority, any conduct by another member or anyone who works for, or on behalf of, your authority which you reasonably believe involves or is likely to involve criminal behaviour (which for the purposes of this paragraph does not include offences or behaviour capable of punishment by way of a fixed penalty);

(c) report to your authority's monitoring officer any conduct by another member which you reasonably believe breaches this code of conduct;

(d) not make vexatious, malicious or frivolous complaints against other members or anyone who works for, or on behalf of, your authority.

(e) report to the Public Services Ombudsman for Wales and the Monitoring Officer any criminal conviction imposed on you since making your declaration of acceptance of office (which for the purposes of this paragraph does not include offences capable of punishment by way of a fixed penalty).

(2) You must comply with any request of your authority's monitoring officer, or the Public Services Ombudsman for Wales, in connection with an investigation conducted in accordance with their respective statutory powers.

7. You must not —

(a) in your official capacity or otherwise, use or attempt to use your position improperly to confer on or secure for yourself, or any other person, an advantage or create or avoid for yourself, or any other person, a disadvantage;

- (b) use, or authorise others to use, the resources of your authority —
- (i) imprudently;
 - (ii) in breach of your authority's requirements;
 - (iii) unlawfully;
 - (iv) other than in a manner which is calculated to facilitate, or to be conducive to, the discharge of the functions of the authority or of the office to which you have been elected or appointed;
 - (v) improperly for political purposes; or
 - (vi) improperly for private purposes.

8. You must —

- (a) when participating in meetings or reaching decisions regarding the business of your authority, do so on the basis of the merits of the circumstances involved and in the public interest having regard to any relevant advice provided by your authority's officers, in particular by —
- (i) the authority's head of paid service;
 - (ii) the authority's chief finance officer;
 - (iii) the authority's monitoring officer;
 - (iv) the authority's chief legal officer (who should be consulted when there is any doubt as to the authority's power to act, as to whether the action proposed lies within the policy framework agreed by the authority or where the legal consequences of action or failure to act by the authority might have important repercussions);
- (b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by your authority.

9. You must —

- a) observe the law and your authority's rules governing the claiming of expenses and allowances in connection with your duties as a member;

- b) avoid accepting from anyone gifts, hospitality (other than official hospitality, such as a civic reception or a working lunch duly authorised by your authority), material benefits or services for yourself or any person which might place you, or reasonably appear to place you, under an improper obligation.

PART 3 INTERESTS

Personal Interests

10.—(1) You must in all matters consider whether you have a personal interest, and whether this code of conduct requires you to disclose that interest.

(2) You must regard yourself as having a personal interest in any business of your authority if —

(a) it relates to, or is likely to affect —

- (i) any employment or business carried on by you;
- (ii) any person who employs or has appointed you, any firm in which you are a partner or any company for which you are a remunerated director;
- (iii) any person, other than your authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties as a member;
- (iv) any corporate body which has a place of business or land in your authority's area, and in which you have a beneficial interest in a class of securities of that body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body;
- (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a body of the description specified in sub-paragraph (iv) above;
- (vi) any land in which you have a beneficial interest and which is in the area of your authority;
- (vii) any land where the landlord is your authority and the tenant is a firm in which you are a partner, a company of which you are a remunerated director, or a body of the description specified in subparagraph (iv) above;
- (viii) any body to which you have been elected, appointed or nominated by your authority;

(ix) any —

(aa) public authority or body exercising functions of a public nature;

(bb) company, registered society, charity, or body directed to charitable purposes;

(cc) body whose principal purposes include the influence of public opinion or policy;

(dd) trade union or professional association; or

(ee) private club, society or association operating within your authority's area,

in which you have membership or hold a position of general control or management;

(x) any land in your authority's area in which you have a licence (alone or jointly with others) to occupy for 28 days or longer;

[Note: subparagraph (b) is omitted.]

(c) a decision upon it might reasonably be regarded as affecting —

(i) your well-being or financial position, or that of a person with whom you live, or any person with whom you have a close personal association;

(ii) any employment or business carried on by persons as described in 10(2)(c)(i);

(iii) any person who employs or has appointed such persons described in 10(2)(c)(i), any firm in which they are a partner, or any company of which they are directors;

(iv) any corporate body in which persons as described in 10(2)(c)(i) have a beneficial interest in a class of securities exceeding the nominal value of £5,000; or

(v) any body listed in paragraphs 10(2)(a)(ix)(aa) to (ee) in which persons described in 10(2)(c)(i) hold a position of general control or management,

to a greater extent than the majority of—

(aa) in the case of an authority with electoral divisions or wards, other council tax payers, rate payers or inhabitants of the electoral division or ward, as the case may be, affected by the decision; or

(bb) in all other cases, other council tax payers, ratepayers or inhabitants of the authority's area.

Disclosure of Personal Interests

11.—(1) Where you have a personal interest in any business of your authority and you attend a meeting at which that business is considered, you must disclose orally to that meeting the existence and nature of that interest before or at the commencement of that consideration, or when the interest becomes apparent.

(2) Where you have a personal interest in any business of your authority and you make —

(a) written representations (whether by letter, facsimile or some other form of electronic communication) to a member or officer of your authority regarding that business, you should include details of that interest in the written communication; or

(b) oral representations (whether in person or some form of electronic communication) to a member or officer of your authority you should disclose the interest at the commencement of such representations, or when it becomes apparent to you that you have such an interest, and confirm the representation and interest in writing within 14 days of the representation.

(3) Subject to paragraph 14(1)(b) below, where you have a personal interest in any business of your authority and you have made a decision in exercising a function of an executive or board, you must in relation to that business ensure that any written statement of that decision records the existence and nature of your interest.

(4) You must, in respect of a personal interest not previously disclosed, before or immediately after the close of a meeting where the disclosure is made pursuant to sub-paragraph 11(1), give written notification to your authority in accordance with any requirements identified by your authority's monitoring officer, or in relation to a community council, your authority's proper officer from time to time but, as a minimum containing —

- (a) details of the personal interest;
- (b) details of the business to which the personal interest relates; and
- (c) your signature.

(5) Where you have agreement from your monitoring officer that the information relating to your personal interest is sensitive information, pursuant to paragraph 16(1), your obligations under this paragraph 11 to disclose such information, whether orally or in writing, are to be replaced with an obligation to disclose the existence of a personal interest and to confirm that your monitoring officer has agreed that the nature of such personal interest is sensitive information.

(6) For the purposes of sub-paragraph (4), a personal interest will only be deemed to have been previously disclosed if written notification has been provided in accordance with this code since the last date on which you were elected, appointed or nominated as a member of your authority.

(7) For the purposes of sub-paragraph (3), where no written notice is provided in accordance with that paragraph you will be deemed as not to have declared a personal interest in accordance with this code.

Prejudicial Interests

12.—(1) Subject to sub-paragraph (2) below, where you have a personal interest in any business of your authority you also have a prejudicial interest in that business if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

(2) Subject to sub-paragraph (3), you will not be regarded as having a prejudicial interest in any business where that business—

- (a) relates to —
 - (i) another relevant authority of which you are also a member;
 - (ii) another public authority or body exercising functions of a public nature in which you hold a position of general control or management;
 - (iii) a body to which you have been elected, appointed or nominated by your authority;
 - (iv) your role as a school governor (where not appointed or nominated by your authority) unless it relates particularly to the school of which you are a governor;

(v) your role as a member of a Local Health Board where you have not been appointed or nominated by your authority;

(b) relates to —

(i) the housing functions of your authority where you hold a tenancy or lease with your authority, provided that you do not have arrears of rent with your authority of more than two months, and provided that those functions do not relate particularly to your tenancy or lease;

(ii) the functions of your authority in respect of school meals, transport and travelling expenses, where you are a guardian, parent, grandparent or have parental responsibility (as defined in section 3 of the Children Act 1989) of a child in full time education, unless it relates particularly to the school which that child attends;

(iii) the functions of your authority in respect of statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of such pay from your authority;

(iv) the functions of your authority in respect of an allowance or payment made in accordance with the provisions of Part 8 of the Local Government (Wales) Measure 2011, or an allowance or pension provided under section 18 of the Local Government and Housing Act 1989;

(c) your role as a community councillor in relation to a grant, loan or other form of financial assistance made by your community council to community or voluntary organisations up to a maximum of £500.

(3) The exemptions in subparagraph (2)(a) do not apply where the business relates to the determination of any approval, consent, licence, permission or registration.

Overview and Scrutiny Committees

13. You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—

(a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive, board or another of your authority's committees, sub-committees, joint committees or joint subcommittees; and

(b) at the time the decision was made or action was taken, you were a member of the executive, board, committee, sub-committee, joint-committee or joint sub-committee mentioned in sub-paragraph (a) and you were present when that decision was made or action was taken.

Participation in Relation to Disclosed Interests

14.—(1) Subject to sub-paragraphs (2), (2A), (3) and (4), where you have a prejudicial interest in any business of your authority you must, unless you have obtained a dispensation from your authority's standards committee —

(a) withdraw from the room, chamber or place where a meeting considering the business is being held—

(i) where sub-paragraph (2) applies, immediately after the period for making representations, answering questions or giving evidence relating to the business has ended and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration; or

(ii) in any other case, whenever it becomes apparent that that business is being considered at that meeting;

(b) not exercise executive or board functions in relation to that business;

(c) not seek to influence a decision about that business;

(d) not make any written representations (whether by letter, facsimile or some other form of electronic communication) in relation to that business; and

(e) not make any oral representations (whether in person or some form of electronic communication) in respect of that business or immediately cease to make such oral representations when the prejudicial interest becomes apparent.

(2) Where you have a prejudicial interest in any business of your authority you may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

(2A) Where you have a prejudicial interest in any business of your authority you may submit written representations to a meeting relating to that business, provided that the public are allowed to attend the meeting for the purpose of making representations, answering questions or giving evidence relating to the business, whether under statutory right or otherwise.

(2B) When submitting written representations under sub-paragraph (2A) you must comply with any procedure that your authority may adopt for the submission of such representations.

(3) Sub-paragraph (1) does not prevent you attending and participating in a meeting if —

(a) you are required to attend a meeting of an overview or scrutiny committee, by such committee exercising its statutory powers; or

(b) you have the benefit of a dispensation provided that you —

(i) state at the meeting that you are relying on the dispensation; and

(ii) before or immediately after the close of the meeting give written notification to your authority containing —

(aa) details of the prejudicial interest;

(bb) details of the business to which the prejudicial interest relates;

(cc) details of, and the date on which, the dispensation was granted; and

(dd) your signature.

(4) Where you have a prejudicial interest and are making written or oral representations to your authority in reliance upon a dispensation, you must provide details of the dispensation within any such written or oral representation and, in the latter case, provide written notification to your authority within 14 days of making the representation.

PART 4
THE REGISTER OF MEMBERS' INTERESTS

Registration of Personal Interests

15.—(1) Subject to sub-paragraph (4), you must, within 28 days of—

(a) your authority's code of conduct being adopted or the mandatory provisions of this model code being applied to your authority; or

(b) your election or appointment to office (if that is later),

register your personal interests, where they fall within a category mentioned in paragraph 10(2)(a), in your authority's register of members' interests by providing written notification to your authority's monitoring officer.

(2) Subject to sub-paragraph (4), you must, within 28 days of becoming aware of any new personal interest falling within a category mentioned in paragraph 10(2)(a), register that new personal interest in your authority's register of members' interests by providing written notification to your authority's monitoring officer.

(3) Subject to sub-paragraph (4), you must, within 28 days of becoming aware of any change to a registered personal interest falling within a category mentioned in paragraph 10(2)(a), register that change in your authority's register of members' interests by providing written notification to your authority's monitoring officer, or in the case of a community council to your authority's proper officer.

(4) Sub-paragraphs (1), (2) and (3) do not apply to sensitive information determined in accordance with paragraph 16(1).

(5) Sub-paragraphs (1) and (2) do not apply if you are a member of a relevant authority which is a community council when you act in your capacity as a member of such an authority.

(6) You must, when disclosing a personal interest in accordance with paragraph 11 for the first time, register that personal interest in your authority's register of members' interests by providing written notification to your authority's monitoring officer, or in the case of a community council to your authority's proper officer.

Sensitive information

16.—(1) Where you consider that the information relating to any of your personal interests is sensitive information, and your authority's monitoring officer agrees, you need not include that information when registering that interest, or, as the case may be, a change to the interest under paragraph 15.

(2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under sub-paragraph (1) is no longer sensitive information, notify your authority's monitoring officer, or in relation to a community council, your authority's proper officer asking that the information be included in your authority's register of members' interests.

(3) In this code, "sensitive information" ("*gwybodaeth sensitif*") means information whose availability for inspection by the public creates, or is likely to create, a serious risk that you or a person who lives with you may be subjected to violence or intimidation.

Registration of Gifts and Hospitality

17. You must, within 28 days of receiving any gift, hospitality, material benefit or advantage above a value specified in a resolution of your authority, provide written notification to your authority's monitoring officer, or in relation to a community council, to your authority's proper officer of the existence and nature of that gift, hospitality, material benefit or advantage.
