

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN CYMRU**



**MID AND WEST WALES FIRE AND RESCUE AUTHORITY**

**COFNODION CYFARFOD CYFFREDINOL ARBENNIG  
YR AWDURDOD**

Ystafell Caer,  
Pencadlys Y Gwasanaeth Tân Ac Achub, Caerfyrddin

**Dydd Mercher 6 Mehefin 2018**

**MINUTES OF THE EXTRAORDINARY GENERAL  
MEETING OF THE FIRE AUTHORITY**

The Caer Suite,  
Fire and Rescue Service Headquarters, Carmarthen

**Wednesday 6 June 2018**

11.00 – 12.33

**72% PRESENOLDEB/ATTENDANCE**

Presennol yn y Cyfarfod/Present at Meeting:

**CADEIRYDD/CHAIR:** R Rees-Evans  
**IS-GADEIRYDD/DEPUTY CHAIR:** J Curtice

**AELODAU/MEMBERS:** Cyng/Cllrs: C Anderson, G Breeze, A Brinn, K Broom, M Charles, K Curry, L Frayling, J Hale, T Hennegan, P James, S Joseph, A Llewelyn, C Mills, J Warman, E Williams, A Woolcock

**YMDDIHEURIADAU/APOLOGIES:** Cyng/Cllrs: M Crowley, C Evans, R Lewis, D Thomas, E G Thomas, T Van-Rees, G Walker

**N BRESENNOL /IN ATTENDANCE:** C Davies, D Daycock, C Moore, R Quin, K Jones, R Thomas, M Harries, I Cray, S Jenkins, C Flannery, C Jackson, S Mansbridge, M Miles, M Jones, A Butler

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors M Crowley, C Evans, R Lewis D Thomas, E G Thomas, T Van-Rees and G Walker.

## **2 DECLARATION BY MEMBERS OF ANY PERSONAL INTERESTS**

All Members present declared a personal interest in any matters relating to, or likely to affect their own Constituent Authority.

All Members present declared a personal interest in relation to the Members' allowances set out in the Statement of Accounts (Agenda Item 6) and the detailed revenue budget (Agenda Item 7).

## **3 PERSONAL MATTERS / ANNOUNCEMENTS**

The Chair extended a warm welcome to M Jones and A Butler of the Wales Audit Office and to the Authority's Section 151 Officer, Mr C Moore.

## **4 TO RECEIVE AND APPROVE A REPORT ON THE AUDIT OF FINANCIAL STATEMENTS 2015/16**

The Section 151 Officer introduced the report on the Audit of Financial Statements for 2015/16. It was reported that the financial statements were now complete following delays attributable in part to the Statements that were presented to the Wales Audit Office and partly due to the failings of the contracted auditors at that time, namely KPMG.

The Section 151 Officer reported that notwithstanding certain exceptions regarding some transactions, the financial statements presented to Members had been certified as providing a true and fair view on the financial position of Mid and West Wales Fire and Rescue Authority as at 31 March 2016 and of its income and expenditure for the year. The Authority was assured in terms of the accuracy of balances within the 2015/16 Statements which the Section 151 Officer considered provided a sound footing for the preparation of 2016/17 financial statements and beyond.

Attention was drawn to the ISA 260 report (the Audit of Financial Statements Report) set out at Appendix A and it was explained to Members that it was the intention of the Auditor General to issue a qualified audit opinion on the financial statements set out therein based upon 3 areas. The three areas of uncertainty related to the accuracy of the classification of income and expenditure across the five "Cost of Service" components within the Comprehensive Income and Expenditure Statement; the classification in disclosure note 8 "Analysis of Earmarked Reserves"; and the accuracy of the expenditure classification in disclosure note 24 "Amounts reported for resource allocation decisions".

The Section 151 Officer commended the Head of Finance and her team and the Wales Audit Office in recognition of the significant challenges that were entailed in finalising the 2015/16 Statement of Accounts in terms resolving legacy issues.

Mr M Jones, of the Wales Audit Office, informed Members that the Auditor General was required to discharge his duty to report prior to certification of the Statement of Accounts scheduled for 7 June 2018. Mr Jones provided an overview of the classification issues arising from the audit to Members in respect of insufficient appropriate audit evidence which had led to the proposed qualified opinion as set out at Appendix 2 of the Audit of Financial Statement report. Members were assured that

the 'bottom line' figures were materially accurate and the Wales Audit Office was confident that all matters would be addressed and corrected for 2016/17 and beyond.

Mr M Jones then referred to the well-documented issues of the past two years, and explained that notwithstanding these issues, significant progress had been made in recent months in addressing the vast majority of the underlying problems regarding the financial statements that had been presented for audit. It was reported that this progress had resulted in the satisfactory correction of some material areas of the financial statements, such as the accounting for land and buildings, which, without satisfactory correction, would have been qualified by the Auditor General. Mr Jones further reported that the Wales Audit Office recognised the changes made to the staffing structure within the Finance department and membership of the Executive Leadership Team which it was felt had assisted in contributing to the improvements recently achieved in the Authority's accounting systems and which had accordingly provided a far sounder footing for the preparation of the 2016-17 financial statements and beyond.

Members were also provided with a synopsis of the corrected and uncorrected misstatements which were reported for awareness in line with regulatory requirements, however Members were assured that these had not been classed as material, individually or collectively. Mr M Jones also drew attention to the areas of recommendations set out in the report which had been identified by the Wales Audit Office and he also acknowledged the programme of implementation that had been established by the Executive Leadership Team.

Mr M Jones reminded the Authority that the audit opinion and certification of the Statement of Accounts 2015/16 was predicated upon receipt of the signed letter of representation.

Reference was made to the Wales Audit Office's independent review of aspects of the audit of the 2014/15 financial statements which found that the quality of some of the audit work had been deficient and had resulted in certain material misstatements not being identified by the auditors at that time. However, the Wales Audit Office had expected the key accounting and financial management issues identified during the early stages of the 2015/16 audit to be fully investigated and corrected by the Authority by the end of 2016.

The Section 151 Officer assured the Authority that the deficiencies in respect of the 2014/15 audit had been recognised within Wales Audit Office and dealt with appropriately by way of a refund of the audit fee for that year. A request had also been made to the Auditor General to obtain a copy of the summary report in respect of the independent review by the Northern Ireland Office.

Councillor A Llewellyn referred to section 3.3 of the report and enquired whether the Authority would be in a position to confirm the use of reserves to Constituent Authorities. The Section 151 Officer duly clarified that section 3.3 referred to the movement of reserves within the year as oppose to the year-end position and it was confirmed that there was a clear classification as to the allocation of reserves. The Section 151 Officer further commented that reserves should not be used to offset the budget; rather they should be utilised for funding one-off items.

In response to queries submitted by Cllr P James, it was clarified by Mr M Jones that a proportion of the Auditor General's work was sub-contracted via a procurement process, which had been awarded to DeLoitte, Grant Thornton and BDO since 2015/16; but prior to that date, other companies had been contracted to undertake audits on behalf of the Wales Audit Office, with some of these no longer being part of the current sub-contracting arrangements. Mr M Jones further explained to Cllr P James that once the 2015-16 audit had been concluded, he would notify officers and members of the audit fee to be charged for the audit of the 2015/16 financial statements.

Cllr P James sought further information in respect of the debtor balance for the Rescue 365 Community Interest Company (CIC) set out at Exhibit 6 of Appendix A. *[note at this point the Temporary Deputy Chief Fire Officer and Corporate Head of Resources declared a personal interest by virtue of their roles as Directors of Rescue 365 CIC. The Chief Fire Officer also declared that he was a previous Director of Rescue 365 CIC.]* (they did not leave the meeting). The Section 151 Officer reported that a full review of the company's business plan would be undertaken and reported back to the Authority in due course, and assurances were given that there had been no cost to the Authority to date and any debts would be managed within the profitability statement going forward.

## **RESOLUTION**

***It was RESOLVED that the Auditor General's ISA260 report for the financial statements for 2015/16 (attached at Appendix A) be noted.***

### **5 TO RECEIVE AND APPROVE THE LETTER OF REPRESENTATION REGARDING THE 2015/16 FINANCIAL STATEMENTS**

The Section 151 Officer introduced a report concerning the letter of representation regarding the 2015/16 Financial Statements. It was reported that the Authority was required to provide appropriate representations, by way of a signed letter, to the Auditor General regarding its responsibilities in relation to the financial statements, and matters material to the financial statements. Members' attention was drawn to the letter of representation set out at Appendix A of the report which confirmed that the Authority had fulfilled its responsibilities in line with legislative requirements and the Code of Practice.

## **RESOLUTION**

***It was RESOLVED that the letter of representation to the Auditor General for Wales, Wales Audit Office be approved prior to completion by the S151 Officer and Chairman on behalf of the Fire & Rescue Authority (attached at Appendix A).***

### **6 TO RECEIVE AND APPROVE THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

The Section 151 Officer presented for approval the post-audit Statement of Accounts 2015/16 to the Authority in accordance with the provisions of the Accounts and Audit (Wales) Regulations 2014. The Statement summarised the financial position of the Authority for the year ended 31 March 2016 which took into account the corrected misstatements considered by the Authority at Agenda Item 4. The Section 151 Officer drew attention to the salient points contained within the Statement in terms of the outturn position for the year ended 2015/16, revenue sources of funding, capital accounts and capital expenditure. It was reported that, with the exception of the matters described in the basis of the qualified opinion, the Statement of Accounts would be certified by the Section 151 Officer as a true and fair view of the financial position of the Authority as at 31 March 2016 and its income and expenditure for the year then ended.

The Section 151 Officer provided a synopsis of the governance operations of the Authority, the Auditor Statement and the core statements in terms of the overall appraisal of the income and expenditure on the balance sheet of the Authority. Reference was also made to the amounts set aside from the General Fund in earmarked and capital reserves to provide financing for future

expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16. The Section 151 Officer informed Members that the reserves would be reviewed as part of the budget process in going forward to ensure that balances were classified appropriately.

Reference was made to the timescales for finalising the 2016/17 and 2017/18 Statements of Accounts, and it was clarified that the Authority was working towards an initial target date of 07 September 2018 to issue the first draft of the Statements to Accounts.

The Chair commended the Section 151 Officer, the Head of Finance and the Finance Team who had worked diligently on the preparation of the financial statements. The Chair also extended his gratitude to Mark Jones, Alison Butler and their colleagues within the Wales Audit Office for their assistance and co-operation throughout the process.

## **RESOLUTION**

*It was RESOLVED that the audited Statement of Accounts for 2015/16 be approved.*

### **7 TO RECEIVE AND NOTE A REPORT ON THE DETAILED REVENUE BUDGET FOR 2018/19**

The Section 151 Officer presented the detailed revenue budget report for 2018/19 which had been reviewed since its approval by the Authority on 5 February 2018. It was reported that the Service had realigned its resources according to service delivery requirements, and whilst the total approved budget had not changed, the re alignment had resulted in a movement between detailed budget lines which would form the basis for budget monitoring throughout the 2018/19 financial year.

## **RESOLUTION**

*It was RESOLVED that the report be noted.*

### **8 TO RECEIVE AND APPROVE THE MEMBER DEVELOPMENT STRATEGY 2018-2023 AND TRAINING PROGRAMME 2018/19**

The Clerk / Monitoring Officer introduced a report on the Member Development Strategy 2018-23 and accompanying Training Programme for 2018/19. Members were informed that the Strategy and Programme had been developed by the Democratic Services Forum in line with the Authority's commitment to creating an environment of learning and development in order to equip Members with the necessary skills to achieve the highest standards of professionalism and performance in carrying out their duties on the Fire Authority.

The Clerk / Monitoring Officer provided Members with an overview of the Member Development Strategy 2018-23 outlined in Appendix 1 of the report which provided a synopsis of the Authority's coherent approach to Member Development in terms of inter alia, role descriptions, a competency framework and Individual Development Reviews. Consideration was also given to the supporting Training Programme for 2018/19 as set out at Appendix 2 of the report which provided bespoke development opportunities for Fire Authority Members.

Cllr J Warman highlighted the importance of attending the training and development opportunities provided to Fire Authority Members which he felt had proven to be extremely beneficial in the past as a means of ensuring that Members were kept abreast of new legislation pertinent to the Authority. These sentiments were echoed by a number of other Members and it was requested by Cllr K Curry that the training dates be confirmed as soon as possible to enable Members to diarise accordingly.

In response to a query from Cllr S Joseph, the Chief Fire Officer assured Members that should the Service's statutory duties in respect of fire safety audit and compliance matters be revised, appropriate training would be provided to Members.

## **RESOLUTION**

***It was RESOLVED that the Member Development Strategy 2018-2023 and Training and Development Programme 2018/19 be approved.***

## **9.TO RECEIVE AND CONSIDER A REPORT ON PENSIONS TAX AND SCHEME PAYS**

The Director of Resources presented a report in relation to schemes relevant to pension tax arrangements, known as 'scheme pays policies' regarding the annual allowance limit applied to the Firefighters' Pension Schemes. It was reported that the Local Pension Board had recommended the introduction of a Voluntary Scheme Pays Policy at its meeting on 12 March 2018.

Members were referred to the Appendices A-C and E attached to the report which set out legal advice provided by the Local Government Association on behalf of Fire and Rescue Authorities; Welsh Government; and the Service's Legal Advisors (Veale Wasbrough Vizards), all of which broadly confirmed that the Authority had powers to introduce a Voluntary Scheme Pays Policy.

Attention was drawn to Appendix D of the report, section 4.2 of which had been revised and circulated to Members, and which set out the proposed Voluntary Scheme Pays Policy which stipulated the qualifying conditions and timescales that would be applied regarding the policy within the limit of its power of general competence.

In response to a query by Cllr K Broom in respect of pension contribution limits, it was confirmed that the Policy referred to annual allowances.

## **RESOLUTION**

***It was RESOLVED that the introduction of a Voluntary Scheme Pays Policy be approved, as recommended by the Local Pension Board.***

## **10 EXCLUSION OF THE PRESS AND PUBLIC**

### **RESOLUTION**

*It was RESOLVED that pursuant to section 100A (4) of the Local Government Act 1972, that the press and public be excluded from the meeting for the reason, that if they were present, it is likely that there would be disclosure to them of exempt information within the description of Schedule 12A to the Local Government Act 1972, namely:*

*Paragraph 12: Information relating to a particular individual;*

*Paragraph 14: information relating to the financial or business affairs of any particular person (including the Authority holding that information).*

### **AND**

*That it was in the Public Interest to do so.*

## **11 TO RECEIVE AND APPROVE A REPORT ON THE LOCAL PENSION BOARD – EXTENSION OF APPOINTMENT OF INDEPENDENT CHAIR**

The Director of Resources presented a report which sought Members' approval to extend the appointment of the current chair of the Local Pension Board to 31 July 2019.

### **RESOLUTION**

*It was RESOLVED that the current Independent Chair of the Local Pension Board's appointment be extended to 31 July 2019.*

## **11 Any other items of business that by reason of special circumstance, the Chair decides should be considered as a matter of urgency, pursuant to Section 100B(4)(b) of the Local Government Act 1972.**

There were no items of urgent business.

The meeting ended at 12:33