



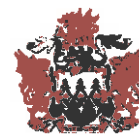
**Awdurdod Tan ac Achub
Canolbarth a Gorllewin Cymru**

**Mid and West Wales
Fire and Rescue Authority**

STATEMENT OF ACCOUNTS 2021/22



**Gwasanaeth Tân ac Achub
Canolbarth a Gorllewin Cymru**
**Mid and West Wales
Fire and Rescue Service**



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

Narrative Report

Introduction

Strategic guidance for Fire and Rescue Authorities in Wales is detailed in the Fire and Rescue National Framework which has been produced by Welsh Government. The National Framework seeks to expand the role of Fire and Rescue Authorities in Wales in relation to prevention, education and engaging with the communities they serve whilst ensuring that their reactive firefighting capability is not compromised.

Organisational Overview

Mid and West Wales Fire and Rescue Authority was created in 1996 by the Local Government (Wales) Act 1994, following the merger of Dyfed, Powys and West Glamorgan Brigades. The Service makes up almost two-thirds of Wales, covering a predominantly rural area of 12,000 square kilometres, comprising 58 fire stations, and employing approximately 1,320 staff. It is the third largest Service in the United Kingdom, behind the Scottish and Northern Ireland Fire Services.

There are a variety of risks found within the Service area, ranging from the petrochemical industries in Milford Haven, to the risks associated with heavily populated areas such as Swansea and Neath Port Talbot. There is also a large farming community and many other light industries throughout the area. These, together with an extensive coastline and inland waterways, form some of the specialised risks found within the Service.

Our Corporate Plan sets out our vision for the future, which is “to be a World Leader in Emergency Response and Community Safety”, and how this will be achieved through our Strategic Aims and Well-being Objectives. The Authority also produces annual plans for managing down risks and improving services with an increasing emphasis on prevention and education.

The Service is actively engaged in working with the communities it serves, an example of which is carrying out Home Safety checks. The Authority works in partnership with other emergency services, for example, the Welsh Ambulance Service Trust (WAST), Dyfed Powys Police and South Wales Police with some of their resources being located at several of our properties; also the WAST through the Co-Responder scheme which enables On-Call firefighters to respond to certain medically related calls as agents of WAST. Other initiatives include our participation in the community through fire cadets operated by off duty firefighters with branches across Mid and West Wales, the Phoenix project which has proved very successful with youth groups in the area, and community volunteers; as well as participating in Public Services Boards formed under the Wellbeing of Future Generations Act.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to give clear information about the financial position and the financial performance of Mid and West Wales Fire and Rescue Authority for the financial year 2021/22.

The statements and their purposes are as follows:

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Authority and its officers for the preparation and approval of the Statement of Accounts.



Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both Expenditure and Funding Analysis and the Movement in Reserves Statement.

Fire and Rescue Authorities are considered to be “one service” entities and the “provision of Fire Services” is presented as one-line in the CIES.

Movement in Reserves Statement (MIRS)

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

Cash Flow Statement (CFS)

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

Firefighters Pension Fund Account

This shows the financial position of the Firefighters pension fund account, indicating whether the Authority owes, or is owed money by the Welsh Government to balance the account, together with details of its net assets.

Expenditure and Funding Analysis (EFA)

The EFA is a disclosure note, it brings together Authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund.

Notes to the Accounting Statements

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They disclose information not presented elsewhere in the financial statements but is relevant to an understanding of them.

Annual Governance Statement

This statement provides a continuous review of the effectiveness of the Authority's governance framework including the system of internal control and risk management systems, to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

The Annual Governance Statement accompanies the Statement of Accounts but is not part of the Statement.

Summary of the Financial Year

The Revenue Budget and Capital Programme for 2021/22 were approved by Fire Authority on 8 February 2021.

The Revenue Budget approved for 2021/22 was £54.037m including reserve-funded expenditure of £426k. As can be seen in table below, expenditure was £1.078m underspent, of which £830k related to the On-Call sector due to low establishment numbers and £237k saving was achieved on insurance premiums. The Capital Financing Charges budget and actual outturn both include an appropriation to the Capital Fund of £1.246m. Additional income of £822k was received in year relating to apprenticeships, site-sharing, and a business rates' revaluation exercise, of this additional income £542k related to prior years.

The contributions received from Unitary Authorities totalled £51.779m and Welsh Government grant for pensions of £1.832m were in line with the approved budget.

Net transfers to reserves totalled £1.388m including £542k of prior year income appropriated to the Capital Fund to support investment the Authority's property portfolio, £550k to the Capital Fund to address pressures arising from inflation and supply chain issues, and a net appropriation of £296k for other revenue pressures identified including 2-year fixed term Corporate Risk Manager, Job Evaluation exercise, and Net Zero Carbon feasibility study. The surplus of £3k has been transferred to the General Fund Balance.



Revenue for the year compared to budget is detailed in the following table:

Outturn for the year 2021/22	Budget £000	Actual £000	Variance £000
Revenue			
Expenditure including grants	52,523	51,445	(1,078)
Capital Financing Charges	4,590	4,673	83
Income including grants	(3,076)	(3,898)	(822)
Net Expenditure including grants	54,037	52,220	(1,817)
Unitary Authority contributions	(51,779)	(51,779)	0
WG funding - Firefighter Pension Scheme additional Employer Contributions	(1,832)	(1,832)	0
Transfer to / (from) Reserves	(426)	1,388	1,814
(Surplus) / Deficit	0	(3)	(3)

The Authority incurs revenue spending on items, which are generally consumed within the year, and this is financed by contributions from the six constituent local authorities in proportion to population. For 2021/22, the Levies and proportions were as follows:

Constituent Local Authorities	Levy £000	Proportion %
Carmarthenshire County Council	10,737	21
Ceredigion County Council	4,061	8
Neath and Port Talbot County Borough Council	8,180	16
Pembrokeshire County Council	7,156	14
Powys County Council	7,525	14
City and County of Swansea Council	14,120	27
Total	51,779	100

Revenue Sources of Funding

The Authority receives revenue from the following sources:

2020/21 £000		2021/22 £000
2,676	Revenue Grants	2,411
14	Interest	6
867	Fees & Charges / Reimbursements*	1,481
3,557	Sub Total	3,898
1,908	WG funding - Firefighter Pension Scheme additional Employer Contributions	1,832
50,550	Unitary Authority Contributions	51,779
56,015	Total Revenue Funding	57,509

* 2021/22 includes £542k relating to prior years

Capital Expenditure

Capital expenditure in the year totalled £7.136m. The following table sets out expenditure by category and financing for 2021/22.

	Estimate 2021/22 £000	Revised Estimate 2021/22 £000	Actual 2021/22 £000	Estimate 2022/23 £000
Expenditure:				
Property – Refurbishments, adaptations, new buildings	3,398	6,120	1,988	3,300
Infrastructure	35	65	0	35
Vehicles, Plant & Equipment	5,428	9,414	4,214	5,477
Assets under Construction	0	0	882	0
Intangible Assets	310	225	52	180
Total Capital Expenditure	9,171	15,824	7,136	8,992
Financed by:				
Capital Grants & Contributions	373	682	548	1,238
Capital Receipts	0	0	120	0
Earmarked Reserves	1,222	3,363	3,047	1,439
Borrowing	7,576	11,779	3,421	6,315
Total Financing	9,171	15,824	7,136	8,992

The original Capital Programme of £9.171m was approved by Fire Authority in February 2021 and subsequently revised for slippage, rephasing and reprofiling of projects to £15.824m as approved by Fire Authority in February 2022.

The variance between the revised budget and actual outturn is attributable, in part, to the following: Property projects, including Minor Works £1.25m, Northern Area Development £0.467m, Llandysul Fire Station £0.196m, and Earlswood Redevelopment £2.002m, have all been delayed as a result of the Covid-19 pandemic, Brexit and more recently the war in Ukraine which have impacted on supply chains. These issues have further impacted on lead-in times for the purchase of ICT equipment and software £0.690m, Vehicles £3.380m, and Operational Equipment £0.571m. The Assets Under Construction includes equipment for eleven rescue pumps, and two drill towers.

The approved Capital Programme for 2022/23 will be amended to reflect the following changes: where projects in 2021/22 have not been completed as at 31 March 2022, the resource may be rolled over to 2022/23, changes to grant assumptions, rephasing and reprofiling of projects, deletion of projects no longer required and inclusion of new projects where additional resources have been secured.

Capital Borrowing

The Prudential Code allows the Authority to determine its own borrowing limits subject to the Responsible Financial Officer deeming it to be prudent, sustainable and affordable. There were four new external loans totalling £4m raised in the year with the Public Works Loan Board (PWLb). The total principal outstanding as at 31 March 2022 is £22.27m.

Treasury Management

The Authority's Treasury Management Strategy Statement (TMSS) 2021/22 was approved by Fire Authority on 8 February 2021.

The TMSS sets out the Capital Prudential Indicators including Minimum Revenue Provision Policy, Borrowing, and Annual Investment Strategy. Included within the TMSS are the Prudential Indicators and Treasury Management Indicators.

For the year ended 31 March 2022 borrowing transactions were within approved limits and all investments met the creditworthiness criteria at the date of deposit.

The table below details the Capital Financing Requirement (CFR) compared to External Debt.

	Estimate 2021/22 £000s	Actual 2021/22 £000s
Capital Financing Requirement		
Opening 1 April 2021	37,890	31,558
Movement in CFR represented by:		
Net financing need for the year	7,576	7,136
Direct Revenue Contributions / Capital Receipts / Grants & Contributions	0	(3,715)
Less Minimum Revenue Provision / Voluntary Revenue Provision	(2,540)	(2,410)
Movement in CFR	5,036	1,011
Closing 31 March 2022	42,926	32,569
External Debt		
External Borrowing	36,373	22,273
Finance Lease Liabilities	3,519	2,518
Total External Debt	39,892	24,791
Under / (Over) Borrowed	3,034	7,778

Pension liability

In 2021/22, forty-six members of staff retired. The net cost of the Firefighters Pension Scheme to the revenue budget continues to grow, and the liability in terms of future pension commitments has increased due to adjustments made by the Actuaries to their assumptions. The actuarially assessed liability as at 31 March 2022 was £517.787m for the Firefighters Pension Scheme and £21.828m for the Local Government Pension Scheme.

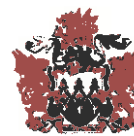
Under International Accounting Standard 19 (Employee Benefits) the Authority is required to provide details of assets and future liabilities for pensions payable to employees, both past and present. This is outlined in greater detail in the disclosures to the accounts, note 30.

Reserve Accounting

At the end of the financial year, the Statement of Accounts shows financial reserves carried forward into 2022/23. This is consistent with the accounting treatment of previous years, with the maintenance and utilisation of reserves forming a cornerstone of corporate financial stability and operational service planning in the short and medium term.

Capital Financing Costs

The charge made to the Service revenue accounts to reflect the cost of non-current assets used in the provision of services was £4.062m. This is a notional charge for depreciation and amortisation, and an adjustment is made to the year-end balance, so the contributions required to fund the



service are not affected. The actual cost to the Service for financing capital is £715k for loan and finance lease interest, £2.410m Minimum Revenue Provision and £3.047m revenue contribution.

Impact of the Current Economic Climate

The financial implications of the current economic climate were reflected in the updated Medium Term Financial Strategy which was reported to the Fire Authority in September 2021. In practice, the Authority has the power to request the resources it requires to fund its services regardless of Local Authority settlements. However, the Authority recognises its responsibility in ensuring that it doesn't exacerbate the financial challenges faced by Local Authorities and therefore systematically reviews its budget for opportunities to create savings and budget reductions through, for example, budget reconfiguration, review of budget assumptions, vacancy provisions, method of staffing budgeting, and treasury management practices.

The financial impact of the Covid-19 pandemic for the Authority during 2021/22 continued to be mitigated through the Welsh Government hardship scheme. The support scheme has now ceased, and the Authority will be required to fund any further costs associated with the pandemic. Whilst Covid-19 costs in 2021/22 were not significant for the Authority, removal of the support may present a pressure in the event of a Covid-19 resurgence.

The pandemic together with Brexit and the war in Ukraine are impacting on supply chains and delays are becoming evident in some areas of the business. For example, lead-in times of up to 18 months for frontline appliances are being experienced and delays in delivery of operational equipment are also being reported.

Inflation has soared to over 9% pushed up by energy and goods prices, and it is expected to rise to around 10% this year and for the economy to slow. The Bank of England has raised interest rates from historic lows and their expectation is for inflation to fall next year and be close to the 2% target in around two years. In the meantime, the Authority along with all other public and private sector organisations is faced with increasing uncertainty over salary settlements and the rising costs of goods and services. The Authority has robust budget monitoring processes in place recognising that pressures on both revenue and capital are likely to materialise over the coming months and years.

Strategy and Resource Allocation

Our Medium-Term Financial Strategy (MTFS) pulls together in one place all known factors affecting the financial position and financial sustainability of an organisation over the medium term. The MTFS balances the financial implications of objectives and policies against constraints in resources and provides the basis for decision making.

The Capital Programme and Revenue Budgets are prepared to support the delivery of the authority's strategies and plans.

The Corporate Plan sets out our vision for the future and identifies how this will be achieved through our Strategic Aims and Improvement and Well-being Objectives.

The Annual Performance Assessment informs our staff, communities and stakeholders what outcomes and benefits have been delivered against the previous year's Improvement Objectives. It also identifies how we have contributed to the Well-being goals, set out within the Well-being of Future Generations (Wales) Act 2015.

The Sustainability and Environment Plan sets out the main principles, proposals and required actions to reduce the environmental impacts of the Service's activities and operations.

The Strategic Equality Plan conveys the continued commitment of the Authority and the Chief Fire Officer to promote equality of opportunity across Mid and West Wales Fire and Rescue Service's functions, policies, practices and procedures and sets out how the Service will seek to fulfil this commitment.

The Authority's Plans are available on its website.

We have continued to maintain a level of service which has ensured the communities of Mid and West Wales remain safe places to live, work and visit. Our overall financial standing has been maintained at a prudent level with a small increase in the level of general balances at the year end. The majority of our reserves are earmarked for specific purposes, whether this is to address liabilities now or in the future e.g. Employee and Pensions reserve, or for financing specific capital schemes. The Authority has been able to augment these balances at the year end to provide additional resources towards recovery activities, risk mitigation, and future legislative and regulatory pressures.

Additional Information

Additional information about these accounts is available from the S151 Officer to the Authority and the Head of Finance. Interested members of the public also have a statutory right to inspect the accounts before the audit is completed; availability of the accounts for inspection is advertised on the Mid and West Wales Fire and Rescue Authority website.

Acknowledgements

Finally, I wish to thank all Finance staff within the Resources Directorate, and their colleagues throughout the Authority, who have worked on the preparation of these statements. I also wish to thank the Chief Fire Officer and the leadership team for their assistance and co-operation throughout this process.

Chris Moore FCCA – Section 151 Officer



Statement of Responsibilities

The Authority's Responsibilities

The Authority is required:

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

PERFORMANCE, AUDIT & SCRUTINY COMMITTEE APPROVAL

Approval of Statement of Accounts post audit.

Signature: _____

Chair of Performance, Audit & Scrutiny Committee

Date: _____

25/7/22

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, including the Pension Fund Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this statement of accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Chief Financial Officer has also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

I certify that the accounts provide a true and fair view of the financial position of the Authority as at the 31 March 2022 and its income and expenditure for the year then ended.

Signature: _____

Chief Financial Officer

Date: _____

25/7/22

The independent auditor's report of the Auditor General for Wales to the members of Mid and West Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of:

- Mid and West Wales Fire and Rescue Authority
 - Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund
- for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Mid and West Wales Fire and Rescue Authority's financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The Firefighters Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In my opinion the financial statements:

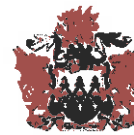
- give a true and fair view of the financial position of Mid and West Wales Fire and Rescue Authority and the Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of Mid and West Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Statement of Accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Mid and West Wales Fire and Rescue Authority and the Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Mid and West Wales Fire and Rescue Authority and the Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Mid and West Fire and Rescue Authority's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud by posting of unusual journals;
- Obtaining an understanding of the legal and regulatory frameworks Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighter's Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Performance, Audit and Scrutiny Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

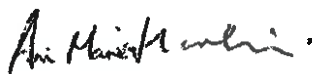
I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighter's Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Mid and West Wales Fire and Rescue Authority and Mid and West Wales Fire and Rescue Authority's Firefighters Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Ann-Marie Harkin
For and on behalf of the Auditor General for Wales
28 July 2022

24 Cathedral Road
Cardiff
CF11 9LJ



Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (contributions from constituent authorities, government grants, other income etc.) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the financial statements not a primary statement. However, it has been positioned with the primary statements to aid the readers understanding.

2020/21			2021/22		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in Comprehensive Income and Expenditure Statement £000
45,006	8,569	53,575	46,027	9,424	55,451
(45,645)	7,047	(38,598)	(45,617)	5,109	(40,508)
(639)	15,616	14,977	410	14,533	14,943
General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000
(1,131)	(7,529)	(8,660)	(1,333)	(7,966)	(9,299)
(639)	0	(639)	410	0	410
437	(437)	0	(413)	413	0
(1,333)	(7,966)	(9,299)	(1,336)	(7,553)	(8,889)



Core Financial Statements

Comprehensive Income and Expenditure Statement (CIES)

2020/21			2021/22			
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
59,026	(5,451)	53,575	Provision of Fire Services	61,175	(5,724)	55,451
59,026	(5,451)	53,575	Cost of Services	61,175	(5,724)	55,451
		(52)	Other Operating Income and Expenditure			(40)
		12,239	Financing and Investment Income and Expenditure (Note 10)			11,859
		(50,785)	Taxation and Non-Specific Grant Income (Note 11)			(52,327)
		14,977	(Surplus) or Deficit on Provision of Services			14,943
		(10,294)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Note 18a)			(5,060)
		30,935	Remeasurement of the net defined benefit liability / (asset) (Note 18c)			(32,153)
		20,641	Other Comprehensive (Income) and Expenditure			(37,213)
		35,618	Total Comprehensive (Income) and Expenditure			(22,270)



Movement in Reserves Statement (MiRS)

Movement in Reserve Statement 2021/22	General Fund Balance	General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Fire Authority Reserves
Balance 31 March 2021	(1,333)	(7,966)	0	(9,299)	511,720	502,421
Movements:						
(Surplus) / Deficit on provision of services	14,943	0	0	14,943	0	14,943
Other CIES	0	0	0	0	(37,213)	(37,213)
Total CIES	14,943	0	0	14,943	(37,213)	(22,270)
Adjustments accounting & funding (Note 8)	(14,533)	0	0	(14,533)	14,533	0
Net (Increase) / Decrease before transfer	410	0	0	410	(22,680)	(22,270)
Transfers To / (From) Reserves (Note 9)	(413)	413	0	0	0	0
(Increase) / Decrease in 2021/22	(3)	413	0	410	(22,680)	(22,270)
Balance 31 March 2022	(1,336)	(7,553)	0	(8,889)	489,040	480,151

Movement in Reserves Statement 2020/21	General Fund Balance	General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Fire Authority Reserves
Balance 31 March 2020	(1,131)	(7,529)	0	(8,660)	475,463	466,803
Movements:						
(Surplus) / Deficit on provision of services	14,977	0	0	14,977	0	14,977
Other CIES	0	0	0	0	20,641	20,641
Total CIES	14,977	0	0	14,977	20,641	35,618
Adjustments accounting & funding (Note 8)	(15,616)	0	0	(15,616)	15,616	0
Net (Increase) / Decrease before transfer	(639)	0	0	(639)	36,257	35,618
Transfers To / (From) Reserves (Note 9)	437	(437)	0	0	0	0
(Increase) / Decrease in 2020/21	(202)	(437)	0	(639)	36,257	35,618
Balance 31 March 2021	(1,333)	(7,966)	0	(9,299)	511,720	502,421



Balance Sheet

31 March 2021 £000	Balance Sheet	Note	31 March 2022 £000
72,427	Property, Plant & Equipment	12	82,563
3,121	Assets Under Construction	12	882
450	Intangible Assets	13	425
36	Long Term Debtors	15	31
76,034	Long Term Assets		83,901
911	Inventories		772
3,890	Short Term Debtors	15	4,190
678	Cash and Cash Equivalents	16	2,737
5,479	Current Assets		7,699
(261)	Short Term Borrowing	14	(234)
(6,270)	Short Term Creditors	17	(6,548)
(410)	Revenue Grants Receipts in Advance	25	(243)
(420)	Capital Grants Receipts in Advance	25	(473)
(407)	Other Short-Term Liabilities	28	(423)
(7,768)	Current Liabilities		(7,921)
(18,274)	Long Term Borrowing	14	(22,120)
(2,518)	Other Long-Term Liabilities	28	(2,095)
(555,374)	Liability related to defined benefit pension scheme	30	(539,615)
(576,166)	Long Term Liabilities		(563,830)
(502,421)	Net Liabilities		(480,151)
(9,299)	Usable Reserves	9	(8,889)
511,720	Unusable Reserves	18	489,040
502,421	Total Reserves		480,151



Cash Flow Statement

2020/21 £000		2021/22 £000
14,977	Net (surplus) or deficit on the provision of services	14,943
(24,857)	Adjustment to surplus or deficit on the provision of services for noncash movements	(20,668)
325	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	668
(9,555)	Net cash (inflow) / outflow from operating activities	(5,057)
8,023	Net cash (inflow) / outflow from investing activities	7,011
1,692	Net cash (inflow) / outflow from financing activities	(4,013)
160	Net (increase) or decrease in cash and cash equivalents	(2,059)
838	Cash and cash equivalents at the beginning of the reporting period	678
678	Cash and cash equivalents at the end of the reporting period	2,737

A detailed breakdown of the Cash Flow is provided in Notes 19 to 21.



Notes to the Core Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the Service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the Service.

The Authority is not required to raise a levy to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

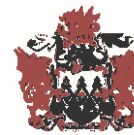
6. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the



Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

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

- the Local Government Pensions Scheme, administered by Dyfed Pension Fund, Carmarthenshire County Council
- the Firefighter Pension Scheme, administered by Dyfed Pension Fund, Carmarthenshire County Council

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the Local Government Pension Scheme is funded through the ownership of assets, the Firefighter Pension Scheme is unfunded.

The Local Government Pension Scheme LGPS

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Dyfed Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.8% (based on the indicative rate of return on high quality corporate bonds).
- The assets of Dyfed Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unlisted securities – current bid price
 - property – market value

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and

Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Dyfed Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The Firefighter Pension Scheme FFPS

The FFPS is accounted for as an unfunded defined benefits scheme, the scheme has no assets and no investment income:

- The liabilities of the Fund are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.65% (based on Government bond yields of appropriate duration plus an additional margin).

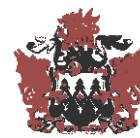
The change in the net pension liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.



- Contributions paid to the Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS and FFPS.

7. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

8. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority has adopted a simple approach to impairment and measures the loss of Trade Debtors and Loans to Third Party at an amount equal to expected lifetime loss using a provision based on a combination of age of debt and historic collection rates. This method ensures early recognition of the impairment of financial assets.

9. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation



and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

10. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement over a range of 3 to 15 years.

11. Inventories and Long-term Contracts

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

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

12. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Operating Leases

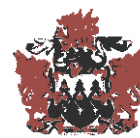
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

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

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



14. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, Plant and Equipment are capitalised where:

- it is held for use in delivering services
- it is probable that future economic benefits will flow to, or service potentially be provided to, the Authority
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the cost of the individual asset is at least £10,000
- the collective cost of a full asset refresh of personal protective equipment is at least £40,000
- the items form a group of assets which:
 - individually have a cost of at least £500 and collectively have a cost of at least £40,000
 - the assets are functionally interdependent
 - have broadly simultaneous purchase dates
 - are anticipated to have simultaneous disposal dates
 - are under single managerial control
- the items form part of the initial equipping and setting-up cost of a new building or refurbishment of a station or offices, irrespective of their individual or collective cost. Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.
- the items form part of the initial equipping and setting-up cost of a new appliances or vehicle, irrespective of their individual or collective cost.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line

of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure – depreciated historical cost
- Assets under construction – historical cost
- Authority offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be not insignificant, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

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



Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation as advised by a suitably qualified officer
- infrastructure – straight-line allocation (5-40 years)

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Receipts under £10,000 and miscellaneous receipts not related to disposal of assets cannot be treated as capital items and shall be credited to the CIES.

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

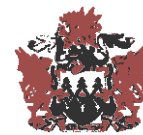
Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

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

16. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. These reserves are explained in the relevant notes to the Balance Sheet.



Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority.

17. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Note 2 - Accounting Standards that have been issued but have not yet been adopted

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2022/23 Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

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

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to reduce levels of service provision.
- As required under the Authority's accounting policy for "Property, Plant and Equipment", assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. A five-year revaluation of all property assets was undertaken as at 1 April 2020. Since this date there has been a significant uplift in Building Cost Information Service (BCIS) construction data, therefore, as at 31 March 2022 a desktop revaluation exercise of operational properties measured on depreciated replacement costs (DRC) was completed by Carmarthenshire County Council Valuers. It was agreed that the Valuer would not undertake any site inspections in regard of this exercise.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment – Non-current Assets** are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of the asset is reduced depreciation increases and the carrying amount of the asset falls.
- **Pensions liability** - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government pension scheme, the expected returns on pension fund assets. Consulting Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Please refer to Note 30 for Pension liability sensitivity analysis.

Note 5 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer as per date noted on page 13. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the balance sheet date.



Note 6 - Note to the Expenditure and Funding Analysis

	2021/22			
	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Differences £000	Total Adjustments £000
Provision of Fire Services	4,243	5,241	(60)	9,424
Net Cost of Services	4,243	5,241	(60)	9,424
Other Income and Expenditure	(6,044)	11,153	0	5,109
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(1,801)	16,394	(60)	14,533

	2020/21			
	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Differences £000	Total Adjustments £000
Provision of Fire Services	5,449	3,134	(14)	8,569
Net Cost of Services	5,449	3,134	(14)	8,569
Other Income and Expenditure	(4,462)	11,509	0	7,047
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	987	14,643	(14)	15,616

Net Capital Statutory Adjustments – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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



Net Pensions Statutory Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

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

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

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

Note 7 - Expenditure and Income Analysed by Nature

2020/21 £000		2021/22 £000
	Expenditure	
45,332	Employee Costs	48,083
11,728	Other Operating Costs	11,730
8,027	Support Services	8,268
5,449	Depreciation, Amortisation, Impairment & Revaluation	4,243
745	Interest Paid	716
(52)	Gain on the disposal of assets	(40)
71,229	Total Expenditure	73,000
	Income	
(867)	Fees, Charges, & Other Service Income	(1,481)
(14)	Interest & Investment Income	(6)
(50,550)	Levies from Unitary Authorities	(51,779)
(4,821)	Government Grants, Contributions & Donations	(4,791)
(56,252)	Total Income	(58,057)
14,977	(Surplus) or Deficit on Provision of Services	14,943

Revenue from Contracts with Service Recipients

The Authority has undertaken a review of its income streams that meet the requirements for IFRS 15 Revenue Contracts. Due to the value as at 31 March 2022 it was deemed immaterial to include in the accounts and Note 7 provides sufficient information.

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

- **General Fund Balance** - the General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.
- **Capital Receipts Reserve** – holds the proceeds from the disposal of land and other non-current assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the the year end.

2020/21				2021/22			
General Fund & Earmarked Reserves £000s				Adjustments between Accounting Basis and Funding Basis under Regulations			
General Fund & Earmarked Reserves £000s	Capital Receipts £000s	Usable Reserves £000s	Unusable Reserves £000s	General Fund & Earmarked Reserves £000s	Capital Receipts £000s	Usable Reserves £000s	Unusable Reserves £000s
(3,506)	0	(3,506)	3,506	(3,994)	0	(3,994)	3,994
(160)	0	(160)	160	(277)	0	(277)	277
(1,704)	0	(1,704)	1,704	105	0	105	(105)
(79)	0	(79)	79	(78)	0	(78)	78
52	(90)	(38)	38	40	(120)	(80)	80
2,167	0	2,167	(2,167)	3,047	0	3,047	(3,047)
235	0	235	(235)	548	0	548	(548)
0	90	90	(90)	0	120	120	(120)
2,008	0	2,008	(2,008)	2,410	0	2,410	(2,410)
(987)	0	(987)	987	1,801	0	1,801	(1,801)
(31,497)	0	(31,497)	31,497	(34,622)	0	(34,622)	34,622
16,854	0	16,854	(16,854)	18,228	0	18,228	(18,228)
(14,643)	0	(14,643)	14,643	(16,394)	0	(16,394)	16,394
14	0	14	(14)	60	0	60	(60)
(15,616)	0	(15,616)	15,616	(14,533)	0	(14,533)	14,533

Note 9 – Usable Reserves

	Balance at 1 April 2020	Transfers In 2020/21	Transfers Out 2020/21	Appropriation to Capital	Balance at 31 March 2021	Transfers In 2021/22	Transfers Out 2021/22	Appropriation to Capital	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund Balance	(1,131)	(202)	0	0	(1,333)	(3)	0	0	(1,336)
Earmarked Reserves:									
Invest to Save Fund	(277)	0	0	0	(277)	0	0	0	(277)
Minimum Revenue Provision	(648)	0	0	648	0	0	0	0	0
Capital Fund	(1,400)	(1,649)	0	1,409	(1,640)	(2,338)	0	2,885	(1,093)
Major Incidents	(400)	0	0	0	(400)	0	0	0	(400)
Fundraising & Miscellaneous Ring-Fenced	(260)	(84)	64	0	(280)	(157)	61	0	(376)
Levy Equalisation Reserve	(1,000)	0	0	0	(1,000)	0	0	0	(1,000)
Software & Communication	(1,044)	0	0	110	(934)	(110)	0	26	(1,018)
Risk Management	(500)	0	0	0	(500)	(90)	0	0	(590)
Managing Change - Employees & Pensions	(1,200)	0	0	0	(1,200)	0	0	0	(1,200)
Employee Safety	(800)	(735)	0	0	(1,535)	0	0	136	(1,399)
Service Reconfiguration	0	(200)	0	0	(200)	0	0	0	(200)
Earmarked Reserves	(7,529)	(2,668)	64	2,167	(7,966)	(2,695)	61	3,047	(7,553)
Capital Receipts	0	(90)	0	90	0	(120)	0	120	0
Total Usable Reserves	(8,660)	(2,960)	64	2,257	(9,299)	(2,818)	61	3,167	(8,889)



An overview of the purpose of the Usable Reserves held by the Authority is detailed in the following table:

Name	Purpose
General Fund Balance	Non-Earmarked Reserve maintained to cushion the impact of emergencies, to offset the impact of unforeseen events.
Levy Equalisation	To be used to "smooth" the changes in the levy charged each year to the constituent Unitary Authorities.
Invest to Save	Maintained to provide resources to allow the Authority to invest in the transformation of its services and to realise future cost reductions/efficiencies.
Capital Fund	Maintained to provide additional resources for the capital programme, providing flexibility to the financing of capital investment.
Major Incidents	Funding set aside for one-off incidents outside routine service delivery activity. Replenished through base budget in future years to maintain the level required to manage major incidents.
Fundraising & Miscellaneous Ring-fenced	Surpluses generated by various schemes e.g. car salary sacrifice scheme and money raising events to be used for specific purposes.
Software & Communication	Maintained to provide resources to fund one-off ICT infrastructure investment, and future emergency services network.
Risk Management	Maintained to meet the Authority's exposure to claims under its insurance arrangements; to provide flexibility to meet the volatility of the insurance market and to provide resources to take any measures to improve the Authority's risk exposure position.
Minimum Revenue Provision	Reserve set up as a consequence of prior year adjustment to MRP which will be used to support capital financing charges.
Employees & Pension	Maintained to meet one off costs associated with employees: e.g. pensions ombudsman, employment tribunals, redundancy.
Employee Safety	Created to meet demands for ensuring and improving Firefighter safety including both equipment and training requirements.
Service Reconfiguration	Created to support the Authority in addressing future pressures arising from regulatory and legislative requirements.
Capital Receipts	Holds the receipts from the sale of assets and are available to finance capital expenditure in future years.

Note 10 - Financing and Investment Income and Expenditure

2020/21 £000		2021/22 £000
745	Interest payable and similar charges	715
11,509	Net interest on the net defined benefit liability (asset)	11,153
(4)	Movement in Bad Debt Provision	(4)
3	Bad Debts Written Off	1
(14)	Interest receivable and similar income	(6)
12,239	Total	11,859

Note 11 - Taxation and Non-Specific Grant Income

2020/21 £000		2021/22 £000
(50,550)	Levies from constituent authorities	(51,779)
(235)	Capital grants and contributions	(548)
(50,785)	Total	(52,327)

Note 12 - Property, Plant and Equipment

Movements to 31 March 2022	Vehicles, Plant, Furniture & Equipment				Infrastructure Assets		Assets Under Construction		Total Property, Plant and Equipment	
	Land and Buildings	£000	Furniture & Equipment	£000	Assets	£000	Construction	£000	£000	£000
Cost or Valuation: Gross Book Value as at 31 March 2021	57,530	33,330	344	3,121	344	3,121	94,325	7,083	(261)	(3,594)
Additions	1,231	4,309	0	1,543	0	1,543	7,083	0	0	0
Non-Enhancing Expenditure	(261)	0	0	0	0	0	(261)	0	0	0
Accumulated Depreciation & Impairment written off to Gross Book Value	(3,594)	0	0	0	0	0	(3,594)	0	0	0
Revaluation increases / (decreases) recognised in the revaluation reserve	5,101	0	0	0	0	0	5,101	0	0	0
Revaluation increases / (decreases) recognised in the surplus / deficit on provision of services	105	0	0	0	0	0	105	0	0	0
Derecognition – disposals	(7)	(2,111)	0	0	0	0	(2,118)	0	0	0
Reclassifications and transfer	1,738	2,044	0	(3,782)	0	(3,782)	0	0	0	0
Cost or Valuation: Gross Book Value as at 31 March 2022	61,843	37,572	344	882	344	882	100,641	18,777	(3,994)	3,594
Accumulated Depreciation and Impairment as at 31 March 2021	(1,971)	(16,682)	(124)	0	(124)	0	(18,777)	(3,994)	(41)	(16)
Depreciation written out to the Surplus / Deficit on the Provision of Services	(1,737)	(2,249)	0	0	0	0	(3,986)	0	0	0
Accumulated Depreciation & Impairment written off to Gross Book Value	3,594	0	0	0	0	0	3,594	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	(41)	0	0	0	0	0	(41)	0	0	0
Impairment losses / (reversals) recognised in the surplus / deficit on the provision of services	(16)	0	0	0	0	0	(16)	0	0	0
Derecognition – disposals	0	2,038	0	0	0	0	2,038	0	0	0
Accumulated Depreciation and Impairment as at 31 March 2022	(171)	(16,893)	(132)	0	(132)	0	(17,196)	3,121	75,548	83,445
Net Book Value at 31 March 2021	55,559	16,648	220	3,121	220	3,121	75,548	882	83,445	83,445
Net Book Value at 31 March 2022	61,672	20,679	212	882	212	882	83,445	882	83,445	83,445

Movements to 31 March 2021	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
	£000	£000	£000	£000	£000
Cost or Valuation: Gross Book Value as at 31 March 2020	54,665	28,316	344	1,489	84,814
Additions	289	4,649	0	3,121	8,059
Non-Enhancing Expenditure	(18)	0	0	0	(18)
Accumulated Depreciation & Impairment written off to Gross Book Value	(6,069)	0	0	0	(6,069)
Revaluation increases / (decreases) recognised in the revaluation reserve	10,372	0	0	0	10,372
Revaluation increases / (decreases) recognised in the surplus / deficit on provision of services	(1,704)	0	0	0	(1,704)
Derecognition – disposals	0	(1,124)	0	0	(1,124)
Reclassifications and transfer	0	1,489	0	(1,489)	0
Other movements in cost or valuation:	(5)	0	0	0	(5)
Cost or Valuation: Gross Book Value as at 31 March 2021	57,530	33,330	344	3,121	94,325
Accumulated Depreciation and Impairment as at 31 March 2020	(6,069)	(16,025)	(117)	0	(22,211)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,753)	(1,744)	(9)	0	(3,506)
Accumulated Depreciation & Impairment written off to Gross Book Value	6,069	0	0	0	6,069
Impairment losses / (reversals) recognised in the Revaluation reserve	(78)	0	0	0	(78)
Impairment losses / (reversals) recognised in the surplus / deficit on the provision of services	(142)	0	0	0	(142)
Derecognition – disposals	0	1,086	0	0	1,086
Other movements in depreciation and impairment	2	1	2	0	5
Accumulated Depreciation and Impairment as at 31 March 2021	(1,971)	(16,682)	(124)	0	(18,777)
Net Book Value at 31 March 2020	48,596	12,291	227	1,489	62,603
Net Book Value at 31 March 2021	55,559	16,648	220	3,121	75,548

Capital Commitments

At 31 March 2022, the Authority had the following major commitments:

- £1.885m for frontline appliances
- £0.550m for building projects

Revaluations & Impairments

In accordance with accounting policy assets included in the Balance Sheet at current value must be revalued sufficiently regularly to ensure their carrying amount is not materially different from their current value at the year-end, but as a minimum every 5 years. The last 5-year revaluation was carried out on 1 April 2020. An assessment of the implications of changes in BCIS data from quarter 1 2020 and quarter 2 2022 determined that there was a material change in building cost information and a consequential impact on assets valued in the accounts on a Depreciated Replacement Cost (DRC) basis. Carrying values of DRC assets have been amended for changes in BCIS data with application of relevant obsolescence amendments since the last valuation on 1 April 2020.

With regard to the existing use valuations (EUV), as of 1 April 2022 there was no market evidence available in the areas concerned to indicate a material change in value had occurred since the valuation date of 1 April 2020.

In February 2021 Unit 5 Heol Aur, Dafen was acquired, and accounted for in 2020/21 as an asset under construction measured at cost, refurbishment work on the property was completed in 2021/22 and it is now operational. The Valuer has utilised market evidence to provide a new EUV for the property at £1.29m, relying upon the accuracy of the plans and measurements provided by the client for this property.

A separate impairment report was provided for Abercrave Fire Station which suffered storm damage in February 2022 but remained operational. The valuer has valued the site in accordance with CIPFA's Code of Practice on Local Authority Accounting resulting in an impairment loss of £40k.

The revaluation and impairment review were carried out by a member of the Royal Institution of Chartered Surveyors employed by Carmarthenshire County Council.

Non-operational Property, Plant and Equipment (Surplus Assets)

The Authority does not have surplus assets.

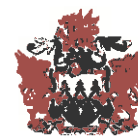
Note 13 - Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority is 10 years.

The movement on Intangible Asset balances during the year is as follows:

2020/21 £000		2021/22 £000
	Gross Book Value	
786	Opening Balance at 1 April	822
36	Additions	53
0	Impairment	0
0	Derecognition	0
822	Closing Balance at 31 March	875
	Accumulated Amortisation	
(293)	At 1 April	(372)
(79)	Amortisation	(78)
0	Impairment	0
0	Derecognition	0
(372)	Closing Balance at 31 March	(450)
	Net Book Value	
493	Opening Balance at 1 April	450
450	Closing Balance 31 March	425



Note 14 - Financial Instruments

The following categories of Financial Instruments are carried in the Balance Sheet:

	Long-term 31 March 2021 £000	Long-term 31 March 2022 £000	Current 31 March 2021 £000	Current 31 March 2022 £000
Financial Assets at Amortised Cost:				
Cash & Cash Equivalents	0	0	678	2,737
Total Debtors	36	31	3,890	4,190

Financial Liabilities at Amortised Cost:

Borrowing	(18,274)	(22,120)	(196)	(153)
Accrued Interest	0	0	(65)	(81)
Total Borrowing	(18,274)	(22,120)	(261)	(234)
Finance Lease liabilities	(2,518)	(2,095)	(407)	(423)
Creditors	0	0	(6,270)	(6,548)

	2020/21		2021/22	
Income, Expense, Gains and Losses	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000
Interest expense	745	0	715	0
Total expense in Surplus or Deficit on the Provision of Services	745	0	715	0
Interest income	0	(14)	0	(6)
Total income in Surplus or Deficit on the Provision of Services	0	(14)	0	(6)
Net (gain)/loss for the year	745	(14)	715	(6)



Financial Instruments - Fair Value

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

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

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Long Term Creditors – PWLB	18,470	24,729	22,273	26,728
Non-PWLB Debt	0	0	0	0
Total	18,470	24,729	22,273	26,728

The fair value is greater than the carrying amount because early repayment of PWLB debt will incur an early repayment premium, the fair value takes account of the early repayment premium. Loans are at level 2 in the Fair Value Hierarchy, that is they are valued at prices that are observable either directly or indirectly.

Note 15 - Debtors

31 March 2021 £000	Short Term Debtors	31 March 2022 £000
2,780	Central Government Bodies	3,323
330	Other Local Authorities	169
112	NHS Bodies	33
205	Other Entities and Individuals	342
483	Payments in Advance	339
(20)	Provision for Irrecoverable debts	(16)
3,890	Total Short-Term Debtors	4,190

31 March 2021 £000	Long Term Debtors	31 March 2022 £000
0	Other Local Authorities	0
36	Other Entities and Individuals	31
36	Total Long-Term Debtors	31

Note 16 - Cash and Cash Equivalents

31 March 2021 £000		31 March 2022 £000
678	Cash and Bank balances	737
0	Short-term Deposits	2,000
678	Total Cash and Cash Equivalents	2,737

Note 17 – Creditors

31 March 2021 £000		31 March 2022 £000
(1,708)	Central Government Bodies	(2,777)
(569)	Other Local Authorities	(604)
(3,848)	Other Entities and Individuals	(3,160)
(145)	Receipts in Advance	(7)
(6,270)	Total Creditors	(6,548)

Note 18 - Unusable Reserves

31 March 2021 £000	31 March 2022 £000
(23,920) Revaluation Reserve	(28,218)
(20,515) Capital Adjustment Account	(23,078)
555,374 Pension Reserve	539,615
781 Accumulated Absences Account	721
511,720 Total	489,040

Note 18a - Revaluation Reserve

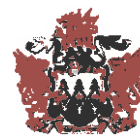
The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment and intangible assets.

The balance is reduced when assets with accumulated gains are:

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

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

2020/21 £000		2021/22 £000
(14,397)	Balance 1 April	(23,920)
(13,102)	Upward revaluation of assets	(5,136)
2,808	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	76
(10,294)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(5,060)
771	Difference between fair value depreciation and historical cost depreciation	762
0	Accumulated gains on assets sold or scrapped	0
771	Amount written off to the Capital Adjustment Account	762
(23,920)	Balance 31 March	(28,218)



Note 18b - Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21 £000		2021/22 £000
(20,731)	Balance 1 April	(20,515)
3,666	Charges for depreciation and impairment of non-current assets	4,271
79	Amortisation & Impairment of intangible assets	78
1,704	Revaluation losses / (gains) on property, plant & equipment	(105)
38	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	80
5,487	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	4,324
(771)	Adjusting Amounts written out of the Revaluation Reserve	(762)
4,716	Net written out amount of the cost of non-current assets consumed in the year	3,562
(90)	Use of Capital Receipts Reserve to finance new capital expenditure	(120)
(235)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(548)
(2,008)	Statutory provision for the financing of capital investment charged against the General Fund	(2,410)
(2,167)	Capital Expenditure charged against the General Fund	(3,047)
(4,500)	Capital financing applied in year:	(6,125)
(20,515)	Balance 31 March	(23,078)

Note 18c - Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000		2021/22 £000
509,796	Balance 1 April	555,374
30,935	Remeasurements of the net defined benefit (liability)/asset	(32,153)
31,497	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	34,622
(16,854)	Employer's pensions contributions and direct payments to pensioners payable in the year	(18,228)
0	Other movements	0
555,374	Balance 31 March	539,615

Note 18d - Accumulated Absences Account

The Accumulated Absences 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 Balance is neutralised by transfers to or from the Account.

2020/21 £000		2021/22 £000
795	Balance 1 April	781
(14)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(60)
781	Balance 31 March	721



Note 19 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000		2021/22 £000
(14)	Interest received	(4)
737	Interest paid	700

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21 £000		2021/22 £000
(3,506)	Depreciation	(3,994)
(160)	Impairment	(277)
(1,704)	Revaluation Gains & Losses	105
(79)	Amortisation	(78)
0	Impairment of Intangibles	0
(1,332)	(Increase)/decrease in creditors	(111)
(3,540)	Increase/(decrease) in debtors	300
145	Increase/(decrease) in inventories	(139)
(14,643)	Movement in pension liability	(16,394)
(38)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(80)
(24,857)	Total	(20,668)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2020/21 £000		2021/22 £000
235	Capital Grant / Contributions / Donations Applied	548
90	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	120
325	Total	668

Note 20 - Cash Flow from Investing Activities

2020/21 £000		2021/22 £000
8,095	Purchase of property, plant and equipment, investment property and intangible assets	7,136
(90)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(120)
18	Other receipts for investing activities	(5)
8,023	Net cash flows from investing activities	7,011

Note 21 - Cash Flow from Financing Activities

2020/21 £000		2021/22 £000
0	Cash receipts of short-term and long-term borrowing	(4,000)
(96)	Other receipts from financing activities	(601)
527	Cash payments for the reduction of outstanding liabilities relating to finance leases	408
1,261	Repayments of short-term and long-term borrowing	180
1,692	Net cash flows from financing activities	(4,013)

Note 22 - Members' Allowances

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

2020/21 £000		2021/22 £000
64	Salaries	66
0	Expenses	1
64	Total Members' Allowances	67

Note 23 - Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

Note Ref	Year	Salary, Fees and Allowances		Other Payments	Expenses Allowances	Benefit in Kind *	Employers' Pension Contribution		Total
		£	£	£	£	£	£	£	£
5	2021/22	158,332	0	0	30	0	0	0	158,362
	2020/21	156,180	0	0	0	0	0	0	156,180
Deputy Chief Fire Officer	2021/22	129,820	0	0	235	0	38,037	0	168,092
	2020/21	128,056	0	0	107	0	37,520	0	165,683
Assistant Chief Fire Officer	2021/22	110,478	0	0	63	0	30,160	0	140,701
	2020/21	108,557	0	0	63	0	29,636	0	138,256
Assistant Chief Officer (Director of Resources) 1	2021/22	96,558	0	0	921	5,932	12,512	0	115,923
	2020/21	108,130	216	0	514	9,425	16,436	0	134,721
Temporary Assistant Chief Officer (Director of Resources) 2	2021/22	27,304	0	0	63	40	4,153	0	31,560
	2020/21	0	0	0	0	0	0	0	0
Clerk	2021/22	38,676	0	0	470	0	5,879	0	45,025
	2020/21	38,104	0	0	252	0	5,792	0	44,148

* Benefit in Kind - from 1 April 2018 the P11d classification of Operational senior officers leased vehicles was amended and agreed with the HMRC. This has resulted in no requirement to produce P11d's for these officers, as they have no benefit in kind.

Notes

1. Unlike the other Senior Officers, the Assistant Chief Officer (Director of Resources) is required to purchase car fuel for business mileage and then claim back expenses. Also, tax on benefit in kind is calculated on a different basis to other Senior Officers, which results in higher expenses and benefits in kind figures.
2. The Assistant Chief Officer (Director of Resources) 1 retired from the Service on 31 December 2021, on a salary of £109,216. Outstanding non-pensionable holiday pay owed is also included in the salary figure, in the table above.
3. The Temporary Assistant Chief Officer (Director of Resources) 2 was appointed on 1 January 2022 following the retirement of the previous Assistant Chief Officer (Director of Resources) 1, on a salary of £109,216.
4. The S151 Officer is appointed under a Service Level Agreement (SLA) with Carmarthenshire County Council. The SLA costs for 2021/22 were £37,599. (2020/21 £36,682).
5. The Chief Fire Officer retired on 6 April 2022, details of which will be shown in the 2022/23 Statement of Accounts.

Officers Remuneration

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

	Number of Employees	
	2020/21 (Restated)	2021/22
£60,001 to £65,000	12	13
£65,001 to £70,000	2	6
£70,001 to £75,000	2	1
£75,001 to £80,000	1	1
£80,001 to £85,000	3	3
Total	20	24

In 2021/22 the ratio of the Chief Fire Officer to the median remuneration of all employees' full time equivalent salary of £32,798 is 4.81:1 (in 2020/21 the median full time equivalent salary was £32,234 and the ratio was 4.82:1).

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	3	0	1	0	4	0	10,538	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	1	0	0	0	1	0	53,723
Total included in CIES	3	1	1	0	4	1	10,538	53,723



Note 24 - External Audit Costs

The following fees are payable in relation to the audit of the Statement of Accounts, statutory inspections and other non-audit services provided by the Authority's external auditors:

Actual Fee 2020/21 £000		Proposed Fee 2021/22 £000
	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year for:	
50	Financial Audit Work	51
15	Performance Audit Work	15
65	Total	66

Note 25 - Grant Income

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2020/21 £000		2021/22 £000
(235)	Capital Grants, Contributions and Donations	(467)
(235)	Total	(467)

Credited to Services

2020/21 £000		2021/22 £000
	Welsh Government:	
(111)	Arson Reduction	(110)
(267)	Home Safety Equipment	(317)
(103)	Other Community Safety	(108)
(480)	New Dimensions, USAR and MTFA	(595)
(592)	Airwave (Firelink)	(592)
(245)	Joint Emergency Services Group	(248)
(477)	GovTech	(40)
(1,908)	SCAPE Pension Funding	(1,832)
(248)	Covid-19 Hardship Fund	(147)
(153)	Other *	(254)
(4,584)	Total	(4,243)

* Other Grants (external funding) comprise funding for small, non-recurring projects.



In 2021/22 Mid and West Wales Fire and Rescue Authority co-ordinated the Home Safety grant of £866k and Arson Reduction grant of £375k on behalf of Welsh Government who therefore allocated £1.241m (£1.060m in 2020/21) to the three Fire Services in Wales.

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

Grants Administered on behalf of other Fire and Rescue Services

2020/21 £000		2021/22 £000
	Welsh Government:	
(279)	Arson Reduction	(265)
(403)	Home Safety Equipment	(549)
(682)	Total	(814)

The Authority has received the following capital grants that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not satisfied. The balances at the year-end are as follows:

Current Liabilities - Capital Grants Receipts in Advance

2020/21 £000		2021/22 £000
(140)	New Dimensions, USAR and MTFA (Welsh Government)	0
(280)	Storm Callum (Welsh Government)	(275)
0	Electric Vehicle Charging Infrastructure (Welsh Government)	(198)
(420)	Total	(473)

The Authority has received the following revenue grants that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not satisfied. The balances at the year-end are as follows:

Current Liabilities – Revenue Grants Receipts in Advance

2020/21 £000		2021/22 £000
(89)	GovTech (Welsh Government)	(48)
(15)	National Resilience (Welsh Government)	(2)
(11)	Apprentice Laptops (Gower College)	0
(295)	Covid-19 Hardship Fund (Welsh Government)	(193)
(410)	Total	(243)

Note 26 - Related Parties

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

Welsh Government (WG)

Welsh Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates and provides some funding in the form of grants. The grants received from government departments are set out in note 25.

Members

Members of the Fire and Rescue Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in note 22.

The Authority has arrangements in place requesting Members and Officers to identify and disclose related party transactions.

Officers

No Officer declared a pecuniary interest in accordance with section 117 of the Local Government Act 1972.

Other Public Bodies

The Authority receives the majority of its revenue funding by charging a levy, based on population, to the six Unitary County Authorities in its area. Details of the amounts received by way of levy are shown within the narrative of the Statement of Accounts.

The Authority has a Service Level Agreement (SLA) with Carmarthenshire County Council for Financial Services including Section 151 Officer services. The Section 151 Officer responsibility is provided by the current Director of Resources for Carmarthenshire County Council.

The Authority is the Administering Authority for the Firefighters' Pension Fund. Details of the Firefighters' Pension Fund are shown in note 30 and the Firefighters' Pension Fund Accounts which are on pages 63 to 71 and 76 to 78.

The following tables details transactions and balances with Related Parties as at 31 March 2022:

Related Party	In Year Transactions		Balance 31 March 2022	
	Income £000	Expenditure £000	Owed to Authority (Debtor) £000	Owed by Authority (Creditor) £000
Welsh Government	(11,810)	0	1,297	(1,439)
Carmarthenshire County Council	(10,737)	565	0	(242)
Ceredigion County Council	(4,061)	79	0	0
Neath Port Talbot County Borough Council	(8,180)	162	0	(2)
Pembrokeshire County Council	(7,156)	118	0	0
Powys County Council	(7,525)	260	0	(1)
City and County of Swansea Council	(14,120)	153	0	(5)
Total	(63,589)	1,337	1,297	(1,689)

Joint Operations

In April 2014 Mid and West Wales Fire and Rescue Service (MAWWFRS) entered into a Memorandum of Understanding with South Wales Police and South Wales Fire and Rescue Service (SWFRS) to work together to establish a Joint Public Service Centre (JPSC). In October 2017 the JPSC went "live". MAWWFRS and SWFRS have shared responsibility of the operational delivery and the agreed approach from both FRSs is set out in a Service Level Agreement (SLA). The SLA outlines a set of agreed high-level principles in relation to the day-to-day management of the team. It is the expectation of both Chief Fire Officers of the FRSs that the FRSs will work in collaboration to achieve the aims and objectives set out within the SLA.

The SLA provided that as from the point of the team becoming operational (October 2017) the staff budget (direct and indirect costs) for the JPSC would be shared on a 50% basis between the two FRSs. For 2018/19 onwards the SLA was renegotiated resulting in a revised basis – direct staff costs 40% MAWWFRS and 60% SWFRS, and 50% each for indirect staff costs.

In accordance with accounting policy 12, the main financial statements of the Authority have been consolidated with the relevant entries. The Authority's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below:

Joint Public Service Centre	2020/21		2021/22	
	Joint Operation Total £000	MAWWFRS Share £000	Joint Operation Total £000	MAWWFRS Share £000
Revenue				
Staff Expenditure	2,686	1,074	2,532	1,013
Non-Staff Expenditure	167	84	109	55
Total Expenditure	2,853	1,158	2,641	1,068
Intangible Asset				
Command & Control System:				
Gross Book Value	680	340	680	340
Accumulated Amortisation	(248)	(124)	(322)	(161)
Net Book Value	432	216	358	179



Note 27 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £000		2021/22 £000
27,963	Opening Capital Financing Requirement	31,558
	Capital Investment:	
8,059	Property Plant and Equipment	7,083
36	Intangible Assets	53
8,095	Total Capital Spending	7,136
	Sources of Finance:	
(90)	Capital receipts	(120)
(235)	Government Grants and other contributions / donations	(548)
	Sums set aside from revenue:	
(2,167)	Direct Revenue Contributions	(3,047)
	Minimum revenue provision:	
(211)	Option 1 – expenditure pre 31 March 2009	(202)
(1,270)	Option 3 – expenditure post 1 April 2009	(1,801)
(527)	Finance Leases	(407)
(4,500)	Total Sources of Finance	(6,125)
31,558	Closing Capital Financing Requirement	32,569

Explanation of movements in year

2020/21 £000		2021/22 £000
3,595	Increase in underlying need to borrow (unsupported by government financial assistance)	1,011
3,595	Increase / (decrease) in Capital Financing Requirement	1,011

Note 28 – Leases

Authority as a Lessor – Finance Leases

Finance lease debtors are not material as consideration payments were made at inception of the leases and applied to writing down the lease liability, no liability is outstanding.

Authority as a Lessee – Finance Leases

The Authority has acquired a number of vehicles under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2021 £000		31 March 2022 £000
0	Other Land and Buildings	0
2,544	Vehicles, Plant, Furniture, Equipment and Other	2,155
2,544	Total	2,155

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicle acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts

31 March 2021 £000	Finance lease liabilities (net present value of minimum lease payments):	31 March 2022 £000
407	- Current	423
2,518	- Non-current	2,095
371	Finance costs payable in future years	278
3,296	Minimum lease payments	2,796

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments		Finance Lease Liabilities	
31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
499	499	407	423
1,588	1,452	1,357	1,269
1,209	845	1,161	826
3,296	2,796	2,925	2,518



Authority as Lessee - Operating Leases

The Authority has acquired a number of light vehicles by entering into operating leases, with typical lives of 5 to 7 years.

The future minimum lease payments due under non-cancellable operating leases in future years are:

31 March 2021 £000		31 March 2022 £000
101	Not later than one year	88
239	Later than one year and not later than five years	151
0	Later than five years	0
340	Total	239

Note 29 - Termination Benefits

The Authority terminated the contract of one employee in 2021/22 incurring liabilities of £54k (£11k in 2020/21), see note 23. This included one support staff employee who was paid pay in lieu of notice and was made redundant.

Note 30 - Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Dyfed Pension Fund, Carmarthenshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the pensions committee of Carmarthenshire County Council. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against levy is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the



Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

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

Guaranteed Minimum Pension (GMP) equalisation and indexation - The Government has published a consultation (7 October 2020) on indexation and equalisation of Guaranteed Minimum Pension (GMP), with the proposal being to extend the 'interim solution' to those members who reach State Pension Age after 5 April 2021. A past service cost was included in the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETV's) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, GAD expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV was equalised. The scope of any costs are yet to be determined and GAD does not have data on historic CETV's to estimate the potential impact, but they expect it will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

Survivor benefit legal challenges (Goodwin) – In 2020 a legal challenge was brought against the Teachers Pension Scheme regarding the provision of survivor benefits to a male spouse of a female member. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988.

Welsh Government have advised GAD that due to the historic equal benefit structure in the 1992 Firefighters Pension Scheme they do not believe there is a similar situation in the Fire Pension Scheme in Wales and therefore there is no requirement to allow for this legal challenge in our 2021/22 accounting disclosures.

An additional legal challenge has been brought against the Police Pension Scheme (Scotland) in regard to historic provision of survivors benefits for unmarried partners. This is an ongoing claim but the ruling in the case could have a read across to all public sector schemes. At this stage GAD have made no allowance for this case in the 2021/22 disclosures.

Covid-19 implications – The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. GAD's view is that it is too

early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

Since February 2020 there has been substantial volatility in financial markets around the world in relation to the Covid-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in this year's accounting figures. Over the same period, the market volatility has also extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact on accounting liabilities.

McCloud / Sargeant judgement - Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as "McCloud") and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service cost allows for the higher expected cost of accrual under McCloud.

GAD have been informed that some members have made elections to choose the benefits they wish to take during the McCloud remedy window, 2015 to 2022. Where GAD have received such data, they have assessed the impact of the change in member contributions on the liabilities of the scheme and concluded that due to the low number of members who have made elections to date the change is not material.



2020/21		General Fund Transactions		2021/22	
LGPS	Firefighter Pension Scheme	Comprehensive Income and Expenditure Statement - Cost of Services		LGPS	Firefighter Pension Scheme
£000	£000			£000	£000
		Service cost comprising:			
2,172	16,540	Current service cost		2,865	19,170
0	0	Past service cost		0	0
0	1,250	Transfers In		0	1,360
0	0	(Gain) / loss from curtailments		47	0
0	0	(Gain) / loss from settlements		0	0
26	0	Administration expenses		27	0
		Financing and Investment Income and Expenditure:			
509	11,000	Net interest expense		503	10,650
2,707	28,790	Total charged to (Surplus) and Deficit on Provision of Services		3,442	31,180
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement					
<i>Re-measurement of the net defined benefit liability comprising:</i>					
(11,102)	0	Return on plan assets (excluding the amount included in the net interest expense)		(2,917)	0
(1,280)	(22,170)	Actuarial (gains) and losses – experience		199	(20,810)
0	0	Actuarial (gains) and losses arising on changes in demographic assumptions		(646)	0
13,497	51,990	Actuarial (gains) and losses arising on changes in financial assumptions		(1,649)	(6,330)
0	0	Other movements in the liability / (asset)		0	0
1,115	29,820	Total charged to Other Comprehensive Income and Expenditure Statement		(5,013)	(27,140)
3,822	58,610	Total charged to the Comprehensive Income and Expenditure Statement		(1,571)	4,040
Movement in Reserves Statement					
(2,707)	(28,790)	Reversal of net charges made to the Surplus or (Deficit) on the Provision of Services		(3,442)	(31,180)
Actual amount charged against the general fund balance for pensions in the year:					
1,084		Employers' contributions payable to scheme		1,098	
	15,770	Retirement Benefits payable to pensioners			17,130



2020/21			2021/22		
LGPS	Firefighter Pension Scheme	Pensions Assets and Liabilities Recognised in the Balance Sheet	LGPS	Firefighter Pension Scheme	
£000	£000		£000	£000	
(82,483)	(530,877)	Present value of the defined obligation	(83,665)	(517,787)	
57,986	0	Fair value of plan assets	61,837	0	
(24,497)	(530,877)	Net (liability) / asset arising from the defined benefit obligation	(21,828)	(517,787)	

2020/21			2021/22		
LGPS	Firefighter Pension Scheme	Movement in the Value of Scheme Assets	LGPS	Firefighter Pension Scheme	
£000	£000		£000	£000	
45,569	0	Opening fair value of scheme assets	57,986	0	
1,097	0	Interest income	1,215	0	
		Remeasurement gain / (loss):			
		- The return on plan assets, excluding the amount included in the net interest expense			
11,102	0		2,917	0	
1,084	15,770	Contributions from employer	1,098	17,130	
438	0	Contributions from employees into the Scheme	456	0	
(1,278)	(15,770)	Benefits / transfers paid	(1,808)	(17,130)	
(26)	0	Administration expenses	(27)	0	
57,986	0	Closing value of scheme assets	61,837	0	



2020/21			2021/22		
LGPS	Firefighter Pension Scheme	Movements in the Fair Value of Scheme Liabilities	LGPS	Firefighter Pension Scheme	
£000	£000		£000	£000	
(67,328)	(488,037)	Opening balance at 1 April	(82,483)	(530,877)	
(2,172)	(16,540)	Current service cost	(2,865)	(19,170)	
0	(1,250)	Transfers In	0	(1,360)	
(1,606)	(11,000)	Interest cost	(1,718)	(10,650)	
(438)	0	Contributions from scheme participants	(456)	0	
		<i>Remeasurement gains and losses:</i>			
0	22,170	- Actuarial gains / (losses) - experience	646	20,810	
1,280	0	- Actuarial gains / (losses) from changes in demographic assumptions	(199)	0	
(13,497)	(51,990)	- Actuarial gains / (losses) from changes in financial assumptions	1,649	6,330	
0	0	- Other	0	0	
0	0	Past service cost	0	0	
0	0	Gains / (losses) on curtailments	(47)	0	
0	0	Other Movement	0	0	
1,278	15,770	Benefits / transfers paid	1,808	17,130	
(82,483)	(530,877)	Balance as at 31 March	(83,665)	(517,787)	



LGPS - Pension Scheme - Assets comprised of:

2020/21 (Restated)				2021/22		
Quoted	Unquoted	Total	Fair value of scheme assets	Quoted	Unquoted	Total
£000	£000	£000		£000	£000	£000
Cash and cash equivalents:						
678	0	678	Cash accounts	1,051	0	1,051
678	0	678	Subtotal Cash and cash equivalents	1,051	0	1,051
Equities:						
12,346	0	12,346	UK Quoted	11,576	0	11,576
15,076	0	15,076	Global Quoted	19,231	0	19,231
6,286	0	6,286	US	4,044	0	4,044
255	0	255	Canada	272	0	272
1,954	0	1,954	Japan	2,375	0	2,375
597	0	597	Pacific *	99	0	99
4,952	0	4,952	Emerging markets *	4,873	0	4,873
1,490	0	1,490	European ex UK	2,220	0	2,220
42,956	0	42,956	Subtotal Equities	44,690	0	44,690
Bonds:						
1,508	0	1,508	UK Government indexed	822	0	822
5,219	0	5,219	Other Class 1	4,910	0	4,910
6,727	0	6,727	Subtotal Bonds	5,732	0	5,732
Property:						
0	6,407	6,407	Property Funds	0	8,082	8,082
0	6,407	6,407	Subtotal Property	0	8,082	8,082
Alternatives:						
0	1,218	1,218	Class 1 **	0	2,282	2,282
0	1,218	1,218	Subtotal Alternatives	0	2,282	2,282
50,361	7,625	57,986	Total Assets	51,473	10,364	61,837

* Restated 2020/21 as category determined as incorrect by Mercer in May 2022, should have been categorised as Quoted but was shown as Un-quoted. Correction shown in 2021/22

** Restated 2020/21 as category determined as incorrect by Mercer in May 2022, should have been categorised as Un-quoted but was shown as Quoted. Correction shown in 2021/22



Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme has been estimated by Mercer's an independent firm of actuaries and the Firefighters Pension Scheme has been valued by the Government Actuary's Department (GAD). Estimates for the Dyfed Pension Fund (the LGPS) are based on the latest full valuation of the scheme as at 1 April 2019.

The significant assumptions used by the actuary have been:

2020/21	LGPS	2021/22
	Mortality assumptions	
	<i>Longevity at retirement for current pensioners</i>	
23.1	Men	23.0
25.0	Women	24.9
	<i>Longevity at retirement for future pensioners</i>	
24.7	Men	24.4
27.2	Women	27.1
	<i>Other assumptions</i>	
2.7%	Rate of inflation	3.3%
4.2%	Rate of increase in salaries	4.8%
2.8%	Rate of increase in pensions	3.4%
2.1%	Rate for discounting scheme liabilities	2.8%
2.7%	CARE revaluation rate	3.3%
2020/21	Firefighter Pension Scheme	2021/22
	Mortality assumptions	
	<i>Longevity at retirement for current pensioners</i>	
21.4	Men	21.5
21.4	Women	21.5
	<i>Longevity at retirement for future pensioners</i>	
23.1	Men	23.2
23.1	Women	23.2
	<i>Other assumptions</i>	
2.40%	Rate of inflation	3.00%
4.15%	Rate of increase in salaries	4.75%
2.40%	Rate of increase in pensions	3.00%
2.00%	Rate for discounting scheme liabilities	2.65%
4.15%	CARE revaluation rate	4.75%

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



The estimated weighted duration of the defined benefit obligation is 20 years for the Firefighter Scheme and 20 years for the Local Government Pension Scheme.

Alternative forms of remedy may have different levels of sensitivity to these assumptions; therefore the sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact of assumptions on the obligation – LGPS

	As Reported £000	Discount Rate 0.1% Increase £000	Inflation 0.1% Increase £000	Pay Growth 0.1% Increase £000	Life Expectancy 1 Year Increase £000	+/-1% change in 2021/22 investment returns	
						+1%	-1%
						£000	£000
Liabilities	(83,665)	(82,048)	(85,315)	(83,918)	(86,135)	(83,665)	(83,665)
Assets	61,837	61,837	61,837	61,837	61,837	62,454	61,220
(Deficit) / Surplus	(21,828)	(20,211)	(23,478)	(22,081)	(24,298)	(21,211)	(22,445)
Projected Service Cost for Next Year	2,693	2,618	2,771	2,693	2,779	2,693	2,693
Projected Net Interest Cost for Next Year	596	571	643	604	579	579	614

	As Reported £000	Discount Rate on Liabilities 0.5% Increase £000	Increase in Salaries 0.5% Increase £000	Life Expectancy 1-year Increase £000	Increase in Pensions 0.5% Increase £000
FFPS	(517,787)	(468,787)	(524,787)	(535,787)	(558,787)

Impact on the Authority's Cash Flows

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

The table above shows the amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans.

Note 31 - Nature & Extent of Risks arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movement.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Financial risk management is carried out under policies approved by the Authority in the Annual Treasury Management Strategy. The Authority provides written principles to overall risk management, as well as written guidance covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, the value of credit exposure to the Authority's customers is low and considered not to pose a risk.

This risk is minimised through the Annual Investment strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The amounts invested are restricted to prudent and affordable amounts as set out in the approved strategy.

The current strategy is to invest internally as far as possible, thus reducing the need to borrow and reducing the cash surplus available for investment and the period those surpluses are available.

The Authority's maximum exposure to credit risk is in relation to its investments with its bank. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all of the Authority's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

Liquidity Risk

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the UK Debt Management Office. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that loans mature within the approved limits shown in the table below through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.



The maturity analysis of financial liabilities is as follows:

			Actual	
	Approved minimum limits	Approved maximum limits	31 March 2022 £000	31 March 2022 %
Less than 1 year	0%	30%	153	1%
Between 1 and 2 years	0%	30%	2,600	12%
Between 2 and 5 years	0%	50%	1,055	5%
Between 5 and 10 years	0%	75%	5,000	22%
More than 10 years	25%	90%	13,465	60%
Total			22,273	100%

			Actual	
	Approved minimum limits	Approved maximum limits	31 March 2021 £000	31 March 2021 %
Less than 1 year	0%	30%	196	1%
Between 1 and 2 years	0%	30%	153	1%
Between 2 and 5 years	0%	50%	2,656	14%
Between 5 and 10 years	0%	75%	3,000	16%
More than 10 years	25%	90%	12,465	68%
Total			18,470	100%

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Service will rise
- Investments at fixed rates – the fair value of the assets will fall.

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

Price Risk

The Authority does not invest in equity shares and has no exposure to price risk.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 32 - Contingent Liability

McCloud / Sargeant case

In December 2018 the Court of Appeal handed down its judgement for McCloud/Sargeant Case, upholding the view that the transitional protections introduced with the new Firefighter Pension 2015 were unlawfully discriminatory on the grounds of age.

In July 2021, HM Treasury introduced the Public Service Pensions and Judicial Office's Bill (the Bill) to the house of Lords. The Bill is primary legislation that sets out in law how the Government will remove the discrimination contained within the 2015 reforms (referred to as remedy). The Bill is currently moving through the legislative process and Royal Assent was granted in April 2022. The Bill contains the timescales for implementing the remedy by no later than October 2023.

Members who have retired or are due to retire prior to legislative arrangements being finalised are considered to be in Immediate Detriment (ID). The Service is now faced with the decision of whether to process ID cases ahead of the secondary legislation. The risk to the Service is twofold:

- If the Service does not process ID cases, there is the risk of legal action being instigated by members.
- If the Service does process ID cases, there is a financial risk associated with potential tax complexities which may arise from processing ID cases ahead of the required changes to legislation.

In November 2021, Members approved the adoption of the Framework for Managing Immediate Detriment (ID) issues. Subsequent to that decision, the Service received notification that the Home Office had withdrawn their informal guidance relating to processing ID cases, and HM Treasury advised that no ID cases should be processed before new legislation to enact the remedy was in place. The adoption of the Framework is now paused pending receipt of legal advice or guidance being obtained by the Local Government Association (LGA).

The Service is engaging their Tax Consultants to provide a package of support relating to ID cases tax issues and working with its Scheme Administrators to determine the financial implications of processing ID cases. At this stage the value and timing of any outflow is unknown.

Special Retained Members (O'Brien / Matthews)

In November 2018 a ruling on the legal case involving part time judges (O'Brien v Ministry of Justice) has a direct impact on the equivalent case for retained firefighters (Matthews). Welsh Government Ministers agreed to extend the pension entitlement to eligible firefighters to cover service pre-July 2000. This requires Fire and Rescue Authorities to undertake a second options exercise. At this stage it is unclear when the options exercise will begin and there are additional uncertainties the numbers of members who will elect to take up benefits and the size of the benefit they will elect to receive. Therefore, at this stage the value and timing of any outflow is unknown.

Urban Search and Rescue (USAR) Allowances (Booth & Others v MAWWFRA)

In March 2019 the High Court ruled in favour of a member challenging the definition of pensionable salary used by the Authority (Booth). The ruling was regarding the pensionable status of allowances received by some firefighters and, in particular, ruled that USAR remains not pensionable under the Firefighter Pension Scheme.

In view of the outcome of the High Court Judgement, and as the High Court focused solely on linking the USAR allowance to an individual's primary contract under one of the Firefighter Pension Scheme(s), a request was made to look at other alternatives so that members of the USAR team can be provided with access to a workplace pension in accordance with the Pensions Act 2008.

The Service has sought legal advice from Employment Law specialists who reviewed alternative pension schemes for which USAR personnel might be entitled to join, and based on all the available information, it is considered that the Local Government Pension Scheme (LGPS) is the most appropriate scheme. However, as USAR is funded via Welsh Government this is considered an All-Wales issue and requires further consultation before any changes can be implemented. Therefore, at this stage the value and timing of any outflow is unknown.

Employment Tribunal

During the year, there were a small number of claims made to Employment Tribunal against the Authority. It is not possible to reliably estimate either the likelihood or value to the Authority if the Tribunal rules in the claimants' favour. No provision has therefore been made in these financial statements.



Firefighters Pension Fund Accounts

Firefighters Pension Fund Account for the year ended 31 March 2022

2020/21 £000		2021/22 £000
	Contributions Receivable:	
	Employer:	
(5,626)	- Normal	(5,731)
(499)	- Early retirements (ill health)	(167)
(2,717)	- Members	(2,773)
<u>(8,842)</u>		<u>(8,671)</u>
<u>(1,248)</u>	Individual Transfers in from other schemes	<u>(1,363)</u>
(10,090)		(10,034)
	Benefits Payable:	
12,664	- Pension	12,746
2,104	- Commutations and lump-sum retirement benefits	4,186
30	- Lump sum death	155
<u>14,798</u>		<u>17,087</u>
	Payments to and on account of leavers:	
939	- Individual transfers out to other schemes	46
<u>15,737</u>		<u>17,133</u>
5,647	Deficit for year before grants receivables from the Welsh Government	7,099
(5,647)	Top up grant Receivable from the Welsh Government	(7,099)
<u>0</u>	Net amount payable / receivable for the year	<u>0</u>

Net Assets Statement as at 31 March 2022

2020/21 £000		2021/22 £000
	Current Assets:	
1,211	Amount owed by General Fund	1,439
0	Amount owed by Welsh Government	0
<u>1,211</u>	Total Current Assets	<u>1,439</u>
	Current Liabilities:	
0	Amount owed to General Fund	0
(1,211)	Amount owed to Welsh Government	(1,439)
<u>(1,211)</u>	Total Current Liabilities	<u>(1,439)</u>



Notes to the Firefighters Pension Fund Account

The Fund was established 1 April 2007 and covers the 1992, 2006, 2015 and the Modified Firefighters' Pension Schemes and is administered by the Authority. The 2015 scheme introduced new contribution rates for both employers and employees and reduced pension benefits. Members of the 1992 and 2006 schemes who do not meet the prescribed criteria, will transition into the 2015 scheme under a tapering arrangement. On 1 April 2016, the retained Modified Pension Scheme was introduced in addition to the original 1992, 2006 and 2015 schemes. The scheme allowed individuals who were employed as On-Call members of staff between the years 2000-2006 the opportunity to buy back service. If the individuals were still employees, then they could enter into the retained Modified Pension Scheme which benefits from the same contribution rates as the 1992 scheme.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by Welsh Government (WG) and subject to triennial revaluations by the Government Actuary's Department (GAD). The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by Top Up Grants from the Welsh Government (WG).

Transfers into the scheme are a transfer of pension benefits from another pension scheme for new or existing employees and transfers out are transfer benefits for employees who have left the Authority and joined another pension scheme. The Authority is responsible for paying the employer's contributions into the fund and these are the costs that are identified in the accounts for the Authority.

At the beginning of the financial year an assessment is made of the amount of Top Up Grant required from Welsh Government and 80% of the estimate is paid in addition to the surplus/deficit (asset/liability) which is payable / receivable from the previous year, this is paid in April of each year. As such, any asset / liability on the Pension Fund is matched by a corresponding value on the Authority balance sheet. The 2021/22 estimate included an assessment of the number of firefighters due to retire within the year based on age and years' service, from this an estimate can then be made of the commutation payments that would fall due and the additional pension payments.

The accounting policies adopted for the production of the Pensions Fund Account are in line with recommended practice and follow those that apply to the Authority's primary statements.

Contribution Rates

Under the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme was 27.3% of pensionable pay with employee's rates as per the pensionable pay banding detailed below:

Pensionable Pay Band	2021/22 Contribution Rate %
Up to and including £27,818	11.0
More than £27,818 and up to and including £51,515	12.9
More than £51,515 and up to and including £142,500	13.5
More than £142,500	14.5

For the 2006 scheme the employer's contribution was 26.6% of pensionable pay with employee's rates as per the pensionable pay banding detailed below:

Pensionable Pay Band	2021/22 Contribution Rate %
Up to and including £15,609	8.5
More than £15,609 and up to and including £21,852	9.4
More than £21,852 and up to and including £31,218	10.4
More than £31,218 and up to and including £41,624	10.9
More than £41,624 and up to and including £52,030	11.2
More than £52,030 and up to and including £62,436	11.3
More than £62,436 and up to and including £104,060	11.7
More than £104,060 and up to and including £124,872	12.1
More than £124,872	12.5

For the 1992 and Modified schemes the employer's contribution rate was 29.3% of pensionable pay with employee's rates as per the pensionable pay bandings detailed below:

Pensionable Pay Band	2021/22 Contribution Rate %
Up to and including £15,609	11.0
More than £15,609 and up to and including £21,852	12.2
More than £21,852 and up to and including £31,218	14.2
More than £31,218 and up to and including £41,624	14.7
More than £41,624 and up to and including £52,030	15.2
More than £52,030 and up to and including £62,436	15.5
More than £62,436 and up to and including £104,060	16.0
More than £104,060 and up to and including £124,872	16.5
More than £124,872	17.0

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long-term pension obligations can be found in Note 30 to the core financial statements (£517.787m at 31 March 2022 and £530.877m at 31 March 2021).



Glossary of Terms used in the Statement of Accounts

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES

These specify policies and procedures used by the Authority to prepare its Financial Statements, including methods, measurement systems and procedures for presenting disclosures.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET

An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a fire station, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.



CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of the defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.



DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value, but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

IMPAIRMENT

A reduction in the value of a non-current asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Non-current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are hydrants.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.



INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

OPERATING LEASE

A lease where the ownership of the non-current asset remains with the lessor.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the government can borrow itself.



RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Authority's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Capital Adjustment account cannot be used to meet current expenditure.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

USEFUL LIFE

The period over which the Authority will derive benefits from the use of a non-current asset.



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Fire and Rescue Authority

Annual Governance Statement

For the year ended 31 March 2022



Mid and West Wales Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT

For the year ended 31 March 2022

This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), the '*Delivering Good Governance in Local Government Framework*' 2016. This Annual Governance Statement explains how the Authority has complied with the framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and priorities.

Scope of Responsibility

Mid and West Wales Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and appropriately accounted for; and used economically, efficiently, effectively and equitably.

The Authority has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, effectiveness and equity. The Well-being of Future-Generations (Wales) Act 2015 places a well-being duty on public bodies to set and publish well-being objectives, designed to maximise their contribution to the seven national well-being goals, with a focus on sustainable development.

The introduction of the Local Government and Elections (Wales) Act 2021 has also introduced the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance, including the provision of a multi-locations policy for meetings.

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

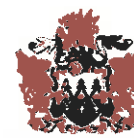
Strategic leadership is given by and discharged through the Fire Authority and its various Committees, panels and working groups, which enable Members to decide on issues affecting the running of the Fire Authority, in accordance with the principles of openness and democratic accountability.

The day to day management and delivery of the Service's functions is carried out by Fire Service Officers under the overall control and guidance of the Chief Fire Officer, who discharges these functions in accordance with the governance framework and the determinations of the Fire Authority and its Committees. In so doing, the Chief Fire Officer is assisted by the Executive Leadership Team.

Mid and West Wales Fire and Rescue Authority's Governance Arrangements

The Authority is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. The Authority provides clear strategic direction, and its Constitution clearly defines the roles of Members and Officers. Internal and External Audit and the Performance Audit and Scrutiny Committee are committed to ensuring that governance arrangements are effective and robust. The key roles of the Constitution and those responsible for developing and maintaining the Authority's Code of Corporate Governance Framework are set out below.

Constitution	The purpose of the Constitution is to set out in clear language how the Fire Authority works and how it makes decisions.
Fire Authority	Approves the Constitution (including Standing Orders and Financial Regulations). Approves key policies and budgetary framework. Is the main decision-making body of the Authority. Comprises twenty-five Members (including the Chair).
Performance Audit and Scrutiny Committee	Provides independent assurance to the Fire Authority on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. Promotes high standards of Member conduct. Makes recommendations to the Fire Authority on the approval of the Annual Statement of Accounts and Annual Governance Statement, and in appropriate circumstances approves the Annual Statement of Accounts.
Resource Management Committee	Responsible for the effective management of the resources of the Fire Authority, in particular managing and developing the financial, human and property of the Authority together with its procurement, information and communication technology, human resource and transport functions and its engagement with stakeholders.
Executive Leadership Team	Implements the policy and budgetary framework set by the Fire Authority and provides advice to the Fire Authority on the development of future policy and budgetary issues. Oversees the implementation of policy and service delivery.
Section 151 Officer	Ensures lawful and financially prudent decision making. Administration of financial affairs. Accountable for developing and maintaining the Fire Authority's governance, risk and control framework. Contributes to the effective corporate management and governance of the Fire Authority.



Monitoring Officer	<p>Reports on contraventions or likely contraventions of any enactment or rule of law.</p> <p>Reports on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation.</p> <p>Maintains and updates the Constitution.</p> <p>Establishes and maintains registers of member interests and gifts and hospitality.</p> <p>Advises Members on the interpretation of the Code of Conduct for Members and Co-opted Members.</p> <p>Contributes to the effective corporate management and governance of the Fire Authority.</p>
Internal Audit	<p>Provides independent assurance and annual opinion on the adequacy and effectiveness of the Fire Authority's governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity.</p> <p>Makes recommendations for improvements in the management of risk.</p>
Managers	<p>Responsible for developing, maintaining and implementing the Fire Authority's governance, risk and control framework.</p> <p>Contribute to the effective corporate management and governance of the Fire Authority, through monthly Service Leadership Team meetings and Operational Response Forums.</p>

Mid and West Wales Fire and Rescue Authority's Governance Framework

A Code of Corporate Governance was developed by Mid and West Wales Fire and Rescue Authority in 2010 and revised in 2017 in accordance with the CIPFA / SOLACE Delivering Good Governance in Local Government Framework 2016.

The Code of Corporate Governance comprises the systems, processes, culture and values by which Mid and West Wales Fire and Rescue Service is directed and controlled and also the way it accounts to, engages with and leads the community. It enables Mid and West Wales Fire and Rescue Authority to monitor the achievement of its Strategic Aims and to consider whether the Service has delivered appropriate, effective and efficient services. The system of internal control forms a significant part of the Code of Corporate Governance and is designed to manage risk to a reasonable level. It evaluates the likelihood and impact of identified risks being realised and manages each risk appropriately.

The Authority's Code of Corporate Governance brings together in one document all the governance and accountability arrangements the Service has in place. The Code of Corporate Governance Framework is based on best practice guidance set out in the CIPFA / SOLACE Framework, Delivering Good Governance in Local Government and is used to review the Authority's governance arrangements on an annual basis.

The Authority has conducted an annual review of the effectiveness of its governance against the CIPFA / SOLACE Delivering Good Governance Framework (2016) during 2021/22. The annual review of the Code of Corporate Governance was informed by managers within the Service who have responsibility for the development and maintenance of the governance environment and also by comments made by internal and external audit, as well as other inspection agencies. The

reviewed and revised Code of Corporate Governance to year end 31 March 2022, was approved by the Performance Audit and Scrutiny Committee in April 2022.

This Statement provides assurance as to how the Authority has complied with the seven core principles and sub-principles of its Code of Corporate Governance Framework during the financial year 2021/22.

This statement also meets the requirement of The Accounts and Audit (Wales) Regulations 2014.

Mid and West Wales Fire and Rescue Authority Governance Assurances for 2021/22

The Authority's Code of Corporate Governance sets out the Authority's commitment to the principles of good governance. A copy of the Authority's full Code of Corporate Governance, to year ending 31 March 2022, can be accessed on the Service's website. The following section provides a brief overview of the governance assurances undertaken by the Authority during 2021/22.

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

Core Values

The Service's Vision, Mission and Values are clearly published within the Service's Corporate Plan, which is reviewed, revised and consulted upon on an annual basis.

The Service's Corporate Plan 2021-26 was published on 1 April 2021, setting out the Service's Improvement and Wellbeing Objectives for 2021/22, which were aligned to the Well-being and Future Generations (Wales) Act 2015.

Over a 10-week period between October and December 2021, the Service also consulted on its revised planning process for 2022 onwards, which included its Strategic Plan for 2022-27, which references its longer-term Commitments; and its Annual Business Improvement Plan 2022-23, which outlines its annual Improvement and Well-being Objectives for the year ahead. The Service's Strategic Plan 2022-27 and its Annual Business Improvement Plan 2022-23 were published on the 1 April 2022.

Due to a delay in receiving the revised Performance Framework from Welsh Government, which will be introduced to replace the repealed performance requirements of Fire and Rescue Authorities within the Local Government (Wales) Measure 2009, a revised improvement planning process will now be considered during 2022/23. This will be supported by the commencement of a review of the Service's Vision, Mission and Values, by the Service's new Executive Leadership Team, which will be informed by a Cultural Audit scheduled to be undertaken during 2022/23.

The Code of Conduct for Members, which is published within the Constitution, outlines the behaviours and conduct expected of Members. As part of their induction process, all new Members and personnel also receive an overview of the standards of conduct and behaviour expected of them. This is further supported by the Member Development Strategy and Annual Training Programme which ensures Members receive appropriate training and support for their roles. Training on standards of behaviour is provided to Managers as part of the Service's Senior and Middle Manager training programme, while the Service's performance appraisal process, which was reviewed in 2021/22 in line with the the National Fire Chief Council Leadership Framework

and will become effective in 2022/23 will ask all personnel and Managers to indicate how they feel personnel have behaved in relation the Service's Values during the year.

The Constitution

The Authority's Constitution is publicly available on the Authority pages of the Service's website and explains how the Authority operates and how it makes decisions. The Constitution is subject to periodic comprehensive reviews, with ongoing updates as required to reflect legislative changes and according to need.

A revised Constitution was approved by the Authority in June 2021 and published on the Authority's website. Revisions to the Constitution included reference to the requirements of the Local Government and Elections (Wales) Act 2021; an amalgamation of Articles 21 and 22 into a single Article for Financial Procedure Rules; and amendments to the Authority's Contracts Standing Orders (Article 23). All amendments were approved by the Resource Management Committee in July 2021 and reported to Fire Authority in September 2021.

A paper outlining the considerations of a Multi-Locations Meeting Policy, as required by the Local Government (Wales) Act 2021 was presented to the Fire Authority in February 2022. The Caer Suite, the Service's meeting room for the convening of Authority meetings, will now be refurbished to facilitate future hybrid meetings of the Authority and a Multi-Locations Policy will be published within the Authority's Constitution.

Revised guidance on the Code of Conduct for members of County and Community/Town Councils was issued by the Public Service Ombudsman Wales in May 2021. The guidance has been reviewed and no changes are considered necessary to the Authority's Constitution at this time.

An Independent Review of the Ethical Standards Framework in Wales was published by Welsh Government in October 2021. The review concluded that the current arrangements are fit for purpose but recommends some changes to the Framework, including the Model Code of Conduct. Any legislative change will be subject to a technical consultation; however, Welsh Government will now consider a review of the Model Code of Conduct in line with the recommendations. The Authority's Constitution will be updated as appropriate in line with any future amendments to the Model Code of Conduct.

A draft Model Welsh Local Authority Constitution was circulated for consideration in December 2021. Further statutory guidance from Welsh Government is expected, prior to the approval of the Model Constitution which is expected in May 2022. Consideration will be given to any amendments required to the Authority's own Constitution following approval of the final Model Welsh Local Authority Constitution.

The Service's Compliments, Comments and Complaints procedure was reviewed in August 2021 to ensure compliance with the Welsh Language Standards, as recommended within the Welsh Language Compliance Review undertaken in 2020/21. The revised procedure was published internally in August 2021 with updated guidance also published externally.

The Monitoring Officer and Section 151 Officer

Legal and Financial advice is provided on all appropriate reports for decision by the Authority's Clerk / Monitoring Officer and the Authority's Section 151 Officer, who approve all Authority and Committee meeting paperwork prior to publication. Reports clearly outline financial and legal advice being provided to Members for their decision-making purposes and arrangements are in place to ensure the decisions of the Authority, and the basis on which those decisions are made are recorded.

The Authority's Monitoring Officer has a specific duty to ensure the Authority, its Officers and elected Members maintain the highest standards of conduct. The Authority's Monitoring Officer also has a specific duty to report matters he or she believes are, or likely to be, illegal or amount to maladministration. The Monitoring Officer therefore ensures the lawfulness and fairness of Authority decision making. The Monitoring Officer also ensures that the necessary arrangements are in place to facilitate effective communication between Officers and Members, and the formal recording and publication of the democratic decision-making process.

The Authority has a Service Level Agreement arrangement with Carmarthenshire County Council to provide Section 151 Officer services and the Head of Finance represents the Section 151 Officer on the Executive Leadership Team and is actively involved in decision-making. A decision was taken by the Authority at its Appointment Committee in November 2021, which was ratified by full Fire Authority at its meeting in December 2021, to appoint the Service's Head of Finance as Deputy Section 151 Officer with immediate effect. Furthermore, the decision was taken to terminate the Service Level Agreement with Carmarthenshire County Council and appoint the Service's Head of Finance as the Interim Treasurer (Section 151 Officer) from 1 August 2022 to 31 July 2023.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Effective Communication, Consultation and Engagement

The Authority has a well-established corporate planning cycle which is revised annually to ensure its effectiveness.

The Authority's Corporate Plan 2021-2026 was published on 1 April 2021, setting out the Service's Improvement and Well-being Objectives for 2021/22, which are aligned to the Well-being of Future Generations (Wales) Act 2015, Well-being Goals. The Annual Performance Assessment, which summaries the year's performance and progress (April 2021 – March 2022), will be presented to the Authority in September 2022, prior to the legislative deadline for publication of 31 October 2022.

As outlined in Principle A, as part of the Authority's commitment to continuous improvement, between October and December 2021, the Service also consulted on its revised planning process for 2022 onwards, which included its Strategic Plan for 2022-27, which references its longer-term Commitments; and its Annual Business Improvement Plan 2022-23, which outlines its Improvement and Well-being Objectives for the year ahead. Feedback received during the consultation process was considered by the Officers and Members and incorporated where appropriate into the revised final Strategic Plan 2022-27 and Annual Business Improvement Plan 2022-23 which were published on the 1 April 2022. Over the coming twelve months, the Service will consult on the revision of its Vision, Mission and Values, which will in part be supported by the commissioning of a Cultural Audit.

The Service's Communications, Consultation and Engagement Strategy outlines the Service's approach to communication, including an overview of key stakeholders to be communicated with and the most appropriate mechanism to ensure effective communications and engagement with key target groups.

The Clerk/Monitoring Officer delivered a training session in respect of good housekeeping arrangements for report writing to the Service Leadership Team in October 2021. A revised report template, addressing the requirements of the Welsh Language Impact Assessment and the impact of decision making on the socio-economic duty, was approved by the Fire Authority in December 2021. These changes were also reflected within the Service's internal report template.



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

Our commitment to the Well-being of Future Generation's Act (Wales) 2015

The Service remains committed to supporting the Well-being of Future Generations (Wales) Act 2015 and embraces its duties and role as a statutory partner on its six Public Service Boards.

The Service's Corporate Plan 2021-2026 outlines the Service's five-year Strategic Aims and its Improvement and Well-being Objectives for 2021/22. The Corporate Plan 2021-2026 was developed in accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015 and ensures the Service continues to consider the long-term impact of its decision making on its communities. The Corporate Plan 2020-2025 also highlights how the Service's Improvement and Well-being Objectives contribute to the Act's seven Well-being Goals; and how the Service will consider and incorporate, where appropriate, the sustainable development principle and its five ways of working in delivering its Improvement and Well-being Objectives.

The Service's Equality Impact Assessment was updated in April 2021 to incorporate reference to the socio-economic duty. The Service Leadership Team, the Executive Leadership Team and the Fire Authority have received awareness training in respect of the socio-economic duty from Welsh Government. The Authority's report template was also revised in October 2021 and approved in December 2021, incorporating reference to the impact of decision making on the socio-economic duty.

As a statutory partner on six Public Service Boards, the Service continues to play a key role in the formation of all six Local Well-being Plans, which represent the communities of mid and west Wales. Representatives from the Service also chair a number of delivery and implementation groups across each of its six Public Service Boards, ensuring that the objectives identified as priority partnership areas are successfully delivered.

As identified in Principle B, the Service's Mission, Vision and Values and the ethos of the Well-being of Future Generations (Wales) Act 2015, greatly influence the Service's improvement planning arrangements. Service Plans are reviewed annually and revised in accordance with feedback from staff, members of the public, partner agencies and other key stakeholders, including Commissioners and Auditors. Regular progress reports on performance matters are also presented to the Authority's Performance, Audit and Scrutiny Committee and Resource Management Committee on a quarterly basis.

Medium Term Financial Planning

A robust budget setting process was followed in 2021/22 which included Officers, Members and participation by representative bodies.

The Service's Medium-Term Financial Strategy, which supports the planning of resource allocation and spending, and provides the financial framework for supporting the budget setting process, was considered by the Fire Authority in September 2021.

The Service's Medium-Term Financial Plan, which includes the Revenue Budget requirement for the coming financial year, and the 5-year Capital Programme were reported to Resource Management Committee in November 2021, Fire Authority in December 2021, culminating in approval by the Fire Authority in February 2022.

The Capital Strategy, as approved by Members annually, sets out the Service's long-term context in which capital expenditure and investment decisions are made. It also provides the framework for ensuring the Service's 5-year Capital Programme is aligned to the Service's Strategic Aims, as

outlined in its Corporate Plan. The Service's Strategic Asset and Capital Management Group have met quarterly throughout 2021/22 to monitor and review the 5-year capital programme.

The Treasury Management Strategy Statement, as approved by Members annually, sets out the limits and controls to be applied when borrowing and investing funds. It includes Capital Prudential Indicators which show the financial impact of capital expenditure decisions so that it can be assessed if those decisions are affordable, prudent and sustainable. It also includes Treasury Management Prudential Indicators which set constraints on Treasury Management decisions to ensure that they are made in accordance with good practice.

Revenue Budget Monitoring and Capital Programme reports, summarising the actual expenditure to date and forecast outturn, were presented to the Resource Management Committee on a quarterly basis throughout the year.

The Draft Annual Statement of Accounts for 2020/21 was completed by 31 May 2021 and presented to the Authority at their Extraordinary meeting in June 2021. The final audited version was subsequently received by the Performance, Audit and Scrutiny Committee at their meeting in July 2021, the unqualified audit report was also presented at this meeting.

A full review of the Financial Procedure Rules was completed and approved by the Fire Authority and incorporated within the revised Constitution, presented to the Authority in September 2021.

The Service's Debt Management Policy and Finance Management Policy was presented to the Service Leadership Team in June 2021 and to the Resource Management Committee in July 2021.

Revised budget guidance was presented to the Service Leadership Team in May 2021 and financial training was delivered in July 2021.

Treasury Management training was also delivered to the Fire Authority in January 2022.

The CIPFA Financial Management (FM) Code

The FM Code was developed to guide public sector organisations in managing their finances and the specific standard they should seek to achieve. It is designed to support good practice in financial management and to assist public sector organisations in demonstrating their financial sustainability.

Throughout 2021/22, a self-assessment has been undertaken to determine the extent to which the Authority's financial management arrangements comply with the FM Code. The self-assessment has been completed in consultation with managers across the Service, the Service Leadership Team and the Executive Leadership Team.

Of the 17 FM standards, the assessment determined that the Authority was "compliant" with 15 FM standards and "largely compliant but some areas for improvement" for two of the standards. There were no FM standards where the Authority was deemed to be "not compliant, significant areas for improvement".

The assessment was approved by the Performance Audit and Scrutiny Committee in April 2022.

The actions identified within the assessment will be progressed in 2022/23.

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

The Authority's Elected Members are closely involved in scrutinising performance data, which is reported at both Committee and full Authority meetings. As already outlined in Principle A, the Authority, through the appointment of the Monitoring Officer, ensures that the necessary

arrangements are in place to facilitate effective communication between Officers and Members; whilst the Authority's scheme of Standing Orders clearly sets out the roles and responsibilities of Members and Officers ensures informed and effective decision making by the Authority.

As outlined previously in Principle B, the Service's Corporate Plan 2021-2026, which clearly sets out the Authority's Vision, Mission and Values and outlines the Authority's Annual Improvement Objectives for 2021/22, was approved by the Fire Authority in February 2021, following a 12-week public consultation (between October – December 2020). The Service's Annual Improvement and Well-being Objectives are designed in conjunction with Members and representative bodies at Corporate Budget and Planning meetings, which are held throughout the year to discuss the budget planning requirements for the year ahead. This process ensures that the Authority forecasts for future planning purposes and that the Service's improvement planning process aligns with the Service's Medium-term Financial Strategy and Medium-Term Financial Plan.

The Consultation process was supported by a Communication, Consultation and Engagement Plan. A full report, detailing the findings and recommendations from the consultation process, was reported to the Fire Authority in February 2021, outlining how any changes as a result of the consultation process had been incorporated within the final version of the Corporate Plan 2021-26, which was subsequently published on 1 April 2021.

A similar approach is taken to the development of the Service's Sustainability and Environment Plan, Strategic Equality Plan and Welsh Language Standards, to ensure all statutory guidance is adhered to and objectives delivered.

Quarterly monitoring reports, identifying progress and performance against the Improvement and Well-being Objectives for 2021/22, including updates on the Service's strategic and key performance indicators are presented to the Performance, Audit and Scrutiny Committee. An Annual Performance Assessment, providing an overview of performance to year end, is also presented to the Fire Authority and published for annual audit by Audit Wales.

Compliance certificates were received from Audit Wales in respect of the publication of the Authority's Annual Performance Assessment 2021 and the Authority's Well-being and Improvement Objectives for 2021/22 during 2021/22.

As a result of the introduction of The Local Government and Elections (Wales) Act 2021 and the partial repeal of the Local Government (Wales) measure 2009, the Service will be required to review its corporate planning processes during 2022/23, to align to a revised performance framework set to be introduced by Welsh Government.

The Service's Performance and Improvement Progress Reports for 2021/22, along with the Service's Strategic Equality Plan Progress Reports for 2021/22 and the Service's Annual Sustainability and Environmental Report and Annual Welsh Language Monitoring Report, are available on the Service's website.

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

Our People

The Service maintains robust strategic workforce planning processes to ensure the Service employs the correct number of people, with the necessary skill sets to meet the objectives set out in its corporate plans. Strategic workforce planning is embedded in the organisation and analysis of workforce data enables proactive identification of future staffing requirements.

The Service also maintains the Corporate Health Award requirements and biennial fitness tests are undertaken for all Operational Staff as part of the all Wales approach to operational fitness. A fitness assessment programme for operational staff is fully embedded in the Service and fitness equipment provided at all Fire Stations. Risk Critical training plans, along with Individual Development Reviews ensure people have the appropriate training and development to undertake their roles competently and safely.

The Service remains a signed-up partner to the All Wales Organisational Development Strategy with career pathways mapped out for all sectors within the organisation. The Service's performance appraisal process was reviewed in 2021/22 in line with the National Fire Chief Council Leadership Framework.

The Service's Strategic Workforce Group has also met regularly throughout 2021/22, as well as the Service's Transfer and Promotion Panel and the Service's Fitness Advisory Panel.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

Risk Management

The Corporate Risk Department maintains the Service's Risk Management Policy and associated methodologies. The Risk Management Policy outlines roles and responsibilities for both Service Staff and Elected Members.

In order to coordinate its arrangements for matters of risk management, the Service has established a dedicated Business Risk Management Group. Chaired by the Director of Risk Management and Improvement, this group meets on a quarterly basis and includes representation from each of the Service's Directorate and the Fire Authority.

Following these meetings an updated report on the Service's Business Risk Register is provided to the Performance Audit and Scrutiny Committee on a quarterly basis.

The underpinning risk ranking methodology used by the group is derived from the 2004 publication by Her Majesty's Treasury titled 'The Orange Book – Management of Risk – Principles and Concepts'.

For any risk identified on the Business Risk Register, there is a documented audit trail and rationale as to why the risk has been identified and what mitigation is in place by the Service as part of its risk control measure.

Business Risk Register updates and current 'risks' are communicated to personnel as and when required, with ongoing risk management training provided by the Corporate Risk Department.

The Service's Business Risk Management Group monitored progress in relation to the Code of Corporate Governance during 2021/22 and also progress on the Service's Internal Audit Process.

Data Protection arrangements

The Service's Data Protection Procedure, which ensures compliance with the requirement of the General Data Protection Regulations, was updated in August 2020 and reviewed by Internal Audit in December 2020.

A Data Audit has been completed to assess the data held by the Service. Data Sharing Agreements have also been reviewed to ensure compliance with General Data Protection Regulations and revised privacy notices detailing how information will be processed, stored and shared produced. As a result of the remote working restrictions resulting from the Coronavirus

Pandemic, a formal process was introduced during 2020/21 enabling personnel to formally apply for remote access to Service systems. Further work to update the Service's Records Management Procedure and Retention Schedule to ensure ongoing compliance with legislation continued throughout 2021/22.

The Information Security Policy was updated and approved by the Service Leadership Team in June 2021 and the Information and Records Management Procedure was presented in September 2021.

The Senior Information Risk Owner (SIRO) position for the Service, who has overall responsibility for the management of information risk, is held by the ACO Director of Resources.

The Service continues to provide an active role in Information Sharing in line with the Wales Accord on the Sharing of Personal Information (WASPI) framework.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Authority's Financial Procedure Rules, which are published within the Authority's Constitution, were reviewed and revised during 2020/21. The revised Financial Procedure Rules were presented to the Resource Management Committee in April 2021 and to the full Fire Authority as part of the revised Constitution in June 2021.

Treasury Management financial training was provided to Members and Officers by the Authority's Treasury Management Consultant Link Asset Services in January 2022.

Finance is a standing item on the agendas for all Directorate meetings, Service Leadership Team and Executive Leadership Team meetings, which are all held monthly. Finance reports, including budget setting, budget monitoring and the Statement of Accounts are also considered at Fire Authority, Resource Management and Performance, Audit and Scrutiny Committee meetings. A full overview of the Service's financial planning arrangements has been provided at Principle C.

The Authority's Annual Governance Statement provides assurances that the Authority has the necessary corporate governance arrangements in place to perform effectively. The Authority's Annual Governance Statement for 2020/21 was presented to the Authority as part of the Authority's Statement of Accounts at its Extraordinary General Meeting in June 2021. The Authority's Code of Corporate Governance Framework supports the development of the Authority's Annual Governance Statement. The Code of Corporate Governance for 2021/22 was reviewed and revised in conjunction with Members and Officers during 2021/22 and was approved by the Performance Audit and Scrutiny Committee in April 2022.

Opinion on the level of assurance that the governance arrangements can provide

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Executive Leadership Team and other Senior Officers within the Authority who have responsibility for the development and maintenance of the governance environment. The work is supported by reports from internal and external auditors, while recommendations from peer assessors are also considered.

The effectiveness of the governance framework draws on evidence and assurances from:

- Fire Authority
- Executive Leadership Team and appropriate Senior Officers
- Scheme of Delegation to Officers
- Resource Management Committee (RMC)
- Performance, Audit and Scrutiny Committee (PASC)
- Standards Committee
- Internal Audit
- External Audit

Internal Audit

Carmarthenshire County Council Internal Audit Section have provided the Internal Audit function for Mid and West Wales Fire and Rescue since Local Government reorganisation in 1996. A 3-year Internal Audit Plan is agreed with the Section 151 Officer and Director of Resources and approved by the Performance, Audit and Scrutiny Committee. The 3-year plan is reviewed and updated every year to reflect current circumstances and priorities.

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards, the Audit Manager is required to provide an opinion on the overall adequacy and effectiveness of the Authority's risk management, control, counter fraud and governance processes.

The Internal Audit Plan for the 2021/22 financial year was agreed with the Director of Resources, the Section 151 Officer and approved by the Performance, Audit and Scrutiny Committee in May 2021. The following audits have been completed in accordance with the 2021/22 Internal Audit Plan and reported to the PASC:

- CIPFA Asset Management System
- Tranman
- Payroll – Core system
- Budget Monitoring and Budget Manual compliance
- Creditor Payments
- Main Accounting
- Payroll
- Pension Payroll system
- Procurement
- Purchase Cards
- VAT
- Follow-up of previous years' recommendations report

All audits have been positive, showing no fundamental control issues, levels of assurance assigned were seven "high" and five "acceptable".

The Head of Internal Audit, within the Mid and West Wales Fire and Rescue Service Internal Audit Annual Report 2021/22 (page 2), presented to Performance Audit and Scrutiny Committee in April 2022, provided the following overall opinion:

"No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In arriving at the overall opinion, the Head of Internal Audit has taken into account:

- the results of all work undertaken as part of the 2021/22 Internal Audit Programme;



- the results of follow-up action of Internal Audit Reviews from current and previous years; and
- the acceptance of actions by Management (especially those deemed significant).

It is my opinion that the Authority has an **ACCEPTABLE** control environment in operation in respect of fundamental financial systems reviewed. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Regulations that provide advice and guidance to all staff and members.

Where weaknesses have been identified through Internal Audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement”.

The recommendations from Internal Audit have been addressed via internal departmental action plans as applicable. Full details of the assurance provided by the Audit Manager along with plans to address the recommendations is detailed within the Internal Audit Annual Report for 2021/22.

External Audit

The Service’s external audit arrangements are facilitated by Audit Wales in respect of Audit of Accounts; Value for Money; Continuous Improvement; and the Sustainable Development Principle. Audit reports and certificates of compliance have been presented as required to Performance Audit and Scrutiny Committee and Fire Authority meetings during 2021/22.

Audit Wales, as external auditor to the Authority, review and comment on the financial aspects of Corporate Governance, which includes the legality of financial transactions, systems of Internal Financial Control and standards of financial conduct, and fraud and corruption.

During 2021/22 in accordance with statutory timelines, the Authority presented the unaudited Statement of Accounts 2020/21 to Audit Wales for audit. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Authority and the Firefighters’ Pension Fund Account and its income and expenditure for the year then ended. Following the audit process the Auditor General issued an unqualified report on the financial statements in July 2021.

Examination by external audit of the management information, financial procedure rules and financial instructions, contract standing orders, administrative arrangements (including segregation of duties) and management supervision, have in the main given general assurance regarding the control and proper administration of the Authority’s financial affairs, *as sufficient to provide an audit opinion in compliance with extant International Auditing Standards and to discharge the Auditor General’s statutory duties.*

Strategic and Service Director Assurances

The Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Senior Managers responsible for the development and maintenance of the governance environment, the Corporate Communications and Business Development department and by comments made by the External Auditors and other review agencies.

The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on several governance arrangements relating to the organisation including financial control, reporting, approach to decision making, compliance with relevant codes and the influence of the Chief Finance Officer within the organisation. These have

been considered within the context of this Statement and it has been established that the Authority's arrangements conform to the CIPFA requirements.

Section 151 responsibilities are met via a Service Level Agreement that the Service has in place with Carmarthenshire County Council. In appointing a Section 151 Officer via the Service Level Agreement, the Authority ensures a resilient approach to statutory responsibilities for Mid and West Wales Fire and Rescue Authority and allows for alignment with the existing practices within Carmarthenshire County Council, as well as a continuation of services.

The Authority has in place, via Internal Audit, a comprehensive assurance assessment process to ensure that the electronic data is secure and configured to current best practice to protect the organisation. The results of these assurances provide a positive opinion, but there are opportunities for improving the internal control environment to further mitigate risks.

The Internal Audit programme referred to in earlier paragraphs obtained assurances from the Service's Executive Board around the arrangements for managing their recognised core risk areas. This reflects the Executive Directors responsibilities for both the management of risk and the effectiveness of controls. These discussions were also informed by the regular assurance reports presented to Performance Audit and Scrutiny Committee by the Section 151 Officer and Monitoring Officer.

How we managed our Governance Framework during the Coronavirus Pandemic in 2021/22

Throughout 2021/22, the Service has successfully responded to the challenges posed by the Pandemic, remaining operational throughout and ensuring key, critical services have continued to be delivered to the communities of mid and west Wales. The Service's response to the Pandemic has been coordinated by a Critical Incident Team (CIT), established to evaluate the information being forwarded by the UK and Welsh Governments and associated Public Health Organisations. The CIT and its supporting Cells were responsible for overseeing a number of strategic business areas, ensuring the effective continuity of both internal and external service delivery within the organisation. This approach enabled appropriate risk and control measures, specific to the Pandemic, to be developed, which were monitored as part of the Service's Business Risk Register to ensure effective decision making.

During the year, the Authority has continued to effectively manage its programme of meetings with very little disruption to its planned cycle of meetings. The Local Government and Elections (Wales) Act 2021 and the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) (Amendment) Regulations 2021 have subsequently enabled remote meetings to continue as the temporary arrangements under The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 have ceased. A report outlining the Authority's approach to future hybrid meeting arrangements was presented to the Fire Authority in February 2022 and a Multi-locations Procedure will be incorporated within the Constitution during 2022/23.

As part of the Service's response the Coronavirus Pandemic both internal and external audits have been undertaken by Carmarthenshire County Council and Aspire2B respectively, to assure the decision making of the Service and the governance arrangements put in place by the Authority. Recommendations and considerations for future Service improvements, resulting from the lessons learnt during the pandemic, have been implemented during 2021/22, with remaining work packages set to conclude in early 2022/23.

Governance issues to be addressed in 2022/23

Over the next twelve months, the Service will continue to deliver critical services to the communities it serves.

Led by the Service's Executive Leadership Team, a cultural audit will be facilitated over the coming months, the results of which will inform a revised Vision, Mission and Values for the Service. Recognising the importance of good organisational governance and decision making, a review of the Service's meeting structure, its decision-making processes, and the way in which it delivers against a set of actions, attitudes, aspirations and expectations, will also be undertaken during 2022/23.

The impact of spending reductions in the public sector and the settlements received by its local constituent authorities will continue to be carefully considered by the Authority in determining its Medium-Term Financial Strategy. Changes to pension and tax legislation will continue to provide challenges to the Service and the capacity to deal with complex issues with existing resources continues to be of concern.

The Authority will also continue to monitor the implications of the Local Government and Elections (Wales) Act 2021, taking actions as necessary to address the provisions of the Act in respect of Democratic Services and in relation to the design of a revised performance framework for the Fire and Rescue Services in Wales. The Service will also continue to monitor the progress being made by Welsh Government in its discussions around the broadening of the firefighter role and advise the Authority on any implications for the Service.

The following Governance issues will be considered and addressed during the next 12 months.

- Complete outstanding actions from previous years' actions plans (updates on outstanding actions from 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 are included at Appendix 1).
- Reflect on recommendations from internal audit and build into action plans where appropriate.
- Reflect on recommendations from external audit and build into action plans where appropriate.
- Reflect on recommendations emanating from external audit reports connected with other public bodies in Wales and build into action plans where appropriate.
- Ensure a robust induction and training programme for the new Members to the Fire Authority.
- Undertake a Cultural Audit and embed the learning into the revision of the Service's revised Vision, Mission and Values.
- Undertake a review of organizational governance and decision-making processes.
- Address the actions identified from the Financial Management Code assessment.

We propose, over the coming year to take actions relating to the above matters in order to further enhance our governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached at Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation as part of our next annual review.



The Governance Statement

The Authority considers that its governance arrangements for 2021/22 continue to be regarded as fit for purpose. The Authority's Code of Corporate Governance sets out in detail the Authority's Governance Framework, which is consistent with the CIPFA / SOLACE Delivering Good Governance in Local Government Framework (2016). The Authority has assessed and can confirm that the arrangements detailed within the Code are in place.

It is the view therefore of the Monitoring Officer and the Section 151 Officer, that the review of the governance arrangements for the financial year 2021/22 has in the main been satisfactory. We believe that the evidence provided demonstrates that the Corporate Governance in this organisation is effective, existing arrangements are fit for purpose, and the Authority is well placed to meet its strategic aims, to achieve its intended outcomes for citizens and service users. The organisation operates in an economical, effective, efficient and ethical manner.

Mid and West Wales Fire and Rescue Authority recognises its responsibility as a public service organisation to both provide a vision for the community it serves and to lead by example in its decision making and other processes and actions, with Members and Officers acting in accordance with high standards of conduct.

Certification

We have been advised on the implications of the review of the effectiveness of the governance framework by Senior Management and the Performance Audit and Scrutiny Committee. Actions identified to further develop the Authority's Governance arrangements to ensure continuous improvement of the Authority's systems are in place.

We pledge our commitment that over the coming year we will take steps to further enhance our governance arrangements. We are satisfied that we will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Chair of the Performance, Audit and
Scrutiny Committee

Signed:

R Thomas, Chief Fire Officer



Appendix 1: Updates on outstanding actions from 2017/18, 2018/19, 2019/20, 2020/21, and 2021/22

Governance	Action	Responsible Officer	Progress	Target Date
Pension issues currently ongoing which the Authority is addressing	Transitional Protection In December 2018 the Court of Appeal handed down the judgment in the Firefighters transitional appeals case. The case relates only to the transitional protection arrangements in the 2015 Firefighters' pension scheme, and whether these are discriminatory. The judgment remits it to the employment tribunal to consider remedy, so it is likely to be many months before the impact on pensions is understood.	Head of Human Resources	In July 2021, HM Treasury introduced the Public Service Pensions and Judicial Office's Bill (the Bill) to the house of Lords. The Bill is primary legislation that sets out in law how the Government will remove the discrimination contained within the 2015 reforms (referred to as remedy). The Bill is currently moving through the legislative process and Royal Assent was granted in April 2022. The Bill contains the timescales for implementing the remedy by no later than October 2023. Members who have retired or are due to retire prior to legislative arrangements being finalised are considered to be in Immediate Detriment (ID). The Service is now faced with the decision of whether to process ID cases ahead of the secondary legislation. The	Ongoing. Position as of February 2022 is that the Service has paused any processing of Immediate Detriment pension calculations until new legal advice or guidance is received, as per the Resolution agreed by the Fire Authority in December 2021.



			<p>risk to the Service is twofold:</p> <ul style="list-style-type: none">• If the Service does not process ID cases, there is the risk of legal action being instigated by members.• If the Service does process ID cases, there is a financial risk associated with potential tax complexities which may arise from processing ID cases ahead of the required changes to legislation. <p>In November 2021, Members approved the adoption of the Framework for Managing Immediate Detriment (ID) issues.</p> <p>Subsequent to that decision, the Service received notification that the Home Office had withdrawn their informal guidance relating to processing ID cases, and HM Treasury advised that no ID cases should be processed before new legislation to enact the remedy was in place. The adoption of the Framework is now paused pending receipt of legal</p>	
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			<p>advice or guidance being obtained by the Local Government Association (LGA).</p> <p>The Service is engaging their Tax Consultants to provide a package of support relating to ID cases tax issues and working with its Scheme Administrators to determine the financial implications of processing ID cases.</p>	
Welsh Government White Paper on the reform of Fire and Rescue Authorities in Wales	Work in collaboration with Welsh Government and the other Fire and Rescue Authorities in Wales in order to consider the potential impact of any governance arrangements as a result of the implementation of one or more recommendations contained within the Welsh Governments White Paper on the reform of Fire and Rescue Authorities in Wales.	Executive Board / Monitoring Officer to the Fire and Rescue Authority / Fire Authority Chair	The Service continues to proactively engage with Welsh Government. Once Welsh Government direction of travel is released the Service will implement necessary actions if required.	Ongoing.
Internal Audit recommendations	Reflect on recommendations from Internal Audit and build into action plans.	Relevant Heads of Service	<p>Completed.</p> <p>Interim monitoring of recommendations by Internal Audit is now undertaken by the Service's Business Risk Management Group.</p>	As agreed with Internal Audit.



External Audit recommendations	Reflect on recommendations from External Audit and build into action plans.	Relevant Heads of Service	Completed.	As agreed with External Audit.
Local Government and Elections (Wales) 2021 Act	<p>Mid and West Wales Fire and Rescue Authority Manage the implications of the Local Government and Elections (Wales) Act 2021 in respect of Democratic Services, including developing a Multi-locations Meeting Policy to be published within the Authority's Constitution.</p> <p>Corporate Planning Consider any revisions required to the Service's Improvement Planning process following the partial repeal of the Local Government (Wales) Measure 2009 and the introduction of a new performance framework within the Local Government and Elections (Wales) Act 2021.</p>	Monitoring Officer	<p>Ongoing.</p> <p>A paper outlining the considerations of a Multi-Locations Meeting Policy was presented to the Fire Authority in February 2022. The Caer Suite will now be refurbished to facilitate future hybrid meetings of the Authority and a Multi-Locations Policy will be published within the Authority's Constitution.</p> <p>A National Framework Board has been established by Welsh Government who are in the process of drafting a new performance framework for the three Fire and Rescue Services in Wales. It is not anticipated that the new Framework will be published until April 2023.</p>	September 2021
Socio Economic Duty	Implement the principles of the Socio – Economic Duty in Service planning and reporting systems, ensuring due regard is given to the need to reduce	Executive and Service Leadership Teams and Heads of Department as relevant.	<p>Completed.</p> <p>The Service's Equality Impact Assessment was updated in April 2021 to incorporate</p>	September 2021



	the inequalities resulting from socio-economic disadvantage.		reference to the socio-economic duty. The Service Leadership Team, the Executive Leadership Team and the Fire Authority have received awareness training in respect of the socio-economic duty from Welsh Government. The Authority's report template was also revised in October 2021 to incorporate reference to the impact of decision making on the socio-economic duty.	
Fire and Rescue Authority Constitution	<p>Code of Conduct for Members Consider any revisions required to the Authority's Constitution following the publication of the revised Code of Conduct for Members by the Public Ombudsman Wales.</p> <p>Model Constitution Consider any revisions to the Authority's Constitution emanating from the Model Constitution being developed to meet the requirements of the Local Government and Elections (Wales) Act.</p>	Monitoring Officer	<p>Ongoing.</p> <p>Revised guidance on the Code of Conduct for members of County and Community/Town Councils was issued by the Public Service Ombudsman Wales in May 2021 – the guidance has been reviewed and no changes are considered necessary to the Authority's Constitution at this time.</p> <p>An Independent Review of the Ethical</p>	March 2022



			<p>Standards Framework in Wales was published by Welsh Government in October 2021. The review concluded that the current arrangements are fit for purpose but recommends some changes to the Framework, including the Model Code of Conduct. Any legislative change will be subject to a technical consultation; however, Welsh Government will now consider a review of the Model Code of Conduct in line with the recommendations.</p> <p>The Authority's Constitution will be update as appropriate in line with any future amendments to the Model Code of Conduct.</p> <p>A draft Model Welsh local Authority Constitution was circulated for consideration in December 2021. Further statutory guidance from Welsh Government is expected, prior to the approval of the Model Constitution,</p>	
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			<p>which is expected in May 2022.</p> <p>Consideration will be given to any amendments required to the Authority's own Constitution following approval of the final Model Welsh Local Authority Constitution expected in May 2022.</p>	
Coronavirus Pandemic – Lessons Learnt	Consider any recommendations for improvement as lessons are learnt from the Service's response and recovery to the Coronavirus Pandemic.	Executive and Service Leadership Teams and Heads of Department as relevant.	<p>Ongoing.</p> <p>Throughout 2021/22 the Service has managed a Covid-19 Lessons Learnt Project. Progress on the project is being reported quarterly through the Performance Audit and Scrutiny Committee meeting (Performance and Improvement Progress Report).</p>	March 2022
CIPFA Financial Management (FM) Code	Review current practices against the FM Code to identify and implement improvements to strengthen controls.	Head of Finance	<p>Completed.</p> <p>A self-assessment to determine the extent to which the Authority's financial management arrangements comply with the FM Code was undertaken during 2021/22 and presented to the Performance, Audit and Scrutiny Committee in April 2022. Both the</p>	March 2022



			<p>Service Leadership Team and Executive Leadership Team were involved in the completion of the self-assessment.</p> <p>Actions emanating from the assessment will be addressed during 2022/23.</p>	
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Appendix 2: Governance issues to be addressed in 2022/23

Governance	Action	Responsible Officer	Target Date
Prior Years' Action Plans	Review to ensure all actions identified are addressed.	Relevant Heads of Service	See updates in Appendix 1
Internal Audit recommendations	Reflect on recommendations from Internal Audit and build into action plans.	Relevant Heads of Service	As agreed with Internal Audit.
External Audit recommendations	Reflect on recommendations from External Audit and build into action plans.	Relevant Heads of Service	As agreed with External Audit.
External Audit recommendations emanating from audit reports connected with other public bodies in Wales.	Reflect and consider good practice recommendations emanating from public audit reports published in connection with other public bodies in Wales.	Relevant Heads of Service	March 2023
Induction of new Members to the Authority post local elections.	Ensure Members of the Authority receive appropriate induction sessions, training and awareness sessions to ensure the continuation of the Authority's good governance arrangements.	Monitoring Officer Executive Leadership Team Service Leadership Team	September 2022
Address actions identified as part of the Financial Management Code assessment.	Ensure actions and recommendations identified within the Financial Management Code assessment are considered and addressed as required.	Executive Leadership Team Service Leadership Team	March 2023
Embed learning from Cultural Audit to inform the Service's revised Vision, Mission and Values.	Ensure all learning from the Culture Audit is embedded within the Service's governance and decision-making processes. Ensure the results of the Cultural Audit inform the Service's revised Vision, Mission and Values.	Executive Leadership Team Service Leadership Team	March 2023



Review organisational governance and decision making.	Facilitate a review of the Service's meeting structure, its decision-making processes, and the way in which it ensures it has delivered against a set of actions, attitudes, aspirations and expectations.	Executive Leadership Team Service Leadership Team	December 2022
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