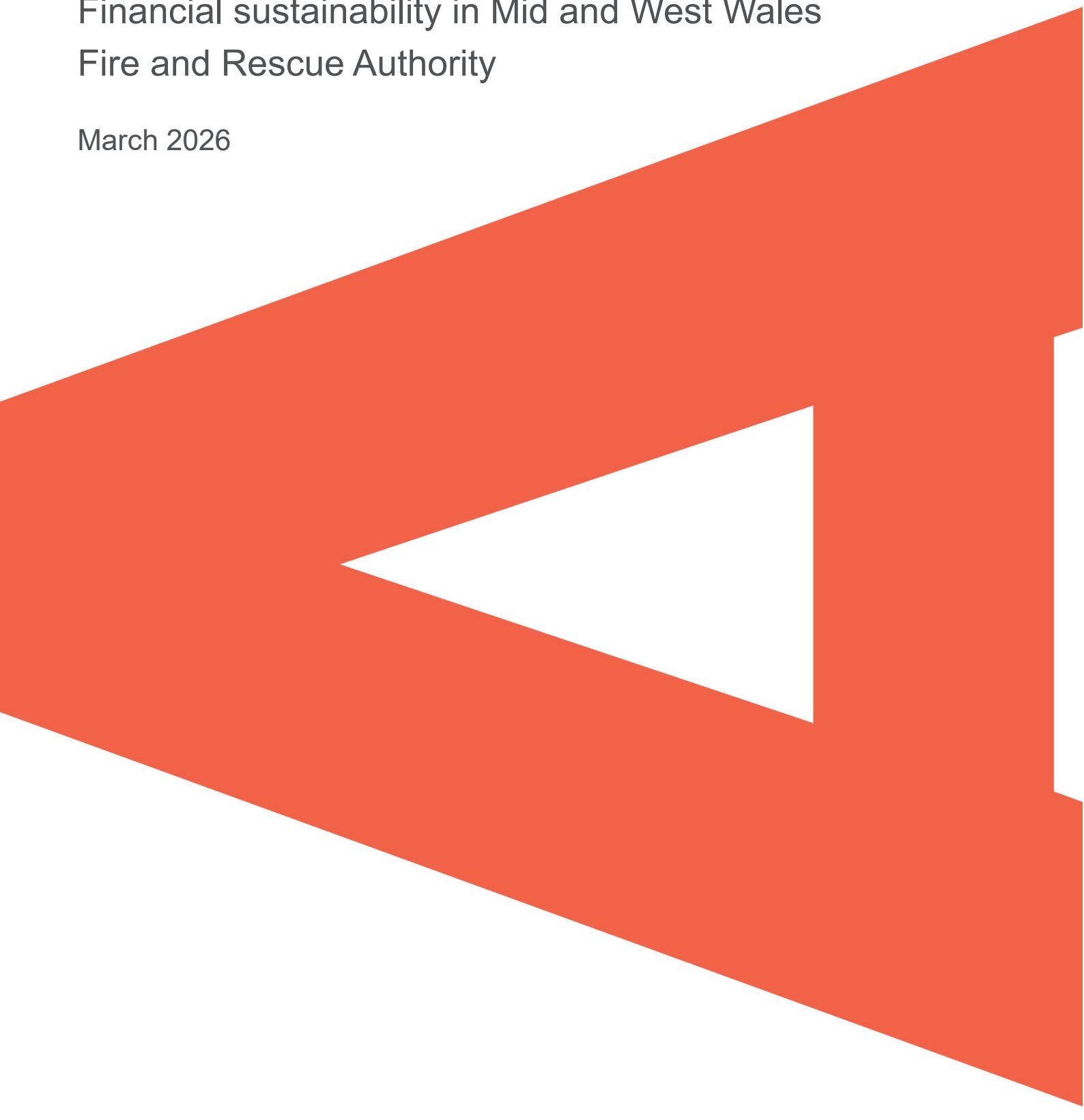


Future proofing?

Financial sustainability in Mid and West Wales
Fire and Rescue Authority

March 2026



About us

We have prepared and published this report under Section 17(2)(d) of the Public Audit (Wales) Act 2004. It may also inform reporting under Section 15(3) of the Well-being of Future Generations (Wales) Act 2015.

© Auditor General for Wales 2026

You may re-use this publication (not including logos except as an integral part of the document) free of charge in any format or medium.

If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

If you need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

Contents

Audit snapshot	4
Our findings	6
Recommendations	9
Appendices	10
About our work	11

Audit snapshot

What we looked at

- 1 We looked at how Mid and West Wales Fire and Rescue Authority (the Authority) is acting to help it to achieve financial sustainability. This includes its financial plans, the evidence it used to develop its plans, and then how it reports to members on its finances.
- 2 We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.
- 3 Our work is focused on providing assurance and to support improvement in how the Authority is working to improve its sustainability in the medium to long term. We recognise that some things that impact on this are outside of the Authority's control. This includes the level of grant funding it receives and global events like the COVID-19 pandemic. The difficult context means that planning for different scenarios and being clear on the options available is important. It also shows that it is not always possible to plan in detail in the medium to long term.

Why this is important

- 4 The public sector faces significant financial challenges and has done for several years. This places the Authority under pressure to balance what it wants or needs to spend against funding that remains a challenge. Getting this balance right is a significant challenge and means the Authority must balance different factors to ensure it makes best use of public money. This makes planning to achieve sustainability key and supports the Authority to demonstrate value for money.

What we have found

- 5 The Authority's medium-term strategy has supported its relatively stable financial position. But the Authority has not yet set out how it plans to respond to all of its financial challenges in the future.

What we recommend

- 6 We have made two recommendations. The first focuses on the Authority planning for the longer term to achieve value for money. The second focuses on how the Authority communicates its financial position to members of the Authority.

Our findings

The Authority understands its financial position but could more clearly explain how this has informed its financial strategy

- 7 The Authority has a relatively weaker reserves position compared to other Welsh Fire and Rescue Authorities (FRAs). The Authority held the equivalent of 15.4% of its net cost of services in usable reserves not restricted by law at the end of 2024-25.¹ This is the lowest of the three Welsh FRAs.
- 8 The Authority has not planned how it will use its reserves to support its financial sustainability. However, it is aware of the risks posed by having relatively lower reserves. It is also aware of balancing a plan to grow them and meet current needs. For example, as FRAs receive no capital funding from the Welsh Government, reserves are a key way to fund capital projects. Deciding what the Authority thinks is the right level of reserves, how it will achieve that level, and how they will be used strategically is important to support financial sustainability.
- 9 The Authority has a detailed understanding of its financial risks but has not detailed how this links to its financial strategy. The Authority is clearly aware of key risks, such as the increase in wildfires. However, by not setting out how these risks shape its financial strategy, it is not clear how the Authority plans to respond to them. Communicating its key financial risks clearly may also be more important due to proposed changes to the financial model for FRAs, and the potential need for increased dialogue with constituent councils.

¹ We publish this data as part of our local government financial sustainability data tool. Our definition of usable reserves may differ to that used by different bodies.

- 10 A detailed knowledge of funding pressures and financial risks is important to help develop a well-informed financial strategy. It also helps a strategy to meet the scale of the challenge it faces.

The Authority has a clear, medium-term financial approach, but is at an early stage of developing its longer-term strategic approach

- 11 The Authority has a clear medium-term financial strategy. It sets out the financial context faced by the Authority and links to its well-being objectives in its Community Risk Management Plan. This provides the Authority with a clear basis to help inform future service planning. It also helps it to link its activity to achieve its objectives with its financial position. This helps to ensure that objectives are achievable.
- 12 However, the Authority has not yet developed a longer-term financial strategy. Its current strategy covers three years, but does not use the Authority's detailed knowledge of risks to plan for future scenarios. We recognise there have been a number of uncertainties for the FRA recently, including the outcome of the recent Welsh Government consultation on FRA reform. We also acknowledge the challenge to longer-term planning of annual funding cycles. However, a longer-term strategic approach, including scenario planning would strengthen the Authority's ability to respond to future financial challenges.
- 13 The Authority has delivered some savings in recent years. It has undertaken annual exercises to identify savings and opportunities to improve value for money. These arrangements have helped it to deliver a balanced budget to date. However, the Authority recognises it faces significant future financial risks. It will therefore be important for the Authority to assure itself that its mechanisms for identifying and delivering savings remain fit for purpose. With the proposed changes to how FRAs will look to agree their levies with constituent councils, it will also help to show if the Authority is securing value for money.

- 14 A clear, well-informed, and agreed financial strategy is key to show how the Authority will respond to the future funding pressures it thinks it will face. Especially how it will meet its projected funding gap in the short, medium and long term. It also supports the Authority to understand the impact of all parts of its strategy on its well-being objectives and legal duties.

The Authority regularly reports on its finances but could more clearly link reports to its financial strategy

- 15 The Authority reports regularly on its finances to members. The Resource Management Committee receives quarterly finance reports. The reports set out how the Authority's spending varies to its budget. Reporting to members clearly and often helps them to know about its financial position. This can help members take actions to improve the Authority's long-term position.
- 16 However, the Authority's reports do not clearly explain the implications of its spending on its financial strategy. For example, setting out the impact of over or under spending on the delivery of its objectives helps members to scrutinise and monitor this. This can further support the Authority's financial sustainability.

Recommendations

R1 The Authority should build on its medium-term strategy to develop a longer-term approach to achieve financial sustainability and value for money. To do this, the Authority should set out:

- 1.1** how it will respond to financial risks, including if necessary, through savings planning; and
- 1.2** strategically plan its use of reserves.

R2 The Authority should strengthen its financial reporting to members to include the impact of financial performance on its:

- 2.1** well-being objectives;
- 2.2** delivery of its statutory duties; and
- 2.3** longer-term financial strategy.

Appendices

About our work

Scope of the audit

We looked at how the Authority is acting to help it to achieve financial sustainability. This includes its financial plans, the evidence it used to develop its plans, and then how it reports to members on its finances. We looked at the arrangements in place between October and December 2025.

We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.

Audit questions and criteria

Questions

We reached our conclusions about the Authority's financial sustainability by answering three key questions. First, we asked if the Authority has a clear and long-term plan for its financial sustainability. Second, we looked at whether the Authority knows the financial position it is in and has used its knowledge to shape its strategy. Third, we asked if the Authority's financial reports made to members help them to oversee its financial sustainability.

Criteria

We use the audit criteria to help us answer our questions on the Authority's arrangements. They help us to understand what arrangements should or could look like in context. The work of the Chartered Institute of Public Finance and Accountancy and our cumulative knowledge shaped their development.

Methods

Our findings are based on document reviews and interviews with senior officers and the Authority's Chair.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.