Item No 3

Tyne and Wear Fire and Rescue Authority

Minutes of the meeting of the GOVERNANCE COMMITTEE held in the Fire and Rescue Service Headquarters, Barmston Mere on Tuesday 16 December 2025 at 10.30am.

Present:

Mr G. Cook in the Chair.

Councillors Bell, Chapman, Dodds and Edgeworth.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Chapman, Johnson, Keegan and Kilgour.

In Attendance

Deputy Chief Fire Officer Stewart Nicholson, Michelle Ronan, Director of Finance and Estates and Gavin Barker, Director, Forvis Mazars LLP.

Declarations of Interest

There were no declarations of interest.

Minutes

41. RESOLVED that the minutes of the inquorate Governance Committee held on 26 September 2025 be ratified and agreed as a correct record.

Treasury Management – Second Quarter Review 2025/2026

The Director of Finance, Estates and Facilities submitted a report to advise on the Treasury Management performance of the Authority to date for the second quarter of 2025/2026.

Members were reminded that Sunderland City Council performed the treasury management function on behalf of the Authority.

The key points were summarised, during which it was confirmed that that there had been no new borrowing or debt refinancing during the period as rates had not been considered sufficiently favourable, with the average borrowing rate at a low 2.69%. It was advised that the Authority already benefitted from low cost borrowing and from the ongoing savings from past debt rescheduling exercises.

It was confirmed that all Prudential Indicators remained within set limits for 2025/2026. Members were advised that the statutory limit under section 3 (1) of the Local Government Act 2003, which was required to be reported separately, (also known as the Authorised Borrowing Limit for External Debt) was set at £31.277m for 2025/2026. Michelle confirmed that the Authority's maximum external debt during the financial year to 30 September 2025 was £25.972m and that it was within this limit. Members were referred to the Treasury Management Prudential Indicators set out in Section 2 of Appendix A for more detailed information.

Members were informed that the Authority's Authorised Lending List was updated to reflect financial institution mergers and changes in institutions' credit ratings since the previous report. The revised Approved Lending List was provided for information at Appendix C.

In line with Treasury Management best practice, a risk analysis of the Treasury Management functions was undertaken and included at Appendix D for information. This analysis outlined how Sunderland City Council managed the risks associated with the Treasury Management function on behalf of the Authority.

Martin Knowles asked whether the Authority was satisfied with the service provided by Sunderland City Council. Michelle confirmed that the Authority was very satisfied and reported that there were no issues.

DCFO Nicholson highlighted that the Authority had benefitted from its investment income being aligned with the benchmark rate, which stood at 4.19% for 2025/26. He noted that while achieving a balanced budget may become increasingly challenging over time, the Authority would continue to avoid borrowing and maintain reserves that could be repurposed if necessary. He confirmed that the Authority intended to adopt a tight fiscal approach and reassured Members that this strategy would remain in place going forward.

42. RESOLVED that: -

i) the Treasury Management performance of the Authority for the second quarter of 2025/2026 be noted; and

ii) the Lending List Criteria at Appendix B, the Approved Lending List at Appendix C and the Risk Management Review of Treasury Management at Appendix also be noted.

Statement of Accounts 2025/2026 - Update

The Director of Finance, Estates and Facilities submitted a report updating Members on the audit of the 2025/2026 Statement of Accounts and a draft of the auditors' Annual Audit Report.

Gavin Baker, Director at Forvis Mazars LLP was introduced to formally present the report.

Members were referred to the draft Annual Audit Report and informed it could not be finalised until the end of the audit. The report did, however, include a completed section on value for money work (noting that Forvis Mazars had reserved the right to revise the information should any relevant issues arise before the end of the audit). It was confirmed that the external auditors did not anticipate any significant weaknesses in the arrangements that the Authority had in place to secure economy, efficiency and effectiveness in its use of resources.

In terms of financial sustainability, Gavin reported that it was clearly evidenced that the Authority was doing everything possible to manage its finances responsibly during a challenging financial climate. The Medium Term Financial Strategy (MTFS) remained sustainable over the four-year period, supported by prudent reserves and regular risk assessments. There was no reliance on short-term fixes beyond planned use of reserves, and monitoring arrangements ensured that operational performance was not compromised. No significant weaknesses in financial sustainability were identified.

In relation to Governance the audit had not identified any significant weakness in the Authority's arrangements, however attendance had been noted as an issue in previous meetings, particularly as the September meeting had not been quorate.

Gavin reported a minor typographical error on page 10 in the Overall Summary of the Reporting Criteria, noting that under the Governance section, 'other recommendations' should read 'yes'. This was described further on in the report, whereby it was outlined that management retained ultimate responsibility for producing the Authority's financial statements, including implementing new accounting standards and maintaining appropriate internal controls. It was recommended that management review its internal control systems, remain up to date with relevant accounting standards, allocate sufficient time for preparing supporting working papers (including consulting external experts if necessary) and ensure all documentation was available in good time to avoid delays and adverse impacts on the financial statements.

It was confirmed that a detailed paper had been prepared on this.

Moving on to Value for Money, it was confirmed that there were no significant weaknesses in the Authority's arrangements in relation to improving economy, efficiency and effectiveness.

Gavin reported that approximately 50–60% of the audit work had been completed and confirmed that an updated version of the report would be produced upon

conclusion of the audit. He noted that the Authority's position remained positive and advised that a full presentation of the audit findings would be provided to the Governance Committee in February 2026.

The Chair asked Gavin if he was satisfied with progress, and Gavin confirmed that he was very pleased with the cooperation received from Management. He highlighted that the positives included being able to provide an evaluated opinion on the Authority's finances. Gavin noted that the Authority was in a strong position and able to deliver within agreed timescales, which was reassuring.

Councillor Edgeworth asked about the Authority's position following the recent announcement on the Fair Funding Consultation. In response, Michelle advised that the Authority had submitted a response and noted that significant lobbying had taken place to seek greater financial support from Government. Since then, a finance policy statement had been issued and some financial modelling undertaken; however, further detail was still awaited.

DCFO Nicholson commented that it had been informative to follow the initial consultations in Northumberland, Cleveland, and Darlington and observe the levels of deprivation and associated challenges. He highlighted the efforts made by both Tyne and Wear Fire and Rescue Service and Cleveland Fire Brigade to raise their profiles, noting that the Chief Fire Officer had written to all MPs and the National Fire Chiefs Council, which had provided detailed input and a proposed funding formula.

Martin Knowles emphasised that the Authority must ensure it secures its fair share of funding.

DCFO Nicholson, referring back to the report, thanked Gavin Barker and commented that it was reassuring to hear there were no significant issues identified. He noted that the Authority felt matters were being managed competently. He further emphasised the importance of His Majesty's Inspectorate seeing the collaborative interface and the expectation that councillors be present to demonstrate that the authorities work together effectively.

Upon consideration of the report, it was: -

43. RESOLVED to note the contents of the report and the auditor's Annual Audit Report.

Local Government (Access to Information) (Variation Order) 2006

44. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it contains information relating to the financial or business affairs of any particular person (including the Authority

holding that information). (Local Government Act 1972, Schedule 12A, Part I, Paragraph 3).

(Signed) G N Cook
Chair