

**BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY**  
**BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE**

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744441



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**Chief Fire Officer and Chief Executive**  
Jason Thelwell

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To: The Members of the Executive Committee

28 January 2019

**MEMBERS OF THE PRESS**  
**AND PUBLIC**

**Please note the content of**  
**Page 2 of this Agenda Pack**

Dear Councillor

Your attendance is requested at a meeting of the **EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury, Bucks, HP20 1BD on **WEDNESDAY 6 FEBRUARY 2019 at 10.00 AM** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten  
Director of Legal and Governance

Chairman: Councillor Reed  
Councillors: Carroll, Clare, Hopkins, Lambert, Marland, McDonald and Roberts



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## **Recording of the Meeting**

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The Authority also allows the use of social networking websites and blogging to communicate with people about what is happening, as it happens.

## **Adjournment and Rights to Speak – Public**

The Authority may, when members of the public are present, adjourn a Meeting to hear the views of the public on a particular agenda item. The proposal to adjourn must be moved by a Member, seconded and agreed by a majority of the Members present and voting.

Prior to inviting the public to speak, the Chairman should advise that they:

- (a) raise their hands to indicate their wish to speak at the invitation of the Chairman,
- (b) speak for no more than four minutes,
- (c) should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present.

Adjournments do not form part of the Meeting and should be confined to times when the views of the public need to be heard.

## **Rights to Speak - Members**

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes.

Where the Chairman of a Committee has agreed to extend an invitation to all Members of the Authority to attend when major matters of policy are being considered, a Member who is not a member of the Committee may attend and speak at such Meetings at the invitation of the Chairman of that Committee.

## **Questions**

Members of the Authority, or its constituent councils, District, or Parish Councils may submit written questions prior to the Meeting to allow their full and proper consideration. Such questions shall be received by the Monitoring Officer to the Authority, *in writing*, at least two clear working days before the day of the Meeting of the Authority or the Committee.

## **EXECUTIVE COMMITTEE**

### **TERMS OF REFERENCE**

1. To make all decisions on behalf of the Authority, except in so far as reserved to the full Authority by law or by these Terms of Reference.
2. To assess performance of the Authority against agreed organisational targets.
3. To determine matters relating to pay and remuneration where required by collective agreements or legislation.
4. To select on behalf of the Authority–the Chief Fire Officer and Chief Executive, and deputy to the Chief Fire Officer and Chief Executive, or equivalent , taking advice from suitable advisers and to make recommendations to the Authority as to the terms of appointment or dismissal.
5. To consider and make decisions on behalf of the Authority in respect of the appointment of a statutory finance officer ; a statutory monitoring officer; and any post to be contracted to “Gold Book” terms and conditions in whole or in part taking advice from the Chief Fire Officer and suitable advisers.
6. To act as the Employers’ Side of a negotiating and consultation forum for all matters relating to the employment contracts of the Chief Fire Officer and Chief Executive, deputy to the Chief Fire Officer and Chief Executive, or equivalent; and where relevant, employees contracted to “Gold Book” terms and conditions in whole or in part.
7. To hear appeals if required to do so in accordance with the Authority’s Policies.
8. To determine any human resources issues arising from the Authority’s budget process and improvement programme.
9. To determine policies, codes or guidance:
  - (a) after considering recommendations from the Overview and Audit Committee in respect of:
    - (i) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority; and
    - (ii) governing the conduct of employees of the Authority
  - (b) relating to grievance, disciplinary, conduct, capability, dismissals and appeals relating to employees contracted to “Gold Book” terms and conditions in whole or in part.
10. To form a Human Resources Sub-Committee as it deems appropriate.

## AGENDA

### Item No:

#### 1. **Apologies**

#### 2. **Minutes**

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 21 November 2018 (Item 2) **(Pages 7 - 10)**

#### 3. **Disclosure of Interests**

Members to declare any disclosable pecuniary interests they may have in any matter being considered which are not entered onto the Authority's Register, and officers to disclose any interests they may have in any contract to be considered.

#### 4. **Questions**

To receive questions in accordance with Standing Order S0A7.

#### 5. **Members' Allowances**

To consider Item 5 **(Pages 11 - 46)**

#### 6. **Budget Monitoring Performance and Debt Management April - December 2018**

To consider Item 6 **(Pages 47 - 62)**

#### 7. **The Prudential Code, Prudential Indicators and Minimum Revenue Provision**

To consider Item 7 **(Pages 63 - 72)**

#### 8. **Medium Term Financial Plan (MTFP) 2019/20 to 2021/22**

To consider Item 8 **(Pages 73 - 92)**

#### 9. **A Review of the Methodology used to carry out the Senior Management Team Annual Pay Review**

To consider Item 9 **(Pages 93 - 116)**

#### 10. **Senior Management Team Remuneration and Performance Review, and Annual Report on Employee Bonus Scheme**

To consider Item 10 **(Pages 117 - 144)**

#### 11. **Date of Next Meeting**

To note that the next meeting of the Committee will be held on Wednesday 6 March 2019 at 10am.

If you have any enquiries about this agenda please contact: Katie Nellist (Democratic Services Officer) – Tel: (01296) 744633 email: [knellist@bucksfire.gov.uk](mailto:knellist@bucksfire.gov.uk)

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Minutes of the meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 21 NOVEMBER 2018 at 10.00 AM.

**Present:** Councillors Carroll, Clare, Hopkins, Lambert, McDonald, Reed (Chairman) and Roberts

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), M Hemming (Director of Finance and Assets), D Norris (Head of Service Delivery), J Parson (Head of Service Development), M Crothers (Programme Manager), A Hussain (Principal Accountant) and K Nellist (Democratic Services Officer)

**Apologies:** Councillor Marland

**EX20 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on Wednesday 19 September 2018, be approved and signed by the Chairman as a correct record.

**EX21 EXEMPT MINUTES**

RESOLVED –

That the Exempt Minutes of the meeting of the Executive committee held on Wednesday 19 September 2018, be approved and signed by the Chairman as a correct record.

**EX22 EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME (ESMCP)**

The Lead Member for Finance, IT and Procurement advised Members that this report provided a further update regarding the national status of the programme and the impact on regional and local transition.

The Programme Manager advised Members that the decision had been made and approved for the programme to move to an incremental rollout rather than the original proposal of a 'big bang' approach. The National Fire Chiefs Council had released a statement in support of this decision and the general feeling was that this was likely to be a more successful approach. Work to update the full business case by the end of the year was underway, although it was unclear whether user organisations would have to formally sign up to this, as they had for the previous version. The projected date for the Airwave Service to be switched off has been extended to December 2022. BFRS would continue to work with the South Central and Thames

Valley partners to establish adoption timelines that link in with Thames Valley Fire Control Service.

The Programme Manager advised Members that there was also the question of costs involved in the proposed parallel running of the ESN and Airwave Systems until transition was complete. This was also highlighted in a joint letter to Sir Philip Rutnam from the NFCC and LGA (Appendix C).

The Programme Manager had attended the annual Airwave Forum last week where the decision to extend the life of the airwave service was discussed. Attendees had been advised that there would be a great deal of work to maintain and upgrade the infrastructure so that this extension was successful. It would appear that a lot of the work had started and would continue through to the end of 2020. Some of the work would impact on services, but it was not known to what extent at this stage.

The Head of Service Development took Members through a copy of a letter to the NFCC and LGA in response to their letter to Sir Philip Rutnam (mentioned above), which had recently been received.

A Member asked if the current system worked, why were services changing to the new proposition and was advised that although the current mobile network was working it was only 2G which was now redundant technology. The benefits the Service had been sold about ESMCP was that it would be able to use a lot more data. At present the ability to use data was limited and expensive.

RESOLVED –

That the report be noted.

**EX23 BUDGET MONITORING PERFORMANCE AND DEBT MANAGEMENT APRIL – SEPTEMBER 2018**

The Lead Member for Finance, IT and Procurement advised Members that this report presented the provisional revenue and capital outturn position and debt management performance to 30 September 2018.

The Principal Accountant advised Members that with a revenue budget of £28.492m, managers had positively and proactively controlled spend and forecast an underspend of £204k, this represented a 0.72% variance against the budget. Members would note that the forecast underspend at quarter 1 was approximately £600k and this had dropped in quarter 2 to £204k. The main reason for the reduction was due to a decision made to set aside £366k in reserves to cover the cumulative effect of additional 1% pay increases in 2019-20.



A Member asked if the Direct Employee Costs at Table 2 could also include the apprenticeship costs to reflect more accurately the actual year to date and forecast outturn staffing costs and was advised that yes this would be included for the next meeting.

RESOLVED –

That the latest projected outturn forecast for the Authority as at 30 September 2018 be noted.

**EX24**

**DATE OF NEXT MEETING**

The Committee noted that the next Executive Committee meeting would be held on Wednesday 6 February 2019 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 10.32 AM

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# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance
<b>LEAD MEMBER</b>	Councillor Roger Reed, Chairman
<b>SUBJECT OF THE REPORT</b>	<b>Members' Allowances</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Authority is required to adopt a Scheme of Members' Allowances before 1 April each year and, in so doing, have due regard to the recommendations of the Independent Remuneration Panels of the constituent authorities when considering its own Scheme of Members' Allowances and confirm that it has done so when it gives public notice of the Scheme of Allowances.</p> <p>Buckinghamshire County Council's terms of reference require a review of the Scheme of Members' Allowances to be undertaken every four years and this was carried out in January 2015 following a part review which was undertaken in 2013. The review carried out in January 2015 is attached at <b>Appendix A</b>. A scheduled review by a new Independent Remuneration Panel for 2019 has been postponed due to proposed changes to governance arrangements.</p> <p>The Independent Remuneration Panel of the scheme for Milton Keynes Council undertook a review in January 2018 and this is attached at <b>Appendix B</b>.</p> <p>Further to a meeting of the Authority's Executive Committee on 7 February 2018 comparative data has been collected from websites of other combined fire and rescue authorities (<b>Appendix C</b>) and the views of the three group leaders ascertained.</p> <p>The Authority agreed at its meeting on 14 December 2011 that the index linking for the period 2012/13 to 2014/15 – for basic and special responsibility (and co-optee) allowances – be the pay award for the Authority's staff on National Joint Council (NJC) for Local Authorities' Fire and Rescue Services, Scheme of Conditions of Service (Grey Book).</p> <p>It is recommended that the Authority continue this indexation for the period 2019/20.</p> <p>The NJC Circular NJC/4/18 of 2 October 2018 confirmed a 2% pay award effective from 1 July 2018. The effects of a 2% increase with no alterations to</p>

	either Group Leader or Lead Member entitlements are reflected in <b>Appendix D</b> .
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	That the Authority be recommended to adopt a Scheme for Members' Allowances for 2019/20 ( <b>Appendix D</b> )
<b>RISK MANAGEMENT</b>	The recommendation will have no adverse effect on the Authority's business.
<b>FINANCIAL IMPLICATIONS</b>	<p>The current budget for Members' Allowances (Basic and Special Responsibility Allowances) is £72,780, including National Insurance.</p> <p>Costs will be incurred in publishing a notice that the Authority has made a Scheme of Members' Allowances in a newspaper circulating in its area. The cost is estimated to be in the region of £800 (<i>£788.40 last year</i>).</p>
<b>LEGAL IMPLICATIONS</b>	The making or amendment of the Members' Scheme of Allowances is a function reserved to a meeting of the Authority. An amendment may be made by the Authority in year. Regulation 10(4) of Local Authorities (Members' Allowances) (England) Regulations 2003 provides that "A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended."
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	The making of a scheme of allowances is the responsibility of each individual authority defined in the Local Authorities (Members' Allowances) (England) Regulations 2003. The methodology for doing so is prescribed exclusively by those regulations.
<b>HEALTH AND SAFETY</b>	Not applicable.
<b>EQUALITY AND DIVERSITY</b>	<p>The Authority's Scheme of Members' Allowances does not include any element for meeting costs incurred by a Member who has to arrange care in order to carry out their function as a Member of the Fire Authority.</p> <p>The Local Authorities (Members' Allowances) (England) Regulations 2003 exclude the Authority from including such a provision in its Scheme. However, with the exception of co-opted members, all Members are appointed by either Buckinghamshire County Council or Milton Keynes Council and are entitled to claim "dependent carers' allowances" from their appointing authority. There are currently no co-opted members on the Authority.</p>

<b>USE OF RESOURCES</b>	The recommendation is consistent with the extant Scheme of Allowances.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>Minute EX26 of the Executive Committee Meeting of 7 February 2018: <i>'A discussion was held about Group Leaders' Allowances in the constituent authorities where proportionality was applied based on size of group; and where only one SRA can be claimed. The Chief Fire Officer suggested that the Director of Legal and Governance could look at the Scheme of Members' Allowances in consultation with the Group Leaders. The Director of Legal and Governance advised Members that he would undertake a review, but it would ultimately be for the Authority to decide on what it wished to adopt having regard to the IRP reports of Buckinghamshire County Council and Milton Keynes Council'.</i></p> <p><a href="#">Minutes of the Executive Committee 7 February 2018</a></p> <p>BMKFA Scheme for Members' Allowances 2018/19:  <a href="https://bucksfire.gov.uk/files/8515/2206/8006/MEMBERS_ALLOWANCES_201819.pdf">https://bucksfire.gov.uk/files/8515/2206/8006/MEMBERS_ALLOWANCES_201819.pdf</a></p> <p><a href="#">Circular NJC/4/18</a></p>
<b>APPENDICES</b>	<p>Appendix A: Report of the Independent Panel on Member Allowances for Buckinghamshire County Council January 2015.</p> <p>Appendix B: Milton Keynes Council report of the Independent Panel of Members' Allowances January 2018.</p> <p>Appendix C: Comparative Data Combined Fire and Rescue Authorities</p> <p>Appendix D: Draft Scheme for Members' Allowances 2019/20.</p>
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Katie Nellist  <a href="mailto:Knellist@bucksfire.gov.uk">Knellist@bucksfire.gov.uk</a>  01296 744633</p>

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## **5. REPORT OF THE INDEPENDENT PANEL ON MEMBER ALLOWANCES FOR BUCKINGHAMSHIRE COUNTY COUNCIL**

### **Introduction: The Regulatory Context**

1. The following report notes the proceedings and recommendations made by Buckinghamshire County Council's Independent Panel on Member Allowances.

2 The Panel was established under Regulation 20 of the Local Authorities (Member Allowances) (England) Regulations 2003 (SI 2003 No 1021) to produce a report and make recommendations as required by Regulation 21. These regulations, made under relevant provisions in the Local Government and Housing Act 1989 and the Local Government Act 2000, require all local authorities to maintain an Independent Panel on Member Allowances to review and make recommendations in respect of member allowances.

3. Councils are required to have regard to the recommendations of their Independent Panel before they make or amend a Member Allowances Scheme.

### **The Panel**

Richard Benz, Partner, Kidd Rapinet, Solicitors, Aylesbury and founding Director and initial Chairman of Bucks Economic Partnership Alex Pratt JP BSc OBE, Managing Director, Serious Brands Ltd, and Chairman of Bucks Business First Lisa Williams, Managing Director of John Lewis, High Wycombe.

### **Terms of Reference**

This review by the Panel is a whole-scheme review which has to be undertaken at least every four years. A part review was undertaken in 2012 and revisions made to the Special Responsibility Allowances (SRAs) after approval of the Panel's recommendations by full Council. The County Council also accepted the following Recommendations from the Panel in July 2013:

1 That the changes to the Scheme of Allowances mentioned above, and outlined in detail in Appendix 1 to this Report, be approved;

2 That an appropriate system of performance management for members be considered.

### **Interviews conducted by the Panel**

The Panel met with the Party Group Leaders and the Chief Executive, individually, during the summer and invited comments from members of the Council on the Scheme and any changes that might be made. The Panel particularly invited comments on their recommendation from 2013 that a system of performance management for members should be developed.

**Mr Martin Tett, Leader of the Council, and Mr Mike Appleyard, Deputy Leader of the Council.**

Martin Tett and Mike Appleyard informed the Panel that, following the changes made in July last year, they were not proposing any further changes to the Member Allowances Scheme. They felt that the annual increase in rates linked previously to any officer pay award should be discontinued and the current rates of Special Responsibility Allowances, as outlined in Appendix 1 to this Report, should, therefore, be maintained. Other allowances in the Scheme should also continue at the current levels.

The Leader and Deputy Leader discussed their views on performance management of members with the Panel. In summary:-

They fully supported the principle but felt the development of a comprehensive system was not easy to achieve in practice. Members of the Council are elected every four years and this is a judgement in itself. Performance could not simply be gauged on the number of meetings a member attended, work in the community was as important. How would 'excellence' be judged and by whom? In the past when similar schemes have been discussed, the view has been that Group Leaders are not well placed to know what members do and contribute locally? How would contributions be 'moderated' between Groups? e.g. if one Group Leader thought his/her Group were all 'excellent' but another Group Leader were more challenging and rated his/her Group as only 'satisfactory'? No budget exists for further rewards and, in the light of the county's financial situation; the Council would probably have to reduce the standard Allowance to fund it. When services are being reduced and higher charges being made it is not an appropriate time to consider increasing allowances.

**Mr Andy Huxley, Leader of the UKIP and Independent Group**

Although he had some concerns over the number of SRAs paid, and felt that travel expenses paid were rather generous, Mr Huxley felt that the current system of Allowances works well. Whilst he supported the principle of performance management of members he was unsure how it could be applied in practice. Who would judge and on what criteria?

**Mrs Avril Davies, Leader of the Liberal Democrat with Buckingham Labour Group**

Mrs Davies felt that the existing rates in the Member Allowances Scheme were reasonable but expressed similar concerns about the number of SRAs paid. Travel expenses should be at paid at lowest petrol rate she felt. Mrs Davies supported the concept of performance management and shared with the Panel the performance management and review template that she uses with her Group. Mrs Davies wouldn't be against reward for excellence but was mindful of the budget implications. Money would be better spent on administrative support to her group, she felt.

Mrs Davies considered that the Council should pursue an accredited modular course of member development.

**Mr Chris Williams, Chief Executive**

Mr Williams explained the Council's Delivering Successful Performance (DSP) system of performance management for officers. It would be possible for a system of performance management to be developed for members, perhaps with a lower basic allowance and



then an "earned amount", but he appreciated all the issues mentioned by others that would make a system difficult to achieve.

### **Other Members of the Council**

The Panel invited comments from all members of the Council on the current Allowances Scheme generally and, specifically, whether an element could possibly be built into the Scheme to reward excellence. In terms of the number of SRAs, and the levels of the allowances, there were no comments recommending that they be increased. There has been a historic link between the allowance rates and the annual officers pay award. The Council will need to decide whether the current rates of allowances should remain unchanged this year and, in future, how and when they are reviewed. The Council need to have "regard to" the views of the Panel before making changes to the Scheme of Allowances. The view of the Panel is that they should be delinked.

On the subject of "rewarding excellence", members were generally against this. Reasons such as budgetary implications, potential difficulties of fair and effective implementation (i.e. no "level playing field"), particularly in a political organisation, were mentioned.

### **Views of the Panel**

The Panel are grateful to those members who gave up their time to meet with them and to the members who expressed their views in writing.

Contributors made the Panel aware of the Council's "Future Shape" proposals and for the Council to be more commercially aware in its approach. The Panel welcome this business-centred drive, particularly given the pressures local authorities are under in delivering quality services to the public with diminishing budgets. The ramifications of the "Future Shape" proposals are such that an even greater focus on a commercial approach and performance management is likely to be needed.

The Panel is aware that the Council will be under even more pressure, budget-wise, over the years ahead. Discussions will doubtless continue at national and local level about possible devolution of functions from central to local government and the debate about re-structuring local government in Buckinghamshire will gather pace. As a result of this, the Panel believes that the Council, as part of its business-centred approach, will need to give further consideration to performance management at all levels of the organisation. The Panel is disappointed that the Council has not yet acted on the recommendations it accepted in July 2013 and would urge the Council to act on them. In the view of the Panel, objections raised are not insurmountable and with careful thought and planning can be worked through and resolved. The Panel understands that other Councils are exploring the use of such a system and believes the Council should take the lead. The Panel notes that the Council uses it to measure the performance of its own staff.

The Panel consider that the "Future Shape" proposals are likely to require a reconsideration of the roles of elected members on the one hand and officers on the other- including (1) the traditional approach of elected members setting policy which is then implemented by officers and (2) in a cabinet-style system those involved in what could amount to a virtually full-time executive role being remunerated on a proper basis

for the time and effort put in, as opposed to simply receiving allowances. The Panel appreciates that these matters are outside of its terms of reference but proper consideration of them is, in its view, essential.

The Panel noted that the Council had recently been successful in achieving a refresh of the South-East Employers' (SEEMP) Member Development Charter. They congratulate the Council on this award and in their continuing commitment to member development. The Panel support the views of the SEEMP Panel judging the Award that the Council should, particularly, pursue the following areas of improvement:-

- All Members of Cabinet should be encouraged to have a Personal Development Plan (PDP) and a target of 80% of all members having a PDP should also be set
- All elected members be invited to prepare an Annual Report setting out their achievements for the year which could be uploaded to the Council's website. This would increase the visibility and accountability for each individual member. The Council should also re-visit and use the role profiles for all elected members as part of the PDP discussion. The role profiles will need to be reviewed to reflect the changing role of the member.
- The provision of leadership development particularly for members of the Cabinet
- The Council's Member Development Working Group should pilot and implement a 360 degree process to assist with the support for individual members.

With regard to POPs, the Panel see the following headings as being useful:-

### **Performance against (Strategic Plan) objectives**

- What has worked particularly well in performing your role?
- What has worked less well and what have you learned from this?
- Attendance and contribution at Scrutiny and Committee Meetings?
- Attendance and contribution at Council?
- Attendance and contribution at Group Meetings?
- Representing constituents through Casework?
- Performance as a Deputy Cabinet Member Spokesperson?

### **Setting Objectives for next 12 months**

Objectives should cover the period from April to March.

### **Learning and Development Needs**

How are you seeking to develop your role and how will you acquire the required skills and experience? What support from the group and council would help?

In addition to the above, the Panel feels that the Council could add the 360 degree process to the template.

The Panel believes that a system of performance does not necessarily mean that the total spend on allowances would increase. Even if it did, the increased performance in delivery of Council activities could result in efficiency savings outweighing any increased allowances.

The Panel considers that, as part of any future structural review of local government in Buckinghamshire, central government should look again at the way local councillors are remunerated to ensure that the rewards are sufficient to attract the calibre of people who will be needed to run a different type of organisation.

#### THE PANEL'S RECOMMENDATIONS

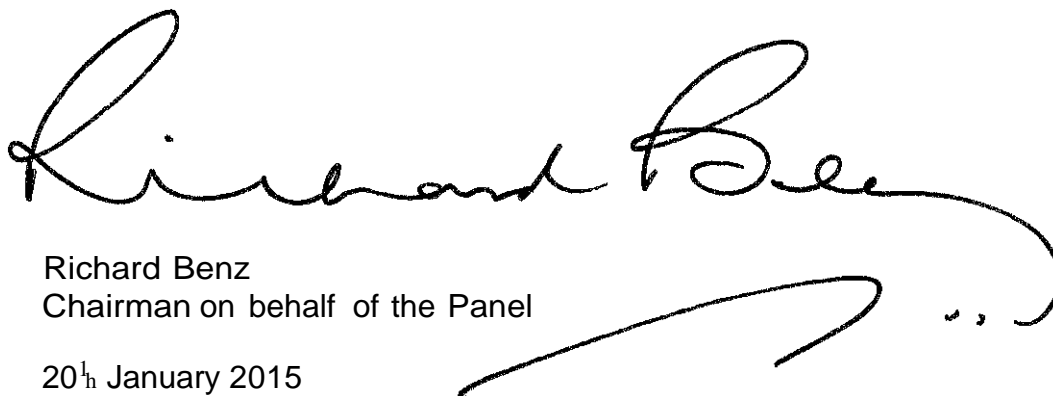
Following the four-yearly review the Panel recommends:-

1 That (having regard to the views of the Panel) the Council should decide whether the current rates of all Allowances in the Scheme should remain unchanged this year and, in future, how and when they are reviewed.

2 That the Council should take steps to implement the Panel's recommendations in its July 2013 report and continue to give due consideration to the development of a system of performance management for members starting with the initiatives outlined above.

3 That the Council should address in a timely way issues likely to result from the "Future Shape" proposals, having regard to the comments made in this report.

4 That the Council should invite the Panel to present and speak to this report.



Richard Benz  
Chairman on behalf of the Panel

20<sup>th</sup> January 2015

## APPENDIX 1

### CURRENT SPECIAL RESPONSIBILITY ALLOWANCES

Post	SR Allowance (pa)	Total
Leader	£39,709	£39,709
Deputy leader	£26,473	£26,473
Cabinet Member (6)	£20,172	£121,032
Select Committee (Ch) x 4	£10,092	£40,368
Statutory Committee (Ch) x 4	£5046	£20184
Deputy Cabinet Members (7)	£5,046	£35,322
Group Leaders *		
Conservative (36)	£10,948	£10948
Liberal Democrat (6) (5 Lib Dem /1 Labour	£2,938	£2,938
UKIP (7) (6 UKIP /1 Independent)	£3,205	£3,205
Chairman of the Council	£12,610	£12,610
Vice-Chairman of the Council	£3,156	£3,156
Chairman of Police & Crime Panel **	£10,092	£10,092
Police and Crime Panel Representative	£1,500	£1,500
Basic Allowance x 49	£10,718	£525,182
<b>TOTAL</b>		<b>£852719</b>

\*Allowances derived from formula: £1,336 basic plus £267 per member

\*\* This is only payable in the case where the Panel elects the Buckinghamshire County Council's representative as its Chairman

**REPORT BY  
THE MILTON KEYNES COUNCIL  
INDEPENDENT REMUNERATION PANEL**

**An Independent Review of Members' Allowances  
January 2018**

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## Executive Summary

Milton Keynes Council's Independent Remuneration Panel has been asked to prepare this report in order to help the Council fulfil its statutory duty to review its scheme of allowances at regular intervals.

The Panel took account of a range of information prior to formulating their recommendations. This included information on the governance arrangements and structures of the Council, the views of councillors – via both face-to-face interviews, written submissions and a short survey – relevant benchmarking data, the economic and financial climate within which the Council operates and the desire to encourage citizens to participate in local democracy. The Panel also considered the statutory framework for members' allowances, including the relevant statutory instruments and the guidance issued by the Department for Communities and Local Government.

The Panel took particular care to try to balance the need to ensure that citizens are able to participate in local democracy by standing for election against the reality of the prevailing financial climate. In doing so, the Panel have based their recommendations upon the existing scheme of allowances but have made a small number of recommendations in order to address the issues that they perceive to exist within the scheme.

In terms of the basic allowance, the Panel have also taken into consideration the increasing workloads of councillors and the demands in representing citizens and participating in decision making in one of the most dynamic and fastest-growing areas of the United Kingdom. While councillors expressed a general level of satisfaction with the level of the basic allowance, the Panel were conscious of the fact that the amount is not index linked and has therefore not changed for some time. The Panel hope that their recommendations will address this issue.

The Panel have given equally careful consideration to the special responsibility allowances payable to councillors who undertake additional duties, many of which are equivalent to a demanding full-time job. The Panel heard a range of views on these allowances, which they took account of alongside benchmarking data from other comparable authorities and the particular governance structures and political landscape at Milton Keynes Council. The Panel have taken the decision to leave this section of the scheme largely untouched, but have made some recommendations for the Council to consider. The first is the introduction of an index to ensure allowances keep pace with the rising cost of living. The second is the introduction of an allowance for the Deputy Leader of the Council as Milton Keynes is almost unique in not recognising this position within its scheme of allowances.

The Panel would like to thank all of the councillors who took part in the review by answering the many questions that the Panel posed. The Panel believes that these recommendations, if adopted, will result in a scheme of allowances that is fair, transparent and affordable. The Panel hope that the Council will approve these recommendations.

## **Introduction**

- 1.1 The Council is required to make a scheme of allowances for its councillors in accordance with the Local Authorities (Members' Allowances) (England) Regulation 2003. The process for making and reviewing such a scheme is regulated so that the public can have confidence in the independence, openness and accountability of the process involved. The process requires that the Council must establish an independent remuneration panel and, before making or amending its scheme of allowances, must have regard to the views of the Panel.
- 1.2 This report presents the recommendations of the Independent Remuneration Panel to the Council for consideration and approval.

## **The Panel**

- 2.1 In accordance with the Council's constitution, the current Panel was appointed following a recruitment process established by the Council. The Panel comprises the following members:
  - Ms Ruby Parmar. Ruby is the Senior Partner at PricewaterhouseCoopers' Milton Keynes Office. Ruby also sits on the Board of Trustees of the Magic Bus India Foundation, a charity dedicated to providing children living in poverty the opportunity to shape their future.
  - Ms Jan Flawn CBE. Jan is the founder and Chair of PJ Care, a leading Milton Keynes-based provider of specialist neurological care and neuro rehabilitation for people with progressive or acquired neurological conditions.
  - Mr Stewart Bailey. Stewart is Managing Director of Virtual Viewing, a company specialising in computer generated work aimed at inspiring inward investment and interest in construction and design projects.The Panel was assisted in their deliberations by Paul Hanson, Democratic Services Manager from the LGSS Northamptonshire office.

## **Terms of Reference for the Review**

- 3.1 The Panel's terms of reference were based on the relevant statutory instrument (Members Allowances (England) Regulations 2003), as well as guidance issued by the Department for Communities and Local Government (New Council Constitutions: Guidance on Regulation for Local Authority Allowances). It should be noted that the Panel is required to take these documents into account when preparing recommendations on the Council's scheme of allowances.
- 3.2 In line with the statutory requirements relating to schemes, the Panel's agreed terms of reference were as follows:
  - To determine the amount of basic allowance that should be payable to councillors;



- To determine the responsibilities or duties which should lead to the payment of a special responsibility allowance and the amount of such allowances;
- To determine the duties for which a travelling and subsistence allowance can be paid and the amount of such allowances;
- Whether the Council's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and the amount of this allowance and the means by which it should be determined; and
- Whether annual adjustments of allowance levels should be made by reference to an index, and, if so, for how long such a measure should run.

3.3 The Panel also agreed the following set of broad principles within which the review of allowances was undertaken:

- In line with the statutory guidance, the Panel took into account the principle that an element of the role of councillor must be voluntary, but that should not mean that councillors should suffer significant financial loss as a result of undertaking the role;
- Allowances should not be designed to reward councillors, but neither should the level of allowances prohibit individuals from considering standing for election; and
- The Panel were mindful that a reasonable percentage of councillors that should be eligible to receive a Special Responsibility Allowance.

### **The Evidence Considered**

4.1 The Panel considered a range of qualitative and quantitative evidence, as well as benchmarking data. In the area of basic and special responsibility allowances, the Panel attributed greatest weight to the written and verbal testimony of councillors.

4.2 Benchmarking evidence was considered, however, the Panel had to be cautious in the application of this data. This was because the data, while helpful in determining the relative position of allowances paid by Milton Keynes Council in comparison to other comparable (statistical nearest neighbour) authorities, the data does not reveal the reasons for any discrepancies, nor the detail of the range of responsibilities covered by each post.

4.3 The Panel issued an open invitation to all councillors to meet with them and share their views. Individual interviews were conducted with ten councillors over the course of the review, representing all of the political groups on the Council. A simple questionnaire was also circulated at the Panel's request and nine responses were received. A range of opinions were heard, relating not just to allowances but also to the nature of the role of councillor, the time commitment involved and other forms of support that are available to councillors. Input was received from councillors who were employed, self-employed and retired.

4.4 There was a general consensus that the current rate of basic allowance is broadly sufficient, but some concerns were expressed about the lack of any form of indexation within the scheme and the long-term effect this could have on the viability of allowances. The Panel

felt that the basic allowance must be set at a level that allows councillors to make the not-inconsiderable time commitment required in order to fulfil their roles effectively, particularly now given the rapid growth within the Milton Keynes area.

- 4.5 On the issue of special responsibility allowances, a diverse range of opinions were expressed. There was a broad consensus on the level of allowances attached to such roles as group leaders and committee chairs, but rather less consensus about roles such as committee vice-chairs. The Panel took careful account of this information and used benchmarking data to determine how such roles were treated in other comparable authorities.
- 4.6 In terms of the expenses that may be claimed in the course of carrying out their roles, councillors were generally satisfied with the arrangements in place. Some small changes to the scheme were suggested, however, and the Panel has made recommendations based on their own views as to the fairness and transparency of this aspect of the scheme.
- 4.7 Some councillors expressed the view that a form of means testing could be used to ensure that the budget for allowances is apportioned efficiently. The Panel noted this issue but were mindful of the fact that the legislative framework which underpins local authority allowances provides no freedom to do this.
- 4.8 The Panel noted that most formal committee meetings take place in the evenings in order to make the best use of councillors' time and reduce the impact on those councillors who are in paid employment. The Panel welcomed the efforts made by the Council but felt that the Council could, and should, do more to support councillors who are also employed, particularly where they undertake additional roles within the Council.
- 4.9 In formulating recommendations about the special responsibility allowances within the new scheme, the Panel sought to examine the nature of the roles undertaken by councillors and determine the position of each role within the hierarchy of allowances. This approach was based on the principles that underpin every review of allowances and takes into account factors such as
- The level of decision making responsibility associated with each role;
  - Other responsibilities associated with each role (such as responsibility for chairing a committee, and attendance at outside meetings associated with the role);
  - The time requirement of each role; and
  - Any other specialist skills, knowledge or other factors needed to be able to carry out each role effectively.

## **The Panel's Conclusions and Recommendations**

- 5.1 In undertaking their review, the Panel were mindful of the fact that their recommendations would be subject to considerable internal and external scrutiny and would have to be supported by the evidence considered. The Panel also considered whether the current

financial and economic climate should inform their recommendations. The Panel took the view that this was an important factor and the public would rightly expect it to form part of the Panel's considerations. The Panel also felt, however, that it had to be balanced against other factors such as the need to encourage democratic diversity and participation in local democracy.

5.2 The councillors whose views were provided to the Panel represented a range of backgrounds, including employed, self-employed and retired members. The Panel took the view that no-one should be prevented from undertaking the role of councillor as a result of their personal circumstances. Having considered the range of information presented to them, they took the view that while there is evidence to suggest that allowances play a part in this issue, factors such as the time commitment required of councillors also has a direct bearing. The Panel have sought to make recommendations that will enable a diverse range of citizens are able to consider standing for election.

### **The Basic Allowance**

6.1 The Panel considered a range of evidence and opinion about the basic allowance. The Panel felt that, although there was general satisfaction with the level of basic allowance currently paid to councillors, care needed to be taken to ensure that the allowance properly covers the costs associated with undertaking the role of councillor, particularly for councillors in full or part-time employment who may need to take unpaid leave and experience a corresponding loss of pensionable pay in order to undertake their role. The Panel were also cognisant of the additional workloads placed on all councillors as a result of the rapid growth taking place in Milton Keynes and the increasing complexity of the role as a result of this.

6.2 The Panel feel that the basic allowance should be seen as covering the reasonable costs associated with holding the office of councillor. In light of the above, the Panel recommend that the basic allowance should be set at £10,500 per year from 1 April 2018

6.3 The Panel also recommend that the basic allowance should increase by 2% every year from 1 April 2019 for a period of four years. This increase is the same as that recently announced for local government staff. The Panel feels that this recommendation will address a shortcoming of the Council's current scheme of allowances in a sensible and sustainable way.

### **Special Responsibility Allowances**

7.1 On the subject of special responsibility allowances (SRAs), the Panel heard a wide range of views on the different roles that are necessary in order to facilitate the operation of the new governance arrangements. In some cases the message was fairly clear and consistent, while in other cases – such as committee vice chairs - there was far less consensus.

7.2 The Panel reviewed each role individually, using the evidence supplied by councillors, as well as written material supplied by the Council, as the basis for evaluating each role and determining an appropriate allowance.

### 7.3 Leader of the Council, Deputy Leader of the Council and Cabinet Members

7.3.1 In the case of the Leader, Deputy Leader and Cabinet, the Panel were satisfied that councillors undertaking these roles continue to take on very significant decision making and other responsibilities. These include holding senior officers to account, negotiating with Government representatives and other external agencies and, in the case of the Leader, setting priorities for other decision makers and representing Milton Keynes at an international level. It was clear to the Panel that these roles also require a substantial time commitment. The Panel is satisfied that the allowance for both the Leader and members of the Cabinet are appropriate and should not be changed.

7.3.2 The Panel were, however, greatly concerned that the role of Deputy Leader is not recognised within Milton Keynes Council's scheme of allowances. The Panel have no doubt that the role of Deputy Leader is an important one which, by definition, is more onerous than that of Cabinet Member. The Panel also noted that Milton Keynes Council is the only one of the nearest neighbour authorities not to recognise the role of Deputy Leader within its scheme of allowances.

7.3.3 The Panel therefore recommend the following allowances:

Leader of the Council	£30,000
Deputy Leader of the Council	£15,000
Cabinet Member	£11,000

7.3.4 Additionally, the Panel could see no practical value in the application of a cap on the total cost of cabinet positions, particularly given the limitation on the size of the Cabinet prescribed by statute and the fact that no similar cap is in place for other positions such as scrutiny committee chairs. The Panel therefore recommend that the cap be removed from the scheme of allowances.

### 7.4 Overview and Scrutiny Committees

7.4.1 Unlike the Cabinet, roles associated with overview and scrutiny (Chair of Scrutiny Management Committee and Chairs of Scrutiny Committees) are not associated with significant decision making responsibility. The Panel felt that this continues to be an important distinction which must be taken into account. Nevertheless, the Panel acknowledge that scrutiny plays an important part in the governance of the Council, particularly at a time of significant challenge. It is clear to the Panel that the councillors responsible for leading the scrutiny function take on significant

responsibility in terms of holding decision makers (i.e. the Cabinet) and senior officers to account. The Panel acknowledges that chairing a scrutiny committee can be a time consuming role.

7.4.2 The Panel recommends no changes to the existing allowances:

Chair of Scrutiny Management Committee	£7,500
Chair of Scrutiny Committee	£4,500
Chair of Task and Finish Groups (pro-rata)	£4,500

## 7.5 Other Committees

7.5.1 The Panel acknowledged that chairing other committees (Licensing and Regulatory, Development Control, Audit Committee, Standards Committee and RegenerationMK Committee) are notable roles. The Panel are clear that councillors undertaking these roles are expected to carry out their duties diligently, but also acknowledged that the time commitment and level of subject matter knowledge required varied between committees.

7.5.2 The Panel heard a range of views about the role of vice chairs of these committees. Some councillors felt that vice chairs undertake an important and onerous role, while others felt that vice chairmanship of a committee is a developmental role which may be undertaken in preparation for a more onerous role in the future. The Panel considered this issue carefully but ultimately decided that, given the number of councillors who are already eligible to receive a special responsibility allowance, these roles do not merit an allowance

7.5.3 The Panel agreed that the allowances provided within the current scheme, and the relative hierarchy of roles, is correct. The Panel therefore recommend the following allowances:

Licensing and Regulatory Committee Chair	£8,000
Development Control Committee Chair	£8,000
Audit Committee Chair	£5,500
Standards Committee Chair	£3,000
RegenerationMK Committee Chair	£3,000

## 7.6 Opposition Group Leaders

7.6.1 The Panel felt that councillors undertaking the role of group leader undertake a responsible and demanding job, particularly given the current and historical political makeup of the Council.

7.6.2 The Panel recommend the following allowances:

Main Opposition Group Leader	£620 per group member
Smaller Opposition Group Leader	£620 per group member

## 7.7 Civic Allowances

7.7.1 Although civic allowances do not strictly form part of the Panel's remit, as they are included within the scheme of allowances the Panel saw fit to include these roles within their recommendations. The Panel recommend no changes to these allowances:

Mayor	£11,000
Deputy Mayor	£5,500

## 7.8 Indexation

7.8.1 The Panel considered the need to put in place a form of indexation for special responsibility allowances in order to ensure that the level of compensation provided to councillors who undertake these important roles does not fall behind the cost of living. The Panel discussed this point in depth and resolved to recommend that special responsibility allowances should increase by 2% every year from 1 April 2018 for a period of four years. It should be noted that one member of the Panel felt it was more appropriate to defer the introduction of this indexation until April 2019, for reasons of affordability. The remaining two members of the Panel, however, felt that this issue needed to be addressed immediately. This indexation should also apply to civic allowances.

## Other allowances and expenses

8.1 The Panel considered and reviewed all of the other allowances and expenses under their terms of reference (set out in section 3). They have decided to make the following recommendations:

- The dependents' and carers' allowance should be retained at the present rate (living wage in respect of child care, £10 per hour or Milton Keynes Council Home Help rate in respect of care for adults);
- The amounts payable for travel expenses should continue to be paid at the same rates as those paid to officers;
- The amounts payable for subsistence expenses should continue to be paid at the current rates; and

- The amounts payable to co-opted members should continue to be paid at the current rates.
- The Panel have recommended small clarifications to the list of approved duties for which expenses can be claimed.

### **Other recommendations**

9.1 The Panel heard much about the difficulties of balancing the demands associated with the role of councillor with employment and family life. The Panel were concerned to hear about the impact that this has on councillors, particularly when deciding whether to take on additional roles or even whether to re-stand for election once election.

9.2 The Panel therefore recommends that the Council should investigate ways of helping councillors manage their work-life balance effectively. This should extend to providing information about employment rights for councillors who are employed, as well as providing employers with information about the benefits of employing councillors.

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## Combined Fire and Rescue Authorities Members' Scheme of Allowances

Authority	Member numbers	Political Group Leader SRA	Basic Allowance	Political Group Leader SRA	Details
Avon <a href="#">Members Allowance Scheme 2018-2019</a>	20	Yes	£1,512	£2,066	A Member other than the Chairman may receive more than one SRA
Bedfordshire	12	No	£3,280.78		
Buckinghamshire <a href="#">Members' Scheme of Allowances 2018/19</a>	17	Yes	£1,223	£3,665	Only the highest SRA will be payable, with the exception that a Lead Member may claim one Lead Member's Allowance in addition to one other SRA
Cambridgeshire <a href="#">Members' Allowances Scheme 2018/19</a>	17	Yes	£2,483	£2000	Plus 1/17 <sup>th</sup> of Chairman's SRA (£12415.04) per Member in Group. Members will be restricted to being in receipt of one SRA at any one time unless a 'project board' SRA
Cheshire <a href="#">Members' Allowance Scheme 2018-19</a>	23	Yes	£4,160.27	£1,052.97	Only one SRA shall be paid to an individual Member. Where a Member holds two or more positions which attract an SRA only the highest amount will be paid. This excludes regional appointments.
Cleveland	16	No	£2,194		
Derbyshire <a href="#">Summary of Members Allowances 2015/2016</a>	16	Yes	£3,187.50* *13/14	£3,000* *13/14	Leader of the largest Minority Group 21% of the Chairman's SRA. No Member to receive more than 1 SRA

Devon and Somerset <a href="#">Scheme of Members' Allowances</a>	26	No	£2,679		Members may, normally, receive only 1 SRA – at the highest appropriate rate – in addition to the basic allowance irrespective of how many eligible positions they hold. The exception to this is Authority appointed non-executive directors to the Board of Red One Ltd
Dorset and Wiltshire	18	No	£3,200		No Member may receive more than one SRA
Durham and Darlington <a href="#">Members Allowances 2015/16</a>	21	Yes	£1,158* *15/16	£1,738* *15/16	Spokesperson for Minority Group. No Member can receive more than one SRA
East Sussex <a href="#">Members' Allowances Scheme</a>	18	Yes	£2,472* *17/18	£2,493* *17/18	Leader of a Political Group (except where the Group includes either the Chairman or Vice-Chairman of the Fire Authority). No Member can be paid more than one SRA.
Hampshire <a href="#">Members Allowances Scheme 2017/18</a>	10	Yes	£6,000* *17/18	Principal Opposition Spokesperson 0.5 x Basic Other Opposition Spokesperson 0.125 x Basic	Principal Opposition Spokesperson being the nominated spokesperson for the largest opposition Group. Should there be multiple opposition Groups of equal size, the nominated spokespersons to share equally the combined allowances for a "Principal" and "Other" spokesperson i.e 0.3125 x Basic each. For this purpose, an opposition Group has no minimum size and may consist of a single Member.  Should a Member be appointed to more than one role for which an SRA is payable, only one SRA may be claimed

Hereford and Worcester <a href="#">Members' Allowances Scheme 2017/18</a>	25	Yes	£1,165.80* *17/18	£1,357.44* *17/18	Political Group Leaders. Members with more than one special responsibility will only receive one SRA at the higher appropriate level.
Humberside	22	No	£4,457		
Kent <a href="#">Members' expenses and allowances</a>	25	Yes	£1,442.28	30% of Chairman's SRA (£18,915.00)	Opposition Group Leader *plus £300 for every Member above two. Members may only receive one SRA at any one time
Lancashire <a href="#">Members' Allowances Scheme</a>	25	Yes	£2,784.96	£4,043.71 £3,234.97	Majority Opposition Group Spokesperson Minority Opposition Group Spokesperson
Leicestershire <a href="#">Members' Allowances Rates 2018-2019</a>	17	Yes	£3,157	£1,831	Group Leaders (not being Chairman or Vice-Chairman). No member to receive more than one SRA
North Yorkshire	16 Gone to PCC	No info available now			
Nottinghamshire	18	No	£3,502*		*2016/17
Royal Berkshire <a href="#">Scheme of Allowances</a>	20	Yes	£2,266	20% of Chairman's SRA (£11,332)	Main Opposition Group Leader A Member may not receive more than one SRA at any one time
Shropshire <a href="#">Members Allowances</a>	25	Yes	£2,771	£2,771	Leader of Opposition Group with 3 or more Members. No Member shall receive more than one SRA

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**BUCKINGHAMSHIRE AND MILTON  
KEYNES FIRE AUTHORITY**

***MEMBERS' SCHEME OF ALLOWANCES  
2019/20***

# THE BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY

## MEMBERS' SCHEME OF ALLOWANCES

### Introduction

1. This Scheme is governed by the Local Authorities (Members' Allowances)(England) Regulations 2003 and the Local Authorities (Members' Allowances)(England) (Amendment) Regulations 2003 – “the regulations.”
2. Elected Members of the Buckinghamshire and Milton Keynes Combined Fire Authority may claim basic allowances, special responsibility allowances, travelling allowances and subsistence allowances for approved duties in accordance with the provisions of this scheme.
3. Appointed (non elected) members may claim co-optees allowance, travelling allowances and subsistence allowances for approved duties specified in this scheme.
4. "Year" means the 12 months ending with 31 March.
5. The Scheme has four Schedules attached which are:
  - (a) Schedule 1 - Special Responsibility Allowances
  - (b) Schedule 2 - Payment of Travelling and Subsistence Allowances
  - (c) Schedule 3 - Duties Excluded from the Allowances Scheme
  - (d) Schedule 4 - Rates of Allowances

### Creation and Amendment of the Scheme

6. This scheme comes into effect on 1 April 2019.
7. For subsequent changes in basic allowances, special responsibility allowances and co-optees allowances, new rates will be payable from the date the amendment takes effect as set out either in this scheme or the Regulations.
8. The Fire Authority will be responsible for amending the scheme and in doing so will have regard to any recommendations to its constituent councils of the independent remuneration panels set up by them.

### **Basic Allowances**

9. The Fire Authority will pay equally to each Member of the Authority a basic allowance of an amount specified in Schedule 4.
10. Where the term of office of a Member begins or ends in the course of a financial year entitlement will be apportioned in accordance with the Regulations. The apportionment will not take place where a Member's term of office lasts less than one month.
11. Basic Allowances are payable monthly and are subject to tax and national insurance deductions.

### **Special Responsibility Allowances**

12. The Fire Authority will pay each year to the Members of the Fire Authority who have special responsibilities by reason of the office(s) they hold the special responsibility allowances set out in Schedule 1.
13. Where a Member takes up or relinquishes any post that carries a special responsibility allowance in the course of a financial year the entitlement will be apportioned in accordance with the Regulations. The apportionment will not take place where a Member's term of office lasts less than one month.
14. Special responsibility allowances are payable in monthly instalments and are subject to tax and national insurance deductions. Where a Member is eligible for more than one special responsibility allowance (whether payable by the Fire Authority or another authority for Fire Authority duties) only the highest one will be payable, with the exception that a Lead Member may claim one Lead Member's Allowance in addition to one other Special Responsibility Allowance payable.

### **Approved Duties**

15. Travelling and Subsistence Allowances are payable monthly and are only payable to Elected Members of the Fire Authority for the approved duties set out in Schedule 2.

### **Co-optees Allowance**

16. A Co-optees Allowance may be paid to appointed members (i.e. non-Elected Members whether voting or not) for the performance of any approved duty as defined by this document.
17. The allowance will be payable in monthly instalments and are subject to tax and national insurance deductions.

## **Travelling and Subsistence Allowances**

18. The term "Member" for the purpose of travelling and subsistence allowances applies to any person who is a Member of the Fire Authority, or who is a member of any committee, sub-committee or panel of the Fire Authority, and so includes appointed non-elected members of those bodies. The payment of these allowances is dependent upon the performance of an "approved duty" which is an attendance as a member at a meeting, or the carrying on of a duty, set out in Schedule 2.
19. The rates for travel and subsistence allowances are specified in Schedule 4.

## **Allowances are Maxima**

20. The scales for all allowances are maxima and there is no obligation on any Member to claim any or all of the allowances.
21. A Member shall give notice in writing to the Chief Finance Officer that he/she elects to forego any part of his/her entitlement to an allowance under the scheme.

## **Social Functions and Occasions**

22. Elected Members on occasions are invited, or feel it necessary to attend functions, or occasions which have a social element. No allowances are paid to Members of the Fire Authority on these occasions unless the Member is undertaking the performance of a positive duty and one of significant size, e.g. making a speech or distributing prizes when travel and subsistence allowances may be paid. Merely to attend because the member is interested or represents people in the district is insufficient to justify payment of any allowances.

## **Conference Expenses**

23. If attendance at a conference has been approved by the Authority, conference expenses which are obligatory and outside the control of the Member, will be paid in advance on request or will be reimbursed. These expenses will include the conference fee. The actual cost of accommodation, meals and the like, will only be met or reimbursed if it is part of the inclusive charge for the conference or it is a requirement of the conference or its organisers that the Member should stay at a particular hotel.
24. Travel and subsistence allowances are payable where appropriate.



## **Telephones**

25. A mobile phone will be provided to the Chairman of the Fire Authority, with the cost of supply, rental and business calls being met by the Fire Authority.

## **Avoidance of Duplication**

26. A claim for an allowance under this scheme must include, or be accompanied by, a statement signed by the claimant that no other claim has been, or will be made for the matter to which the claim relates.

## **Records of Payments**

27. Records of payments made to Members are available for inspection free of charge by any local government elector of the Fire Authority.
28. A person entitled to inspect a record may make a copy of any part of it.
29. Details of total payments made to each Member for allowances under this scheme will be published as soon as practicable after the end of the year to which they relate.

## **Expense Claims**

30. All information requested for the expense claim must be provided, including the number of miles, the locations travelled from and to and the reason for travel. (It is always advisable for Members to make contemporaneous notes in their diary to assist in the completion of claims).
31. Claims for expenses should only be made when actually incurred, ie rail/bus, taxis, hotel accommodation. Receipts must be provided.
32. Claims for the same expenses (mileage, travel and subsistence etc) must not be made from more than one body.
33. Payments for basic and special responsibility allowances will be paid monthly in arrears and travel and subsistence payments will be paid monthly in arrears on the submission of a claim through the HR and Payroll Portal.
34. No claim from a Member for traveling or subsistence allowances which is submitted more than three months after the costs were incurred and no later than the end of April for the preceding financial year will be entertained, except in exceptional circumstances and approved in writing by the Chief Finance Officer.

**SCHEDULE 1**

**SPECIAL RESPONSIBILITY ALLOWANCES FROM APRIL 2019**

**Special Responsibility Allowance per annum**

• Position	£
• Chairman	12,459
• Vice-Chairman	4,175
• Chairman – Executive Committee	5,140
• Chairman – Overview and Audit Committee	3,367
• Chairman – Human Resources Sub-Committee	1,685
• Group Leaders	3,738
• Lead Members	3,249

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## **SCHEDULE 2**

### **PAYMENT OF TRAVELLING AND SUBSISTENCE ALLOWANCES**

The duties in this Section have been approved for the payment of travel and subsistence allowances:

- (a) Attendance at a meeting of the Fire Authority;
- (b) Attendance at a meeting of any committee or sub-committee of the Fire Authority;
- (c) Attendance at a meeting of any section, panel, working party or other meeting authorised by the Fire Authority or a committee or sub-committee of the Fire Authority or a joint committee of the Fire Authority and one or more other authorities to which the member has been specifically appointed provided that it is a meeting to which Members of at least two political groups have been invited.
- (d) Attendance at a meeting of an association of authorities of which the Fire Authority is a member and to which the member has been appointed by the Fire Authority to represent it.
- (e) Attendance at ad hoc meetings with other authorities, organisations or bodies authorised by a committee or sub-committee of the Fire Authority, or the Director of Legal and Governance on the advice of the relevant Chairman or Vice-Chairman if this is not practicable.
- (f) Attendance at briefing meetings to which Members of at least two political groups have been invited authorised by a committee or sub-committee of the Fire Authority, or the Director of Legal and Governance on the advice of the relevant Chairman or Vice-Chairman if this is not practicable.
- (g) Attendance at seminars and conferences arranged by the Fire Authority, a committee or sub-committee of the Fire Authority, or the Director of Legal and Governance on the advice of the relevant Chairman or Vice-Chairman if this is not practicable, about any of its functions.
- (h) Attendance at specific visits arranged by the Fire Authority, a committee or sub-committee of the Fire Authority, or the Director of Legal and Governance on the advice of the relevant Chairman or Vice-Chairman if this is not practicable, about any of its functions and where Members of at least two political groups have been invited.
- (i) Attendance at a meeting of any body or authority upon which the member has been appointed by the Fire Authority or a committee or sub-committee of the Fire Authority to represent it.

- (j) Attendance in connection with the discharge of any function of the Fire Authority conferred by or under any enactment and empowering or requiring the Fire Authority to inspect or authorise the inspection of premises.
- (k) Attendance at meetings of bodies where the Fire Authority makes appointments, where the Fire Authority has a major influence at national, regional, county or district level. These bodies are listed below:
- (i) Local Government Association
  - (ii) Fire Commission
- (l) Attendance at any disciplinary, grievance, dismissal or appeals sub-committee or panel.
- (m) The following duties if approved by the Fire Authority or a Committee:
- Attendance at briefing meetings held for the purpose of, or in connection with, the discharge of the functions of the Fire Authority or any of its committees or sub-committees.
  - Attendance at the official opening of new Fire Authority establishments or projects.
  - Attendance by the Chairman and Vice-Chairman of the Fire Authority and of committees at official functions in a representative capacity.
  - Duties undertaken by Chairmen and Vice-Chairmen of the Fire Authority, committees or subcommittees acting in an official capacity.
  - Members' delegations to Government Departments.
  - Town Centre Management Meetings and Parishes.
- (n) Meetings organised by the Chief Fire Officer, Chief Finance Officer or Director of Legal and Governance or their nominated representatives with external bodies or persons to further the business and aims of the Fire Authority which the relevant officer certifies requires the attendance of members on the grounds of urgency which prevents approval being obtained from the Fire Authority, a committee or sub-committee

*Note: In authorising attendances in accordance with the above, no member, official or officer of the Fire Authority shall act in a discriminatory manner reflecting party political preference. Members, officials and officers should take care to ensure that their actions can not be construed as having been discriminatory.*

### **SCHEDULE 3**

#### **DUTIES EXCLUDED FROM THE ALLOWANCES SCHEME**

The duties in this Section are those for which the Fire Authority has decided that no allowances will be paid.

- Members' surgeries
- Political activities

DRAFT

## **SCHEDULE 4**

### **RATES OF ALLOWANCES**

From April 2019 the following rates of allowances will apply

#### **Basic Allowance:**

£1,247 per annum

#### **Special Responsibility Allowances:**

See Schedule 1

#### **Co-optees Allowance**

£312 per annum

#### **Travel Allowances**

##### **(a) Car**

The rate for travel by a Member's own private motor vehicle, or one belonging to a member of his/her family or otherwise provided for his/her use, other than a solo motor cycle, shall be 45 pence for the first 10,000 miles and 25 pence for each mile after that.

##### **(b) Motorcycle**

The rate for travel by a Member's own motorcycle, or one belonging to a member of his/her family, or otherwise provided for his/her use, shall be 24 pence per mile.

##### **(c) Bicycle**

The rate for travel by a Member's own bicycle, or one belonging to a member of his/her family, or otherwise provided for his/her use, shall not exceed 20p a mile.

##### **(d) Public Transport**

Members can claim the full cost of travelling on public transport at standard class rates whilst carrying out Approved Duties, provided a valid receipt, bus ticket etc is produced to substantiate the claim.

#### **Subsistence**

The rate of subsistence allowance shall not exceed the amounts which can be claimed under the Buckinghamshire County Council Members Allowances Scheme applicable at the time when the cost is incurred.

#### **Uplift for Inflation**

Basic, Special Responsibility and Co-optees allowances will be adjusted for inflation each year until, but not beyond 1 April 2020, in line with the pay award for the Authority's staff on National Joint Council for Local Authorities' Fire and Rescue Services, Scheme of Conditions of Service (Grey Book).



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>Budget Monitoring Performance and Debt Management April – December 2018</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the provisional revenue and capital outturn position and debt management performance to 31 December 2018</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 31 December 2018, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £115k, against a revenue budget of £28.492m. This represents a 0.40% variance against the budget.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the latest projected outturn forecast for the Authority as at 31 December 2018 be noted.</li> <li>2. That £370k from the sprinkler reserve be transferred into revenue contribution to capital to support the future capital programme.</li> </ol>
<b>RISK MANAGEMENT</b>	Management of our financial resources is a key risk to the Authority and the performance reports to Committee inform Members of the main financial risks facing the Authority in year.
<b>FINANCIAL IMPLICATIONS</b>	As set out in the main body of the report.
<b>LEGAL IMPLICATIONS</b>	None.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	None.
<b>HEALTH AND SAFETY</b>	None.

<b>EQUALITY AND DIVERSITY</b>	None.
<b>USE OF RESOURCES</b>	The paper sets out how work has been progressing for achieving greater financial ownership and accountability for resources attached to the delivery of specific aims and objectives of the Authority.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<b>Background</b> Medium Term Financial Plan 2018/19 to 2021/22, CFA Meeting 14 February 2018: <a href="https://bucksfire.gov.uk/files/2815/1723/6486/ITEM_8_Medium_Term_Financial_Plan_2018-19_20-21.pdf">https://bucksfire.gov.uk/files/2815/1723/6486/ITEM_8_Medium_Term_Financial_Plan_2018-19_20-21.pdf</a>
<b>APPENDICES</b>	Appendix A – Budget Monitoring Performance and Debt Management April – December 2018
<b>TIME REQUIRED</b>	10 Minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Asif Hussain <a href="mailto:ahussain@bucksfire.gov.uk">ahussain@bucksfire.gov.uk</a> 01296 744421



## Appendix A

**Table 1 - Revenue Forecasts by Service Area**

The table below shows the budget and actual expenditure for each directorate as at the end of December 2018. The budget of £28.492m is compared to the forecast outturn to give a forecast year-end underspend of £115k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,021,590	750,016	1,063,370	41,780
	Legal & Governance	323,750	254,613	346,199	22,449
<b>Corporate Core Total</b>		<b>1,345,340</b>	<b>1,004,630</b>	<b>1,409,569</b>	<b>64,229</b>
Finance & Assets	Finance & Procurement	951,690	751,397	948,719	-2,971
	Resource Management	1,820,410	1,434,371	2,035,742	215,332
<b>Finance &amp; Assets Total</b>		<b>2,772,100</b>	<b>2,185,769</b>	<b>2,984,461</b>	<b>212,361</b>
People & Organisation Development	Training & Development	2,223,560	2,128,085	1,881,787	-341,773
	Operations & Services	719,570	536,741	808,086	88,516
<b>People &amp; Organisation Development Total</b>		<b>2,943,130</b>	<b>2,664,826</b>	<b>2,689,873</b>	<b>-253,257</b>
Delivery, Corporate Development & Planning	Service Delivery	16,331,300	11,272,871	15,545,344	-785,956
	Service Development	502,810	640,287	523,235	20,425
	IT & Communications	1,700,930	1,462,773	1,727,029	26,099
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>18,535,040</b>	<b>13,375,930</b>	<b>17,795,608</b>	<b>-739,432</b>
Statutory Accounting & Contingency	Capital Charges	2,122,000	0	2,122,000	0
	Contingency	494,760	366,000	1,195,939	701,179
	Non Distributed Costs	229,500	170,573	237,700	8,200
	Savings	50,230	0	0	-50,230
<b>Statutory Accounting &amp; Contingency Total</b>		<b>2,896,490</b>	<b>536,573</b>	<b>3,555,639</b>	<b>659,149</b>
<b>Total Expenditure</b>		<b>28,492,100</b>	<b>19,767,727</b>	<b>28,435,150</b>	<b>-56,950</b>
<b>Total Funding</b>		<b>-28,492,100</b>	<b>-22,289,532</b>	<b>-28,550,295</b>	<b>-58,195</b>
<b>Net Position</b>		<b>0</b>	<b>-2,521,805</b>	<b>-115,145</b>	<b>-115,145</b>

The key variations in directorate budgets compared to year-end outturn shown above in Table 1 are:

**Finance & Assets £212k over** – This overspend is mainly attributable to employee costs relating to temporary fixed term posts and agency payments to cover staffing requirements. In addition to this, the one-off onboarding costs for moving to the Fire and Rescue Indemnity Company (FRIC) and the under achievement on solar income contribute to the adverse variance.

**People & Organisation Development (POD) £253k under** - The overall underspend predominantly relates to the limited uptake of the sponsorship of apprentice's scheme which has resulted in a £213k underspend. Furthermore, there are underspends which relate to employee costs as a result of several vacancies within the directorate and a number of employees not on top of their pay scale.

The favourable variances are partly offset by an interim HR structure which is currently projected to overspend in agency costs to cover staffing requirements. Additionally, there are one-off projects in relation to equal pay audit and review of senior pay methodology/bandings which will utilise some of the underspend identified.

**Delivery, Corporate Development & Planning £739k under** - The overall underspend for the directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels in addition to several whole-time stations being under established. The under established whole-time stations have a direct impact on the bank system as the cover provided to the stations is charged to the bank budget. Therefore underspends in under established stations are offset by overspends shown within the bank system.

In November, during routine monitoring of cylinders (used for breathing apparatus), two cylinders were identified as having moisture content levels above acceptable threshold levels. This has resulted in a recall in batches of all cylinders for specialist cleaning. Forecasts within this directorate reflect the estimated costs this piece of exercise is expected to incur.

**Statutory Accounting & Contingency £659k over** – The forecast overspend primarily relates to the planned recruitment of additional firefighter apprentices in order to ensure sufficient staff numbers are available to deliver our resourcing model. Included within the forecast is a previously reported underspend of £366k which has been transferred to an earmarked reserve to use in 2019/20.

## 2. Direct Employee Costs

**Table 2** shows the budget and provisional outturn for each sub-heading within the direct employees subjective as at the end of December 2018.

<b>Staffing</b>	<b>Total Plan £</b>	<b>Actual Year to Date £</b>	<b>Forecast Outturn £</b>	<b>Projected Year End Variance £</b>
Wholetime	12,976,190	9,290,095	12,772,850	-203,340
On-Call	1,640,690	1,063,951	1,020,542	-620,148
Apprentices	0	439,498	730,739	730,739
Support	4,181,190	3,082,809	4,100,202	-80,988
Technicians	255,700	190,991	246,240	-9,460
Sessional	105,070	47,165	68,623	-36,447
Agency Staff	12,000	137,924	202,804	190,804
<b>Grand Total</b>	<b>19,170,840</b>	<b>14,252,433</b>	<b>19,142,000</b>	<b>-28,840</b>

**Wholetime** – The overall wholetime firefighter’s budget is currently forecast to under-spend due to establishment levels being lower than budgeted.

**On Call** – On-call firefighter employment is currently significantly under budgeted establishment levels.

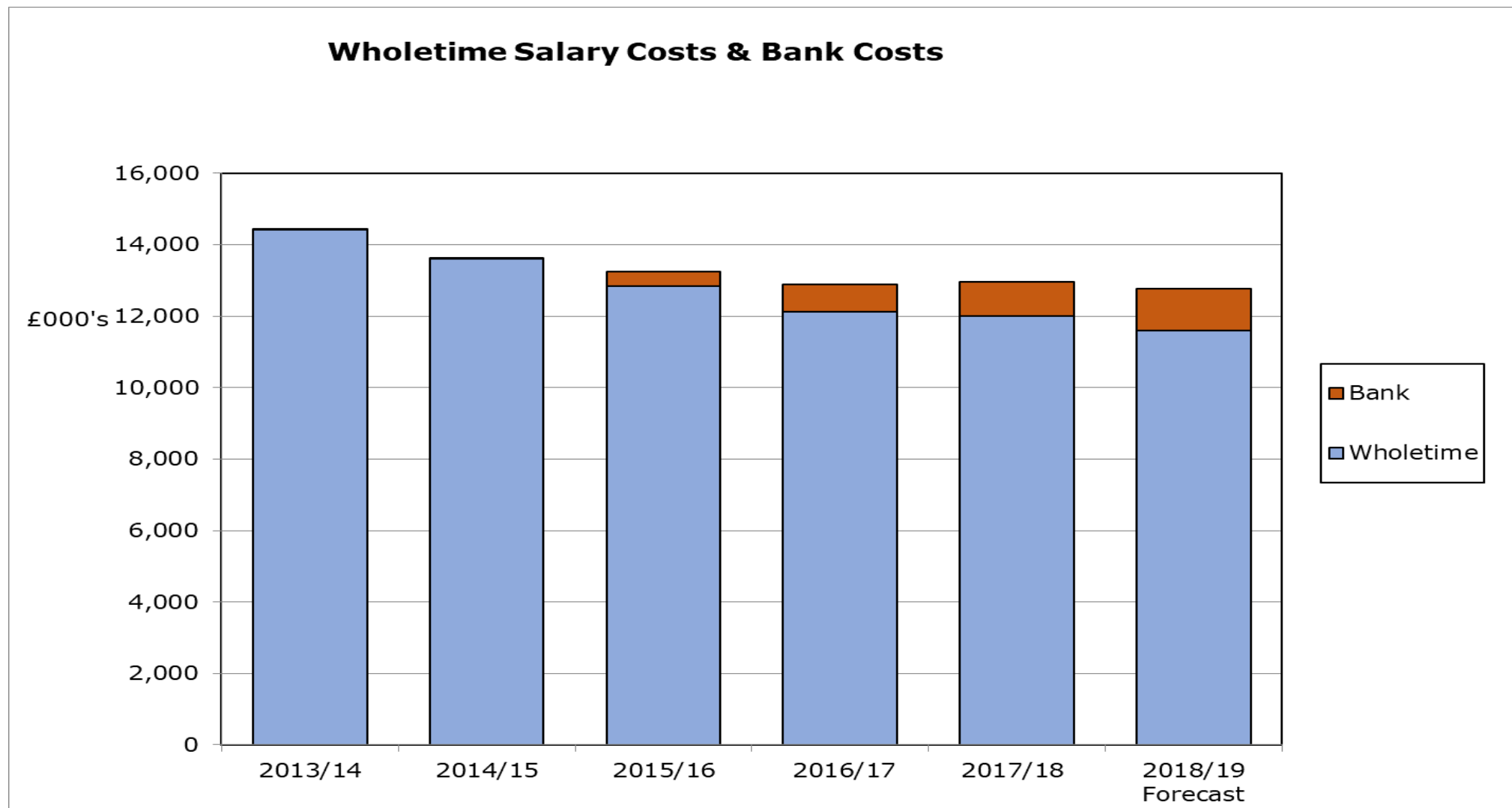
**Apprentices** – The forecast expenditure for apprentices is seen under contingency. Apprentices assist in ensuring sufficient staff numbers are available to deliver our resourcing model. The overspend in apprentice costs is offset by the underspends seen in wholetime/on-call budgeted establishments.

**Support Staff** – There is a forecast net underspend on support staff budgets across the directorates.

**Agency Staff** – Agency staff have been used to cover interim vacancies within support staff roles and this offsets the underspend on support staff.

### 3. Bank cost analysis

The graph and Table 3 below show whole-time operational staff costs from 2013/14 onwards, with Bank payments forming a significant part of these from 2015/16.



**Table 3**

<b>WT &amp; Bank</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19 Forecast</b>
Wholetime	14,425,095	13,603,248	12,844,792	12,133,692	12,011,914	11,607,850
Bank	4,236	24,592	411,864	766,632	953,506	1,165,000
<b>Total</b>	<b>14,429,331</b>	<b>13,627,840</b>	<b>13,256,657</b>	<b>12,900,324</b>	<b>12,965,420</b>	<b>12,772,850</b>

The Authority has been proactive in developing resilient resourcing models in order to meet known risk and demand levels of the service, while maintaining response standards. Examples of this approach include operating with a smaller regular establishment, which is reinforced by on-call and whole-time firefighters working 'Bank' shifts, as well as a number of firefighters on more flexible local terms and conditions.

With a smaller regular establishment being achieved via falling staff numbers from 2013/14 due to retirements and leavers, the 'Bank system' offers a flexible resource, designed to maintain appliance availability in the event of crewing shortfalls.

The aforementioned figures show how costs have continued to fall over the last few years, driven by the introduction of this more flexible resource.

#### 4. Major Risk Areas

The monitoring process will focus more attention on areas identified by management as high risk. An initial assessment of the main financial risks faced has been undertaken by Finance against the following categories:

- High value budgets
- Historically volatile budgets
- Demand led income and expenditure budgets

		<b>Total Budget</b>	<b>Actual Year to Date</b>	<b>Forecast Outturn</b>	<b>Projected Year End Variance</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
A.	Employee Direct Costs	19,170,840	14,252,433	19,142,000	-28,840
B.	Knowledge & Information Services	1,529,100	1,349,737	1,566,017	36,917
C.	Employment Agencies /Consultants (Part of Direct Employees Costs)	12,000	137,924	202,804	190,804

- The variances for A. and C. are as noted in Section 2 above.
- The variances in B predominantly relates to centralising the software budget which has resulted in disparate budgets being identified. The adverse variances relate to one-off costs which should only impact this financial year.

## 5. Funding

The table below details the budget and forecast outturn for each category of funding.

<b>Funding</b>	<b>Total Budget £</b>	<b>Actual Year to Date £</b>	<b>Forecast Outturn £</b>	<b>Projected Year End Variance £</b>	<b>Previous month Year End Variance £</b>
Government Funding	-2,633,000	-2,150,388	-2,633,000	0	
Specific Grants	-1,097,330	-893,885	-1,097,330	0	
NNDR	-3,625,030	-2,960,825	-3,683,225	-58,195	-58,195
Top-up / Pooling Receipts	-1,899,790	-1,195,829	-1,899,790	0	
Precept	-19,236,950	-15,088,606	-19,236,950	0	
<b>Grand Total</b>	<b>-28,492,100</b>	<b>-22,289,532</b>	<b>-28,550,295</b>	<b>-58,195</b>	<b>-58,195</b>

Current projections show additional NNDR funding as a result of central government revising their funding figures after the budget was set to reflect business rate revaluations.

## 6. Savings and efficiencies

Of the £311k savings offered up in the 2018/19 Medium Term Financial Plan, £67k is from Corporate Core, £82k from Finance & Assets, £29k from POD, £132k from Delivery, Corporate Development and Planning.

<b>Directorate</b>	<b>Target Saving</b>	<b>Forecast Actual Saving</b>	<b>Under/ (Over) Recovery</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Core	67	67	-
Finance & Assets	82	82	-
People & Organisation Development	29	29	-
Delivery, Corporate Development and Planning	133	133	-
Statutory Accounting & Contingency	0	0	-
Funding	0	0	-
<b>Total Savings</b>	<b>311</b>	<b>311</b>	<b>0</b>

**Corporate Core** – The income budget for interest received has been increased and supplies and service budget reduced based on historical analysis of actual spend.

**Finance and Assets** - The income budget for aerial sites has been increased

**POD** – Supplies and services budget have been reduced based on historical analysis of actual spend in this area.

**Delivery, Corporate Development and Planning** – The savings primarily relate to the reduction of the joint funded sprinklers budget and supplies and services budget have been reduced based on historical analysis of actual spend in this area.



## 7. Capital Forecasts

The capital programme for 2018/19 is £14.6m, which includes £11.7m worth of carry forwards from 2017/18 and additional £1.7m approved in December:

Project Name	Original Budget 2018-19	Carry Forwards from 2017-18	In Year Approvals	Revised Budget 2018-19	Actual Year to Date	Forecast	Slippage	Year End Variance
Property	500,000	441,694	0	941,694	418,866	550,000	0	-391,694
Property Review	0	10,592,086	1,741,000	12,333,086	3,757,133	6,153,000	6,040,086	-140,000
<b>Property Portfolio</b>	<b>500,000</b>	<b>11,033,780</b>	<b>1,741,000</b>	<b>13,274,780</b>	<b>4,176,000</b>	<b>6,703,000</b>	<b>6,040,086</b>	<b>-531,694</b>
CCTV Cameras	0	40,719	0	40,719	14,186	30,000	0	-10,719
Operational Vehicles Red Fleet	500,000	329,886	0	829,886	263,726	829,886	0	0
Operational Vehicles White Fleet	0	26,094	0	26,094	27,577	27,577	0	1,483
Hydraulic Equipment	56,000	0	0	56,000	51,980	51,980	0	-4,020
Digital Radios	0	90,000	0	90,000	0	0	90,000	0
Operational Equipment	85,000	71,776	0	156,776	124,527	156,776	0	0
<b>Fire Appliances &amp; Equipment</b>	<b>641,000</b>	<b>558,475</b>	<b>0</b>	<b>1,199,475</b>	<b>481,996</b>	<b>1,096,219</b>	<b>90,000</b>	<b>-13,256</b>
ICT	75,000	66,740	0	141,740	63,594	141,740	0	0
<b>Support</b>	<b>75,000</b>	<b>66,740</b>	<b>0</b>	<b>141,740</b>	<b>63,594</b>	<b>141,740</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,216,000</b>	<b>11,658,996</b>	<b>1,741,000</b>	<b>14,615,996</b>	<b>4,721,590</b>	<b>7,940,959</b>	<b>6,130,086</b>	<b>-544,951</b>

## Capital Funding

The capital programme will be funded as follows:

<b>Reserves</b>	<b>Balance at 1 April 2018</b>	<b>Estimated Transfers (In)</b>	<b>Estimated Transfers Out</b>	<b>Estimated Balance at 31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Usable Capital Receipts Reserve	(521)	(45)	566	-
Revenue Contribution to Capital	(5,827)	(2,680)	5,127	(3,380)
Transformation Funding	(2,248)		2,248	-
<b>Sub Total</b>	<b>(8,596)</b>	<b>(2,725)</b>	<b>7,941</b>	<b>(3,380)</b>

## Property Portfolio

The Property team have been allocated £500k for 2018/19 to carry out priority repairs as identified in the condition survey carried out in 2017/18. In addition to this, the Property team have a balance of funds (£442k) brought forward from 2017/18, predominantly to replace the air ventilation system at brigade headquarters. The installation of the air ventilation system is now complete at BHQ with the first floor ablution block refurbishment remaining and projected to be commence in the last quarter of 2018/19.

Broughton Fire Station has had emergency works carried out in the male ablution blocks as a result of flooding. The works are expected to be completed in the last quarter of 2018/19. Property is projecting a underspend of £532k which is a result of the team achieving value for money when procuring contracts and predominantly due to the main focus currently on the completion of the Blue Light Hub build.

The slippage within the Milton Keynes Review relates to the Blue Light Hub project. It is unlikely the full budget will be utilised in the current year as the build plan is over two financial years and therefore we expect a large proportion of the budget to slip into next financial year. The project is progressing well with the build estimated to be completed in Autumn 2019.

## Fire Appliances & Equipment

For 2018/19, a budget of £641k was approved for the purchase of two red fleet appliances, hydraulic equipment and operational equipment. Orders placed for the two red fleet appliances, with delivery expected in the last quarter of 2018/19. The order for the hydraulic equipment is complete and received by the Authority. Operational equipment will be purchased throughout the financial year in line with the equipment replacement programme.

A slippage of £558k was brought forward from 2017/18 capital programme, which relates to the purchase of; CCTV, two red fleet appliances, one white fleet vehicle, digital radios and operational equipment. The white fleet vehicle relates to the USAR dog handler van, which was delivered to the Authority in August. The two red fleet appliances were delivered in November and most of the CCTV installations have taken place.

Identifying a suitable supplier to source new digital radios is ongoing as the new radios need to be compatible with our current operational equipment. Our Research & Development (R&D) lead has liaised with R&D counterparts in Oxfordshire FRS & Royal Berkshire FRS to look at the possibility of sourcing the radios collaboratively. Therefore, it is likely the project will slip into 2019/20 and results in a £90k slippage.

## Support

Including the slippage from 2017/18, ICT have a budget of £142k, which predominantly relates to the purchase of hardware as per the ICT replacement strategy. Spend to date currently relates to the replacement of hardware such as laptops and other ICT equipment.

## 8. Reserves

The table below shows the projected movement in reserves during the year.

<b>Reserves</b>	<b>Balance at start of year £000</b>	<b>Projected Movement £000</b>	<b>Projected year-end balance £000</b>
General Fund	-1,500	-	-1,500
Earmarked Reserves (Revenue)*	-1,879	392	-1,487
Earmarked Reserves (Capital)**	-6,348	2,968	-3,380
<b>Total</b>	<b>-9,727</b>	<b>3,360</b>	<b>-6,367</b>

\* Earmarked Reserves (Revenue) includes a projected balance of £476k at the end of the year, which represents this Authority's share of the joint control room renewals fund (held by Oxfordshire Fire and Rescue Service)

\*\* These figures include the transfer of £370k from the Sprinkler Reserve as per Recommendation 2, as well as an indicative transfer of the year-end underspend of £115k (final amount and approval to be detailed within the provisional outturn report).

## 9. Performance Indicators

The table below shows the performance targets and actuals (rolling averages) for the year to date:

Description	2017/18 Actual	2018/19 Target	2018/19 Actual (rolling average)
Budget Monitoring Training	100.0%	100.0%	100.0%
Managers accessing Integra Cost Centre Report	100.0%	100.0%	100.0%
% invoices paid within 30 days	91%	100.0%	100.0%
Budget Mon. Report turn-around (working days)	7 days	7 days	6 days

Budget monitoring training is provided to managers assuming responsibility for budget management and control. A risk based approach is applied to budget monitoring with resources allocated to high risk areas. This supports a proactive challenge role for Finance and budget holder engagement. Compliance to date has been at 100%.

The percentage of invoices paid on time is 100%. Suppliers have been reminded to send all invoices directly to finance which has resulted in no delays in making payments to suppliers.

## 10. Debt Management

The table below shows the key debtor performance figures for the year:

DEBTOR KEY PERFORMANCE INDICATORS 2018/19	Q1	Q2	Q3
Debts over 60 days overdue	£8,043	£8,267	£11,335
Total Debt outstanding	£48,350	£33,445	£37,577
Debts over 60 days overdue as a % of total debt outstanding	17%	33%	32%
Average time from raising invoices to receipt of income	6 days	5 days	9 days

The above figures show the quarterly average of debt during 2018/19. As at the end of December, the average total debt outstanding was £38k of which £11k relates to debt 60 days overdue. Total debt outstanding as at the end of December 2018 was £36k, with the actual value of debts over 60 days overdue being £10k.

A sizeable portion of the debt (41%) over 60 days overdue at the end of December 2018 relate to legal costs recoverable to Bucks Fire and Rescue Service against defendants after being successfully prosecuted for breaches of the fire safety regulations. Once a court order has been made the Authority has little control over the timing of these payments.

The accumulative amount for several small invoices results in 38% of debt over 60 days which are being actively chased. A further 17% relates to recovery of employee pension contributions and 4% relates to recovery of other payments.

The average time from raising invoices to receipt of income is 9 days.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>The Prudential Code, Prudential Indicators and Minimum Revenue Provision</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report is being presented as the Prudential Indicators (Appendices A and B) and Minimum Revenue Provision policy statement (Appendix C) are required to be approved by the Fire Authority and to support the Medium Term Financial Plan (MTFP).</p> <p>A review of the Balance Sheet indicates that the Authority is currently in an over-borrowed position. Due to prohibitive penalties the early repayment of borrowing is not currently an option. The Authority has no plans for additional borrowing in the foreseeable future, according to the current MTFP.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	<p>That the Executive Committee approve the recommendations below for submission to the Fire Authority.</p> <p>That the Authority be recommended to approve:</p> <ol style="list-style-type: none"> <li>1. the Prudential Indicators; and</li> <li>2. the Minimum Revenue Provision policy statement</li> </ol>
<b>RISK MANAGEMENT</b>	<p>The Prudential Code was established to ensure that capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The indicators presented here demonstrate that the current plans for capital investment meet these criteria and present an acceptable level of risk to the Authority.</p> <p>Minimum revenue provision is a statutory charge to the General Fund, which ensures that an Authority has sufficient cash balances to repay borrowing upon maturity, reducing the refinancing risk.</p> <p>There are no direct staffing implications.</p>

<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The decision on the prudential indicators sets out the financial limits within which the Authority will operate in future years.</p> <p>The minimum revenue provision is a statutory charge against the General Fund, estimated at £47k for 2019/20 (no change from 2018/19).</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, SI 2003/3146 make provision for capital finance and accounts under the Local Government Act 2003 requiring the authority to have regard to the 'Prudential Code for Capital Finance in Local Authorities' when determining, under the Local Government 2003 Act, how much money it can afford to borrow; and require the Authority to determine for the current financial year an amount of minimum revenue provision which it considers to be prudent.</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b></p>	<p>No direct impact.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>No direct impact.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>No direct impact.</p>
<p><b>USE OF RESOURCES</b></p>	<p>The impact of the Prudential Code will allow the Authority to make informed choices between revenue and capital financing of procured services, to encourage invest to save schemes and will only allow capital investment to proceed where the Authority can fund projects within prudential limits.</p> <p>Making sufficient minimum revenue provision ensures that when borrowing matures, cash is available to make the repayment. This ensures that the Authority does not need to borrow additional money to repay existing loans.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan, Executive Committee, 18 November 2015:</p> <p><a href="http://bucksfire.gov.uk/files/7314/4612/0201/ITEM_6_.Reserve_Balances_Update_Post_Pre-Brief.pdf">http://bucksfire.gov.uk/files/7314/4612/0201/ITEM_6_.Reserve_Balances_Update_Post_Pre-Brief.pdf</a></p>
<p><b>APPENDICES</b></p>	<p>Appendix A – Prudential Indicators</p> <p>Appendix B – Summary Table of Prudential Indicators</p> <p>Appendix C – Minimum Revenue Provision Policy Statement</p>



<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Asif Hussain <a href="mailto:Ahussain@bucksfire.gov.uk">Ahussain@bucksfire.gov.uk</a> (01296) 744421

## Appendix A – Prudential Indicators

### 1.0 Indicators for Affordability

#### 1.1 The ratio of financing costs to net revenue stream

This indicator measures the percentage of the net revenue funding used to finance external debt. As no future borrowing is planned and a decision was made to reallocate reserves to reduce the capital financing requirement in 2015/16, the ratio of financing costs to net revenue stream will remain consistently low from 2017/18 onwards:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Ratio of financing costs to net revenue stream	0.7%	0.6%	0.7%	0.7%	0.7%

### 2.0 Indicators for Prudence

#### 2.1 Gross borrowing and the Capital Financing Requirement

The table below shows gross borrowing and the capital financing requirement (CFR). The Authority should ensure that gross borrowing does not, except in the short term, exceed the CFR. However, due to the reallocation of reserves to reduce the CFR (excluding finance lease) to zero (see Provenance Section & Background Papers) gross borrowing will exceed CFR for the medium to long-term. This situation will exist until borrowing is repaid. Due to early repayment premiums it is prohibitively expensive to make any early repayments at the current time.

Gross borrowing at the start of 2017/18 financial year was £7.382m. A repayment of £585k was made in May 2018 which will reduce the gross borrowing to £6.797m from 2019/20 onwards. The figures shown below indicate the maximum level of borrowing during the year (i.e. repayments will reduce the limit for the following year):

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Gross borrowing (£000)	7,382	7,382	6,797	6,797	6,797
Capital financing requirement (£000)	1,684	1,637	1,590	1,543	1,496

### 3.0 Indicators for Capital Expenditure

#### 3.1 Capital Expenditure

This indicator shows the expected level of capital expenditure for future years:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Capital expenditure (£000)	4,474	7,941	7,351	1,216	1,466

### 3.2 Capital Financing Requirement (CFR)

The CFR reflects the Authority’s underlying need to borrow. This figure was reduced down to the level of the finance lease by the reallocation of reserves (see Provenance Section & Background Papers). No additional borrowing is planned in the medium term. The CFR should be looked at in relation to gross borrowing, as detailed in Section 2.1:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Capital financing requirement (underlying need to borrow for a capital purpose) (£000)	1,684	1,637	1,590	1,543	1,496

### 4.0 Indicators for External Debt

#### 4.1 Authorised Limit

This is the maximum limit on borrowing and other long-term liabilities (currently limited to the finance lease at Gerrards Cross). This amount cannot be exceeded without approval from the Fire Authority:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Authorised limit for borrowing (£000)	7,382	7,382	6,797	6,797	6,797
Authorised limit for other long-term liabilities (£000)	1,739	1,692	1,645	1,598	1,551
Authorised limit for external debt (£000)	9,121	9,074	8,442	8,395	8,348

## 4.2 Operational Boundary

This indicator shows the most likely estimate of debt for future years:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Operational boundary for borrowing (£000)	7,382	7,382	6,797	6,797	6,797
Operational boundary for other long-term liabilities (£000)	1,739	1,692	1,645	1,598	1,551
Operational boundary for external debt (£000)	9,121	9,074	8,442	8,395	8,348

The actual external debt for the year ending 31 March 2018 was **£9.074m**.

## 5.0 Indicators for Treasury Management

### 5.1 Adoption of CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes

The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the Authority's borrowing and investment portfolios.

### 5.2 Upper limit on fixed interest rate exposures

This indicator shows the Authority's upper limit of the net exposure to fixed interest rates. Currently all borrowing is at a fixed rate of interest:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%

### 5.3 Upper limit on variable interest rate exposures

This indicator shows the Authority's upper limit of the net exposure to variable interest rates:

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%

## 5.4 Maturity structure of fixed rate borrowing

This shows the repayment profile of fixed rate borrowing. All loans are repayable on maturity:

Indicator	Actual 2017/18	Estimate 2018/19		Estimate 2019/20		Estimate 2020/21		Estimate 2021/22	
	Actual Maturity	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0%	0%	0%	0%	8%	0%	0%	0%	0%
12 months and within 24 months	8%	0%	8%	0%	0%	0%	0%	0%	0%
24 months and within five years	0%	0%	0%	0%	8%	0%	24%	0%	24%
five years and within 10 years	22%	0%	22%	0%	27%	0%	15%	0%	15%
10 years and within 20 years	32%	0%	32%	0%	19%	0%	20%	0%	20%
20 years and within 30 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 years and within 40 years	38%	0%	38%	0%	38%	0%	41%	0%	41%
40 years and above	0%	0%	0%	0%	0%	0%	0%	0%	0%

## 5.5 Total principal sums invested for periods longer than 364 days

The purpose of this indicator is for the Authority to contain its exposure to the possibility of loss that might arise as a result of its having to seek early repayment or redemption of principal sums invested. The Authority currently have £4m invested split between two local Authorities, both over a period longer than 364 days.

Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Total principal sums invested for periods longer than 364 days (£000)	4,000	5,000	5,000	5,000	5,000

## 5.6 Credit Risk

The duration of any investment with a counterparty will be restricted as advised by our treasury management advisors. The advisors will base their assessment of credit risk based on credit ratings provided by the major agencies, as well as reviewing credit default swaps (a proxy measure for the markets perceived risk of default).

**Appendix B – Summary Table of Prudential Indicators**

For reference, the following table summarises the key indicators detailed in Appendix A in a single table:

	Indicator	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
<b>Indicators for Affordability</b>						
1.1	Ratio of financing costs to net revenue stream	0.7%	0.6%	0.7%	0.7%	0.7%
<b>Indicators for Prudence</b>						
2.1	Gross borrowing (£000)	7,382	7,382	6,797	6,797	6,797
<b>Indicators for Capital Expenditure</b>						
3.1	Capital expenditure (£000)	4,474	7,941	7,351	1,216	1,466
3.2	Capital financing requirement (£000)	1,684	1,637	1,590	1,543	1,496
<b>Indicators for External Debt</b>						
4.1	Authorised limit for external debt (£000)	9,121	9,074	8,442	8,395	8,348
4.2	Operational boundary for external debt (£000)	9,121	9,074	8,442	8,395	8,348
<b>Indicators for Treasury Management</b>						
5.2	Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%
5.3	Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%
5.5	Total principal sums invested for periods longer than 364 days (£000)	4,000	5,000	5,000	5,000	5,000

The actual external debt for the year ending 31 March 2018 was £9.074m. The projected external debt for the year ending 31 March 2019 is £8.442m (both figures include the finance lease liability).

The following indicators are not shown above:

- 5.1 – the Authority has adopted CIPFA’s Treasury Management Code for 2018/19
- 5.4 – details of the maturity structure of fixed rate borrowing (see Appendix A)
- 5.6 – narrative regarding credit risk (see Appendix A)

## **Appendix C – Minimum Revenue Provision (MRP) Policy Statement**

The two methods for calculating prudent provision are set out below and were approved by members in 2008/09. Regulation 28 of the 2003 Regulations (as amended by regulation 4 of the 2008 Regulations) requires a local authority to calculate for the current financial year an amount of MRP which it considers to be prudent. The Secretary of State recommends that, for the purposes of regulation 4 the prudent amount of provision should be determined in accordance with one of four options, two of which were agreed by members in 2008/09 and are outlined below.

The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits (asset life).

### **(a) CFR Method**

MRP is equal to 4% of the Capital Financing Requirement (CFR) at the end of the preceding financial years. Since the CFR (excluding finance lease) is now at zero, this method is no longer applicable (for finance leases, the MRP requirement is regarded as met by a charge equal to the element of the rent that goes to write down the Balance Sheet liability).

### **(b) Asset Life Method**

Since 1 April 2008, where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset, based on an equal instalment method. This amount is projected to be nil for 2018/19.

Where assets have been purchased utilising Capital grants or Revenue Contributions no MRP calculation is required. Only assets purchased utilising borrowing require an MRP charge.

The asset life method calculation requires estimated useful lives of assets to be input in to the calculations. These life periods will be determined by the Director of Finance and Assets & Treasurer, with regard to the statutory guidance and advice from professional valuers.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Mark Hemming, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>Medium Term Financial Plan (MTFP) 2019/20 to 2021/22</b>
<b>EXECUTIVE SUMMARY</b>	<p>The main report (Annex A) presents the proposed revenue and capital Medium Term Financial Plan (MTFP) for the financial years 2019/20 to 2021/22.</p> <p>The provisional settlement was announced on 13 December 2018 and is included in the funding assumptions. Final confirmation is expected in February 2019. Within the settlement it was announced that authorities without any specific council tax freedoms can increase Council Tax by up to 3% without the need for a referendum.</p> <p>Key assumptions are detailed in Section 4 of Annex A and are based on information received to date.</p> <p>The most significant change from last year relates to employer pension contributions. In the Budget 2016 it was announced that the discount rate used in the valuations was going to decrease from 3% to 2.8% above inflation. This was factored into the MTFP and makes up the vast majority of the total shown under 'Previous year Savings and Growth Adjustments' within Appendix 1.</p> <p>In September 2018 the Treasury announced that the rate would reduce even further to 2.4% above inflation. The initial report from the government's Actuary Department suggests that the employers' contribution for the firefighter's scheme would increase from 17.6% to 30.2%. The impact on the Authority would be an increase of annual contributions of £1.6m.</p> <p>The Treasury had said that for 2019/20 it would fund 90% of this amount. That leaves the Authority in a position of uncertainty the year after. Despite representations made to Government for increased precept flexibility none has been forthcoming. Section 9 of Annex A considers the merit of holding a referendum to increase Council Tax above the 3% threshold.</p> <p>Further uncertainty regarding pensions has been</p>

	<p>introduced by the ruling in December 2018 that the transitional arrangements introduced for the firefighters scheme in 2015 were discriminatory. However, it is too early at this stage to quantify the impact this may have on budgets.</p> <p>Appendix 1 shows the base budget for 2018/19 with adjustments made for savings and growth to give the position for each future year. The savings and growth lines match the totals for those bids scrutinised by officers, Strategic Management Board and Members at the challenge sessions held on 9 October 2018 and 7 January 2019. This year Appendix 1 has been split into two models:</p> <ul style="list-style-type: none"> <li>• Model 1(a) shows the funding gap that has resulted from the change of discount rate used to value pensions;</li> <li>• Model 1(b) shows how the gap could be funded by significantly reducing the revenue contribution to capital. Whilst this balances the revenue budget, it will restrict the capital programme to essential building work and replacement of vehicles and equipment with no funding available for any other capital investment.</li> </ul> <p>It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be presented in a revised Appendix 1 at the meeting.</p> <p>Appendix 2 shows the latest summary of the capital programme for 2018/19 and approved schemes for the following years.</p> <p>Appendix 3 provides further detail on the level of council tax chargeable for each band if the Authority accepts the recommendation to increase the band D equivalent amount by 2.98%.</p> <p>As well as the uncertainty regarding pensions noted above, there is also significant uncertainty regarding next year's Comprehensive Spending Review, Fair Funding Review, USAR funding and funding for Firelink/ESMCP. In order to effectively plan for the future, during 2019/20 Officers will be taking a zero-based budgeting approach to develop budgets for a number of potential scenarios. These will be developed alongside the new Public Safety Plan.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	<p>It is recommended that the Authority be recommended to:</p> <p style="padding-left: 40px;">1(a) Note and have due regard to the report and Statement of the Chief Finance Officer (see</p>

	<p>section 8 of Annex A).</p> <p>1(b) Approve a Council Tax precept of £64.57 for a band D equivalent property (a 2.98% increase from 2018/19 - equal to 3.6p per week) and the revenue budget as set out in Appendix 1(b).</p> <p>1(c) Approve the capital programme as set out in Appendix 2.</p> <p>and;</p> <p>2 Discuss the implications of holding a referendum to increase Council Tax above the 3% threshold in a future year.</p>
<p><b>RISK MANAGEMENT</b></p>	<p>Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.</p> <p>Section 9 details the potential financial benefits and risks of holding a referendum to increase Council Tax above the 3% threshold.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>All financial implications are shown in the main body of the report.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The Local Government Act 2003 gives the responsible finance officer, namely the Chief Finance Officer of the Combined Fire Authority under s112 of the Local Government Finance Act 1988, the responsibility to report to Members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.</p> <p>Members must take account of the advice of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.</p> <p>The Council Tax referendum scheme was introduced via the Localism Act 2011. The process for conducting referendums is contained within the Local Authority (Referendums Relating to Council Tax Increases) Regulations 2012 [2012/460] and the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 [2012/444].</p> <p>If the Authority were to set a council tax increase in excess of the relevant threshold, it must notify each of the five billing authorities to which it issues precepts. The notification must include a precept based on the substitute calculation which results in a basic amount of Council Tax which is not excessive. It must make the notification by 8 March in the financial year preceding that year. Those billing authorities will then be required to make arrangements to hold a referendum in relation to the Authority's relevant basic amount of council tax for the financial year on the first</p>

	<p>Thursday in May, the usual date for local elections (or such other date as is specified by order of the Secretary of State).</p> <p>A billing authority which holds a referendum on behalf of the Authority is able to recover its costs from the Authority. Furthermore, if the excessive amount is not approved by the referendum, the billing authority will need to set a new amount of council tax to take into account the Authority's substitute precept (a demand for payment of council tax based upon the Authority's substitute calculations). The billing authority will be able to recover its costs of setting a new amount of council tax from Authority. If the excessive relevant amount is approved by the referendum that amount continues to have effect for the year.</p> <p>Regulation 3 and Schedule 1 prescribe the question to be asked in the referendum. Voters are to be asked whether they approve of the percentage change in the relevant basic amount of council tax set by the authority for the financial year in question and are also informed of what the percentage change will be if the voters do not agree with the increase.</p> <p>Regulation 5(2) would require the Authority, as soon as is reasonably practicable and not fewer than 28 days before the date on which the referendum will be held, to publish in such a manner as it considers likely to bring to the attention of persons who live in the Authority's area, a notice which contains a statement including the following—</p> <ul style="list-style-type: none"><li>(a) that a referendum is required to be held on the authority's council tax increase for the relevant financial year;</li><li>(b) that arrangements to hold the referendum will be made by relevant billing authorities which are to be specified in the notice;</li><li>(c) of the date on which the referendum will be held;</li><li>(d) of the question to be asked in the referendum;</li><li>(e) that the referendum will be conducted in accordance with procedures similar to those used at local government elections;</li><li>(f) of the referendum expenses limit that will apply in relation to the referendum and the number of local government electors by reference to which that limit has been calculated;</li><li>(g) of the authority's relevant basic amount of council tax for the relevant financial year;</li><li>(h) of the authority's relevant basic amount of council tax for the financial year preceding the relevant financial year;</li><li>(i) of the percentage change in the authority's relevant basic amount of council tax from the</li></ul>
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	<p>preceding financial year to the relevant financial year expressed to one decimal place;</p> <p>(j) of what the amount calculated by the authority as its relevant basic amount of council tax for the relevant financial year would be if the authority's relevant basic amount of council tax is not approved; and</p> <p>(k) of what the percentage change in the authority's relevant basic amount of council tax from the preceding year to the relevant financial year expressed to one decimal place would be if the authority's relevant basic amount of council tax is not approved.</p> <p>Once this notice has been published (and triggered the period of campaigning), the Authority may publish an additional statement setting out the reasons for the excessive increase, and the likely consequences if its council tax increase is not approved. This statement will be subject to the campaign expenses limit for the referendum and published no later than 28 days before the poll.</p> <p>Regulation 10 places restrictions on the publication of other promotional material by or on behalf of the Authority for the entire period from the date of setting the excessive amount and ends on the date of the referendum. This prohibits publication of any material which (a) provides general information about the referendum; (b) deals with any of the issues raised by the question to be asked in the referendum; or (c) puts any arguments for or against a particular answer to that question.</p> <p>Regulation 16 provides that the Authority must appoint a person to be Chief Counting Officer. This person will be responsible for drawing up a statement of the total number of votes cast in favour of each answer to the question asked in the referendums held by each billing authority and publishing the final result. This person will have a power of direction over counting officers in each area (the respective billing authorities' returning officers), including the power to order a recount.</p> <p>Regulation 12 prescribes a limit on referendum expenses. 'referendum expenses' means the expenses incurred by or on behalf of the Authority during the 'referendum period'. 'referendum period', means the period beginning with the publication made in accordance with Regulation 5 (2) ,mentioned above, and ending on the date of the referendum. The prescribed list of referendum expenses includes the following:</p> <ol style="list-style-type: none"> <li>1. Advertising of any nature (whatever the medium used). Expenses in respect of such advertising include agency fees, design costs</li> </ol>
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	<p>and other costs in connection with preparing, producing, distributing or otherwise disseminating such advertising or anything incorporating such advertising and intended to be distributed for the purpose of disseminating it.</p> <ol style="list-style-type: none"> <li>2. Unsolicited material addressed to voters (whether addressed to them by name or intended for delivery to households within any particular area or areas). Expenses in respect of such material include design costs and other costs in connection with preparing, producing or distributing such material (including the cost of postage).</li> <li>3. Market research or canvassing conducted for the purposes of ascertaining voting intentions.</li> <li>4. The provision of any services or facilities in connection with press conferences or other dealings with the media.</li> <li>5. Transport (by any means) of persons to any place or places with a view to obtaining publicity in connection with a referendum campaign. Expenses in respect of the transport of such persons include the costs of hiring a particular means of transport for the whole or part of the referendum period.</li> <li>6. Rallies and other events, including public meetings organised so as to obtain publicity in connection with a referendum campaign or for other purposes connected with a referendum campaign. Expenses in respect of such events include costs in connection with the attendance of persons at such events, the hire of premises for the purposes of such events or the provision of goods, services or facilities at them.</li> </ol> <p>The referendum expenses limit is the aggregate of £2,362 and the amount found by multiplying 5.9 pence the number of entries on the electoral rolls for the five billing authorities (591,037). The electorate for Buckinghamshire is 397,190 as at 1 December 2017 (Office for National Statistics, 22 March 2018). The electorate for Milton Keynes Council is 193,847 as at 1 December 2017 (Office for National Statistics, 22 March 2018).</p> <p>Where any referendum expenses are incurred in excess of the referendum expenses limit, a person who knew or ought reasonably to have known that that limit would be exceeded, or who, without reasonable excuse, authorises another person to exceed that limit, is guilty of an offence punishable by a fine or imprisonment (for a term not exceeding 12 months) or both.</p>
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	<p>Section 52ZR of the Local Government Finance Act 1992 provides that if it appears to the Secretary of State that an authority will be unable to discharge its functions effectively or to meet its financial obligations unless it sets an increase in council tax which exceeds the principles, s/he has the discretion to direct that a referendum need not be held. (When promoting the Localism Bill in the House of Lords Earl Attlee stated, "This is a reserve power and the expectation is that this would be used only in exceptional circumstances, such as where the High Court has exercised its powers to appoint a receiver where an authority has failed to service its debt within a set time period" Hansard HL Deb 30 June 2011 c1971)</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b></p>	<p>No direct impact. In terms of referendum timing, the district elections have been postponed from May 2019. On 7 May 2020 there are local elections due to take place for the new Buckinghamshire Council; and for the Thames Valley Police and Crime Commissioner across Buckinghamshire and Milton Keynes.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>No direct impact.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>No direct impact.</p>
<p><b>USE OF RESOURCES</b></p>	<p>The Medium Term Financial Plan, including capital and revenue budgets, identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP). Members, Senior Management Board and many staff have been involved in agreeing priorities and the budget setting process over the preceding months.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Medium Term Financial Plan (MTFP) 2018/19 to 2020/21 and Revised Appendix 1, Fire Authority, 7 February 2018:</p> <p><a href="https://bucksfire.gov.uk/files/3015/1782/9183/ITEM_7c_Medium_Term_Financial_Plan_2018-19_20-21.pdf">https://bucksfire.gov.uk/files/3015/1782/9183/ITEM_7c_Medium_Term_Financial_Plan_2018-19_20-21.pdf</a></p> <p><a href="https://bucksfire.gov.uk/files/7415/1756/5779/Revised_Appendix_1.pdf">https://bucksfire.gov.uk/files/7415/1756/5779/Revised_Appendix_1.pdf</a></p> <p>Four Year Settlement and Efficiency Plan, Executive Committee, 21 September 2016:</p> <p><a href="http://bucksfire.gov.uk/files/3414/7333/8081/ITEM_6_BMKFA_Efficiency_Plan_Appendix.pdf">http://bucksfire.gov.uk/files/3414/7333/8081/ITEM_6_BMKFA_Efficiency_Plan_Appendix.pdf</a></p>
<p><b>APPENDICES</b></p>	<p>Annex A – Medium Term Financial Plan 2019/20 to 2021/22</p> <p>Appendix 1(a) – MTFP Budget Model 1(a)</p> <p>Appendix 1(b) – MTFP Budget Model 1(b)</p>

	Appendix 2 – Capital Programme Summary Appendix 3 – Council Tax Funding
<b>TIME REQUIRED</b>	30 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687



## **Annex A – Medium Term Financial Plan (MTFP) 2019/20 to 2021/22**

### **1. Introduction**

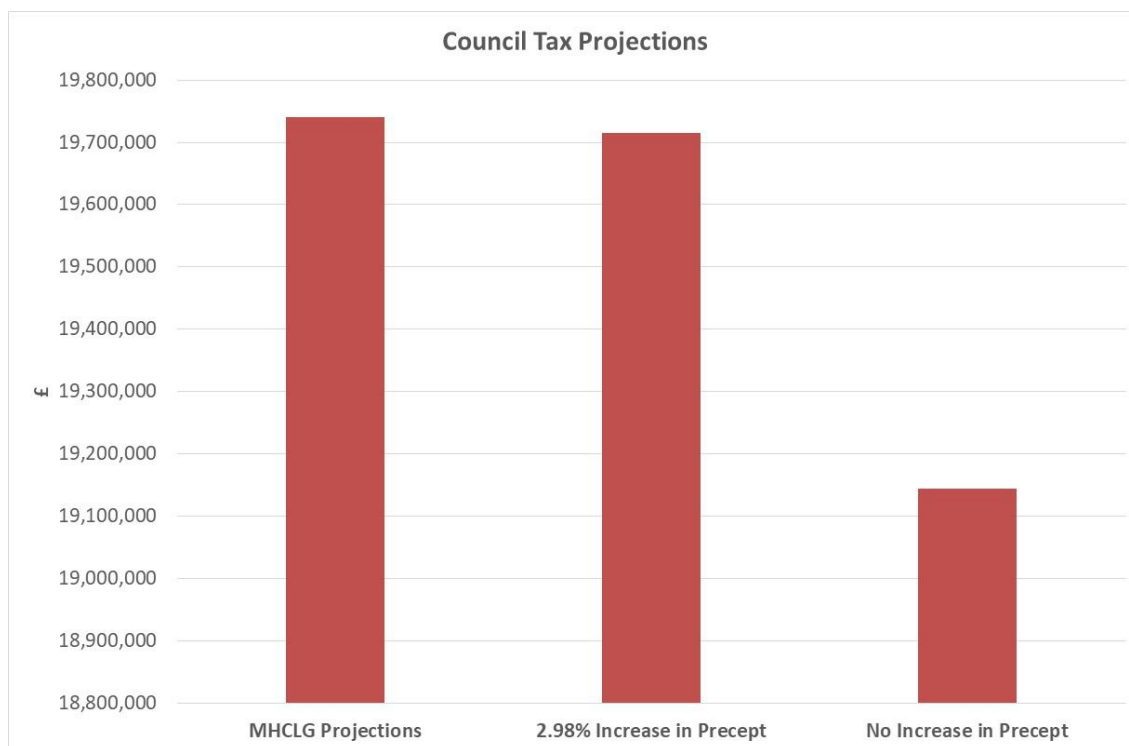
- 1.1. The purpose of this report is to present the proposed revenue and capital Medium Term Financial Plan (MTFP) 2019/20 to 2021/22.
- 1.2. The MTFP is closely linked to the Public Safety Plan (PSP) and Corporate Plan. The PSP sets out our strategic approach to the management of risk in the communities we serve. The Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face. The MTFP details the resources available to facilitate these plans and how the plans contribute to reducing future operating costs.
- 1.3. As part of the Fire Authority's Terms of Reference and MTFP, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following two years.
- 1.4. Under Section 25 of the Local Government Act 2003 the Chief Finance Officer (as S.112 Chief Finance Officer of the Local Government Finance Act 1988) is required to report to Members on:
  - The robustness of the estimates made for the purposes of the calculations of the budget
  - The adequacy of the proposed financial reserves
- 1.5. The Local Government Act 2003 requires that Members have regard to the report in making their decisions (see section 8).
- 1.6. Section 42A of the Local Government Finance Act 1992 also requires the Authority to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

### **2. Local Government Finance Settlement 2019 to 2020**

- 2.1. This year's settlement announcement continued the important shift in the Government's principles announced in previous years. Most noticeably, the shift away from freezing council tax to using council tax to generate additional funding has continued.
- 2.2. As part of the this year's announcement, the Government published headline changes in core spending power between 2018/19 and 2019/20 for every authority. The headline change for BMKFA for was an increase of 2.7%:
- 2.3. However, this headline increase is based on two fundamental assumptions
  - That the growth in council tax base between 2018/19 and 2019/20 will be 1.7% (actual increase was 1.57%)
  - That the Authority will increase its Band D council tax in 2019/20 by 3%, which is the maximum increase permissible without triggering a referendum.
- 2.4. Underlying the core spending power figures is a decrease of 57% in revenue support grant that we receive between 2015/16 and 2019/20.

### 3. Council Tax and Business Rates

- 3.1. In publicly declaring core spending power figures, the Government has clearly set an expectation that local authorities will increase council tax every year during the current spending review period by the maximum amount permissible.
- 3.2. The chart below shows the council tax receipts assumed for BMKFA in the Government’s core spending power figures versus the amounts forecast based on local taxbase projections, and the amounts receivable if there was no increase in the Band D equivalent:



- 3.3. The difference between a 2.98% increase in the precept and holding council tax at its current level for 2019/20 is £571k. It is also important to consider that all the Public Safety Plan objectives up to 2020 are assumed to be met as part of the financial planning.
- 3.4. The Authority has taken a responsible approach and frozen council tax in every year from 2010/11 to 2014/15 and decreased it by 1% in 2015/16. This was despite having the option to increase council tax by up to £5.00 (equivalent to an 8.46% rise) in 2013/14 without the need to undertake a local referendum.
- 3.5. Council tax was increased by 1.98% in 2016/17 and 2017/18 and by 2.99% in 2018/19, in response to the aforementioned shift in Government policy away from providing a Council Tax Freeze Grant.
- 3.6. Despite this Authority’s response to the settlement consultation, no specific additional precept flexibility was afforded to fire and rescue authorities. Authorities with no specific additional flexibility may however increase their Band D equivalent by up to 3% without triggering a referendum (last year this figure was also 3%).

- 3.7. The Authority currently sets a band D equivalent precept of £62.70 per annum (approx. £1.20 per week). This is significantly below the national average and is the lowest precept of any non-metropolitan combined fire authority.
- 3.8. Council tax chargeable for each band should the Authority resolve to increase the band D equivalent amount by 2.98% is shown in Appendix 3.
- 3.9. During 2018/19 BMKFA was a participant in the Buckinghamshire business rates pool. This allowed more rates to be retained locally and was budgeted to be worth an additional £104k to the Authority. It was noted in last year's report that the arrangement may be curtailed early subject to Government announcements on the move to retaining 100% of business rates locally. At this year's Provisional Settlement, it was confirmed that Buckinghamshire would be a pilot authority for 75% business rates retention, and therefore the business rates pool will not continue into 2019/20.

**4. Risk Factors in Budget Assumptions**

- 4.1. The budget proposed for 2019/20 at Appendix 1 has been compiled by looking in detail at current spending and future plans. Savings opportunities and growth bids compared to last year's budget have been identified and subjected to senior officer and Member challenge. As far as possible, bids and savings have been matched to the priorities outlined in the corporate plan.
- 4.2. At the time of writing the Authority had not yet received formal written notification of the continuation of the USAR grant for 2019/20, but it is expected imminently. However, the potential discontinuation of USAR funding in future years is a significant financial risk facing the Authority at present.
- 4.3. Savings and growth bids (including the impacts of those submitted in previous years) which have been subjected to challenge are included for 2019/20 and the base adjusted. Risks which have been identified are to be covered from the general reserves and the remaining contingency.
- 4.4. The detailed costings are based on the updated budget requirement including the annual uplift assumptions below:

	2018/19	2019/20	2020/21	2021/22
Pay inflation	2%	2%	2%	2%
CPI*	-	-	1.75%	1.75%
Council tax increase	2.99%	2.98%	2.99%	2.99%
Council tax base	1.38%	1.57%	1.6%	1.6%
Business tax base	0.75%	0.75%	0.75%	0.75%

\* Non-pay inflation was not added to any budgets during 2018/19. The only non-pay inflation for 2019/20 is in relation to business rates, calculated on actual increases.

- 4.5. Pay inflation has increased and is now projected at 2% per annum, in line with the actual award for 2018/19. However, the Authority is aware that there is a high risk that the national agreement may set a level higher than this. For every additional 1% increase the cost to this Authority is approximately £180k

each and every year. This would clearly have a significant adverse impact on the forecast position within the model.

## **5. Capital**

- 5.1. The revenue impact of the capital programme has been factored into the base revenue budget requirement. This includes an annual revenue contribution to capital, details of which are shown in Appendix 1(b).
- 5.2. The table at Appendix 2 details the approved capital programme for 2018/19, the estimated provisional outturn position and any proposed slippage to the programme. Any slippage is then added to the new budget requests for 2019/20 to give a total capital budget requirement of £7.4m for 2019/20.
- 5.3. The Authority should also take cognisance of the prudential indicators when approving the capital programme (submitted as a separate paper at this meeting).

## **6. Scrutiny and Challenge Process**

- 6.1. All budget changes have been determined based on a series of challenge panels held by officers and then Members during the MTFP process.

## **7. Adequacy of Reserves**

- 7.1. A paper detailing our Reserves Strategy was approved by the Executive Committee at its meeting on 14 March 2018 ([https://bucksfire.gov.uk/files/4215/2024/7103/ITEM\\_5\\_Reserves\\_Strategy\\_2\\_018-19.pdf](https://bucksfire.gov.uk/files/4215/2024/7103/ITEM_5_Reserves_Strategy_2_018-19.pdf)). There have been no subsequent events that require the level of the General Fund determined at that time to be adjusted at present
- 7.2. The forecast balances and reserves at year-end as per the budget monitoring report at the end of December 2018 are:
  - General Fund Balance - £1.5m
  - Earmarked Reserves - £1.5m
  - Capital Reserves - £3.4m

This represents a decrease of £3.4m from the balances held at the start of the year.

## **8. Statement of the Chief Finance Officer**

- 8.1. The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Fire Authority's case the Director of Finance and Assets and Chief Finance Officer, must report on:
- The robustness of the estimates made for the purposes of the calculations of the budget and;
  - The adequacy of the proposed financial reserves;
  - In recommending the budget to the Authority, Members must take the advice of the Chief Finance Officer in respect of the above and the associated risks as highlighted within the report.
- 8.2. Given the level of the General Fund Balance and earmarked reserves available, the prudent approach to the budget setting process for the next financial year and the controls for budget management, it is my conclusion as Chief Finance Officer for the Authority that there is sufficient capacity in the reserves to cope with the financial risks the Authority faces for 2019/20 and future years and that the methodology applied provides the necessary assurance to the Authority about the robustness of the estimates used in constructing the budget.

## **9. Referendum Limit**

- 9.1. A local referendum must be held, and won, for an authority to increase council tax by more than the amount specified in the principles. An authority proposing to set an excessive council tax level is required to make substitute calculations which will take effect if the proposed 'excessive' amount of council tax is rejected in a referendum. The substitute council tax level must be below the amount which is considered excessive under the principles
- 9.2. The higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. In the event that a referendum rejects the increase, the billing authorities would be able to issue new bills, offer refunds at the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.
- 9.3. One referendum has taken place to date. Surrey County Council proposed to hold a referendum on a 15% increase in council tax for 2017-18, but later dropped the proposal. The Bedfordshire Police and Crime Commissioner, Olly Martins, proposed a 15.8% increase in council tax for 2015-16 when the threshold was 2%. The poll was held on 7 May 2015. 91,086 voters (30.5%) supported the proposal, whilst 207,551 (69.5%) opposed it.
- 9.4. Schedule 1 of the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012/444 prescribes the text of the question to be asked at a council tax referendum. Therefore the question asked of the voter by Bedfordshire's Police and Crime Commissioner was as follows:

*'Part of the council tax in your area goes to the Bedfordshire Police and Crime Commissioner.'*

*For the financial year beginning on 1st April 2015 the Bedfordshire Police and Crime Commissioner has set an increase of fifteen point eight percent (15.8%) in the amount it charges.*

*If most voters choose 'yes', the increase will be 15.8%.*

*If most voters choose 'no', the increase will be 2.0% instead.*

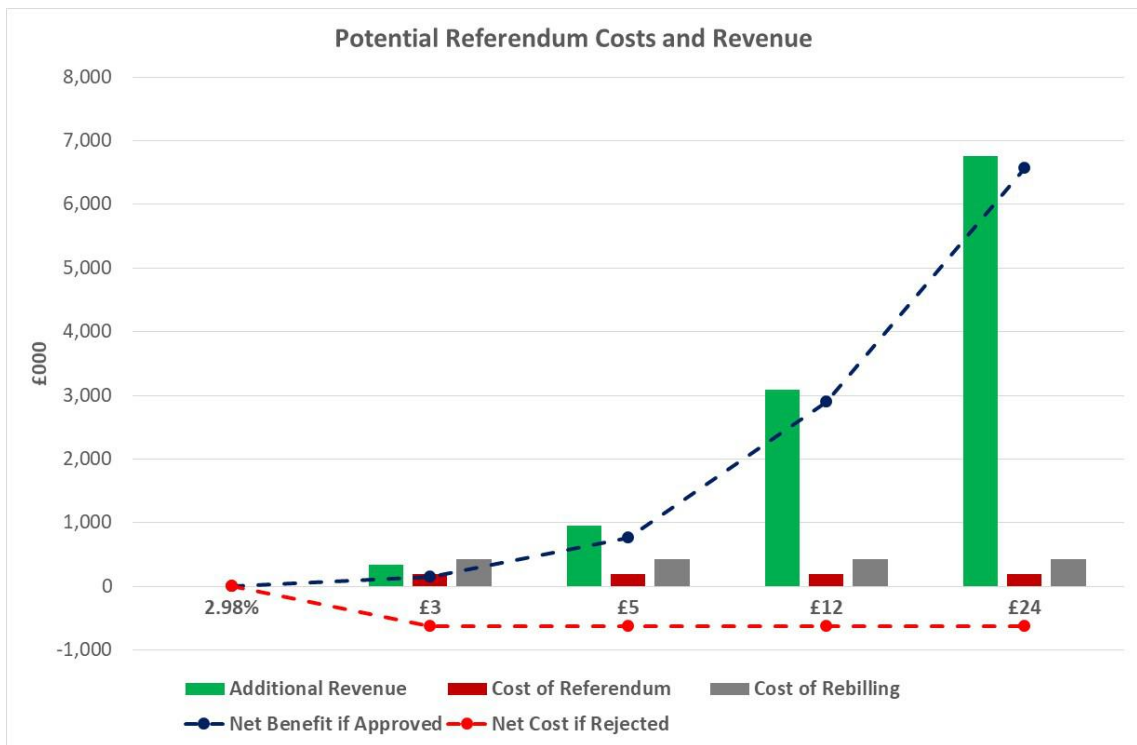
*Do you want the Bedfordshire Police and Crime Commissioner to increase the amount it charges by 15.8%?'*

- 9.5. The one referendum held so far, by Bedfordshire's Police and Crime Commissioner coincided with the poll conducted for the parliamentary general election. , is estimated to have cost £600,000. The Bedfordshire PCC covers three unitary local authorities and a population of some 640,000. An impact assessment on the scheme, published by the Department for Communities and Local Government in January 2011, set out the estimated costs of other referendums including the elected regional assembly referendum in the North East, mayoral referendums and non-binding council tax referendums. *'A more recent estimate of costs comes from Tower Hamlets council, where estimates from the Chief Finance Officer suggest that "the cost of holding a stand-alone mayoral referendum is estimated at up to £250,000. If combined with the Council elections the additional cost is estimated at approximately £70,000."* A number of non-binding referendums on Council Tax have already been held, and can offer some guide to potential costs. *A referendum on Council Tax in Milton Keynes in 1999 cost around £70,000 – referendums in 2001 cost £150,000-200,000 in Croydon and £120,000 in Bristol. This is the most relevant and reliable data available as these are the only years where formal Council Tax referendums have been held by local authorities, none having been held since then' .* The impact assessment concluded: *'it seems reasonable to estimate the range of costs of such referendums as £85,000 - £300,000. Actual costs will vary depending on the size of the authority and whether the referendum is combined with a local election. For example, these figures do not apply to certain major precepting authorities such as police, fire & rescue authorities and the GLA which are typically larger than a principal local authority'.* The paper also noted examples of rebilling costs for recently-capped authorities, such as £380,000 for Lincolnshire Police Authority in 2008/09 (£1.22 per household) and £626,000 for Surrey Police Authority in 2009/10 (£1.29 per household)<sup>1</sup>.

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<sup>1</sup> [Localism Bill: provision for referendums to veto excessive Council Tax increases Impact assessment](#)

9.6. The chart below shows the potential costs and additional revenue for a number of Council Tax increases. The cost of the referendum is based on the mid-point of the amounts noted above (i.e. £192,500) and the rebilling costs based on the average cost per household (i.e. £1.26 per household):



### Appendix 1(a) – MTFP Model 1(a)

The model below is based on the assumptions detailed in Sections 3 and 4 and all growth and savings bids have been subjected to officer and Member scrutiny as detailed in Section 6.1. It is assumed that the USAR grant will continue to be received for the medium-term, although as noted previously, its potential discontinuation represents a risk to the Authority. It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be presented in a revised Appendix 1 at the meeting.

	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Base Budget	28,210	28,675	30,591	30,887
Pay Adjustment	366	366	366	366
Inflation Adjustment	0	48	86	86
Savings	-311	-240	0	0
Growth	906	1,318	50	0
Previous year Savings and Growth Adjustments	-646	574	-206	-68
Revenue Contribution to Capital	150	-150	0	0
<b>Net Budget Requirement</b>	<b>28,675</b>	<b>30,591</b>	<b>30,887</b>	<b>31,271</b>
Revenue Support Grant	-2,633	-3,321	0	0
Business Rates	-5,421	-5,642	-7,284	-6,920
Council Tax Receipts Surplus/Deficit	-389	-270	-250	-250
Business Rates Pooling/Levy Account Surplus*	-104	-78	0	0
Fire Specific Grants (USAR/Firelink)	-1,097	-1,097	-1,097	-1,097
Council Tax Receipts	-18,848	-19,715	-20,629	-21,587
Use of Reserves	-183	-366	0	0
<b>Total Funding Available</b>	<b>-28,675</b>	<b>-30,489</b>	<b>-29,260</b>	<b>-29,854</b>
Shortfall/(Surplus) for Year	0	102	1,627	1,417
Cumulative Savings Requirement	0	102	1,729	3,146

\* Business Rates Pooling for 2018/19 and Levy Account Surplus for 2019/20



### Appendix 1(b) – MTFP Model 1(b)

The model below is as per Model 1(a) but with reductions to the Revenue Contribution to Capital (RCCO) in order to balance the budget. The impact on the capital programme is that by 2024/25 the amount remaining in the RCCO Reserve will be almost zero. Effectively, this means that from 2019/20 the Authority will only be able to fund essential property work and replacement of vehicles and equipment, with no funding available for future investment (unless the Authority chose to borrow in order to finance that, although further savings would need to be found to fund the revenue cost of additional borrowing).

	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Base Budget	28,210	28,675	30,489	29,260
Pay Adjustment	366	366	366	366
Inflation Adjustment	0	48	86	86
Savings	-311	-240	0	0
Growth	906	1,318	50	0
Previous year Savings and Growth Adjustments	-646	574	-206	-68
Revenue Contribution to Capital	150	-252	-1,525	210
<b>Net Budget Requirement</b>	<b>28,675</b>	<b>30,489</b>	<b>29,260</b>	<b>29,854</b>
Revenue Support Grant	-2,633	-3,321	0	0
Business Rates	-5,421	-5,642	-7,284	-6,920
Council Tax Receipts Surplus/Deficit	-389	-270	-250	-250
Business Rates Pooling/Levy Account Surplus*	-104	-78	0	0
Fire Specific Grants (USAR/Firelink)	-1,097	-1,097	-1,097	-1,097
Council Tax Receipts	-18,848	-19,715	-20,629	-21,587
Use of Reserves	-183	-366	0	0
<b>Total Funding Available</b>	<b>-28,675</b>	<b>-30,489</b>	<b>-29,260</b>	<b>-29,854</b>
Shortfall/(Surplus) for Year	0	0	0	0
Cumulative Savings Requirement	0	0	0	0

\* Business Rates Pooling for 2018/19 and Levy Account Surplus for 2019/20

Revenue Contribution to Capital – Model 1(a)	2,075	1,925	1,925	1,925
Revenue Contribution to Capital – Model 1(b)	2,075	1,823	298	508

## Appendix 2 – Capital Programme

The table below summarises the capital programme from 2018/19 through to 2021/22 and is based on the revenue contribution to capital levels shown in Model 1(b):

<b>Capital Programme Summary</b>	<b>Approved Budget 2018/19 £000</b>	<b>Provisional Outturn 2018/19 £000</b>	<b>Slippage 2018/19 £000</b>	<b>Budget Requests 2019/20 £000</b>	<b>Total Budget Requirement 2019/20 £000</b>	<b>Budget Requests 2020/21 £000</b>	<b>Budget Requests 2021/22 * £000</b>
Property	942	550	0	500	500	500	500
Property Review	12,333	6,154	6,040	0	6,040	0	0
Fire Appliances & Equipment	1,199	1,096	90	646	736	641	891
Support	142	141	0	75	75	75	75
<b>Total Expenditure</b>	<b>14,616</b>	<b>7,941</b>	<b>6,130</b>	<b>1,221</b>	<b>7,351</b>	<b>1,216</b>	<b>1,466</b>
<b>Funding b/fwd</b>		<b>-8,596</b>			<b>-3,379</b>	<b>-3,297</b>	<b>-2,379</b>
<b>In year funding</b>		<b>-2,724</b>			<b>-7,269</b>	<b>-298</b>	<b>-508</b>
<b>Funding (Available) / Deficit</b>		<b>-3,379</b>			<b>-3,297</b>	<b>-2,379</b>	<b>-1,421</b>

The table below shows indicative future year's budgets and anticipated funding through to 2024/25:

<b>Capital Programme Summary</b>	<b>Budget Requests 2022/23</b>	<b>Budget Requests 2023/24 ** £000</b>	<b>Budget Requests 2024/25 £000</b>
<b>Total Expenditure</b>	<b>1,466</b>	<b>1,716</b>	<b>1,466</b>
<b>Funding b/fwd</b>	<b>-1,421</b>	<b>-746</b>	<b>-88</b>
<b>In year funding</b>	<b>-791</b>	<b>-1,058</b>	<b>-1,390</b>
<b>Funding (Available) / Deficit</b>	<b>-746</b>	<b>-88</b>	<b>-12</b>

\* For 2021/22 the budget requests for Property and £750k (out of £891k) for Fire Appliances and Equipment are to be approved. The remainder are only indicative requirements at this stage.

\*\* This contains an indicative amount of £500k for replacement of Breathing Apparatus

### Appendix 3 – Council Tax Rates

If the band D equivalent council tax were increased by 2.98% for 2019/20, the following rates would apply to properties in each band:

<b>Bands</b>	<b>Proportion of Band D Charge</b>	<b>Per Week (£)</b>	<b>Per Month (£)</b>	<b>Per Year (£)</b>
A	6/9	0.83	3.59	43.05
B	7/9	0.96	4.19	50.22
C	8/9	1.10	4.78	57.40
D	9/9	1.24	5.38	64.57
E	11/9	1.51	6.58	78.92
F	13/9	1.79	7.77	93.27
G	15/9	2.06	8.97	107.62
H	18/9	2.48	10.76	129.14

This would represent an annual increase of £1.25 per annum on a band A, £1.87 per annum on a band D and £3.74 per annum on a band H property.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Lynne Swift, Director, People and Organisational Development
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>A Review of the Methodology used to carry out the Senior Management Team Annual Pay Review.</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Authority requested that a review be undertaken of the current methodology used to carry out the Senior Management Team (SMT) annual pay review to make sure it was fit for purpose. This was agreed at the Executive Committee of 7 February 2018.</p> <p>The review has looked at legislative requirements and government expectations, together with national reviews already undertaken to provide context for the findings and recommendations presented. This includes benchmarking across other fire services, both in the South East and of a similar size nationally.</p> <p>Account has been taken of successful developments undertaken by Buckinghamshire and Milton Keynes Fire Authority (BMKFA), including changes to structures, succession planning, and embedding significant new initiatives to derive greater flexibility from current resources - whilst at the same time maintaining motivation and driving excellence in performance.</p> <p>Comments on the findings have been provided from an external perspective. A recommendation is made for the consideration of the Executive Committee. This recommendation seeks to build on the successes already in place, with a look towards the ever-changing and ever-challenging external environment in which the Service operates.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	It is recommended that undertaking a review of the SMT structure and function, to include the third tier, taking account of opportunities for potential collaboration and potential efficiencies to be gained as well as broadening roles be considered.
<b>RISK MANAGEMENT</b>	There will be risks and opportunities when changing

	<p>structure and reward systems, but these will be defined and considered at that time, depending on proposals taken forward.</p> <p>Members made the decision to review the Senior Management Team Pay Review methodology at the Executive Committee meeting on 7 February 2018. It had not been reviewed for several years, and the decision was made to ensure consistency, fairness, and whether it was fit for purpose.</p> <p>It is a statutory requirement that the pay policy is reviewed on a yearly basis.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>Any review of SMT structure and function, including third tier, will have financial implications. This would need to be determined in advance of conducting such a piece of work, as part of establishing the cost-benefits of undertaking this.</p>
<b>LEGAL IMPLICATIONS</b>	<p>The terms of reference of the Executive Committee include the role of the employer in connection with employees of the Authority contracted in whole or in part to the "Gold Book". The recommendations are consistent with the Authority's extant statutory pay policy statement.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	<p>The Policing and Crime Act 2017 requires the Authority to keep opportunities for collaboration with the police and ambulance services under review.</p> <p>At this time there are separate pay policies in place across the Thames Valley region. All Authorities are required to have pay policy principles and statement. At this time, our Thames Valley partners have separate statements. However, an aligned approach may be appropriate in the future, particularly to support collaborative working, sharing of resources, and working across boundaries.</p>
<b>HEALTH AND SAFETY</b>	<p>There are no Health and Safety implications.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>Any design of adapted or new approaches to senior management structure, pay and remuneration will follow the Authority's policies and procedures.</p> <p>An impact assessment has been carried out as part of this report.</p> <p>Impact assessments will be conducted at appropriate stages of any programmes that change current arrangements.</p>
<b>USE OF RESOURCES</b>	<p><b>The arrangements for setting, reviewing and implementing strategic and operational objectives; Performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance</b></p>

	<p><b>indicators;</b></p> <p>SMT members are collectively and individually responsible for delivering the Corporate Plan and the Authority's objectives.</p> <p>Performance of SMT members is regularly appraised either by the Chief Fire Officer/Chief Executive (CFO/CE) or by the Chairman, supported by Lead Members where appropriate.</p> <p>The Authority's Pay Policy, Part 2 Section 24, allows for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMT members have been invited to contribute with evidence to demonstrate performance improvements, officers have not been - and will not be - party to any decision-making in relation to their own remuneration.</p> <p>In determining any changes to local pay, the methodology requires members to consider various types of qualitative and quantitative data, including:</p> <ol style="list-style-type: none"><li>1. Information about the extent to which corporate objectives have been met;</li><li>2. CFO/CE appraisal data as provided by the Chairman;</li><li>3. SMT appraisal data as provided by the CFO/CE;</li><li>4. Progress on any specific projects that members identified as high priority;</li><li>5. Performance data provided by the CFO/CE relating to SMT;</li><li>6. Comparative performance data with other Fire and Rescue Services;</li><li>7. Salary benchmarking data in relation to senior manager teams, (Population Band 2), Combined South East Region Fire Services;</li><li>8. Financial data about budget provision for pay/reward costs arising from this review;</li><li>9. Data about national pay settlements awarded to Gold, Green and Grey Book employees.</li></ol> <p><b>Communication with stakeholders</b></p> <p>In order to ensure transparency, remuneration including bonus payments is published on the BMKFA website. This is in line with statutory requirements.</p> <p>The pay policy is updated and published on an annual basis.</p> <p>Members of SMT do not play a part in the pay review process, and are not present at the meeting where payments are discussed. Following the Executive</p>
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	<p>Committee meeting, the CFO reviews each SMT member’s performance and makes an informed decision as to whether to award a bonus. This is communicated in writing to the SMT member.</p> <p>The Executive Committee makes the decision as to whether the CFO should receive a bonus payment, based on performance during the previous year.</p> <p><b>The system of internal control</b></p> <p>Adherence to the pay policy principles and statement is controlled via strict establishment and pay change approval process controls.</p> <p><b>The medium term financial strategy</b></p> <p>Any bonuses agreed would be within existing budgets.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Buckinghamshire and Milton Keynes Fire Authority (BMKFA) requires a review of the current annual process undertaken regarding the methodology used to carry out the Senior Management Team (SMT) annual pay review, to make sure it is fit for purpose.</p> <p>The service also requires details about how the methodology has been reviewed and how the conclusions have been reached, together with recommendations for amendments. Any revisions will apply from 1 January 2019.</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/562972/Thomas_Review_-_for_publication_in_97-2003_format.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/562972/Thomas_Review_-_for_publication_in_97-2003_format.pdf</a></p> <p><a href="https://www.gov.uk/government/publications/local-government-transparency-code-2015">https://www.gov.uk/government/publications/local-government-transparency-code-2015</a></p> <p><a href="http://www.legislation.gov.uk/ukpga/2011/20/content/s/enacted">http://www.legislation.gov.uk/ukpga/2011/20/content/s/enacted</a></p> <p><a href="https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton">https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton</a></p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705060/National_Framework_-_final_for_web.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705060/National_Framework_-_final_for_web.pdf</a></p>
<p><b>APPENDICES</b></p>	<p><b>Annex A</b> - A review of the methodology used to carry out the Senior Management Team annual pay review</p> <p><b>Appendix A</b> Annual rates of pay for chief fire officers from 1 January 2018, Bands 1 – 4.</p> <p><b>Appendix B</b> Comparison of population sizes, posts</p>



A Review of the Methodology used to carry out the Senior Management Team Annual Pay Review

	and salaries at senior management team level. Combined fire authorities South East region and Combined fire authorities – similar population size to BMKFA. <b>Appendix C</b> Criteria used by managers when applying for merit/bonus awards for staff March 2018.
<b>TIME REQUIRED</b>	15 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Jennifer McNeill <a href="mailto:jennifer@seemp.co.uk">jennifer@seemp.co.uk</a> 01962 840664

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**Buckinghamshire Fire and Rescue Service**

**A review of the methodology used to carry out the  
Senior Management Team annual pay review**

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**20 December 2018**

## Annex A

### 1. Remit of the review

- 1.1 Buckinghamshire and Milton Keynes Fire Authority (BMKFA) requires a review of the current annual process undertaken regarding the methodology used to carry out the Senior Management Team (SMT) annual pay review, to make sure it is fit for purpose. This was agreed at the Executive Committee of 7 February 2018.
- 1.2 The service also requires details about how the methodology has been reviewed and how the conclusions have been reached, together with recommendations for amendments. Any revisions will apply from 1 January 2019.

### Background of SMT posts and current process of determining remuneration

- 1.3 The senior management posts under consideration in this review are:
- Chief Fire Officer / Chief Executive (CFO)
  - Chief Operating Officer / Deputy Chief Fire Officer (DCFO)
  - Director of Finance and Assets
  - Director of People and Organisational Development
  - Director of Legal and Governance
  - Head of Service Delivery
  - Head of Service Development.
- 1.4 BMKFA applies national terms and conditions for most operational and senior staff. SMT members are contracted under the National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service; known as the “Gold Book”, for pay purposes. This involves a two-track approach for determining levels of pay;
- National Pay - At national level, the NJC annually reviews the level of pay increase applicable to Principal Officers. Any increase is effective from the usual annual settlement date 1st January.
  - Local Pay - The NJC agreement also requires Fire and Rescue Authorities to review Principal Officers’ salary levels on an annual basis.
- 1.5 The NJC agreement requires Fire and Rescue Authorities (FRAs) to review Principal Officers’ salary levels annually and determine this at a local level. *‘When determining the appropriate level of salaries for all Brigade Managers, the FRA should refer to the relevant minimum salary of the CFO and the most relevant benchmark data’.*
- 1.6 A working group of two members of the Executive Committee meet annually to consider relevant data and make recommendations to the February meeting of the Executive Committee. Their recommendation is taken to the full Fire

## **Annex A**

Authority in February. The salaries of the seven SMT posts are considered as part of this process and changes are effective from 1 January.

- 1.7 Any costs arising from bonus payments are to be self-funded through savings on the budget and will not impact on wider staffing budgets.

### **2. Current SMT performance bonus process**

- 2.1 Currently, an annual independent review is conducted to establish the extent of evidence regarding performance of SMT staff. This includes comparisons of pay levels and levels of Council Tax for comparator fire services; financial data around budget provision together with current and anticipated future national pay settlements to help determine affordability.
- 2.2 The fire authority is expected to take into account feedback on SMT performance in achieving corporate and individual objectives, and whether this has exceeded expectations. This information is not provided for the independent review, but the CFO advises the Chairman regarding SMT performance, and the Chairman updates the fire authority regarding the CFO performance against objectives.
- 2.3 A sum is discussed and agreed by the fire authority for the CFO bonus. A further sum is agreed for a 'bonus pot' for SMT. It is for the CFO to determine the level of bonus to award each SMT member subsequently. Records reflect that all established SMT members have received a fairly consistent bonus payment over the last three years.

### **3. Background and context to senior manager remuneration across fire services – national picture**

- 3.1 As with all public sector organisations, combined fire services, working with their fire authority, will determine the most efficient and effective way to deliver services and this is identified in the Integrated Risk Management Plan (IRMP). This includes adapting and responding to changing political, economic, technical, social and legislative demands placed on them as well as the local expectations and changing needs of their communities.
- 3.2 In determining appropriate levels of salaries and remuneration, fire authorities are expected to take into account, and comply with, various legislative and ministerial requirements.

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- 3.3 Key papers that are relevant for this review are cited below and outline the specific areas that I have drawn upon in forming my conclusions and recommendations.
- 3.4 The General power of competence under the **Localism Act 2011** provided more flexibility to innovate, and freedom to work with others for the good of the community. This also introduced transparency over senior managers' pay to assist with reducing waste and duplication and ensuring that spending decisions would be subject to scrutiny.
- 3.5 The Section 3 (1) duty of the **Local Government Act 1999** (as amended by the Local Audit and Accountability Act 2014), provides that:
- 'A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'.*
- 3.6 The **Hutton Review of Fair Pay** in the public sector, 2011, referred to *'widespread concerns about the current size of government, the need for reform to produce more adaptability and creativity'*. The report refers to a 'golden thread' where employees at all levels should be rewarded in proportion to the real value of their contributions.
- 3.7 Public sector organisations are conscious of public scrutiny and the importance of transparency as regards how decisions at board level regarding senior manager pay are taken. Taxpayers demand value for money from public resources, and an assurance that their money is properly spent.
- 3.8 To achieve this, a clear justification for any additional performance-related pay to be based on meeting performance objectives is required. Also, there should be consequences for under-performance to maintain the integrity of the process.
- 3.9 According to Hutton, to ensure senior pay in public services is fair, and seen to be fair, reward should:
- Be proportional to the weight of each role and each individual's performance
  - Be set according to a fair process
  - Recognise that organisations' success derives from the collective efforts of the whole workforce.
- 3.10 The ratio of pay showing the relationship between the remuneration of chief officers and other employees, known as a 'pay multiple', with a maximum pay multiple of 20:1, was proposed and this has been adopted and reflected by local authorities and fire services in their Pay Policies.

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- 3.11 **The Local Government Transparency Code 2015**, Department for Communities and Local Government (DCLG) and Code of Recommended Practice for Local Authorities on Data Transparency and the Accounts and Audit (England) Regulations 2011, builds on the requirement for availability of published data including salary levels and ‘benefits in kind’, bonuses for senior staff earning over £50k.
- 3.12 The **Fire and Rescue National Framework for England May 2018** outlines an ambitious programme of workforce reform for Fire Services and includes such areas as enhancing:
- Professionalism
  - management and leadership
  - training and development
  - equality and diversity
  - culture
  - options for flexible working.
- 3.13 The Framework refers to the duty to keep collaboration opportunities under review and to use local discretion to implement services for the benefit of communities, including wider collaboration with other agencies to achieve efficiencies.
- 3.14 The NJC-led **Inclusive Fire Service Group** is working at a national level on recent gender pay reporting. The quality of data being reported remains problematic in some areas and it is likely this will take more time to bed down.
- 3.15 The Report from Adrian Thomas, **Independent Review of Conditions of Service**, England, November 2016, highlighted differences between fire authorities, including accessibility of pay policy statements, CFO annual salaries and complexity of rank, job evaluation for principal officers.
- 3.16 Of some relevance to this review is the suggestion from Adrian Thomas that the Gold Book conditions of service (for Principal Officers and Brigade Managers) should be discontinued as in most services local arrangements have effectively already superseded the Gold Book.
- 3.17 The Gold Book sets minimum but no maximum pay levels and so there is flexibility for fire services to determine their own pay levels locally. Adrian Thomas noted there was not a common methodology for job evaluation schemes used in fire services.
- 3.18 Alignment to grades rather than cross industry salary benchmarking, reduces the relevance of doing comparator pay studies across fire services to determine appropriateness of giving a bonus.

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- 3.19 Another point worth considering is whether structures are based on the person rather than the role. Adrian Thomas' report refers to establishing a systematic process of determining the relative ranking of senior roles to reflect the complexity of different roles through a structured job evaluation process to provide a foundation for reward and talent management decisions.

### 4. National pay negotiations and settlements 2017-2018

- 4.1 There was an increase of 1% in Brigade Managers' pay with effect from 1 January 2017 and of 1% with effect from 1 July 2017 for Grey Book staff. In July 2018, the NJC for Brigade Managers agreed a two-stage approach with a 1% increase on 2017 basic salary levels with effect from 1 January 2018, rising to a 2% increase on 2017 basic salary levels with effect from 1 July 2018. This reflects a minimum annual rate of pay for Population Band 2 at £101,782, see **Appendix A**.
- 4.2 As regards a likely pay settlement for 2019, this is yet unknown. Chief Officer pay award 2018-20 was agreed in July 2018. Salaries of Chief Executives and Chief Officers in local authorities, and Coroners, conditioned to the JNC Chief Officers was increased by 2% with effect from 1 April 2018 and 2% with effect from 1 April 2019.
- 4.3 Taking the above into account, it might seem appropriate to budget for a possible 2% increase for 2019 in the absence of anything more substantive. It is unknown at this stage when a claim will be received from the NJC relating to Brigade Managers pay.

### 5. Benchmarking with other Fire Services

- 5.1 The Local Government Association (LGA) conducts '**Salaries and Numbers Surveys**' each three years. The latest survey in 2017 looked at pay, gender, ethnic origin, age, use of Gold Book pay rates by fire services that do not use Brigade Managers on Gold Book terms and conditions. All information is anonymised and provides broad statistics on a national level, although Population Banding is identified.
- 5.2 Amongst key findings, the report identified that the overall number of officers in receipt of additional pay such as car allowances and flexi-duty/standby allowance decreased from 54 in 2014 to 33 in 2017.



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### Number of officers at national level in receipt of additional pay in 2014 and 2017

	2014	2017
Chief Fire Officer	15	12
Deputy Chief Fire Officer	14	12
Assistant Chief Fire Officer	25	9
All	54	33

- 5.3 The report identified that the number of fire services using local pay rates has increased slightly from 24 (48%) in 2014 to 27 (56%) in 2017. In population Band 2, this increased by one from 12 to 13 from 2014 to 2017.
- 5.4 Whilst this provides a helpful picture of trends, there appears to be no central collection and communication of pay data by fire service for benchmarking purposes. I have therefore relied on information sourced from fire services' own websites to benchmark senior manager pay for this report.
- 5.5 Despite the expectations of the Local Government Transparency Code, the ease of sourcing this data varies considerably in some fire services as regards clarity, transparency and accessibility.
- 5.6 The provision of clear information regarding the structure of the senior management team on fire services websites is mixed. **Appendix B** summarises the range of senior management posts in combined fire authorities in i) the south east region, and ii) with a similar population size to BMKFA, (Band 2).
- 5.7 **Appendix B** also summarises relative salaries of senior manager posts. This data has been sourced from the fire services' Statements of Accounts 2017/18.

## 6. Equality and diversity – Buckinghamshire Fire Service

- 6.1 I understand the service has a policy of growing talent internally under Succession Planning. When a vacancy arises, and where evidenced succession planning is in place a two stage process applies. The vacancy is advertised internally first with no guarantees. Internal candidates are subject to rigorous assessment processes. It is only advertised externally if not filled internally. This process was agreed in principle by members. Benefits here are to offer career development opportunities for staff within a small workforce where turnover is fairly low. Conversely, to have 10 staff (2.2%) who have declared themselves to be from another ethnic origin within a workforce of 455, this policy might present challenges if the service is seeking to more fully represent the community it serves.

## Annex A

- 6.2 I am aware that members are proud of the significant achievements made to date regarding the apprenticeship route for recruiting and training firefighters. There are positive action initiatives taking place as regards selection of new firefighters to further improve the current male : female ratio in operational roles – 21 out of 319 (6.5%).

### 7. BMKFA - Payment of bonuses to staff

- 7.1 Appendix 3 of the BMKFA Pay Policy refers to bonus payments being '*one-off ... to reflect excellent performance... which exceeds standards and targets agreed with the employee during their annual appraisal process...*' Recognition does not have to take the form of payment, and where financial awards are proposed, it requires a fair and transparent process to be in place. The purpose of a bonus is to reward those who demonstrate sustained, outstanding achievement or excellence in role.
- 7.2 In March 2016, eligibility criteria for the payment of "merit/bonus" awards for use by managers was agreed. This decision reflected the high performance and delivery of corporate objectives across the Authority. The established criteria is outlined at **Appendix C**.
- 7.3 Bonus payments are not intended as an additional reward to staff who are performing at a fully satisfactory level and/or developing in line with normal expectations. Discretionary payments, such as merit awards, are not to be used where the requirements of a job have changed significantly and permanently, as this would be for consideration under job evaluation.
- 7.4 Managers are invited to make applications for merit/bonus awards for non SMT staff in line with established criteria. I understand that recommendations with supporting evidence (e.g. performance rating, attendance levels, amounts applied for) are considered by SMT members.
- 7.5 From the increasing annual number of successful applications and corresponding increased cost for bonus payment, it could be viewed that this is well received by middle and junior managers and is gaining in relevance for rewarding exceptional performance on a wider scale. I understand the recent culture survey may show a different picture.

Year	Workforce bonus	SMT bonus
2016	£38,100	£70,000
2017	£46,250	£80,000
2018	£91,943	£80,000

#### Bonus payments to SMT and workforce 2016-2018

## Annex A

- 7.6 Any bonuses are expected to be considered in line with evidenced and scrutinised delivery of performance management objectives. Payment for bonuses is discretionary and non-contractual. The amount allocated for bonuses will be self-funding linked to savings and performance. This principle is central to the Authority's considerations of reward and remuneration.

### 8. Succession Planning

- 8.1 The service's People Strategy refers to the importance of planning for the future taking account of internal and external influences. In September 2018, the Executive Committee received a report, 'Business Continuity and Resilience - Succession Planning' which identified immediate to longer term plans should an SMT post become vacant.
- 8.2 A number of actions are identified including acting up by staff in the next level below within the current work stream, reshaping of SMT and opportunities to collaborate (Thames Valley) and interim external cover.
- 8.3 There is reference to 'internal fast track development programmes', 'formal senior leadership training', considering timing of next Area Manager assessment process, should particular vacancies arise. Also, that direct reports (tier 3) support services posts 'could report elsewhere in the short term' if their current line manager post becomes vacant.
- 8.4 A number of 'risks and opportunities' have been identified. For example retirements and 'head-hunting'. Potential actions to mitigate risk include considering extending notice periods, reviewing 'collaborative succession planning', revising senior management level structure.

### 9. My comments

- 9.1 In order to comment on the methodology used to carry out the SMT annual pay review and whether this is 'fit for purpose' going forward, I will first touch on the broader picture of SMT, and then the relevance of bonus payments going forward.

#### Broader picture of SMT

- 9.2 I am aware that BMKFA is supportive of the purpose and benefits of having an SMT bonus arrangement. I sense a concern that good people may be 'poached' or will leave the service in pursuance of career progression in other organisations and a belief that having a bonus will help mitigate this risk. Also, that there is a view that a bonus payment will motivate the development of talent.

## Annex A

- 9.3 My view here is that people who aspire to more senior positions or to expand their skills and experiences will ‘out-grow’ one organisation and seek new challenges and learning opportunities elsewhere. This is particularly relevant in operational roles as opportunities tend to be within other fire services and therefore are more limited. In professional support service roles, opportunities can be found across a broader range of industries.
- 9.4 I accept that the departure of a valued senior manager brings challenge and upheaval. It also creates opportunities for new skills and fresh thinking that should be embraced. In my view, the application of an annual bonus is not an appropriate or sufficient reason to encourage ambitious people to stay in this service for the long term.
- 9.5 It is likely that the current number and make-up of SMT posts has evolved over time, with posts created around people rather than defined service need. The FA was aware of this when the former CFO left. The opportunity was taken to review and regularise the CFO post and some further managerial posts, when the current CFO was recruited.
- 9.6 From the data provided in the Statements of Accounts, as illustrated in **Appendix B**, BMKFA appears to have a relatively high number of posts sitting at SMT level (seven). Five of these posts are at the most senior level reporting direct to the CFO. The Head of Service Delivery and Head of Service Support posts are at Area Manager level and report to the DCFO.
- 9.7 Three SMT posts are non-operational Directors. Each Director has ‘heads of’ posts reporting to them providing further expertise in specific professional areas.
- 9.8 Other fire services in the same population Band 2 have three or five senior management posts. An exception is East Sussex FRS with nine posts. In a larger population Bands, Hampshire & Isle of Wight has seven senior posts and Kent has nine.
- 9.9 BMKFA has demonstrated significant achievements in terms of embracing change and driving forward innovative ideas in workforce reform and flexible staffing arrangements including new contracts and working patterns, exceeding the Government’s public sector target of new start apprenticeships, collaborating with Thames Valley Fire Services and other partners.
- 9.10 However, in light of expectations outlined in the Localism Act (to reduce duplication and secure continuous improvements); in the Hutton report (adaptability and creativity and a clear justification for any performance-related pay); the Thomas report (referencing structures being based on evaluated roles and not the person), I suggest that consideration be given to reviewing and streamlining the SMT and third tier structures.

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- 9.11 There appears to be potential for duplication and professional confinement between non-operational SMT posts and tier 3. There may be benefit in to considering more generic managerial roles with a wider delegation of managerial responsibilities at SMT level to allow middle managers to flourish professionally and managerially by taking on a wider and more challenging remit.
- 9.12 Such a review would support establishing a 'blue-print' for the future, taking account of potential impacts of the Integrated Risk Management Plan (IRMP) 2020 and developments towards greater collaborative working and sharing functions across blue lights services, build resilience and reduce overheads.

### **10. Recommendations**

10.1 My recommendation is that:

1. Members consider undertaking a review of the SMT structure and function, to include the third tier, taking account of opportunities for potential collaboration and potential efficiencies to be gained as well as broadening roles.

#### **List of Appendices:**

**Appendix A** Annual rates of pay for chief fire officers from 1 January 2018, Bands 1 - 4

**Appendix B** Comparison of population size, posts and salaries at senior management team level  
(i) Combined fire authorities South East region and  
(ii) Combined fire authorities – similar population size to BMKFA

**Appendix C** Criteria used by managers when applying for merit/bonus awards for staff March 2018

**Annual rates of pay for chief fire officers from 1 January 2018, Bands 1 - 4**

Population <b>Band 1</b>	Up to 500,000
Minimum rate of pay	£101,782*
(1 July 2018)	£101,782
Population <b>Band 2</b>	500,001 to 1,000,000
Minimum rate of pay	£101,782*
(1 July 2018)	£101,782
Population <b>Band 3</b>	1,000,001 to 1,500,000
Minimum rate of pay	£111,070
(1 July 2018)	£112,169
Population <b>Band 4</b>	1,500,000 and above (except London)
Minimum rate of pay	£122,074
(1 July 2018)	£123,282

\* New appointments

Source LGA

Comparison of population size, posts and salaries at senior management team level

(i) Combined fire authorities - South East region

Authority name Combined fire authority	Population June 2017	Senior Managers	Salary (basic + fees and allowances)	Total
<b>Berkshire</b>	905,900	CFO	151,885	5
		DCFO	112,705*	
		ACFO	112,302	
		Director Support Services	94,986	
		Head of Finance & Procurement	67,443	
<b>Buckinghamshire</b>	803,400	CFO	143,110	7
		DCFO	118,838	
		Head of Service Delivery	90,546	
		Head of Service Development	94,577	
		Director of People and Organisational Development	91,577	
		Director of Finance and Assets	91,291	
		Director of Legal and Governance	91,577	
<b>East Sussex</b>	840,500	CFO	152,262*	9
		DCFO	106,615*	
		ACFO	110,932*	
		Assistant Director – Operational Support and Resilience	62,713*	
		Director – Prevention and Protection	69,494	
		Assistant Director – HR and OD	59,431	
		Assistant Director – Training and Assurance	60,019	
		Assistant Director -Planning and Improvement	55,065	
		Assistant Director – Resources / Treasurer	77,162	

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<b>Hampshire &amp; IOW</b>	1,837,800	CFO	152,498*	7
		DCFO (Director of Service Delivery)	124,495*	
		Director of Professional Services	114,379	
		ACFO – Head of Response	115,272**	
		ACFO – Head of Community Safety	115,272**	
		ACFO – Director of Blue Light Collaboration	115,272**	
		HR Manager	Not given	
<b>Kent</b>	1,832,200	Chief Executive	149,200	9
		Director Operations	121,100	
		Director Finance & Corporate Services	98,200	
		Assistant Director Response & Training	91,200	
		Assistant Director – Operational Resilience and Development	91,200	
		Assistant Director - Finance	91,200	
		Assistant Director – Service Delivery	91,200	
		Assistant Director – Human Resources	91,200	
		Assistant Director – Policy and Performance	91,200	



## Annex A

### (ii) Combined fire authorities – similar population size to BMKFA

Authority name Combined fire authority	Population June 2017	Senior Managers	Salary (basic + fees and allowances)	Total
<b>Bedfordshire</b>	664,600	CFO **	90,662	5
		DCFO *	81,673	
		ACFO *	68,532	
		Head of Finance	83,273	
		Secretary / Monitoring Officer *** (30 days)	11,645	
		ACO Director HR and OD	92,966	
<b>Berkshire</b>	905,900	CFO	151,885	5
		DCFO	112,705*	
		ACFO	112,302	
		Director Support Services	94,986	
		Head of Finance and Procurement	67,443	
<b>Buckinghamshire</b>	803,400	CFO	143,110	7
		DCFO	118,838	
		Head of Service Delivery	90,546	
		Head of Service Development	94,577	
		Director of People and Organisational Development	91,577	
		Director of Finance & Assets	91,291	
		Director of Legal and Governance	91,577	
<b>Cambridgeshire</b>	847,100	CFO	142,814	3
		ACFO	116,720	
		Deputy Chief Executive and Treasurer	125,112	
<b>East Sussex</b>	840,500	CFO	152,262*	9
		DCFO	106,615	
		ACFO	110,932	

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		Assistant Director – Operational Support & Resilience	62,713	
		Director – Prevention & Protection	69,494	
		Assistant Director – HR & OD	59,431	
		Assistant Director – Training & Assurance	60,019	
		Assistant Director -Planning & Improvement	55,065	
		Assistant Director – Resources / Treasurer	77,162	
<b>Hereford &amp; Worcestershire</b>	779,400	CFO	126,209	5
		DCFO	101,085	
		ACFO	94,820	
		Director of Finance / Treasurer	78,893	
		Head of Legal Services	64,876	

**Source: Salary figures from Statement of Accounts from individual Fire Services**

- \* change of post holder during year / different roles over year
- \*\* figures not provided in statement of accounts, so taken from Pay Policy
- \*\*\* pension abated

## Criteria used by managers when applying for merit/bonus awards for staff March 2018

Criteria	Category
Where an individual consistently demonstrates <b>significant outcomes and achievements</b> that are beyond what is expected for the role, performing at an exceptional standard.	<b>A</b>
Where there is a <b>retention issue</b> with a member of staff who has significant experience, knowledge and/or skills which are of high value to the work of the Authority and without whom its effectiveness would be significantly reduced.	<b>B</b>
Where an individual has contributed to the success of a <b>one-off project</b> to an exceptionally high standard and to the benefit of the Authority, beyond normal expectations.	<b>C</b>
Where an individual has helped to cover the <b>absence of a colleague</b> for a significant period of time whilst not undertaking the role in total.	<b>D</b>
Where an individual has developed or changed a <b>way of working</b> in a way which has had a significant, positive impact on the effectiveness of the service.	<b>E</b>
<b>Other reason:</b> to be described in full	<b>F</b>

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	6 February 2019
<b>OFFICER</b>	Lynne Swift, Director of People and Organisational Development
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>Senior Management Team Remuneration and Performance Review, and Annual Report on Employee Bonus Scheme</b>
<b>EXECUTIVE SUMMARY</b>	<p>Senior Management Team (SMT) members are contracted under the National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service, known as the "Gold Book" for pay purposes. This involves a two-track approach for determining levels of pay:</p> <ul style="list-style-type: none"> <li>•National Pay - At national level, the NJC annually reviews the level of pay increase applicable to Principal Officers. Any increase is effective from the usual annual settlement date - 1 January.</li> <li>•Local Pay - The NJC agreement also requires Fire and Rescue Authorities to review Principal Officers' salary levels on an annual basis.</li> </ul> <p>In determining any proposed changes to local pay, the Pay Review methodology requires Members to consider various types of qualitative and quantitative data, including public sector comparisons and organisations geographically relevant.</p> <p>In line with the methodology, an independent review considering performance and relevant benchmarking data has been undertaken and is attached at <b>Annex A</b> for consideration by Members.</p> <p>Overall, there has been continued demonstration of success across all directorates including operational delivery, prudent financial and asset management, innovative and progressive workforce reform, and increased partnership working to deliver a range of services to the community.</p> <p>Performance is scrutinised by the Overview and Audit Committee, which monitors the Authority's progress in delivering the Strategic Objectives set out in the 2015-20 Corporate Plan.</p> <p>The Authority's Pay Policy Statement also requires</p>

	that the Executive Committee receives an annual report summarising the awards which have been made under the Employee Bonus Scheme to employees throughout the organisation.
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	<p>It is recommended that the proposals set out in Section 10 of the attached report be considered and a decision reached that:</p> <ol style="list-style-type: none"> <li>1. The levels of merit award to be shared between SMT and the rest of the workforce be agreed.</li> <li>2. The summary of the awards made in 2017/18 under the Authority's Employee Bonus Scheme set out at Appendix 3 be noted.</li> </ol>
<b>RISK MANAGEMENT</b>	<p>The risks of not paying a bonus include the inability to attract and retain high calibre senior managers to lead ongoing change, particularly when trends appear to suggest a reduction in numbers of applicants.</p> <p>The SMB Succession Planning report (19 September 2018) has outlined the potential risk of losing key operational managers and planned actions to cover vacancies until members approve requirements and recruitment processes to be followed.</p> <p>There are additional risks regarding the notable increase in lack of mobility, number and calibre of applicants within the employment market for senior level roles, particularly senior operational firefighter roles i.e. Chief Fire Officer Roles. These are potentially exacerbated by changing restrictions to employment propositions and high property prices within Buckinghamshire and Milton Keynes.</p> <p>These same risks have been highlighted within Police. The recent publication of the Remuneration Review Body report states that within police chief ranks, there appears to be an issue in ensuring a sufficient number of quality applicants and that pension taxation and a move on to less secure terms and conditions were the issues cited for a lack of applicants.</p> <p>The Authority is mitigating these risks by giving consideration to extending notice period requirements, reviewing options for collaborative succession planning, options for a revised senior level structure, and broadening the appointment of CFO to a Chief Executive role.</p> <p>Feedback from employees via the culture survey showed that awarding SMT and employees a bonus, whilst balancing finances and an ongoing reduction in personnel, did not sit comfortably with them.</p>
<b>FINANCIAL</b>	If Members are minded to consider bonus awards as

<p><b>IMPLICATIONS</b></p>	<p>per the methodology described, this would be funded from the year-end outturn favourable variances.</p> <p>For Members' information, the year-end outturn positions before movements to and from reserves in recent years have been:</p> <p>2014/15 c£1,811K favourable variance</p> <p>2015/16 c£1,821K favourable variance</p> <p>2016/17 c£1,770K favourable variance</p> <p>2017/18 c£335K favourable variance</p> <p>The latest estimate for the corresponding 2018/19 outturn as at December 2018 is projected to be £115K (including underspends already transferred to earmarked reserves)</p> <p>The impact of future pay awards will be factored in to the medium term financial plan.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The terms of reference of the Executive Committee include the role of the employer in connection with employees of the authority contracted in whole or in part to the "Gold Book". The recommendations are consistent with the Authority's extant statutory pay policy statement.</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b></p>	<p>Relevant market rates across the Thames Valley and Nationally are reviewed as part of the process. The Thames Valley collaboration programme is currently focusing on six projects, collectively referred to as Phase 1.</p> <p>Senior management processes, such as collaborative succession planning, are under consideration - as is sharing senior management resources as part of Phase 2.</p> <p>There may be an opportunity in future to use one external independent consultant to review senior remuneration across the Thames Valley Services, particularly if we are able to align pay policy statements.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>There is no impact.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>Decisions relating to senior management pay are set out in the annual pay policy statement which is impact-assessed.</p> <p>As part of gender pay reporting requirements, pay which includes bonus is reported. Any anomalies in pay and bonuses are reviewed, and acted upon. Gender pay action plans are in place to ensure male and female employees are treated equally and fairly. The EDI Advisory Group reviews progress against EDI objectives on a regular basis, and these are reported on to the Fire Authority.</p>

<b>USE OF RESOURCES</b>	<p><b>The arrangements for setting, reviewing and implementing strategic and operational objectives; Performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance indicators;</b></p> <p>SMT members are collectively and individually responsible for delivering the Corporate Plan and the Authority's objectives.</p> <p>Performance of SMT members is regularly appraised either by the Chief Fire Officer/Chief Executive (CFO/CE) or by the Chairman, supported by Lead Members where appropriate.</p> <p>The Authority's Pay Policy, Part 2 Section 24, allows for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMT members have been invited to contribute with evidence to demonstrate performance improvements, officers have not been - and will not be - party to any decision-making in relation to their own remuneration.</p> <p>In determining any changes to local pay, the methodology requires members to consider various types of qualitative and quantitative data, including:</p> <ol style="list-style-type: none"><li>1. Information about the extent to which corporate objectives have been met.</li><li>2. CFO/CE appraisal data as provided by the Chairman.</li><li>3. SMT appraisal data as provided by the CFO/CE.</li><li>4. Progress on any specific projects that members identified as high priority.</li><li>5. Performance data provided by the CFO/CE relating to SMT.</li><li>6. Comparative performance data with other Fire and Rescue Services.</li><li>7. Salary benchmarking data in relation to senior manager teams, (Population Band 2), Combined South East Region Fire Services.</li><li>8. Financial data about budget provision for pay/reward costs arising from this review.</li><li>9. Data about national pay settlements awarded to Gold, Green and Grey Book employees.</li></ol> <p><b>Communication with stakeholders</b></p> <p>In order to ensure transparency, remuneration including bonus payments is published on the BMKFA website. This is in line with statutory requirements.</p>
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	<p>The pay policy is updated and published on an annual basis.</p> <p>Members of SMT do not play a part in the pay review process, and are not present at the meeting where payments are discussed. Following the Executive Committee meeting, the CFO reviews each SMT member’s performance and makes an informed decision as to whether to award a bonus. This is communicated in writing to the SMT member.</p> <p>The Executive Committee makes the decision as to whether the CFO should receive a bonus payment, based on performance during the previous year.</p> <p><b>The system of internal control</b></p> <p>Adherence to the pay policy principles and statement is controlled via strict establishment and pay change approval process controls.</p> <p><b>The medium term financial strategy</b></p> <p>Any bonuses agreed would be within existing budgets.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p>Background:</p> <p>The SMB is made up of the:</p> <ul style="list-style-type: none"> <li>• Chief Fire Officer/Chief Executive</li> <li>• Chief Operating Officer/Deputy Chief Fire Officer</li> <li>• Director of Finance and Assets</li> <li>• Director of People and Organisational Development</li> <li>• Director of Legal and Governance</li> <li>• Director of Finance and Assets</li> <li>• Head of Service Delivery</li> <li>• Head of Service Development</li> </ul> <p>The SMT methodology recognises that there are a range of pay and non-pay options for members to consider, which include attending development opportunities, incorporated salary rises, nonincorporated bonuses, pay agreements that span a number of years and no change to existing reward packages.</p> <p>Remuneration principles are part of the Authority’s current Pay Policy Statement. The principle of self-funding linked to efficiencies and performance is central to the Authority’s reward and remuneration philosophy.</p> <p>Senior Staff Salary Information (published on BMKFA website)</p> <p><a href="https://bucksfire.gov.uk/fire-authority/financial-information/senior-staff-salary-information/">https://bucksfire.gov.uk/fire-authority/financial-information/senior-staff-salary-information/</a></p> <p>Fire and Rescue National Framework for England</p>

	<p><a href="https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england--2">https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england--2</a></p> <p>Pay policy</p> <p><a href="https://bucksfire.gov.uk/files/3515/1998/5277/Pay_Policy_Principles_and_Statement_2018-19.pdf">https://bucksfire.gov.uk/files/3515/1998/5277/Pay_Policy_Principles_and_Statement_2018-19.pdf</a></p> <p><a href="https://seemp.co.uk/free-resources/latest-on-pay/">https://seemp.co.uk/free-resources/latest-on-pay/</a></p>
<p><b>APPENDICES</b></p>	<p><b>Annex A</b> - SMT Remuneration and Performance Review and Annual Report on Employee Bonus Scheme</p> <p><b>Appendix 1</b> Minimum Annual Rates of Pay for Chief Fire Officers by Population Band from 1 January 2018</p> <p><b>Appendix 2</b> BMKFA Criteria for Managers when Applying for Merit/Bonus Awards for Staff</p> <p><b>Appendix 3</b> Breakdown of Total Remuneration of CFO and SMT Members 2017 - 2018</p> <p><b>Appendix 4</b> BMKFA Pay Multiples - 2016/17-2018/19</p> <p><b>Appendix 5</b> Comparative Data of Fire Authorities in Lower Quartile Council Tax 2018/19 (source CIPFA <i>Fire and Rescue Services statistics 2018-19</i>)</p> <p><b>Appendix 6a</b> Comparison of National CFO and DCFO Salary Levels at Band 2 in 2014 and 2017</p> <p><b>Appendix 6b</b> Comparison of National CFO and DCFO Salary Levels at Band 2 in 2014 and 2017 compared to CFO and DCFO Levels in BMKFA</p> <p><b>Appendix 7</b> Comparison of Population Size 2017/18 compared to Council Tax 2017/18 of Combined Fire Authorities in SE Region and of Fire Authorities of Similar Size to BMKFA, CIPFA. CFO Salaries 2017/18</p>
<p><b>TIME REQUIRED</b></p>	<p>15 minutes</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Jennifer McNeill</p> <p><a href="mailto:jennifer@seemp.co.uk">jennifer@seemp.co.uk</a></p> <p>01962 840664</p>



**Senior Management Team Remuneration and Performance Review,  
and Annual Report on Employee Bonus Scheme**

**Buckinghamshire and Milton Keynes Fire Authority (BMKFA)**

**Report to the Executive Committee 6 February 2019**

**1. Executive Summary**

1.1 This report provides information for members' consideration in their review of the corporate and individual performance of the senior management team (SMT), and whether a bonus payment would be appropriate. A local pay review is conducted annually and any changes are normally effective from the preceding January. The last remuneration review was in February 2018.

1.2 The senior management posts under consideration in this review are

- Chief Fire Officer / Chief Executive
- Chief Operating Officer / Deputy Chief Fire Officer
- Director of Finance and Assets
- Director of People and Organisational Development
- Director of Legal and Governance
- Head of Service Delivery
- Head of Service Development.

These posts are considered under the 'Gold Book' arrangements of national and local review.

1.3 To support members in their considerations, account has been taken of the pay context in which the fire service operates, conditions of employment, local methodology for conducting a pay review, pay policy, financial position, performance data compared with other fire authorities (council tax precept), and salary benchmarking.

1.4 Context and service performance data has been drawn from management reports to the Fire Authority (FA) and from published national data collected by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Government Association (LGA).

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- 1.5 Overall, the data presented continues to reflect a strong and effective leadership team that ensures efficient deployment of assets and operational outputs. There is a wide provision of services to the community and proactive engagement with external partners.
- 1.6 This is against a backdrop of continuing tighter fiscal measures and fewer resources including a decrease of 57% in revenue support grant from 2015/16 until 2019/20.
- 1.7 The change in the Government's core spending power for BMKFA between 2017/18 and 2018/19 is estimated to be an increase of 1.5% based on assumptions relating to future council tax calculations including an increase to the maximum (by 3%) without triggering a referendum.
- 1.8 The Government has set an expectation that council tax will be increased every year during the current spending review. In 2016/17 and 2017/18 this was increased by 1.98%. The actual growth in the council tax base between 2017/18 and 2018/19 was 1.4% which negated much of the benefit of the increase of the referendum limit from 2% to 3%.
- 1.9 The cost of providing the BMKFA fire service compared to other combined fire authorities in 2018/19 is currently the lowest in the country in Band D equivalent council tax. (**Appendix 5**)
- 1.10 The Annual Report to Bucks County Council 2018 states that BFRS continues to experience a plateau in the overall trend in incident demand as the number of incidents remain at around 4,000 for the fifth year. Also, BFRS attended over 450 co-responder incidents during this period. This is against a backdrop of an increasing population. The average response time to incidents remains at an improved level in the last three years after a period of increase. This partially reflects the benefits of technology within the Thames Valley Fire Control mobilising system.
- 1.11 The largest savings relate to operational staffing and innovative crewing through the development of flexible and resilient resourcing models to better meet risk, response standards and service demands.

## **2 Background and context to pay and remuneration**

- 2.1 The National Joint Council (NJC) for Brigade Managers Salaries and Numbers Survey 2017 was published by the LGA on 17 January 2018. This covered pay, gender, ethnic origin, age and use of Gold Book rates by fire authorities that do not employ Brigade Managers on Gold Book terms and conditions. A link to this report is on the South East Employers (SEE) website <https://seemp.co.uk/free-resources/latest-on-pay/>

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- 2.2 The Local Government Transparency Code 2015, Department for Communities and Local Government (DCLG) and Code of Recommended Practice for Local Authorities on Data Transparency and the Accounts and Audit (England) Regulations 2011, seeks to ensure local people can access data including salary levels for senior staff. A link to this published data is available on the BMKFA website with a list of responsibilities, details of bonuses and 'benefits in kind' for all staff earning over £50k.
- 2.3 The Localism Act, 2011 requires authorities to produce a Pay Policy Statement showing the dispersion of pay (including variable pay, use of performance related pay, bonuses, allowances and cash value of benefits in kind) and the ratio of pay showing the relationship between the remuneration of chief officers and other employees, known as a 'pay multiple'. A maximum pay multiple of 20:1 was proposed in the Hutton Report Review of Fair Pay in the public sector, 2011.
- 2.4 The focus on pay restraint for senior managers remains central to the government's deficit reduction strategy. Planning assumptions have been made based on public sector pay increases being capped at 1% and the finance settlement up to 2020 was agreed on that basis.
- 2.5 Government guidance regarding expectations was published in May 2018, 'Fire and Rescue national framework for England'. This outlined high level expectations to promote public safety and the economy, efficiency and effectiveness of fire and rescue authorities.
- 2.6 Particular reference was made to the importance of transparency, assurance, scrutiny and accountability in the expenditure of public funds. In addition, the focus was on achieving value for money, 'to manage their budgets and spend money properly and appropriately and ensure the efficient use of their resources'. There was additional clarification regarding the re-engagement of senior officers to the same or similar posts soon after retiring due to the significant increased costs to tax payers.
- 2.7 In October 2018, the Fire Brigades Union made its pay claim for a 17% increase to firefighter pay due to the significant expansion of the role over recent years. They referred to some roles being introduced by agreement and with some form of pay, and others being introduced without agreement and without pay, which they consider to be unfair and unacceptable.
- 2.8 There are currently discussions with the Home Office and devolved administrations about additional funding across UK fire services, including pay. There is work currently taking place to look at broadening the role for Grey Book employees. Meanwhile a figure of 2% pay increase has been agreed from July 2018 on an interim basis. It is not yet clear how this will conclude, nor the impact, therefore, on Brigade Manager pay.

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- 2.9 As coroners, chief officers and chief executives in local authorities have received a 2% increase, it seems appropriate to plan for a similar level for future pay planning in the absence of anything more substantive. It is unlikely a claim will be received from the National Joint Council (NJC) for Brigade Managers until the outcome of Grey Book negotiations is known.
- 2.10 The National Living Wage (NLW) level is currently at £7.83 per hour and is due to increase in April 2019 to £8.21 per hour. It is still unclear what 60% of the UK median earning will be by 2020 but it is expected to be between £9 - £9.40 per hour.
- 2.11 The NLW may present a challenge for local authorities in planning for future pay policies as it may impact on established pay structures and pay differentials. However, firefighter pay is established at a national level and is not affected by the NLW levels.
- 2.12 There is work being carried out at a national level regarding gender pay reporting through the NJC-led Inclusive Fire Service Group, but it is likely a further period of bedding down may need to take place after the second year of reporting. To date they have not published their findings, and it is expected that their work will cover other protected characteristics. The quality of gender pay data being reported remains problematic in some areas, as is still found in some areas regarding the transparency of pay reporting.

### **3 Fire Service Conditions of employment**

- 3.1 BMKFA applies national conditions of pay for the majority of operational and senior staff. Operational members of SMT are contracted under the NJC for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service 'Gold Book'. This provides for a national and local review of pay. The three non-operational Directors are only contracted to "Gold Book" for pay purposes.
- 3.2 Operational staff below Brigade Manager are conditioned to the 'Grey Book'. However, the FA recognises that new employees may be employed on terms and conditions outside the Grey Book. This includes the operation of a 'Bank System' where staff make themselves available when not on duty for operations. Payment for this is agreed locally.
- 3.3 A pilot of flexible arrangements for firefighters was carried out in May 2016. Terms and rates of pay were agreed outside the Grey Book for the protection of services and provision of enhanced resilience, including agreement not to participate in industrial action, on a voluntary basis.
- 3.4 A number of options were considered to take this forward and the role of the flexible firefighter was made permanent on a current flexible crewing

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arrangement (15% + mileage to align to a central station). The Flexi firefighters are in place and the last recruitment exercise attracted 70 applications

- 3.5 Support services are on local terms and conditions of employment and progression through pay scales is determined based on evidenced performance.
- 3.6 Twenty two apprentice firefighters started in August 2016, and four support staff apprentices were taken on. Twelve were recruited in 2017 and fourteen in 2018. All apprentices are progressing through the programme and are expected to complete in September 2019.
- 3.7 12 firefighter apprentices are currently undertaking 12 month assessments and are due to rotate stations on 1 January 2019 to ensure they have a broad range of skills. There are firefighter, business administration, information communication technology and management and leadership apprenticeships currently running with a blend of new and existing employees. Recruitment is currently underway for the next cohort of apprentice firefighters.
- 3.8 Annual reviews are considered by the NJC to negotiate on national pay, taking account of affordability of local authorities, other relevant pay deals and the rate of inflation.
- 3.9 There was an increase of 1% in Brigade Managers' pay with effect from 1 January 2017 and of 1% with effect from 1 July 2017 for Grey Book staff. In July 2018, the NJC for Brigade Managers agreed a two-stage approach with a 1% increase on 2017 basic salary levels with effect from 1 January 2018, rising to a 2% increase on 2017 basic salary levels with effect from 1 July 2018. This reflects a minimum annual rate of pay for Population Band 2 at £101,782, see **Appendix 1**.
- 3.10 The Chief Officers' pay agreement 2018-20 for Local Authorities was agreed in July 2018. Salaries of officers conditioned to JNC Chief Officers was increased by 2% with effect from 1 April 2018 and 2% with effect from 1 April 2019. This does not cover the Fire Service.
- 3.11 Agreement was reached for NJC Local Government Services pay 2018 and 2019 in April 2018. In 2018/19 this included 'bottom loading' for the lower pay scales (up to Spinal column point (SCP 19)) to arrive at a lowest rate of £8.50 per hour, and a flat rate of 2% for posts above SCP 20. In 2019/20 it provided a 'bottom rate' of £9 per hour, a revision to the pay spine arrangements at the lower end to iron out gaps created by compacting the lower pay point, and a flat rate of 2% from the new SCP 23 upwards.
- 3.12 The NJC agreement requires Fire and Rescue Authorities (FRAs) to review Principal Officers' salary levels annually and determine this at a local level. 'When determining the appropriate level of salaries for all Brigade Managers, the FRA

should refer to the relevant minimum salary of the Chief Fire Officer (CFO) and the most relevant benchmark data’.

- 3.13 This takes account of such factors as national benchmarking, special market considerations, local factors, complex responsibilities of fire services and size of management teams.
- 3.14 Consideration in setting salary levels locally are likely to include:
1. Minimum salary levels for Chief Officers in relevant sized local authorities
  2. Market rates of pay for senior managers in a range of private and public sector organisations
  3. Evidence of recruitment and/or retention difficulties with existing minimum rates.
- 3.15 The revised minimum levels of annual rates of pay for CFOs from 1 January 2018 covering Bands 1 to 4 is provided by the LGA as shown in **Appendix 1**. The relevant Population Band for BMKFA is Band 2.

#### **4. BMKFA Policies and Plans**

- 4.1 The Pay Policy Principles and Statement 2018/19 set out the factors that are taken into account in determining the recommendations for the future pay position for senior managers.
- 4.2 Decisions on pay policy are taken by elected members as they are directly accountable to local communities and all decisions on pay and reward for Chief Officers must comply with the current Pay Policy Statement.
- 4.3 Appendix 3 of the Pay Policy refers to bonus payments being *‘one-off ... to reflect excellent performance... which exceeds standards and targets agreed with the employee during their annual appraisal process...’*. Recognition does not have to take the form of payment, and where financial awards are proposed, it requires a fair and transparent process to be in place. Objectives are to reward those who demonstrate sustained, outstanding achievement or excellence in role.
- 4.4 In March 2016, eligibility criteria for the payment of “merit/bonus” awards for use by managers was agreed. This decision reflected the high performance and delivery of corporate objectives across the FA. The established criteria is outlined at **Appendix 2**.
- 4.5 Bonus payments are not intended as additional reward to staff who are performing at a fully satisfactory level and/or developing in line with normal expectations. Discretionary payments, such as merit awards, are not to be used



where the requirements of a job have changed significantly and permanently, as this would be for consideration under job evaluation.

- 4.6 Managers are invited to make applications for merit/bonus awards for non SMT staff in line with the criteria. The outcome of managers' recommendations with supporting evidence (e.g. performance rating, attendance levels, amounts applied for) are considered by a panel of SMT members.
- 103 applications were received for operational staff (compared to 66 in 2017 and 44 in 2016). In some cases, payments were made to stations or watches.
  - 36 applications were received for support services staff including 8 from senior managers, compared to 37 last year. In some cases, payments were made to teams.

The total cost of successful applications for the workforce (excluding SMT) was £91,943, almost 100% increase on the 2017 figure of £46,250, and significantly higher than the 2016 figure of £38,100. Feedback from employees via the culture survey showed that awarding SMT and employees a bonus, whilst balancing finances and ongoing reductions in personnel did not sit comfortably with them.

- 4.7 The Pay Policy 2018/19 defines senior management remuneration as comprising salary, car provision or car allowance.
- 4.8 Benefits in kind are listed as car allowance value P11D. A car allowance figure has been removed from the flexible duty system required by senior operational managers as this is part of the operational cover provided. This differs from the car allowance which is applied as appropriate to non-operational staff. The breakdown of these figures is included in **Appendix 3**.
- 4.9 Any bonuses will be considered against evidenced and scrutinised delivery of performance management objectives. Payment for bonuses is discretionary and non-contractual. The amount allocated for bonuses will be self-funding linked to savings and performance. This principle is central to the FA's considerations of reward and remuneration.
- 4.10 A further requirement is the publication of a 'Pay Multiple'. This is the ratio between the highest paid employee and the median average salary figure for all employees. This is provided in **Appendix 4**.
- 4.11 In July 2017 the Mid Term Review and Refresh of the 2015-20 Corporate Plan was presented to the FA for noting progress made and approving updates. The focus was to equip the organisation to meet future challenges, respond to changes in demand and risk to the community, and reduce operating costs in line with planned reductions in government funding.

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- 4.12 The Plan outlined the strategic objectives and enablers and scheduled key work programmes arising from the 2015/20 Public Safety Plan.
- 4.13 Objectives focus on:
- Preventing incidents
  - Protecting homes, buildings and businesses
  - Allocating assets and resources according to risk and demand
  - Providing value for money.
- 4.14 Enabled by:
- People
  - Information management
  - Assets and equipment.
- 4.15 Successful implementation of the Plan is critical to the achievement of the savings required by the 2018/19 to 2020/21 Medium Term Financial Plan. The Plan identified issues to be addressed in the Integrated Risk Management Plan (IRMP) and Action Plans. These are underpinned by more detailed Directorate Plans.
- 4.16 The Medium Term Financial Plan 2018/19 to 2020/21 identifies the financial resources required to deliver the specific aims and objectives as set out in the Public Safety Plan.
- 4.17 Directorates review performance against action plans and monitor progress against agreed performance indicators. Overall performance is scrutinised by FA members at the Overview and Audit Committee.
- 4.18 Particular achievements in 2018 include:
- development of technological work streams to meet resourcing requirements
  - exceeding the national public sector target of 2.3% apprenticeship new starts annually
  - launch of the Leadership and Management apprenticeship programme
  - first fire service to be accepted by the Apprenticeship Diversity Champions Network in February 2018
  - various youth and safety awareness initiatives
  - provision of medical responses as part of the wider health agenda
  - developed and embedding flexible, resilient and innovative resourcing models
  - planned efficiency savings of £469K for 2018/19, forecast savings for 2018/19 is projected at £732K, resulting in an over achievement of £263K, as detailed in the Fire Authority Efficiency Plan Progress Report, 17 October 2018.

## **5. Pay review methodology**

5.1 The following performance and benchmarking data have been used as the basis for members to determine any changes to local pay. This requires members to consider various types of qualitative and quantitative data, which may include:

1. Information about the extent to which corporate objectives have been met
2. Chief Fire Officer appraisal data as provided by the Chairman
3. SMT appraisal data as provided by the CFO
4. Progress on any specific projects that members had identified as high priority
5. Performance data provided by the CFO following discussions with the SMT.
6. Comparative performance data with other fire services
7. Salary benchmarking data in relation to SMT salaries for Group 2, Combined South East Region Fire Services
8. Financial data about budget provision for pay / reward costs arising from this review
9. Data about the national pay settlements awarded to Gold, local and Grey Book employees.

5.2 If members are minded to consider bonus awards as per the methodology described, this would be funded from the year-end outturn favourable variances.

5.3 A range of possible outcomes to this pay review are:

- Non-pay rewards
- Pay increases that are incorporated into salaries (consolidated and pensionable)
- Non-incorporated bonuses (non-consolidated and non-pensionable)
- Pay agreements that span more than one year
- No change to existing reward arrangements.

5.4 All statutory deductions will apply (income tax and national insurance contributions) and funds for any uplift are to be taken from savings achieved during the preceding year.

5.5 In accordance with the Pay Policy Principles, there is no right of appeal against recommendations or final decisions made.

## **6 Financial position**

6.1 The Annual Report to Buckinghamshire County Council 2018 confirmed BMKFA demonstrated sustained improvement. A number of initiatives were outlined

including managing down the number of fire calls, providing a wider range of services to the local community and making savings across the whole service. This was delivered with the lowest council tax level for fire services in the country. This is shown in the CIPFA statistics relating to 2018-2019 in **Appendix 5**.

6.2 BMKFA provides more services without passing the cost to the tax payer. Examples are:

- attending medical emergencies as co-responders
- increased flexibility and modernisation of working arrangements maximising the use of resources
- youth engagement
- participating in a wider health agenda
- reinforcing fire safety awareness and training in light of the tragic Grenfell Tower fire
- collaborative procurement
- use of drone imagery to support firefighting operations and investigations.

6.3 The Budget Monitoring Performance and Debt Management April – September 2018 report dated 21 November 2018 has reflected the revised figures in light of the 2% pay award for operational and support staff. The additional 1% (pro rata for 9 months equated to £134K. The total year figure is £179K) had not been reflected in the previous report for 2018/19 so has been absorbed within the current year's budget and is covered by underspends reported to the FA.

6.4 The report reflects that managers have proactively developed resilient resourcing models to meet known risk and demand levels, whilst maintaining response standards. Also, managers have positively and proactively controlled spend and there is a forecast underspend of £115k against a revenue budget of £28.492m.

## **7 Performance data compared with other fire authorities**

### **7.1 Council tax precept**

7.1.1 A change in Government policy led to BMKFA increasing the Band D equivalent council tax by 1.98% in 2016/17 to £59.70 per household and by 1.98% in 2017/18 to £60.88 per household. The FA will increase its Band D council tax by 2.99% in 2018/19 and by 2.99% in 2019/20.

7.1.2 The 2018/19 rate for BMKFA is £62.70 which equates to £1.20 / week. The average band D council tax for all combined fire authorities is £75.40. BMKFA charges the lowest Band D rate. The CIPFA statistics are rounded to the nearest pound. **Appendix 5** reflects BMKFA is still the FA with the lowest council tax of

all non-metropolitan fire services. The list includes other FAs that are also in the lower quartile.

- 7.1.3 The Medium Term Financial Plan 2016/17 to 2019/20 was based on the assumption that council tax for BMKFA will be raised by 1.99% for the next three years. This equates to £59.70 for Band D equivalent property for BMKFA compared to an average figure of £73.14 average Band D figure for combined fire authorities in 2016/17.

## **7.2 Total pay bill expenditure**

- 7.2.1 A breakdown of CFO and SMT members' remuneration is provided in **Appendix 3**. A number of merit awards / bonus payments are shown paid in 2018 for performance in 2017. It should be noted that there were changes in post holder and new appointments made in 2018.

## **8 Salary benchmarking data in relation to SMT team salaries and LGA fire salary benchmark information**

### **8.1 Employee costs**

- 8.1.1 BMKFA is in Population Band 2. The national average of CFO basic pay in 2017 was reported in the 'NJC for Brigade Managers Salaries and Numbers Survey 2017' by the LGA at £131,423. There has been no further survey to date.
- 8.1.2 The national average of DCFO salaries in Population 2 in 2017, also reported in this survey, was at £105,704. The above are reflected in **Appendix 6a**.
- 8.1.3 The basic salary for the Chief Fire Officer in BMKFA in 2017 was £142,697 and the Deputy Chief Fire Officer was £118,485. The increase was 1%. The CFO salary figure for BMKFA was 8% higher than the mean average for Population Band 2 fire services and the DCFO figure was 11% higher. These figures were taken from the LGA survey, it is not indicated whether national figures include additional payments.
- 8.1.4 With the 1% and then 2% increases applied at 1 January 2018 and 1 July 2018 calculated from 2017 basic salary levels, I have re-calculated the figures across the national mean and BMKFA CFO and DCFO salary levels. The CFO and DCFO salary figures remain at the same differentials of 8% and 11% against the mean average for Population Band 2 fire services in 2018. The above are reflected in **Appendix 6b**.
- 8.1.5 A comparison of the national figures provided in the NJC Brigade Managers survey 2017 provided in **Appendix 6b**, shows that BMKFA CFO and DCFO pay is a little above the national average pay level. Pay data taken from combined fire

services' websites reflect variations in CFO pay across the south east region and also across those fire services in the lower quartile for council tax charges. In all cases, the CFO salary at BMKFA is benchmarked at the lowest level, as reflected in **Appendix 7**.

## **9 Appraisals and evidenced performance management achievements**

- 9.1 A verbal update on the CFO appraisal will be provided by the Chairman at the FA meeting.
- 9.2 The CFO has indicated that bonus payments may be made to SMT individuals if they have performed over and above expectations, and if members are supportive. Any such payments will be based on evidenced performance criteria and will be dealt with by the CFO through normal managerial arrangements.

## **10 Proposal**

- 10.1 There has been a continued demonstration of success in workforce reform, operational delivery, prudential financial and asset management, growing partnership working to deliver a range of services to the community.
- 10.2 The increased engagement year on year from the rest of the workforce to demonstrate higher levels of performance, and which is recognised by senior management, is impressive.
- 10.3 I propose that the total amount of funds, if any, be allocated to SMT based on individual performance reviews, through the delegated authority of the CFO as he feels appropriate.
- 10.4 In addition, I suggest that members may wish to review the level of merit award to be shared between SMT and the rest of the workforce.

**List of Appendices:**

- Appendix 1** Minimum annual rates of pay for chief fire officers by population band from 1 January 2018
- Appendix 2** BMKFA criteria for managers when applying for merit/bonus awards for staff
- Appendix 3** Breakdown of total remuneration of CFO and SMT members 2107 - 2018
- Appendix 4** BMKFA pay multiples – 2016/17 – 2018/19
- Appendix 5** Comparative data of fire authorities in lower quartile Council Tax 2018/19 (source CIPFA *Fire and Rescue Services statistics 2018-19*)
- Appendix 6a** Comparison of national CFO and DCFO salary levels at Band 2 in 2014 and 2017
- Appendix 6b** Comparison of national CFO and DCFO salary levels at Band 2 in 2014 and 2017 compared to CFO and DCFO levels in BMKFA
- Appendix 7** Comparison of population size 2017/18 compared to council tax 2017/18 of combined fire authorities in SE region and of fire authorities of similar size to BMKFA, CIPFA. CFO salaries 2018

**Minimum annual rates of pay for chief fire officers by population band from 1 January 2018**

Population Band 1	Up to 500,000
Minimum rate of pay (1 July 2018)	£101,782* £101,782
Population Band 2	500,001 to 1,000,000
Minimum rate of pay (1 July 2018)	£101,782* £101,782
Population Band 3	1,000,001 to 1,500,000
Minimum rate of pay (1 July 2018)	£111,070 £112,169
Population Band 4	1,500,000 and above (except London)
Minimum rate of pay (1 July 2018)	£122,074 £123,282

\* New appointments

**Source LGA**



**BMKFA criteria for managers when applying for merit/bonus awards for staff**

<b>Criteria</b>	<b>Category</b>
Where an individual consistently demonstrates <b>significant outcomes and achievements</b> that are beyond what is expected for the role, performing at an exceptional standard.	<b>A</b>
Where there is a <b>retention issue</b> with a member of staff who has significant experience, knowledge and/or skills which are of high value to the work of the Authority and without whom its effectiveness would be significantly reduced.	<b>B</b>
Where an individual has contributed to the success of a <b>one-off project</b> to an exceptionally high standard and to the benefit of the Authority, beyond normal expectations.	<b>C</b>
Where an individual has helped to cover the <b>absence of a colleague</b> for a significant period of time whilst not undertaking the role in total.	<b>D</b>
Where an individual has developed or changed a <b>way of working</b> in a way which has had a significant, positive impact on the effectiveness of the service.	<b>E</b>
<b>Other reason:</b> to be described in full	<b>F</b>

**Breakdown of total remuneration of CFO and SMT members 2017 - 2018****CFO Remuneration**

Wef 1 January	Base Salary	Bonus / merit award	Car Allowance value	Employer Pension contribution	Total cost
2017	142,156	20,000	nil	20,204	182,360
2018	143,110	20,000	nil	20,456	183,566
2019*	145,972				

**Deputy CFO Remuneration**

Wef 1 January	Base Salary	Bonus / merit award	Car Allowance value	Employer Pension contribution	Total cost
2017	116,762	13,000	nil	24,800	155,829
2018	118,838	13,000	nil	16,985	148,824
2019*	121,215				

**Head of Service Delivery – Remuneration \*\***

Wef 1 January	Base Salary	Bonus / merit award	Car Allowance value	Employer Pension contribution	Total cost
2017	77,081	10,000	nil	16,634	103,714
2018	90,546	8,500	nil	19,648	118,694
2019*	92,357				

**Head of Service Development – Remuneration**

Wef 1 January	Base Salary	Bonus / merit award	Car Allowance value	Employer Pension contribution	Total cost
2017	93,947	4,000	nil	20,257	118,204
2018	94,577	8,500	nil	20,510	123,588
2019*	95,985				

**Director People and Organisational Development – Remuneration**

Wef 1 January	Base Salary	Bonus / merit award **	Benefit in Kind Car allowance value P11D	Employer Pension contribution	Total cost
2017	90,244	13,000	9,327	12,220	124,791
2018	91,577	10,000	8,022	14,185	123,784
2019*	93,409				

**Director, Legal and Governance – Remuneration**

Wef 1 January	Base Salary	Bonus / merit award **	Benefit in Kind Car allowance value P11D	Employer Pension contribution	Total cost
2017	89,739	10,000	11,364	12,220	123,322
2018 total	91,577	10,000	10,199	14,185	125,961
2019*	93,409				

**Director Finance Assets – Remuneration**

Wef 1 January	Base Salary	Bonus / merit award **	Benefit in Kind Car allowance value P11D	Employer Pension contribution	Total cost
2017	86,494	10,000	7,149	11,408	115,051
2018	91,291	10,000	8,585	12,666	122,542
2019*	83,285				

*\*Assumption of 2% national pay increase 2019 Gold Book from 1 January 2019*

**BMKFA pay multiples – 2016/17 – 2018/19**

<b>Year</b>	<b>Highest pay : Lowest pay</b>	<b>Highest pay : Median pay</b>
2018/19	9.86 : 1	4.77 : 1
2017/18	10.17 : 1	4.77 : 1
2016/17	10.71 : 1	4.72 : 1

The 2018/19 Pay Policy document states that it is the service's intention that salary multiples do not reach the 1:20 ratio referred to in the Hutton Report.

**Comparative data of fire authorities in lower quartile Council Tax 2018/19 (source CIPFA *Fire and Rescue Services statistics 2018-19*)**

<b>Authority Name</b>	<b>Authority Class</b>	<b>General Data - Average Band D Equivalent Council Tax 2018-19 (£)</b>
West Midlands Fire and CD Authority	FA	59
Greater Manchester Fire and CD Authority	FA	-
Buckinghamshire Combined Fire Authority	FA	63
West Yorkshire Fire and CD Authority	FA	63
Berkshire Combined Fire Authority	FA	64
Leicestershire Combined Fire Authority	FA	65
Hampshire Combined Fire Authority	FA	66
Lancashire Combined Fire Authority	FA	67
Cambridgeshire Combined Fire Authority	FA	69
North Yorkshire Combined Fire Authority	FA	69
South Yorkshire Fire and CD Authority	FA	71
Essex Combined Fire Authority	FA	70
Avon Combined Fire Authority	FA	71

**Appendix 6a****Comparison of national CFO and DCFO salary levels at Band 2 in 2014 and 2017**

Population Band 2	Mean average
<b>2014</b>	
CFO	£133,181
DCFO	£105,214
<b>2017</b>	
CFO	£131,423
DCFO	£105,704

**Appendix 6b****Comparison of national CFO and DCFO salary levels at Band 2 in 2014 and 2017 compared to CFO and DCFO levels in BMKFA**

	National Mean average Population Band 2	BMKFA**	BMKFA difference above mean average
<b>2017</b>			
CFO	£131,423	£142,697	£11,274
DCFO	£105,704	£118,485	£12,781
<b>2018*</b>			
CFO	133,395	144,845	11,450
DCFO	107,290	120,269	12,979

\* Calculation of 1% increase on 1.1.2018 and 2% increase on 2017 basic salary from 1.7.2018

\*\* Basic salary for BMKFA, does not include Bonus figure

Source: LGA Fire salary survey 2017

**Comparison of population size 2017/18 compared to council tax 2017/18 of combined fire authorities in SE region and of fire authorities of similar size to BMKFA. CIPFA**

**Combined fire authorities - South East region**

<b>Authority name Combined fire authority</b>	<b>Population June 2017</b>	<b>Average Band D council tax 2018-19 £p</b>	<b>2017/18 CFO salary (basic + fees and allowances)</b>
Berkshire	905900	64.00	151,885
Buckinghamshire	803400	63.00	143,110
East Sussex	840500	91.00	152,262*
Hampshire	1837800	66.00	152,498*
Kent	1832200	76.00	149,200

**Combined fire authorities – similar population size to BMKFA**

<b>Authority name Combined fire authority</b>	<b>Population June 2017</b>	<b>Average Band D council tax 2018-19 £p</b>	<b>2017/18 CFO salary (basic + fees and allowances)</b>
Bedfordshire	664600	96.00	90,662**
Berkshire	885600	64.00	151,885
Buckinghamshire	803400	63.00	143,110
Cambridgeshire	847100	69.00	142,814
East Sussex	840500	91.00	152,262*
Hereford & Worcestershire	819800	69.00	126,209

\* change of post holder during year / different roles over year

\*\* pension abated

**Source: Salary figures from Statement of Accounts from individual Fire Services**

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20 December 2018

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