

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

Director of Legal & Governance, Graham Britten
Buckinghamshire Fire & Rescue Service
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Chief Fire Officer and Chief Executive
Jason Thelwell

To: The Members of the Executive Committee

9 November 2015

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 18 November 2015 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten
Director of Legal and Governance

Chairman: Councillor Busby
Councillors: Dransfield, Gomm, Lambert, Marland, Morris, Reed and Schofield



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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 the Chairman to sign as a correct record, the Minutes of the meeting of the Executive Committee held on 16 September 2015 **(Pages 5 - 8)**

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. Quarter Two Budget Monitoring Performance and Debt Management April - September 2015

To consider Item 5 **(Pages 9 - 22)**

6. Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan

To consider Item 6 **(Pages 23 - 36)**

7. Members' Allowances

To consider Item 7 **(Pages 37 - 70)**

8. Business and Systems Integration Project: Governance Reporting Arrangements

To consider Item 8 **(Pages 71 - 80)**

9. Pension Update

To consider Item 9 **(Pages 81 - 100)**

10. Exclusion of Public and Press

To consider excluding the public and press representatives from the meeting by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972, as an appendix to the report contains information relating to an individual; and Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as an appendix to the report contains information relating to the financial or business affairs of a person; and on these grounds it is considered the need to keep information exempt outweighs the public interest in disclosing the information:

11. Appointment of Director Finance and Assets (Chief Finance Officer)

To consider Item 11 (**Pages 101 - 106**)

12. Exclusion of Public and Press

To consider excluding the public and press representatives from the meeting by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972, as the minutes contains information relating to an individual; and on these grounds it is considered the need to keep information exempt outweighs the public interest in disclosing the information:

13. Exempt Minutes

To approve and the Chairman to sign as a correct record the Exempt Minutes of the meeting of the Executive Committee held on 16 September 2015

14. Date of Next Meeting

To note that the next meeting of the Committee will be held on Wednesday 3 February 2016 at 10.00am.

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

Minutes of the meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 16 September 2015 at 10.00 am

Present: Councillors Busby (Chairman) Dransfield, Gomm, Lambert, Marland, Morris, Reed and Schofield

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), D Sutherland (Acting Director of Finance and Assets), M Hemming (Deputy Finance Director), G Smith (Head of Service Delivery), P Holland (Head of Projects and Transformation) S Wells (Service Delivery Manager Buckinghamshire) F Pearson (Communication and Consultation Manager) and K Nellist (Democratic Services Officer)

Apologies: None.

EX14 MINUTES

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on Wednesday 29 July 2015, be approved and signed by the Chairman as a correct record.

EX15 Quarter One Budget Monitoring Performance and Debt Management April – June 2015

The Committee considered the revenue and capital budget monitoring and debt management performance report for the three months to 30 June 2015. Managers had positively and proactively controlled spend and forecast an underspend of £1.922m against a revenue budget of £28.7m. Excluding the Statutory Accounting and Contingency items totalling £1.506m, the overall forecast underspend on operational budgets reduced down to £416k.

The Lead Member for Finance, IT, Property, Procurement and Control advised Members that this was yet again more good news, although a large part of the Authority's projected underspend in the budget was due to contingency. There was an overspend on fire control as it had not gone live when expected and this had added to the costs, but there was potential to make saving here in the future.

A question was asked as to whether the property and ICT underspend related to the fire control project. It was advised that it was part of the capital programme for property (quotes for remedial work had been lower than budgeted). The remedial costs for moving away from the Merlin Centre were still on going.

RESOLVED –

1. That the budget virements as detailed in Appendix B be authorised.
2. That the latest projected outturn forecast for the Authority as at 30 June 2015 be noted.

**EX16 TREASURY MANAGEMENT PERFORMANCE 2015/16
QUARTER 1**

The Committee considered the Treasury Management Performance 2015/16 Quarter 1 report. The Lead Member for Finance, IT, Property, Procurement and Control advised Members that a decision had been made in 2013 to bring the management of the Authority's reserves in house. The Authority had saved a significant amount of money by doing so, accruing extra interest, with relatively little risk and making significant savings on its investment.

The Chairman and Chief Fire Officer had discussed whether the treasury management performance should now be passed over to the Overview and Audit Committee to monitor. The Acting Director of Finance and Assets supported this move.

The Acting Director of Finance and Assets also advised Members that overall performance remained very good and the Authority had been approached by Royal Berkshire Fire Authority to see if it could assist with their Treasury Management.

A question was asked as to whether it was possible to ensure that the investments made in the Authority's name were only made with companies who invested ethically as it was understood that Buckinghamshire County Council was considering such a policy.

The Acting Director of Finance and Assets advised Members that the Authority did not have a specific policy on ethical investment, but it did have a duty to ensure that it got the best possible value for the tax payers of Buckinghamshire and Milton Keynes.

The Chief Fire Officer suggested that a paper regarding the legality parameters of ethical investment would be prepared so that Members could then consider the desirability of adopting a policy.

RESOLVED –

That the Treasury Management Performance 2015/16 – Quarter 1 report be noted.

**EX17 TRADE UNION BILL – RESPONSE TO CONSULTATION
UNDER DELEGATED POWERS**

The Chairman advised Members that the Chief Fire Officer had submitted a response under delegated powers as the timing was such that it was not possible to get a report to the full Authority.

The Chief Fire Officer advised Members that the Authority was getting a number of these consultations coming through from Government, with very short time frames, which would need to be submitted under delegated powers.

With regard to the Trade Union Bill the Authority had a lot of experience in terms of strike action and managing strike action. The Chief Fire Officer did not think the Government went far enough in terms of the Trade Union Bill and that was reflected in the Authority's response.

The Chief Fire Officer believed that giving seven days' notice to try and organise response to strike action for an emergency service was not sufficient, so the Authority's response tabled that it should be 28 days. The responsibility for providing major incident response should not fall on the employer but should fall on the Trade Union as they have instigated the withdrawal of labour.

To scale up an emergency response for protection of the community, in terms of timescales, was not taking away anybody's right to strike, but obviously gives the emergency service an opportunity to put in place arrangements which protect the community. An extended time line may also give both sides an opportunity to negotiate further and may even put off strike action in the longer term.

The Lead Member for Finance, IT, Property, Procurement and Control felt the Authority was well ahead of this legislation in the way in which it dealt with industrial action in the past year. The one area that the Authority suffered, in particular the previous Chief Fire Officer, was abuse on social media. It was hoped that the Bill would become an Act and would put the responsibility onto the Unions.

Councillor Marland asked that his objections to a number of points in the response be recorded.

RESOLVED –

That the response of the Chief Fire Officer be noted.

EX18

EXCLUSION OF PRESS AND PUBLIC

RESOLVED –

That the public and press be excluded from the meeting by virtue of Paragraph 1 of Part 1 of Schedule 12a of the Local Government Act 1972, as Appendix 1 of the report contains information relating to an individual; and on this ground it is considered the need to keep information exempt outweighs the public interest in disclosing the information, so that the meeting may consider the following matter:

Chief Finance Officer Arrangements

The Chairman asked the Acting Director of Finance and Assets, the Head of Finance (Deputy Director) and the Communication and Consultation Manager to leave the room.

EX19

CHIEF FINANCE OFFICER ARRANGEMENTS

RESOLVED –

1. That the substantive appointment of a Director of Finance and Assets from autumn 2015 be agreed;
2. That the proposed recruitment process as outlined in Appendix 1 be approved.

[Press and Public re-admitted]

EX20

DATE OF NEXT MEETING

The Committee noted that the date of the next Executive Committee would be held on Wednesday 18 November 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 10.50AM.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Quarter Two Budget Monitoring Performance and Debt Management April – September 2015
EXECUTIVE SUMMARY	To present the revenue and capital budget monitoring and debt management performance report for the six months to 30 September 2015. The report at Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2015, together with the projected outturn position for the financial year. Managers have positively and proactively controlled spend and forecast an under-spend of £1.657m, against a revenue budget of £28.7m. Excluding the Statutory Accounting & Contingency items totaling £940k, the overall forecast underspend on operational budgets reduces down to £717k. Appendix B details the virements that require approval.
ACTION	Decision / Information.
RECOMMENDATIONS	That Members approve the recommendations below: 1. That the budget virements as detailed in Appendix B are authorised. 2. That the Committee note the latest projected outturn forecast for the Authority as at 30 September 2015.
RISK MANAGEMENT	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.
FINANCIAL IMPLICATIONS	As set out in the main body of the report.
LEGAL IMPLICATIONS	None.

CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	None.
HEALTH AND SAFETY	None.
EQUALITY AND DIVERSITY	None.
USE OF RESOURCES	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.
PROVENANCE SECTION & BACKGROUND PAPERS	Background Medium Term Financial Plan 2015/16 to 2018/19, CFA Meeting 18 February 2015. http://bucksfire.gov.uk/files/1714/2347/1301/ITEM_8_c_Medium_Term_Financial_Plan_MTFP_2015-16_to_2019-20_ExecAddendum.pdf Quarter One Budget Monitoring Performance and Debt Management April – June 2015, Executive Meeting 16 September 2015. http://bucksfire.gov.uk/files/6914/4161/5993/Executive_Committee_160915.pdf
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – September 2015 Appendix B – Virements Requiring Approval
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	Jayshree Takodara jtakodara@bucksfire.gov.uk 01296 744429

Appendix A**1. Revenue Forecasts by Service Area**

Table 1 The table below shows the budget and actual expenditure for each directorate as at the end of September 2015. The budget of £28.7m is compared to the forecast outturn to give a forecast year end underspend of £1.657m. If you take out the Statutory Accounting & Contingency items totaling £940k, we are forecasting a £717k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	871,280	517,672	885,635	14,355
	Legal & Governance	107,320	34,395	84,190	-23,130
Corporate Core Total		978,600	552,067	969,825	-8,775
Finance & Assets	Finance & Procurement	965,910	616,040	958,973	-6,937
	Resource Management	2,278,820	999,985	1,986,372	-292,448
Finance & Assets Total		3,244,730	1,616,025	2,945,345	-299,385
People & Organisation Development	Training & Development	1,371,870	465,999	1,195,173	-176,697
	Operations & Services	654,030	364,585	735,313	81,283
People & Organisation Development Total		2,025,900	830,585	1,930,486	-95,414
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	6,511,918	13,251,938	-1,022,232
	Service Development	2,090,940	1,476,744	2,693,149	602,209
	Service Transformation	217,730	149,414	277,409	59,679
	IT and Communication	1,343,890	818,184	1,465,883	121,993
Delivery, Corporate Development & Planning Total		17,926,730	8,956,259	17,688,379	-238,351
Statutory Accounting & Contingency	Capital Charges	678,000	135,416	690,796	12,796
	Direct Revenue Financing	2,153,000		2,153,000	0
	Contingency	1,520,920	2,495	0	-1,520,920
	Non Distributed Costs	212,410	151,393	780,159	567,749
Statutory Accounting & Contingency Total		4,564,330	289,304	3,623,955	-940,375
Total Expenditure		28,740,290	12,244,240	27,157,990	-1,582,300
Total Funding		-28,740,290	-12,966,527	-28,815,325	-75,035
Net Position		0	-702,115	-1,657,335	-1,657,335

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

Finance & Assets £299k under – The variance is predominantly due to the Resource Manager and a Workshop Technician vacant posts. Fuel and lease cost underspends contribute to this and are reduced by additional cleaning contract costs.

People & Organisation Development £95k under – The variance is associated with staffing costs. Some personnel are on a lower than budgeted scale and some posts will be part year vacant. In year virements between the training and operational service areas address the variance against the original budget shown in the table above.

Delivery, Corporate Development & Planning £238k under –

Service Delivery: The service delivery underspend is due to below budgeted levels of participation in the pension schemes, on-call post vacancies and staff cost savings for projected retirements and leavers of whole time posts for the remainder of the year.

Service Development: The budget virement for the Resource Management Team staffing reduces the pressure shown from £602k to £254k. This is attributable to the Response support service, where a bank system is being piloted; the Control room, where the late cutover and minor teething issues are anticipated to take expenditure over budget and the Service Development management interim arrangements. Managers are working to address the pressure.

Statutory Accounting & Contingency £940k under - The contingency fund makes provision for any pay award and pay protection arrangements as well as exceptional items for which no budget has been approved during the budget setting process. The current level of the fund is being reviewed as part of the Medium Term Financial Plan for 2016/17. There has been a drawdown of £228k for the first two quarters, to cover immunisations; support staff increment of 1% backdated to July 2014; intranet upgrade; salary impact of post grade reviews; station end PC upgrades and organisation formal ceremonies.

The forecast outturn for Non Distributed costs includes costs for whole time staff early retirements.

2. Direct Employee Costs

Table 2 shows the budget and forecast outturn for each sub-heading within the direct employees subjective as at the end of September 2015.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	12,654,860	6,285,259	12,377,615	-277,245
Retained Duty System	1,620,620	584,021	1,289,348	-331,272
Administrative Staff	3,386,660	1,685,798	3,395,833	9,173
Control Room Staff	0	201,644	194,422	194,422
Casual Employees	63,450	14,016	79,685	16,235
Cleaners	36,300	-114	-114	-36,414
Technicians	266,390	114,460	228,115	-38,275
Members Allowances	72,080	31,645	72,780	700
Allowances	737,720	372,785	742,844	5,124
Agency Staff	142,930	98,339	217,628	74,698
Grand Total	18,981,010	9,387,853	18,598,156	-382,854

Members of the Brigade – This relates to below budgeted levels of participation in pension schemes and overtime variance less the projected costs of the Bank system pilot of £75k.

Retained Duty System – on-call firefighter employment is currently significantly under budgeted establishment levels.

Casual Employees – casual staff are being used in operational training, co-responder and fire prevention safety teams, leading to the overspend in this area. The overspend is more than covered by the underspend in Members of the Brigade in these areas.

Technicians – the underspend relates to part year vacant posts projected within vehicle workshops.

Agency Staff – agency staff are to be used to cover interim vacancies in the Finance team as well as supporting property projects.

3. 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

		Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
A.	Employee Direct Costs	18,981,010	9,387,853	18,598,156	-382,854
B.	Knowledge & Information Services	1,258,130	735,240	1,280,390	22,260
C.	Fuel Charges	294,500	117,939	227,100	-67,400
D.	Energy/Utilities	267,920	79,559	271,378	3,458
E.	Employment Agencies/Consultants	142,930	98,339	217,628	74,698

The variances for A. and E. are as noted in Section 2 above. Fuel is currently showing an underspend as both the usage and the cost per litre are lower than the budget.

4. Funding

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

	Govt Funding £000	Business Rates £000	Council Tax Freeze Grant £000	Specific Grants £000	Council Tax Receipts (incl. 14/15 surplus) £000	Total Funding £000
Budget 2015/16	-5,170	-5,158	-182	-1,099	-17,131	-28,740
Budget Year to Date	-2,977	-2,301	-91	-629	-7,108	-13,106
Actual to Date	-2,977	-2,162	-91	-629	-7,108	-12,967
Variance Year to Date	0	140	-0	-0	0	140
Forecast Outturn	-5,170	-5,158	-182	-1,174	-17,131	-28,815
Projected Year End Variance	0	0	0	-75	0	-75

The variance to date is a timing difference from processing. The payments have been received and funding is on track against the budget.

The final determination of the specific grants is £75k higher than budgeted for, which represents the payment of amounts due from previous years.

5. Savings and efficiencies

Of the £1,096k savings offered up in the 2015/16 Medium Term Financial Plan £896k is from Operations, £170k from Finance & Assets and £30k from Corporate Core.

Directorate	Target Saving £000	Forecast Actual Saving £000	Under/ (Over) Recovery £000
Delivery, Corporate Development and Planning	896	896	0
Corporate Core	30	30	0
Finance & Assets	170	170	0
Total Savings	1,096	1,096	0

Delivery, Corporate Development and Planning – The team restructures have been completed and associated savings achieved. The workforce remodelling savings are associated with the retirement profile. The budgeted reduction in staffing levels is projected to be achieved. However, the Milton Keynes review project is not expected to be completed in year, therefore staffing allocation across the organisation will be managed to deliver the operational activities.

Corporate Core – This represents interest to be earned and has been achieved through effective treasury management.

Finance and Assets – The Resources team restructure saving of 100k is on target. The Finance team restructure is in progress and the interim structure is on target to deliver the budgeted savings of £70k.

6. Capital Forecasts

The capital programme for 2015/16 is £6.128m which together with a number of carry-forward schemes totals £9.109m.

Project Name	Original Budget 2015-16	Agreed 14- 15 Carry Forwards	Revised Budget 2015- 16	Actual Year to Date	Commitments 2015/16	Forecast Outturn	Year End Variance
Property	5,048,000	204,496	5,252,496	79,083	131,998	5,205,854	-46,642
Property Review	0	940,000	940,000	0	0	940,000	0
Sub Total	5,048,000	1,144,496	6,192,496	79,083	131,998	6,145,854	-46,642
BA Set Telemetry	122,000	174,000	296,000	173,726	122,000	307,000	11,000
Environmental Protection Unit	0	48,000	48,000	5,000	39,250	44,250	-3,750
Operational Equipment	85,000	34,200	119,200	0	0	119,200	0
CCTV Cameras	50,000	0	50,000	0	0	50,000	0
Water Tankers	80,000	0	80,000	0	0	80,000	0
Operational Vehicles	396,000	455,000	851,000	87,472	851,162	929,634	78,634
Sub Total	733,000	711,200	1,444,200	266,198	1,012,412	1,530,084	85,884
ICT	346,780	272,560	619,340	196,397	143,294	553,340	-66,000
Support Vehicles	0	52,900	52,900	52,308	0	52,308	-592
Sub Total	346,780	325,460	672,240	248,705	143,294	605,648	-66,592
Control Room	0	800,000	800,000	800,000	0	800,000	0
Sub Total	0	800,000	800,000	800,000	0	800,000	0
Total	6,127,780	2,981,156	9,108,936	1,393,986	1,287,703	9,081,586	-27,350

Funding

Funding Source	£
Capital Grant 2015/16	2,840,000
Control Room Grant	800,000
In year contribution	400,000
Capital Receipts	93,000
Unapplied/Unused Capital Grant	86,000
Environmental Agency	24,000
Transfer from RCCO Reserve	4,838,586
Total Funding	9,081,586

Property Portfolio

The Property team has been allocated £5.048m for 2015/16, of which £600k relates to priority 2 repairs as identified on the 2013 condition survey carried out. The remaining budget relates to various property reviews being carried out within the organisation and is partly funded by the Transformation Fund capital grant of £2.840m. Costs to date mostly relate to Princes Risborough phase one which was an internal refurbishment. The projected underspend is based on quotations for works due to commence in Q3 for a number of stations.

Fire Appliances & Equipment

The operational vehicles budget of £851k relates to the purchase of a number of appliances, one of which is the ICU, which was delivered in June. A contract for the remaining four appliances has been awarded in quarter two, with an estimated build time of 12 months. Due to market price changes since approval of budget and award of contract, a pressure is forecast. The delivery of the EPU chassis has been delayed and it is anticipated that it will be delivered in Q3. The remaining budgets of £50k and £80k relate to the CCTV cameras and water carriers respectively. These are currently being progressed.

Support

The budget for support vehicles relates to two hydrant vehicles and one fleet vehicle. The vehicles were delivered to the authority in Q1 and no further expenditure due against this budget.

Control Room

The funds of £800k for the control room have been transferred to the TVFCS, post cutover in April.

7. Reserves

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

	Balance at start of year	Projected Additions	Projected Use of	Projected year-end balance
	£000	£000	£000	£000
General Fund	-3,700	-1,657		-5,357
Earmarked Reserves (Revenue)	-7,155		1,641	-5,514
Earmarked Reserves (Capital)	-5,031	-5,398	9,058	-1,371

8. Performance Indicators

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

Description	2014/15 Actual	2015/16 Target	2015/16 Actual (rolling average)
Budget Monitoring Training	100.0%	100.0%	100.0%
Managers accessing SAP Cost Centre Report	74.3%	100.0%	100.0%
% invoices paid within 30 days	99.9%	97.7%	100.0%
Budget Mon. Report turn-around (working days)	7 days	8 days	7 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 in both quarters has been at 100%.

Invoices paid within 30 days has maintained a rolling average of 100% for the first quarter.

9. Debt Management

The table below shows the key debtor performance figures for the first two quarters of the year:

DEBTOR KEY PERFORMANCE INDICATORS 2015/16	Q1	Q2
Debts over 60 days overdue	£89,923	£73,185
Total Debt outstanding	£147,860	£149,122
Debts over 60 days overdue as a % of total debt outstanding	64.3%	48.6%
Debts over 60 days overdue as a % of total income to date	4.2%	3.3%
Average time from raising invoices to receipt of income	21	32

The above figures show the quarterly average, which for quarter 2 is £73,185. The actual value of debts over 60 days overdue as at the end of September 2015 was £49,039. Total debt outstanding as at the end of September 2015 was £108,882. Both of these figures have improved over the year, with the marked reduction in September, as a result of which the improvement is not reflected in the quarterly figures reported.

Almost all of the debts over 60 days overdue at the end of the quarter relates to income due for equipment provided to third parties during industrial action.

The average time to receipt of income is higher in quarter 2 due to the successful recovery of the overdue debt in relation to lease car rebates owed to the Authority.

Appendix B

Table 1 below shows the movement on revenue budget. There is a net increase in the expenditure budget of £34k as at 30 September, which is funded by the increase in fire specific grant and covers the cost of participation in the Global Corporate Challenge and the purchase of defibrillators.

Table 1 Movement in revenue budget

Directorate	Area Manager	Total Original Budget	Virement	Total Budget at Qtr1	Virement	Total Budget at Qtr2
Corporate Core	Corporate Core	871,280	31,170	902,450	0	902,450
	Legal & Governance	107,320	-23,130	84,190	0	84,190
Corporate Core Total		978,600	8,040	986,640	0	986,640
Finance & Assets	Finance & Procurement	965,910	9,350	975,260	0	975,260
	Resource Management	2,278,820	-147,450	2,131,370	-6,920	2,124,450
Finance & Assets Total		3,244,730	-138,100	3,106,630	-6,920	3,099,710
People & Organisation Development	Training & Development	1,371,870	-48,451	1,323,419	14,770	1,338,189
	Operations & Services	654,030	58,036	712,066	2,170	714,236
People & Organisation Development Total		2,025,900	9,585	2,035,485	16,940	2,052,425
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	-121,210	14,152,960	-82,850	14,070,110
	Service Development	2,090,940	307,510	2,398,450	27,370	2,425,820
	Service Transformation	217,730	3,240	220,970	64,670	285,640
	IT and Communication	1,343,890	37,780	1,381,670	135,790	1,517,460
Delivery, Corporate Development & Planning Total		17,926,730	227,320	18,154,050	144,980	18,299,030
Statutory Accounting & Contingency	Capital Charges	678,000	0	678,000	0	678,000
	Direct Revenue Financing	2,153,000	0	2,153,000	0	2,153,000
	Contingency	1,520,920	-92,270	1,428,650	-136,000	1,292,650
	Non Distributed Costs	212,410	0	212,410	0	212,410
Statutory Accounting & Contingency Total		4,564,330	-92,270	4,472,060	-136,000	4,336,060
Total Expenditure		28,740,290	14,575	28,754,865	19,000	28,773,865
Total Funding		-28,740,290	-14,575	-28,754,865	-19,000	-28,773,865

Within the budget adjustments completed, the following require authorisation.

Temporary revenue virements requiring authorisation:

Virement	Cost Centre	Subjective	DR/CR	£	£	SMB	Executive
1	Service Delivery Savings	Direct Employees	DR	101,500		Y	Y
	Transformation	Direct Employees	DR	64,670			
	Response Support	Direct Employees	DR	10,200			
	Various	Direct Employees	CR		176,370		
	To create UCAPP budget and Area Manager post on UCAST						
2	Various	Premises	DR	58,050		Y	N
	Property Services	Premises	CR		58,050		
	In-Year virement to cover Planned maintenance						
3	Various	Direct Employees	DR	104,280		Y	Y
	Contingency	Contingency	CR		104,280		
	To create temporary 9/12ths of 2015/16 budget for 1% operational staff increment						
4	Response Support	Direct Employees	DR	93280		Y	N
	Various	Direct Employees	CR		93280		
	To re-align NI and Superannuation for FDS elements on Response Support cost centres						

1. This is to transfer funds to eliminate a negative budget of unallocated savings and to apportion funding for an Area Manager post.
2. This is to allocate funds from the centrally held maintenance budget to cost centres where expenditure has been approved and spent.
3. This is to allocate the funds from contingency to cost centres for the 1% increment approved for operational staff relating to 2014/15.
4. The FDS salary elements are paid out from one cost centre, UCACN, but the budgets are held on individual cost centres where staff core payroll costs are charged. This journal transfers the funds from the individual cost centres to UCACN, to match expenditure incurred.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan
EXECUTIVE SUMMARY	Over a number of years the Authority has built up substantial balances within its usable reserves. This paper evaluates the on-going requirement for each reserve currently held. The total usable reserves as at 31 March 2015 were £15.9m. It is essential however that the level of reserves is considered in the context of other assets and liabilities, with particular regard given to the capital financing requirement (CFR). The CFR measures the Authority's underlying need to borrow (or finance by other long-term liabilities) for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced. The underlying CFR (excluding the finance lease) as at 31 March 2015 was £6.5m. In order to finance this the Authority is required to make a minimum revenue provision (MRP) each year. The MRP budget (excluding finance lease) for 2015/16 is £0.25m. It is recommended that usable reserves are realigned and that the balances not immediately required are used to make a voluntary revenue provision to reduce the CFR (excluding finance lease) down to zero. The advantages of this include: • The authority will no longer be required to make a MRP each year and can instead use this amount to finance the capital programme, as the Authority no longer receives an automatic entitlement to capital grant funding. This will support the Property and Fleet strategies. • It provides clarity and transparency regarding the remaining reserve balances and better represents the true financial position of the Authority. • No cash is repaid, so investment interest will be unaffected (currently the repayment premiums effectively prohibit early repayment of debt). The latest MTFP for revenue and capital are shown in

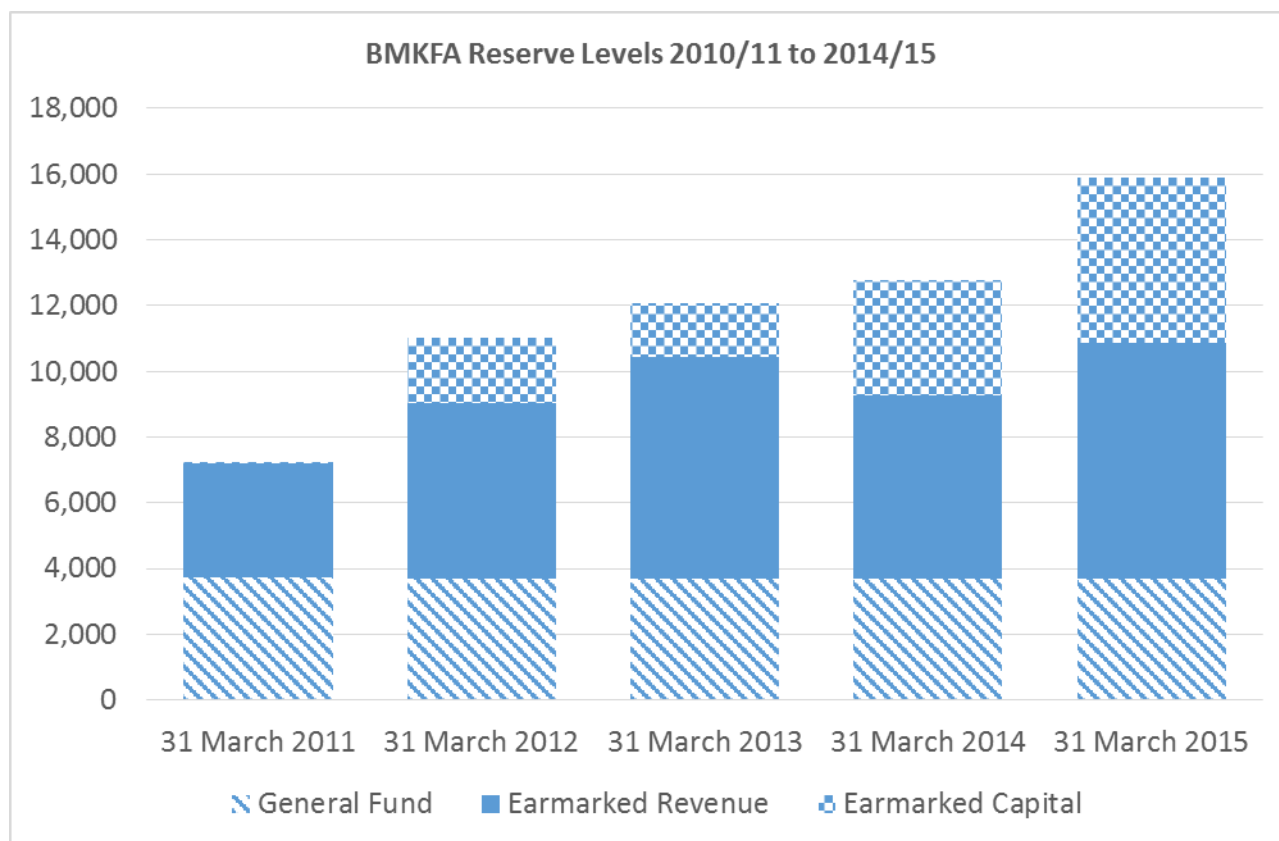
	Appendices D and E respectively. It should be noted that these are still subject to further officer and Member challenge. The Authority is still also awaiting the outcome of the Comprehensive Spending Review and settlement (expected November/December 2015) and Council Tax and Business Rate funding levels will be confirmed by the billing authorities in January 2016. These two models are built on revised assumptions, the principal ones being that the Authority will hold Council Tax at the current level and accept the 1% Council Tax Freeze Grant every year (if available) and that the Council Tax base will increase by 2% per annum. The models demonstrate that reallocating the reserves as recommended still provides the Authority with sufficient reassurance that the remaining levels are adequate to support the MTFP, and that the Authority's financial position remains solid.
ACTION	Decision
RECOMMENDATIONS	It is recommended that: 1. the proposed reallocation between reserves detailed in Appendix B be approved; 2. the use of usable reserves to reduce the capital financing requirement (excluding finance lease) to zero (as shown in Appendix B) be approved.
RISK MANAGEMENT	The recommended risk assessed General Fund balance is detailed in Appendix B. The risk of usable reserves being insufficient is mitigated by being able to increase the CFR in future if required. As part of its risk management, the Authority also holds a corporate contingency within the budget. The contingency budget for 2015/16 was set at £1.3m. It is anticipated this will be reduced to £0.6m as part of the MTFP.
FINANCIAL IMPLICATIONS	The key implications are: • Usable reserves would decrease by £6.3m. • The capital financing requirement would reduce by the same amount. • The MRP charge of £0.25m in the budget for 2016/17 would be reallocated to revenue contribution to capital to ensure the on-going sustainability of the capital programme. The projected level of this contribution for 2016/17 would be £2.2m.

LEGAL IMPLICATIONS	Section 42A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003 require the Authority to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement and to reports of the chief finance officer on the robustness of budget estimates and the adequacy of reserves.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	See Financial Implications.
PROVENANCE SECTION & BACKGROUND PAPERS	LAAP Bulletin 99 – Local Authority Reserves and Balances, CIPFA, July 2014: http://www.cipfa.org/~media/files/policy%20and%20guidance/laap%20bulletins/laap99%20reserves%20and%20balances.pdf?la=en
APPENDICES	Appendix A – Historic and Comparative Reserve Balances Appendix B – Recommended Reserve Movements Appendix C – Explaining the CFR and MRP Appendix D – Current Revenue MTFP Appendix E – Current Capital MTFP
TIME REQUIRED	15 minutes.
REPORT ORIGINATOR AND CONTACT	David Sutherland dsutherland@bucksfire.gov.uk 01296 744662

Appendix A – Historic and Comparative Reserve Balances

Historic Reserve Levels

The chart below shows the level of usable reserves for the previous five financial years:



The total usable reserves of the Authority have more than doubled over the preceding five years, despite large cuts to the cost of service over the same period.

Reserves are an essential part of good financial management. They allow authorities to manage unpredictable financial pressures and plan for their future spending. The level, purpose and planned use of reserves are important factors for Members to consider in developing medium-term financial plans (MTFP) and setting annual budgets. Reserves are held for three main purposes:

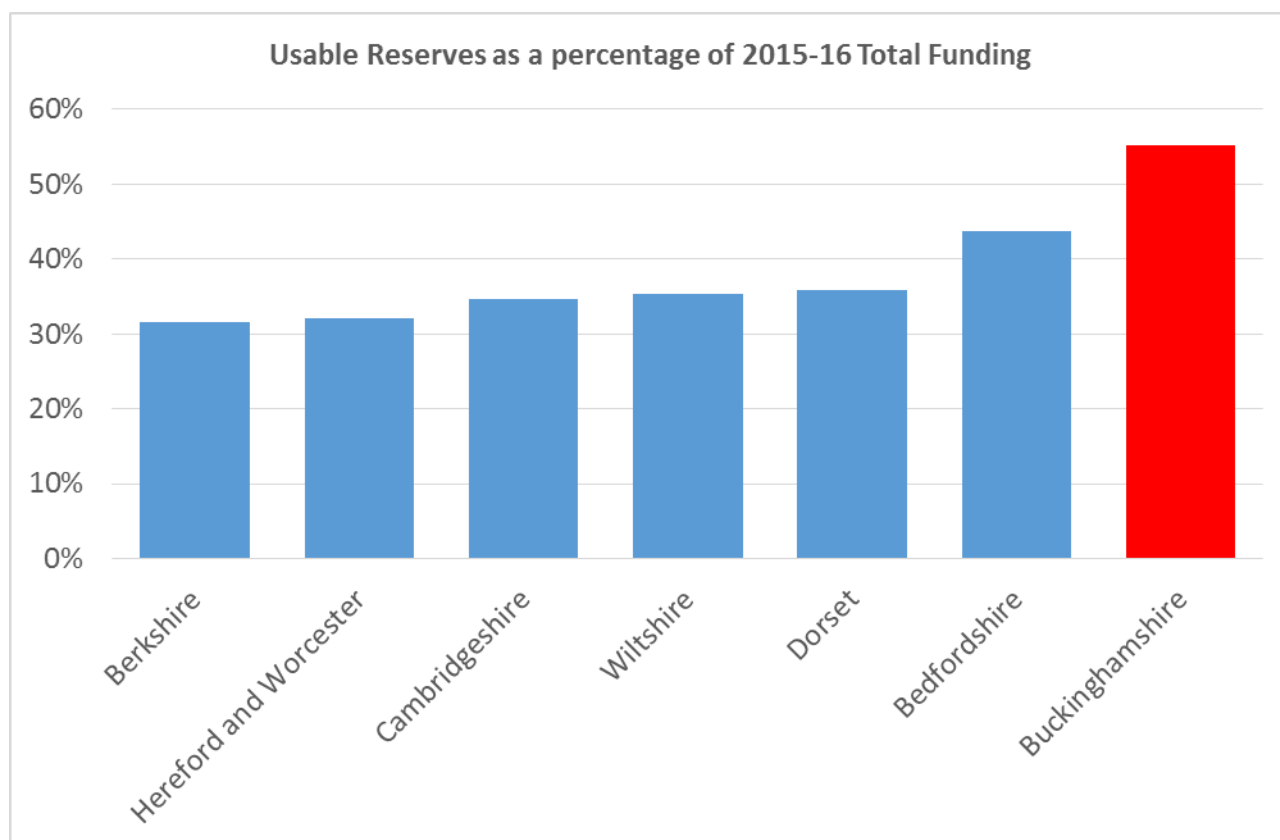
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves
- a means of building up funds (often referred to as earmarked reserves) to meet known or predicted requirements

Within the existing statutory and regulatory framework, it is the responsibility of the chief finance officer to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.

Level of Reserves Compared to Other Combined Fire Authorities

Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for local authorities. However, the government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty.

It is useful however to look at the level of reserves held by authorities facing similar circumstances. The chart below shows the level of usable reserves as at 31 March 2015 as a percentage of total funding for 2015/16, compared to other local and/or similar sized combined fire authorities:



This shows that the level of usable reserves held by the Authority as a percentage of budget is far in excess of the level of comparable authorities.

Given the Authority's excellent record of planning and pro-active management of expenditure, it should have the capacity to reduce the level of reserves significantly.

Appendix B – Recommended Reserve Movements

Section 1 - Usable Reserves

The reserve balances as at 31 March 2015 are shown in the table below, along with commentary on the recommended treatment.

Reserve	Balance at 31 March 2015	Projected Transfers In/Out 2015/16	Committed to Capital Schemes	Proposed Reallocation	Projected Residual Balance	Recommendation
General Fund Balance	(3,700)	(1,657)	-	3,357	(2,000)	Reduce to £2m as per revised risk assessed level (see Appendix B – Section 2).
Sub Total General Fund Balance	(3,700)	(1,657)	-	3,357	(2,000)	
Fire Control Reserve	(150)	150	-	-	-	This reserve is required to cover costs incurred in the early part of 2015/16.
Invest to Save Reserve	(500)	-	-	250	(250)	Recommend this is retained but reduced to £250k to help fund one-off cost of change within the Public Safety Plan.
New Dimensions Reserve	(1,000)	-	-	1,000	-	This was originally setup to provide protection if section 31 grant funding was to cease. This is now covered within the General Fund risk assessed level so this can be used for other purposes.
Redundancy and Early Retirement Reserve	(477)	-	-	227	(250)	Recommend this is retained but reduced to £250k to help fund staff change initiatives within the Public Safety Plan.
Vehicle Reserve	(191)	-	-	191	-	Recommend this is transferred to the Revenue Contribution to Capital Reserve.
Funding Pressures Reserve	(1,277)	87	-	1,190	-	A small amount of this is required to fund 2015/16 pressures identified in 2014/15. All general funding pressures are now covered within the General Fund risk assessed level so the remainder can be used for other purposes.
Control Room Reserve (Revenue)	(1,360)	204	-	1,156	-	Thames Valley Fire Control is now live. A small amount will be required in 2015/16, but any residual balance should be used for other purposes.

Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan

Reserve	Balance at 31 March 2015	Projected Transfers In/Out 2015/16	Committed to Capital Schemes	Proposed Reallocation	Projected Residual Balance	Recommendation
RDS Pension Contributions Reserve	(650)	-	-	650	-	This reserve was originally setup to pay back-dated employer contributions to the Modified pension scheme. However, it is now anticipated that contributions will be set as part of the scheme valuation, rather than requiring a lump sum contribution. This reserve can therefore be utilised for other purposes.
Continuing Projects Reserve	(1,500)	-	-	300	(1,200)	£300k of this relates to Thames Valley Fire Control, which is now live and that amount should be used for other purposes. The remaining £1.2m relates to the systems integration project, and the full amount of this is still required.
Insurance Reserve	(50)	-	-	-	(50)	This reserve is to offset the cost of the insurance excess should there be an unusually large number of claims in any one year. It is recommended this amount is retained in full.
Sub Total Earmarked Reserves - Revenue	(7,155)	441	-	4,964	(1,750)	
Usable Capital Receipts Reserve	(93)	-	93	-	-	This reserve is mandatory, as receipts generated from the sale of assets can only be used to finance capital expenditure.
Control Room Capital Grant Unapplied	(800)	-	800	-	-	This reserve will be fully utilised during 2015/16.
Other Capital Grants Unapplied	(86)	(3,240)	3,326	-	-	This reserve is mandatory and reflects the timing difference between the receipt of one-off capital grants and the capital expenditure to which they relate.

Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan

Reserve	Balance at 31 March 2015	Projected Transfers In/Out 2015/16	Committed to Capital Schemes	Proposed Reallocation	Projected Residual Balance	Recommendation
Revenue Contribution to Capital	(4,052)	(2,153)	4,839	(2,065)	(3,431)	This reserve holds contributions from the revenue budget towards the capital programme. Since there is no longer an automatic entitlement to capital grant this reserve is required, and will continue to be topped-up by an amount from revenue each year. The balance of other reserves not required to reduce the CFR is to be allocated here to support the fleet and property strategies.
Sub Total Earmarked Reserves - Capital	(5,031)	(5,393)	9,058	(2,065)	(3,431)	
Total	(15,886)	(6,609)	9,058	6,256	(7,181)	

Capital Financing Requirement	8,346	(311)	-	(6,256)	1,779	The proposed reallocation from usable reserves will reduce the CFR (excluding finance lease) to zero. The residual balance will be reduced over the remaining lease term as payments are made).
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It should be noted that the projected residual balance will almost certainly be different from the actual balance as at 31 March 2016 for the General Fund and the capital reserves. The balance on the General Fund will depend on the exact revenue outturn figure, which may change from the current projection. The balance across the capital reserves will depend on the capital outturn, particularly the timing of major schemes. The residual balance across capital reserves is intended to show the available reserves once all schemes in the 2015/16 capital programme have been completed. This residual balance represents the amount available to fund future schemes.

The projected residual balance for all reserves would represent 25% of the Authority's 2015/16 funding (based on the reserve balances as at 31 March 2015 this percentage is 55%). This is much more in line with other similar authorities and the Authority's excellent record of managing expenditure and savings and risk.

Section 2 - Recommended Risk Assessed General Fund Balance

In order to assess the adequacy of unallocated general reserves when setting the budget, chief finance officers should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. The following table sets out the key risks taken into account when assessing the required level of the General Fund:

Risk description	Risk factor - likelihood Rank % factor {a}	Risk factor - impact Rank % factor {b}	Potential Amount Required £000 {c}	Assessed Risk £000 {a} x {b} x {c}
Savings assumptions - The savings built into the MTFP are dependent on a number of factors and reliant on estimates made.	25%	100%	2,268	567
Capital budget assumptions - buildings. Limited capacity built into the budgets for unseen events. Current value of buildings is £16.3m.	5%	50%	16,337	408
Funding – there is a risk that the funding received is less than forecast within the MTFP.	20%	5%	28,246	282
Property - limited provision for capital maintenance. Would need to resort to use of reserves.	25%	100%	1,000	250
Public risks - there is no provision in the budgets for injury or damage to public or public property if the organisation is found to be negligent in its duty of care.	1%	100%	10,000	100
Pay awards - budget includes 1% increase. This could vary dependent on national agreements	50%	80%	213	85
Legal fees - there are times when it is necessary to take cases through the courts. There is provision in the budgets for this. However, there is always a risk that fees become burdensome and the case is lost with loss of our fees and the possibility that we would need to fund the claimant's costs	20%	75%	500	75
Thames Valley Fire Control project - potential issues post cut-over	25%	20%	1,500	75

Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan

Spate conditions - the budget is set on the assumption that there is a normal pattern of turnouts for whole time and on-call staff. In the event of extraordinary circumstances where turnouts significantly exceed the norm and overtime runs above the normal allowance, there would be an impact on reserves.	20%	70%	500	70
Vehicles - risk of losses not covered by insurance policies. No provision within the budgets so would need to be covered from reserves	10%	20%	3,199	64
Staff risks - injury payments for uninsured risk - i.e. the organisation is found to be negligent in its duty of care to staff	10%	100%	500	50
Local Government Pension Scheme - triennial revaluation may increase employer costs	15%	25%	473	18
Inflation budget assumptions - especially fuel and utilities	10%	50%	90	5
General Fund Balance Requirement				2,049

Reserve Protocols

The protocols for the remaining reserves are set out in the table below:

Reserve	Reason/Purpose	How and When Reserve Can be Used
General Fund Balance	Mandatory reserve to hold all non-earmarked reserve balances.	This will be used/added to at year-end depending on the revenue outturn
Invest to Save Reserve	To help fund one-off cost of change for projects detailed within the Public Safety Plan.	As required. Use will require the prior approval of the Executive Committee and production of the relevant business case.
Redundancy and Early Retirement Reserve	To help fund one-off cost of staff changes to facilitate the Public Safety Plan.	As required. Use will require the prior approval of the Executive Committee and production of the relevant business case.

Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan

Reserve	Reason/Purpose	How and When Reserve Can be Used
Continuing Projects Reserve	To fund the business and systems integration (BASI) programme approved by the Executive Committee in July 2015.	As required. Only for purposes as set out within the approved business case.
Usable Capital Receipts Reserve	Mandatory reserve to hold receipts from the sale of non-current (fixed) assets.	At year end for financing the capital programme.
Other Capital Grants Unapplied	Mandatory reserve to hold one-off capital grants received but not yet spent.	At year end for financing the capital programme.
Revenue Contribution to Capital	Discretionary reserve to hold revenue contributions used to finance the capital programme.	At year end for financing the capital programme. Can be used in-year for non-capital purposes if required but only with the prior approval of the Executive Committee.

All reserves are controlled and monitored by the Finance team and will be reported to Members quarterly within budget monitoring and annually within the Statement of Accounts. The on-going need for each reserve will be reviewed at least annually as part of the MTFP.

Appendix C – Explaining the Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP)

The CFR measures the Authority's underlying need to borrow (or finance by other long-term liabilities) for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced. Minimum revenue provision (MRP) is the amount set aside from the revenue budget each year to ensure that the Authority is able to repay the debt when it falls due.

An example of the interaction between borrowing, the CFR and MRP is shown below to aid understanding of this paper.

Example

Authority A borrows £1m that is repayable on maturity. They use it to purchase a number of large vehicles with asset lives of 10 years.

In the first year, the Authority has incurred a liability of £1m (the amount it has borrowed) and has a number of assets worth £1m.

Every year, the assets will be depreciated and at the end of the 10 year period will be worth nothing. However, the liability has not decreased as only the interest has been paid each year. In this situation Authority A would have to borrow a further £1m in order to repay the initial liability (and this would continue indefinitely if nothing else changed).

To avoid this situation, authorities are required to set aside an amount from revenue each year to repay borrowing. This is known as the MRP. In this example, the MRP each year would be £100k, so that at the end of the 10 year period, £1m has been set aside (i.e. £100k x 10 years). MRP is not a cash payment out, but is a notional charge against the general fund that effectively 'ties up' the cash so that it cannot be spent on anything else.

The MRP in relation to finance leases is calculated on a different basis. The MRP relating to assets held under by the Authority a finance lease will continue to be set aside on an annual basis as per the current situation.

Appendix D – Current Revenue MTFP

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Base Budget	27,499	28,740	28,374	28,346	27,779
Pay Adjustment	213	565	222	224	204
Inflation Adjustment	88	90	103	88	86
Savings	-1,096	-559	0	0	0
Growth	728	1,247	-99	-193	5
Previous year savings & growth adjustments	-888	-824	-254	-686	0
Contingency	1,309	-669	0	0	0
Revenue Contribution to Capital	887	-216	0	0	0
Net Budget Requirement	28,740	28,374	28,346	27,779	28,074
Government Funding	-5,170	-4,009	-2,888	-2,232	-1,508
Business Rates	-5,158	-5,380	-5,535	-5,692	-5,855
Council Tax Receipts Surplus/Deficit	-329	-329	0	0	0
Council Tax Freeze Grant	-182	-173	-292	-387	-397
Specific Grants (S.31)	-1,099	-1,099	-1,099	-1,099	-1,099
Council Tax Receipts	-16,802	-17,256	-17,601	-17,953	-18,312
Total Funding Available	-28,740	-28,246	-27,415	-27,363	-27,171
Shortfall for year	0	128	931	416	903
Cumulative savings requirement	0	128	1,059	1,475	2,378

Appendix E – Current Capital MTFP

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>Finance and Assets</u>					
Property Capital Expenditure 2016 -17	500				
Finance and Assets Total	500	0	0	0	0
<u>Delivery, Corporate Development & Planning</u>					
CCTV Cameras	45				
Red Fleet Replacement	2,300	500	500	500	500
Digital Radios					
Battery Powered hydraulic equipment	56	56	56	56	56
Operational Equipment	83	83			
Technical Rescue - Bariatric and Trench Rescue	10	2	2	7	2
Total Delivery, Corporate Development & Planning	2,494	641	558	563	558
<u>Knowledge and Information Systems</u>					
Wireless Network	35	12	12	12	12
Rolling Replacement of ICT hardware	75	75	75	75	75
Knowledge and Information Systems Total	110	87	87	87	87
Total Spend	3,104	728	645	650	645



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor Adrian Busby (Chairman)
SUBJECT OF THE REPORT	Members' Allowances
EXECUTIVE SUMMARY	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. 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 Appendix A. The Independent Remuneration Panel of the scheme for Milton Keynes Council undertook a review in March 2014 and this is attached at Appendix B. Previously 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). It is recommended that the Authority continue this for the period 2016/17. The NJC agreed an increase of 1% with effect from 1 July 2015 for 'Grey Book' staff for 2015/16. There are also some minor terminology changes to the Scheme of Members' Allowances which are shown by deletion and <u>insertion</u>.
ACTION	Decision.

RECOMMENDATIONS	That the Authority be recommended to adopt the Scheme for Members' Allowances for 2016/17.
RISK MANAGEMENT	The recommendation will have no adverse effect on the Authority's business.
FINANCIAL IMPLICATIONS	The current budget for Members' Allowances (Basic and Special Responsibility Allowances) is £72,780, including National Insurance. 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 additional cost is estimated to be in the region of £800.
LEGAL IMPLICATIONS	Set out above.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	Not applicable.
HEALTH AND SAFETY	Not applicable.
EQUALITY AND DIVERSITY	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. 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.
USE OF RESOURCES	The recommendation is consistent with the extant Scheme of Allowances.
PROVENANCE SECTION & BACKGROUND PAPERS	BMKFA Scheme for Members' Allowances 2015/16: http://bucksfire.gov.uk/files/9214/3273/6432/MEMBERS_ALLOWANCES_2015_16.pdf
APPENDICES	Appendix A: Report of the Independent Panel on Member Allowances for Buckinghamshire County Council January 2015. Appendix B: Milton Keynes Council report of the Independent Panel of Members' Allowances March 2014. Appendix C: Draft Scheme for Members' Allowances 2016/17.

TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	Katie Nellist knellist@bucksfire.gov.uk 01296 744633

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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

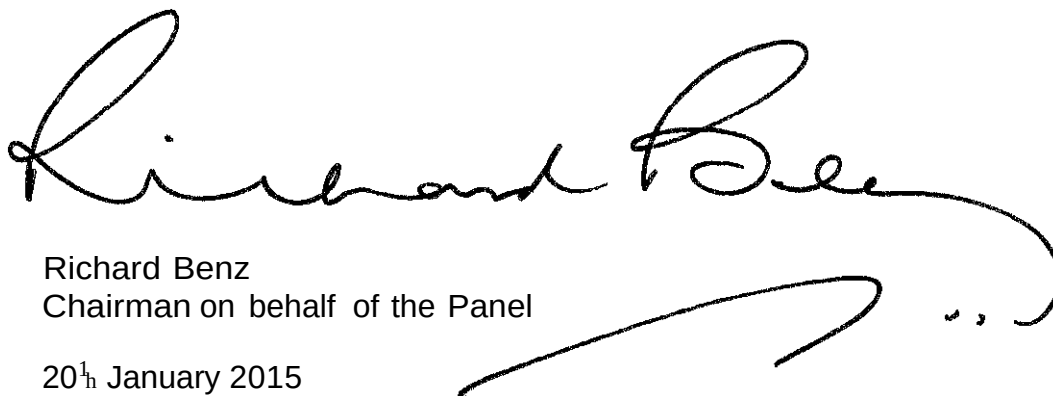
Following the four-yearly review the Panel recommends:-

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

20th 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
TOTAL		£852719

*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

**MILTON KEYNES COUNCIL - REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES:
MARCH 2014****Introduction.**

1. The Independent Panel on Members' Allowances met on Tuesday 18th February and Friday 7th March to make recommendations about the allowances to be paid to elected members. The Local Authorities (Members' Allowances) (England) Regulations 2003 requires councils to establish and maintain an Independent Remuneration Panel. The Council's existing scheme was approved by Council in 2009 and the Panel's most recent work was in 2010 when it was tasked with reviewing the Special Responsibility Allowances (SRAs). It is for each local authority to decide its scheme and the amounts to be paid under that scheme but the Panel provides advice on the amounts to be paid and the Council must have regard to this advice. The Panel comprised:

Don Latham, Private Local Government Consultant (Chair)
John Moffoot, former Assistant Director Democratic Services
Julie Mills, Principal at MK College
Ruth Stone, Director of Community Action MK
Paul Griffiths, Chief Executive MK Chamber of Commerce
Helen Davies, Resident of MK

2. The Panel was made aware that the Council currently faces a significant budget shortfall and that in a time of austerity it is vital to ensure that public money is well spent and that all allowances are justified and merited. We noted that in line with staff pay there has been no increase in allowances in 2010/11/12 and only 1% in 2013. Nevertheless the Panel recognises that the allowances awarded to Members of Milton Keynes Council are above average when compared to other similar Councils and that the number of Councillors is being increased from 51 to 57 from May 2014 as recommended by the Local Government Boundary Commission for England.

3. Given the financial situation being faced by the Council the Panels overarching discussion was about the appropriateness of recommending an increase, albeit a small one, at a time when frontline services are being cut. The level of allowances did not appear to be a barrier to recruiting councillors but time commitment was the prime argument presented for increasing allowances. This is exacerbated by the specific structure and chair/vice chair scheme operated, through choice, by councillors. Caseload/constituency work was not presented to us as the real issue. Members seemed much more concerned about the workload linked to committees and other formal meetings. Nevertheless the overall financial package is being stretched by £60,000 (8.4%) on the appointment of 6 additional members and we considered, but have not recommended, that this be absorbed by reducing the Basic Allowance to £9,000 so that there would be no overall increase in the members' allowances budget.

4. The Panel considered the published material and comparisons with other Councils similar to Milton Keynes Council concerning remuneration of councillors. We were made aware of the National Census of Local Authority Councillors and also took into consideration the requirements of Government Regulations on Member Allowances. For reasons set out in our report we consider that the existing scheme is soundly structured and consider that the Basic Allowance and Special Responsibility Allowances (SRAs) are set at an appropriate level so would not recommend new allowances being introduced other than to provide an extra £60,000 required to fund the additional six Councillors

5. The Panel reviewed the National Census of Local Authority Councillors 2010 and noted that

Councillors have various roles and work to carry out. Also councils have different decision making structures. The census information was considered in the changing context in which local government works, with economic and social pressures, and a growing public scrutiny in a time of austerity. There is now an increasing focus on councillors as community leaders and the main findings of the census showed that councillors as individuals are dedicated people who devote a great deal of their own time to serving their communities. Councillors spend on average 23 hours per week on Council business and this is consistent with surveys previously undertaken in both 2004 and 2006. The Panel believes that the situation in Milton Keynes Council reflects this national position.

6. The Panel would especially like to record its thanks to June Allen, Corporate Leadership Team Support Manager, who supported the Panel throughout the review; also to the Leader of the Council, Group Leaders and other Members who presented their views verbally or in writing to the Panel. Careful consideration was given to all the points raised.

7. In the light of the information provided by members the Panel discussed four options:

a) That there be no increase in the Council budget for Member allowances in 2014/15 and that the additional cost of six additional members be absorbed by a reduction in existing allowances and that the workload of members be reduced by a streamlining of the democratic process.

b) That the existing scheme be updated from April by the increase in the NJC pay award. (This is the approved Index used in the existing scheme of allowances). Councillors expressed the view that particularly in the financial circumstances being faced by the Council that it would not be acceptable to increase allowances at a rate in excess of that applied to staff pay.

c) That after years of indexing, the scheme be consolidated (Annex 1) by rounding up allowances and simplifying expenses in a way to ensure control, ease administration and encourage transparency. Expressing the levels of SRAs in a way which makes their basis more evident may encourage future evaluation of performance for which, the Panel were pleased to note, job descriptions are already in place.

d) That the new Council, to be elected in May, be encouraged to make urgent changes in the democratic process to reduce demands on Members' time which was the prime argument presented to us for increasing allowances. This streamlining may well include Scrutiny. We consider this to be an early essential to avoid the Council falling back into existing patterns and make desired changes more difficult to achieve. The Panel did consider a reduction in allowances as a result of streamlining the democratic decision making process which could greatly reduce the demands on members' time. It could also be argued that six additional councillors will decrease workload for the extant 51 – an 11% increase in headcount with no increase in workload.

Panel Recommendations.

8. In the light of evidence examined and the input of Members **the Panel recommends that the existing Scheme be updated in April by the consolidation recommended in our report (Annex 1) and that £60,000 be added to the budget to fund six new councillors.**

Consolidated (updated) Scheme.

9. The Panel's recommendations for consolidation (the third option) are as follows :

- That £60,000 be added to the Budget to fund six new Councillors
- That the Basic Allowance be set at £10,000 for 2014 - 15. (Annex 2)
- That SRAs be updated and expressed as a % of the Basic Allowance. (Annex 3)
- The Civic Allowances paid to the Mayor be set at £11,000 and Deputy Mayor £5,500.
- That Members should continue to be restricted to one SRA.
- That the Co-opted Members allowance be set at £640.
- That the SRA for Chair of Budget Review be reduced by £868 to bring it into line with Chair of Audit Committee.
- That no changes be made to other aspects of the existing scheme other than for indexing where appropriate.
- That the Council takes appropriate action on the results of the current Government/Treasury consultation exercise on pensions - which is anticipated to happen in 2014. (Annex 4)
- That the costs of telephone and broadband be met by Members from their Basic Allowance from 1st April 2014.
- That the consolidated Basic and SRA allowances remain unchanged i.e. not indexed for three years until the Panel meets again.
- That the new Council, to be elected in May, be encouraged to make urgent changes in the democratic process to reduce demands on Members' time.

Basic Allowance.

10. **The Panel recommends that the Basic Allowance (including inflation) be set at £10,000 for 2014/2015.** (See Annex 2) It was suggested by the Labour Group that if some 'disentanglement' between remuneration and expenses could be made and discussed with HMRC that this could be helpful to members. The Panel takes the view that allowances compensate for expenses and are not intended to be a form of salary. (See Annex 4). This would be a matter for the Council to discuss with HMRC.

11. Members of Milton Keynes Council also receive reimbursement of telephone and broadband costs at a current annual cost of £7,700. We recommend that the Council streamlines the administration of the scheme, reduces costs and makes it more transparent by withdrawing this additional support with Members meeting these costs directly from their Basic Allowance from 1st April 2014. We were made aware, during our Member consultation that this could create problems for some low income earning Members but we believe with the Council under pressure to reduce costs of administration it should take this step that would also bring it into line with best practice. It would save costs and simplify administration.

Special Responsibility Allowances.

12. The Council also pays Special Responsibility Allowances to those councillors it considers to have *significant, additional responsibilities* over and above the generally accepted duties of a councillor. These special responsibilities are related to the discharge of the Council's functions.

13. The most significant is the Leader of the Council and the Panel recommend that the allowance be increased by £668 to £30,000 (3 x basic allowance). The Panel considered the current practice

of ring-fencing a total sum for the Cabinet, which is distributed per Cabinet Member. This has the benefit of enabling the Leader to determine the Cabinet structure without increasing the cost. The Cabinet Members are currently being paid £10,647, a total of £74,529 and the Panel recommends that this be rounded to and capped at £77,000. If the current Cabinet structure continues, the SRA per Cabinet Member, excluding the Leader, would be £11,000.

14. We were requested by a number of Members to consider additional SRAs but the Panel were totally agreed that there should be no additional SRAs. The Regulations make it clear that only *significant additional responsibilities* should be recognised and only a *minority of members* should receive an SRA. Our recommendations would result in 39% of the new Council receiving a SRA which would be in line with good practice. A case was made by a number of members for the introduction of SRAs for Vice Chairs. The reasons the Panel would not support this are set out in Annex 5. We do recommend that the SRA for Chair of Budget Review be reduced by £868 to bring it into line with Chair of Audit Committee.

15. We believe that SRAs are soundly structured but recommend that the use of the Basic Allowance as a bench mark for SRA calculations should be made explicit and that figures should be rounded as after a time of indexing they appear to have a degree of accuracy that cannot be justified. In other words we can re-establish a fresh baseline for the scheme which we believe, based on the work of previous Panels, establishes SRAs at an appropriate level.

16. It was suggested that consideration should be given to a "*de minimus*" payment for Group Leaders and the Panel recommend this should be £2,480 (i.e., £620 per Member for a notional minimum of 4 Members). The full details of our recommended changes are set out in Annex 3. This would produce a increase, including inflation, of £2,583 (1.2%) on the SRA budget of £211,713.

17. The Panel recommends, in line with current practice, that Members should continue to be restricted to one SRA. We do not support arguments for exceptions to this rule and we would not recommend the practice of transferability of allowances.

Co-opted Members of Committees

18. Persons co-opted to serve on Committees, Sub Committees or Panels, and who have voting rights, receive an allowance currently £634. This is paid in 12 equal, monthly instalments and will be liable for tax and National Insurance. All co-optees are eligible for travel and subsistence at the Members' rate when carrying out the duties for which they are co-opted. If the co-opted person ceases to serve the Council reserves the right to recover any overpayments of this allowance. **The Panel recommends that the Co-opted Members' allowance be increased to £640.**

Civic Allowances.

19. Currently the Mayor of Milton Keynes receives a civic allowance of £10,647 per annum, in line with that paid to Cabinet Members, paid in two equal instalments of £5,323 in May and November. The Deputy Mayor receives a civic allowance of 50% of the Mayor's allowance, i.e. £5,324 per annum, payable in two equal instalments of £2,662 in May and November. As part of a local agreement with HM Inspector of Taxes, these civic allowances are not liable for tax or National insurance contributions. In the event of a Mayor or Deputy Mayor ceasing to hold office the Council reserves the right to recover any overpayments of the Civic Allowance.

The Panel is recommending that Cabinet SRAs be increased to £11,000 and if this increase were also applied to Civic Allowances there would be a budget increase of £529 (3%). **The Panel recommends that the allowances paid to the Mayor be increased to £11,000 and Deputy Mayor to £5,500.**

Travel and Subsistence.

20. The Panel fully endorses the Council's existing arrangements for travel and subsistence. Reimbursement to councillors for travel and subsistence is paid at the current rates agreed by the National Joint Council (NJC) for the reimbursement of Council officers. In some instances Mileage claims may be liable for tax and National Insurance contributions. Councillors are reimbursed the full cost of travel by the most appropriate means of transport at standard class rates whilst carrying out Approved Duties, provided a valid receipt (bus ticket etc) is produced to substantiate the claim. All reasonable claims for subsistence are paid for carrying out Approved Duties and as there is no profit element in the payment of subsistence, this allowance is not subject to tax or National Insurance contributions.

Child Care and Dependent Carer's Allowance.

21. The Panel recommends that the scheme should continue unchanged except that for child care the minimum wage rate applicable to the age of the carer should be updated to October 2013 wage rates, and should continue to be adjusted to meet any future changes in the applicable minimum wage:

£6.31 per hour (21 years and over)

£5.03 per hour (18 -20 year olds)

£3.72 per hour (for workers under 18 who are above compulsory school leaving age)

Some Members suggested that the Council should adopt the Living Wage but the Panel received no evidence that the allowance set at the present level discourages people standing.

Claimable Allowances.

22. The Panel noted and endorsed the Council's current scheme. There is a 3 month time limit for submitting claims i.e. Child Care and Dependent Carers Allowance and Travel and Subsistence Allowances. Any claims made outside of this limit will only be paid in exceptional circumstances with the approval of the Service Manager, Legal and Democratic Services and the Service Manager Audit and Risk Management.

Dual Authority roles.

23. The Panel notes the Council's decision that Councillors should not receive an allowance for more than one authority (e.g. Fire Authority) for the same duties. The Panel support the continuation of this position.

Forgoing Allowances.

24. A councillor may forgo all or part of any allowances to which he or she is entitled, provided he or she has given notice in writing to the Service Manager, Legal and Democratic Services.

Suspension and Withholding Allowances.

25. The Panel confirms the existing arrangements. In the event of a councillor being suspended from duty following an investigation by the Council's Standards Committee allowances will not be paid to the councillor concerned during the period of suspension. If necessary, a pro rata calculation will be made based on the number of days in the Council year concerned to determine if an adjustment for under or overpayment needs to be made to ensure that the correct amount is withheld during the suspension period. The Council should reserve the right to recover any overpayments.

Approved Duties.

26. The Panel endorses the list of 'Approved Duties' under the regulations and note that these include attendance at conferences, seminars and other Member Development and training events as approved by the Council or Service Manager, Legal and Democratic Services. The Panel was mindful of the training costs of a new Council with the prospect of many new Councillors and for Member Development training being a priority. We understand that appropriate budget provision has been made. We also discussed how appraisal of performance could play an important role in a situation where Members work under great pressures.

We noted that attendance at casework surgeries organised at advertised times and venues within the Member's own ward is an Approved Duty. The Panel considered recommending that this cost should in future be incurred as part of the Basic Allowance. However, in the light of the answers to our questions by Members and the low cost, we are not recommending change. We do not agree with the request that general casework should be included. We considered other issues raised by the Leader of the Council but we do not propose changes to Approved Duties.

Indexing.

27. The Panel considered recommending that the NJC award for staff pay should continue to be used as the basis for updating allowances but that having set a new baseline for allowances in our report we recommend that there should be no indexation for three years of the Basic Allowance and SRAs until the Panel meets again. But we recommend that the Dependent Carer's allowance should continue to be indexed to the maximum hourly rates for minimum wage for age of carer/average hourly cost of Milton Keynes Council. Travel and Subsistence allowances should be paid at the same rates and conditions applicable to Officer and HMRC rates where applicable.

Pensions.

28. All Councillors are eligible to join the Local Government Pension Scheme. Both Basic Allowance and Special Responsibility Allowance will be taken into account when calculating pension entitlement. The Panel noted that on 19th December 2012 the Local Government Minister, Mike Brandon Lewis, made a statement to the House of Commons setting out the Department's intention to remove access for councillors to the LGPS in England from April 2014 (Annex 4) and that a separate paper be issued as part of the planned consultation on the wider reform of the LGPS - which is anticipated to be completed in 2014.

Basic Allowance

1. The Statutory Guidance is very specific on the questions a Panel must consider when arriving at the recommended Basic Allowance:

'Having established what Councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, Councillors ought to be remunerated.'

2. The underlying approach in setting the recommended Basic Allowance is based on the above statutory guidance as published by the Department for Communities and Local Government (DCLG), par.67. As a result, the Panel is under a duty to arrive at answers for the following three variables when setting and recommending an appropriate Basic Allowance:

- a) Time required to fulfil roles of ordinary Members
- b) The voluntary principle, the notion that part of the time put in by a Member in their back bench roles should be unremunerated, often known as the Public Service Discount (PSD)
- c) The worth of a backbench Member's time, or rate of remuneration.

3. **Time required to fulfil back bench roles = 140 days annual equivalent.** The 2003 Panel acknowledged that the role of the back bench councillor was at least 60 hours per month, or at least 90 - 95 days per year. The 2010 Improvement and Development Agency (IDeA) census of Councillors shows that Councillors not in senior positions put in at least 23 hours per week, but that includes all types of councils. The Panel has translated this research by the IDeA into just over half a working week, or equivalent of 140 days per year.

4. **Public Service Discount: = 30%.** The previous Panel made the assumption that anything over 60 hours per month was the voluntary element or public service. However the common discount applied to English authorities is around 30%. In other words, of the 142 days expected time input, one third has been determined as public service, say 42 days, with 98 being left as the remunerated time.

5. **Rate for the job = £102 per day.** The Local Government Association no longer provides advice on a recommended daily session rate. The annual average wage/salary in the UK is £26,500 which the Panel have translated into £102 per day.

6. Thus, following the statutory guidance with the variables outlined above produces the following Basic Allowance:

- Time for the job: 140 equivalent days per year
- Public Service 30% (42 days)
- Rate for the job £102 per day

98 remunerated days x £102 = £9,996 say £10,000 Basic Allowance 2014 - 2015.

7. This is paid in 12 equal instalments and is subject to both tax and National Insurance contributions where applicable. If a councillor ceases to be a councillor before the end of his or her term of office, payment of the allowance ceases and a pro rata calculation is made to ensure that the councillor receives the right amount of allowance. The Council reserves the right to recover any overpayments of Basic Allowance.

8. The Basic Allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time at meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs, such as the use of their homes for council business.

Special Responsibility Allowances

The Panel believes that SRAs are soundly structured but recommend, in line with good practice, that the use of the Basic Allowance as a bench mark for SRA calculations be made explicit and that figures should be rounded as, after a time of indexing, they appear to have a degree of accuracy that cannot be justified. We did not have evidence to justify a significant increase or proposal for change in the existing scheme. We do recommend that the SRA for Chair of Budget Review be reduced by £1,000 to bring it into line with Chair of Audit Committee. What is set out below is a fresh baseline for the scheme which we believe, based on the work of previous Panels, sets SRAs at an appropriate level.

	Current £	Revised £	+/- £
Leader of the Council (300% basic allowance)	29,332	30,000	668+
Main Opposition Group Leader - per Group Member (16) (£614 increased to £620)	9,824	9,920	96+
Smaller Opposition Group Leader - per Group Member (15) (£614 increased to £620)	9,210	9,300	90+
Cabinet Members (7) - (Pool Cap of £77,000) (110% basic allowance)	10,647	11,000	2,471+
Chair of Development Control Committee (80% basic allowance)	8,051	8,000	51-
Chair of Licensing & Regulation Committees (80% basic allowance)	8,051	8,000	51-
Chair of Overview & Scrutiny Management Committee (75% basic allowance)	7,368	7,500	132+
Chair of Budget Review Group (55% basic allowance)	6,368	5,500	868-
Chair of Audit Committee (55% basic allowance)	5,368	5,500	132+
Chair of Overview & Scrutiny Select Committee (5) (45% basic allowance)	4,549	4,500	245-
Chair of Executive Scrutiny Panel (45% basic allowance)	4,368	4,500	132+
Chair of Standards Committee (30% basic allowance)	2,933	3,000	77+

This would increase the SRA budget (including inflation) of £211,713 by £2,583 (1.2%).

Written Ministerial statement of 19 December 2012 on Councillors Pensions.

On 12 September 2001, the then Department for Transport, Local Government and the Regions announced plans to give taxpayer - funded pensions to councillors, through access to the LGPS. The proposals came into force in 2003. The Councillors' Commission report of the last administration noted that 912 councillors in England had joined that pension scheme by 2004. A Taxpayers' Alliance survey in February 2009, across the whole United Kingdom, found that 3,527 councillors had pensions as of 2007 to 2008; a further survey in January 2012 found that figure had increased to 4,548 councillors by 2010 to 2011. The trend is clear.

Abolition of taxpayer-funded pensions

Ministers in this government take a fundamentally different view from the last administration. We do not believe that taxpayer-funded pensions are justified. Councillors are volunteers undertaking public service; they are not and should not be employees of the council and on the municipal payroll. They are not professional, full-time politicians, nor should they be encouraged to become so. Councillors do not receive a salary; rather, they receive allowances to compensate for their out-of-pocket expenses. Yet following changes made by the last administration, allowances have slowly become a form of salary, a situation worsened by the state-funded pensions. This is a corrosive influence on local democracy and independent thought, blurring the distinction between council staff and councillors. Every bit of the public sector needs to do its bit to help pay off the deficit inherited from the last administration. Local government grants are being reduced. Ministers have cut and then frozen their salaries. Public sector pensions, including parliamentary pensions, are being reformed to reduce the burden on taxpayers. It is only right that councillors do their bit as well. We do not believe that an occupational pension scheme intended for employees, and paid for by taxpayers, is an appropriate vehicle for councillors.

Existing pension rights

Subject to consultation, we propose that there will be no access for councillors to the LGPS in England from April 2014. In the interests of fairness, those councillors already in the scheme would have their accrued rights up to April 2014 fully protected, but would not be able to accrue any further benefits after that date in the existing scheme. This will not prevent councillors contributing to a personal pension: if they put aside part of their (taxable) allowances into such a pension, then that is a matter for them; they will continue to receive income tax relief like any ordinary member of the population, subject to the prevailing tax rules. Although central records on councillors' participation in the scheme are not held by my department, initial rough estimates suggest that this could save £7 million a year in taxpayers' money. There is absolutely no case for increasing councillor allowances to compensate. Instead, councils may want to consider earlier, voluntary closure of the scheme to their councillors as a sensible saving.

Civic duty

Eligibility regulations for the LGPS are overseen by my department. Although this is a centrally mandated change (as was its original introduction), we believe these reforms will assist localism and local democracy by encouraging a greater separation between councillors and officers. Robust local scrutiny of council spending requires councillors to be substantively independent of means and of thought from the body they are overseeing. Civic duty should not be bought. We do not believe it will have any detrimental effect on people choosing to become councillors. The best thing we can do to encourage more people to take part in municipal public life is to decentralise power to local communities so being a councillor is a meaningful and rewarding role.

Elected mayors

We recognise that there is a greater expectation that an elected mayor is a full-time position. We therefore propose to consult on allowing elected mayors to remain in the scheme as a voluntary option (but not as an expectation), subject to local scrutiny, challenge and determination. The salaries of the mayor of London, members of the Greater London Assembly and police and crime commissioners will remain pensionable.

Timing

Statutory consultation is required and will commence in due course, as part of the planned consultation on the wider reform of the LGPS. We will consult with the Welsh Assembly government in respect of access to the LGPS for councillors in Wales.

As a former councillor myself, I would like to pay tribute to their often unsung and on-going work in standing up for their local residents. We hope these reforms will further strengthen the integrity and independence of councillors and increase the respect within their communities for the voluntary work they undertake as champions of the people.

Vice Chair Allowances

1) A number of Councillors including the Leader and in particular the Labour Group, in a written submission, made the argument for payment of Vice Chairs as follows:

'For some years now, it has been the practice of the Council to have two Vice-Chairs of each Select Committee, one each from the parties not holding the Chair. This, we feel, can ensure cross-party buy-in to the Select Committee process, a factor that we think is specifically important for the Administration Party. The effectiveness of the scrutiny system relies on effective planning meetings, which involves the vice chairs every bit as much as the Chair. This is not an assertion we make wildly - the planning meetings are documented and I am sure agendas, and notes, will be made available to the Panel by Officers. It has been said, perhaps with some justification that the only thing the Chair does which the Vice-Chairs don't, is to chair the meetings. We feel that this situation should again be reflected in the Allowance system, as it was for some years in the past.

We feel there is a particular injustice with respects the Vice-Chairs of the Licensing and Regulatory Committees. Here also, the bi-party arrangement re Vice Chairs operates. The Vice-Chairs are constitutionally required to chair hearings panels in the absence of the Chair. They frequently do this and we can supply supporting evidence if this is required. There must be an injustice here and we invite the Panel to consider it.'

2. There are a number of reasons why the Panel would not support in principle the payment of SRAs to Vice Chairs.

Basic Allowance. Setting the Basic Allowance at an above average rate of £10,000 implies that the whole membership is widely engaged in the work of the Council. For some members fulfilment, satisfaction, training and experience can be gained through a vice chair role. For others it may be joint working, task and finish groups, working with other agencies or a priority for community engagement. The Basic Allowance set at this level assumes all those activities are covered. Some Councils will have a lower Basic Allowance and more Members on SRAs. But it is regarded as bad practice to pay the majority of members a SRA.

Significant Additional responsibilities over and above the generally accepted duties of a councillor is the clear guidance of the Regulations. The Panel has an obligation to take heed of the New Constitutions: Guidance on Regulation for Local Authority Allowances, republished by the Department for Communities and Local Government on 5th May 2006.

Can a small allowance - even if it were allowed to be taken out of the Chair's allowance - be an indicator of significant additional responsibilities? The Panel was informed that for this reason it was, in the experience of the Chairman, common for Panels not to recommend such payments. The Panel were made aware of the challenge that had been made previously to such payments and the response of the District Auditor. We were aware of the legal arguments but our decision is based solely on the merits of the case and the principle of keeping SRA payments to the minimum (1/3rd) in line with best practice.

Minimum number of Councillors should be receiving a SRA. If the majority of members of a council receive a SRA the local electorate may rightly question whether this was justified. Indeed this was questioned on the audit of another authority on the Audit of Accounts and the District Auditor supported the member of the public in their challenge and the allowances were withdrawn.

The current scheme provides for 22 allowances in a membership of 51 shortly to increase to 57 (39%). Vice chair allowances would have the potential to double the number of SRAs being paid. The reality is that 6 should be a maximum additional allowances to keep within the spirit of the Regulations. If they are small they can be challenged and they would add to the overall budget cost in a time of austerity when staff and services are being reduced.

Cost of politics is a matter of concern to the Panel. Recognising the challenges of being in a 'hung council' we do not believe that the additional costs of being in that position should fall on the community. We believe that political balance can be achieved without it having to be built in at Vice Chair level. We would much prefer to have a realistic Basic Allowance. Indeed, with the 'non-political' roles of the Regulatory Committees, it could be seen to be more above politics not to have politically defined Vice Chairs. We were pleased to note that the Overview and Scrutiny Panels were chaired by members of the minority parties. Sometimes the hidden agenda may be to find ways of financially rewarding those members of minority groups who are not the Administration. The move to vice chair allowances can be used as a mechanism to get the majority of members on a SRA. This can be the 'hidden agenda' but we believe is not the case in Milton Keynes where there is a history of parties working together for the benefit of the community.

Summary

The arguments against making provision for SRAs for Vice Chairs have been set out clearly by previous Panels and we concur with their views. We strongly believe that the existing scheme provides allowances at the right level and would not recommend a proliferation of smaller SRAs. In the end this is a matter for the Council to determine but the Panel would strongly recommend against such a move.



**BUCKINGHAMSHIRE AND MILTON
KEYNES FIRE AUTHORITY**

***MEMBERS' SCHEME OF ALLOWANCES
2016/17***

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 2016.
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 ~~Treasurer~~ 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.

Claim Forms

30. All information requested on the claim form must be provided, including details of start and finish times, journeys made and meetings attended. (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 should be provided.
32. Claims for the same expenses (mileage, travel and subsistence etc) must not be made from more than one body.
33. Claim forms should be completed and submitted to the ~~Treasurer~~ Chief Finance Officer, preferably within seven working days after the end of each calendar month.
34. 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 form.
35. 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.

SCHEDULE 1

SPECIAL RESPONSIBILITY ALLOWANCES FROM APRIL 2016

Special Responsibility Allowance per annum

• Position	£
• Chairman	11,974
• Vice-Chairman	4,012
• Chairman – Executive Committee	4,940
• Chairman – Overview and Audit Committee	3,236
• Chairman – Human Resources Sub-Committee	1,620
• Group Leaders	3,593
• Lead Members	3,122

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, ~~Treasurer~~ 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

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SCHEDULE 4

RATES OF ALLOWANCES

From April 2016 the following rates of allowances will apply

Basic Allowance:

£1,199 per annum

Special Responsibility Allowances:

See Schedule 1

Co-optees Allowance

£300 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 2017, 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).

Travel and Subsistence allowances will be adjusted for inflation each year in line with the Buckinghamshire County Council Members Allowances Scheme applicable at the time when the cost is incurred.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Business and Systems Integration Project: Governance Reporting Arrangements
EXECUTIVE SUMMARY	At the Executive Committee meeting on Wednesday 29 July 2015, the business case for the Business and Systems Integration Project (BASI) was approved. The reporting arrangements for project governance are outlined as an organogram in Annex A.
ACTION	Decision.
RECOMMENDATIONS	It is recommended that the Overview and Audit Committee be the forum for receiving periodic reports from officers as to the progress of the BASI project.
RISK MANAGEMENT	The project risks will be contained within a project risk register. The governance of this register, including escalations will be in line with existing service policy.
FINANCIAL IMPLICATIONS	There are no financial implications related to this paper.
LEGAL IMPLICATIONS	There are no legal implications related to this paper.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	Opportunities for collaboration will be sought during the term of the project.
HEALTH AND SAFETY	No Health and Safety implications perceived at this time.
EQUALITY AND DIVERSITY	No Equality & Diversity implications identified at this time.
USE OF RESOURCES	The use of resources are covered in detail in the BASI business case. The project progress and exception reporting will be through the project manager who will lead all the work-streams and will also be responsible for delivering the project's communication strategy. These reports will be received by the project sponsors

	(Lynne Swift, David Sutherland and Area Commander Julian Parsons). Overall project reporting and scrutiny will then be received by the Business Transformation Board which is Chaired by the Chief Operating Officer. BASI project will be a standing item for the duration. In order to ensure Members receive suitable and timely reports from officers, it is proposed that written reports will be delivered periodically to the Overview and Audit Committee when key milestones in the project are scheduled to be reached.
PROVENANCE SECTION & BACKGROUND PAPERS	Background As part of the ICT Strategy 2014-2018 an independent review of systems integration was commissioned. External consultant Christine Burrige undertook this task and delivered a business case which was formally agreed to be progressed by the Fire Authority Executive Committee Meeting 29 July 2015. The project is scheduled to be delivered in phases over a two year period. Background Papers • ICT Strategy 2014-2018 • Business and Systems Terms of Reference • Business and Systems Integration Business case
APPENDICES	Appendix A: BASI Project Governance
TIME REQUIRED	5 Minutes.
REPORT ORIGINATOR AND CONTACT	Julian Parsons jparsons@bucksfire.gov.uk 07964 415055

Appendix A

Business and Systems Integration Project Governance

1. Governance

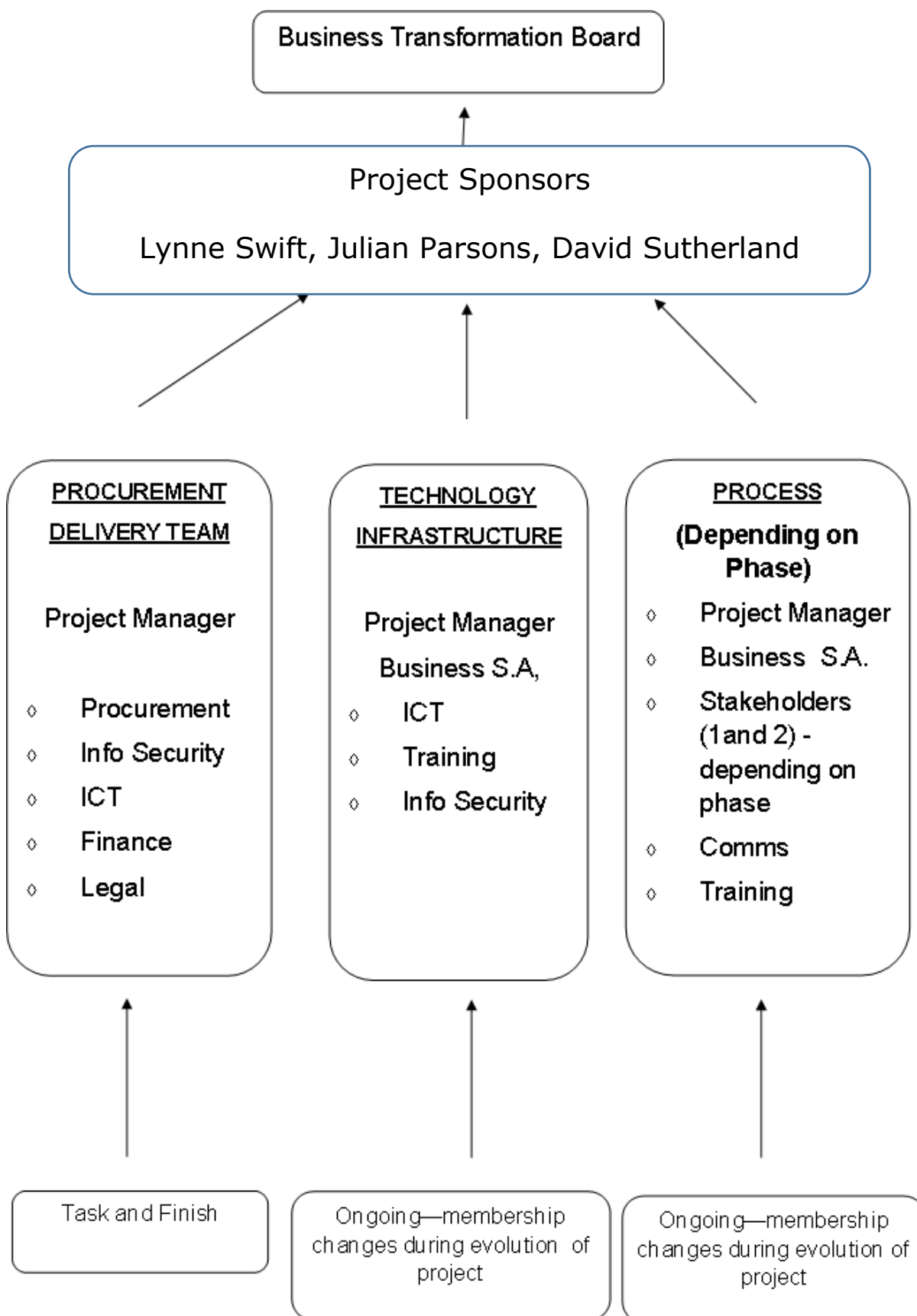
The governance arrangements are outlined in the organogram below. This is based on the governance model developed for the Service's transformation programme.

The governance arrangements are that the lines of reporting come through the various project work-streams via the project manager to the Business Transformation Board (BTB). While no formal Programme Board is believed to be required (the makeup would be virtually the same as BTB) the project sponsors may call periodic or ad hoc project review meetings with key senior managers. This would seem a logical as BTB supported the business case to SMB.

It should be noted that the procurement work stream is a 'task and finish' group. The other two work streams are likely to be more fluid in their membership as the project moves through its various identified implementation phases and requires commitment from different departments at different times. Terms of Reference for each work-stream are outlined in the later paragraphs in this paper.

The procurement work-stream has started to work on the finalisation and agreement of the documentation requirement by the procurement team. Early indications are that procurement can be achieved through either existing frameworks or gateway agreements depending on preferred systems. These are likely to be preferable than OJEU process due to timeframes. The procurement work stream has been formed under the initial leadership of the project sponsors in order to progress matters with a view to go to market in September.

Project Governance Framework



2. Procurement Delivery Work Stream Terms of Reference

Objectives

To identify, select and engage suppliers/vendors who can demonstrate the capability and capacity to develop and implement systems solutions that offer a best fit with the following elements of the approved BASI Business Case:

- Defined cost envelope;
- Preferred, four phase, two year delivery timescale;
- Delivery of the identified business benefits.

To identify opportunities to collaborate with external partner organisations, particularly within the Thames Valley, in the procurement, implementation, ongoing management, maintenance and/or development of systems included within the scope of the project and conform to the Authority's 'Principles of Collaboration'.

Scope & Exclusions

The scope of the project embraces all of the systems identified in the diagram shown at Appendix 1 (Phased Cutover) and includes the selection of suppliers/vendors for all specified software and hardware changes needed to deliver the benefits identified in the business case. Such changes to include where and as necessary:

- The renewal and or/upgrade of existing 'fit for purpose' systems;
- The replacement of sub-optimal and/or obsolete systems;
- Use of shared platforms and hosted facilities.

Key Deliverables

- A final, approved Statement of Business Requirements (including risk assessment of current systems to facilitate prioritisation of procurement/implementation);
- Vendor Request For Proposal (RFP) documents, including systems specification requirements;
- Approved vendor/supplier selection criteria
- Short list of potential vendors/suppliers
- Vendor/supplier contracts for approval

Project Governance & Management

The Project Manager will plan and manage the procurement process in conjunction with the Authority's Procurement Manager. Day to day management of the project and project team will be undertaken by a dedicated Project Manager who will report to the Project Sponsor. The procurement process will be managed and undertaken in compliance with the Authority's procurement policies and procedures including any relevant financial instructions.

The Project Manager will identify and agree key decision points in the procurement process with the Project Sponsors. The Project Sponsors will be responsible for ensuring that key 'gateway' decisions are properly mandated by the appropriate officer or Authority body (Board/Committee).

Stakeholder Management

The Project Manager will be responsible for preparing a stakeholder management plan for approval by the Project Sponsors and for implementing and maintaining this through the life-cycle of the project.

Risk Management

The Project Manager will be responsible for:

- identifying and evaluating key risks to the success of the project in conformance with the Authority's Risk Management Policy;
- identifying and agreeing with the Project Sponsors the means by which these risks will be mitigated and managed;
- maintaining a Project Risk Register;
- reporting the status of key project risks to the Project Sponsors and agreeing with them any further action to be taken in respect of risks deemed to be intolerable (e.g. escalation to the Business Transformation Board [BTB])

Progress Reporting

The Project Manager will report day to day progress and issues to the Project Sponsors. Formal progress reports, including identification and evaluation of exceptions, issues and intolerable risks will be reported to BTB on a quarterly basis and escalated to the SMB if the required corrective action falls outside of the collective mandates of BTB to approve.

3. Technology Infrastructure Work Stream Terms of Reference

Objectives

To implement changes to the Authority's ICT hardware and infrastructure necessary to support:

- realisation of the benefits identified in the BASI Business case;
- the potential to realise opportunities for collaboration with external partner agencies, particularly those operating within the Thames Valley area, in the implementation, ongoing management, maintenance and/or development of systems included within the scope of the project in conformance with the Authority's 'Principles of Collaboration'.

To deliver the required hardware/infrastructure changes within the time and budget parameters envisaged in the BASI Business Case.

Scope & Exclusions

The scope of the project embraces hardware/infrastructure support for all of the systems identified in the diagram shown at Appendix 1 (Phased Cutover) and includes the implementation of all hardware/infrastructure changes needed to deliver the benefits identified in the Business Case. Such changes to include where and as necessary:

- The renewal and or/upgrade of existing 'fit for purpose' hardware/infrastructure;

- The replacement of sub-optimal and/or obsolete hardware/infrastructure;
- Installation of hardware or infrastructure required to facilitate use of shared platforms and hosted facilities.

The management of an 'in-house' support for external vendors/suppliers commissioned to undertake the necessary development and installation work.

Key Deliverables

- Implementation/installation plans
- Impact and risk assessments for all proposed hardware and infrastructure changes
- User Acceptance Test (UAT) plans for all proposed hardware and infrastructure changes
- Delivery, installation and activation of hardware and infrastructure changes to approved specifications and satisfactory UAT.

Project Governance & Management

The Project Manager will plan and manage the technology infrastructure work stream in conjunction with the Authority's IT Manager and vendor/supplier representatives. Day to day management of the project and project team will be undertaken by a dedicated Project Manager who will report to the Project Sponsors.

The Project Manager will identify and agree key decision points in the hardware/infrastructure change process with the Project Sponsors. The Project Sponsors will be responsible for ensuring that key 'gateway' decisions are properly mandated by the appropriate Officer or Authority body (Board/Committee).

Stakeholder Management

The Project Manager will be responsible for preparing a stakeholder management plan for approval by the Project Sponsors and for implementing and maintaining this through the life-cycle of the project.

Risk Management

The Project Manager will be responsible for:

- identifying and evaluating key risks to the success of the project in conformance with the Authority's Risk Management Policy;
- identifying and agreeing with the Project Sponsors the means by which these risks will be mitigated and managed;
- maintaining a Project Risk Register;
- reporting the status of key project risks to the Project Sponsors and agreeing with them any further action to be taken in respect of risks deemed to be intolerable (e.g. escalation to the Business Transformation Board [BTB]).

Progress Reporting

The Project Manager will report day to day progress and issues to the Project Sponsors. Formal progress reports, including identification and evaluation of exceptions, issues and intolerable risks will be reported to BTB on a quarterly basis and escalated to the SMB if the required corrective action falls outside of the collective mandates of BTB to approve.

4. Business Process Work stream Terms of Reference

Objectives

To identify, specify and implement changes to the Authority's operational and business processes needed to deliver the benefits identified in the BASI Business Case.

To implement the changes within preferred timescale and budget associated with the preferred approach identified in the BASI Business Case.

To minimise the need for further development or customisation of new systems procured by the project by adapting Authority processes to the standard functionality offered by the new systems.

To identify opportunities to collaborate with external partner organisations, particularly within the Thames Valley, in adapting, redeveloping and operating processes included within the scope of the project in conformance with the Authority's 'Principles of Collaboration'.

Scope & Exclusions

The scope of the project embraces all processes hosted on the systems identified in the diagram shown at Appendix 1 (Phased Cut Over).

Key Deliverables

- End to end process maps for all operational and business processes affected by the scope of the project;
- Comparative analysis of current processes with new systems functionality;
- Gap analyses to facilitate identification of process changes required to adapt existing processes to new systems;
- Impact and risk assessments for all proposed process changes;
- Implementation Plans for all proposed process changes;
- User Acceptance Test Plans for all proposed process changes;
- Delivery of process changes to specification and satisfactory UAT.

Project Governance & Management

The Project Manager will plan and manage the process changes in conjunction with the relevant Authority process owners and managers. Day to day management of the project and project team will be undertaken by a dedicated Project Manager who will report to the Project Sponsors. The Project Manager will identify and agree key decision points in the process change work stream with the Project Sponsors. The Project Sponsors will be responsible for ensuring that key 'gateway' decisions are properly mandated by the appropriate officer or Authority body (Board/Committee).

Stakeholder Management

The Project Manager will be responsible for preparing a stakeholder management plan for approval by the Project Sponsors and for implementing and maintaining this through the life-cycle of the project.

Risk Management

The Project Manager will be responsible for:

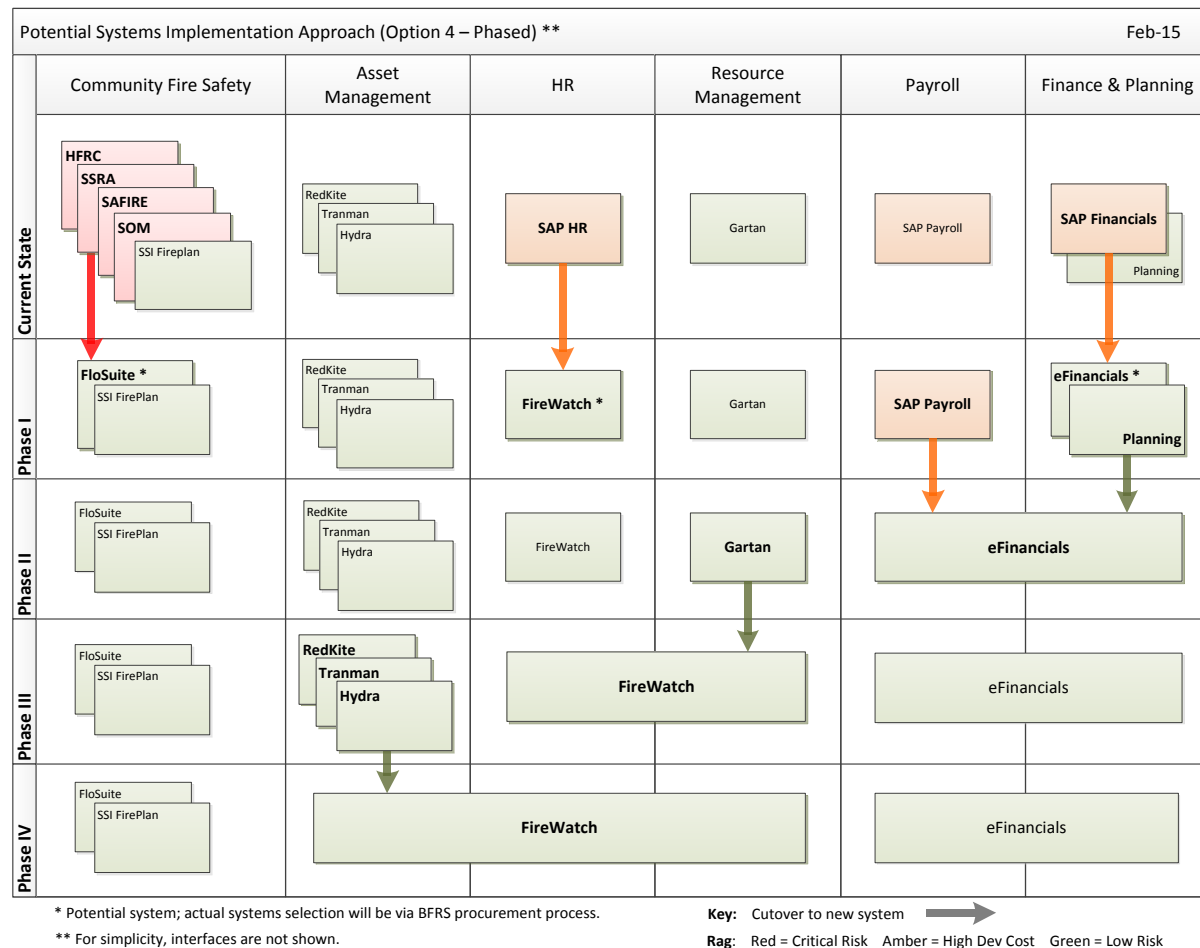
- identifying and evaluating key risks to the success of the project in conformance with the Authority's Risk Management Policy;
- identifying and agreeing with the Project Sponsors the means by which these risks will be mitigated and managed;
- maintaining a Project Risk Register;
- reporting the status of key project risks to the Project Sponsors and agreeing with them any further action to be taken in respect of risks deemed to be intolerable (e.g. escalation to the Business Transformation Board [BTB]).

Progress Reporting

The Project Manager will report day to day progress and issues to the Project Sponsors. Formal progress reports, including identification and evaluation of exceptions, issues and intolerable risks will be reported to BTB on a quarterly basis and escalated to the SMB if the required corrective action falls outside of the collective mandates of BTB to approve.

End of Report

Appendix 1



Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	Lynne Swift, Director of People & Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Pensions update
EXECUTIVE SUMMARY	This report provides an update on the various pension related activities currently being managed by the Authority, and the impact for the Service. Over the last two years the Authority has experienced a significant and unprecedented volume of work on pension related matters, with the level of complexity and administrative burden being met mainly within the HR team, supported by Finance. Pension related work is expected to continue at a high level for the foreseeable future. Current and future known pension issues are detailed in Annex 1.
ACTION	Information.
RECOMMENDATIONS	It is recommended that the Executive Committee note the update on pension matters within the Authority.
RISK MANAGEMENT	Initial risk assessment has identified potential risks as follows: Timescales: Some of the deadlines set have been tight and will continue to be a challenge to meet as the different elements of pension matters are dealt with at the same time. Response times from the current pension administrator remains slow and continues to impact on the Authority's delivery. However with the focussed efforts of the HR staff all deadlines have been met. The Guaranteed Minimum Pension (GMP) reconciliation project will coincide with the transfer of the pension administration. The Authority will need to be assured that the current and future providers are explicitly clear in

	their separate responsibilities in this important reconciliation work. Administration: The changes to the pension schemes has created huge administration burden and increased bureaucracy with little added benefit to the Authority. The Authority is currently procuring new pension administration arrangements and will be transferring the Firefighter Scheme administration from 2016. Members of the HR team continually review processes and will be involved in a pensions audit in early November 2015, which will further aid improvement to pension related matters. The Director of People & Organisational Development remains in regular contact with BCC at Director level over services and has agreed priorities to be delivered and to ensure a smooth transition to a new pension administrator. Legal challenge: the FBU have started the process of a legal challenge on the transitional protections in the 2015 Pension Scheme Regulations, in respect of potential discrimination. As Members will be aware, the Scheme was not instigated locally and accordingly the challenge is being responded to centrally by the DCLG. Regulations: With all the changes to the pension schemes and continued pension related issues being raised, there is a risk of inadequate knowledge and understanding on how to tackle these matters. To mitigate these potential risks, appropriate staff have, and will continue to attend, regional meetings and relevant training events to increase and share knowledge and understanding. This aspect is wider than just the firefighter pension Regulations as the Government proceeds with other national changes that will affect pensions from 2016 onwards. The Director of People and Organisational Development will continue to recommend part funding of the LGA expert National Pensions Advisor to mitigate risk and support knowledge acquisition.
FINANCIAL IMPLICATIONS	There are no financial implications arising from this report, however any on-going training requirements for members of the Local Pension Board and HR team may be appropriate which may have a small financial cost associated with it. Any costs will be accommodated within existing budgets. The financial implications of specific initiatives, such as

	the Norman case and the Modified Scheme have been raised in earlier decision papers and are included within the annual accounts. It is likely that employer contributions for the Modified Scheme will be increased as part of future valuations, rather than requiring a one-off lump payment. The paper 'Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan' recommends that this reserve is reallocated for other purposes.
LEGAL IMPLICATIONS	The Authority will continue to comply with the Scheme Regulations and Pension Regulator's requirements.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	The Authority is collaborating with Royal Berkshire Fire Authority for the provision of a new pension administration service for the Firefighter Pension Schemes and will look to further collaborate on pension related matters, such as a joint Local Pension Board.
HEALTH AND SAFETY	There are no health and safety implications.
EQUALITY AND DIVERSITY	Appropriate equality assessments of the National pension schemes have been completed centrally by DCLG. Other equality and diversity requirements are included and accounted for as appropriate.
USE OF RESOURCES	Communication with stakeholders: Stakeholder communication will remain a significant element of the continued successful implementation of the pension schemes. A primary function of the Local Pension Board will be to look at the communications strategy to ensure important information is effectively delivered. The system of internal control: Regular reports will be provided to the Strategic Management Board, Executive Committee and Fire Authority as necessary. Pension administration arrangements will also be subject to internal audit schedules. The balance between spending and resources: Funding for any additional expenditure will be identified as appropriate. Additional training requirements will need to be established for members of the Local Pension Board as detailed understanding will be required and therefore specialist training sourced and funded. Any training requirements will be built into the Authority's annual plan. The arrangements to promote and ensure probity

	and propriety: Current audit arrangements and service level agreements will ensure compliance in accordance with any recommendations from the audit. A new SLA will be introduced as part of the contractual arrangements with the new pension administration provider.
PROVENANCE SECTION & BACKGROUND PAPERS	Background: - Independent Public Service Pensions Commission: final report by Lord Hutton, published 10 March 2011 http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf - Public Services Pensions Act 2013 http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act 19 November 2014 Executive Committee paper: Response to consultation on Firefighters' Pension Scheme 2015:Proposals for new governance arrangements http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf 18 March 2015 Executive Committee paper: Firefighters' Pension Scheme 2015: Proposed new governance arrangements http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Committee_180315.pdf
APPENDICES	Annex 1 - Pensions update.
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Faye Mansfield, Human Resources Development Manager fmansfield@bucksfire.gov.uk 01296 744623

Pension update report

1.0 Introduction

Due to the high level of scrutiny surrounding public service pensions, Lord Hutton was tasked by the Government to independently review all public service pension schemes and make recommendations. Lord Hutton's Independent Public Service Pension Commission (IPSPC) published its final report on 10 March 2011, in which it concluded that public service pensions should be:

- Affordable and sustainable
- Adequate and fair
- Supporting productivity
- Transparent and simple

Following recommendations within this report all public service pension schemes were reformed.

On 24 April 2013, the Public Service Pension Act received Royal Assent. This Act provided the primary legislative framework for all public service pension schemes.

These reforms included changes to the Normal Pension Age for existing and new members, replacing existing final salary schemes with new schemes operating on a career average basis, whilst ensuring that any pension already built up prior to the introduction of new schemes being honoured in full, with a final salary link to the members ultimate retirement for pension earned in a final salary scheme.

Implementation dates have been phased since the Act was passed. The changes to the Local Government Pension Scheme came into force on 1 April 2014 and the Firefighters' Pension Scheme was one of the last public service pension schemes to change on 1 April 2015.

Due to the changes in the public service pension schemes, the Fire Service has seen continuous pension reform for all staff particularly throughout 2014/15, hence it has been an extremely busy two years on pension matters. The Authority belatedly saw the New Firefighters' Pension Scheme (FPS 2015) Regulations approved, and the background work to these changes was significant. Work with Buckinghamshire County Council (BCC), as our current pension scheme administrators, was extensive to ensure all transitions were completed accurately and on time.

From 1 April 2015 the Authority is now running **five** different pension arrangements:

- 1992 Firefighters Pension Scheme
- 2006 Firefighters Pension Scheme
- 2015 Firefighters Pension Scheme (New)
- Modified Pension Scheme (New)
- Local Government Pension Scheme (Amended)

1.1 Local Government Pension Scheme

For those in the Local Government Pension Scheme (LGPS), all members were automatically transferred into the new Scheme from 1 April 2014, and all pension in payment or built up before April 2014 was protected. The main changes to the Scheme are:

- Change from final salary to career average; CARE scheme
- More flexibility around when an employee can leave and take their pension: From 1 April 2014 an employee over the age of 55 can draw down on their pension
- Normal Pension Age: this is the same as the state pension age, with age 65 as the earliest age
- Pension builds up in a new way: for each year in the new scheme an employee builds up a pension based on their pay in that year, equal to 1/49th of their pay. The previous pension scheme had a lower accrual rate of 1/60th. There are also inflation increases.
- Contributions: whilst the average cost for employees currently remains at 6.5%, the highest paid employees will pay more. For part-time employees it will cost less as the contribution rate is based on actual pay rather than the full time equivalent
- More flexibility with a 50/50 option: employees can choose to pay half contributions and add half pension into their account, however the full value of the life and ill health cover remain

A new Local Government Pensions Scheme (LGPS) was introduced in April 2014 affecting staff on Support Services Terms and Conditions of Employment and Fire Control staff eligible to join the LGPS Scheme. The new Scheme moved the pension arrangements from a defined benefits (final salary) Scheme to a CARE (career average) Scheme. Again this involved significant activity to transfer existing Support Services and Fire Control members to the new Scheme. Although BCC continue to provide core administration for the LGPS Scheme; the Authority has seen an increase in the monthly returns required on LGPS members, especially leavers and those requesting a quote. The burden of this extra administration has been met within existing HR resources to date.

1.2 2015 Firefighters' Pension Scheme

For those in the Firefighters' Pension Scheme, the Government protected those members who, as at 1 April 2012, were within 10 years of their current scheme's Normal Pension Age. These members remain in their existing pension scheme until retirement. There is also taper protection for those members who are up to a further 4 years from their scheme's Normal Pension Age. These members remain in their existing pension scheme until their taper protection date, at which point they transfer to the 2015 Scheme. The main changes to the Scheme are:

- Change from final salary to career average
- Pension builds up in a new way: for each year in the new scheme an employee builds up a pension based on their pay in that year
- New accrual rate of 1/59.7th (from 1/60th)
- Normal Pension Age: this is age 60
- Deferred pension age equal to state pension age, with a minimum of age 65
- Partial retirement of 2015 benefits from age 55

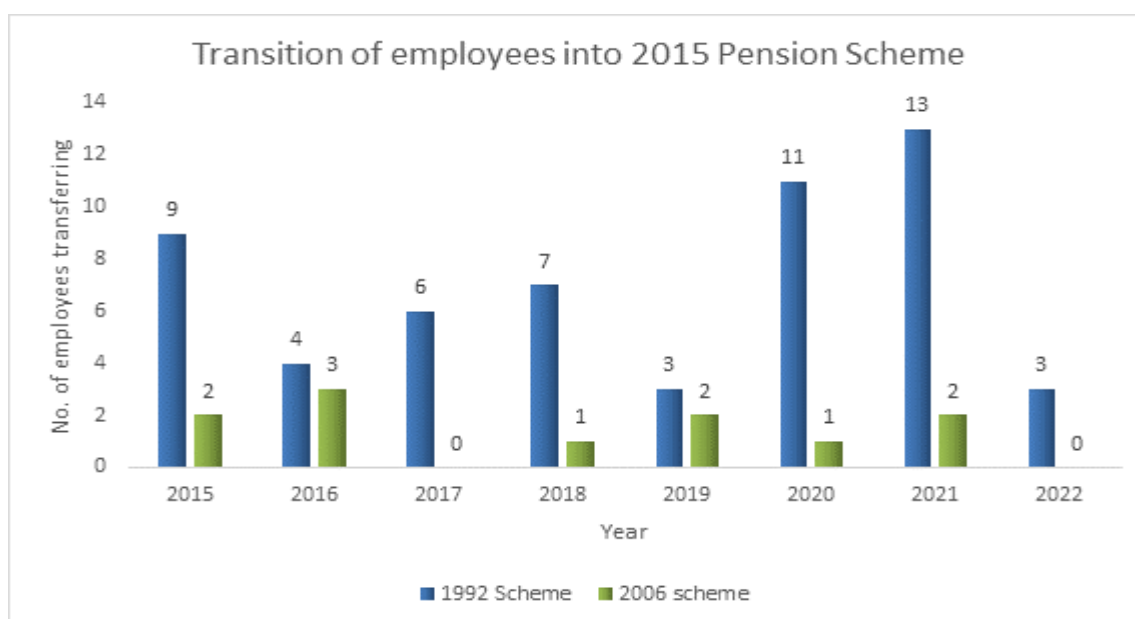
The Authority ran six pensions briefing days, delivering nine sessions, where 98 attendees received a joint update on the new Firefighters' Pension Scheme.

292 firefighters transferred to the 2015 Firefighters' Pension Scheme on 1 April 2015, (149 Wholetime - 48%) (110 on call - 33%) (34 other- day crew/casual - 74%) with a further 73 having taper dates from May 2015 to 2022. The final member of the 2006 Firefighters' Pension Scheme will transfer into the 2015 Firefighters' Pension Scheme on 31 March 2022.

81 active members who, as at 1 April 2012, have 10 years or less to their current Normal Pension Age remain in their existing scheme (1992 or 2006) and will therefore have full protection and not transfer to the 2015 Scheme. The 81 members are split between 64 members in the 1992 Scheme and 17 in the 2006 Scheme. However, this number will reduce for those On-call employees that elect to convert their 2006 Scheme membership to membership under the Modified Pension arrangements.

Figure 1 below demonstrates the transition of employees into the 2015 Firefighters' Pension Scheme.

Figure 1:



1.3 Modified Pension Scheme

In addition, the DCLG introduced a bespoke section to the New Firefighters' Pension Scheme 2006 to provide benefits for firefighters employed as retained firefighters between 1 July 2000 and 5 April 2006 inclusive. This was the final agreed settlement following the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000.

The Modified Scheme was made available to individuals who were employed as On-call firefighters by an English Fire and Rescue Authority during the relevant period, and were not given the opportunity to join the membership of the Firefighters' Pension Scheme 1992 in respect of that employment.

The Modified Pension Scheme introduced on 1 April 2015 brought in benefits equivalent to those available to firefighters employed as a regular firefighter during the same period and as provided for in the Firefighters' Pension Scheme 1992.

Individuals that were employed as On-call firefighters between 1 July 2000 and 5 April 2006 were entitled to purchase pension rights under the terms of the new pension arrangements. Any service before 1 July 2000 is not counted as pensionable service and those joining after the relevant period are not eligible to join the Scheme. Membership was open to all such eligible individuals:

- Current firefighters
- Firefighters who left the service
- Firefighters who left the service and in receipt of a pension: and
- Firefighters who left the service and in receipt of ill health retirement benefits

The normal pension age of the modified Scheme is 55 years. Section 2.4 of this report indicates how many individuals have taken up the offer to join the Modified Pension Scheme to date.

1.4 Membership and Trend Data

Nineteen wholetime staff (7%) and thirty six On-call staff (22%) are currently not in one of the Firefighter Pension Schemes.

Seven employees have opted out of one of the pension schemes in 2015; two On-call staff, one support Services, four wholetime.

This equates to;

- Three in the 2006 Firefighters Pension Scheme (two On-call, one wholetime)
- Three in the 2015 Firefighters Pension Scheme) (one of the wholetime members has only opted out of the scheme within their secondary role as a Co-responder)
- One in the Local Government Pension Scheme (Support Services)

Human Resources continue to closely monitor membership in the different pension schemes and ensure staff are made aware of the scheme benefits to allow them to make informed decisions.

As at October 2015 the numbers of active members are as follows:

<u>Scheme</u>	<u>Number of Active Members</u>
FF 1992	107
FF 2006	18
FF 2015	306
Subtotal	431
This shows over 60% of Authority Firefighters are members of the new 2015 Scheme	
LGPS	96

The Authority has circa 15 members currently buying added years, paying arrears and AVCs.

As at October 2016 the numbers of deferred and pensioner members are as follows:

- 1992 Firefighters' Pension Scheme: Deferred = 57 : Pensioners = 320
- 2006 Firefighters' Pension Scheme: Deferred = 171 : Pensioners = 8
- Local Government Pension Scheme: Deferred = 103 : Pensioners = 103

2.0 Cases –current national rulings

2.1 Review of Pensionable Pay – Norman Case

In December 2011, a judgement was made against Cheshire Fire and Rescue Authority relating to a challenge brought by one of their employees; Firefighter Norman. This employee was successful in his challenge which stated that the application of the existing firefighter pension rules, in which certain aspects of work which warranted an additional payment were being treated as non-pensionable, was unlawful.

The judge found in favour of Firefighter Norman and therefore ordered Cheshire FRA to recalculate his pension on the basis of the additional payments being pensionable. Cheshire FRA was also required to pay employer contributions on the element of pay going back to the period of its inception. The success of this case has an impact on many FRAs and each FRA is required to establish the implications of this case on the payment of allowances within their Service.

An assessment has been undertaken to establish the pensionable status of additional payments within our Service. From this review, in the main the Authority has been applying pensionable pay in line with the Norman case criteria and only the training allowances for substantive Grey Book staff has been identified as likely to be an additional allowance pensionable against the criteria. Contingent liability based upon the training allowances has been identified for any potential settlement. Next steps are to assess impact on the individual employees over the relevant time period. The whole matter will be concluded by financial year end.

A regional seminar has been proposed on the whole topic of pensionable pay to ensure that FRS are applying consistent rulings. This will be coordinated by the LGA pension advisor and anticipated in autumn 2015.

2.2 Potential discrimination claim regarding transitional protections

The Fire Brigades Union (FBU) has started the process of a legal challenge on the transitional protections in the 2015 Pension Scheme Regulations, in respect of potential discrimination. The FBU has contacted the Advisory, Conciliation and Arbitration Service (ACAS) as the first part of the process and Solicitors, on

behalf of the FBU has written to all FRA's directly. The Authority responded directly to the FBU Legal advisors letter. This issue has again created further administrative burden on the Authority as significant comparative information is required to be submitted. One Employment Tribunal Claim (ET1) has been received.

2.3 GAD Ombudsman case

Following the Pensions Ombudsman's recent determination on the complaint brought by Mr W Milne, the Government has decided that additional payments are to be made to scheme members whose pension commenced between 1 December 2001 and 21 August 2006 and who chose to commute pension for lump sum at retirement. This is to address the Ombudsman's conclusion that the scheme's commutation factors should have been reviewed before 2006. The additional payments include interest at the Bank of England's base rate since the date the pension commenced, in accordance with the Ombudsman's determination in the case of Mr Milne.

In the South East Region there are 753 members affected, and for Buckinghamshire and Milton Keynes Fire Authority the number of pensioners affected is 47 with retirement dates from 1 December 2001 to 21 August 2006.

Government Actuary's Department (GAD) have prepared to assist scheme administrators in calculating additional payments to be made in respect of certain fire pension scheme members, following consideration of the Ombudsman's determination. The guidance includes the table of revised factors to be used in calculating redress, as prepared by GAD. In addition to this guidance, GAD have provided an excel calculator to facilitate the processing of cases, including the production of calculations for multiple members on a bulk basis.

The Government appreciates that it will take time to process the necessary calculations, particularly given that some administrators will need to assess hundreds of cases and in the light of other demands. Clearly, however, there is a need to ensure that those individuals affected by the principles of this case, receive redress as soon as possible. The Government therefore expects that administrators will have completed the majority of calculations by December 2015 and will have made the majority of payments by April 2016. The Government has requested information on the additional money FRA's are expected to pay affected individuals; this information is being provided by the Pension Administrator by 2 November 2015.

BCC have confirmed they can achieve the timescales

HM Treasury have confirmed that DCLG will be making the required funding available to FRA's to enable them to make the necessary payments to affected individuals.

All affected pensioners have been written to setting out the Government's expectations on timescales.

2.4 RDS Settlement – Modified Pension Scheme update

A test case in two authorities, Kent and Berkshire was identified under the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and subject to an Employment Tribunal, Employment Appeal Tribunal, Court of Appeal and House of Lords processes. The judgement of the Tribunal determined that the On-call workforce had been treated less favourably in breach of the above Regulations

Subsequent amendments were made to the Scheme of Conditions of Service (Grey Book) and eligible employees (current and ex-employee on the On-call duty system for all or part of the period 1 July 2000 and 30 June 2010) received compensation payments under the terms of the agreement.

The offer was for compensation which related to terms and conditions of employment taking account of role, length of service and percentage of cover provided.

The Retained Firefighters' Pension Settlement introduced the new Modified Pension Scheme for individuals who were employed as retained firefighters for all or part of the period 1 July 2000 to 5 April 2006 inclusive. A significant amount of time has been spent progressing this project, with extra resource employed to assist with an options exercise to provide those individuals affected with an opportunity to join the Modified Scheme. This has involved great efforts to contact the 290 eligible staff and ex-employees and consequentially complex calculations have had to be undertaken. Calculations for cases can take up to half a day to complete and little support is being provided by BCC. The project met the deadline date of 30 September 2015 and all information has been confirmed with BCC, who are now creating the historic pension records.

18% (51 individuals) expressed an interest to buy back pensionable service, seven of whom decided not to join at the cut-off date on 30 September 2015. Affected staff are categorised into three areas; active members, deferred members and pensioner members:

- Deferred category: 15 cases. Eleven individuals have opted to buy back five opting to pay by instalments over the ten year period and four by lump sum.

- Active category: 24 cases. Most will be joined to the 2015 Scheme in August 2015, with some being backdated depending on when the original instruction was received. Twenty one individuals have opted to buy back, eight paying in instalments over the ten years and thirteen paying the lump sum
- Pensioner category: 12 cases. All twelve have opted to buy into the Scheme, eight to whom are owed a pension lump sum and arrears to based on estimated figures gathered during the calculation process and four have contribution arrears being paid by lump sum in order to secure their pension

Special Pensioner Members are entitled to receive a lump sum payment for the historic pension payments they would have ordinarily received if they had retired at the pension age of 55 as a member under the Scheme. Arrears of pension after taking account of contributions due have been estimated at circa £22,353

When this matter was originally raised the Authority transferred £650k into reserves. The current understanding is the costs may be reflected in future contribution levels although this has not yet been confirmed. The reserve will be kept until this is clear.

2.5 Injury Awards:

A report to the Fire Authority on 18 February 2015 detailed the results of an investigation into the circumstances in which the Authority had been making compensation payments to former employees for "service related injury" from its Firefighters' Pension Fund, rather than from its operating account. Recommendations that arose from the final report that specifically related to pensions were:

- Recommendation 1: Buckinghamshire and Milton Keynes Fire Authority (BMKFA) should review its arrangements for the administration of its pension fund. Specifically, BMKFA should consider: (a) whether to bring the function in-house; or (b) whether a new administrator of the Firefighters' pension fund should be appointed
- Recommendation 5: BMKFA should develop a policy within human resources for dealing with injury awards under the 2006 Compensation Scheme to complement the policies addressing ill-health retirements

2.5.1 Recommendation 1 - Pensions Administration (FFPS review)

Buckinghamshire County Council provides the pensions administration service for the Authority. Notice to terminate this contractual arrangement has been served by BCC and the pension administration service for the Firefighters' Pension Schemes will cease with effect from the end of the financial year 2015/16.

The Authority is looking to collaborate with RBFRS on the new provision. Several meetings have taken place with procurement and RBFRS to determine the specification and procurement process. The pension specification has been finalised between the two authorities, tender requirements are being advertised, with a new pension provider anticipated to be awarded by December 2015, ready for a go live date of 1 April 2016.

Based on the current costs paid by RBFRS to an external provider there is likely to be an additional cost for the Authority; however there are now five Firefighters Pension Schemes to administer as opposed to three

2.5.2 Recommendation 5 - Policy

The Authority accepted that a policy within Human Resources for dealing with injury awards under the 2006 Compensation Scheme to complement the policies addressing ill-health retirements should be developed. This is at a developed draft stage.

2.6 Guaranteed Minimum Pension - Reconciliation

As part of the introduction and delivery of the New State Pension (a regular payment from the Government that can be claimed if an individual reaches State Pension Age on or after 6 April 2016), HMRC are changing the way they report Guaranteed Minimum Pension (GMP) data to pension schemes. In particular, HMRC will cease active tracking of members with a GMP post April 2016. Current legislation requires the uprate of the GMP element of a member's pension until such time as:

- (i) the member reaches State Pension Age, and
- (ii) is in receipt of their State Pension, and
- (iii) the GMP is greater than the Additional Pension entitlement, and
- (iv) DWP is index-linking the State Pension

As HMRC will also cease to provide notifications to schemes when a member is in receipt of State Pension and DWP is indexing it, schemes will not know when to cease indexing the GMP.

Without any changes to the current legislation, the impact of this would be that, unless the member tells the scheme that he or she is receiving a State Pension and that DWP are providing increases on that State Pension, the full uprating may be required on the whole occupational pension, including the GMP, in line with the Ministerial Direction allowed for under s 59A of the Social Security Pensions Act 1975.

Schemes will not know at which point to stop (or in some cases start) to pay increases on the GMP element of the occupational pension. This can result in over and under payment of both the GMP and the occupational pension.

Given schemes will become responsible for calculating the GMP for members after April 2016, HMRC launched a reconciliation exercise to ensure that ahead of then, the data schemes hold is consistent with that held by HMRC and to help protect against future mis-payment of GMP indexation.

Timetable for reconciliation: HMRC have set out the following timetable for the reconciliation:

	Date
Schemes request data from HMRC for deferred and pensioner members	By April 2016
HMRC carry out 'closure scan' and provide data on active members to schemes	December 2016
Completion of reconciliation (deferred, pensioner and active members)	December 2018

3.0 Local issues

3.1 Additional Pension Benefits (APB)

For 1992 Scheme members, the Authority has the discretion to treat payments relating to temporary promotion as pensionable. If the Authority does treat these payments as pensionable, it will be reflected in final pay for any arrangements commencing before 1 July 2013. For any temporary promotions commencing after 1 July 2013 the 'additional' contributions provide pension under the APB arrangements.

For 2006 Scheme members, temporary promotions should be treated as non-pensionable, in accordance with Part 11 Rule 1.

In the 2015 Scheme all temporary allowance and pay is non-pensionable.

BCC had been calculating APB's incorrectly as the Employers contribution had been excluded. This project was completed in October 2015 with the last payments arranged for November 2015.

3.2 Pre-retirement courses

Two pre-retirement courses were run in 2015 and the feedback was excellent. These courses are planned to be run annually, the next courses being 20 January 2016 and 24 February 2016, for staff eligible to retire in the next 1 – 2 years.

The course is run by an external provider who has expertise in all Fire Service and Local Government Pension Schemes, and staff are provided with a variety of information, covering pension, financial and lifestyle advice.

4.0 Governance

4.1 Audit

As part of the internal audit plans there will be an Audit of the pension administration/management arrangements. This is due to take place in Quarter 3 (November 2015). This will be timely in light of the transfer of services.

4.2 Local Pension Board

One of the main elements to governance arrangements for the new Firefighters' Pension Scheme 2015 was the establishment of a Local Pension Boards in each FRA area by 1 April 2015. The Authority was required to establish a new body known as a Local Pension Board to assist the Authority in its role as 'Scheme Manager'. As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Scheme.

The Local Pensions Board has been established with three employer representatives and three member representatives (one FBU, one FOA & one pensioner member). The pensioner member was appointed following a successful recruitment campaign utilising information from Narfs to reach retired operational staff.

The first Pension Board meeting was held on 17 July 2015 and subsequent training has been provided by the Local Government Association (LGA) on the role and responsibilities of the Local Pension Board. It is anticipated that further training will be required as the duties and responsibilities of the Local Pension Board become more prevalent.

4.3 Pension Regulator

There is a requirement to register the 2015 Firefighters' Pension Scheme with the Pension Regulator, this has been approved by Director of Legal and Governance and submitted.

4.4 Discretions

As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Schemes.

The Authority's governance arrangements for the new Firefighters' Pensions Scheme 2015 were approved by the Executive Committee at the 18 March 2015 meeting.

The 2015 Scheme Regulations set out fifty two discretions available to the Authority to consider, however only three required immediate consideration, and these were agreed by the Authority in May 2015.

The three Scheme Manager discretions within the Firefighters' Pension Scheme (England) Regulations 2014 which the Authority was required to have an immediate position on are:

1. Delegation (Regulation 5)
2. Pensionable pay (Regulation 17)
3. Contributions during absence from work (Regulation 111)

It is proposed to present a follow up report on the remaining forty nine 2015 Scheme discretions in the New Year 2016 when general, legal and procedural matters have been resolved and pensions administrator and governance training completed. A significant number of the remaining discretions have no impact on employees until 2022.

The LGA pensions advisor has indicated she will be looking to bring together all pensions discretions in one document for all schemes. No timescales have been given for this work. Discretions across the Firefighter schemes are different, particularly related to pensionability of allowances on temporary promotion. The Authority considers it important that the discretions are clarified and some consistency applied. The position on all discretions will be reviewed early in the New Year to ensure they have been considered and the Authority's position on them recorded.

4.5 Efficiency and Early Commutation Retirements

The Authority considers all efficiency retirements on a case by case basis, taking account of business needs and transformational plans. In all cases a business case is required to be approved. In the last 12 months the Authority has

consented to 4 efficiency retirements; 2 Grey Book (see below), 1 Control and 1 Support Services.

Under the Firefighters' Pension Scheme 1992 Rule B7 affecting commutation on retirements, it allows the Authority to permit Scheme members with less than 30 years' service and under age 55 to retire and commute part of their pension for a lump sum. So far the Authority has approved four staff leaving under the B7 discretions rule; two in August 2015 and two in December 2015. These approvals support the work force planning and transformation plans. Four cases have been declined and a business case is currently being drafted for an early retirement case in 2016.

5.0 On-going / future reform

It is anticipated the high level of pension related work will continue. Although this may not all be specific to the Fire Service Schemes, the general changes will affect the Authority and its staff.

The Government in last parliament brought forward their significant state pensions changes from 2017 to 2016. The Government wants to reform the State Pension System by:

- Introducing a simple, single-tier pension to help people understand what they need to save for their retirement
- Removing outdated and complex elements of the current State Pension system

The Government published 'The single-tier pension: a simple foundation for savings' on 14 January 2013. On 18 March 2013 the Government announced the single-tier pension will be brought in on 6 April 2016 and will affect people who reach State Pension age from that date. Current pensioners and those reaching State Pension age before the introduction date will receive their State Pension based on existing rules.

The single-tier pension: a simple foundation for savings:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181229/single-tier-pension.pdf

Single-tier pension fact sheet:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181237/single-tier-pension-fact-sheet.pdf

On 6 April 2016 the end of defined benefits contracting-out will also come into effect. The effect of the abolition of contracting was discussed at the National Firefighter Pension meeting in October 2015 and Authorities are being advised to wait on national communications on this matter to ensure a joined up approach is taken on this subject matter.

Other future externally driven matters will also affect the Authority and pensions, this includes:

- The proposal to cap public sector exit payments: where the proposal is to include pension strain figures. The Authority has responded to the consultation expressing their concerns on this as it may impact on transformational plans
- Annual pension statements: there is a 17 month deadline date following the introduction of the Firefighters' Pension Scheme 2015 for these to be published. This will need to be completed by August 2016.
- Scheme Valuation 2016: a significant data request will be sent to FRA's from GAD

5.1 Summary

This report highlights the main pension related activities and impacts for the Authority. Pensions is a technical and specialist area and Human Resources has experienced significant and unprecedented volume of work over the last two years. There has been a steep learning curve for HR staff, often on matters where neither the LGA nor our Administrators could offer clear guidance. The volume of work undertaken so far and needed in the future was not fully included within the current People & Organisational Development resources, although it has been managed so far with limited extra resources.

Regional groups have been set up across the FRA's and the Authority is actively participating in these to assist our knowledge and where possible share common policy and resources to reduce the on-going extra administration burden.

Risks will continue to be highlighted in the People & Organisational Development risk register and the Finance risk register where appropriate, and will be reported through SMB in a timely way.

Priorities for the next six month period include:

- Conclusion of the work on the On-call Modified Pension Scheme settlement
- Progression of procurement of a new Firefighter pensions administration service for go live 1 April 2016
- Close management of the existing pension administrators to ensure service levels are maintained
- Fully embed the Local Pension's Board arrangements

- Ensuring the appropriate discretions are in place for all Authority pensions schemes
- Preparing for the 2016 general reforms to pensions related issues



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	Jason Thelwell, Chief Fire Officer/Chief Executive
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Appointment of Director Finance and Assets (Chief Finance Officer)
EXECUTIVE SUMMARY	The role of Director of Finance and Assets is currently being covered by a temporary appointment. The substantive appointment of the new Director was agreed by members at the Executive Committee on 16 September 2015. The approach for the selection process was also agreed and is outlined in Appendix 1. Selection took place on 19 October 2015, it was conducted in line with the agreed approach, however, Councillor Dransfield decided to withdraw from the panel and was replaced by Councillor Busby. The outcome was that the panel members were unanimous in their determination to recommend to the Executive Committee that it select on behalf of the Authority David Sutherland, the current temporary Director of Finance and Assets, to be made substantive in the role, commencing after Executive Committee approval.
ACTION	Decision.
RECOMMENDATIONS	It is recommended that: 1. David Sutherland be selected as Director Finance and Assets (Chief Finance Officer) to commence in post on 18 November 2015; 2. the remuneration for the Director Finance and Assets (Chief Finance Officer) as set out in Appendix 2 be approved.
RISK MANAGEMENT	The recommended arrangements ensure all appropriate statutory provisions are in place in addition to providing stability and resilience.
FINANCIAL IMPLICATIONS	Costs associated with this recommended appointment will be accommodated within existing budgets.

LEGAL IMPLICATIONS	Section 112 of the Local Government Finance Act 1988 ('the 1988 Act') requires the Authority to make arrangements for the proper administration of its financial affairs and shall secure that one of its officers (known as a "Chief Finance Officer" by reference to section 114 of the 1988 Act) has responsibility for the administration of those affairs. The requirement was considered by the High Court in <i>Pinfold North Ltd v Humberside Fire Authority</i> [2010] EWHC 2944 (QB) which held that the Chief Finance Officer need not be an employee of a combined fire authority. The Chief Finance Officer must be a member of one of the accountancy bodies specified in section 113 of the 1988 Act, which includes CIPFA. The Executive Committee is delegated the decision of "appointment of a statutory finance officer" on behalf of the Authority by its Terms of Reference.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	The Authority has committed to a default position of collaboration with Thames Valley FRAs unless a clear business case favours an alternative collaborative option. Annex A of the report to the Executive Committee on 16 September 2015 fully considered relevant collaboration opportunities. The new Director will lead a joint review initially covering financial services and procurement and will be able to explore greater collaborative arrangements with other fire authorities, and possibly other neighbouring public sector bodies after the business systems and integration project is concluded in 2017
HEALTH AND SAFETY	No implications.
EQUALITY AND DIVERSITY	There are no equality and diversity issues. The selection and appointment process is transparent and follows relevant Authority policy and procedures which have been equality impact assessed.
USE OF RESOURCES	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. The Chief Finance Officer role plays a key part in ensuring the proper financial arrangements are in place and monitored. Communication with stakeholders; Normal communication mechanisms will be used to confirm the Authority's statutory arrangements and for announcing the substantive appointment.

	The system of internal control; The post holder is responsible for the overall development and coordination of the Authority's financial management arrangements, including developing efficiency plans and monitoring their effectiveness. The post holder will also be expected to plan and execute the annual audit programme. The medium term financial strategy; The post holder is responsible for the Authority's corporate financial planning and financial planning frameworks, including corporate financial performance reports.
PROVENANCE SECTION & BACKGROUND PAPERS	Executive Committee 16 September 2015 Appointment of Director Finance and Assets http://bucksfire.gov.uk/files/8014/4161/6532/ITEM_9_Appointment_of_Director_Finance_and_Assets_Chief_Finance_OfficerAnnexe A.pdf Executive Committee 18 March 2015 Designation of Chief Finance Officer http://bucksfire.gov.uk/files/3014/2564/4052/ITEM_9_Designation_of_Chief_Finance_Officer_draft_Exec_18_032015.pdf Pay Policy Statement 2015/16 http://bucksfire.gov.uk/fire-authority/local-government-transparency-code/
APPENDICES	Appendix 1: Recruitment and Selection process. Appendix 2: Remuneration proposals (Exempt)
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Lynne Swift, Director of People & Organisational Development lsswift@bucksfire.gov.uk 01296 744679

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Appendix 1

Proposed Director of Finance and Assets Recruitment and Selection process.

i) Options for the recruitment and selection process to appoint the substantive Director of Finance and Assets have been considered against the main requirements and challenges for the role over the next three years and beyond; the significant succession and development planning programme undertaken by the Authority and ensuring tax payer value for money.

Annexe A sets out the primary challenges for the Director of Finance and Assets role.

ii) The job description and personal specification are in place; however in line with best practice will be subject to final review prior to commencing the recruitment process. If there are any changes to the role it may be that the role will be evaluated externally in line with the Authority's procedures; depending on the level and significance of any changes.

iii) A phased recruitment and selection process is proposed. The first stage would consider internal succession by way of a thorough assessment centre process.

iv) If the first stage was not successful, no appointment would be made and the selection would move to a second stage, widened to external candidates.

v) The internal candidate(s) may or may not be included at the second stage, depending on performance at the first stage.

vi) The Lead member for Human Resources would be responsible for the recruitment and selection process, supported by Executive Committee members including the Lead Member for Finance, IT, Property, Procurement and Control. The Director of People and Organisational Development would provide process, organisational and administrative support.

vii) Members involved in the assessment centre process would agree the standards expected in advance of the process commencing.

viii) The main elements of the process would be:

- Internal candidate(s) will provide a CV and personal statement to show evidence against the key elements of the job description and person specification. This would include evidence of relevant qualifications.
- Personality profiling to determine preferred work style, thinking style, attributes will be undertaken ahead of the main assessment process.
- The CFO/CE would submit the appraisal(s) for the internal candidate(s) to provide evidence of achievements/outcomes against agreed priority objectives.
- The lead member for Human Resources in conjunction with the Lead Member for Finance, IT, Property, Procurement and Control would determine if any specific assessment relating to the statutory Chief Finance Officer requirements is required.
- A structured competency based formal interview with a member panel.

➤ A presentation on an agreed topic to a member panel.

ix) The outcome from phase 1 will either be an internal appointment recommendation to the Executive Committee or no appointment and phase 2 initiated.