

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
Mark Jones

To: The Members of the Executive Committee

10 November 2014

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 19 NOVEMBER 2014 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, Morris, Reed, Schofield and Webb



MAKING YOU SAFER



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 17 September 2014 Item 2 (**Pages 5 - 10**)

3. Disclosure of Interests

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

4. Questions

To receive questions in accordance with Standing Order S0A7.

5. Quarter Two Budget monitoring Performance and Debt Management April - September 2014

To consider Item 5 (**Pages 11 - 38**)

6. Treasury Management Performance 2014/2015 Quarter 2

To consider Item 6 (**Pages 39 - 46**)

7. Procurement Strategy 2015-2020

To consider Item 7 (**Pages 47 - 66**)

8. Response to consultation of Firefighters' Pension Scheme 2015: Proposals for new governance arrangements

To consider Item 8 (**Pages 67 - 96**)

9. Members Scheme of Allowances 2014/15

To consider Item 9 (**Pages 97 - 128**)

10. Exclusion of Press and Public

To consider excluding the public and press representatives from the meeting by virtue of Paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 as appendix 1 of the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and on those grounds 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:

Appendix 1 of Delivering Legal Services through an Alternative Business Structure.

11. Delivering Legal Services through an Alternative Business Structure

To consider Item 11 (**Pages 129 - 132**)

12. Date of Next Meeting

To note that the next meeting of the Committee will be held on Wednesday 4 February 2015 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 17 SEPTEMBER 2014 at 10.00 am

Present: Councillors Busby, Dransfield, Gomm, Lambert, Morris, Reed, Schofield and Webb

Officers: J Thelwell (Chief Operating Officer), G Britten (Director of Legal and Governance), D Skinner (Director of Finance and Assets), L Swift (Director of People and Organisational Development), M Osborne (Head of Service Transformation), D Tate (Knowledge and Information Services Manager), C Bell (Service Delivery Manager, Milton Keynes), E Andrews (Executive Assistant to Chief Fire Officer), F Pearson (Communication and Consultation Manager) and K Nellist (Democratic Services Officer)

Apologies: None.

EX10 MINUTES

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on 30 July 2014, be approved and signed by the Chairman as a correct record.

EX11 INDUSTRIAL ACTION – verbal update

The Chief Operating Officer advised the Committee of the week-long period of discontinuous strike action called by the Fire Brigades Union (FBU) on the 9–16 August 2014. The FBU had also called industrial action which was different to every other Authority in the Country by calling the retained duty system (RDS) staff out on strike for the whole period.

Partial Performance had not been accepted between the 9 and 15 August, but discretion had been exercised under delegated powers to accept partial performance for the shifts commencing Saturday 16 August. The Authority throughout the week had maintained a good service to the community. All calls had been dealt with in the usual manner and contingency arrangements had worked extremely well.

The Vice Chairman wanted to express his utmost respect for the work that firefighters do, but felt the FBU was not helping them. The Vice Chairman asked if the following question could be researched and fed into the Integrated Risk Management Plan when it is discussed at the relevant Fire Authority meeting. What is the true risk to Buckinghamshire and could the learning from the strikes be fed into the future IRMP process?

A Member of the Committee wanted to express his disgust at the contents of the correspondence received from supporters of the industrial action and the personal abuse directed at the Chief Fire Officer and Senior Management Team. The Member wanted the

Chief Fire Officer and Senior Management Team to know they had his unequivocal support.

A Member of the Committee also agreed that the Chief Fire Officer had come under a personal attack which was totally unacceptable, but felt engaging in long correspondence gave the FBU more ammunition and urged caution. The Member also asked whether partial performance had been accepted on Saturday 16 August because the Authority did not have enough resources.

The Chief Operating Officer explained there were a number of reasons why partial performance was accepted on Saturday 16 August; such as to give the working crews a break.

The acceptance of partial performance had been communicated the previous evening but a lot of crews didn't turn up for work when they were rostered to do so. However, the contingency arrangements had remained in place on the day, which ensured that there were resources available in the event of an emergency. An investigation was taking place as to why those members of staff did not turn up for work.

The Chairman reminded Members of the duty of care that the Authority owed towards the Chief Fire Officer, Senior Management Team and all of its staff.

It being moved by Councillor Reed and seconded by Councillor Dransfield, it was unanimously:

RESOLVED –

That the Chief Fire Officer and the Senior Management Team continue to enjoy the support of the Authority for the manner in which the periods of industrial action have been handled.

It being moved by Councillor Reed and seconded by Councillor Dransfield, it was unanimously

RESOLVED –

That the Authority be recommended to agree that the Chief Fire Officer and the Senior Management Team continue to enjoy the support of the Authority for the manner in which the periods of industrial action have been handled.

EX12

BUDGET MONITORING PERFORMANCE AND DEBT MANAGEMENT APRIL-JUNE 2014 (QUARTER 1)

The Director of Finance and Assets introduced the report as a good news story for Quarter 1 forecasting an underspend of £1.8m. Just over £1m came from the statutory accounting contingency area; with other areas of under spend adding up to £700k. The contingency would be utilised for significant events, including the impacts of strike action. With regard to the capital forecast there was some slippage carried forward from 2013/14, the majority of this would be caught up as orders were placed for operational equipment and vehicles.

The Vice Chairman also reiterated that the Authority had contingency that had not been spent, but felt the good news was the £700k underspend. The Vice Chairman felt the figures showed that setting and managing the budget was correct, and savings were being made. This was good news for the Fire Authority and for the tax payers of Buckinghamshire and a credit to the Senior Management Team for achieving this.

A Member asked a question regarding the under spend on employee costs. It was explained this was due to a number of reasons such as normal retirement profile and employees leaving.

RESOLVED –

1. That the latest projected outturn forecast for the Fire Authority as at 30 June 2014 be noted.
2. That the budget virements (A) and (B) as detailed at the end of section 8 of the report be authorised.

EX13

TREASURY MANAGEMENT PERFORMANCE 2014/15 – QUARTER 1

The Director of Finance and Assets introduced the report which was another good news story with the amount of interest the Authority had received whilst still maintaining high levels of security. The yield was good and ahead of profile. This reflected the good decision the Authority made to move Treasury Management function in house and away from Buckinghamshire County Council.

RESOLVED –

That the Treasury Management Performance 2014/15 – Quarter 1 be noted.

EX14

FOUR YEAR KNOWLEDGE AND INFORMATION SERVICES (KIS) STRATEGY

The Head of Service Transformation introduced the report and advised it was an update on progress against the strategy approved by the Authority last year. Members noted that the name had been changed and the Authority now had a Knowledge and Information Services Department and not just an ICT Department. The report articulated the progress that had been made in line with the Authority's continued support and investment in this area.

The Knowledge and Information Services Manager asked Members to note that there was no change to the substance of the strategy the Authority previously agreed. The strategy contained a number of projects that related to information as opposed to IT, but that was already captured within the

document along with a summary of actual and planned progress for the year.

There were approximately 30-35 projects which addressed key issues and met strategic business requirements. The Knowledge and Information Services Manager reported there were a significant number of projects last year where no progress had been made. This was due to restructuring and a large recruitment programme. This year all projects were being actioned. Four Projects should be delivered and further progress was being made with ten projects and initial progress was being made with eighteen projects.

The Chairman felt it had been a remarkable 18 months from the first strategy, and proved that the organisation was receptive to change.

RESOLVED –

1. That the progress against strategy be noted.
2. That the proposed renaming of the Interim Information & Communications Technology (ICT) Strategy Report v4.0 be approved.
3. That the Strategy covers the period from 2014/15 – 2017/18 be noted.
4. That the Strategy be reviewed annually by the Business Transformation Board with any proposed substantial changes being presented to the Committee for approval.

EX15

EXCLUSION OF PUBLIC AND PRESS

RESOLVED –

That the press and public be excluded from the meeting by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 as the report contained information relating to the financial or business affairs of an individual; and Paragraph 4 of Part 1 of Schedule 12a of the Local Government Act 1972 as the report also contained information relating to actual, or contemplated, consultations or negotiations in connection with labour relations and on all these grounds it was considered the need to keep information exempt outweighed the public interest in disclosing the information, so that the committee could consider the following matter:

Review of the Finance and Assets Directorate – Assets Team

The Knowledge and Information Services Manager, Service Delivery Manager, Milton Keynes, Executive Assistant to Chief Fire Officer and the Communication and Consultation Manager left the meeting.

Review of the Finance and Assets Directorate – Assets Team

The Director of Finance and Assets explained to Members the reasoning behind the review.

RESOLVED –

1. That the potential need for redundancies in the Finance and Assets Directorate be noted.
2. That approval be given for the Chief Fire Officer/Chief Executive to initiate consultation with the affected staff.

The Chairman stated that rather than appoint an HR Sub Committee for the remainder of the municipal year, the Executive Committee would consider matters arising within its terms of reference.

EX16

DATE OF NEXT MEETING

The Committee noted that the date of the next Executive Committee would be held on Wednesday 19 November 2014 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.05 AM.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	19 November 2014
OFFICER	David Skinner, Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Quarter Two Budget Monitoring Performance and Debt Management April 2014 – September 2014
EXECUTIVE SUMMARY	<p>To present the revenue and capital budget monitoring and debt management performance report for the six months to 30 September 2014.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2014, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an under-spend of £2.0m, against a revenue budget of £28.8m.</p> <p>Excluding the Statutory Accounting & Contingency items totaling £932k, the overall forecast underspend on operational budgets reduces down to £1,068k.</p> <p>It is proposed that £238k of the underspend be used for KIS Strategy projects to reduce the pressure on capital funding in future years. Details of the projects are provided in Appendix B.</p>
ACTION	Information and decision.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the latest projected outturn forecast for the Authority as at 30 September 2014 be noted. 2. That the budget virement (A) as detailed at the end of section 9 of the report be authorised. 3. That £238k of the projected underspend be used to fund projects from the ICT strategy to be brought forward from future years. This will be accounted for as an additional revenue contribution to capital in 2014/15.

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.
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	Medium Term Financial Plan 2014/15 to 2017/18, CFA Meeting February 2014. Budget Monitoring Performance and Debt Management April – June 2014.
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – September 2014. Appendix B – KIS Projects Summary and Bids.
TIME REQUIRED	15 minutes.
REPORT ORIGINATOR AND CONTACT	Graham Young – Management Accountant gyoung@bucksfire.gov.uk 01296 744429

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 2014. The budget of £29m is compared to the forecast outturn to give a forecast year end underspend of £2m. If you take out the Statutory Accounting & Contingency items totaling £932k, we are forecasting a £1,068k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	893,740	480,847	878,663	-15,077
	Legal & Governance	107,117	44,028	104,441	-2,676
Corporate Core Total		1,000,857	524,875	983,104	-17,753
Finance & Assets	Finance & Procurement	1,023,949	567,953	983,842	-40,107
	Resource Management	2,106,287	1,105,469	2,109,980	3,693
Finance & Assets Total		3,130,236	1,673,422	3,093,822	-36,414
People & Organisation Development	Training & Development	1,425,043	503,458	1,228,556	-196,487
	Operations & Services	705,277	392,903	670,682	-34,595
People & Organisation Development Total		2,130,320	896,362	1,899,238	-231,082
Delivery, Corporate Development & Planning	Service Delivery	14,992,168	6,836,374	14,082,993	-909,175
	Service Development	2,327,042	1,062,007	2,285,145	-41,897
	Service Transformation	1,531,933	936,965	1,701,044	169,111
Delivery, Corporate Development & Planning Total		18,851,143	8,835,346	18,069,182	-781,961
Statutory Accounting & Contingency	Capital Charges	1,128,000	593,366	1,128,000	0
	Direct Revenue Financing	1,290,114	1,290,114	1,290,114	0
	Contingency	1,261,929	0	131,258	-1,130,671
	Non Distributed Costs	16,266	39,287	215,070	198,804
Statutory Accounting & Contingency Total		3,696,309	1,922,767	2,764,442	-931,867
Total Expenditure		28,808,865	13,852,772	26,809,788	-1,999,077

The key variations are;

Corporate Core £18k under – The favourable variance here is due to a current projection of more bank interest than budgeted. The budget will be amended in 2015/16 to reflect this increased income.

Finance & Assets £36k under - The finance & procurement team is projecting an underspend of £40k relating to a member of the finance team retiring mid-year plus receipt of an insurance rebate. The 4k underspend projected in resource management is made up of overspends relating to unidentified savings in fleet which are offset by underspends in fuels costs and vacant cleaner and workshop posts.

People & Organisation Development £231k under – An underspend in training & development mainly relates to an initiative, designed to meet operational requirements with alternative staffing arrangements. Additional underspends are projected in operations and services in relation to occupational health scheme payments, adding to those resulting from vacant HR posts and managed underspends in staff development.

Delivery, Corporate Development & Planning £782k under – Service delivery is currently projecting an underspend of £909k. £436k relates to underspends on members of the brigade staffing elements with additional underspends relating to deductions made during the recent periods of industrial action. Approximately £130k of the remaining underspend is as a consequence of actual pension opt-in being on a different basis to that modeled. The remaining underspend relates to lower than budgeted salary payments, as we currently budget at top of scale, and underspends in overtime payments, CPD and accommodation allowances.

£286k of the underspend in service delivery relates to on-call salary elements, where the organisation is currently under established levels for on-call firefighters. The projected underspend has increased significantly when compared with the projection reported last quarter due to planned recruitment which has so far not taken place. The budgetary provision is under a service review and the current underspend will need to be retained for potential re-investment into the service.

Vacant administrative posts in service delivery also lead to a £114k underspend being forecast in this area for fire protection and fire prevention services.

The favourable variance in service development is due to vacant administrative posts, and lower than budgeted cross-border charges in response support contributing £34k to the £42k underspend. £19k of additional income in relation to flood response support in Somerset earlier in the year also contributes to this underspend.

Service Transformation is currently projecting an overspend of £170k the majority of which relates to the restructure within the directorate that took place earlier in the year. Budget has now been identified within underspends in service delivery for 2014/15 and a virement request for authorisation to re-align this area is detailed in section 9 of this report.

Statutory Accounting & Contingency £932k under - The contingency fund was originally set up in the budget to cover the costs of modernisation under the Moving Forward agenda and any pay award and pay protection arrangements. So far, contingency has not been needed in the current financial year, other than to cover pay awards which have been in line with budget assumptions and to realign the budgets for business rates expenditure.

2. Direct Employee Costs

Table 2 shows the budget and forecast out-turn for each sub-heading within the direct employees subjective as at the end of September 2014.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	13,711,325	6,352,245	13,202,049	-509,276
Retained Duty System	1,627,128	583,673	1,348,210	-278,918
Administrative Staff	3,711,515	1,952,350	3,562,480	-149,035
Control Room Staff	443,082	347,024	452,042	8,960
Casual Employees	51,122	51,291	100,925	49,803
Cleaners	119,758	11,508	26,859	-92,899
Technicians	269,137	83,832	199,928	-69,209
Members Allowances	72,080	30,458	72,080	0
Allowances	778,151	351,814	700,830	-77,321
Agency Staff	87,799	88,465	167,324	79,525
Grand Total	20,871,097	9,852,660	19,832,726	-1,038,371

Members of the Brigade - £245k relating to industrial action deduction, with additional amounts due to vacancies in operational training and differences in actual pension opt-in.

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

Administrative Staff - due to retirement of finance team member, HR vacancies at the beginning of the year and vacant posts in fire prevention, fire protection, admin support and response support.

Casual Employees - casual staff are being used in operational training leading to the overspend in this area. The overspend is more than covered by the underspend in members of the brigade in this area.

Cleaners - the underspend is partly offset by a £25k overspend on contracted cleaning services being used due to a number of cleaner vacancies.

Technicians - the underspend relates to vacant posts within vehicle workshops.

Allowances - underspends in CPD, training school and accommodation allowances.

Agency Staff – agency staff are to be used to cover vacancies in the finance team as well as supporting HR and 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	20,871,097	9,852,660	19,832,726	-1,038,371
B.	Knowledge & Information Services	1,134,978	638,227	1,104,520	-30,458
C.	Fuel Charges	366,840	145,635	291,270	-75,570
D.	Energy/Utilities	277,505	86,078	282,321	4,816
E.	Employment Agencies/Consultants	87,799	88,465	167,324	79,525

Key variance explanations:

A. Employee Direct Costs – Variance as indicated in section 2 above.

B. Knowledge & Information Services – KIS underspend projected in software costs for the current year

C. Fuel – The underspend projected here will be realigned and used to offset the further savings required within fleet.

D. Energy/Utilities – Utilities are currently projected to finish the year within £5k of budget.

E. Employment Agencies/Consultants – agency staff are to be used to cover vacancies in the finance team as well as supporting HR and property projects

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. 13/14 surplus) £000	Total Funding £000
Budget 2014/15	-6,013	-4,509	-179	-1,178	-16,930	-28,809
Budget Year to Date	-3,757	-2,571	-108	-589	-8,589	-15,615
Actual to Date	-3,757	-2,579	-108	-580	-8,589	-15,614
Variance Year to Date	0	-8	-0	9	-0	1
Forecast Outturn	-6,013	-4,624	-181	-1,160	-16,930	-28,907
Projected Year End Variance	0	-115	-2	19	0	-98

Government Funding – there has been no indication from the DCLG that the funding from government will differ to the figures used to set the budget.

Business Rates – the £115k projected surplus in business rates is based on estimates from the billing authorities which indicate a higher than budgeted yield in the proportion of business rates payable to BMKFA. Any surplus generated here will impact on the funding for 2015/16.

Council Tax Freeze Grant – the £2k projected surplus in council tax freeze grant is due to slightly higher than estimated grant payable from the DCLG

Specific Grants – the projected shortfall in specific grants is due to £19k less fire grant funding than indicated in initial communication from the DCLG which was used to set the budget.

Council Tax – any surplus or deficit in council tax receipts will impact on the budget for 2015/16. There has been no indication yet from the billing authorities whether there will be a surplus or deficit in council tax receipts.

5. Savings and efficiencies

Of the £1,272k savings offered up in the 2014/15 Medium Term Financial Plan £757k is from operations, £440k from Finance & Assets with the remaining £75k from the People and Organisation Development Directorate.

Directorate	Target Saving £000	Forecast Actual Saving £000	Under/ (Over) Recovery £000	Comments
Delivery, Corporate Development and Planning	757	240	517	Control room savings not expected to be achieved in 2014/15, covered by movement from reserves
People & Organisation Development	75	75	0	On target
Finance & Assets	440	433	7	Rental savings not achieved in 2014/15
Total Savings	1,272	748	524	

Budget Monitoring Performance & Debt Management April-September 2014

The capital programme for 2014/15 is £1.282m which together with a number of carry-forward schemes totals £4.365m.

Project Name	Original Budget 2014-15	Agreed 13-14 Carry Forwards Executive	Virements in Year	Revised Budget 2014-15	Actual Year to Date	Commitments 2014/15	Forecast Outturn	Slippage to 2015/16	Year End Variance
Property	550,000	0	0	550,000	19,522	80,972	549,479	0	-521
Property Review	0	940,000	0	940,000	4,379	0	0	940,000	0
Sub Total	550,000	940,000	0	1,490,000	23,901	80,972	549,479	940,000	-521
BA Set Telemetry	174,000	0	0	174,000	0	0	174,000	0	0
Operational Equipment	57,150	36,494	0	93,644	17,414	7,257	57,150	36,494	0
PPE Uniform	33,200	0	0	33,200	32,814	0	33,814	0	614
Operational Vehicles	155,000	913,000	0	1,068,000	330,000	421,397	799,397	300,000	31,397
Sub Total	419,350	949,494	0	1,368,844	380,228	428,654	1,064,361	336,494	32,011
Sprinklers	0	14,500	0	14,500	0	0	14,500	0	0
Sub Total	0	14,500	0	14,500	0	0	14,500	0	0
ICT	260,000	102,992	24,114	387,106	14,019	94,511	387,106	0	0
ICT Projects		224,000	0	224,000	202,436	7,150	209,586	0	-14,414
Support Vehicles	52,900	0	0	52,900	0	53,260	52,900	0	0
Staff Cars		27,766	0	27,766	27,771	0	27,771	0	5
Sub Total	312,900	354,758	24,114	691,772	244,226	154,921	677,363	0	-14,409
Control Room	0	800,000	0	800,000	0	800,000	800,000	0	0
Sub Total	0	800,000	0	800,000	0	800,000	800,000	0	0
TOTAL	1,282,250	3,058,752	24,114	4,365,116	648,355	1,464,547	3,105,703	1,276,494	17,081

The capital programme will be funded as follows;

Funding Source	£
Capital Grant 2014/15	1,190,077
Unapplied/Unused Capital Grant 2013-14 Brought forward	302,222
Environmental Agency	24,000
Control Room Grant	800,000
Transfer from RCCO Reserve	789,404
Total Funding	3,105,703

Property Portfolio

The property team was allocated £550k to carry out priority-1 repairs identified in the property condition survey in 2013. Repair work has begun in some of the stations, in particular Great Holm, Chesham, Stokenchurch and Newport Pagnell. The Stokenchurch kit room and lavatory block at Great Holm were upgraded while the other two stations had electrical work carried out. Yard repair works are due to commence in quarter 3 when it is anticipated the contract will be awarded.

Fire Appliances & Equipment

The Aerial Replacement vehicle contract was awarded last financial year and we are currently in the final stages with the delivery date for the vehicle set for October. The Incident Command Unit contract was awarded in September with the estimated delivery to take place before the end of this financial year. The finance and procurement team are actively working with Service Development to ensure the specifications for the remaining operational vehicles can be agreed promptly to ensure we can start the tender process to guarantee delivery for most vehicles before the end of this financial year. However, the 4x4 appliances specification is still in discussion and yet to be agreed. Procurement have advised that due to the lengthy lead time for vehicle purchases (due to the technical requirements, chassis lead times and build time) it is unlikely that the project will now be delivered in this financial year, however they anticipate an order to be placed in this financial year and the likely build to be complete in 2015.

The planned expenditure for operational equipment for 2014/15 is for the following areas; new equipment for the 4x4 appliances, general equipment and BA telemetry. An additional £33k budget was assigned to replace and replenish the PPE uniform stock sizes which had depleted over the years and the funding will be used to purchase items with sizes suitable for the current workforce. The budget relating to the new equipment for the 4x4 appliances will also be slipped into next year as the equipment is likely to be ordered closer to when the appliance is built to ensure they are fit for purpose.

A budget of £15k was slipped from last year to fund the purchase of several portable sprinklers as the Authority has begun a programme of installing portable domestic sprinkler systems in high fire risk premises and in the homes of high risk individuals, in order to protect the most vulnerable people within our community.

Support

The planned expenditure of £360k for ICT relates to the following areas; new telephony system, demountable mobile data terminals, hardware replacement, virtual desktop environment, data cabling and software. The order for the demountable mobile data terminals was placed in June and there is a lead time of 12 weeks, installation is expected to take place in November. The project is currently showing an overspend as the original plan was to purchase the MDT1a model, however, the MDT working group decided the MDT2r model would be a more suitable option for meeting data and infrastructure requirements. Therefore the additional cost incurred to purchase the upgraded model will be funded from the control room project budget.

A number of ICT projects (£260k) were approved last financial year and majority of the budget was slipped due to difficulty in procuring hardware before the 31st March. However most of the hardware has now been procured and installation is likely to be completed in July with the handover to follow soon after installation is complete.

Part of the budget for staff cars was slipped last year as one vehicle was still due for delivery. The remaining vehicle was delivered in April and no further commitments are outstanding for this scheme. The £53k budget for support vehicles relates to two hydrant vehicles and one fleet vehicle. The order was placed in September with a lead time of 20 weeks and it is anticipated they will be delivered by February 2015.

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

Description	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual (rolling average)
Budget Monitoring Training	35.0%	100.0%	95.0%	85.0%	90.0%	100.0%
Managers accessing SAP Cost Centre Report	76.0%	100.0%	86.3%	80.6%	100.0%	59.5%
% invoices paid within 30 days	97.0%	100.0%	97.4%	98.0%	97.7%	99.9%
Budget Mon. Report turn-around (working days)	44 days	21 days	14 days	7 days	8 days	7 days

New cost centre managers are currently given initial budget monitoring training as and when necessary. The finance team is in the process of streamlining training approaches and creating new on-line e-learning training and guidance sessions that are easily accessible to all managers.

The average number of managers accessing the SAP cost centre report for September was 86%. The rolling average for the first half of the year is 59.5% which is significantly below the target set of 100%. This reduction is due to a number of managers being involved in planning prior to the periods of industrial action. Finance will continue to work with all cost centre managers to ensure that the performance against this indicator is improved and the target level is reached.

The consistent high level of creditor invoices paid within 30 days continued with 100% paid within 30 days in September. This has been consistently high each month across the first two quarters of the year and gives a rolling average of 99.9%, in line with the 2014/15 target.

The quarter 2 budget monitoring report was produced for the performance management board in three working days. This is a significant improvement on the target of eight days and is due to progress made by the finance team on streamlining and automating the budget monitoring process.

The table (below) shows the key Debtor performance figures for the first two quarters of the year;

DEBTOR KEY PERFORMANCE INDICATORS 2014/15	Q1	Q2
Debts over 60 days overdue	£42,779	£96,293
Total Debt outstanding	£205,968	£162,239
Debts over 60 days overdue as a % of total debt outstanding	20.9%	60.6%
Debts over 60 days overdue as a % of total income to date	1.7%	3.5%
Average time from raising invoices to receipt of income	18	22

The total debts over 60 days overdue have increased considerably during quarter 2. The above figure shows an average for quarter 2. The figure as at the end of September 2014 was £123,884.

Almost all of the debts over 60 days overdue at the end of the quarter relate to four main areas:

- Compensation payments due following court enforcement action
- Rental of aerial sites
- Income due for equipment provided to third parties during industrial action
- Lease car mileage rebates due

The court-ordered compensation payments are being repaid in installments, which the Authority has no control over. The Authority has now received 80% of payments relating to aerial sites, however the remaining 20% is still in dispute and is with a specialist solicitor. The dispute regarding recovery of income relating to equipment loaned out during industrial action is still ongoing. As for lease car mileage rebates, the Authority has received credit notes covering 90% of the rebate due. The credit notes do not match the invoice raised, which means this is currently in dispute between the Authority and customer.

The total debt has fallen and the reason for this is that Finance has automated the debt chasing process, allowing us to chase debt more efficiently. This should also be reflected in the average time from raising the invoice to receipt of income in future periods.

9. Virements

The table below shows in summary the virements actioned in this financial year to date on a subjective basis:

Budget Monitoring Performance & Debt Management April-September 2014

Subjective	April 2014 Agreed Plan	Permanent virements	Revised base budget	Temporary in year virements	Revised Budget 14/15
Employees - Direct	20,839,073	15,429	20,854,502	23,485	20,877,987
Employees - Indirect	930,846	-27,331	903,515		903,515
Premises	1,748,781	8,774	1,757,555		1,757,555
Transport	791,602	6,194	797,796	1,094	798,890
Supplies and Services	2,362,159	15,206	2,377,365	-31,029	2,346,336
Contingency & Provisions	1,283,332	-21,403	1,261,929	-6,890	1,255,039
3rd Party Payments	1,005,260	-18,400	986,860		986,860
Direct Revenue Financing	1,266,000		1,266,000		1,266,000
Capital Charges	690,000		690,000	24,114	714,114
Transfer to/from Reserve	-959,084		-959,084	4,842	-954,242
Grants, Reimbursements & Contributions	-125,825		-125,825		-125,825
Customer and Client Receipts	-953,279	21,531	-931,748	-15,616	-947,364
Interest Received	-70,000		-70,000		-70,000
Grand Total	28,808,865	0	28,808,865	0	28,808,865

Temporary revenue virement requiring authorisation;

24

A. Temporary movement of budget from various areas within service delivery to cover unbudgeted expenditure in service transformation

Budget Monitoring Performance & Debt Management April-September 2014

Cost Centre	Subjective	DR/CR	£	£	Approval Needed	
					SMB	Executive
Service Transformation	Employees - Direct	DR	195,039		Y	Y
Service Delivery	Employees - Direct	CR		-195,039		
<i>Temporary re-alignment of budget to cover Service Transformation</i>						

The SMB approval required for the above virement was granted at the meeting of 21 October 2014.

Knowledge & Information Systems (KIS) Projects Summary and Bids

Project	£
Demountable MDT computers replacement	104,480
Phase II Corporate Performance Dashboards	24,500
ESRI Interoperability extension	55,000
Network log-in share with RBRFS	6,120
Resilience and back-up of fire station end servers	47,560
Total	237,660

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Demountable MDT computers replacement

Prepared by:	D. Thexton	Directorate:	Service Transformation
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1. Project Summary

Background:

The Panasonic Toughbook MDT's fitted in our whole-time appliances are 5 years old and have Windows XP operating system, the age of these devices means that upgrades to the latest software is not possible, and the hardware is beginning to fail, increasing support costs and reducing reliability. We replaced the hardware in the RDS vehicles during 2014 / 2015 and the justification for proposing their replacement was the same. This proposal continues this replacement programme and extends it to the whole-time fleet.

Benefits

- Improved reliability
- Improved transportability
- Improved protection against physical/mechanical damage
- Improved protection from adverse environmental conditions

Links with the ICT Strategy:

In 2014 Exec approved the ICT strategy which laid out the portfolio of projects necessary to address the stated Strategic Business Requirements and the Key Issues identified. This proposal contributes towards the delivery of "ICT Project 5" in that it will contribute towards "integrated, efficient and effective mobile communications - radio communication, mobile telephony, pagers, and mobile data handling - harmonised across the Service". This proposal also contributes towards the delivery of "ICT Project 1" in that it will contribute towards "ensuring that the baseline ICT service delivery is maintained at a robust level".

Summary:

The replacement of this hardware will allow us to run the same level of operating system and MDT software across the fleet and permit a reduction in the support element from the ICT team. With the requirement to mobilise via MDT from the new TVFCS, the reliability of the MDT's becomes a key business requirement.

2. Financial Summary

The project costs are summarised below:

1. Hardware costs= £93,600
2. Implementation costs = £10,880
3. On-going revenue costs = £0

3. Acceptance Criteria

The deployment of 18 demountable MDT's to replace the current fleet, all operating as required by the operational crews.

4. Stakeholder Analysis & Communications Plan

Stakeholder analysis and Communications plans are not required.

Reports on spend to date against capital budget spends are furnished every month to the Senior Management Team following the financial out turns.

Project Highlight reports is catered for in the bid will be submitted for consideration by the Performance Management Board.

5. Risk Analysis

Not replacing these items during 2015 / 2016 will see the operating systems no longer be supported by Microsoft and the devices be more susceptible to hardware failure, this will prevent appliances from being mobilised a key requirement of the TVFCS

6. Budget Request

Project	Estimated Capital Costs 2014/15	Estimated Revenue Cost 2014/15
1. Hardware costs	£93,600	£0
2. Implementation costs	£10,880	£0
TOTAL	£104,480	£0

Phase II Corporate performance dashboards

Prepared by:	T. D'Souza	Directorate:	Service Transformation
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1. Project Summary

Background:

A successful bid was placed in 2010/11 for the development of a performance information system.

This budget bid for additional funds for the 2015/16 financial year, is being submitted to progress this project further. Its aim is to build upon the initial functionality and licence allocation procured in order to bring about an integrated system utilised across the organisation further aiding the provision/transmission of data across the service to an individual level.

These proposals focus on additional licence requirements and the associated maintenance costs. This allows for an increased level of user input (directorates/departmental/station plans, annual appraisals, corporate/directorate risk registers etc.,) and has been scaled appropriately to now include all elected members and employees.

The system will enable BMKFRS to demonstrate allocation of resources to its priorities and the achievement of planned outcomes for the communities it serves. It will provide for an holistic view of performance and the projects, tasks in the delivery of these where all individuals, stations, departments and directorates have measurable objectives and targets clearly linked to the Authority's strategic aims and objectives.

Links with the ICT Strategy:

In line with the ICT strategy and the portfolio of projects therein, this proposal represents Public Safety- Project 4, listed in the portfolio of projects and "This project will develop the necessary support to provide management information, record and measure performance, and develop intelligence around all aspects of the Service".

Summary:

BMKFRS are considering the use of InPhase (Viper – upgrade to Performance Plus) to deliver a fully integrated performance management environment bringing together

- Corporate performance reporting
- Station level reporting
- Business intelligence data
- Personal performance

To achieve this there are a number of licence upgrade implications which have pricing implications.

2. Financial Summary

Project costs:

- a. Hardware costs= N/A
- b. Software costs = £16,500
- c. Implementation costs = £8,000
- d. On-going licence cost increase/reduction = £3,300

3. Acceptance Criteria

All elected members and employees have access to performance information including;

- Corporate Performance (Directorate, departmental, station plans with ability to add their plans and activities directly into the system).
- Business Intelligence Data
- Personal Performance
- Risk Registers
- Projects/tasks to support delivery against strategic aims

4. Stakeholder Analysis & Communications Plan

Having identified this as the platform by which the corporate objectives of the organisation will be monitored and achieved, it embeds greater responsibility throughout the organisation which forms the second phase of the project.

The full project plan includes:

- Agreeing indicators, data definitions and collection processes.
- Agreeing responsibility and accountability channels.
- Business process re-engineering.
- Training
- Making the system fully operational and accessible

5. Risk Analysis

To defer further investment in the second phase of this project will result in a negative impact upon our Governance Framework with the loss of high quality information and so to, will impact upon our ability as an organisation to obtain an holistic view of performance across BMKFRS to direct future business priorities.

6. Budget Request

Project	Estimated Capital Costs 2015/16	Estimated Revenue Cost 2015/16
1. Viper Upgrade (Phase 2)	£24,500	£3,300
Total	£24,500	£3,300

ESRI - Interoperability Extension

Prepared by:	T. D'Souza	Directorate:	Service Transformation
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1. Project Summary

Background:

Following a comprehensive review of BMKFRS's GIS provision in 2012, the service implemented ArcGIS (ESRI software). This software enhanced the level of scientific and technical capability within the analytical environment in BMKFRS.

Funding at that time was sourced through the Authority's service areas, where reliance upon the Performance and Intelligence Team's (now Information Team) outputs resulted in considerable savings being achieved within the individual cost centres. Further savings were realised with termination of existing GIS software solutions utilised within the team.

Links with the ICT Strategy:

In line with the ICT strategy and the portfolio of projects therein, this proposal represents Public Safety- Project 4, listed in the portfolio of projects and "This project will develop the necessary support to provide management information, record and measure performance, and develop intelligence around all aspects of the service".

Summary:

This proposal considers an interoperability extension to the existing ESRI GIS product providing an online solution where everyone within BMKFRS can share the latest maps, data and analysis on a single platform. By analysing relationships and patterns/trends, problems at a local level will be better understood and opportunities realised.

For example; in the development of station plans, the platform will provide ready-to-use analysis capabilities with the ability to map geographic relationships in the incident data to see meaningful patterns. This will be further enriched by incorporating the demographic and lifestyle data that the service has available to gain deeper insight in directing local activities to address community risk at a local level.

2. Financial Summary

Project costs:

- a. Hardware costs= N/A
- b. Software costs = £55,000
- c. Implementation costs = N/A
- d. On-going licence cost increase/reduction = Included within existing contract.

3. Acceptance Criteria

The extension of our GIS capabilities within BMKFRS to provide intelligent, interactive visualisation of location-based data and analysis across the service to aid in;

- The analysis of historical incidents to determine resource needs
- The provision of dynamic analysis to determine optimum resource positioning.
- The creation of a common operating picture that dynamically updates incident and resource locations and provides predictive analytics based upon historic occurrences.

4. Stakeholder Analysis & Communications Plan

TBD

5. Risk Analysis

Supplying the most appropriate ICT infrastructure will help to mitigate operational risk and enhance the level of information across the service.

6. Budget Request

Project	Estimated Capital Costs 2015/16	Estimated Revenue Cost 2015/16
1. ESRI Spatial Information Platform	£55,000	£4,000
Total	£55,000	£4,000

Network login share with RBFRS

Prepared by:	D. Thexton	Directorate:	Service Transformation
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1. Project Summary

Background:

Bucks FRS is increasingly working in partnership with Royal Berkshire FRS with staff from both FRS's working part time from the other FRS's premises. A discussion at ICT level between Bucks FRS and RBFRS has identified a number of ways of making it easier for staff to access their own ICT systems from the other FRS's network. Setting aside the option of creating a single network that span's both FRS's, the option discussed with RBFRS ICT team is to give staff the ability to plug their laptop/tablet into the other FRS's network and be securely (CoCo compliant) and transparently connected to and logged in to their own FRS network.

Links with the ICT Strategy:

In 2014 Exec approved the ICT strategy which laid out the portfolio of projects necessary to address the stated Strategic Business Requirements and the Key Issues identified. This proposal further progresses the "ICT Project 6" listed in the portfolio of projects and will contribute to "addressing the need for a flexible working environment, allowing personnel to work from all endorsed locations".

Summary:

This is a straightforward solution that can be put in place quickly with a minimum amount of risk and work.

The steps involved are:

1. Establishing an encrypted VPN between the 2 networks
2. Establishing an electronic 'trust' between the 2 networks
3. Configuring the respective networks to recognise and accept the other FRS's equipment and direct them, via the VPN, to their own network.

2. Financial Summary

The project costs for Bucks are summarised below, similar costs are likely to be required from RBFRS:

1. Establishing an encrypted VPN between the 2 networks
 - a. Implementation costs = £2,040
 - b. On-going licence cost increase/reduction = £1,300

2. Establishing an electronic 'trust' between the 2 networks
 - a. Implementation costs = £1,360
3. Configuring the respective networks to recognise and accept the other FRS's equipment and direct them, via the VPN, to their own network.
 - b. Implementation costs = £2,720

3. Acceptance Criteria

- 1) The respective FRS's to test connectivity from their respective sites and confirm acceptance of the configuration.
- 2) Staff to test connectivity from the other FRS's site with their equipment and confirm acceptance of the solution.

4. Stakeholder Analysis & Communications Plan

Initial Stakeholder are the staff working part time on the other FRS's site, their line managers and the senior management of each FRS. Communications plans will be drawn up for this audience if accepted by both FRS's.

Reports on spend to date against capital budget spends are furnished every month to Finance. Project Highlight reports is catered for in the bid will be submitted for consideration by the Performance Management Board. This report will also be made available to RNFRS for their consideration.

5. Risk Analysis

This option has no significant risk associated with it and rolling back to the original state should this be necessary will be straightforward.

6. Budget Request

Project	Estimated Capital Costs 2014/15	Estimated Revenue Cost 2014/15
1. VPN	£2,040	£1,300
2. Electronic Trust	£1,360	£0
3. Configuring networks	£2,720	£0
Total	£6,120	£1,300

Resilience and backup of fire station servers

Prepared by:	D. Thexton	Directorate:	Service Transformation
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1. Project Summary

Background:

Each fire station has its own server to enable each station to store documents locally and to provide increased fault tolerance and resiliency should the network to the station become unavailable. Six years ago a decision was made to not include these servers in our back up regime. Technology has moved on since then and with the installation of our new Hardware infrastructure and the deployment of our new Wide Area Network, the previous constraints on which the decision was based have now been removed. This proposal is to capitalise on these advancements and provide much greater stability, robustness and data protection by centralising all data (and thus maintaining backups of all fire station data) and replacing the local servers with standardised "black box" servers, which will virtually eliminate local server faults experienced to date.

Links with the ICT Strategy:

In 2014 Exec approved the ICT strategy which laid out the portfolio of projects necessary to address the stated Strategic Business Requirements and the Key Issues identified. This proposal contributes towards the delivery of "ICT Project 1" in that it will contribute towards "ensuring that the baseline ICT service delivery is maintained at a robust level". This proposal also contributes towards the delivery of "ICT Project 15" in that it delivers the station end part of "establishing an optimal disaster recovery process."

Summary:

The project will replace all station end servers with "Black Box" servers that are identical to each other and are automatically synchronise with the new infrastructure. Should a server develop an issue, a preconfigured replacement server will be available to be sent out the same day and staff at the station will be able to plug it in and turn it on themselves rather than requiring a KIS-ICT engineer to attend and install the equipment. Additionally all data will be replicated back to the new centralised infrastructure and be part of the standard backup regime. This option greatly reduces information loss risk for station staff.

2. Financial Summary

The project costs are summarised below:

1. Hardware costs= £15,600
2. Implementation costs = £31,960

3. On-going licence cost increase = £2,880

3. Acceptance Criteria

All fire stations will have their data replicated back to the central hub and backed up as part of the normal backup regime. They will also have standardised local servers that local staff will be able to replace themselves in the unlikely event of a failure.

4. Stakeholder Analysis & Communications Plan

Stakeholder analysis and Communications plans are not required.

Reports on spend to date against capital budget spends are furnished every month to the Senior Management Team following the financial out turns.

Project Highlight reports is catered for in the bid will be submitted for consideration by the Performance Management Board.

5. Risk Analysis

Files and data generated by staff and stored on the servers at fire stations is not being backed up and is at risk of loss. A recent example of this was a virus attach that encrypted all data at Broughton Fire Station. Resulting in the loss of all data held on that server.

6. Budget Request

Project	Estimated Capital Costs 2014/15	Estimated Revenue Cost 2014/15
1. Hardware costs	£15,600	£0
2. Implementation costs	£31,960	£0
3. On-going licence cost increase	£0	£2,880
TOTAL	£47,560	£2,880

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	19 November 2014
OFFICER	David Skinner, Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Treasury Management Performance 2014/15 – Quarter 2
EXECUTIVE SUMMARY	<p>This report is being presented as members resolved at the meeting of Buckinghamshire and Milton Keynes Fire Authority on 13 February 2013 that a quarterly Treasury Management report would be submitted to the Executive Committee and it is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for the first half of 2014/15 is £65k, which is £30k higher than the budget for the 6 month period.</p>
ACTION	Information.
RECOMMENDATIONS	That the Treasury Management Performance 2014/15–Quarter 2 report be noted.
RISK MANAGEMENT	<p>Making investments in the Authority’s own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors.</p> <p>The Director of Finance and Assets, will act in accordance with the Authority’s policy statement; Treasury Management Practices and CIPFA’s Standard of Professional Practice on Treasury Management.</p> <p>There are no direct staffing implications.</p>
FINANCIAL IMPLICATIONS	The budget for 2014/15 relating to interest earned on balances invested is £70k. Performance against the budget is included within Appendix A.
LEGAL IMPLICATIONS	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury

	Management Code of Practice.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	See Financial Implications.
PROVENANCE SECTION & BACKGROUND PAPERS	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy http://www.bucksfire.gov.uk/NR/rdonlyres/89EFC4A0-9874-42ED-BF89-92D56BAC0CC9/0/ITEM7aTREASURYMANAGEMENT.pdf Treasury Management Practices http://www.bucksfire.gov.uk/NR/rdonlyres/FDA454EA-1735-4569-BE96-C1E3D0079A75/0/ITEM6TreasuryManagementPracticeSandASep13andAnnexA.pdf
APPENDICES	Appendix A – Treasury Management Performance 2014/15 – Quarter 2.
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk (01296) 744687

Appendix A – Treasury Management Performance 2014/15 – Quarter 2

Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance of the in-house treasury management function for the first quarter of 2014/15.

Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Capita (formerly known as Sector). This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 30 June 2014 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank plc	5,000
Santander	5,000
Nationwide Building Society	3,000
Skipton Building Society	1,000
Barclays Bank	4,000
Coventry Building Society	1,000
Lloyds Bank Current Accounts	1,885
Public Sector Deposit Fund (CCLA) – MMF*	1,076
Total	21,961

*MMF denotes a Money Market Fund

No counterparty limits were breached during Quarter 2.

The above investments include an amount of £1.076m invested in a money market fund (MMF). A MMF employs credit analysts who first assess who is a suitable counterparty and then continue to monitor those counterparties over time. By investing with a range of counterparties, risk is able to be diversified to a greater extent than investing directly in single counterparties.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Capita creditworthiness service. During Quarter 2 Capita downgraded one counterparty on the list, which was Citibank International PLC, with whom the Authority had no funds deposited. Also in Quarter 2 Capita upgraded one counterparty. Therefore in line with the AIS, the Authority’s lending list has been updated to reflect these changes as detailed in the table below:

<u>Country</u>	<u>Counterparty</u>	<u>Maximum Duration as at 30/06/2014</u>	<u>Revised Maximum Duration as at 30/09/2014</u>
UK	Citibank International PLC	Red - 6 mths	Green - 100 days
UK	Leeds Building Society	-	Green - 100 days

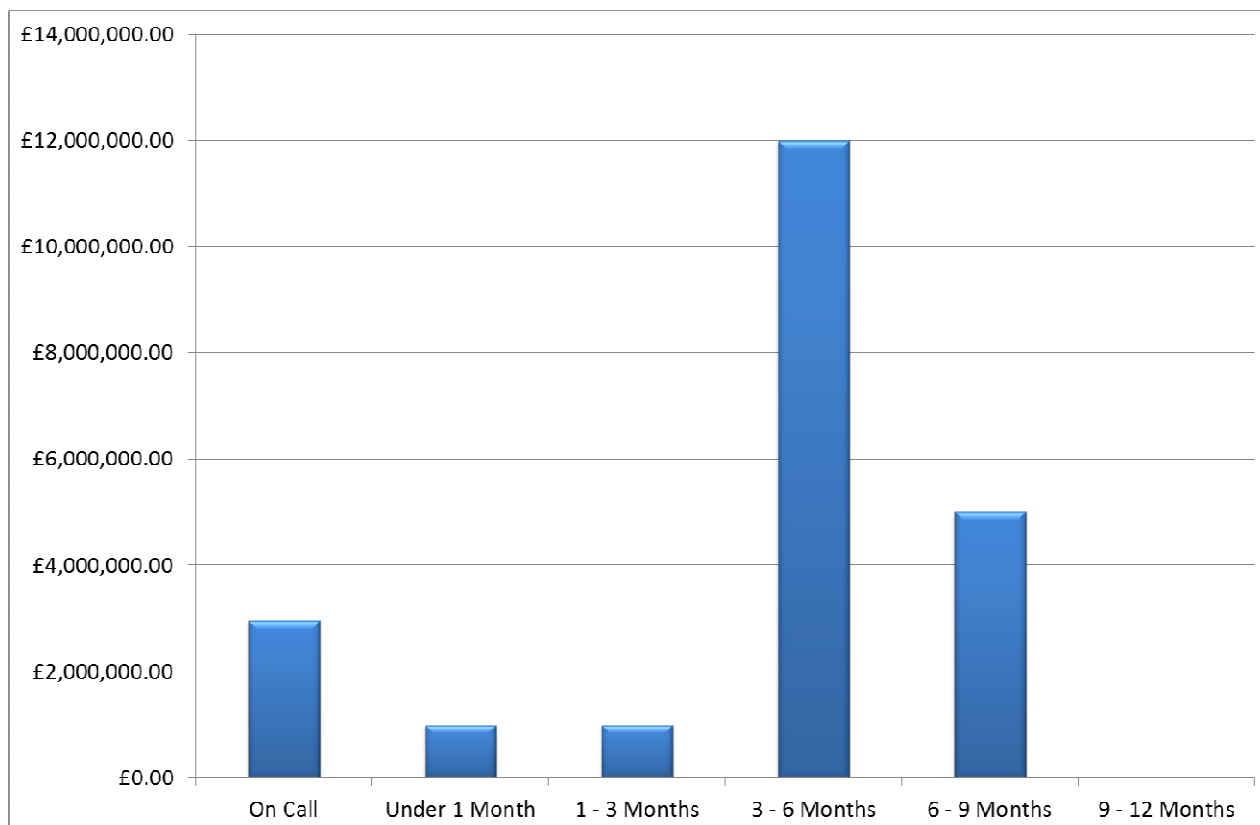
Key:

Red - 6 mths	Approved for investments up to 6 months in duration
Green - 100 days	Approved for investments up to 100 days in duration
No colour - 0 mths	Counterparty not approved for investments of any duration

Liquidity

Investments

The second objective set out within the Treasury Management Policy Statement is the liquidity of investments (i.e. keeping the money readily available for expenditure when needed). Investments have been placed at a range of maturities, including having money on-call in order to maintain adequate liquidity. The current investment allocation by remaining duration can be seen on the chart below:



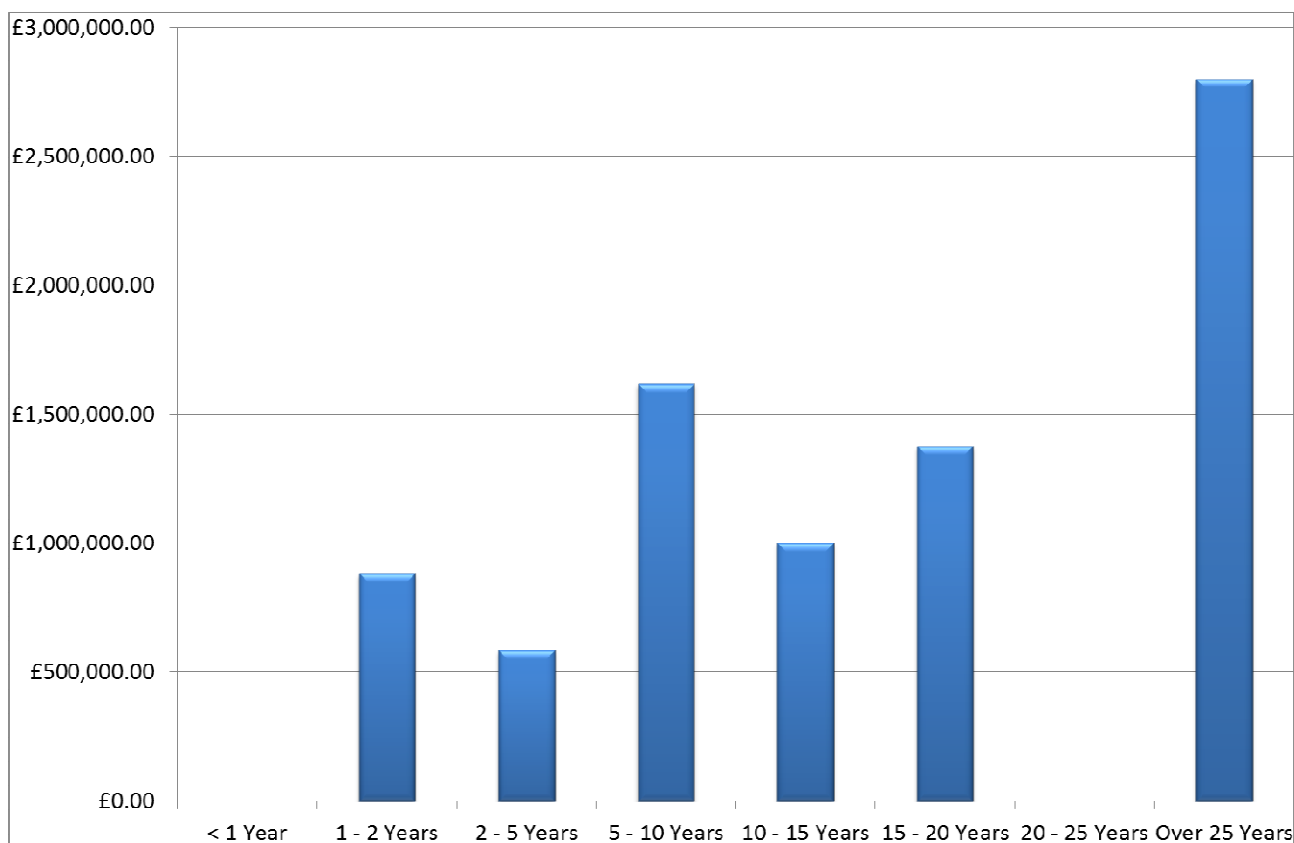
By reviewing the Balance Sheet position, level of reserves and cash requirements, the Authority determined that it was able to re-invest £5m for one year (which matures on 2 April 2015). In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a greater proportion of the balances are invested as short fixed-term deposits. Any unforeseen circumstances and potential major incidents that could occur are covered by holding a smaller proportion of the investment balances on call (i.e. it is available for use on the day it is required).

The investments of £1m that are under one month, and 1-3 months in duration were originally made for three months. One matures on 1 October and the other on 3 November when they will be reinvested for a further 3-6 months in order to maintain liquidity. The £12m invested for the duration of 3-6 months consist of three separate investments of £5m, £3m and £4m. These were all invested for 6 months with 3 separate counterparties and will mature at different times during the period and will be reinvested to different maturity dates.

Balances on call include the investment in the MMF. A MMF helps improve the liquidity of the Authority’s balances. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

Borrowing

As part of managing the liquidity of investments, it is important to have regard to the maturity structure of outstanding borrowing. This can be seen in the following chart:



The earliest date for repayment of borrowing is March 2016, when £0.515m is due to be repaid. A further £0.368m is also due to be repaid in May 2016. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash (accumulated by setting aside the appropriate minimum revenue provision (MRP) year on year) to settle the outstanding liability.

The MRP does have a direct impact on the revenue account and therefore the General Fund. If the Authority repays borrowing and does not take out additional borrowing, the annual MRP charge will gradually reduce over time.

Investment Yield

Having determined proper levels of security and liquidity, it is reasonable to consider the level of yield that could be obtained that is consistent with those priorities.

Performance Against Budget – Quarter 2

The budget for interest on investment balances for 2014/15 is £70k. This therefore means that the budget for the first half of the year is £35k. Although the budget was consistently over-achieved in 2013/14, it was left unchanged for 2014/15 due to the downside risk to interest rates present at the time.

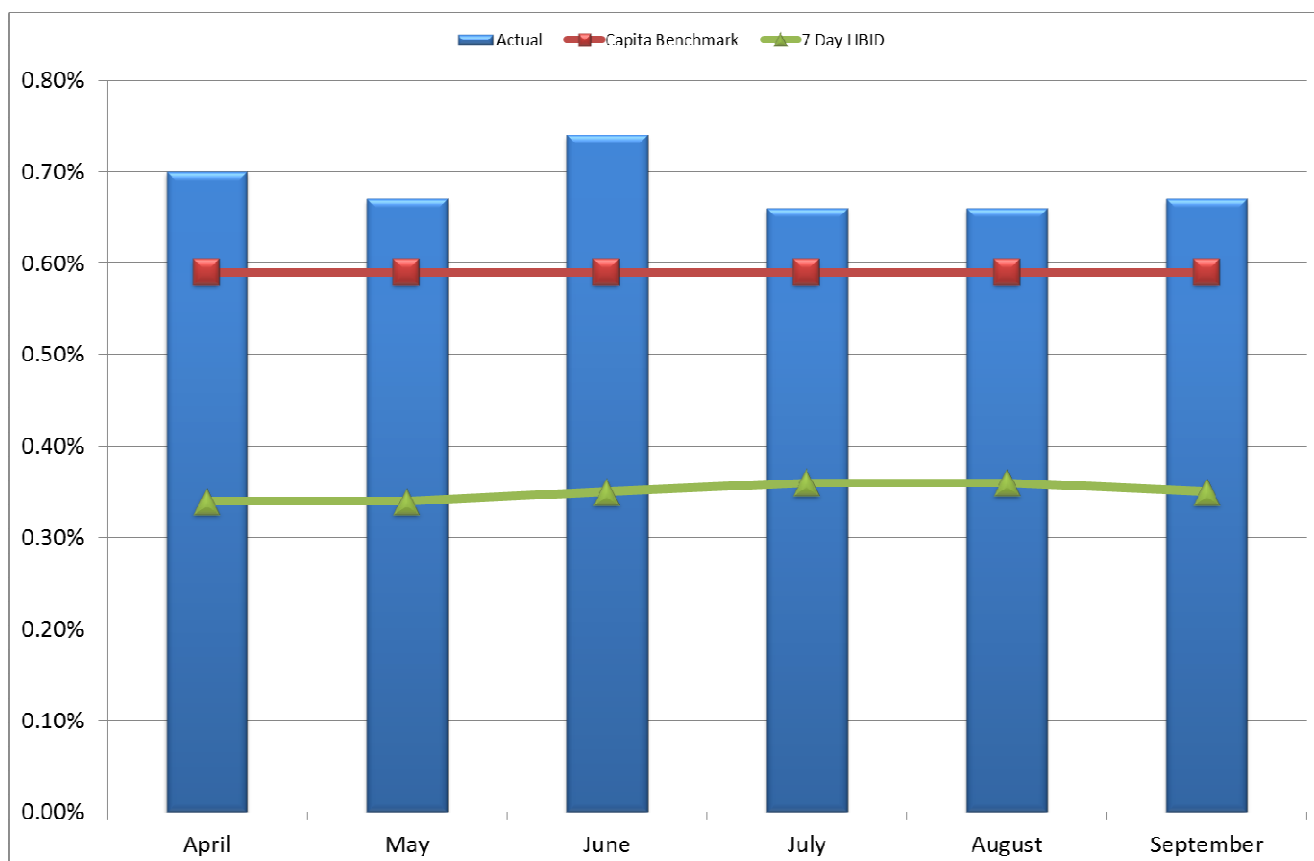
The accrued interest earned as at 30 September 2014 is £65k, which is an over achievement of £30k for the year to date. The budget for future years is being reviewed as part of the Medium Term Financial Planning process. It is anticipated that the income target will be increased in light of continuing over-achievement against the current budget.

Performance Against the Benchmark – Quarter 2

The relative performance of the investments is measured against two benchmark figures:

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into 2014/15
- Capita benchmark – this is the indicative rate that Capita advised we should be looking to achieve for 2014/15 at the start of the year

The weighted average rate (%) is compared to the two benchmark figures in the following table for each month:



The Authority has out-performed both benchmark figures for the first half of the year. The main reason for the over performance is that the amendments to the AIS for 2014/15 allow for a greater number of counterparties. This has facilitated a more proactive approach to investments enabling the Authority to take advantage of favourable interest rates on shorter investments, whilst also diversifying risk more effectively. The determined liquidity structure has also allowed the Authority to commit a proportion of the portfolio for a duration of one year at a favourable rate.

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	19 November 2014
OFFICER	David Skinner, Director of Finance & Assets
LEAD MEMBER	Councillor Adrian Busby
SUBJECT OF THE REPORT	Procurement Strategy 2015-2020
EXECUTIVE SUMMARY	<p>The aim of this report is to set a clear framework for the procurement of goods, works and services within the Authority. The strategy supports the development of a longer term vision of how procurement can help to deliver the Authority's aims and outcomes while working within a value for money framework and standing orders relating to contracts in order to achieve efficiency savings.</p> <p>The Procurement Strategy 2015-2020 supersedes all previous strategies.</p> <p>It sets out a five year plan for procurement to achieve the following objectives:</p> <ul style="list-style-type: none"> • To provide a clear, corporate vision for the overall direction of procurement across the Authority. • To promote the benefits of strategic procurement including collaborative working. • To outline the current arrangements for procurement within the Authority. • To ensure that all procurement carried out by the Authority continues to be based upon the principles of transparency, accountability, continuous improvement, fair competition and in line with current EU Procurement Directives. • To ensure that where practically possible sustainable procurement issues are considered when making procurement decisions. • To outline the actions to be taken over the next five years in order to continue to develop the Authority's strategic approach to procurement. • To ensure that the procurement supports Authority priorities as set out in both the Corporate Plan and Public Safety Plan. <p>To be cognisant of the current financial position and to</p>

	contribute to financial objectives as set out in the Authority's Financial Plans.
ACTION	For information and decision.
RECOMMENDATIONS	That the Procurement Strategy 2015-2020 as set out in Annex 1 to this report is adopted for implementation.
RISK MANAGEMENT	<p>By agreeing the Procurement Strategy as drafted, the Authority will reduce or omit the risk of failure in the following areas:</p> <ul style="list-style-type: none"> • The consequences of breaking Competition Law can result in penalties or fines, bad publicity, compensation claims from suppliers or in serious cases of breach, Directors of organisations can be disqualified or even sent to prison. • The principles of Offer and Acceptance under Contract Law are complied with. • Contract Standing Orders and Financial Regulations are complied with. • Achieving value for money. • Ensure a clear audit trail is available for every decision reached under the transparency agenda. • Individuals will be aware of the policies and procedures and therefore can be held accountable for actions and decisions. • Planning for future requirements in a timely manner and ensuring no 'waste' • Being environmentally responsible. • Contributing to overall Authority objectives.
FINANCIAL IMPLICATIONS	The financial implications are set out within the body of the draft strategy as far as is possible.
LEGAL IMPLICATIONS	There are a number of legislative requirements for good procurement management and these are set out in the body of the draft strategy.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	<p>The strategy specifically sets out the aim to ensure all processes are transparent, accountable and fair to all parties.</p> <p>A People Impact Assessment (PIA) has not been completed, where specific actions are undertaken in the future as a result of this strategy, it is expected that a specific PIA will be completed as appropriate.</p>

<p>USE OF RESOURCES</p>	<p>Key principles of good procurement practice in the maintenance and upkeep of the Authority’s assets are transparency, accountability, continuous improvement and fair competition and these principles are embodied as part of the strategy.</p> <p>Social and environmental awareness issues in respect of procurement are captured within the strategy.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Procurement Strategy 2012-2015 http://bucksfire.gov.uk/files/6514/0631/1308/031012Executive.pdf</p>
<p>APPENDICES</p>	<p>Annex 1: Procurement Strategy 2015-2020</p>
<p>TIME REQUIRED</p>	<p>15 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Billy Allen – Head of Procurement ballen@bucksfire.gov.uk 07787 263334</p>



**Buckinghamshire & Milton Keynes Fire
Authority Procurement Strategy**

2015 - 2020

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1. **Executive summary**

1.1 The procurement of goods and services are required to support the delivery of the Authority's key service priorities and as such contribute to the achievement of the following aims as set out in the Corporate Plan:

- *To provide high quality, value for money, equipment, vehicles and premises supported by safe operating procedures and systems of work, to support the safe and effective delivery of our services.*
- *To continually review our performance, ensuring that our resources are effectively and efficiently deployed to reduce risks to our staff and communities.*
- *To enhance our efficiency by ensuring our assets and operations minimise the impact on the environment.*

1.2 In meeting these aims this strategy document sets out the Authority's general principles in respect of procurement and in light of these principles how procurement activity is to be managed within the Service.

1.3 The aim of this procurement strategy is to set a clear framework for the procurement of goods, works and services within the Authority. The strategy supports the development of a longer term vision of how procurement can help to deliver the Authority's aims and outcomes while working within a value for money framework and standing orders relating to contracts in order to achieve efficiency savings.

1.4 This Procurement Strategy 2015–2020 supersedes all previous strategies.

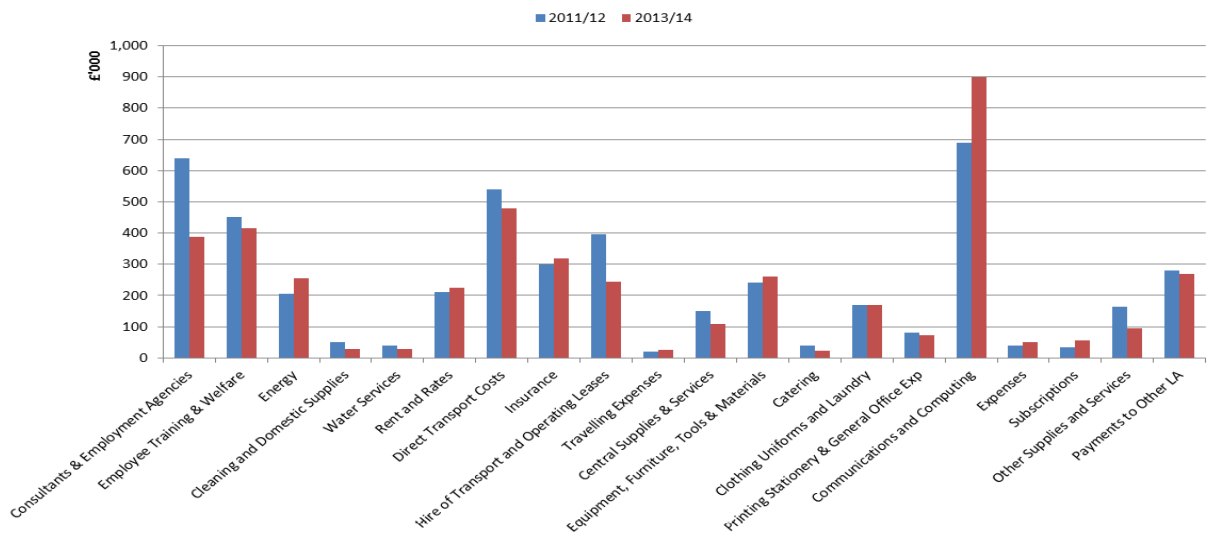
It sets out a five year plan for procurement to achieve the following objectives:

- To provide a clear, corporate vision for the overall direction of procurement across the Authority.
- To promote the benefits of strategic procurement including collaborative working
- To outline the current arrangements for procurement within the Authority.
- To ensure that all procurement carried out by the Authority continues to be based upon the principles of transparency, accountability, continuous improvement, fair competition and in line with current EU Procurement Directives.
- To ensure that where practically possible sustainable procurement issues are considered when making procurement decisions.
- To outline the actions to be taken over the next five years in order to continue to develop the Authority's strategic approach to procurement.
- To ensure that procurement team strategy supports Authority

- priorities as set out in both the Corporate Plan and Public Safety Plan.
- To be cognisant of the current financial position and to contribute to financial objectives as set out in the Authority's Financial Plans.

2. What is procurement?

- 2.1 Procurement is a high value activity within the Authority that has a critical impact on its performance and success. The Authority spent circa £6.9 million in 2013-2014 on goods, works and services and this strategy seeks to raise awareness of procurement as a **strategic** function.



- 2.2 It is important to define what is meant by procurement so that we understand the scope of the strategy:

“Procurement is the process of acquiring goods, works or services from a third party. It includes all processes from identifying a need, through contract award, to delivery of a service or disposal of an asset. It should explore the opportunities to collaborate. Good procurement means getting value for money – that is, buying a product that is fit for purpose, taking into account the whole-life cost. A good procurement process should also be delivered efficiently, to limit the time and expense for the parties involved.”

- 2.3 In the context of a procurement process, “getting value for money” means choosing the bid that offers: *“the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user’s requirement. This should be achieved for each piece of procurement.”*

- 2.4 This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The Authority’s requirements can include social, environmental, economic and other strategic objectives and is defined at the earliest stages of the

procurement cycle. The criterion of value for money is used at the award stage to select the bid that best meets the requirement.

3. Role and responsibility of the Authority

3.1 The role of the Authority shall be to oversee the development and direction of a procurement strategy in accordance with the following general procurement principles:

- To meet the needs of users
- To provide value for money
- Seek collaborative opportunities with other FRS's where possible
- To be socially and environmentally aware
- To secure continuous improvement
- To comply with procurement law and local regulations.

3.2 In fulfilling this role the Authority shall have the following key responsibilities:

- To determine the Authority's Standing Orders in relation to contracts and financial regulations/instructions
- To scrutinise both procurement processes and outcomes through best value reviews and the design and conduct of large and significant contracting exercises
- To approve a policy led budget
- To approve an annual procurement prospectus
- To monitor the Service's performance in relation to the achievement of the Authority's procurement strategy.

4. Role and responsibility of the Procurement function

4.1 The role of the Procurement function shall be to develop and maintain a coordinated strategic approach to procurement activity across all areas of the Service. There should be no prescriptive policy about where the procurement function for the Authority should lie, what is important is what works best for the Authority at any given time. For the present and foreseeable future it should lie within the Finance and Assets Directorate. The function shall have the following key responsibilities:

- To ensure that strategic procurement objectives and targets are incorporated into devolved buying decisions
- To encourage collaborative working between BMKFRS and RBFRS to reduce cost and introduce standardisation of products and services
- To collate procurement management information across both BMKFRS

and RBFRS

- To identify organisational procurement competencies and training needs and to incorporate these within the strategic planning process
- To act as an internal source of expertise, identifying and disseminating best practice throughout both FRS's and to provide support to internal customers and project stakeholders
- To review and revise the Fire Authority's procurement strategy, standing orders' and policies in light of changed legislative requirements and best practice
- To produce quarterly Procurement Key Performance Indicators (KPI's)
- To publish annually the Fire Authority's procurement prospectus
- To establish the most efficient, streamlined, procurement processes including the use of the In-Tend E-Tendering Procurement System.

5. Spend categories

5.1 The Authority's spend falls mainly into two categories:

1. **Expenditure on capital projects** – one off items or projects which are generally considered by Members on an individual basis. The procedures to follow for this type of expenditure are detailed in the Authority's Standing Orders relating to Contracts.
2. **Purchases funded from revenue** – These goods or services are necessary for the day to day operations of the authority but are not approved by Members on an individual basis. The procedures to follow for these types of purchases are detailed in the Authority's Standing Orders relating to Contracts.

5.2 The Standing Orders relating to Contracts set out the rules by which the Authority makes contracts for the goods, works and services it needs in order to carry out its functions. They are made for the purpose of securing competition and regulating the awarding of contracts in accordance with all relevant European and UK legislation.

5.3 The Standing Orders relating to Contracts are intended to give practical effect to the Authority's Corporate Procurement Strategy.

6. Proposed CFOA National Procurement Strategy for the Fire and Rescue Services in 2015-18

6.1 CFOA have proposed a new National Procurement Strategy for the period 2015-2018 with the proposed strategy currently being discussed with CFO's of all 46 FRS's across the country

6.2 The key aims of that strategy are:

- To create a National Fire Back Office which would serve the needs of all 46 FRS's nationally, creating policy and the ability to make savings for the Fire Sector
- To provide a collaborative approach to the purchase of equipment, training and other key but generic goods and services across all FRS's nationally to drive out savings
- Early identification of requirements for all the sharing of specifications between FRS's to ensure consistency and the removal of duplication of work
- Procurement needs to have a bigger influence at Senior Level within FRS's to assist in the delivery of wider commercial consideration within FRS's
- To encourage and support the Chief Fire Officers' Association (CFOA) National Procurement Board in continuing to promote collaborative procurement, whether through the FRS national procurement body or other routes, with the aim of providing collaborative means for the provision of all fire-sector specific equipment
- To facilitate the development of a better understanding and analysis of expenditure in the FRS to support more effective procurement, and to develop better systems for the regular reporting of the benefits and opportunities presented by collaborative procurement
- To set the conditions that will enable the FRS to respond to and promote the key policy drivers shaping public procurement.

7. Current arrangements

7.1 The procurement of the Authority's goods, works and services is regulated by a number of internal policies and rules which require compliance by all Authority employees. These include:

- Strategic Asset Management Plan
- Standing Orders relating to Contracts
- Financial Regulations and Instructions.

The Strategic Asset Management Plan is a high level document part of which sets out the Authority's equipment objectives as follows:

- All equipment purchases shall be in accordance with the prevailing Procurement Strategy, Financial Regulations, Financial Instructions and contract Standing Order's
- Each fire appliance will at all times carry with it the minimum acceptable level of equipment, fully functional and safe to use
- Safe use of equipment is considered critical and each piece of equipment will be serviced, tested and maintained in accordance with the manufacturer's instructions
- Stores of equipment will be maintained at optimum levels only (*ie by applying "just in time" principles*)
- Immediate replacement will take place in the event of theft, loss, damage or at end of life (fair wear and tear)
- All statutory obligations in respect of issue, testing, servicing, use and maintenance will be upheld
- A record of equipment, including stock, will be maintained to include purchases, issues, losses, serial numbers (or other agreed identification), location and value, in line with prevailing accounting policies
- All equipment shall be stored in a secure environment when on Fire Authority premises
- All equipment shall be kept as secure as is reasonably practical when off Fire Authority premises and accounted for upon return
- All aspects of equipment management will be in accordance with Financial Regulations.

These documents will continue to provide the framework for managing the Authority's procurement activity given that they outline in detail the process for entering and managing contracts. Copies of each of these documents are available on the Authority's intranet/"I Drive".

- 7.2 The BMKFA has introduced a Procurement Shared Service which has been in place since January 2014. It is led by the Head of Procurement and forms part of the Finance & Assets Directorate. The lead Member with responsibility for procurement falls within the purview of the Resources brief.
- 7.3 Whilst the Authority has Procurement Shared Service, procurement for the most part is decentralised, which means that individual service areas are responsible for procuring their own goods, works and services.

The role of the procurement function is to:

- Achieve / contribute to the savings requirement set out in the Medium Term Financial Plan
- Drive the implementation of the Authority's Procurement Strategy at a strategic and operational level
- Provide advice and support to ensure compliance of the Contract Procedure Rules and UK and EU legislation
- Support service areas in the letting of contracts – this may involve giving advice, to drafting documentation to undertaking the complete procurement
- Develop, organise and deliver training to the relevant officers to ensure compliance with the required procedures and processes
- Conduct centralised procurements for specific Authority wide goods and services eg stationery, utilities, telecoms etc
- Monitor the Authority's spend on goods, works and services to identify where corporate arrangements can be developed to improve quality or reduce costs
- Review the Authority's sourcing arrangements for defined goods and services and make recommendations in order to secure good quality, to meet customer needs and achieve value for money
- Develop and maintain guidance for businesses wishing to work with the Authority
- Maintain the Authority's contracts register
- Liaise with other authorities and public bodies through a regular procurement group to maximise opportunities for collaboration
- Work with vendors and suppliers
- Work with internal customers
- Provide efficient and streamlined procurement processes
- Drive down unit cost

7.4 It is important to understand the strategic role of procurement compared with the role of the individual service areas. The following table illustrates the main differences:

Roles and responsibilities	
Strategic procurement	Service area procurement
Corporate procurement policy and strategy	Establish and manage local contracts
Tendering for specific requirements	Requisitioning and ordering
Provide support and advice	Goods receipting
Provide training to affected officers to ensure compliance with procedures.	Feedback to corporate procurement function
Establish centralised corporate contracts eg stationery	Contract management and performance monitoring
Seek/investigate collaborative opportunities	Use of In-Tendering system for quotations and E-Tendering
Maintenance of the central contracts register via In-Tend system	Increased customer engagement

8. Procurement principles and policies

8.1 It is important that the following principles are incorporated into all procurement activity within the Authority:

- **Transparency** - All decisions need to be open and justifiable on clear and relevant criteria. There must be a clear audit trail of how every decision has been reached
- **Accountability** - All those who make procurement decisions will be held accountable for them. This Procurement Strategy together with the Standing Orders relating to Contracts are intended to ensure that those responsible for procurement decisions take them on a clear and consistent basis
- **Affordability** - Where appropriate, decisions will be evaluated using a whole life costing approach to ensure expenditure is forecast for the duration of the contract (see section 8.2.7)
- **Sustainability** -All decisions should meet the needs of the present without compromising the ability of future generations to meet their own needs (see section 9)

- **Continuous improvement** - Where appropriate, contracts other than one off purchases should incorporate specific provisions for improving service performance over the life of the contract, or life of the asset, against both quality and cost criteria which have been established prior to the procurement and used as part of the evaluation
- **Fair competition** - Providing best value means making best use of both internal and external resources where there is more than one supply, therefore by demonstrating that policy and procedures are in place and are followed will produce fair competition, a healthy market and encourage potential providers.

8.2 Procurement within the Authority is to be based upon a number of key policies that influence the way in which procurement must be conducted. These include:

8.2.1 Compliance with the general law and legislation

The Authority must comply with the legal requirements set out in EU and UK law. There are three main principles of European law which must be applied in the course of all procurements conducted by the Authority. These are as follows:

- Equality of treatment – This principle requires that all persons who express an interest in providing the supplies, services or works sought by the Authority, or who are invited to submit a quotation or tender, or who do so, are to be treated in the same manner
- Transparency – This principle requires that candidates invited to provide supplies, services or works sought by the Authority should know in advance what rules are applicable to each stage of the procurement process
- Proportionality – This principle requires that any measures chosen by the Authority should be both necessary and appropriate in the light of the objectives sought.

The Authority must also comply with the requirements of the EU Procurement Directive when procuring goods, works and services where the prospective contract value exceeds a specified financial threshold. The directive specifies mandatory procedural requirements in such cases.

In addition and subject to the above the Authority is obliged to follow the requirements of relevant UK legislation which seeks to ensure that authorities obtain best value through their purchasing practices and procedures.

Finally Authority officers must comply with the Authority's own Standing Orders relating to Contracts and Financial Regulations, which seek to ensure

that its practices and procedures are compliant with the law and recognised good practice and that purchases are not made incorrectly, illegally or fraudulently, and to establish a clear audit trail for all such actions.

8.2.2 *Working with small/local businesses*

Whilst the Authority is prohibited by law from discriminating in favour of local suppliers, it is committed to supporting and encouraging local firms to compete for contracts.

In order to encourage such organisations to compete for contracts, the Authority will:

- Publicise contracting opportunities on its web site
- Give guidance as to its contracting processes
- Keep tender documents as simple to understand as possible
- Set realistic tendering timescales
- Encourage suppliers to adopt "e-procurement systems" (see section 10) that streamline processes, reduce administration time and enable the Authority to make payment to suppliers more speedily.

8.2.3 *Partnering and collaboration*

The Authority will seek to maximise opportunities by working with other Authorities and public bodies where appropriate, through consortia and in joint procurement exercises, in order to widen the scope of its experience, to maximise purchasing power and harness economies of scale.

The Authority has access to and participates in various procurement forums, South East Region Procurement (Fire Service) and CFOA National Procurement Group (Fire Service)

8.2.4 *Key aims and outcomes*

Procurement must be seen in the context of the Authority's key aims and outcomes. This strategy attempts to support a vision of how procurement can help deliver the Authority's aims and values.

The Authority's vision is:

"To make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel."

The Authority's key values are:

Service to the community – we will serve the community
by: Working with all groups to reduce risk
Treating everyone fairly and with respect
Striving for excellence in all we do
Being answerable to those we serve.

People – by everyone practising and
promoting: Fairness and respect
Recognising commitment and the achievement of excellent
service Honesty and trust
Opportunities to develop and learn
Cooperation and inclusive working.

Diversity – we value diversity in our service and in the community
by: Treating everyone fairly and with respect
Challenging prejudice and discrimination
Creating opportunities to meet the different needs of people and the
communities
Promoting equal opportunities in terms of recruitment, promotion
and retention.

Improvement – we value improvement at all levels of the service by:
Accepting responsibility for our performance and actions
Being open-minded and receptive to alternative approaches
Learning from our experiences
Supporting others to enable them to achieve their
goals Encourage innovation and creativity.

8.2.5 *Best value*

In the past, the Authority's approach to *best value* was based upon Government guidance and, in particular, the reviews undertaken by the Audit Commission.

The primary aim of those *best value* reviews was to ensure: "delivery of high quality services that met the needs and aspirations of local people, within the constraints of available resources". Whilst the inspection regime has now gone, those same principles continue to apply.

Achievement of *best value* is now integral to all the Authority's activity and underpins many key strategies such as this one.

It is important that the connection between *best value* and procurement remains interlocked and that the procurement service ensures as far as possible and working with the commissioning service, that *best value* is obtained.

The Authority's approach to *best value* now seeks to challenge the need for existing service provision and to ensure that services meet the needs of users having regard to efficiency, economy and effectiveness. This may involve the merger/reconfiguration of services. The procurement of services is likely to vary from service to service, but may include:

- Termination of service.
- In-house provision.
- Re-negotiation of existing contracts, with improvements.
- Market test all or part of the service.
- Transfer service to another provider
- Commission the service jointly with another provider
- Joint delivery of the service.

8.2.6 *Performance Monitoring*

The extent to which the Authority's Procurement Strategy is successful will be measured by:

- Regular reviews of the progress made against the Capital Programme, Revenue Budgets and the Directorate Plan
- Spend analysis and reporting from the Authority's financial system
- Feedback from stakeholders
- Agreed key performance indicators to be regularly assessed using the Authority's performance management system.

8.2.7 *Whole life costing*

Where appropriate the Authority will invoke whole life costing principles in procurement considerations.

Whole life costing, or life-cycle cost as it is sometimes referred to, is the total cost of ownership over the life of an asset. Costs considered in applying this principle include the financial cost, which is relatively simple to calculate and also typically the environmental and social costs which are of course more difficult to quantify and assign numerical values. Typical areas of expenditure which are included in calculating the whole-life cost include planning, design, construction and acquisition, operations, maintenance, renewal and rehabilitation, depreciation and cost of finance and replacement or disposal.

By incorporating and applying all those factors in any procurement consideration, the resultant whole life cost outcomes should be compared before arriving at a purchase decision.

The application of the principles must, of course, be relevant to the size of purchase and would normally apply to procurement items of major value such as vehicles, property, major refurbishments, major systems etc.

9 Sustainability

9.1 Sustainable procurement has been defined as:

"Development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

9.2 The UK Government Sustainable Development Strategy: "Securing the Future" (published in March 2005) has committed the public sector to lead by example in delivering these objectives. Securing the Future established the business led Sustainable Procurement Task Force to bring about a change in public sector procurement practice. The aim is for the UK to be recognised as a leader in sustainable procurement across Europe and the World.

9.3 For this Authority sustainability issues such as fuel efficiency, packaging and carbon footprint will be considered when assessing the whole cost and benefit of any goods or service.

9.4 In relation to consumable goods the corporate procurement function shall regularly identify usage and regularly set and review targets to reduce unnecessary demand and waste.

9.5 All procurement shall be cognisant of the prevailing carbon reduction strategy in place for the Authority.

10 E-procurement

10.1 E-procurement is a collective term for a range of technologies that can be used to automate the internal and external processes associated with strategic sourcing and purchasing.

10.2 The Authority will fully embrace the In-Tend E-Tendering system from 2015 with the system being used to complete quotations and tenders on-line to reduce cost for both the Authority and suppliers.

10.3 The In-Tend system will also allow us to performance manage our contracted suppliers to improve performance and also capture improved actual spend

11 Social, environmental and equalities awareness

11.1 The Authority shall make a judgement about the enquiry and use of social considerations in procurement including the Social Value Act and seek to work with local social enterprises and suppliers where possible (see below) consistent with domestic law, including the duty of best value and the EC legal framework:

- Workforce issues where they relate to the achievement of best value and the delivery of the contract. Here, affected staff and unions are to be involved in the procurement process
- Equal opportunity practices of potential service providers, where it is relevant to the delivery of the service under contract
- The use of local labour clauses in contracts particularly in the interest of wider regeneration objectives; having regard to EU procurement law
- To source locally, where this achieves best value and the delivery of the contract.

11.2 Equalities

The Authority has procedures in place to ensure all contracts are awarded fairly and are consistent with all legal and best practice requirements for public sector procurement.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	19 November 2014
OFFICER	Lynne Swift, Director of People & Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Response to consultation on Firefighters' Pension Scheme 2015: Proposals for new governance arrangements
EXECUTIVE SUMMARY	<p>This report sets out the Authority's response on the draft Governance Regulations for the Firefighters' Pension Scheme 2015 (Appendix 4) following the six week consultation period which closes on 21 November 2014</p> <p>The consultation was announced on 10 October 2014 and supported by a letter from the Parliamentary Under Secretary of State, Penny Mordaunt MP to firefighters; Appendix 3 of this report.</p> <p>Appendix 1 of this report; 'Firefighters Pension Scheme 2015 proposals for new governance arrangements' explains the policy context relating to stronger governance for public sector pension schemes, as recommended by Lord Hutton in 2011 and carried forward into the Public Services Pensions Act 2013.</p> <p>It also sets out the terms for the establishment of a new single national Scheme Advisory Board which will be in place from April 2015 and the requirement for each Fire and Rescue Authority to establish a local Pension Board, also by 1 April 2015.</p> <p>The consultation applies only to England.</p> <p>In addition, Appendix 2; The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 sets out the draft new and amended regulations required to ensure the Firefighters' Pension Scheme 2015 comply with the requirements in the Public Services Pensions Act 2013.</p> <p>The draft regulations include a mechanism to control future costs of the Firefighters' Pension Scheme 2015 should the costs of the scheme go above or below the 'employer cost cap'. This mechanism aims to protect taxpayers and employers from unexpected cost increases to maintain sustainability and affordability.</p>

ACTION	Information.
RECOMMENDATIONS	<p>It is recommended that the Executive Committee:</p> <ol style="list-style-type: none"> Note the Authority's response to the consultation paper on the Firefighters' Pension Scheme 2015 Proposals for new governance arrangements (Appendix 4). A follow up report will be presented once the final governance arrangements are announced.
RISK MANAGEMENT	<p>Initial risk assessment has identified potential risks as follows:</p> <p>Regulations: There is a lack of clarity in the draft regulations which are not detailed and raise many questions and concerns, having little regard for the significant impact on Fire Authorities.</p> <p>Timescales: The deadline is set in the Public Service Pensions Act 2013 and there is no flexibility to have a different timescale. Work to establish the membership and manner of appointments to the Board will be necessary before the deadline of 1 April 2015. This deadline is likely to be challenging to meet.</p> <p>An option to mitigate this risk is for the regulations to follow the approach taken for the Local Government Pension Scheme (LGPS) governance arrangements; having a local Pension Board established by 1 April 2015 does not mean the requirement for all members to be appointed and trained. By 1 April 2015, as a minimum, the aim would be to establish the terms of reference and the local Pension Board constitution to have been approved.</p> <p>Control: Shifting the administrative burden from central government to local authorities and managing elements of the Firefighters' Pension Scheme 2015 locally without corresponding controls of funds raises questions not detailed in the consultation including level and type of decision making of local Pensions Boards. If simply administrative scrutiny, there is a risk of not attracting the right calibre Board members.</p> <p>The creation of over 40 local Pension Boards will also create potential for inconsistency.</p> <p>Decision making: There is a need to be clearer as to where the decision making and delegated authority lies for the local Pension Boards. As proposed, local Pension Boards are not responsible for managing or investing funds related to meeting pension commitments.</p> <p>Financial: There is a lack of information on funding of Pensions Board costs and allowances. Only mechanisms to control scheme costs via the employer cost cap are mentioned.</p> <p>Training: Detailed understanding will be required for</p>

	<p>members of the local Pension Board. The initial learning curve and specialist knowledge requirements will be significant. Some of the risk could be mitigated by sourcing specialists to assist.</p> <p>Administration: The proposals appear to create a huge administration burden and increased bureaucracy with little added benefit.</p> <p>National guidance for Scheme Managers on these issues provided as soon as possible would help determine the level of probability and impact of these potential risks.</p>
FINANCIAL IMPLICATIONS	At the present time there is not enough detail to ascertain the financial implications. Once the final regulations are released a report will be forthcoming.
LEGAL IMPLICATIONS	The Public Service Pensions Act 2013 gives the Secretary of State powers to make regulations to prescribe that each scheme to have a Pension Board in place to "assist the Scheme Manager in ... compliance" with, as a minimum, scheme regulations and the Pension Regulator's requirements.
HEALTH AND SAFETY	There are no health and safety implications.
EQUALITY AND DIVERSITY	Equality and diversity requirements will be included and accounted for with any potential local Pension Board makeup once the regulations are finalised.
USE OF RESOURCES	<p>Communication with stakeholders: Stakeholder communication is a significant element of successful implementation of the Firefighters' Pension Scheme 2015. This consultation documentation has been communicated to staff in accordance with usual practice.</p> <p>The system of internal control: Regular reports will be provided to the Strategic Management Board, Executive Committee and Fire Authority as necessary.</p> <p>The balance between spending and resources: Funding for additional expenditure needs to be identified and it needs to be established whether this is funded through current resources or additionally required.</p> <p>Training requirements will need to be established. It is anticipated that detailed understanding will be required therefore specialist training will need to be sourced and funded.</p> <p>The arrangements to promote and ensure probity and propriety: Current audit arrangements and service level agreements will be revised to ensure compliance.</p>
PROVENANCE SECTION	<p>Background: Independent Public Service Pensions Commission:</p>

<p>& BACKGROUND PAPERS</p>	<p>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</p>
<p>APPENDICES</p>	<p>Appendices:</p> <ol style="list-style-type: none"> 1. Firefighters' Pension Scheme 2015: Proposals for new governance arrangements October 2014 2. The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 3. Parliamentary Under Secretary State, Penny Mordaunt Open letter to firefighters 10 October 2014 4. Consultation response to the Firefighters' Pension Scheme 2015: Proposals for new governance arrangements
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Lynne Swift, Director of People & Organisational Development lswift@bucksfire.gov.uk 01296 744679</p>



Department for
Communities and
Local Government

Firefighters' Pension Scheme 2015: Proposals for new governance arrangements

Consultation

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1. The consultation process and how to respond

Scope of the Consultation

Topic of this consultation:	<p>The proposals for new governance arrangements for the Firefighters' Pension Scheme 2015.</p> <p>These draft regulations ensure that the Firefighters' Pension Schemes in England comply with the requirements in the Public Service Pensions Act 2013 to establish new arrangements for governance, including a mechanism to control future costs of the Scheme.</p> <p>To make the Scheme more accountable to its members and taxpayers, the first section of the draft regulations relates to the setting up of two new bodies which will be made up of employer and scheme member representatives.</p> <p>The first of these two bodies is a national Scheme Advisory Board. The Board's primary role is to provide the Secretary of State for the Department for Communities and Local Government with advice on desirable changes to the Scheme's regulations, when requested.</p> <p>Secondly, the draft regulations set out that local pension boards should be formed by each fire and rescue authority. These local boards may be advised by the national Scheme Advisory Board and are there to assist the scheme manager in the efficient and effective administration of the pension scheme.</p> <p>The Scheme is also required to publish an employer cost cap. If the cost of providing scheme benefits is more than two percentage points lower or higher than the cost cap, then changes must be made to the Scheme's design to bring the costs back to the correct level. For example, this could be by changing the rate at which scheme member's benefits build up. This is to protect scheme employers and therefore taxpayers from unexpected increases in the cost of the Scheme and to ensure it remains sustainable and affordable.</p> <p>The decision about what changes to make rests with the Secretary of State who must consult with the Scheme Advisory Board. If the Board is unable to unanimously agree what changes should be made, then three months after consulting them, the Secretary of State must begin to change the rate at which members build up their benefits.</p>
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	This consultation document provides more detail on the changes being proposed.
Scope of this consultation:	<p>As outlined above, this document summarises the draft regulations designed to introduce new governance arrangements to the Firefighters' Pension Schemes in England. It sets out the terms for the establishment of a single national Scheme Advisory Board and a local pension board in each fire and rescue authority area on 1 April 2015.</p> <p>In addition, the draft regulations require the Scheme to publish an employer cost cap. If the cost of providing benefits is more than two percentage points lower or higher than the cost cap, then changes must be made to the Scheme's design to bring the costs back to the correct level. The draft regulations, published alongside this consultation, set out how this process will be implemented.</p> <p>Following the consultation, the Government will publish a response and its final position will be implemented by an amendment to the scheme rules.</p>
Geographical scope:	This consultation only applies to England.
Impact Assessment:	These regulations have no impact on business or the voluntary sector.

Basic Information

To:	The consultation is aimed at all parties with an interest in the Firefighters' Pension Scheme and in particular those listed on the Government's website: https://www.gov.uk/government/publications/firefighters-pension-scheme-regulations-information-on-who-should-be-consulted
Body/bodies responsible for the consultation:	Secretary of State, Department for Communities and Local Government. The consultation will be administered by the Workforce, Pay and Pensions division.
Duration:	The consultation will last for 6 weeks, opening on 10 October and closing on 21 November 2014.
Enquiries:	Enquires should be sent to Andrew Cornelius. Please email firepensions@communities.gsi.gov.uk or call 0303 444 2171.
How to respond:	Responses to this consultation should be submitted to

	<p>firepensions@communities.gsi.gov.uk by 21 November 2014.</p> <p>Electronic responses are preferred. However, you can also write to:</p> <p>Andrew Cornelius Department for Communities and Local Government The Firefighters' Pension Team SE quarter 2nd Floor Fry Building 2 Marsham Street London SW1P 4DF</p> <p>Please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please give a summary of the people and organisations it represents and where relevant, who else you have consulted in reaching your conclusions.</p>
After the consultation:	Following the consultation, the Government's final position will be implemented by an amendment to the regulations establishing the 2015 Scheme.
Agreement with the Consultation Principles:	This consultation has been drafted in accordance with the Consultation Principles.

Background

Getting to this stage:	<p>The Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission to review public service pensions and to make recommendations on how they can be made sustainable and affordable in the long term, and fair to both public service workers and the taxpayer.</p> <p>Lord Hutton identified that there is a case for stronger governance of all the public service pension schemes and that there is a legitimate role for representatives of the workforce to be formally involved. He recommended that every public service pension scheme should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance including effective and efficient administration. In the case of the locally administered schemes, these should be local pension boards. Lord Hutton also found that there should also be a pension policy group for each scheme at national level for considering major changes to scheme rules.</p> <p>The recommendations made by Lord Hutton were accepted by the</p>
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<p>Previous Engagement:</p>	<p>Government and were carried forward into the Public Service Pensions Act 2013. This Act gained Royal Assent on 25 April 2013 and put in place the legislative framework for the new governance arrangements for public service pension schemes. In relation to the Firefighters' Pension Schemes in England, it set the 'responsible authority' to be the Secretary of State for Communities and Local Government.</p> <p>A key objective of the 2013 Act is to ensure a fair balance of risks between scheme members and the taxpayer. To achieve this, the Government has established an employer cost cap mechanism to provide backstop protection to the taxpayer and to ensure that the risks associated with pension provision are shared more fairly between employers and scheme members.</p> <p>The Department has previously consulted on draft regulations in May 2015 to implement the Firefighters' Pension Scheme 2015¹. This included proposals for the implementation of the cost control mechanism which has been refined in these draft regulations.</p> <p>Those draft regulations for the 2015 Scheme also made provision for the definition of 'scheme manager' as the fire and rescue authority. The scheme manager is responsible for the administration of the scheme.</p>
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Additional copies

- 1.1 This consultation paper is available on the Government's website at: <https://www.gov.uk/government/consultations/firefighters-pension-scheme-2015-proposals-for-new-governance-arrangements>.

Confidentiality and data protection

- 1.2 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).
- 1.3 If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we

¹ *Consultation on the regulations to introduce a new firefighters' pension scheme from April 2015*, published 18 December 2013, <https://www.gov.uk/government/consultations/firefighters-pension-scheme-from-april-2015>, and *Consultation on the regulations to introduce a new firefighters' pension scheme from April 2015*, published 23 May 2014, <https://www.gov.uk/government/consultations/consultation-on-the-regulations-to-introduce-a-new-firefighters-pension-scheme-from-april-2015>.

receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be regarded as binding on the Department.

- 1.4 The Department will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

Help with queries

- 1.5 Questions about the policy issues raised in the document can be sent to firepensions@communities.gsi.gov.uk.
- 1.6 A copy of the Consultation Principles is at www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance. Are you satisfied that this consultation has followed these principles? If not or you have any other observations about how we can improve the process please email: consultationcoordinator@communities.gsi.gov.uk
- 1.7 Alternatively, you can write to:

DCLG Consultation Co-ordinator
Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

2. Policy Context

Lord Hutton's Independent Report

- 2.1 In 2010, the Chancellor invited Lord Hutton to chair the independent Public Service Pensions Commission to undertake a fundamental structural review of public service pension provision. In his Final Report², Lord Hutton sets out his recommendations to the government on pension arrangements that are sustainable and affordable in the long term, and fair to both the public service workforce and the taxpayer.
- 2.2 Lord Hutton identified that there is a case for stronger governance of all the public service pension schemes and that there is a legitimate role for representatives of the workforce to be formally involved. He recommended that every public service pension scheme should have a properly constituted, trained and competent Pension Board, with member nominees, responsible for meeting good standards of governance including effective and efficient administration. In the case of the locally administered schemes, these should be local pension boards. Lord Hutton also found that there should also be a pension policy group for each scheme at national level for considering major changes to scheme rules.

Public Service Pensions Act 2013

- 2.3 The Public Service Pensions Act 2013 ("the Act") gained Royal Assent on 25 April 2013 and put in place the legislative framework for the new governance arrangements for public service pension schemes. In relation to the Firefighters' Pension Schemes in England, the Act set the Secretary of State as the responsible authority and the function is discharged by the Secretary of State for Communities and Local Government.

Pension Boards

- 2.4 The Act requires scheme regulations to provide for the establishment of a pension board to assist the scheme manager:
- secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme, and any connected scheme
 - secure compliance with any requirements imposed by the Pensions Regulator, and
 - in relation to any other matter specified in scheme regulations.
- 2.5 Amongst other matters, the Act also requires regulations to require the scheme manager to be satisfied that the pension board members do not have a conflict of

² *Independent Public Service Pensions Commission: final report by Lord Hutton*, published 10 March 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207720/hutton_final_100311.pdf.

interest, and that the board must have equal numbers of employer and member representatives.

Scheme Advisory Board

- 2.6 The Act further requires scheme regulations to provide for the establishment of a 'Scheme Advisory Board' with responsibility for providing advice to the responsible authority, at the authority's request, on the desirability of changes to the Scheme. The regulations may also provide where there is more than one scheme manager and pension board in a scheme, for the Scheme Advisory Board to provide advice to the scheme managers or pension boards on the effective and efficient administration of the scheme. The responsible authority must be satisfied that the Scheme Advisory Board members do not have a conflict of interest.

Firefighters' Pension Schemes

- 2.7 The Department has previously consulted on regulations to implement the Firefighters' Pension Scheme 2015 and a Government response will be issued shortly. Those draft regulations already make provision for the definition of 'scheme manager', which is the fire and rescue authority. The scheme manager is responsible for the administration of the scheme.

Local Decisions and Accountability

- 2.8 There are some variances in governance within fire and rescue authorities. Anecdotal information suggests that, in practice, the decisions concerning the administration of the scheme are delegated to an officer of the authority and that officer exercises its discretion within that delegated authority. Other authorities have other structures to make decisions.
- 2.9 The Firefighters' Pension Scheme consumes a large proportion of the budgets of fire and rescue authorities. The Government's view is that there should be greater scrutiny of decisions made by fire and rescue authorities, particularly where these are made by individual officers, to provide more assurance to taxpayers and to scheme members, particularly given that any significant increase in costs that breach the cost cap could fall to members.

Current National Arrangements

- 2.10 There is currently a national policy committee, the Firefighters' Pension Committee, which has an advisory role in considering potential scheme changes. The Committee is chaired by the Department and consists of employer representatives and unions.

3. Proposals

Local Pension Boards

- 3.1 The Department's approach to the framework governing the introduction of Local Pension Boards is to provide a broad regulatory framework, within which fire and rescue authorities can set up their board locally while meeting the core objectives of Government policy as set out in the Act. The intention is for this to be supplemented by guidance issued by the Scheme Advisory Board. There will be some regulatory requirements which are set out below and there is a power for the Secretary of State to issue guidance to Scheme Managers on local pension boards, to which the scheme manager must have regard.

Function

- 3.2 Similar to the requirements of the Act, the regulations require the local pension board to assist the scheme manager to comply with the regulations governing the Firefighters' Pension and Compensation Schemes and any requirements imposed by The Pensions Regulator. The regulations also require the local pension board to assist the scheme manager to ensure the effective and efficient governance and administration of the scheme. This is, potentially, a wide ranging role and allows, for instance, the board to look at the systems underpinning the administration of the scheme or how decisions are taken. However, the local pension board is not a decision making body.

Structure

- 3.3 The Department's expectation is that there will be one local pension board per scheme manager. There may be scope, in future, for scheme managers to share a pension board where the function of a scheme manager is wholly or mainly shared with another scheme manager. The regulations give broad discretion to the scheme manager to determine the procedures applying to its board, including the voting rights and the establishment of sub-committees.

Membership and appointments

- 3.4 It will be for the scheme manager to determine its membership, and how the members are appointed and removed from the board. However, the board must have an equal number of member and employer representatives and must consist of at least four members. Member representatives are appointed for the purpose of representing members of the Firefighters' Pension Scheme. These may be, but are not limited to, trade union representatives. However, the member must be in scheme employment and therefore must be a firefighter who is currently employed by a fire and rescue authority. This means that former firefighters (which could include pensioner members if they are no longer employed as a firefighter) cannot be a member representative.
- 3.5 Employer representatives are appointed for the purpose of representing employers. These may be, but are not limited to, councillors or officers of the authority.

However, an officer or member of the authority which is responsible for making decisions on the pension scheme is not permitted to be a member of the board as the board may be scrutinising the decisions of that officer or member.

- 3.6 It is for the scheme manager to determine the terms of appointment to the board but, in doing so, they must be satisfied that the individuals have the capacity and understanding to represent either the employer or scheme members, as appropriate. The scheme manager must also be satisfied that there is no conflict of interest, both before appointment and subsequently from time to time. An individual who is, or is to be, appointed must provide the scheme manager with any information which it reasonably requires to satisfy itself as to whether there is a conflict.

Costs

- 3.7 It is for the scheme manager to determine whether any expenses should be paid in relation to the running of the local pension board. The Department's view is that any costs should be on an exceptions basis and only to recover costs. It is possible that the local pension board will look to obtain specialist professional advice, for instance actuarial, and the scheme manager may wish to provide an annual budget to the board for such instances.

Scheme Advisory Board

- 3.8 Discussions on a new Scheme Advisory Board have taken place between the Local Government Association and the fire service trades unions and draft Terms of Reference have been developed. The draft regulations, published alongside this consultation, are light touch and seek to facilitate the draft Terms that have been developed.

Function

- 3.9 The regulations make the Scheme Advisory Board responsible for providing advice, on request, to the Secretary of State on whether there should be changes made to the terms of the Firefighters' Pension Schemes. This could be in relation to particular technical features of the scheme or broader scheme design issues.
- 3.10 The Board is furthermore responsible for providing advice and guidance to scheme managers and local pension boards in relation to the effective and efficient administration of the schemes. The intention is that the Board will encourage best practice, benchmark performance, and coordinate technical and standards issues. It is also likely to have a liaison role with The Pensions Regulator and other interested parties.
- 3.11 The Scheme Advisory Board also has an important procedural role in relation to the Employer Cost Cap and will monitor progress against the cap. Further details on this role are set out below.

Structure and operating procedures

3.12 It is for the Scheme Advisory Board to determine their own procedures and voting rights and the establishment of any sub-committees or joint committees.

Membership and appointments

3.13 The regulations require the Scheme Advisory Board to have a chairman and to consist of no more than 14, or less than two, additional members. These individuals will be appointed by the Secretary of State and the Secretary of State will be looking, although not bound, to appoint equal numbers of employee and employer representatives. The Secretary of State will also be looking to ensure that there is a wide range of representation on the Board and that all interested parties that represent employees and employers are on the Board. The Chairman may appoint, with the agreement of the Board, no more than three individuals to be non-voting advisory members of the Board and can also appoint individuals who are not Board members, to be members of a sub-committee. All Board and sub-committee members will hold and leave office in accordance with the terms of their appointment.

3.14 The Secretary of State must be satisfied that there is no conflict of interest both before appointment, and then subsequently from time to time. An individual who is, or is to be, appointed must provide the Secretary of State with any information which he reasonably requires to satisfy himself whether there is a conflict.

Costs

3.15 The Scheme Advisory Board will have the power to raise money from scheme managers to fund its activities. To do so, the Scheme Advisory Board must prepare an annual budget for approval by the Secretary of State. The Secretary of State will ensure that the Board is delivering value for money for taxpayers. The Board may determine how to recover the money from scheme managers based on the number of members of the 2015 scheme and connected schemes, and a scheme manager is required to pay that amount.

Employer cost cap

3.16 The recent consultation on the regulations relating to the membership and benefits in the new Firefighters' Pension Scheme 2015³ included a process (at regulation 152) for reaching agreement where the costs of the Scheme fall above or below the cost cap, so that the costs of the Scheme are returned to the level of the employer cost cap. The draft regulations published alongside this consultation set out a revised, simpler process for the Secretary of State to reach agreement with scheme managers, employers and members (or their representatives) to achieve the target cost. That procedure involves consultation with the Scheme Advisory Board for such a period as the Secretary of State considers appropriate, with a view to reaching a unanimous agreement with members of that Board. However, if agreement is not

³ *Consultation on the regulations to introduce a new firefighters' pension scheme from April 2015*, published 23 May 2014, <https://www.gov.uk/government/consultations/consultation-on-the-regulations-to-introduce-a-new-firefighters-pension-scheme-from-april-2015>.

reached within 3 months after the end of that consultation, the Secretary of State must take steps to adjust the accrual rate to achieve the target cost of the scheme.

- 3.17 The employer cost cap will be set by the 2012 valuation of the Firefighters' Pension Schemes in England, which is currently being undertaken by the Government Actuary's Department. Detailed discussions on the assumptions to be adopted for the valuation took place at the Firefighters' Pension Committee. The methodology adopted for the valuation is set out in Treasury Directions⁴, which were also subject to consultation. The cost cap will be announced following the outcome of the valuation, which will be later this year and the figure will be incorporated into the scheme regulations.

Equalities

- 3.18 The Department has considered whether there are any equalities considerations relevant to the policy set out in these regulations and so far considers that there are not any. Equalities issues will be relevant in appointing individuals to the local pension boards and Scheme Advisory Board, and will need to be considered at that point.

⁴ The Treasury Directions can be found at <https://www.gov.uk/government/publications/public-service-pensions-actuarial-valuations-and-the-employer-cost-cap-mechanism>.

4. Next Steps and Questions

4.1 The Department invites consultees' views and any evidence relating to all aspects of this statutory consultation by 21 November. In particular, comments are welcomed on the following key questions:

Question 1

Do the draft regulations deliver the policy objective on the introduction of local pension boards and a Scheme Advisory Board as set out in this consultation document?

Question 2

Do you have any comments on the terms of the local pension boards or Scheme Advisory Board as set out in regulations?

Question 3

Are there other powers or requirements that should be put in place for local pension boards or the Scheme Advisory Board?

Question 4

Should the regulations be more, or less prescriptive about potential members of the local pension boards or the Scheme Advisory Board?

Question 5

Is there an alternative funding mechanism for the Scheme Advisory Board which could be put in place rather than raising funds from scheme managers with the Secretary of State ensuring that the Board is delivering value for money?

Question 6

Do you consider that any groups with protected characteristics under equalities legislation are being disproportionately affected? If so, what do you consider to be the nature and scale of that disproportionate effect?

 STATUTORY INSTRUMENTS

2015 No. 0000

PUBLIC SERVICE PENSIONS, ENGLAND

**The Firefighters' Pension Scheme (Amendment) (Governance)
Regulations 2015**

<i>Made</i>	- - - -	2015
<i>Laid before Parliament</i>		2015
<i>Coming into force</i>	- -	1 st April 2015

These Regulations are made in exercise of the powers conferred by sections 1, 3, 7(2), 12(6) and 12(7) of, and Schedule 3 to, the Public Service Pensions Act 2013(a).

In accordance with section 21 of that Act, the Secretary of State has consulted the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, these Regulations are made with the consent of the Treasury.

The Secretary of State makes the following Regulations:

Citation, interpretation, commencement and application

1.—(1) These Regulations may be cited as the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015.

(2) In these Regulations “the Principal Regulations” means the Firefighters' Pension Scheme (England) Regulations 2014(b).

(3) These Regulations come in to force on 1st April 2015.

(4) These Regulations apply in England only.

Amendment of the Firefighters' Pension Scheme (England) Regulations 2013

2. The Principal Regulations are amended in accordance with regulations 3 to 5.

3. In regulation 3 (interpretation)—

(a) after the entry for “ financial year” insert—

(a) 2013 c. 25
(b) S.I. 2014/????.

“Firefighters’ Pensions Scheme Advisory Board” means a board established under regulation 4E (scheme advisory board: establishment); and

(b) after the entry for “leaving year” insert—

“local pension board” means a board established under regulation 4A (local pension boards: establishment);”.

4. After regulation 4 (scheme manager) insert—

“Local pension boards: establishment

4A.—(1) Each scheme manager must establish a pension board (“a local pension board”) responsible for assisting it—

(a) to secure compliance with—

(i) these Regulations,

(ii) any other legislation relating to the governance and administration of this scheme and any connected scheme, and

(iii) any requirements imposed by the Pensions Regulator in relation to this scheme and any connected scheme; and

(b) to ensure the effective and efficient governance and administration of this scheme and any connected scheme.

(2) A scheme manager may determine the procedures applicable to a local pension board, including as to voting rights, the establishment of sub-committees, formation of joint committees and payment of expenses.

(3) A local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

Local pension boards: membership

4B.—(1) Subject to paragraphs (2) and (3) each scheme manager shall determine—

(a) the membership of the local pension board;

(b) the manner in which members of the local pension board may be appointed and removed;

(c) the terms of appointment of members of the local pension board.

(2) A local pension board must include an equal number, which is no less than 4 in total, of employer representatives and member representatives^(a) and for these purposes the scheme manager must be satisfied that—

(a) a person to be appointed as an employer representative has the capacity and understanding to represent employers on the local pension board; and

(b) a person to be appointed as a member representative is in scheme employment and has the capacity and understanding to represent members on the local pension board.

(3) No member or officer of an authority responsible for the discharge of any function under these regulations (apart from any function relating to a local pension board or the Firefighters’ Pension Scheme Advisory Board) may be a member of a local pension board.

Local pension boards: conflict of interest

4C.—(1) Each scheme manager must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest^(b).

(a) See section 5(6) of the Public Service Pensions Act 2013 for definitions of these terms.

(b) See section 5(5) of the Public Service Pensions Act 2013 for the meaning of “conflict of interest”.

(2) A scheme manager must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.

(3) A person who is to be appointed as a member of a local pension board by a scheme manager must provide that authority with such information as the authority reasonably requires for the purposes of paragraph (1).

(4) A person who is a member of a local pension board must provide the scheme manager which made the appointment with such information as that authority reasonably requires for the purposes of paragraph (2).

Local pension boards: guidance

4D. A scheme manager must have regard to guidance issued by the Secretary of State in relation to local pension boards.

Scheme advisory board: establishment

4E.—(1) A scheme advisory board (“the Firefighters’ Pension Scheme Advisory Board”) is established.

(2) The Firefighters’ Pension Scheme Advisory Board is responsible for providing advice in response to a request from the Secretary of State on the desirability of making changes to this scheme and any connected scheme.

(3) The Firefighters’ Pension Scheme Advisory Board is also responsible for providing advice to scheme managers and local pension boards in relation to the effective and efficient administration and management of this scheme and any connected scheme.

(4) Subject to these Regulations, the Firefighters’ Pension Scheme Advisory Board may determine its own procedures including as to voting rights, the establishment of sub-committees, formation of joint committees and the payment of remuneration and expenses.

(5) The Firefighters’ Pension Scheme Advisory Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

Scheme advisory board: membership

4F.—(1) The Firefighters’ Pension Scheme Advisory Board is to consist of a chairman and at least two, and no more than 14, persons appointed by the Secretary of State.

(2) When deciding whether to make an appointment under paragraph (1), the Secretary of State must have regard to the desirability of there being equal representation of persons representing the interests of scheme employers and persons representing the interests of members.

(3) A member of the Firefighters’ Pension Scheme Advisory Board is to hold and vacate office in accordance with the terms of that member’s appointment.

(4) The chairman of the Firefighters’ Pension Scheme Advisory Board may, with the agreement of the Board, appoint a maximum of three persons to be non-voting advisory members of the Boards.

(5) An advisory member of the Firefighters’ Pension Scheme Advisory Board is to hold and vacate office in accordance with the terms of that member’s appointment.

(6) The chairman of the Firefighters’ Pension Scheme Advisory Board may, with the agreement of the Board, appoint persons who are not members of the Firefighters’ Pension Scheme Advisory Board to be members of sub-committees of that Board.

(7) A member of a sub-committee of the Firefighters’ Pension Scheme Advisory Board is to hold and vacate office in accordance with the terms of that member’s appointment.

Scheme advisory board: conflict of interest

4G.—(1) Before appointing any person to be a member of the Firefighters’ Pension Scheme Advisory Board, the Secretary of State must be satisfied that the person does not have a conflict of interest^(a).

(2) The Secretary of State must be satisfied from time to time that none of the members of the Firefighters’ Pension Scheme Advisory Board has a conflict of interest.

(3) A person who is to be appointed as a member of the Firefighters’ Pension Scheme Advisory Board must provide the Secretary of State with such information as the Secretary of State reasonably requires for the purposes of paragraph (1).

(4) A person who is a member of the Firefighters’ Pension Scheme Advisory Board must provide the Secretary of State with such information as the Secretary of State reasonably requires for the purposes of paragraph (2).

Scheme advisory board: funding

4H.—(1) The Firefighters’ Pension Scheme Advisory Board must prepare an annual budget for approval by the Secretary of State.

(2) The expenses of the Firefighters’ Pension Scheme Advisory Board are to be defrayed by authorities in such proportions as are determined by the Board based on the approved budget and the number of members of this scheme and connected schemes for which each authority is responsible.

(3) A scheme manager must pay the amount it is required to pay under this regulation at such time or times as the Firefighters’ Pension Scheme Advisory Board may determine.”

5. After regulation 150 insert—

“Employer cost cap

150A.—(1) The employer cost cap for this scheme is []% of pensionable earnings of members of this scheme.

(2) Where the cost of this scheme, calculated following a valuation in accordance with Treasury directions under section 11 of the 2013 Act is more than the margins specified in regulations made under section 12(5) of the 2013 Act^(b) (“the Cost Cap Regulations”) above or below the employer cost cap, the Secretary of State must follow the procedure specified in paragraph (3) for reaching agreement with scheme managers, employers and members (or representatives of employers and members) as to the steps required to achieve the target cost specified in the Cost Cap Regulations.

(3) The procedure specified for the purposes of section 12(6)(a) of the 2013 Act is consultation for such period as the Secretary of State considers appropriate with the Firefighters’ Pension Scheme Advisory Board with a view to reaching an agreement endorsed by all members of that Board.

(4) If, following such consultation, agreement is not reached within 3 months of the end of the consultation period, the Secretary of State must take steps to adjust the rate at which benefits accrue under regulation 34 (amount of pension for a scheme year) so that the target cost for this scheme is achieved.”.

We consent to the making of these Regulations

(a) See section 7(5) of the Public Service Pensions Act 2013 for the meaning of “conflict of interest”.

(b) See regulation 3 of S.I. 2014/575.

Date *Names*
Two of the Lords Commissioners of Her Majesty's Treasury

Signed by authority of the Secretary of State for Communities and Local Government

Date *Name*
Parliamentary Under Secretary of State
Department for Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Firefighters' Pension Scheme (England) Regulations 2014 ("the 2014 Regulations") to make provision in respect of governance of the Scheme.

Regulation 2 commences the regulations from 1st April 2015.

Regulation 4 inserts new regulations 4A to 4H into Part 3 of the 2014 Regulations.

New regulations 4A to 4D make provision for each scheme manager to establish a local pension board to assist it to comply with its legal obligations relating to the scheme and connected schemes. Local pension boards must have equal representation of employer representatives and member representatives.

Regulations 4E to 4H establish the Firefighters' Pension Scheme Advisory Board to advise the Secretary of State, administering authorities and local pension boards in relation to this scheme and connected schemes. Provision is made for the appointment of members to the Board and for its funding.

Regulation 5 inserts new regulation 150A into the 2014 Regulations. It sets the employer cost cap and requires the Secretary of State to seek agreement from those affected as to the changes to the design of the scheme necessary to bring costs back to that level if valuation reports indicate that costs have varied by more than a margin specified in regulations made by the Treasury. If agreement can not be reached the Secretary of State must make amendments to the scheme to vary the rate of accrual of benefits to bring the costs of the scheme back to the employer cost cap level.



Department for
Communities and
Local Government

Penny Mordaunt MP

Parliamentary Under Secretary of State

***Department for Communities and Local
Government***

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www.gov.uk/dclg

10 October 2014

Dear Firefighter,

As well as the immediate issues of the future shape of the pension scheme I know that many of you are concerned about the medium-to-long term too, about what further changes might be in store and that your interests in the future are being looked after. I am very conscious of those concerns and in addition to the Government's 25 year guarantee on reform, today I am announcing a consultation which will help towards meeting them.

The final report of the Independent Public Service Pensions Commission, published on 10 March 2011, made a number of recommendations to "make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings".

Unlike private sector pensions, your pension scheme does not have Trustees who are there to look after your interests. One of the recommendations, which Government accepted and included in the Public Service Pensions Act 2013, was the requirement for DCLG to make regulations establishing a national Scheme Advisory Board and enabling each fire rescue authority to establish its own local pension board.

Today I am publishing a consultation on the new governance arrangements to be introduced for the firefighters' pension schemes. These new arrangements will put greater responsibility for the pension scheme into the hands of trade unions, employers and firefighters themselves.

The new statutory national Scheme Advisory Board will be in place from April 2015 and each fire and rescue authority will need to also establish its local pension board. The Scheme Advisory Board will be responsible for considering the scheme design and providing advice to Ministers on whether there should be changes made to the terms of the schemes. The Scheme Advisory Board will comprise of trade unions and employer representatives and I am personally keen to see all unions represented on the Board.

The local pension boards will, for the first time, provide serving firefighters with a formal role in scrutinising the day to day decisions made by their employer on the pension scheme. Local pension boards will increase the transparency of decisions taken locally, and improve the accountability of those who take them.

If you wish to contribute to the consultation you can do so by emailing firepensions@communities.gsi.gov.uk and as stated before you are very welcome to contact me directly at penny.mordaunt@communities.gsi.gov.uk

I am continuing to work through the issues concerning the final pension scheme design, and will keep you updated. Thank you for your patience on this matter.

A handwritten signature in black ink, appearing to read 'Penny Mordaunt'. The signature is written in a cursive, flowing style.

PENNY MORDAUNT MP



Andrew Cornelius
Department for Communities and Local
Government
The Firefighters' Pension Team
SE Quarter 2nd Floor
Fry Building
2 Marsham Street
London
SW1P 4DF

Our ref: See below
Enquiries to: Lynne Swift
Ext no: 279
Direct line: 01296 744679
Fax no: 01296 744600
Date: 3 November 2014
E-mail: lswift@bucksfire.gov.uk

Dear Andrew

**Consultation response to the Firefighters' Pension Scheme 2015:
Proposals for new governance arrangements**

I am writing on behalf of Buckinghamshire and Milton Keynes Fire Authority (BMKFA) in response to the consultation on the Firefighters' Pension Scheme 2015: Proposals for new governance arrangements. The main response points are set out for consideration.

The questionnaire contains a number of loaded questions and is presumptive of the fact that we would support the creation of the local Pension Boards. We are not supportive for reasons which are outlined below.

The proposals appear to be mirror governance arrangements for schemes where funds need careful, detailed management. Firefighters' Pension Schemes are unfunded, unlike other public sector pension schemes. The consultation seems to overlook that there are significant differences between the Firefighters Pension Schemes and the Local Government Pension Scheme (LGPS). The existence of a pension "fund" is a notable difference, which renders the proposed "local management" proposals for the Firefighters' Pension Scheme 2015 impotent.

The creation of a national Advisory Board may be useful but would seemingly have been more relevant if established before the government made significant and controversial reforms to the firefighters' pension provisions. Furthermore, the government seems to have been entirely unmoved by any responses or advice offered by consultees following the Hutton report in 2011 or any other proposals around the Firefighters Pensions Schemes. This forces the question - Why should Fire Authorities have any more confidence that these new boards would be any more influential? Consideration should be given to the inclusion of

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Buckinghamshire Fire & Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD
Tel: 01296 744434 Fax: 01296 744419

representatives from Fire and Rescue Authorities, i.e. practitioners, in order to provide complementary expertise to the Board.

In terms of responsibilities, it is unclear what a local Pension Board would administer or oversee the management of. The creation of over 40 local Boards seems burdensome. It is difficult to ascertain from the current consultation document whether the extra investment is of value, especially when it is also not clear the levels of decision making powers of the local Pension Boards. It may be challenging for Fire Authorities to get enough interest from suitably skilled and knowledgeable candidates to achieve the right membership on the local Pension Board. A more cost effective governance model could be considered; for example setting up an inspectorate type scrutiny or consider evolving towards one single Firefighters' Pension Scheme 2015 administration body with arrangements similar to the Teachers Pensions Agency (TPA).

The principles of "cost-capping" are understood as is the desire to share risks between scheme members and taxpayers but these proposals in the consultation do little to allow such a mechanism to operate. The recent adjustments to public pensions have, for example, been enacted because of the poor performance of HM Government in administering controls on public expenditure. To make changes to public sector worker's pensions on the grounds of the country's economic performance and the consequent "affordability" and then subsequently state that risks should be shared between taxpayers and scheme members (all of whom are also taxpayers) seems unfair.

Scheme members have no ability to influence the actions of scheme governors and these proposals do nothing to effectively enhance the ability to do so. As such, the proposals seem to create some added administration which allows the government to shift some risk to local government without allowing them the controls which would allow them to fairly be accountable for the management of those risks.

Section 4.A of the draft regulations seems to highlight all that is wrong about the proposed approach. It is proposed to legislate for local Pension Boards to assist with ensuring legislative compliance. It is not proposed however to make it responsible for managing or investing the funds related to meeting pension commitments. Oversight of compliance with any regulations would be far more appropriately exercised by HM Government through the officers of a properly constituted and resourced inspectorate.

If there are over 40 Fire Authorities all required to do the same thing with regards to set-up, training and running of local Pension Boards, has provision for this been made? Training investment alone could be significant.

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Overall the proposed governance arrangements seem to have little regard for the significant impact on Fire Authorities. The proposals raise many questions and the benefits of the proposed approach seem few, introducing a huge administrative burden and bureaucracy.

Pensions are a critically important issue for our staff. Of course every effort should be made to ensure proper governance. Value adding changes must be introduced in a thoughtful way, and so far the proposals seem neither value adding or properly thought through.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M J Jones', written in a cursive style.

Mark Jones
Chief Fire Officer

Chief Fire Officer: Mark Jones
Buckinghamshire Fire & Rescue Service
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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	19 November 2014
OFFICER	Graham Britten, Director of Legal & Governance
LEAD MEMBER	Councillor Adrian Busby
SUBJECT OF THE REPORT	Members' Allowances
EXECUTIVE SUMMARY	<p>The Authority is required to adopt a Scheme of Members' Allowances before 1 April each year and, in so doing, have due regard to the recommendations of the Independent Remuneration Panels of the constituent authorities when considering its Scheme of Members' Allowances and confirm that it has done so when it gives public notice of the Scheme of Allowances.</p> <p>Buckinghamshire County Council's terms of reference require a review of the Scheme of Members Allowances to be undertaken every four years and this is currently in the process of being carried out. A part review was undertaken in 2013 and is attached at Appendix A.</p> <p>The Independent Remuneration Panel of the scheme for Milton Keynes Council undertook a review earlier this year and this is attached at Appendix B.</p> <p>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 for Local Authorities' Fire and Rescue Services, Scheme of Conditions of Service (Grey Book).</p> <p>It is recommended that the Authority continue this for the period 2015/16.</p> <p>The pay award for the Authority's staff on Grey Book conditions for 2014/15 was 1% with effect from 1 July 2014.</p>
ACTION	Decision.
RECOMMENDATIONS	That the Authority be recommended to adopt the Scheme for Members' Allowances for 2015/16.
RISK MANAGEMENT	The recommendation will have no adverse effect on the Authority's business.

FINANCIAL IMPLICATIONS	<p>The current budget for Members' Allowances (Basic and Special Responsibility Allowances) is £70,780, including National Insurance.</p> <p>Costs will be incurred in publishing a notice that the Authority has made a Scheme of Members' Allowances in a newspaper circulating in its area. This additional cost is estimated to be in the region of £800.</p>
LEGAL IMPLICATIONS	Set out above.
HEALTH AND SAFETY	Not applicable.
EQUALITY AND DIVERSITY	<p>The Authority's Scheme of Members' Allowances does not include any element for meeting costs incurred by a Member who has to arrange care in order to carry out their function as a Member of the Fire Authority.</p> <p>The Local Authorities (Members' Allowances) (England) Regulations 2003 exclude the Authority from including such a provision in its Scheme. However, with the exception of co-opted members, all Members are appointed by either Buckinghamshire County Council or Milton Keynes Council and are entitled to claim "dependent carers' allowance" from their appointing authority. There are currently no co-opted members on the Authority.</p>
USE OF RESOURCES	The recommendation is consistent with the extant Scheme of Allowances.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>BMKFA Scheme for Members' Allowances 2014/15:</p> <p>http://bucksfire.gov.uk/files/1114/0438/9728/Scheme-Allowances201415.pdf</p>
APPENDICES	<p>Appendix A: Report of the Independent Panel on Member Allowances for Buckinghamshire County Council 2013.</p> <p>Appendix B: Milton Keynes Council report of the Independent Panel of Members' Allowances March 2014.</p> <p>Appendix C: Draft Scheme for Members' Allowances 2015/16.</p>
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Katie Nellist</p> <p>knellist@bucksfire.gov.uk</p> <p>01296 744633</p>

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

A review of the Scheme has to be undertaken at least every four years. A part review was undertaken in 2012 and revisions made to the Special Responsibility Allowances after approval of the Panel's recommendations by full Council. Following the recent County Council Elections, the Panel has now been asked by the Deputy Leader to consider some further changes to the Scheme. The four-yearly review will be undertaken in 2014.

The Deputy Leader (Mr M Appleyard) – Presentation to the Panel

Since July last year, the Council has recently been through the four-yearly Election process. Elections for 49 councillor seats (reduced by 8 from 57) were held on 2nd May.

Following the Elections, the Conservatives have 36 seats, UKIP, 6, Liberal Democrats 5, Labour 1 and Independent 1. The Independent Councillor has

joined the UKIP Political Group and the Labour Member has joined the Liberal Democrat Group. The Council therefore now has three Groups rather than the two it had before 2nd May.

In terms of political management of the Council, the Leader and Cabinet model will continue. Martin Tett was elected for a four year term at the Council's AGM on Thursday last week, 23rd May. At that meeting, he announced that his Cabinet would be as follows

Deputy Leader and Education and Skills - Mike Appleyard (Deputy – tbc)
Children's Services - Angela Macpherson (Deputy – tbc)
Community Engagement - Martin Phillips (Deputy - Margaret Aston)
Environment - Lesley Clarke (Deputy – Netta Glover)
Finance and Resources - Peter Hardy (Deputy – John Chilver)
Health and Wellbeing - Tricia Birchley (Deputy – Noel Brown)
Planning and Transportation - Janet Blake (Deputy – Ruth Vigor-Hedderly)

Carl Etholen was elected Chairman of the Council and Zahir Mohammed as Vice-Chairman, both for the ensuing year.

Andy Huxley is the Leader of the UKIP and Independent Group and Avril Davies, Leader of the Liberal Democrats with Buckingham Labour Group.

Proposed Changes to the Allowances Scheme

Mike Appleyard explained the proposed changes, which are briefly outlined below.

The Panel had previously approved the payment of allowances to (11) Cabinet spokespersons. This role has now been disbanded and Deputy Cabinet Members (DCMs) have been established instead. Five have been appointed (as above) and two positions remain vacant. It is proposed that these DCMs receive an allowance of £5,046, being half that received by the Statutory Committee Chairmen who it is recommended should receive £10,092 in the future. The four existing Statutory Committees (Development Control; Rights of Way; Regulatory and Audit; Senior Appointments and Buckinghamshire Pay) will continue.

Prior to the Elections, the Council had two Overview and Scrutiny Committees, Commissioning and Health. At the Council's meeting on 25th April the Constitution was amended to disband those two Committees and replace them with four Select Committees (Children, Education and Skills; Health and Adult Social Care; Finance and Resources; Environment and Transportation). The Allowances previously paid to Commissioning Committee members will therefore be removed.

The only other change proposed to the list of Special Responsibility Allowances (SRAs) is to remove the SRA paid to the Vice-Chairman of Health.

As there are now have three Political Groups, an SRA would be paid to the UKIP/Independent Leader and one to the Liberal Democrats with Buckingham Labour Group Leader in line with the normal formula. The Council only pay a maximum of two allowances per member (basic plus one other), so there is a saving on the Conservative Group Leader's allowance. There are also one or two other "cross overs" where a saving can be made.

It is proposed to keep the Basic Allowance at £10718. With the reduction in members from 57 to 49, the amount spent on Basic Allowances has been reduced.

A list of the current SRAs and a list of the proposed future SRAs are attached for comparison (Appendices 1 and 2). Taking into account non-take up, "cross overs" etc, a saving of approximately £50k can be made from the total sum being paid previously.

The Panel's response to the proposals

The Panel discussed the proposals with Mr Appleyard and understood the reasoning behind them. They felt they were reasonable.

The Panel did, however, remind Mr Appleyard of their recommendation last year that the Council should consider implementing a system of performance management for all members and particularly for those afforded specific responsibilities. They were disappointed that no action had been taken to implement that recommendation and hoped that the Council would now do so. Whilst recognising the electoral process, the Panel pointed out that all organisations need a system of appraisal to measure performance, prove competency and to ensure value for money. Mr Appleyard accepted the Panel's comments and assured the Panel that he recognised the importance of effective performance management. Mr Appleyard indicated that the matter would receive further consideration.

Views of the Opposition Group Leaders

The proposals were circulated to the two opposition Group Leaders and they were invited to comment.

Mr Huxley, representing the UKIP/Independent Group, expressed his Group's agreement with the proposed Allowances but expressed the wish to be consulted when the four-yearly review is undertaken in 2014.

Mrs Davies, representing the Liberal Democrats, with Buckingham Labour, Group, expressed concern about the number of SRAs and the perceived patronage of the majority group, resulting in over 50% of the 49 members receiving an SRA. This could be avoided, Mrs Davies feels, by increasing the basic allowance. This is too low, she feels, and few people can currently

afford to take up the role of councillor unless they give up work, are retired, own their own business or are flexibly self employed.

With regards to performance management, Mrs Davies mentioned that her group had adopted the Local Government Association's scheme whereby members are asked to assess their own performance against a set of agreed criteria that encapsulate the role of member. The Councillor's development needs are then recommended in discussion with the group leader and possibly others.


Mrs Davies also feels that much more needs to be done by the Council in provision of member development and support to the political groups, particularly the opposition groups. These matters need to be taken up with the Member Development Working Group.

Both Group Leaders will be consulted when the Panel's four-yearly review is done in 2014.

THE PANEL'S RECOMMENDATIONS TO THE COUNTY COUNCIL

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 developed.



RICHARD BENZ
CHAIRMAN OF THE PANEL 3RD July 2013

APPENDIX 1

PROPOSED SPECIAL RESPONSIBILITY ALLOWANCES FROM JULY 2013

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	£10,092	£40,368
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	£1,500	£1,500
Representative		
Basic Allowance x 49	£10,718	£525,182
TOTAL		£872,903

*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

APPENDIX 2

SPECIAL RESPONSIBILITY ALLOWANCES PAID FROM JULY 2012

Post	SR Allowance (pa)	Total
Leader	£39,709	£39,709
Deputy Leader	£26,473	£26,473
Cabinet Member (6)	£20,172	£121,032
Overview and Scrutiny Committee (Ch) (2)	£10,092	£20,184
Health Overview and Scrutiny Committee (Vice)	£1,500	£1,500
Statutory Committee (Ch) (4)	£5,049	£20,196
Cabinet Spokesman (11)	£1,500	£16,500
Commissioning Committee Member (9)	£1,500	£13,500
Group Leaders*		
Conservative (46)	£13,618	£13,618
Liberal Democrat (11)	£4,273	£4,273
Chairman of the Council	£12,610	£12,610
Vice-Chairman of the Council	£3,156	£3,156
Chairman of Police and Crime Panel**	£10,092	£10,092
Police and Crime Panel Representative	£1,500	£1,500
Basic Allowance	£10,718	£610,926
TOTAL		£915,269

* 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 Panel 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.

ANNEX 3

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%).

ANNEX 4

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
2015/16***

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 2015.
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 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, 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 2015

Special Responsibility Allowance per annum

• Position	£
• Chairman	11,855
• Vice-Chairman	3,972
• Chairman – Executive Committee	4,891
• Chairman – Overview and Audit Committee	3,204
• Chairman – Human Resources Sub-Committee	1,604
• Group Leaders	3,557
• Lead Members	3,091

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SCHEDULE 2

PAYMENT OF TRAVELLING AND SUBSISTENCE ALLOWANCES

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

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

- (j) Attendance in connection with the discharge of any function of the Fire Authority conferred by or under any enactment and empowering or requiring the Fire Authority to inspect or authorise the inspection of premises.
- (k) Attendance at meetings of bodies where the Fire Authority makes appointments, where the Fire Authority has a major influence at national, regional, county or district level. These bodies are listed below:
 - (i) Local Government Association
 - (ii) Fire Commission
- (l) Attendance at any disciplinary, grievance, dismissal or appeals sub-committee or panel.
- (m) The following duties if approved by the Fire Authority or a Committee:
 - Attendance at briefing meetings held for the purpose of, or in connection with, the discharge of the functions of the Fire Authority or any of its committees or sub-committees.
 - Attendance at the official opening of new Fire Authority establishments or projects.
 - Attendance by the Chairman and Vice-Chairman of the Fire Authority and of committees at official functions in a representative capacity.
 - Duties undertaken by Chairmen and Vice-Chairmen of the Fire Authority, committees or subcommittees acting in an official capacity.
 - Members' delegations to Government Departments.
 - Town Centre Management Meetings and Parishes.
- (n) Meetings organised by the Chief Fire Officer, Treasurer 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 2015 the following rates of allowances will apply

Basic Allowance:

£1,187 per annum

Special Responsibility Allowances:

See Schedule 1

Co-optees Allowance

£297 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 2016, 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	19 November 2014
OFFICER	Mark Jones, Chief Fire Officer
LEAD MEMBER	Councillor Adrian Busby
SUBJECT OF THE REPORT	Delivering Legal Services through an Alternative Business Structure
EXECUTIVE SUMMARY	<p>The purpose of the report is to obtain:</p> <p><i>a) endorsement of the terms of entry into a local authority controlled company (LACC) with Buckinghamshire County Council (BCC) for the provision of legal services through an Alternative Business Structure (ABS) known as "Buckinghamshire Law Plus"; and</i></p> <p><i>b) nomination of an officer – the post of Chief Fire Officer -to be a director of the LACC; and for the post-holder to be the representative of the Authority in its capacity as member.</i></p> <p>At its meeting on 17 July 2013 the Executive Committee resolved to delegate the Chief Fire Officer to negotiate the terms of entry into this ABS; and for a further report be submitted to the Executive Committee before final endorsement.</p> <p>The terms of entry are set out in the Shareholders' Agreement (Appendix 1).</p> <p>The Authority is entitled to appoint a director to the board, who in turn may appoint an alternate, to attend and vote at board meetings. In the event that a general meeting is called, a nominee will be required to vote on behalf of the Authority at a general meeting.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that:</p> <ol style="list-style-type: none"> 1.the terms of participation by the Authority in the company "Buckinghamshire Law Plus" as set out in the Shareholders' Agreement be endorsed; 2. the post-holder of Chief Fire Officer/Chief Executive of the Authority, ex officio, be appointed as a director to the board of the company; 3. the post-holder of Chief Fire Officer/Chief Executive

	<p>of the Authority, ex officio, be authorised to act as the Authority’s representative as shareholder of the company; and</p> <p>4. authority be delegated to the Chief Fire Officer/Chief Executive to make any amendments to the Shareholder’s Agreement needed to gain agreement prior to completion in consultation with the Chairman.</p>
<p>RISK MANAGEMENT</p>	<p>There is no requirement for the Authority to be a founding member of the proposed company. However the conditions under which it might be permitted to join at a later date could be on less favourable terms.</p> <p>The power of the nominated director to appoint an alternate director is an important safeguard for BMKFA as a minority shareholder if, for example, the minority shareholder's nominated director is aware that he will not be capable of contact during any particular period.</p>
<p>FINANCIAL IMPLICATIONS</p>	<p>The proposal is attractive and opens up a number of alternative opportunities that the Authority may be able to exploit in other areas. As the project progresses there will be further clarity regarding, for example: VAT status; assumptions regarding work that would be provided to the ABS; and the income that BMKFA would derive from that versus the charges that would be incurred.</p>
<p>LEGAL IMPLICATIONS</p>	<p>The Localism Act 2011 inserted Section 5A into the Fire and Rescue Services Act 2004 and provided the power for the authority to do (a) anything it considers appropriate for the carrying out of any of its functions, (b) anything it considers appropriate for purposes incidental to the carrying out of any of its functions (whether directly or indirectly incidental) and anything it considers to be connected with (a) or (b)</p> <p>The Legal Services Act 2007 enables the Solicitors Regulation Authority to authorise “Alternative Business Structures” (ABSs), which are companies providing legal services to persons other than the company itself. Such a company, would not be subject to the same restrictions as the authority as to whom it could provide legal services.</p> <p>So it is now possible, using section 5A of the Fire and Rescue Services Act 2004, for the authority to form or join a legal services company, for the company to procure legal services from in-house staff and for the company to secure authorisation as an ABS and resell that legal service to anyone. The authority would then, subject to the terms of the shareholders’ agreement, receive its share of any profits.</p> <p>Section 172 of the Companies Act 2006 provides that</p>

	<p>a director must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (<i>section 172(1)</i>). In so doing, the director must have regard (among other matters) to:</p> <ul style="list-style-type: none"> • The likely consequences of any decision in the long term. • The interests of the company's employees. • The need to foster the company's business relationships with suppliers, customers and others. • The impact of the company's operations on the community and the environment. • The desirability of the company maintaining a reputation for high standards of business conduct. • The need to act fairly as between the members of the company. <p>It is intended that the LACC will, under Section 233 of the Companies Act 2006, purchase insurance for its directors, against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust by them in relation to the company of which they are a director.</p>
HEALTH AND SAFETY	None arising from the recommendations.
EQUALITY AND DIVERSITY	None arising from the recommendations.
USE OF RESOURCES	<p>On 14 October 2014 at a meeting of the project board – on which the Chief Fire Officer is represented – governance, monitoring and supervision were discussed. It was agreed that:</p> <p>a) the other directors of the ABS would be as follows:</p> <p>BCC Deputy Cabinet Member Resources – Councillor John Chilver,</p> <p>ABS Compliance Officer Legal Practice - Anne Davies BCC employee (Solicitors’ Regulation Authority requirement),</p> <p>ABS Compliance Officer Finance and Administration – Mark Caprio employee (Solicitors’ Regulation Authority requirement).</p> <p>b) the ABS Board would report to the BCC Business Enterprise and Shared Services Board on a quarterly basis, with the BMKFA director in attendance, to consider costs, income, and dividend proposals made by the Board.</p> <p>The opportunity remains for BMKFA to involve its</p>

	Overview and Audit Committee in scrutiny of the performance of the ABS.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Buckinghamshire Law Plus Limited was created as a company owned by BCC in December 2013, and an application for registration by the Solicitors' Regulation Authority (SRA) was lodged on 16 December 2013 with BMKFA included in the application as a potential founding partner. The initial application was outside the usual scope of applications received by the SRA as it emanated from a local authority rather than a private company and it took some time to work through the issues from a public law perspective to ensure that the SRA's requirements could be satisfied. Registration was granted on 7 August 2014 - the first local authority company to be authorised by the SRA - with effect from 24 November 2014.</p> <p>The Shareholders' Agreement requires BCC to admit BMKFA as a member and allocate 5% of the shares to it.</p> <p>Link to Executive Committee agenda 17 July 2013 http://bucksfire.gov.uk/files/4114/0631/0051/170713_Executive.pdf</p>
APPENDICES	Appendix 1: Shareholders' Agreement
TIME REQUIRED	30 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Graham Britten gbritten@bucksfire.gov.uk 01296 744441</p>