

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

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
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**Chief Fire Officer and Chief Executive**

Jason Thelwell

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To: The Members of the Executive Committee

9 November 2020

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

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

Dear Councillor

Your **remote** attendance is requested at a meeting of the **EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 **online** on **WEDNESDAY 18 NOVEMBER 2020 at 10.00 AM** when the business set out overleaf will be transacted.

Yours faithfully



Graham Britten  
Director of Legal and Governance

Chairman: Councillor Lesley Clarke OBE  
Councillors: Hall, Hopkins, Lambert, Marland, McCall, McLean and Walsh



**MAKING YOU SAFER**



## **To observe the meeting as a member of the Press and Public**

The Authority supports the principles of openness and transparency. To enable members of the press and public to see or hear the meeting this meeting will be livestreamed. Please visit: <https://www.youtube.com/channel/UCWmIXPWAscxl3vliv7bh1Q>

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

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

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

A request to speak on a specified agenda item should be submitted by email to [gbritten@bucksfire.gov.uk](mailto:gbritten@bucksfire.gov.uk) by 4pm on the Monday prior to the meeting. Please state if you would like the Director of Legal and Governance to read out the statement on your behalf, or if you would like to be sent a 'teams' meeting invitation to join the meeting at the specified agenda item.

If the meeting is then adjourned, prior to inviting a member of the public to speak, the Chairman should advise that they:

- (a) speak for no more than four minutes,
- (b) should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present. Adjournments do not form part of the Meeting.

## **Rights to Speak - Members**

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes. Such attendance will be facilitated if requests are made to [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk) at least two clear working days before the meeting. Statements can be read out on behalf of the Member by the Director of Legal and Governance, or the Member may request a 'team's meeting invitation to join the meeting at the specified agenda item.

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

## **Questions**

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

## **EXECUTIVE COMMITTEE**

### **TERMS OF REFERENCE**

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

## AGENDA

### Item No:

#### 1. Apologies

#### 2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 16 September 2020 (Item 2) **(Pages 7 - 12)**

#### 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. Budget Monitoring Report April - September 2020

To consider Item 5 **(Pages 13 - 22)**

#### 6. Capital Strategy

To consider Item 6 **(Pages 23 - 48)**

#### 7. Financial Strategy 2020-21 to 2024-25

To consider Item 7 **(Pages 49 - 106)**

#### 8. Emergency Services Mobile Communications Programme (ESMCP)

To consider Item 8 **(Pages 107 - 118)**

#### 9. Exclusion of Public and Press

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

#### 10. Sale of Great Holm Fire Station

To consider Item 10 **(Pages 119 - 124)**

#### 11. Sale of Small Parcel of Land at Olney Fire Station

To consider Item 12

**12. Senior Management Team Remuneration**

To consider Item 12

**13. Director of Finance and Assets (Chief Finance Officer) Remuneration**

To consider Item 13

**14. Exempt Minutes**

To approve, and sign as a correct record, the Exempt Minutes of the meeting of the Committee held on 16 September 2020 (Item 14)

**15. Date of next meeting**

To note that the next meeting of the Executive Committee will be held on Wednesday 10 February 2021 at 10 am.

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

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Minutes of the Meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held remotely on WEDNESDAY 16 SEPTEMBER 2020 at 11.00 AM

**Present:** Councillors Clarke OBE, Hall, Hopkins, Lambert, Marland (part), McCall, McLean and Walsh

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), M Hemming (Director of Finance and Assets), A Hussain (Deputy Director of Finance and Assets), S Gowanlock (Corporate Planning Manager), D Norris (Head of Prevention, Response and Resilience) and K Nellist (Democratic Services Officer)

**Apologies:** None.

Live webcast broadcast:

<https://www.youtube.com/channel/UCWmIXPWAscxpL3vIiv7bh1Q>

The Director of Legal and Governance confirmed the webcast was live and apologised for the delay in starting the meeting. The meeting commenced at 11.00 am.

The Chairman briefed Members on an exception item before they considered the reports on the agenda, by saying:

"I am sure most of you are aware that the Government is currently conducting an Integrated Review of Security, Defence, Development and Foreign Policy. The Integrated Review replaces previously separate reviews into foreign policy, defence, national security and international development. It combines the scope of these individual reviews, making it the most comprehensive review of this type carried out by the UK government since the Cold War.

The Review reports to the Prime Minister and the National Security Council supported by a cross-Whitehall team in the Cabinet Office and a small team in No.10. It is intended to be a policy-led, evidence-driven whole-of-government process. It goes well beyond the parameters of a traditional defence and security review and will take into account the current and projected domestic, as well as global, context through to 2030.

On the 13 August the Cabinet Office issued a 'call for evidence' in relation to the Integrated Review to which, given its scope, we have responded both by means of a contribution to the Thames Valley Resilience Forum's response and separately in our own right. Our response was submitted to the Cabinet Office last Friday (11 September), which was the deadline for responses to the call for evidence, following review with Keith McLean in his capacity as Lead Member for Corporate Risk and at the Fire Authority Leaders meeting of last Thursday (10 September).

I am now going to hand over to Stuart Gowanlock, our Corporate

Planning Manager, who led on compiling our response, who will give you a little more on the background to, and nature of our response.”

(Councillor Marland joined the meeting)

The Corporate Planning Manager advised Members that the Chairman had comprehensively covered the background to the review, but the Call for Evidence was a bit unusual both in terms of its timing, launched in mid-August when, even with the constraints of Covid, many people were on leave and also the time given to respond, only four weeks for something of national strategic importance.

The haste was largely down to the fact that work on the broad scope of the Review had paused due to the need to divert government resources to focus on the response to Covid-19 and, also, the need to closely align it with the impending spending review hence the compressed timeframe.

In terms of shaping the Authority’s response, some guidance had been received from the Ministry of Housing, Communities and Local Government (MHCLG), via the Thames Valley Local Resilience Forum (TVLRF), in particular they:

- Encouraged us to ‘think big’ and not to feel constrained in the evidence that we provide; and, also,
- To include examples of issues even if we don’t have a solution.

The Authority’s response endeavoured to rise to that challenge, but also offer input that is credible coming from a fire and rescue service and Category 1 responder in terms of the potential range of civil contingencies that we might be expected to address.

The Call for Evidence invited respondents to answer a set of 8 questions. However, Members would see the Authority had responded to all of the questions apart from one which was very much for those with military and defence expertise. The Authority had sought to underpin its responses with evidence from reputable open sources.

As yet the Authority doesn’t have an indication of when the outcomes of the review would be published, but this may well be aligned with the Comprehensive Spending Review timetable. Once the outcomes were received, they would be reviewed and Members would be updated with any implications for fire and rescue services generally that may arise out of the Review.

Following the meeting, the Democratic Services Officer would be circulating the Call for Evidence together with the full text of the Authority’s response to all Members.



## **EX11 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on Wednesday 15 July 2020, be approved and signed by the Chairman as a correct record.

## **EX12 BUDGET MONITORING REPORT APRIL – JULY 2020**

The Deputy Director of Finance and Assets advised Members that this report presented the provisional revenue and capital outturn position and debt management performance to 31 July 2020. Table 1 showed the budget and actual expenditure for each Directorate. The budget of £31,339m compared to the forecast outturn of £30.816m gave a forecast underspend of £0.524m. Furthermore, the level of funding was showing a favourable variance of £0.836m which had resulted in a net overall underspend of £1.359m.

The Deputy Director of Finance and Assets advised Members that the Authority's fuel supplier had provided free fuel for emergency services vehicles between April and June, which had resulted in additional underspend in fuel costs.

The Deputy Director of Finance and assets advised Members that there was also a new table in the report of what the Authority had spent against Covid-19. The Authority had received approximately £91k last financial year, and £606k this financial year in relation to the Covid pandemic. This was additional funding to cover costs that the service may incur. To date, the Authority had incurred costs of around £375k for the year, which had resulted in an underspend of £236k against a budget the Authority had received in 2020/21.

Due to Covid-19, there was a delay in the delivery of four appliances relating to 2019/20, two appliances were to be delivered in January 2021 and two appliances were due to be delivered at the earliest in May 2021. Therefore, a slippage of £200k had been forecast for the final appliance payments in 2021/22. Red fleet appliances were forecasting an underspend of £100k due to collaborating and joint tendering with the neighbouring fire services, resulting in the cost of the appliances being lower than budgeted.

A Member asked if a letter could be sent to BP offering the Authority's appreciation and thanks for the free fuel. It was agreed that a letter would be sent to BP signed by the three group leaders.

A Member asked if the government could ask for the Covid-19 grant money to be repaid and was advised that the Covid funding was unringfenced and therefore unlikely to be clawed back. However, the expectation by Treasury might be for the Authority

to utilise the residual balance with any shortfall in funding next financial year.

A Member asked for clarification regarding the pensions consultation and was advised that this referred to the government's response to the McCloud/Sargeant remedy which was in relation to the age discrimination. The government was charged with making a remedy to the situation as it was found to have unlawfully discriminated as a result of tapering people into the new scheme based on age. In July, the government published a consultation setting out how they proposed to remedy the situation. That had allowed the Government Actuary Department (GAD) to resume their cost review which had been paused, to undertake a full valuation of the scheme based on this new information and how it would be transferred into a legacy scheme. This would set the future employer contribution rates for the service.

A Member asked due to the Covid pandemic and income streams being affected (unemployment, businesses closing etc.), how would this impact on the Authority with regard to council tax and business rates collections from Milton Keynes Council and Buckinghamshire Council and was advised that in year the Authority would still receive the money it should have received, but the following year, if there was a deficit (or surplus), less (or more) money would be received.

A Member asked a question regarding the People and Organisational Development directorate and part of the underspend being due to a member of staff being on maternity leave and their role being shared between the existing team, were those picking up the additional duties getting paid extra during that period and was advised that the role had been slightly repurposed, so would not be costing anymore.

RESOLVED –

1. That the latest projected outturn forecast for the Authority as at 31 July 2020 be noted.
2. That £500k is transferred into the Revenue Contribution to Capital Reserve.
3. That £230k is transferred into the COVID-19 reserve.

## **EX13**

### **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED –

It was moved and resolved that the Press and Public be excluded from the meeting by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972, as the minutes and appendices contain information relating to any individual; and Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 as the minutes and appendices contain information

relating to the financial or business affairs of a person; and on these grounds it is considered, at this moment in time, that the need to keep information exempt outweighs the public interest in disclosing the information.

The Chairman advised viewers of the live webcast that the meeting would now go into private session to hear the report and discuss the recommendations.

**EX14 EXEMPT MINUTES**

RESOLVED –

That the Exempt Minutes of the meeting of the Executive Committee held on Wednesday 15 July 2020, be approved and signed by the Chairman as a correct record.

**EX15 SUCCESSION PLANNING – BUSINESS CONTINUITY AND RESILIENCE**

The Committee considered the report and appendices, details of which were noted in the confidential/exempt minutes.

**EX16 DATE OF NEXT MEETING**

The Committee noted that the date of the next Executive Committee meeting would be held on Wednesday 18 November 2020 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.55 AM.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 November 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Budget Monitoring Report April – September 2020</b>
<b>EXECUTIVE SUMMARY</b>	<p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2020, together with the projected outturn position for the financial year.</p> <p>The Authority is projecting a net underspend of £0.274m against a net revenue budget of £31.339m.</p>
<b>ACTION</b>	Noting.
<b>RECOMMENDATION</b>	That the latest projected outturn forecast for the Authority as at 30 September 2020 be noted.
<b>RISK MANAGEMENT</b>	Management of our financial resources is a key risk to the Authority and the performance reports to Committee inform Members of the main financial risks facing the Authority in year.
<b>FINANCIAL IMPLICATIONS</b>	As set out in the main body of the report.
<b>LEGAL IMPLICATIONS</b>	None.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	None.
<b>HEALTH AND SAFETY</b>	None.
<b>EQUALITY AND DIVERSITY</b>	None.
<b>USE OF RESOURCES</b>	As set out in the main body of the report.

<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b> Medium Term Financial Plan 2020/21 to 2024/25, Fire Authority Meeting 12 February 2020 (see pages 61-80): <a href="https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/">https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/</a></p>
<p><b>APPENDICES</b></p>	<p>Appendix A – Budget Monitoring Report April – September 2020</p>
<p><b>TIME REQUIRED</b></p>	<p>10 Minutes</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Asif Hussain <a href="mailto:ahussain@bucksfire.gov.uk">ahussain@bucksfire.gov.uk</a> 01296 744421</p>

## 1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of September 2020. The budget of £31.339m compared to the forecast outturn of £31.901m gives a forecast yearend overspend of £0.562m. Furthermore, the level of funding is showing a favourable variance of £0.836m which has resulted in an overall net underspend of £0.274m.

The above projections include a transfer of £0.500m to revenue contributions to capital and £0.230m to a COVID reserve, which were approved by the Executive Committee in September.

An additional £0.836m of funding has been allocated to the Authority during the year, which relates to COVID-19 funding (£0.606m) and protection funding (£0.230m). As at the end of September, the Authority have received £0.790m with the residual £0.046m to be received by the end of the financial year.

**Table 1**

<b>Directorate</b>	<b>Total Budget £</b>	<b>Actual Year to Date £</b>	<b>Forecast Outturn £</b>	<b>Projected Year End Variance £</b>
Corporate Core	1,500,210	667,481	1,497,520	-2,690
Finance & Assets	6,260,672	3,063,521	6,358,095	97,423
People & Organisation Dev.	1,088,990	472,898	1,022,161	-66,829
Delivery, Corp. Dev. Planning	20,663,130	9,893,507	20,693,250	30,120
Statutory Acc. & Contingency	1,826,410	609,152	2,329,950	503,540
<b>Total Expenditure</b>	<b>31,339,412</b>	<b>14,706,559</b>	<b>31,900,976</b>	<b>561,564</b>
<b>Total Funding</b>	<b>-31,339,412</b>	<b>-16,858,911</b>	<b>-32,175,223</b>	<b>-835,811</b>
<b>Net Position</b>	<b>0</b>	<b>-2,152,352</b>	<b>-274,247</b>	<b>-274,247</b>

## Variance by Directorate

**Corporate Core £0.003m under**– The underspend of £0.031m within Legal & Governance predominantly relates to projected underspend in legal costs and consultation with public (in relation to public safety plan). This is offset by overspends of £0.028m within Corporate Management relating to unachievable interest on investments as well as additional audit fees not budgeted for; there are also underspends seen under Corporate Management courses and conference fees which have been postponed due to COVID-19.

**Finance & Assets £0.097m over** – Most of the overspend is seen within West Ashland revenue costs which are expected to be recovered via services charges to other organisation's sharing the facilities which are currently not reflected in the forecast. This is offset by an underspend attributable to employee costs as a result of vacant positions throughout the directorate, which have either since been filled or where recruitment has been delayed due to COVID-19. In addition to this, due to the COVID-19 outbreak, our fuel supplier has provided free fuel for emergency vehicles which has resulted in additional underspend in fuel costs.

**People & Organisational Development (POD) £0.067m under** - The underspend is due to an employee being on maternity leave and the duties of the role will be shared within the existing team. Additionally, not all employees are taking part in the LGPS pension scheme which also contributes to the underspend. Furthermore, we are not expecting any Thames Valley collaboration costs during the current financial year which is contributing towards the underspend.

**Delivery, Corporate Development & Planning £0.030m over** – All costs relating to the COVID-19 response are included within this directorate which are currently projecting £0.476m for the financial year. In addition to this, the whole-time establishment is currently projected to be over established by four by the end of the financial year. The additional resourcing will provide the resilience needed to the resourcing model if individuals were to retire sooner than expected following the outcome of the Sargeant remedy.

As a result of new recruits joining the organisation, a number of Wholetime posts are not at the top of the pay scale and these recruits have joined the 2015 pension scheme which has lower employer contributions than the 1992 pension scheme. This has resulted in an underspend within the pension budgets as seen in table 3. Furthermore, a transfer of £0.230m to the Covid-19 reserve was approved by the Executive Committee in September and is reflected in this forecast.

**Statutory Accounting and Contingency £0.504m over** – this variance is due to an additional revenue contribution to capital of £0.500m, which was approved by the Executive Committee in September.



## 2. Direct Employee Variances

**Table 2** shows the breakdown of all the favourable (-) and adverse (+) variances for each sub-heading within the direct employees subjective as at the end of September 2020.

Subjective	Salary £	Allowances £	NI £	Pension £	Total £
Wholetime	124,551	-40,281	91,025	-242,372	-67,077
On-Call	636	-182,688	30,557	-39,310	-190,805
Support	-298,589	0	-30,589	-90,560	-419,738
Technicians	-14,801	0	-5,778	-2,411	-22,990
Sessional	-12,000	4,116	806	0	-7,078
Agency	78,616	0	0	0	78,616
<b>Grand Total</b>	<b>-121,587</b>	<b>-218,853</b>	<b>86,021</b>	<b>-374,653</b>	<b>-629,072</b>

**Wholetime** – Currently projecting an underspend of £0.067m predominantly within pensions, which relates to new recruits joining the 2015 scheme and replacing existing post holders who may have been on a 1992 scheme which have higher employer contributions. With the Sargeant remedy still to be finalised, there is uncertainty on the impact that this will have on employer pension contributions and therefore the current budget reflects a mix of establishment posts on the 1992 and 2015 pension schemes.

**On Call** – Underspends predominantly seen within allowances which is based on activity/training to date.

**Support Staff** – There is a forecast net underspend on support staff budgets across the directorates due to a delay in recruitment caused by the COVID-19 pandemic.

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

### 3. COVID-19 Spend Analysis

**Table 3**

<b>Subjective</b>	<b>Actuals £</b>	<b>Forecast £</b>
Staffing Costs*	117,804	211,860
Protective Equipment	83,454	175,407
Other Costs	41,948	81,548
Loss of Income	7,265	7,265
<b>Total</b>	<b>250,471</b>	<b>476,080</b>

\* This figure includes £3k in actual costs which were incurred in March 2020 and therefore the total figure includes all COVID-19 related costs since the start of the Pandemic.

**Funding** - Central Government have allocated additional funding of £0.696m of which £0.090m was received in March 2020.

**Staffing Costs** – All additional employee costs (operational and support staff) incurred as a result of the Pandemic.

**Protective Equipment** – All costs in relation to the purchase of personal protective equipment (PPE) to ensure the safety of all employees and providing employees with the appropriate PPE in order to carry out their roles safely. This also includes cleaning materials to be used for all brigade sites by employees/visitors for sanitising and disinfecting areas before and after they are used.

**Other Costs** – Predominantly costs relating to IT upgrades to allow meetings to take place online and costs relating to signage put up on all sites in relation to COVID-19.

**Loss of Income** – Income we were unable to generate due to cancellation or restriction of certain activities due to COVID-19.

#### 4. Funding

**Table 4** details the budget and forecast outturn for each category of funding.

<b>Funding</b>	<b>Total Budget £</b>	<b>Actual Year to Date £</b>	<b>Forecast Outturn £</b>	<b>Projected Year End Variance £</b>	<b>Projected Year End Variance £</b>
Government Funding	-3,531,360	-1,478,425	-3,531,360	0	0
Specific Grants	-1,106,440	-893,221	-2,548,260	-835,811	-835,811
NNDR	-4,123,802	-3,086,498	-3,517,793	0	0
Top-up / Pooling Receipts	-1,844,000	-958,629	-1,844,000	0	0
Precept	-20,733,810	-10,442,138	-20,733,810	0	0
<b>Grand Total</b>	<b>-31,339,412</b>	<b>-16,858,911</b>	<b>-32,175,223</b>	<b>-835,811</b>	<b>-835,811</b>

The level of funding is forecast to exceed the original budget by £0.835m. The majority of the additional funding (£0.606m) is due to the Treasury making additional funds available to respond to the COVID-19 Pandemic. Furthermore, following the Grenfell enquiry, Central Government have allocated funds specifically for the Fire Sector Protection teams to carry out a review of all high-rise buildings and support initial improvements in local protection capability. This has resulted in additional in-year funding of £0.230m. This funding is required to be spent by December 2021 and so any unspent balance at year-end will need to be transferred to a dedicated protection funding reserve.

We do not anticipate COVID-19 impacting the Precept/NNDR funding for 2020/21 and therefore have projected the funding to budget. However, as collection deficits are identified in the following financial year, it is very likely that this will result in a reduction in funding from 2021/22 in these areas due to the financial impact COVID-19 has had on businesses and council taxpayers. The Authority will be in a better position to understand the future financial implications when the provisional settlement is published in December.

## 5. Capital Monitoring

### Capital Forecast

The capital programme for 2020/21 £3.025m, including £1.809m worth of carry forward capital projects from 2019/20.

Project Name	Original Budget 2020/21 £	Carry Forwards 2019/20 £	Revised Budget 2020/21 £	Actual Year to Date £	Slippage £	Forecast Outturn £	Projected Year End Variance £
Property	500,000	217,698	717,698	255,123	60,000	355,698	-302,000
Property Review*	0	919,515	919,515	2,746,586	0	3,606,000	2,686,485
<b>Total Property Portfolio</b>	<b>500,000</b>	<b>1,137,213</b>	<b>1,637,213</b>	<b>3,001,709</b>	<b>60,000</b>	<b>3,961,698</b>	<b>2,384,485</b>
Hydraulic Equipment	51,000	11,635	62,635	0	0	62,635	0
Operational Equipment	90,000	35,000	125,000	0	0	125,000	0
Operational Red Fleet Vehicles	500,000	610,200	1,110,200	178,826	200,000	810,200	-100,000
Operational White Fleet Vehicles	0	14,801	14,801	14,801	0	14,801	0
<b>Total Fire Appliances &amp; Equipment</b>	<b>641,000</b>	<b>671,636</b>	<b>1,312,636</b>	<b>193,627</b>	<b>200,000</b>	<b>1,012,636</b>	<b>-100,000</b>
ICT	75,000	0	75,000	52,204	0	75,000	0
<b>Total Support</b>	<b>75,000</b>	<b>0</b>	<b>75,000</b>	<b>52,204</b>	<b>0</b>	<b>75,000</b>	<b>0</b>
<b>Grand Total</b>	<b>1,216,000</b>	<b>1,808,849</b>	<b>3,024,849</b>	<b>3,247,541</b>	<b>260,000</b>	<b>5,049,334</b>	<b>2,284,485</b>

**N.B.** The forecast year-end variance for Property Review (£2.686m) is expected to be offset by additional capital receipts and contributions which will result in a net variance of circa £1m against the forecast expenditure and risks previously reported to Committee.

### Capital Funding

The capital programme will be funded as follows:

Funding	Balance at 1 April 2020 £000	Estimated Transfers (in) £000	Estimates Transfers Out £000	Estimate Balance at 31 March 2020 £000
Revenue Contribution to Capital	-1,442	-1,815	870	-2,387
Other Capital Contributions	0	-4,179	4,179	0
<b>Total Capital Funding</b>	<b>-1,442</b>	<b>-5,994</b>	<b>5,049</b>	<b>-2,387</b>

## Property Portfolio

Property Portfolio has a capital budget of £1.637m for 2020/21, which includes carry-forward slippage from 2019/20 of £1.137m. The capital funds will be utilised to carry out planned capital investments and completion of West Ashland. A number of planned capital investments are delayed due to COVID-19 and will now be deferred until 2021/22. This results in forecast slippage of £0.062m, along with identified property capital saving of £0.302m.

The variance seen on West Ashland will be offset by additional anticipated capital receipts and contributions. The final account for West Ashland is currently in the process of being agreed. Due to the further delays, some of which are attributable to COVID-19, costs have increased further. The Authority will be looking to recover some of the increased costs from the professional design team.

## Fire Appliances & Equipment

Fire Appliances & Equipment has a capital budget of £1.313m for 2020/21, which includes carry forward slippage from 2019/20 of £0.672m. The majority of the capital funds will be utilised to purchase red fleet appliances and to purchase operational equipment for these appliances in line with the fleet strategy.

Due to COVID-19, there is a delay in the delivery of four appliances relating to 2019/20 (two appliances to be delivered in January 2021) and 2020/21 (two appliances to be delivered at the earliest May 2021), therefore a slippage of £0.200m has been forecast for the final appliance payments in 2021/22. Red fleet appliances are forecasting an underspend of £0.100m due to the collaboration and joint tendering with the neighboring Fire Authorities resulted in the costs of the appliances being lower than budgeted.

## Support

ICT has a capital budget of £0.075m for 2020/21, which will predominantly be utilised to purchase hardware, as per the ICT replacement strategy.

## 6. Reserves

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

Reserves	Balance at Start of year £000	Projected Movement £000	Balance at End of Year £000
General Fund	-1,500	-274	-1,774
Earmarked Reserves (Revenue)*	-2,197	-136	-2,333
Earmarked Reserves (Capital)	-1,442	-945	-2,387
<b>Total Reserves</b>	<b>-5,139</b>	<b>-1,355</b>	<b>-6,494</b>

\* This figure includes £0.588m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire Fire and Rescue Service)

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 November
<b>OFFICER</b>	Mark Hemming, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Capital Strategy</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (2017) includes a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with the Service's objectives and take account of stewardship, value for money, prudence, sustainability and affordability.</p> <p>This Strategy outlines the Authority's approach to capital investment ensuring it is in line with its corporate priorities and objectives set out in the Public Safety Plan. It provides a strategic overview of how capital expenditure; capital financing and treasury management activity contribute to the delivery of outcomes, as well as overview of the management of risk and future financial sustainability.</p> <p>Progress against this strategy will be reviewed annually and updated accordingly.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1 the Capital Strategy is recommended to the Authority for approval.</li> <li>2 the Authority add, in its Terms of Reference, determining the Capital Strategy as set out at Appendix C.</li> </ol>
<b>RISK MANAGEMENT</b>	No direct impact.
<b>FINANCIAL IMPLICATIONS</b>	There are no direct financial implications arising from this Strategy. The Strategy supports the principles of value for money, prudence, sustainability and affordability.

<b>LEGAL IMPLICATIONS</b>	<p>Part 1 of the Local Government Act 2003 sets the framework for local authority capital finance. This capital finance framework is supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and by codes of practice and guidance (as amended or reissued from time to time) to which the Authority is required to have regard when carrying out its capital finance functions. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017 Edition has quasi-legislative force.</p> <p>The Prudential Code states (§ E8), '[Setting and revising of a capital strategy and prudential indicators] will be done by the same body that takes the decisions for the local authority's budget – ie usually it will be the full council for the authority concerned. The chief finance officer will be responsible for ensuring that all matters required to be taken into account are reported to the decision-making body for consideration, and for establishing procedures to monitor performance.'</p> <p>The Prudential Code states (§18) 'Local authorities may determine the capital strategy, capital programme and prudential indicators ahead of the revenue budget. The requirements of the Prudential Code are met provided that explicit reference to the formal decision is made within the revenue budget report.'</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	All opportunities to collaborate on capital projects will be considered in line with the duty to collaborate under the Policing and Crime Act 2017.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	See Financial Implications.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<a href="#">The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017 Edition</a>
<b>APPENDICES</b>	<p>Appendix A – Capital Strategy</p> <p>Appendix B – Capital Bid Template</p> <p>Appendix C – Fire Authority Terms of Reference (amended in bold)</p> <p>Appendix D – List of Red Fleet Appliances</p>



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

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## Appendix A

### 1. Changes since the last version

**Version: V1**

**Information Asset Owner: Director of Finance and Assets**

**Author: Deputy Director of Finance and Assets**

**Approval: Executive Committee**

**Please note that as Service Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed. Always check the intranet for the latest version.**

### 2. Index

1. Changes since the last version
2. Index
3. Purpose and scope
4. Roles and responsibilities
5. Document Content

### 3. Purpose and scope

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code includes a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with the Service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

This Strategy outlines the Authority's approach to capital investment ensuring it is in line with its corporate priorities and objectives set out in the Public Safety Plan (PSP). It provides a strategic overview of how capital expenditure; capital financing and treasury management activity contribute to the delivery of outcomes, as well as overview of the management of risk and future financial sustainability.



#### **4. Roles and responsibilities**

- Lead Member for Finance and Assets, Information Security and IT - Responsible for reviewing the annual capital programme/capital strategy.
- Members – Responsible for reviewing and approving the annual capital programme/capital strategy.
- Chief Fire Officer - Responsible for leading the Service on its continued journey of improvement in the Service's governance, performance and financial management.
- Director of Finance and Assets – s112 Officer and responsible for the Finance and Assets Directorate.
- Deputy Director of Finance and Assets – Deputise for the Finance and Assets Directorate and responsible for the day to day management of the Finance and Payroll function.
- Principal Accountants - Responsible for the day to day management of the Finance function.
- Property Manager – Responsible for property related capital projects.
- Fleet Manager - Responsible for fleet and equipment related capital projects.
- IT Manager - Responsible for ICT related capital projects.

#### **5. Document Content**

1. Introduction
2. Capital Expenditure
3. Capital Expenditure Compared to Treasury Management Investments
4. Capital Requirements
5. Project Initiation Document
6. The Capital Programme 2020/21 – 2024/25
7. Funding the Capital Programme
8. Revenue Contributions to Capital
9. Prudential Borrowing
10. Reserves
11. Monitoring of Capital Expenditure
12. Risk Management
13. Credit Risk
14. Liquidity Risk
15. Fraud, Error and Corruption
16. Legal and Regulatory Risk
17. Minimum Revenue Provision
18. Affordability of the Capital Programme



### 1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code includes a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with the Service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 The Capital Strategy is a key document for Buckinghamshire and Milton Keynes Fire Authority and forms part of the Authority's Medium Term Financial Plan (MTFP) and outlines the Authority's approach to capital investment ensuring it is in line with its corporate priorities.
- 1.3 It is closely linked to the PSP and Corporate Plan. The PSP sets out our strategic approach to the management of risk in the communities we serve. The Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face. The MTFP details the resources available to facilitate these plans and how the plans contribute to reducing future operating costs.
- 1.4 It provides a strategic overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.
- 1.5 This Capital Strategy does not duplicate other documents, but should be read in conjunction with:
  - PSP
  - Corporate Plan
  - Property Strategy
  - Fleet Strategy
  - Treasury Management Strategy (TMS)
  - MTFP
  - Prudential Indicators
  - Financial Strategy

### 2 Capital Expenditure

- 2.1 Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits (greater than 365 days) or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's



potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Authority's de-minimis level for capital expenditure is £6k.

### **3 Capital Expenditure Compared to Treasury Management Investments**

3.1 This Authority defines its treasury management activities as:

The management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3.2 Investments are carried out in line with the Treasury Management Strategy which is approved annually by the Fire Authority. Treasury Management investments arise from the organisation's cash flows and debt management activity, and ultimately represent balances which can be invested until the cash is required for use in the course of business.

3.3 The investment policy objective for this Authority is the prudent investment of its treasury balances. The Authority's investment priorities are the security of capital and liquidity of its investments so that funds are available for expenditure when needed. Both the CIPFA Code and DCLG guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

3.4 Performance of the Treasury Management investments is reported to the Overview and Audit Committee on a quarterly basis.

### **4 Capital Requirements**

4.1 Since 2010, as part of its efforts to reduce the size of the national budget deficit, central government has made significant reductions to its funding for local government, thereby increasing reliance on local tax revenues in the form of council tax and business rates to fund services. This has had a direct impact on capital funding which is now wholly funded from revenue contributions to capital reserves and the Authority no longer receives general capital grant.

4.2 With continuing restrictions still anticipated in funding, the Authority has considered new ways of working to address risks within our communities and collaborating with neighbouring Fire Authorities to achieve value for money and assist in balancing the budget. The purchase of fire appliances and equipment is an example of how Buckinghamshire Fire and Rescue Service have worked collaboratively with neighbouring fire authorities. This is one example of many



where collaboration has taken place and the Authority will continue to identify further opportunities in the future.

- 4.3 The Authority has approximately 400 firefighters operating from 19 fire stations, across Buckinghamshire and Milton Keynes which provide a mixture of Whole-time and On-Call duty cover.
- 4.4 The Property Team had a full independent survey of the property portfolio carried out, of which the last one was in November 2017. The condition survey provides the Property Manager with a report detailing the current condition of each property and assists in directing the capital programme where investment is most needed. As part of the annual programme, Property are also taking this opportunity to refurbish existing properties and ensuring that the updated facilities can accommodate all capabilities.
- 4.5 Currently, the Service has 49 Red Fleet Appliances of which many of these have passed their initially anticipated replacement date. There is currently a 5-year rolling programme where Red Fleet appliances are being replaced. The breakdown of our current appliances is shown in Appendix D.
- 4.6 Prioritisation and allocation on where the capital resources are most needed is vital to ensuring our Estate and Fleet of vehicles are fit for purpose.

## **5 Project Initiation Document**

- 5.1 The current method for allocating resources is based on the MTFP process. This is facilitated by the Business Transformation Board (BTB) in conjunction with Lead Members prior to seeking Authority approval for the Capital Programme. This approach involves evaluating the case for major capital investments by considering the information set out in the capital growth bid forms (Appendix B) supplied by the project initiator.
- 5.2 The following strategic requirements need to be considered when evaluating and prioritising each business case:
  - What are the outcomes?
  - How does it link to corporate priorities?
  - Who will benefit?
  - Why is it appropriate to progress at this time?
  - Any links to existing, previous or planned projects?
- 5.3 Once capital projects are approved, they are monitored by the Principal Accountant and the relevant budget holder and reported to the Executive Committee every quarter. For larger capital projects, a project manager is



assigned to each capital scheme to ensure they are subject to thorough oversight for the duration of the project. The project manager will oversee planning, delivery, management, skills assessment and governance of capital projects.

## 6 The Capital Programme 2020/21 – 2024/25

6.1 The capital programme for the Authority is considered annually as part of the MTFP process and is set out in the table below:

2020/21 - 2024/25 Medium Term Capital Programme					
Capital Scheme	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Property (Note 1)	500	500	500	500	500
Fire Appliances and Equipment	500	750	750	500	750
Equipment (Note 1)	141	155	1,055	155	155
Support (Note 1)	75	75	75	75	75
Slippage (Approved in July 2020 Exec)	1,809				
Slippage Forecast 2021/21	-260	260			
Forecast Overspend	2,284				
<b>Total Expenditure</b>	<b>5,049</b>	<b>1,740</b>	<b>2,380</b>	<b>1,230</b>	<b>1,480</b>
Funding b/fwd	-1,442	-2,387	-1,931	-1,053	-1,763
Revenue Contribution to Capital	-1,815	-1,284	-1,502	-1,940	-2,403
Other Capital Contributions	-4,179	0	0	0	0
<b>Funding (Available)/Deficit</b>	<b>-2,387</b>	<b>-1,931</b>	<b>-1,053</b>	<b>-1,763</b>	<b>-2,686</b>

Note 1 – Figures highlighted in blue are currently only indicative for potential future growth bids.

## 7 Funding the Capital Programme

7.1 Since 2014, Central Government no longer provide general capital grant and the only capital allocation was via the Fire Transformation Fund (FTF). This was a one-off grant to facilitate Fire and Rescue Authorities (FRAs) to carry out projects to improve the efficiency of public services. Buckinghamshire Fire and Rescue Service were allocated a grant via FTF to part-fund the West Ashland Station project. No other capital grants are available and therefore the main sources of funding are through revenue contributions to capital and use of reserves. The Authority currently has no plans to undertake any further borrowing.





## **8 Revenue Contributions to Capital**

8.1 The Authority since 2014, have agreed annually an element within the Revenue budget which will go towards funding the capital programme and this has continued into each subsequent financial year. The amount allocated to assist with the capital programme is based on affordability and is specific to that year. The Capital Programme identifies the amount the Authority is projecting to fund from revenue each year.

## **9 Prudential Borrowing**

9.1 The Authority is permitted to take out regulated external borrowing. The Local Government Act 2003 refers to affordability and the requirement that the local authorities in England and Wales keep under review the amount of money they borrow for capital investment.

9.2 The Code requires that “The local authority shall ensure all of its capital and investment plans and borrowing are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt (including MRP) and consideration of risk and the impact on the overall fiscal sustainability”. The impact of borrowing is outlined within the Treasury Management Strategy Statement and the prudential indicators are approved by the Fire Authority annually.

9.3 As at 31 September 2020, the long-term debt currently stands at £6.797m.

## **10 Reserves**

10.1 It has been the strategy of the Authority to utilise revenue contributions to fund capital expenditure. Following approval by Authority, an amount is set aside to transfer into a reserve to fund future capital programme. In addition to this, subject to Authority approval, any in-year or end of year underspends have been set-a-side and moved into a reserve to fund the future capital programme. The amount of earmarked reserve funding identified to fund the Capital programme is shown in the capital programme table in section 6.1.

10.2 The Authority has not taken out additional borrowing since March 2011. Depending on the size of the capital programme, there could be a requirement for new borrowing in future years if the level of revenue funding reduces and results in insufficient funds to fund the Capital Programme, although it is not anticipated this will be required in the foreseeable future.



10.3 Reserves position as at 31<sup>st</sup> March 2020.

<b>Reserve Balances</b>	<b>£000</b>
General Fund Balance	-1,500
Total Earmarked Reserves - Revenue	-2,197
Total Earmarked Reserves - Capital	-1,442
<b>Total Usable Reserves</b>	<b>-5,139</b>

**11 Partner Contributions and S106**

- 11.1 The Authority is increasingly engaged in collaborative working with other public sector partners, particularly other emergency services. This includes capital projects and one example of this is the West Ashland Station which is an emergency hub providing Fire, Police and Ambulance services.
- 11.2 Specific grants for capital funding are no longer available, having been replaced with a capital and revenue grant bidding system open to all fire and rescue services, if and when monies are made available by Government. We do not anticipate any new capital grants for 2021-22. Developer contributions, usually derived from Section 106 agreements, are awarded to mitigate the impact of developments on communities. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects or affordable housing schemes. At the present time the Authority is projecting to receive £136k S106 funding. Further developers' contributions, through the Community Infrastructure Levy, may be available moving forward, but none are held at the current time.
- 11.3 The Authority will also pursue energy efficient and heat carbonisation funds, in addition to low carbon skills funds via the appropriate agencies. These funds are available to help public sector bodies to engage specialist and expert advice, to identify and develop energy efficiency and low carbon heat upgrade projects for non-domestic buildings

**12 Monitoring of Capital Expenditure**

- 12.1 The performance of the capital programme is reported to Officers each Month and to Members each quarter and forms part of the Executive Budget Monitoring Performance and Debt Management Report. For larger capital projects, a project manager assigned to each capital scheme will meet regularly with Finance representatives to provide updates on the project to ensure any variances are picked up early and appropriate action taken.



### **13 Risk Management**

- 13.1 The Prudential Code recognises that in making its capital investment decisions, the authority must have explicit regards to option appraisal and risk:

“The Capital Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future sustainability.”

- 13.2 Each major capital scheme project will have its own risk register and options appraisal to manage the operational risk arising from the project, however this section of the strategy focuses on strategic risks arising from capital investment activity.
- 13.3 Every item will go through a rigorous justification process so that a greater scrutiny can be achieved over what is included within the capital programme. This will become even more critical if collated bids exceed the available funding. All investment will be aligned to the PSP and the Corporate Plan to ensure that the Service is acquiring or replacing the right assets, at the right time, in the right location to address the risk and at the same time focussing also on our revenue costs to help balance the budget.
- 13.4 The capital budget requirement is determined on an annual basis. The process starts at the start of the summer with relevant departments determining their requirements. Once formalised, the requirements are discussed and scrutinised with the relevant project sponsor. Following that, they are presented to the BTB in August and December and then the appropriate Member boards in October and January. Once scrutinised by Members, the approved bids are presented to the Authority in February for approval in advance of the financial year to which it relates to.

### **14 Credit Risk**

- 14.1 There is a risk that a supplier becomes insolvent and cannot complete the agreed contract. Appropriate due diligence is carried out before a contract is awarded as part of the procurement process.

### **15 Liquidity Risk**

- 15.1 This is the risk that the timing of cash inflows from a project will be delayed. In the main, the Authority’s capital projects are self-funded and therefore don’t rely on other organisations contributing or failing to make their contributions when agreed. Under the collaboration agenda it is likely that an increasing number of capital projects will be shared across organisations. Liquidity risk and the impact on cash flows is monitored on daily basis by the Treasury Management function.



**16 Fraud, Error and Corruption**

16.1 This is the risk that financial losses will occur due to error, fraudulent or corrupt activities. The Authority has procedures in place to minimise the risk of fraud especially regarding changing of bank details for suppliers. There are also policies in place to address some of the risk such as the Whistleblowing Procedure, Counter-Fraud and Corruption Policy and the Declaration of Interests.

**17 Legal and Regulatory Risk**

17.1 This is the risk that changes to laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering in to a capital project, officers will determine the powers under which any investment is made, taking appropriate advice where necessary.

17.2 Capital schemes must comply with legislation (Disability and Discrimination Act, as an example) and also consider Authority Regulations, Service plans and policies such as:

- The Corporate Plan;
- PSP;
- Contract Standing Orders; and
- Financial Regulations.

**18 Minimum Revenue Provision**

18.1 Within the Local Government Act 2003, local authorities are required to have regard to the statutory guidance on Minimum Revenue Provision (MRP). The Ministry of Housing, Communities and Local Government has produced statutory guidance which local authorities must have regard to.

18.2 MRP represents the minimum amount that must be charged to an authority's revenue budget each year for financing capital expenditure, where it has initially been funded from borrowing. The MRP accounting practice requires the Authority to set aside an amount of money each year to ensure that it can pay off the debts it has from buying capital assets.

18.3 The MRP Policy is reviewed annually and is outlined within the Authority's Prudential Indicators.

**19 Affordability of the Capital Programme**

19.1 A variety of factors are taken into account when determining the affordability of the Capital programme, including the impact on revenue budgets and reserves:

- MRP



- Interest payable
- Interest receivable
- Revenue contribution to capital

19.2 The most economic method to fund a capital programme is to set aside an amount from revenue each year to purchase assets, with any variations to the programme being smoothed out using an Earmarked Reserve.

19.3 Historically, the Authority received a Capital Grant of up to £1.2m per year and funded the rest via revenue contributions to capital. This grant is no longer available and it is unlikely that there will be any form of capital grants funded by Central Government and therefore the capital programme will be funded predominantly by revenue contributions in the short-term and if necessary (although not currently anticipated), borrowing in the longer-term.

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Service Document Standard Form:  
**Medium Term Financial Planning  
 Bid Template  
 2021/22 to 2025/26**



<b>PROJECT:</b>	<i>Insert name of Project</i>
<b>FILE LOCATION:</b>	<i>Insert file path</i>
<b>DATE:</b>	<i>Insert date document completed</i>
<b>AUTHOR:</b>	<i>Name of person completing this document – could be the proposed Project Manager</i>
<b>PROJECT SPONSOR:</b>	<i>Name of proposed person to be project sponsor</i>
<b>VERSION NUMBER:</b>	<i>Version number of document</i>
<b>APPROVALS:</b>	<i>Persons required to approve this document:</i>
	<ul style="list-style-type: none"> <li><i>Person proposing project</i></li> </ul>
	<ul style="list-style-type: none"> <li><i>Business Transformation Board</i></li> </ul>
<b>DISTRIBUTION:</b>	<i>List names / roles to whom this document will be distributed (but who is not required to approve)</i>

**DOCUMENT  
CONTROL**

<b>Version:</b>	<b>Date:</b>	<b>Notes:</b>
<i>ie Version 1.0</i>	<i>09-Jan-21</i>	<i>Initial version</i>

**APPROVAL  
RECORD**

<b>Version:</b>	<b>Date:</b>	<b>Approval:</b>	<b>Notes:</b>
<i>ie Version 1.0</i>	<i>09-Jan-21</i>	<i>26-Jan-21</i>	<i>Recorded in BTB minutes</i>

*All wording within this document shown in red italics is provided as guidance and should be removed prior to publication*

Please complete all cells where possible.

Only leave cells blank if:

Alternative options 1, 2 or 3 are not required or if not all cost centre boxes are required

Not all boxes for background papers or appendices are required.

Bid Category

**Bid Template 2021/22 to 2025/26**

Directorate Corporate Core Reference   
Service Service Development  
Title of Bid  
Lead Officer

**1. Executive Summary (Max. 100 words)**

[1. Executive Summary \(Max. 100 words\)](#)

**2. Options Available**

Advantages	Disadvantages
Advantages	Disadvantages
Advantages	Disadvantages



<b>3. Options Appraisal</b>					
	<b>In Year Budget Requirement</b>				
[The recommended option will be populated automatically from Section 4]	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>
	£000s	£000s	£000s	£000s	£000s
Recommended Option					
Do Nothing					
Alternative Option 1					
Alternative Option 2					
Alternative Option 3					

<b>4. Detailed Financial Implications</b>					
	<b>In Year Budget Requirement</b>				
(of the recommended option)	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>
	£000s	£000s	£000s	£000s	£000s
<b>Controllable Expenditure</b>					
Employees					
Premises Related Expenditure					
Transport Related Expenditure					
Supplies & Services					
Third Party Payments/Outsourcing					
Transfer Payments					
Capital Financing Costs					
<b>Sub-total</b>					
<b>Controllable Income</b>					
Government Grants					
Other Grants & Contributions					
Customer & Client Receipts					
<b>Sub-total</b>					
<b>Net impact of proposal</b>					
<b>Cost Centre (s):</b>					
<b>Reference of related capital bid</b>	<<Finance Use Only>>				

<b>5. Impact on Establishment</b>						
	<b>Current FTE</b>	<b>Year on Year Movement in FTE</b>				
		<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>
<b>Change in Staffing Levels</b>						

## **6. Strategic Requirements**

**Outcomes (linked to corporate priorities)**

**Legal Implications**

**Equality and Diversity**

**Privacy**

**Environmental**

**Has an IA been completed**

**Yes/No**

## **7. Project Plan and Stakeholder Engagement**

<b>Stakeholder</b>	<b>Task</b>	<b>Timeframe</b>

## **8. Project Governance**

How will the project be managed? By Whom? How will delays be reported?

## **9. Project Risk**

Key risks, mitigating actions and post-mitigation assessment

## **10. Provenance Section and Background Papers**

## **11. Appendices**

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### COMBINED FIRE AUTHORITY - TERMS OF REFERENCE

1. To appoint the Authority's Standing Committees and Lead Members.
2. To determine the following issues after considering recommendations from the Executive Committee, or in the case of 2(a) and 2(e) below, only, after considering recommendations from the Overview and Audit Committee:
  - (a) variations to Standing Orders and Financial Regulations;
  - (b) the medium-term financial plans including:
    - (i) the Revenue Budget;
    - (ii) the Capital Programme;
    - (iii) the level of borrowing under the Local Government Act 2003 in accordance with the Prudential Code produced by the Chartered Institute of Public Finance and Accountancy; and
  - (c) a Precept and all decisions legally required to set a balanced budget each financial year;
  - (d) the Prudential Indicators in accordance with the Prudential Code;
  - (e) the Treasury Strategy;
  - (f) the Scheme of Members' Allowances;
  - (g) the Integrated Risk Management Plan and Action Plan;
  - (h) the Annual Report;
  - (i) the Capital Strategy**
3. To determine the Code of Conduct for Members on recommendation from the Overview and Audit Committee.
4. To determine all other matters reserved by law or otherwise, whether delegated to a committee or not.
5. To determine the terms of appointment or dismissal of the Chief Fire Officer and Chief Executive, and deputy to the Chief Fire Officer and Chief Executive, or equivalent.
6. To approve the Authority's statutory pay policy statement.

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**Red Fleet Appliances**

- 30 x Pumping Appliances (B Type)
- 3 x 4x4 Pumping Appliances
- 5 x Prime Mover (2 x Water Tanker, 3 x USAR)
- 1 x Incident Command Unit (ICU) (5t Mercedes Sprinter van)
- 1 x Small 4x4 Pumping Appliance
- 2 x Aerial appliances (Turntable Ladder)
- 2 x Water Rescue Units (5t 4x4 Mercedes Sprinter Vans)
- 2 x Operational Support Units (5t Mercedes Sprinter vans)
- 1 x Environmental Unit (Iveco van)
- 2 x Driver Training Vehicles (Scania Curtain Sider)

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# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 November 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Financial Strategy 2020-21 to 2024-25</b>
<b>EXECUTIVE SUMMARY</b>	<p>A financial strategy is the link between the organisation's long-term service objectives and its financial capacity. It also helps organisations to consider the feasibility of different options in terms of affordability and financial sustainability.</p> <p>The Strategy outlines three key areas:</p> <ul style="list-style-type: none"> <li>• Where the organisation is now</li> <li>• Where it would like to be</li> <li>• How it plans to get there</li> </ul> <p>Another key element of the Strategy is that it considers potential medium and longer-term scenarios, with a consideration of areas that could be enhanced or scaled back depending on the outcome of future funding settlements.</p> <p>This Strategy also contains the Authority's reserves strategy, which is a requirement of the National Framework.</p> <p>This Strategy addresses one of the recommendations contained within our HMICFRS inspection report, and one of the areas for improvement. The recommendation within the Efficiency section is:</p> <ul style="list-style-type: none"> <li>• ensure it has the capacity and capability to support its activity in its public safety plan</li> <li>• The service should use sound financial management to ensure all additional costs such as pensions liability are accounted for and that there is a contingency plan.</li> </ul> <p>The recommendation with the report that "[the Service should] consult with the people of Buckinghamshire and Milton Keynes on options to have the most effective and efficient response against the financial environment in which it operates" was addressed through the implementation of the Public Safety Plan 2020-25 and is also covered with this Strategy.</p>

<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	That the Financial Strategy 2020-21 to 2024-25 is recommended to the Fire Authority for approval.
<b>RISK MANAGEMENT</b>	Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.
<b>FINANCIAL IMPLICATIONS</b>	As detailed in Annex 1.
<b>LEGAL IMPLICATIONS</b>	The National Framework sets priorities and objectives for fire and rescue authorities in England in connection with the discharge of their functions. Fire and rescue authorities have a duty to have regard to the Framework.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	See Financial Implications.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Medium Term Financial Plan (MTFP) 2020/21-2024/25, Fire Authority, 12 February 2020: <a href="https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/">https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/</a>
<b>APPENDICES</b>	Annex 1 – Financial Strategy 2020-21 to 2024-25 Appendix A to Annex 1 – CIPFA Financial Management Code Self Assessment
<b>TIME REQUIRED</b>	15 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687



# Financial Strategy

2020-21 to 2024-25





## The principles of financial strategy

### WHAT IS A FINANCIAL STRATEGY

A strategy is about how organisations translate their long-term goals into the actions they undertake on a day-to-day basis. A financial strategy is therefore the link between the organisation's long-term service objectives and its financial capacity. BMKFA's long-term service objectives are set out in the [Public Safety Plan](#) and [Corporate Plan](#).

A financial strategy will set out:

- **where the organisation is now** – the current financial position, including assets, liabilities, reserves and the main sources of income
- **where it would like to be** – how the finances will be developed over the period, including planned level of reserves, the balance of income from different sources and/or the development of new income streams
- **how it plans to get there** – what actions will be taken to achieve the financial objectives

### WHY A FINANCIAL STRATEGY IS IMPORTANT

A financial strategy sets out how an organisation will finance the implementation of its long-term objectives. Without a financial strategy there is a risk that the long-term objectives may remain unfulfilled. A financial strategy helps organisations to consider the feasibility of different options in terms of affordability and financial sustainability.

As well as being essential to longer-term planning, a financial strategy also provides an effective framework for medium and short-term financial plans. Each planning horizon contributes in different ways to the effective financial management of an organisation, as shown in the following table:

	Short term	Medium term	Long term
Nature	Budget	Financial plan	Financial strategy
Timeframe	Annual	2-5 years	3-10 years or more
Focus	Accountability	Performance	Transformation
Unpredictability	Risk	Risk/uncertainty	Uncertainty
Financial techniques	Estimating	Forecasting	Scenario building
Level of detail	High	Medium	Low

Due to the current uncertainty created by the global COVID-19 pandemic, it is considered that attempting to set a ten-year strategy would be overly optimistic. Therefore, for the purposes of this strategy long-term is considered to be up to five years. This will be kept under review as the situation develops, and the strategy will be updated as and when necessary.

## Developing a financial strategy

### AIMS OF THE FINANCIAL STRATEGY

The primary aim of a financial strategy is to enable the delivery of the organisation's overall strategy.

Factors that need to be considered include:

- The nature, level and balance of the organisation's sources of income
- The organisation's exposure to volatile income streams
- The organisation's cost base, especially its overhead costs
- The financial structure and staffing of the organisation
- The organisation's financial management policies, systems and processes
- The organisation's relationships with key financial stakeholders

Another important factor to consider when developing a financial strategy is the organisation's financial autonomy i.e. the extent to which it is able to influence its own activity and funding (e.g. through generating income or setting the Council Tax rate) as opposed to having to perform certain activities or having less control over the funding it receives.

As well as the benefits noted on the previous page, a financial strategy also benefits the organisation in a number of other ways.

*[Table 3.1: Aims of the financial strategy, Thinking Ahead: Developing a Financial Strategy 2018 Edition © CIPFA]*

<p><b>Helping to scrutinise, challenge and improve the organisation's overall strategy</b></p>	<ul style="list-style-type: none"> <li>• Exploring how the organisation's strategy can be achieved from a financial perspective</li> <li>• Identifying potential difficulties or contradictions in the organisation's strategy and its implementation</li> <li>• Acting as a practical constraint or moderating factor on the organisation's strategy</li> </ul>
<p><b>Improving the organisation's financial resilience</b></p>	<ul style="list-style-type: none"> <li>• Helping to maintain and improve the organisation's financial solvency and/or liquidity</li> <li>• Increasing the value and diversity of income from public, commercial and other sources</li> <li>• Enhancing the organisation's ability to manage financial risk effectively</li> </ul>
<p><b>Enhancing the organisation's financial capacity and capability</b></p>	<ul style="list-style-type: none"> <li>• Helping to elucidate key financial principles within the organisation, e.g. balanced budgets, limits to borrowing, use of reserves</li> <li>• Providing clarity around the cross-subsidy of different activities</li> <li>• Promoting financial awareness across the organisation</li> <li>• Acting as a basis for monitoring the financial health of the organisation</li> <li>• Demonstrating financial probity and accountability</li> </ul>
<p><b>Helping the organisation to make better use of its resources</b></p>	<ul style="list-style-type: none"> <li>• Informing the allocation of resources to departments, teams and activities</li> </ul>

	<ul style="list-style-type: none"> <li>• Helping to generate funds for future investment</li> <li>• Promoting and demonstrating the achievement of value for money</li> </ul>
<b>Co-ordinating financial activity across the organisation</b>	<ul style="list-style-type: none"> <li>• Acting as a financial reference point for the organisation</li> <li>• Helping to co-ordinate financial and other activities across the organisation</li> <li>• Enabling the flexibility required to respond to changing circumstances or to short-term opportunities</li> </ul>

### THE APPROACH TO DEVELOPING A FINANCIAL STRATEGY

The financial strategy needs to address three key elements:

- Where the organisation is now
- Where it would like to be
- How it plans to get there

### ANALYSING WHERE THE ORGANISATION IS NOW

As noted earlier in this document, it is important that a financial strategy starts with an appraisal of the organisation’s current financial position and of the financial challenges it faces. The table below shows the issues that have been considered:

[Adapted from *Figure 3.1: Examples of factors that could impact on the organisation’s ability to attain its financial goals and achieve financial sustainability, Thinking Ahead: Developing a Financial Strategy 2018 Edition © CIPFA*]:

Performance	People
<ul style="list-style-type: none"> <li>• Nature, level and sources of income</li> <li>• Reliance on individual sources of income</li> <li>• Cost base</li> <li>• Level of overhead costs</li> <li>• Ability to generate a surplus</li> <li>• Financial assets and liabilities</li> <li>• Nature and level of reserves</li> <li>• Ability to service borrowing</li> </ul>	<ul style="list-style-type: none"> <li>• Structure of the finance function</li> <li>• Nature and level of staffing</li> <li>• Staff skills and expertise</li> <li>• Succession arrangements for key staff</li> <li>• Relationships with elected representatives (where relevant), the governing body and senior managers</li> <li>• The status of the chief financial officer within the organisation</li> </ul>
Governance	External
<ul style="list-style-type: none"> <li>• Financial expertise of the governing body</li> <li>• Financial and related policies</li> <li>• Financial management systems and processes</li> <li>• Political priorities and policy commitments</li> </ul>	<ul style="list-style-type: none"> <li>• The organisation’s reputation for effective financial management and performance</li> <li>• Relationships with key financial stakeholders</li> <li>• Changes to government regulations or guidance</li> <li>• Changes in service user demand or profile</li> <li>• Other changes in the external environment</li> </ul>

Each of these issues has been considered with reference to a number of sources, including internal policies and documents, audits, inspections and The CIPFA Financial Management Code [Consultation Version] (see Appendix A).

**PERFORMANCE**

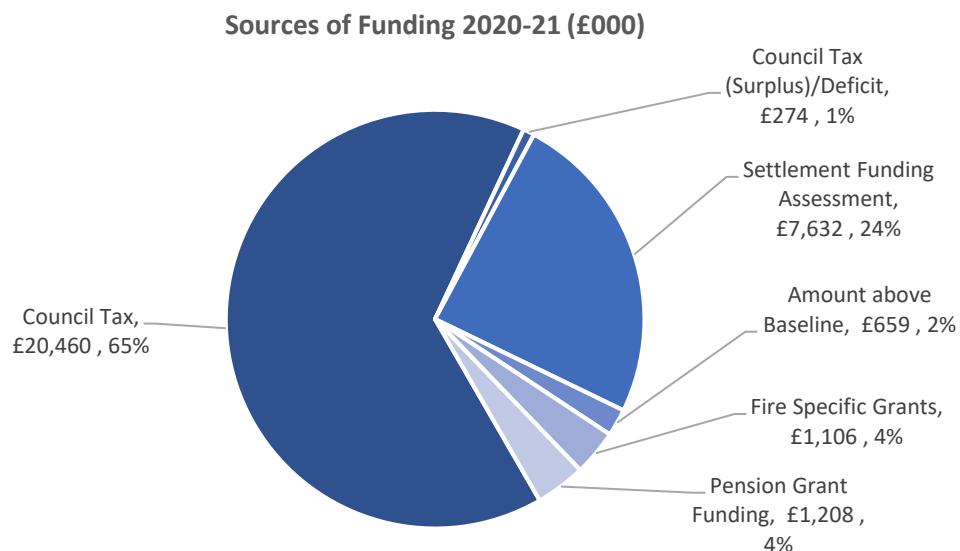
**Nature, level and sources of income**

The Authority classifies income into two broad categories:

- Funding
- Other Income

Funding for the service comes from a number of sources, comprising amounts generated through local taxes as well as some specific grants from Central Government.

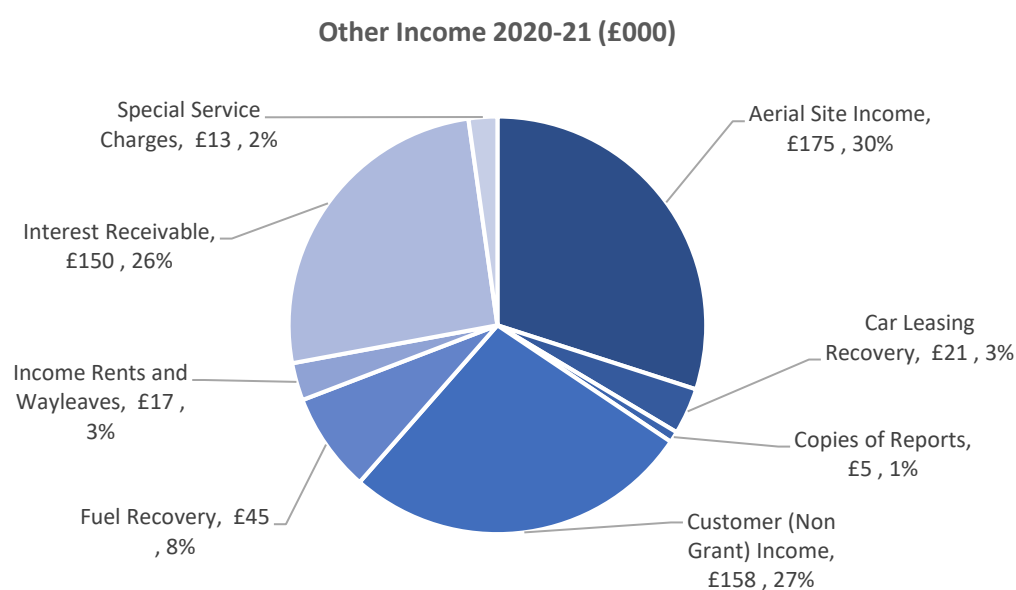
- Council Tax – this is the one source of funding that the service can influence directly, albeit increases in the amount we can charge are subject to a referendum limit;
- Settlement Funding Assessment (SFA) – this is our share of business rates and revenue support grant. The baseline amount of this is determined by Central Government, although a share of local growth above the baseline can be retained by the Service;
- Fire Specific Grants – currently we receive specific funding for National Resilience (Urban Search and Rescue) as well as Airwave (radio system);
- Pension Grant Funding – from 1 April 2019, the cost of employers’ pension contributions toward unfunded public sector schemes increased significantly due to changes in the discount rate. The Government funded the majority of this increase through a specific grant for 2019-20. It was originally noted that this grant was for one year only, but it has now been confirmed it will continue into 2020-21 (but no confirmation beyond then).





Other income relates to a number of specific activities undertaken, but three main sources make up over 80% of the total budget for 2020-21:

- Aerial site income – the income received from telecommunications companies for locating equipment at the top of a number of our drill towers throughout the area;
- Customer (Non Grant) Income – this consists predominantly of recharges of costs to other authorities for joint working or shared contracts e.g. co-responder
- Interest receivable – the amount earned on cash invested with banks and building societies through our in-house treasury management function



After the approval of the budget for 2020-21, a number of one-off funds have since been received:

- Coronavirus (COVID-19): emergency funding for local government (£606k in 20-21, plus £90k received in 19-20) – this is a funding package for local authorities to help address the range of COVID-19 pressures they face
- Fire Protection Board Funding (£60k) – to support services' work on ensuring fire safety in high-rise residential buildings over 18 metres tall
- Protection Uplift Funding (£124k) – to bolster work targeting other higher risk buildings
- Grenfell Infrastructure Grant (£46k) – this funding contributes towards delivering outcomes against the relevant findings from the Grenfell Phase 1 inquiry and infrastructure operational improvements.

Currently, these are all one-off funding allocations, although as part of the sector's submission for the Comprehensive Spending Review, it has requested that the last three allocations are continued into 2021-22 and beyond.

### Reliance of individual sources of income

The total of 'other income' for 2020-21 is less than £600k, while total funding (excluding one-off funding announced after 1 April 2020) is forecast to be just

over £31.3million. Approximately two-thirds of our funding comes from Council Tax. Although increases are subject to referendum limits, it is generally the most stable and predictable funding source. The SFA makes up about 25% of our funding, and although it is subject to some year-on-year fluctuations, over the medium-term it is relatively consistent.

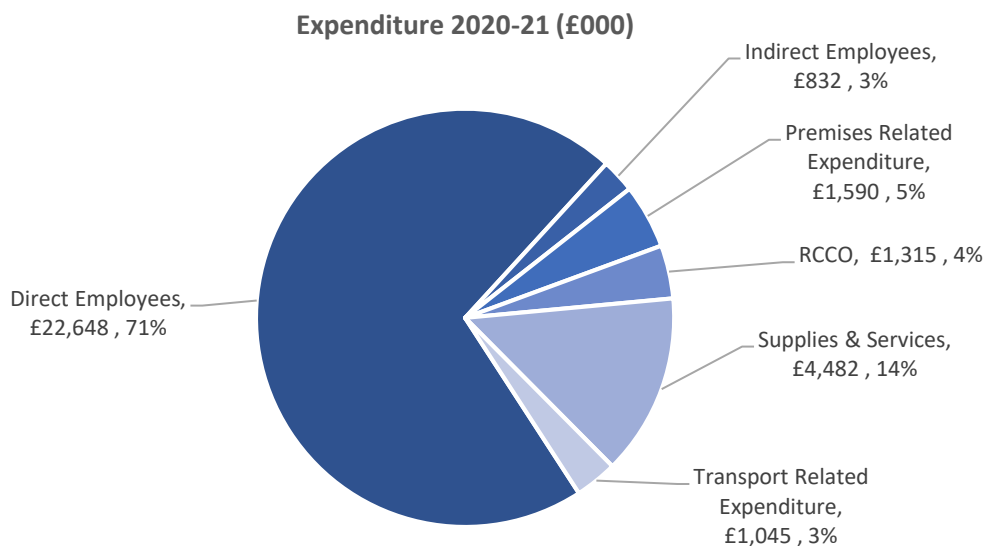
Although specific grants and pension funding together only make up about 8% of our funding, these are still significant and most susceptible to being reduced. The pension grant funding is especially uncertain, given that it was only originally confirmed for one-year.

**Cost base**

Costs for the service are categorised into six main categories:

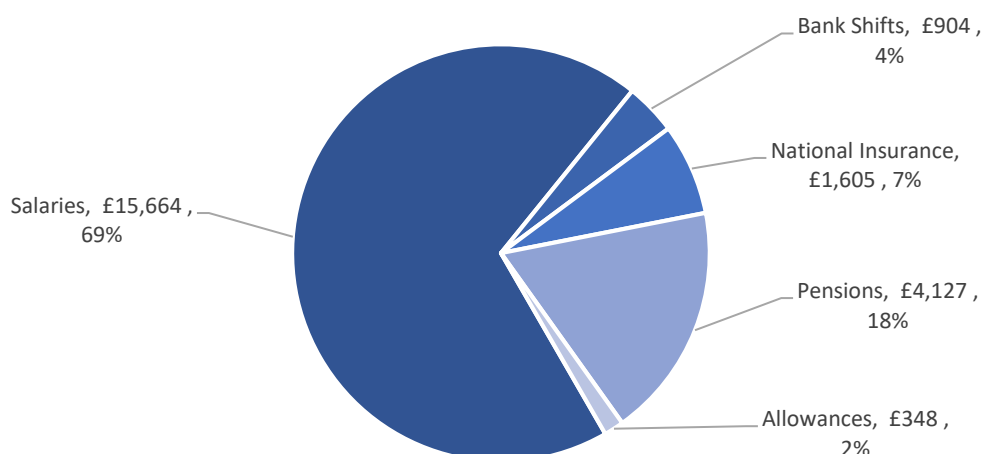
- Direct Employees and Indirect Employees – direct costs comprise salaries and on-costs whereas indirect costs include items such as training, occupational health etc. Together these make up almost 75% of our cost base;
- Premises related expenditure – all property related costs. These are broken down further within the ‘Level of overhead costs’ section;
- Supplies and services – anything not specific to another category. These are also broken down further within the ‘Level of overhead costs’ section;
- Transport related expenditure – includes the cost of maintaining our fleet and workshops facility;
- Revenue Contribution to Capital (RCCO) – this is the amount set aside from our revenue budget to fund the capital programme.

The budget for each of these areas is shown in the chart below:



The budget for direct employee costs is shown on the following page. Of note, is the fact that pensions costs make up 18% of these costs, at a total of over £4.1million. This is a significant amount and there is a risk that this will increase further over the medium to longer term, especially given the as yet unquantified impact of the McCloud/Sargeant ruling.

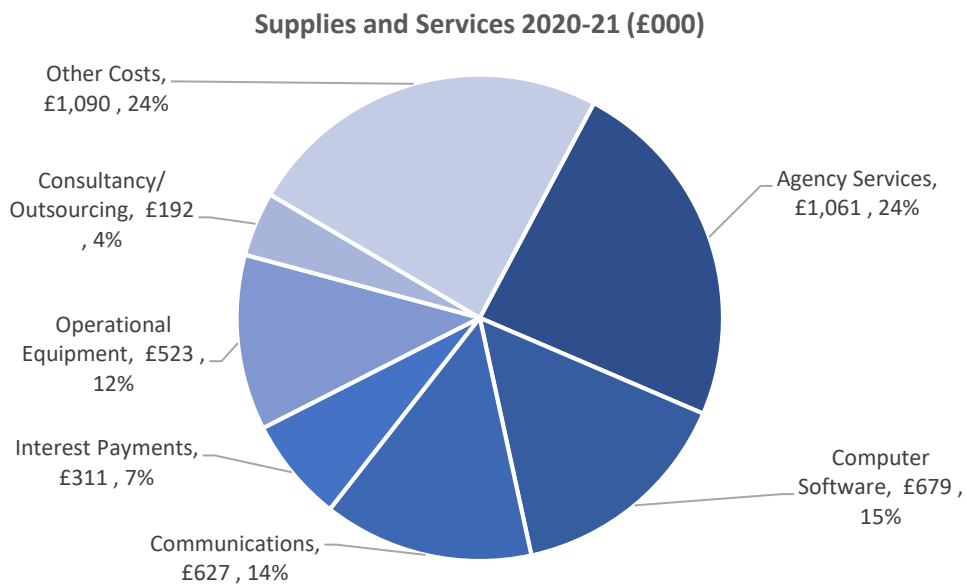
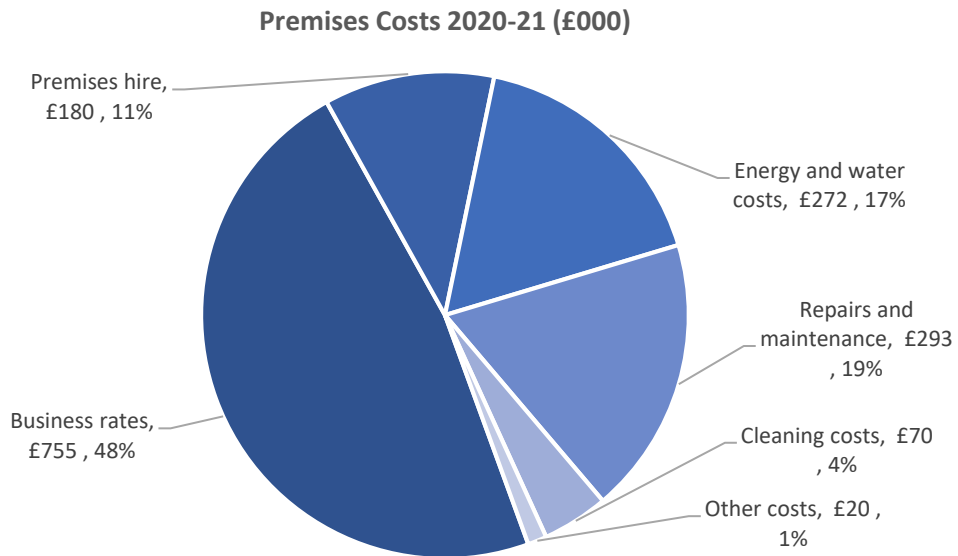
Direct Employee Costs 2020-21 (£000)



### Level of overhead costs

Overheads are primarily contained within premises related expenditure and supplies and services:

- Premises related expenditure – almost half of the total cost relates to business rates. The only way to reduce this figure (other than via a successful ratings appeal) is to reduce the amount of properties that we occupy. This would also reduce the cost of repairs and maintenance (almost 20% of the total), especially if older premises were to be disposed of, as well as reducing cleaning and energy costs.
- Supplies and services – the biggest single item of expenditure is agency services, the majority of which relates to our share of the cost of the Thames Valley Fire Service Control Room. This method of provision is significantly less expensive than each service having a dedicated control room. Taken together, software and communications costs account for about 30% of expenditure. Other significant categories are shown over the page. Interest payments will reduce slowly as existing borrowing matures (there are currently no plans for additional long-term borrowing, although it does remain a fall-back option in a reasonable worst case scenario).



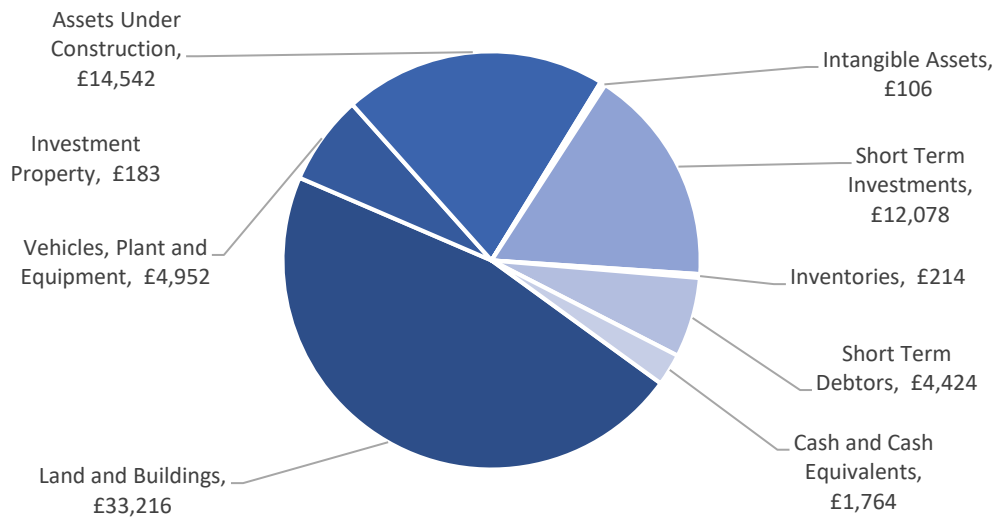
**Ability to generate a surplus**

The Service does not aim to generate a surplus. Recent underspends have generally been within a few percent of the budget for the year.

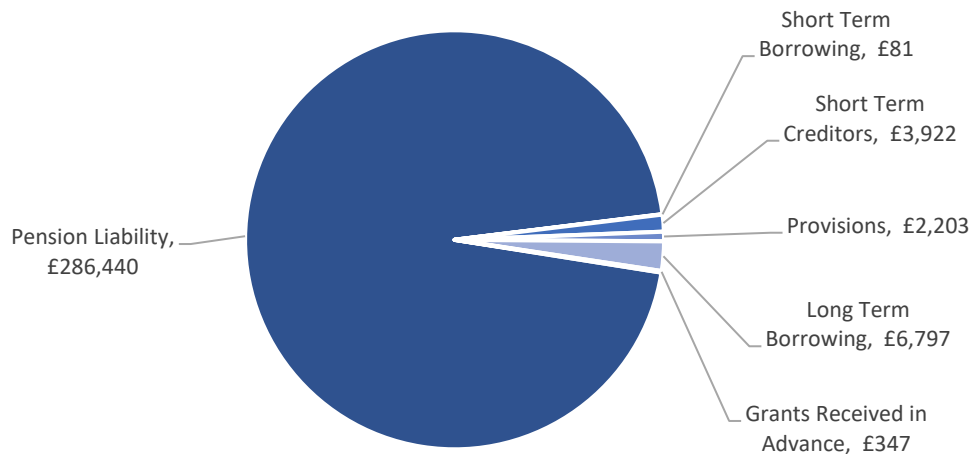
**Financial assets and liabilities**

The financial assets and liabilities as at 31 March 2020 are shown in the charts over the page:

**Financial Assets as at 31 March 2020 (£000)**



**Financial Liabilities as at 31 March 2020 (£000)**



Roughly half the value of our financial assets is in land and buildings (although it should be noted that this is an accounting valuation, not a market valuation). The short-term investments and cash and cash equivalents (c.£14m) compared to the long-term borrowing (c.£7m) show that the Service has a healthy net cash position. However, we are unable to repay this borrowing early due to the substantial early repayment charge that would apply.

Total liabilities far outweigh total assets, although this is due to the significant pension liability shown on our Balance Sheet. Effectively, the Pension Funds are in deficit by c.£286m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over

the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains viable.

### **Nature and level of reserves**

Details of reserves are shown within the Reserves Strategy on pages 29 to 36.

### **Ability to service borrowing**

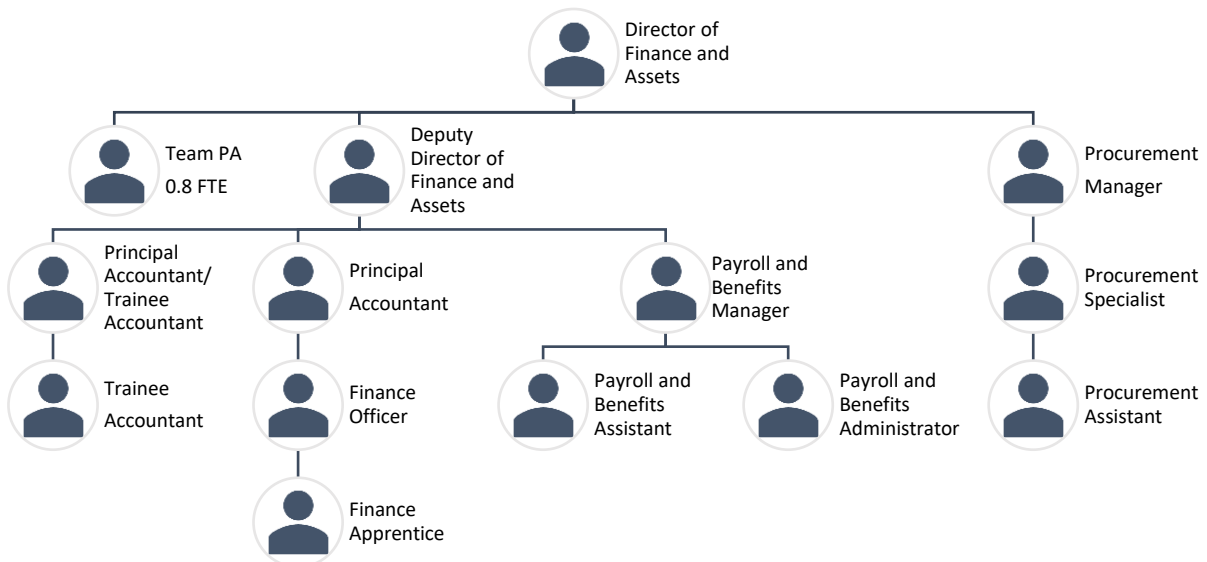
The Prudential Code was established to ensure that capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.

Details of the Prudential Indicators demonstrating compliance with the Code are approved annually by the Fire Authority and can be found here - [https://bucksfire.gov.uk/documents/2020/03/120220\\_item7b\\_prudential\\_indicators\\_minimum\\_revenue\\_position.pdf](https://bucksfire.gov.uk/documents/2020/03/120220_item7b_prudential_indicators_minimum_revenue_position.pdf)

**PEOPLE**

**Structure of the Finance Function**

The structure of the Finance function (including the Procurement and Payroll functions) is shown in the chart below (all roles 1 FTE unless stated):



**Nature and level of staffing**

The team is currently fully established, except for the Procurement Specialist post. This post has proved difficult to recruit to.

Both the Director and Deputy Director roles also have responsibility for areas outside of the Finance function (including Property, Fleet, Programme Management Office, ICT, Data and Communications).

The team won the award for “Finance Team of the Year - Local Services” at the Public Finance Innovation Awards 2018. The judges commented that “Finance teams across the local government sector are continuing to operate effectively – and with passion – in challenging circumstances. Buckinghamshire and Milton Keynes Fire Authority achieved a lot with a small team through collaboration and flexibility.”

**Staff skills and expertise**

Staff within the finance function are well trained, and all finance staff either have obtained or are working towards obtaining a professional qualification (e.g. CIPFA/ACCA/AAT etc.)

Training is provided to staff outside of finance as part of the Station Manager development programme, which aims to equip staff with the skills to manage their budgets effectively.

### **Succession arrangements for key staff**

A comprehensive succession plan is presented to the Executive Committee on an annual basis. Due to the personal nature of the information contained within it, detailed arrangements are not repeated within this document.

The succession plan has been demonstrated to have worked extremely well over the past five years. Within that time, staff have been promoted internally to the positions of Director of Finance and Assets, Deputy Director of Finance and Assets, two Principal Accountant positions and one Trainee Accountant position.

### **Relationships with elected representatives, the governing body and senior managers**

The Authority has appointed a Lead Member for Finance and Assets, Information Security and IT. The Lead Member is briefed regularly by the Director of Finance and Assets, as is the Chairman of the Authority and the Chairman of the Overview and Audit Committee. The Director of Finance and Assets is a member of the Senior Management Team.

### **The status of the Chief Financial Officer within the organisation**

As noted above, the Chief Financial Officer is a member of the Senior Management Team and is able to exercise the duties set out in on page 28.

## **GOVERNANCE**

### **Financial expertise of the governing body**

Our self-assessment against the CIPFA Financial Management Code has identified the need to undertake a review of the skillsets of elected members and offer further training if required.

### **Financial and related policies**

The Authority has approved Financial Regulations, which are the regulatory framework within which the financial affairs of the Authority operate. The approved Financial Instructions provide additional detail to achieve compliance with the Financial Regulations and the system of internal control.

### **Financial management systems and processes**

The finance system used is Integra, which was brought in to replace SAP in April 2017. This newer system is more suited to our needs and has made processes more efficient.

Payroll is processed using the iTrent system. After Payroll was moved from HR to Finance, a series of process optimisation meetings were undertaken. However, these appear to have lost momentum and there still remains an opportunity to improve the end-to-end process for paying staff.

The Core Financial Controls audit reviews our financial systems and processes on an annual basis. The most recent audit found that substantial assurance can be placed on the operation of these controls.



## Political priorities and policy commitments

The Financial Strategy must be consistent with the Public Safety Plan, which is the Authority's commitment to the public.

## EXTERNAL

### The organisation's reputation for effective financial management and performance

Externally, the two key organisations that review our financial management and performance are Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and Ernst & Young LLP (EY).

Within their [inspection report](#) HMICFRS noted that they "have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it doesn't have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs."

However, they also noted that "in one sense, it is highly efficient: it has an innovative deployment model which, if better funded, would be a cost-effective way of keeping people safe." According to HMICFRS, the firefighter cost per person per year for Bucks Fire is £17.38 versus the national average of £22.08. This correlates with previous [benchmarking reports](#) [p.21] that show the Service is one of the most efficient services in England and Wales when measured on net expenditure per 1,000 population.

The summary of their findings concluded with the statement that "Overall, we would like to see improvements in the year ahead, but without increased funding, it is difficult to see where progress can be made."

In their Audit Results Report for 2018/19 EY concluded that ""In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

### Relationships with key financial stakeholders

Other than local residents and businesses, the key financial stakeholder for the Service is Central Government. The Director of Finance and Assets is a member of the National Fire Chiefs Council (NFCC) Finance Sub-Committee, which is also attended by a representative of the Home Office.

### Changes to government regulations or guidance

The most significant change that will impact on the Authority during this period is the impact of the Sargeant pensions ruling. This will not only increase the cost of employer pension contributions but will also be an administrative burden. A dedicated resource will be required to manage any remediation process.

Sir Tony Redmond has published an [Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#). This contains a number of recommendations, most notably in relation to external audit. It is likely that the level of work undertaken by external audit will continue to increase, as will the audit fees and the amount of internal staff time required to support the year-end audit process and reporting requirements.

The Grenfell Tower Inquiry was created to examine the circumstances leading up to and surrounding the fire at Grenfell Tower on the night of 14 June 2017. The Phase 1 report was published in October 2019. One-off grant funding has been provided during 2020-21 (see page 5) to contribute towards the implementation of recommendations contained in the report. The Phase 2 hearings are currently in progress.

### **Changes in service user demand or profile**

The Public Safety Plan deals extensively with the level of demand on our Service, as well as the changing demographic factors that influence the profile of demand.

### **Other changes in the external environment**

Infrastructure projects within our area will require us to review a range of potential risks and identify any additional training, equipment and vehicle requirements.

COVID-19 has already had an impact on the way we work and will continue to do so into the future. The possible financial impact on the service is considered with the scenario planning section on pages 21 to 24.

**SWOT**

[Figure 2.1: SWOT matrix, Thinking Ahead: Developing a Financial Strategy 2018 Edition © CIPFA]

Attributes internal to the organisation	<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Factor determined by the external environment	<b>OPPORTUNITIES</b>	<b>THREATS</b>
	Help the organisation’s ability to achieve its objectives	Hinder the organisation’s ability to achieve its objectives

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Significant percentage of funding comes from Council Tax</li> <li>• Excellent budgetary and other internal controls</li> <li>• Low capital financing requirement – could borrow more if required (either internally or externally)</li> <li>• Reserves sufficient in line with current risk assessment</li> <li>• Experienced and well qualified Finance team with succession planning well embedded</li> <li>• Dedicated Lead Member provides support and challenge</li> </ul>	<ul style="list-style-type: none"> <li>• Low Council Tax Band D equivalent – referendum limit as a percentage relatively more restrictive.</li> <li>• Large reliance on temporary/one-off grant funding</li> <li>• According to HMICFRS we do not currently have the resources to fully meet all the risks within the Public Safety Plan</li> <li>• Limited scope for further savings without impacting on the delivery of services and public safety</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Increased working from home provides opportunity to review the size of the estate</li> <li>• Further opportunities for collaboration following completion of the Blue Light Hub</li> <li>• Improve efficiency of end-to-end payroll processes and links with HR</li> </ul>	<ul style="list-style-type: none"> <li>• Fall in council tax and business rates income due to COVID-19</li> <li>• Comprehensive Spending Review deferred for a further year creating additional uncertainty. Overall level of funding may decrease.</li> <li>• Treasury Management income reduced significantly due to decrease in the base rate</li> <li>• Increased cost of pensions and administrative burden</li> <li>• Pay increases above budgeted amount – although has been relatively stable in recent years</li> </ul>

**SUMMARY**

The table below uses the analysis to summarise our current position:

Performance	People
<ul style="list-style-type: none"> <li>• Council Tax is a significant proportion of funding, however still heavily reliant on non-local sources of funding with low certainty over future levels</li> <li>• Efficient in terms of cost per firefighter and net expenditure per head of population</li> <li>• Excellent budgetary and other internal controls</li> <li>• Over-borrowed but unable to repay loans early. Borrowing costs are not overly burdensome. Capacity to borrow more if required.</li> <li>• Sufficient reserves but uncertain future levels due to uncertainty over future funding streams</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient number of finance staff</li> <li>• Qualified and experienced Finance team.</li> <li>• Succession planning demonstrated to be working well.</li> <li>• Dedicated Lead Member provides support and challenge</li> <li>• The Chief Finance Officer is a member of the Senior Management Team.</li> </ul>
Governance	External
<ul style="list-style-type: none"> <li>• Financial expertise of non-Finance staff and elected Members needs to be formally reviewed</li> <li>• Up-to-date and proven financial policies</li> <li>• Efficient finance system and processes, although scope to improve the end-to-end process for payments to staff</li> <li>• MTFP consistent with Public Safety Plan and Corporate Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation for delivering an efficient service, but concerns about effectiveness due to insufficiency of resources to fully support the activity in the Public Safety Plan</li> <li>• Strong representation on stakeholder groups</li> <li>• Unknow impact of key legislation regarding pensions</li> <li>• Potential changes in user demand and/or profile as detailed in the Public Safety Plan</li> <li>• Further uncertainty due to the COVID-19 pandemic</li> </ul>

## WHERE THE ORGANISATION WOULD LIKE TO BE

Having analysed where the organisation is now, the financial strategy needs to determine where the organisation would like to be. In doing so, it needs to consider the following three key factors:

- The organisation's current **financial capacity, capability and performance** (as summarised on the previous page)
- The organisation's overall **strategic aims**, as well as any specific strategies to achieve these aims
- The **external environment** and any anticipated changes



As well as addressing the organisation's strategic aims, the finance function will also need to address developments that are not covered within the strategic plan (for example streamlining of processes and implementation of new technology). It will always need to ensure that its core processes such as accounts payable, accounts receivable and payroll continue to function effectively.

The external environment in which public services operate can be highly challenging and dynamic. Aspects of the environment that may influence where the organisation wants to be from a financial perspective include:

- Funding cuts and government austerity drives
- Restrictions on fees that can be charged to service users
- Requirements to improve efficiency or to demonstrate value for money
- Policy changes (e.g. business rates retention)
- Changes in the cost of borrowing
- Pay caps, pay increases and change in employment taxes
- Demographic changes among service users

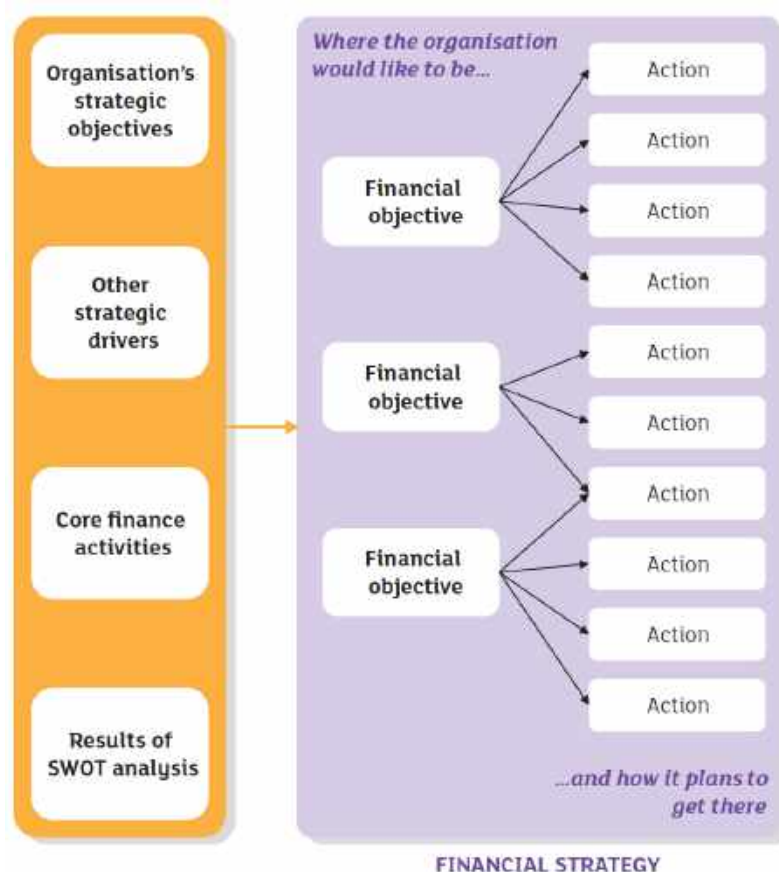
Would like to be:

Performance	People
<ul style="list-style-type: none"> <li>• Able to increase Council Tax above the current limit of 2%</li> <li>• Other grant funding to be brought within our core Settlement Funding Assessment (SFA)</li> <li>• Increased expenditure on front-line staff as a percentage of total expenditure</li> <li>• Further reduced overhead costs by reducing the size of the estate</li> <li>• No additional borrowing and have repaid deals that have matured</li> <li>• Reserves maintained at current levels</li> </ul>	<ul style="list-style-type: none"> <li>• Minor change to staff structure to incorporate dedicated pensions expertise</li> <li>• No overall increase in the number of Finance, Procurement or Payroll staff</li> <li>• Retain existing staff expertise, knowledge and skills as far as possible</li> <li>• Continue to work closely with Lead Member</li> <li>• The Chief Finance Officer remains a member of the Senior Management Team.</li> </ul>
Governance	External
<ul style="list-style-type: none"> <li>• Non-Finance staff and elected Members assessed as having a high level of financial expertise</li> <li>• Policies updated to reflect changes in legislation and best practice</li> <li>• Systems and processes further optimised, especially with regards to the end-to-end processes for payments to staff</li> <li>• Programme Management Office supports Finance and the wider organisation to deliver transformational change through an efficient internal governance system.</li> </ul>	<ul style="list-style-type: none"> <li>• HMICFRS note improvements to efficiency in their report. Ratings for efficiency and effectiveness both improved to "good"</li> <li>• Influence within the NFCC and with Home Office secures a good funding settlement for the Service</li> <li>• Pensions remedy fully implemented</li> <li>• Finances able to respond to changes in user demand/profile</li> <li>• Ensure external partners maintain the same high standards of conduct with regard to financial administration and corporate governance that apply throughout the Authority and that they contribute to the achievement of the Authority's objectives</li> </ul>

### AGREEING HOW THE ORGANISATION PLANS TO GET THERE

Having determined where the organisation would like to be, it then needs to determine a number of financial objectives to achieve this aim. These objectives will then be divided into a number of actions. An overview of this process is shown in the figure below:

[Figure 3.5: Translating the organisation’s overall aims and strategies into a financial strategy, *Thinking Ahead: Developing a Financial Strategy 2018 Edition* © CIPFA]



## IMPLEMENTING THE STRATEGY

The following table sets out the activities that will move the organisation towards where it would like to be. References in (brackets) refer to the self-assessment against the statements of standard practice (see Appendix A).

Year	Activity	Target/outcome
2020-21	<ul style="list-style-type: none"> <li>Continue to lobby for an increase in the Council Tax Referendum Limit and for other grants to become part of the Settlement Funding Assessment</li> <li>Value for Money (VFM) initial review by external provider</li> <li>Review estate footprint</li> <li>Review of Partnership arrangements (F3)</li> <li>Establishment of Programme Management Office (E3)</li> <li>Recruit Pensions Officer</li> </ul>	<ul style="list-style-type: none"> <li>Maintain or enhance firefighter numbers and substantiate temporary protection staff</li> <li>Identify areas for improvement in relation to other fire services</li> <li>Reduction in overhead costs</li> <li>Ensure partners have high standards and contribute to our objectives</li> <li>Better oversight of key corporate projects to support transformation</li> <li>Dedicated expertise to support implementation of legislative changes</li> </ul>
2021-22	<ul style="list-style-type: none"> <li>Review of system requirements and processes and upgrade/replace system</li> <li>Review of budget monitoring and performance reporting arrangements (E2, K3, R2, R3, R5, S1)</li> <li>Review skillset of non-Finance staff and elected Members (B3)</li> </ul>	<ul style="list-style-type: none"> <li>Improved efficiency (also compliance with procurement regulations as current contract ends 31 March 2022)</li> <li>Improved reporting and compliance with CIPFA FM Code</li> <li>Improved compliance with CIPFA FM Code</li> </ul>
2022-23	<ul style="list-style-type: none"> <li>Repeat and review VFM exercise</li> <li>Review of Charging Policy and support review of unwanted fire signals as per the Corporate Plan</li> <li>Review of ethical financial management (B6)</li> </ul>	<ul style="list-style-type: none"> <li>Identify areas for further improvement</li> <li>Explore opportunities for further efficiencies</li> <li>Improved compliance with CIPFA FM Code</li> </ul>
2023-24	<ul style="list-style-type: none"> <li>Complete any outstanding items from above</li> </ul>	
2024-25	<ul style="list-style-type: none"> <li>Zero-based budget in preparation for Public Safety Plan 2025-30</li> </ul>	<ul style="list-style-type: none"> <li>Reset any budgets that may have 'drifted' over time.</li> </ul>



## Scenarios for long-term financial planning

### THE AIMS OF SCENARIO PLANNING

At a time of political and economic uncertainty, it is essential that longer-term financial strategies are based on scenarios, rather than on forecasts based on the continuation of the current environment. Scenarios are not predictions of the future, but plausible visions of the future.

Scenarios allow decision makers to test the viability of financial strategies to deal with possible future states. They consider a wider range of possibilities than simple forecasts and can also cope with potential abrupt changes such as changes in Government policy.

### USING SCENARIOS TO INFORM LONG-TERM PLANNING

The financial strategy should ensure that the service is able to achieve its strategic aims in each of the plausible scenarios it has identified. Where a scenario necessitates a particular course of action, this should be integrated into the financial strategy, including monitoring mechanisms to ensure that appropriate action is initiated as and when required.

In order to be resilient, a financial strategy must be suitable, feasible and acceptable for each of the scenarios identified. There are a number of questions that the management team can ask itself to establish this is the case.

#### Suitability of the strategy

*[Table 4.2: Suitability of the strategy, Thinking Ahead: Developing a Financial Strategy 2018 Edition © CIPFA]*

<b>Rationale</b>	Is there a clear case for action?
<b>Proportionality</b>	Is the (cost of the) strategy proportionate to the (benefit of the) objectives to be achieved?
<b>Effectiveness</b>	To what extent will the strategy support the achievement of the organisation's strategic aims?
<b>Impact</b>	Are there any unintended consequences? Are costs and benefits equitably distributed?

#### Feasibility of the strategy

*[Table 4.3: Feasibility of the strategy, Thinking Ahead: Developing a Financial Strategy 2018 Edition © CIPFA]*

<b>Capability</b>	Will it be possible to implement and manage the strategy?
<b>Accountability</b>	Can clear accountabilities be established and aligned with incentives?
<b>Affordability</b>	Is the strategy affordable, and does it provide value for money against alternatives?
<b>Risk</b>	Can risks be identified and either mitigated or allocated and managed?

<b>Control</b>	Are there clear success measures and mechanisms for prompt feedback and learning?
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## Acceptability of the strategy

[Table 4.4: Acceptability of the strategy, *Thinking Ahead: Developing a Financial Strategy 2018 Edition* © CIPFA]

<b>Legitimacy</b>	Is the strategy supported by those with the authority and influence to legitimise action?
<b>Participation</b>	Has there been sufficient stakeholder participation and engagement in the development of the strategy?
<b>Buy-in</b>	Is there sufficient support from both internal and external stakeholders?
<b>Equality</b>	Has an explicit equalities assessment been carried out?
<b>Probity</b>	Are the actions set out in the strategy legal and within the organisation's powers?

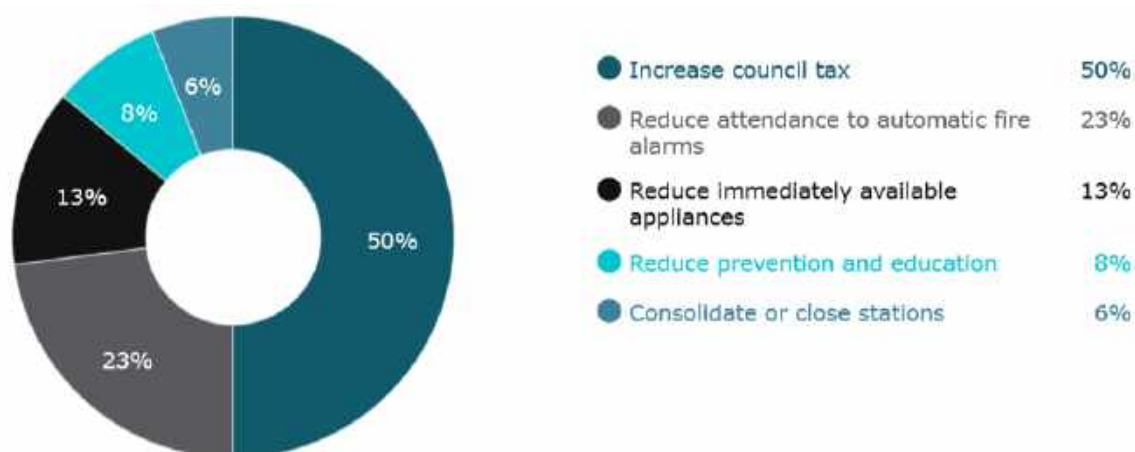
The two recommendations arising from HMICFRS's cause for concern within their inspection report (see also page 13) are that:

"At the earliest opportunity, the service should:

- ensure it has the capacity and capability to support its activity in its public safety plan; and
- consult with the people of Buckinghamshire and Milton Keynes on options to have the most effective and efficient response against the financial environment in which it operates."

The first bullet point was addressed (as far as possible given budgetary constraints) by implementing a zero-based budget approach when setting the budget for 2020-21 (see also page 26). This allowed the Authority to add an additional twenty firefighter posts to the wholetime establishment. The development of this Financial Strategy further addresses this recommendation over the medium to longer-term.

The consultation exercise was carried out while developing the Public Safety Plan 2020-25. Some possible strategies to meet future challenges were outlined to participants. These were based on the assumption that we will have done everything possible to make savings from 'back office' functions and that our service would receive no additional Government money with which to provide services. Participants were asked to allocate 100 points between the options, and their responses are summarised on the following page.



There was a clear preference amongst those consulted that the Authority should seek to increase council tax, where a one-off increase of £5 to the base amount was favoured. While the second preference was to reduce attendance to automatic fire alarms, it is unlikely this would produce significant savings. The least preferred option was to consolidate or close stations, although the reduction of immediately available fire appliances was preferred to any reduction in prevention and education activity.

Participants were also asked to rank some other possible strategies in the event of us receiving more Government money or raising additional funds ourselves through increased council tax levels. The overall ranking across all five focus groups was as follows:

- 1. Make on-call firefighting more attractive**
- 2. Keep existing stations and assets**
- 3. Recruit more firefighters**
- 4. Enhance protection (to be fit for the post-Grenfell environment)**
- 5. Upgrade crewing levels at stations**
- 6. Deliver additional services such as co-responding**
- 7. Ensure fairer urban versus rural service provision**

## Scenarios

The scenarios considered are:

- Optimistic – if the Council Tax Referendum Limit was increased to allow the Authority to increase Council Tax by £5, rather than the current 2% limit.
- No Change – as per the MTFP approved by the Authority in February 2020
- Pessimistic – reduction in Council Tax and settlement funding assessment
- Reasonable Worst Case – as per the Pessimistic Scenario, plus the loss of specific grant funding for pensions and USAR.


For each scenario, the Strategy outlines a range of additional funding available to invest (+ve) or further savings to be found (-ve).

### Possible Responses to Scenarios

In addition to the recommendations within the HMICFRS report, a further area for improvement was noted in that “The Service should use sound financial management to ensure all additional costs such as pensions liability are accounted for and that there is a contingency plan”.

The following potential responses to the financial scenarios address this area for improvement, as well as supporting the recommendation to have the most effective and efficient response against the financial environment in which we operate.

All the amounts shown below are highly dependent upon how quickly Council Tax and business rates receipts recover, as well as the amount of support that Central Government may provide to offset local losses. Therefore, the Authority will seek to avoid changes that are substantially irreversible in the short-term (e.g. closure of a station) as far as possible. However, reserves are finite and can only be used to fund any shortfalls for a limited period of time.




**Optimistic Scenario (+£500k)**

- Substantiate temporary fire protection staff
- Increase firefighter numbers to increase availability and resilience
- Continue to explore ways of increasing on-call recruitment
- Also undertake some of 'No Change' solutions to allow further investment in the above




**'No Change' Scenario**

- Reduce office footprint and adopt flexible working for office based staff
- Re-profile property maintenance and vehicle replacement programmes
- Potential outsourcing/sharing of some support functions
- Short-term use of reserves to balance budget



**Pessimistic Scenario (-£1.7 million)**

- As per Current Forecast scenario plus
- Reduce bank shift availability in line with degradation plan. This will reduce appliance availability at some locations on certain days/times.
- Removal of second pump from one or more wholetime stations



**Reasonable Worst Case Scenario (-£4 million)**

- As per Pessimistic scenario plus
- Closure of one or more fire stations
- Cessation of national Urban Search and Rescue capability

## Medium and short-term financial planning

### TURNING THE STRATEGY INTO ACTION

The previous section looked at longer-term financial plan and how to deal with future uncertainty. As well as having a long-term view, the financial strategy should also be used as the basis to prepare plans for the medium and short-term.

### THE MEDIUM-TERM FINANCIAL PLAN (MTFP)

The MTFP is the translation of the organisation's financial strategy into the near future. It also links the organisation's plans for service delivery to the financial strategy. Therefore, the MTFP cannot be just a financial document, but needs to be integrated with service planning, risk management and asset management plans.

The development of the MTFP may highlight a gap between the funding available to an organisation and the level of risk and demand that it faces. This gap needs to be narrowed through either increasing income, reducing activity or improving efficiency (or indeed a combination of these three).

### THE BUDGET AS AN INSTRUMENT OF FINANCIAL CONTROL

The annual budget has three main purposes:

- To allocate financial resources across the organisation
- To co-ordinate the use of these resources in the delivery of services
- To monitor the use of these resources over the year

The budget is derived by dividing the high-level financial objectives from the financial strategy and MTFP into smaller components that are then assigned to individual business units to act on.

## Zero-based budgeting (ZBB)

In contrast to the traditional incremental approach to budgeting where budgets are included in the plan for the next year simply because they were in the previous year’s budget, ZBB requires everything in the budget to be considered and justified. The figure below summaries the advantages (and disadvantages) of the ZBB approach:

*Explaining Zero-Based Budgeting Copyright © 2015 Deloitte Development LLC*



ZBB isn’t something that should be enacted every year, but in the same ways strategies and plans benefit from a periodic refresh, ZBB provides an opportunity to check on a periodic basis that budgets are well aligned to strategic objectives.

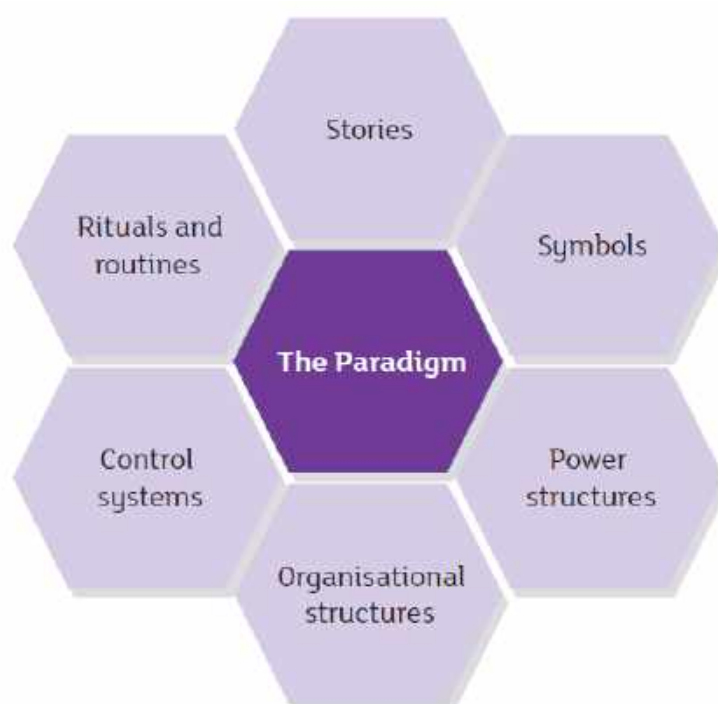


## Financial Leadership

### THE IMPORTANCE OF STRONG FINANCIAL LEADERSHIP

In all organisations, the organisational culture plays a key role in determining what is important to the organisation and, consequently, what gets done and what does not. In the Fundamentals of Strategy (Johnson G et al) the model of the cultural web is proposed, which shows six elements that contribute to the organisation's overall cultural paradigm.

[Figure 6.1: The cultural web, *Thinking Ahead: Developing a Financial Strategy 2018 Edition* © CIPFA]



A culture of effective financial planning is an essential prerequisite for the delivery of the financial strategy. This means, for example, that:

- Organisational structures need to be aligned with financial management structures and reporting lines
- Control systems need to monitor performance and prevent and/or highlight any issues
- Long-term financial planning needs to be embedded within the organisation and engaged with across departments
- The achievement of financial aims and budgets is something that should be expected
- Those responsible for developing and delivering the financial strategy, medium-term financial plan and annual budget need to have the power to do so.

The commitment to financial planning needs to come from and be promoted by those in leadership roles throughout the organisation.

## THE ROLE OF THE ORGANISATION'S GOVERNING BODY

The *International Framework: Good Governance in the Public Sector* (CIPFA/IFAC, 2014) states clearly that:

*The governing body should ensure that its decisions further the entity's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.*

Compliance with this duty can be demonstrated by the approval of a robust financial strategy, which aligns resources available to the organisation's strategic objectives. The governing body should also be involved in the strategic planning process.

## THE ROLE OF THE SENIOR MANAGEMENT TEAM

The Senior Management Team have a key role in establishing a culture where effective long-term financial planning is valued. It has a crucial role in aligning the services delivered with the resources available, as this is something that can not be achieved by the finance function working in isolation. The Senior Management Team should also seek to lead, promote and be actively involved with the strategy development and implementation process.

## THE ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer has a critical role to play in developing and implementing the financial strategy, as well as creating a culture that values effective financial planning. CIPFA's *Statement on the Role of the Chief Financial Officer in Public Service Organisations* (CIPFA, 2011) sets out clearly that:

*The Chief Financial Officer in a public service organisation:*

- *Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest*
- *Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

This financial strategy document will support the Chief Financial Officer in discharging these requirements effectively.



## Reserves Strategy

### INTRODUCTION AND BACKGROUND

Section 42A of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.

Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties.

In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The Reserves Strategy can form part of the Medium Term Financial Plan or be a stand-alone document.

### STRATEGIC CONTEXT

There are a number of reasons why a Local Government Authority might hold reserves, these include to:

- Mitigate potential future risks such as increased demand and costs
- Help absorb the costs of future liabilities
- Temporarily plug a funding gap should resources be reduced suddenly
- Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax
- Spread the cost of large scale projects which span a number of years.

Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term. Due to the fact that funding for future Capital Projects is held as an Earmarked Reserve, the overall level of reserves held by the Authority is currently still high, but will reduce significantly as the Capital programme progresses.

Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.

There are two different types of reserve, and these are:

- Earmarked Reserves – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.
- General Reserve – usage from this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

## Provisions

In addition to reserves the Authority may also hold provisions which can be defined as: a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

## RISK ASSESSMENT TO DETERMINE THE ADEQUACY OF THE GENERAL RESERVE

A well-managed multipurpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.

The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.

The Authority has set its Prudential Indicator for the General Reserve at 5% of annual budget which is a commonly used benchmark across the Fire Sector. At the start of 2020-21, the General Reserve represented 4.8% of the Authority's net revenue budget. Due to varying revenue budgets, maintaining a consistent level of General Reserve will result in the percentage varying over time. Transfers in or out of the General Reserve to conform to the 5% indicator would only be considered if there was significant variance or if resources were earmarked to another project.

The prudential indicator is a useful control measure but is a rudimentary way of assessing the adequacy of the general reserve and a more meaningful approach is to develop a risk assessment. The Authority will consider both measures as part of its annual reserve strategy.

A risk assessment of the adequacy of the Authority's General Reserve will be carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. The risk assessment for the current financial

year, 2020-21, has been prepared as part of the budget setting process and is shown on pages 32 to 33.

## **ANNUAL REVIEW OF EARMARKED RESERVES**

The Authority has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of these is reviewed annually and the Authority is informed of the latest plans for the balances held in such reserves over the medium term via the Reserves Strategy.

As part of the annual review of reserves 2019-20, Earmarked Reserves are presented in broad categories and analysed as outlined below.

### **Apprentice Reserve**

This reserve is held to fund the additional cost of recruiting new apprentices (although to date this has been funded by year-end underspends). This reserve would fund periods of over establishment and be topped-up in years where we are under established.

### **Continuing Projects Reserves**

This reserve has been created to cover any future costs on a number of large scale projects currently being undertaken by the Authority.

### **COVID-19 Reserve**

This reserve is held to fund future expenditure requirements during the coronavirus (COVID-19) pandemic.

### **Future Funding Reserve**

This reserve is held to meet known funding requirements within the medium term financial plan and to fund projects from underspends in the previous year.

### **Revenue Contribution to Capital Reserve**

This reserve represents funding set aside to contribute towards future capital expenditure in order to mitigate the need to fund the expenditure through additional borrowing.

### **Usable Capital Receipts Reserve**

This reserve receives monies from the sale of capital assets and uses these monies towards the purchase of new assets.

### **Control Room Reserve**

This reserve contains the renewals fund used to replenish the Joint control room assets. This is not shown in the chart on page 34 as the funds are held by Oxfordshire County Council on behalf of the three Thames Valley Services, but accounting regulations dictate it is shown in our Statement of Accounts (our share of the balance as at 31 March 2020 was £534k).

**RISK ASSESSMENT OF THE ADEQUACY OF GENERAL RESERVES**

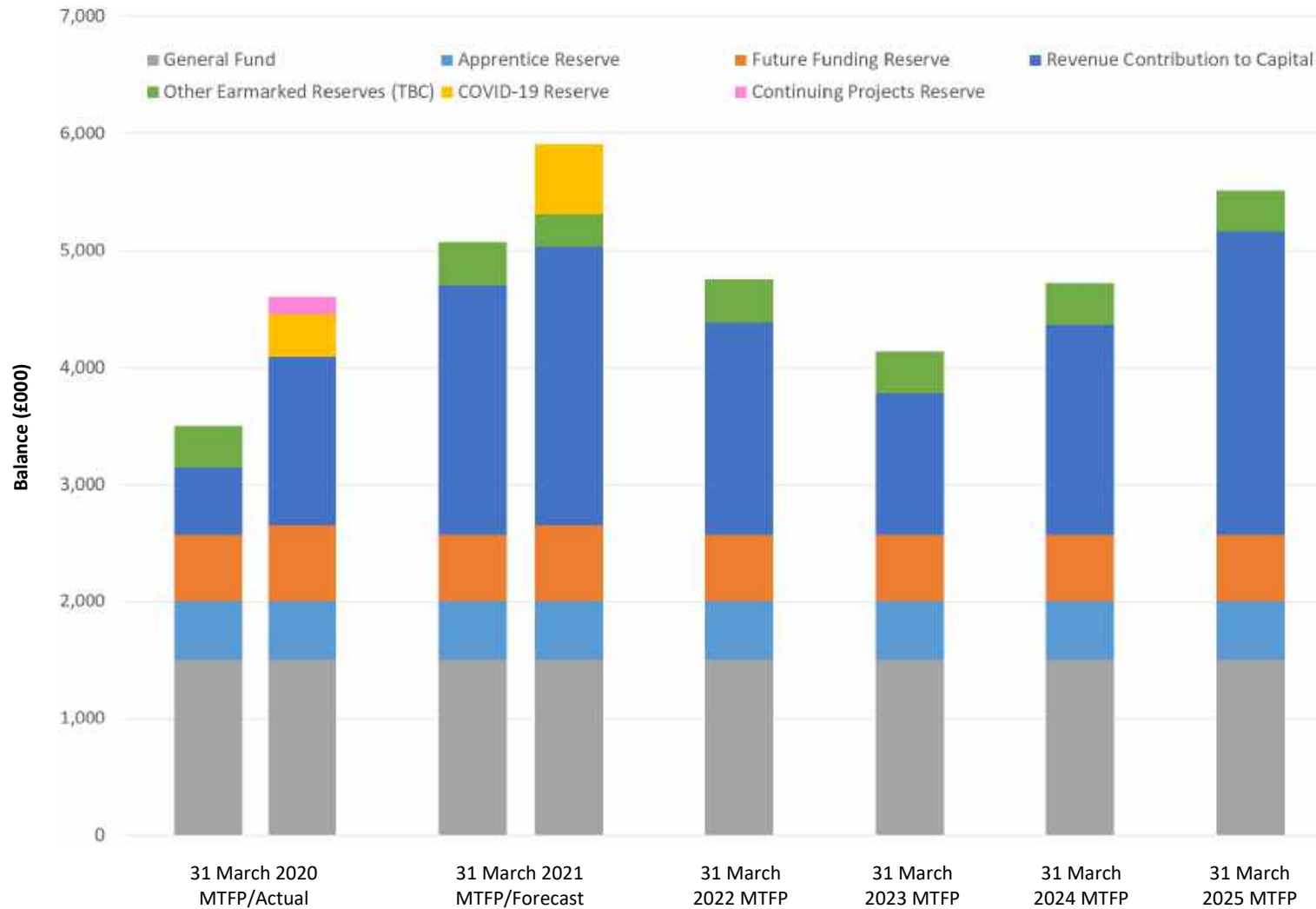
The table below shows the calculation of the amount required to be held in the General Fund.

Budget Assumptions	Financial standing and management assessment/impact	Comments	Amount Required £000
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc.). Rises in the prices of some commodities, eg fuel, highlight the relevance of using a number of inflation rates in the budget and financial strategy, and considering whether general reserves are adequate to deal with unexpected increases. Volatility in the financial markets also points to the need to consider investment and borrowing risks and their impact on income.	Pay inflation is a significant risk if increases above 2% are not funded centrally. The amount required is based on an additional 1% award.	300
Estimates of the level and timing of capital receipts	The authority’s track record in budget and financial management including the robustness of the medium term plans. Authorities will also need to take into account changes in the property market, and adjust estimates and assumptions for reserves accordingly.	This amount is based on 5% of the total estimated capital receipts within the capital programme	100
The treatment of demand led pressures	The authority’s capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term.	An amount has been set aside to help fund any recommendations that may come from the Grenfell Tower inquiry or the McCloud/Sargeant judgement	200
The treatment of planned efficiency savings/ productivity gains	The strength of the financial information and reporting arrangements. The authority should also be in a position to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed.	A key future efficiency within the Medium Term Financial Plan is the property saving associated with consolidating our current property portfolio. This is the amount required if planned savings are delayed by one year.	100

Budget Assumptions	Financial standing and management assessment/impact	Comments	Amount Required £000
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/overspends at authority and department/directorate level. Risk management measures in relation to partnerships, including consideration of risk allocation. Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements.	This amount is based on 15% of the total estimated expenditure on the capital programme for 2020/21. There is a specific risk in relation to vehicles and potential increases in import tariffs.	200
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks. When considering insurance cover, the structure of the cover as well as the overall level of risk should be taken into account. Risk assessments should be used when balancing the levels of insurance premiums and reserves.	The insurance excess is set at £5,000 for the majority of claims. There is a risk that there may be a large number of high value claims. This value assumes ten claims over £5,000 in any one year.	50
The general financial climate to which the authority is subject	External factors, such as future funding levels expected to be included in Spending Reviews and expected referenda principles and limits, will influence an authority's ability to replenish reserves once they have been used. Any plans for using reserves will need to consider the need and ability of the authority to replenish the reserves, and the risks to which the authority will be exposed whilst replenishing the reserves.	There are risks to the continuation of the fire specific revenue grants that the Authority currently receives, covering Urban Search and Rescue (USAR), Firelink (control room communication links) and pension grant funding. This amount is based on 10% of the specific grants receivable for 2020/21. An additional £250k has been included due to additional risks posed by Covid-19	550
<b>Total Required</b>			<b>1,500</b>

**PROJECTED RESERVE BALANCES OVER MEDIUM TERM FINANCIAL PLAN PERIOD**

The chart below shows balances forecast in the MTFP approved in February 2020 vs. actual/latest forecast balances.



Of the amounts on the previous page, the following reserves and forecast year-end balances could be used to meet a potential funding deficit in 2021-22:

- Apprenticeship Reserve (£500k)
- COVID-19 Reserve (£595k)
- Future Funding Reserve (£651k)

This gives a total potential one-off use of reserves to allow the Authority time to implement necessary actions of circa £1.75m. (It is anticipated that a significant portion of the reserves currently forecast as 'other earmarked TBC' will be required to be placed into a Protection reserve as they relate to specific funding so would not be available for other purposes). Should an amount higher than £1.75m be required the Authority could also look to utilise some of the Revenue Contribution to Capital Reserve and reprofile the capital programme.

### **EXTRACT FROM NATIONAL FRAMEWORK REFERENCE RESERVES**

#### **Reserves**

- 5.7 Fire and rescue authorities should establish a policy on reserves and provisions in consultation with their chief finance officer. General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.
- 5.8 Each fire and rescue authority should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium term financial plan (and at least two years ahead).
- 5.9 Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan. The strategy should be set out in a way that is clear and understandable for members of the public, and should include:
- how the level of the general reserve has been set;
  - justification for holding a general reserve larger than five percent of budget; and
  - details of the activities or items to be funded from each earmarked reserve, and how these support the FRA's strategy to deliver a good quality service to the public. Where an earmarked reserve is intended to fund a number of projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.
- 5.10 The information on each reserve should make clear how much of the funding falls into the following three categories:

**Annex 1**

- a) Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- b) Funding for specific projects and programmes beyond the current planning period.
- c) As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)



## The CIPFA Financial Management Code: Assessment of Compliance against Consultation Version

### OBJECTIVES

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for local authorities.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

Each local authority must demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the CIPFA FM Code is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.

### PRINCIPLES OF GOOD FINANCIAL MANAGEMENT

The CIPFA FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

The principles have been designed to focus on an approach which will assist in determining whether, in applying standards of financial management a local authority is financially sustainable:

- Organisational **leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture
- **Accountability** - based on medium term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.

- The long-term **sustainability** of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.

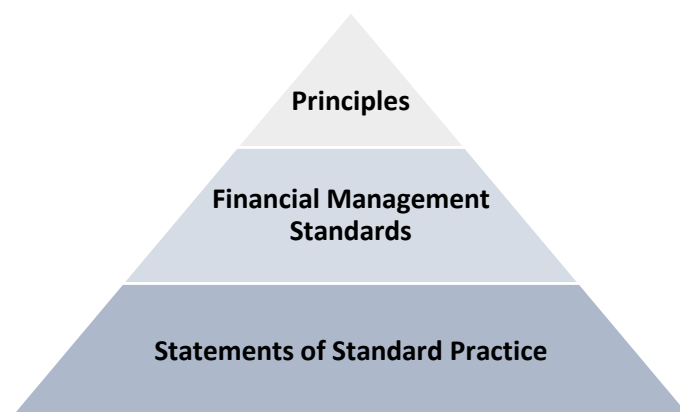
## THE STRUCTURE OF THE CODE

To enable authorities to test their conformity with the CIPFA Principles of Good Financial Management, the CIPFA FM Code translates these principles into:

- Financial Management Standards; and
- Statements of Standard Practice.

The principles set out are supported by defined financial management standards, the adherence to which will be by application of statements of standard practice.

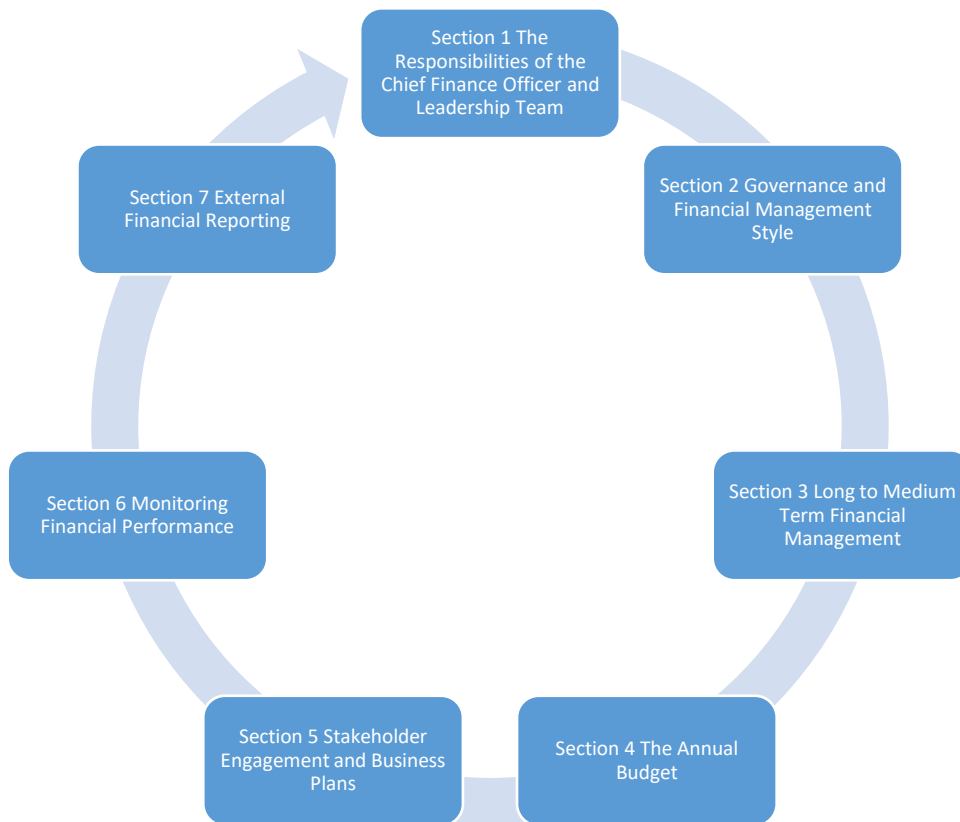
*[The Structure of the Code [p7], The CIPFA Financial Management Code [Consultation Version] © CIPFA]*



**FINANCIAL MANAGEMENT STANDARDS AND STATEMENTS OF STANDARD PRACTICE**

CIPFA expects that compliance with the FM Code will typically be achieved by documenting compliance with the Statements of Standard Practice that underpin each of the Financial Management Standards. The Authority’s current level of compliance and any actions required to achieve full compliance are detailed on pages 4 to 16. This list is divided into sections, each of which forms part of what is referred to in the Code as the ‘Virtuous Management Cycle’:

*[The Virtuous Financial Management Cycle [p11], The CIPFA Financial Management Code [Consultation Version] © CIPFA]*



A chart showing how each of the Financial Management Standards support the Principles of Good Financial Management is shown on page 17.

## Assessment of Compliance with Statements of Standard Practice

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
	<b>Section 1 The Responsibilities of the Chief Finance Officer</b>			
<b>A</b>	<b>The leadership team demonstrates that the services provided by the authority provide value for money.</b>	<b>N/A</b>	<b>Compliance is demonstrated by the application of other Standards and Statements in the FM Code</b>	
<b>B</b>	<b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b>	<b>H</b>		
B1	The Chief Finance Officer in a public service organisation is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest.	H	The Director of Finance and Assets is a key member of the Senior Management Team involved in developing and implementing strategy.	
B2	The Chief Finance Officer must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation’s financial strategy.	H	All material decisions that require the approval of senior officers or Members must have first been considered by the Director of Finance and Assets.	
B3	The Chief Finance Officer must lead the promotion and delivery by the whole organisation of good financial management so	M	Good financial management is promoted throughout	Undertake a review of the skillsets of officers and elected members

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
	that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The Chief Finance Officer should regularly review the skillsets of elected members and all officers with budget/financial management responsibility and ensure appropriate support is provided.		the Authority through regular communication. All managers with budgetary responsibility receive training and regular one-to-one meetings with a member of the Finance team.	and offer further training where required.
B4	The Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose The Chief Finance Officer should regularly review the skillsets of all finance staff with senior budget/financial management responsibility and ensure ongoing appropriate support is provided. The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence.	H	The Finance function is adequately resourced and fit for purpose. A training needs analysis is undertaken annually for all Finance staff. The majority of the team are either qualified or actively studying for a qualification.	
B5	The Chief Finance Officer must be professionally qualified and suitably experienced. The Chief Finance Officer must be able to demonstrate adherence to professional CPD requirements on an annual basis.	H	The Director of Finance and Assets is a Fellow of CIPFA with over fifteen years of experience in local government finance. CPD is demonstrated as part of their membership obligations.	

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
B6	<p>The Chief Finance Officer should promote the highest standards of ethical behaviour in the conduct of financial management.</p> <p>Professionally qualified staff should evidence an ongoing commitment to the principles of objectivity, integrity professional behaviour, professional competence, dues care and confidentiality.</p>	M	Professionally qualified staff are required to adhere to the ethical standards of their professional bodies.	Review how to promote ethical financial management throughout the organisation.
B7	<p>To enable financially informed decision making:                      The Chief Finance Officer should be able to provide the leadership team with sound advice on the key principles of local government finance; and                      The Chief Finance Officer should be able to demonstrate a sound system which ensures the authority has access to high standards of technical financial advice.</p>	H	<p>The Director of Finance and Assets is an integral part of the leadership team and provides sound advice as part of this role.</p> <p>The authority also has access to technical advice through external contracts for funding, taxation, audit and pensions, as well as a forum within the Fire Finance Network to discuss national issues.</p>	
B8	<p>The chief finance officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions.</p>	H	The affordability of the capital strategy is an integral part of the medium-term financial plan.	
B9	<p>The chief finance officer must establish the reporting and monitoring processes, and integrate the treasury management indicators into the overall financial planning process.</p>	H	There is an established process for reporting and monitoring.	

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
			Treasury Indicators are approved alongside the budget each year.	
B10	The Chief Finance Officer of Local Government Pension Scheme (LGPS) administering authorities satisfies the requirements of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2013 edition).	N/A	The LGPS is administered by Buckinghamshire Council.	
<b>Section 2 Governance and Management Style</b>				
<b>C</b>	<b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</b>	<b>H</b>	<b>Internal controls are tested annually as part of the work of Internal Audit, with the most recent audit providing substantial assurance (the highest rating).</b>	
<b>D</b>	<b>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</b>	<b>H</b>		
D1	The authority maintains an effective audit committee	H	The Authority has an Overview and Audit Committee that meets at least three times per year.	
D2	The audit committee receives and monitors the implementation of internal and external audit recommendations. When threats to the financial sustainability of the authority are identified by auditors the audit committee should ensure that the recommendations are communicated to	H	An update on the progress of recommendations arising from audit reports is a standing agenda item for the	

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
	the leadership team and that the committee are informed of the effectiveness of the leadership team’s response.		Overview and Audit Committee. All audit reports and recommendations are considered by the Senior Management Team.	
D3	The authority has a PSIAS conformant internal audit function	H	The internal audit function is provided by Buckinghamshire Council and is compliant with PSIAS.	
<b>E</b>	<b>The Financial Management Style of the authority supports financial sustainability</b>	<b>M</b>		
E1	The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the political leaders, elected members to directors, finance officers and front line service managers.	H	Financial Regulations and Instructions provide a clear and understandable framework for accountability.	
E2	Finance teams and the organisation they support are actively committed to continuous improvement focused on efficient and effective delivery and organisational performance.	M	Finance act as effective business partners, working closely with cost centre managers.	Integrate performance and financial information with a focus on monitoring and achieving continuous improvement.
E3	Enabling transformation: the finance team have input into strategic and operational plans taking into account proactive risk management, clear strategic directions and focus-based outcomes	L	While Finance have input into strategic and operational plans, this is not necessarily	Implement a Programme Management Office and review internal



	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
			always at an early enough stage to support and enable transformation.	governance arrangements that underpin this.
E4	Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.	H	Budgets and financial approval limits are clearly delegated to cost centre managers. Meetings are held monthly with cost centre managers to ensure implications of decisions are understood and that managers are responsible for those decisions.	
E5	The financial management of the authority has been critically evaluated	H	Internal Audit reviews core financial controls on an annual basis and has also undertaken an audit of financial planning and budget monitoring and forecasting, both of which received substantial assurance.	
<b>Section 3: Long to Medium Term Financial Management</b>				
<b>F</b>	<b>The authority has carried out a credible and transparent Financial Resilience Assessment.</b>	<b>H</b>		

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
F1	Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges.	H	Financial resilience is tested against various scenarios within the Financial Strategy	
F2	The authority uses independent objective quantitative measures to assess the risks to its financial sustainability.	H	Key objective measures are used to assess financial stability and risks.	
F3	Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners.	M	Key partners are evaluated before entry into formal arrangements.	Key partners should be reviewed to ensure they maintain the same high standards of conduct with regard to financial administration and corporate governance that apply throughout the Authority and they contribute to the achievement of the Authority's objectives.
<b>G</b>	<b>The authority has a Long Term Financial Strategy for financial sustainability.</b>	<b>H</b>	<b>This is covered within the Financial Strategy</b>	
<b>H</b>	<b>The authority has a capital strategy aligned to its long term financial strategy</b>	<b>H</b>		
H1	The authority has an asset management plan that reviews the condition, sufficiency and suitability of assets in the light of business needs, and ambitions of the Medium - Long Term Financial Strategy	H	A condition survey is carried out on a regular basis by external consultants, which provides a total cost	

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
	The plan should evidence rigorous assessment of asset portfolio in relation to service delivery.		and prioritisation to inform the Property Strategy and MTFP. Regular reviews of station/fleet numbers and locations are undertaken to assess the asset portfolio against service requirements.	
H2	The authority maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.	H	Information regarding whole-life cost of assets is maintained within the Redkite system	
<b>I</b>	<b>The authority complies with the CIPFA Prudential Code</b>	<b>H</b>	<b>Compliance is reported annually to the Fire Authority</b>	
<b>J</b>	<b>The authority has a rolling multi-year Medium Term Financial Plan</b>	<b>H</b>	<b>The MTFP is approved by the Fire Authority annually</b>	
<b>K</b>	<b>The authority has sustainable service plans that are consistent with its long term financial strategy and the medium term financial plan.</b>	<b>M</b>		
K1	The Medium Term Financial Plan should make reference to other organisational plans (e.g. workforce planning) and performance measures to demonstrate an alignment between service and financial planning.	M	Whilst other plans (e.g. workforce planning) are central to the MTFP, this link isn't explicit in published documents.	Included references to other plans within future MTFP papers.

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
K2	The authority has benchmarked the performance of its services against appropriate comparators.	H	The Authority uses CIPFA benchmarking services to consider performance against other fire and rescue services.	
K3	To inform the Leadership Team’s decisions the authority has a single document tracking progress in the delivery of planned savings over the period of the Medium Term Financial Plan.	M	The service has reported progress against its Efficiency Plan, but this was retrospective rather than on-going. Delivery of savings is included with the budget monitoring report, but these only consider the current financial year.	Include a more detailed savings tracker that covers the medium-term with the budget monitoring reports.
K4	The authority publishes it plans for the use of reserves over the over the period of the Medium Term Financial Plan The level of reserves at 31st March in any one year should not be fall below the level previously agreed. The authority should demonstrate adherence to the most recent guidance on reserves from CIPFA’s Local Authority Accounting Panel	H	The Authority has an approved Reserves Strategy that details plans for reserves over the period of the MTFP. This plan is compliant with CIPFA guidance.	
<b>Section 4: The Annual Budget</b>				
L	<b>The authority complies with its statutory obligations in respect of the budget setting process</b>	<b>H</b>	<b>All statutory obligations are fulfilled with the annual MTFP paper.</b>	

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
<b>M</b>	<b>The budget report includes an assessment of its consistency with the current medium term financial plan and long term financial strategy.</b>	<b>M</b>		
M1	The annual report proposing the budget includes an analysis of the success/failures in achieving the spending plans of the previous year and of departures from the planned use of reserves and balances.	M	Whilst these are considered in other reports they are not part of the budget setting report.	Include these aspects in the annual budget setting report.
<b>N</b>	<b>The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</b>	<b>H</b>	<b>This is included within the annual budget setting report.</b>	
	<b>Section 5: Stakeholder Engagement and Businesses Cases</b>			
<b>O</b>	<b>The authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget.</b>	<b>H</b>	<b>The long-term strategy is informed by the Public Safety Plan, which is consulted upon widely. It has also been through the internal governance process.</b>	
<b>P</b>	<b>The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions</b>	<b>H</b>		
P1	Option appraisal complies with IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (Annex C to CIPFA FM Code)	M	Option appraisal complies with the principles, but this is not formally documented.	Ensure process makes explicit reference to these principles.

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
P2	The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process.	H	The accounting treatment and impact is determined at the time of the decision.	
Q	<b>The authority applies the principles contained in the CIPFA Service Reporting Code of Practice and utilises appropriate costing techniques in the development of business cases</b>	H	<b>SeRCoP principles are utilised consistently.</b>	
<b>Section 6: Performance Monitoring</b>				
R	<b>The authority takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</b>	M		
R1	Timely time financial and performance information is available to managers via the appropriate systems. The systems are engineered to provide relevant data at a sufficiently accurate level. The organisation ensures that information is appropriately tailored and streamlined to avoid the risk of 'data overload'.	H	Managers are able to access information on demand. Reports have been developed with budget holders to provide them with the correct level of information.	
R2	All Financial monitoring reports include: <ul style="list-style-type: none"> <li>• The name of the budget holder responsible for the information presented</li> <li>• Accruals based financial information</li> <li>• Include the approved budget against which monitoring is taking place.</li> <li>• A forecast for the remainder of the budget period,</li> <li>• Service performance information and</li> </ul>	M	Monitoring reports don't include other performance information.	Agree what other performance information may be required and include in monthly monitoring reports.

	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
	- is shown, for instance by reconciliations, to be consistent with the aggregate position for the authority.			
R3	Financial monitoring reports for high risk budgets are: <ul style="list-style-type: none"> <li>Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis.</li> </ul> Financial monitoring reports for steady state/low risk budgets are: <ul style="list-style-type: none"> <li>Received by budget holders on a monthly basis</li> <li>Received (in aggregate) by the leadership team on a regular basis (in aggregate) by the leadership team.</li> </ul>	M	The leadership team only consider budgets on a quarterly basis.	Distribute monthly monitoring reports, including a focus on high-risk budgets, to the Formal Senior Management Board on a monthly basis.
R4	The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments.	H	In-year budget realignments can be approved by either the Director of Finance and Assets, Senior Management Team or Executive Committee (depending on value)	
R5	At the financial monitoring period end the leadership team receives a set of financial statements with forecast outturn for the year ahead	M	These are currently only received by the leadership team on a quarterly basis	Monthly reports are already produced. These are to be consolidated and circulated to the monthly Formal Senior Management Board meetings (see also R3).
R6	There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation’s delivery partnerships and collaborative arrangements.	H	Thames Valley collaborative arrangements are overseen by Officer	

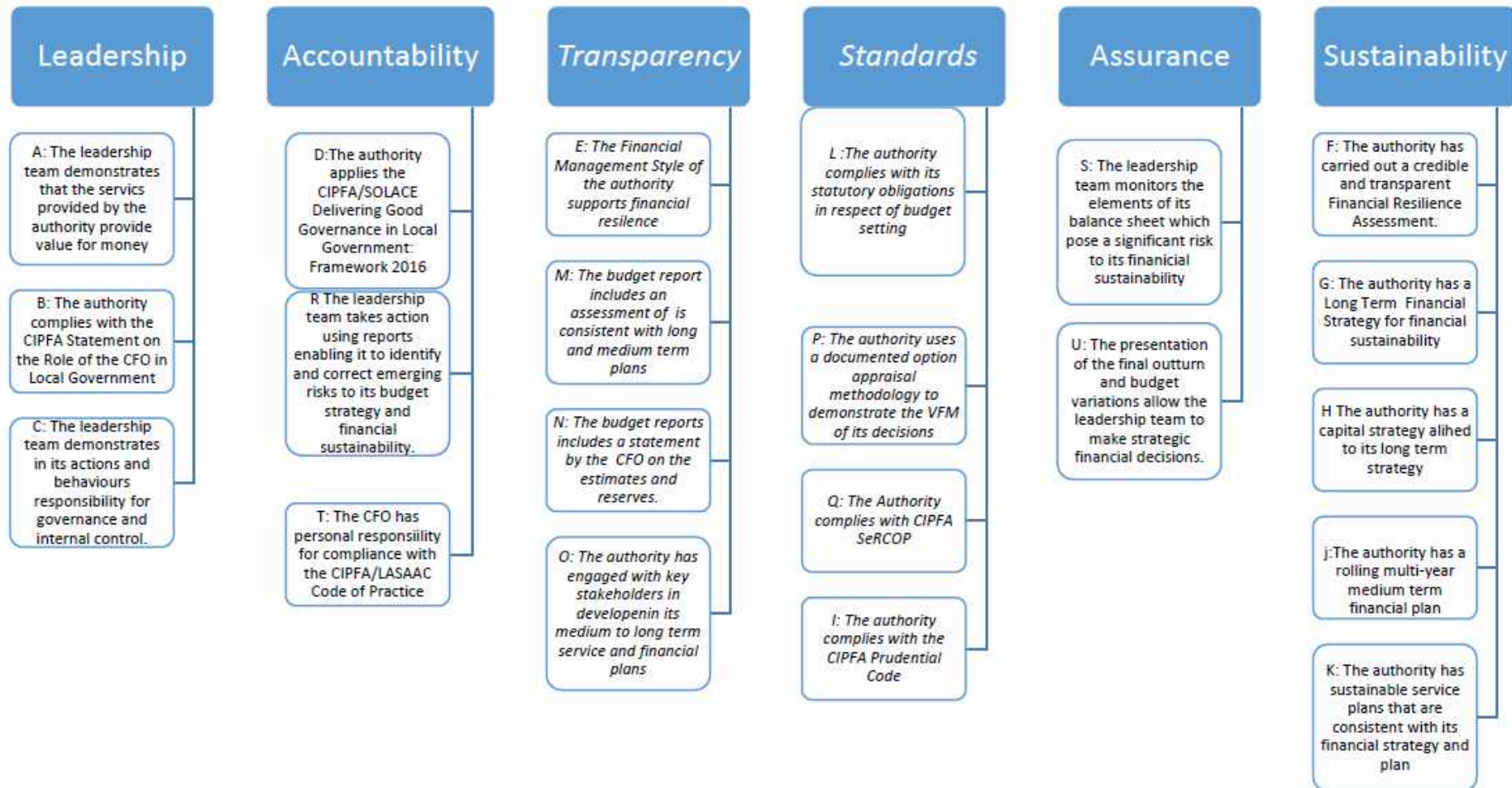
	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
			and Member steering groups and/or committees. Partnerships are reported to the Overview and Audit Committee annually.	
R7	There are appropriate arrangements in place for the project management and cost control of capital projects.	H	Capital projects are monitored on a monthly basis.	
<b>S</b>	<b>The authority monitors the elements of its balance sheet which pose a significant risk to its financial stability</b>	<b>H</b>		
S1	Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to Council.	M	Movements in reserves are reported quarterly, although the report does not explicitly distinguish between planned and unplanned movements in reserves.	The budget monitoring report should make explicit the distinction between planned and unplanned movements in reserves.
S2	Management accounts include either a full balance sheet or an appropriate level of balance sheet information to meet business needs and evidence of monitoring of material items	H	Management accounts include reserves, and where relevant, stock balances.	
<b>Section 7 External Financial Reporting</b>				
<b>T</b>	<b>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.</b>	<b>H</b>	<b>The annual accounts are reviewed and signed by the Director of Finance and Assets</b>	



	Section/Financial Management Standard/Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment	Further Action (if required)
U	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	H	An annual report is presented that informs strategic decision making.	

## Mapping of CIPFA summarised Financial Management Standards onto CIPFA Principles of Good Financial Management

[p10, The CIPFA Financial Management Code [Consultation Version] © CIPFA]





# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 November 2020
<b>OFFICER</b>	Anne-Marie Carter, Head of ICT, Transformation and PMO
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Emergency Services Mobile Communications Programme (ESMCP)</b>
<b>EXECUTIVE SUMMARY</b>	<p>This paper provides Members with an update regarding the latest developments in the Emergency Services Mobile Communications Programme (ESMCP). The last briefing was provided to Members in July 2020.</p> <p>Members will recall that in previous information papers, reference has been made to the Full Business Case (FBC) which has yet to be made available for all User Organisations (UOs) to review.</p> <p>The latest iteration of the FBC, version 0.08d dated 18 September 2020, has been reviewed by the National Fire Chiefs Council (NFCC) Strategic Lead for Operational Communications (CFO Darryl Keen and the Fire Customer Group and a letter of response has been submitted to the Senior Responsible Owner for the Programme, Stephen Webb. This letter can be seen at Appendix A.</p> <p>This draft of the FBC continues to be reviewed and is continuing on its governance route as approval is needed for many governmental purposes, including treasury approvals, funding and commercial / contractual purposes.</p>
<b>ACTION</b>	Noting.
<b>RECOMMENDATIONS</b>	Members are requested to note this report and Appendix A, the letter from the NFCC dated 20 October 2020.
<b>RISK MANAGEMENT</b>	<p>The letter from CFO Darryl Keen, Strategic Lead for Operational Communications for the NFCC provides feedback on the latest draft of the ESMCP Full Business Case (FBC) version No. 0.08d dated 18/09/20.</p> <p>The FBC is currently going through a process of review and approval within the Home Office with an indicative timeline of completion to go to the Minister in the Spring of 2021.</p>

	<p>There have been some changes in the governance and leadership of ESMCP which were announced last week, so it is not anticipated that there will be any update to the FBC for the next few weeks at least, but the current draft will continue on its governance route as approval is needed for many governmental purposes, including treasury approvals, funding and commercial / contractual purposes.</p> <p>There is other developing information from the Programme which indicates a further delay in the delivery of the Prime product. At the time of writing, it is not known if there are any implications for overall programme timelines or the review of the FBC.</p> <p>The current version of the FBC presents four options for the future of the ESMCP:</p> <ul style="list-style-type: none"> <li>• Option 1: Stop ESN and continue with Airwave indefinitely (Do Minimum)</li> <li>• Option 2: stopping ESN, extending Airwave and starting a new Programme to replace it from April 2022.</li> <li>• Option 3a: incremental delivery of ESN, with a risk based, expected Airwave Shut Down date of June 2025. The base case of Airwave shut down for this option is November 2024.</li> <li>• Option 3b: incremental delivery of ESN, with a risk based expected Airwave Shut Down date of February 2024. The base case of Airwave shut down for this option is June 2023 - this being the <i>Programme</i> preferred option.</li> </ul> <p>The FBC leans towards the dismissal of options 1 and 2, as they would lead to the on-going maintenance of the current Airwave provision. Option 3a would see incremental delivery of ESN, with an Airwave shut down date between November 2024 and June 2025.</p> <p>Option 3b minimises the on-going use of Airwave, which adds substantial costs to the Programme. This option offers incremental delivery of ESN, with an expected Airwave shut down date between June 2023 and February 2024. The earliest possible transition, from Airwave to ESN, remains the best long-term option from the Programme perspective as ESN will be cheaper than Airwave long term and maintaining both systems concurrently is extremely costly.</p> <p>However, due to the absence of detailed plans, assumptions and other information that sit behind options 3a and 3b, the NFCC and CFO Keen are not in a position to offer a firm view or any assurance around either option.</p> <p>There has been regular input to the Fire Customer Group (FCG) from across the fire sector including the</p>
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	<p>South Central region and these issues are addressed in detail through the NFCC letter. DCFO Steve Foye of Royal Berkshire currently chairs the South Central ESMCP Board and regularly attends the National FCG, to ensure our concerns are raised for consideration.</p> <p>It is clear in the letter from CFO Keen, that the NFCC does not yet feel sufficiently informed to assure the FBC on grounds of technical and operational viability, and its ability to deliver.</p> <p>The concern that ESN will cost Fire and Rescue Authorities more at local level than they currently pay for Firelink is becoming more pressing. Essentially, whilst the overall cost for the ESN is expected to be cheaper than Airwave, the distributed costs at an individual FRS level could be higher. The NFCC have been clear that Fire Authorities will want high levels of assurance on the financial elements, in particular the non-core and in full life costs that would fall to these Fire Authorities. To date, this detail has not been made available to User Organisations.</p> <p>An anticipated revised draft of the FBC may address some of the matters raised in the letter from CFO Keen. It also notes that a number of Fire Authorities have expressed their desire to provide feedback on the FBC. The NFCC are exploring with the Local Government Association how a collective view can be given and officers belief this collective approach, as seen in the NFCC letter, offers a powerful voice.</p> <p>The view of the NFCC, however, still supports the premise that ESN ultimately provides the best strategic fit for the future of emergency services communications and is anxious to continue to work with the Programme to find solutions to the issues already outlined.</p> <p>It is not recommended that any formal action should be taken by Members of the Executive Committee and the Fire Authority at this time due to there being:</p> <ul style="list-style-type: none"> <li>• robust and detailed feedback in the NFCC letter to the National Programme</li> <li>• a revised FBC expected imminently</li> <li>• methods of LGA feedback being explored</li> </ul> <p>Officers will continue to work together at local and regional levels to provide input to the FBC and will liaise with Chairman of the Fire Authority and the Chairman of the Executive Committee if a formal consideration of the FBC and written comment to the national programme is required at a future date.</p> <p>It should also be noted that the Programme has announced that the ESMCP Senior Responsible Owner (SRO) has stepped down with immediate effect. An interim SRO has been appointed pending the</p>
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	<p>appointment of a permanent SRO but to date we have not received any further information regarding who that is. The Programme has recognised that there is now a requirement for a full time SRO to take the Programme towards transition.</p> <p>The reporting line for the Programme will shortly be moving from Digital Data and Technology to the Crime, Policing and Fire Group within the Home Office. The Programme have stated that this has been planned for some time and they feel that the technology has developed to a point where it is known what the solution will look like. As the Programme moves towards the =transition phase, it is felt that the move will benefit from established relationships within the police and fire sectors.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The NFCC considers the economic case contained within the latest version of the FBC a priority which needs to be addressed. There remains a lack of clarity regarding the future operating model (FOM) and the NFCC considers itself to be unsighted on any proposals from the Programme regarding the FOM. It does, however, have clear ideas on what it should contain and are of the opinion that the success of the ESN delivery is heavily dependent on the FOM.</p> <p>This lack of clarity impacts the finance case in terms of the 'cost of the FOM, its remit, how the funding for it will be recouped and flow, and how any ESN core charges will be funded.' NFCC has requested the provision of a cost modelling tool from ESMCP Finance so that User Organisations are able predict costs at a local level.</p> <p>The concern remains that 'in life' ESN will cost more than the current Airwave system and it is felt that in order to provide assurance and approval of the FBC at FRS and NFCC level, the provision of the tool and further detailed information is critical.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>Buckinghamshire Fire and Rescue Service have already signed up to the principles of the ESN. Officers will continue to monitor the progress of the Programme closely and will provide challenge to the process where it is felt necessary.</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b></p>	<p>This Authority remains an active participant of the South Central Transition Delivery arrangements. The governance and delivery models have now been established and Buckinghamshire Fire and Rescue Service officers are involved at each level. The principle has been adopted that information is shared across all three South Central services and where appropriate, joint responses to work requests are submitted.</p> <p>Funding awards have been pooled centrally, and Buckinghamshire Fire and Rescue Service act as</p>

	treasurers for the region.
<b>HEALTH AND SAFETY</b>	There are no health and safety implications perceived at this time. There is constant review of this and any issues that may arise in the future will be referred.
<b>EQUALITY AND DIVERSITY</b>	There have been no equality and diversity implications identified to date. As the programme progresses, further information, and a confirmed plan become available, then an Integrated Impact Assessment will be completed.
<b>USE OF RESOURCES</b>	As stated in previous updates to Members, the organisation's Programme Manager is the Project Manager for ESMCP delivery.  The Head of ICT, Transformation and PMO is the Senior User for this Authority.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>ESMCP is the programme, which will provide the next generation of mobile communications for emergency services and will replace the Airwave Tetra network introduced to fire services in 2009.</p> <p>The Programme is considered to be ground breaking and innovative and is designed to improve the integration of emergency services communications by taking advantage of 4G communications developments and by reducing costs to user organisations.</p> <p><b>Provenance</b></p> <p>ESMCP Update, Executive Committee July 2020  <a href="https://bucksfire.gov.uk/documents/2020/07/item-7-emergency-services-mobile-communication-programme.pdf/">https://bucksfire.gov.uk/documents/2020/07/item-7-emergency-services-mobile-communication-programme.pdf/</a></p>
<b>APPENDICES</b>	Appendix A: NFCC Response to Stephen Webb re FBC
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Marie Crothers – Programme Manager <a href="mailto:mcrothers@bucksfire.gov.uk">mcrothers@bucksfire.gov.uk</a> 01296 744430 / 07765 001907

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**Stephen Webb**, ESMCP SRO

By email

20<sup>th</sup> October 2020

Dear Stephen,

**Feed back on the latest draft of the Emergency Services Mobile Communications Programme Full Business Case (FBC)**

Thank you very much for the opportunity to provide feedback on the latest draft of the Emergency Services Mobile Communications Programme (ESMCP) Full Business Case (FBC), Version No. 0.08d dated 18/09/20.

Please accept my apologies that the National Fire Chiefs Council (NFCC) weren't able to meet the deadline of 16<sup>th</sup> October for a return, however with Senior Users only having sight of the output of the Motorola Prime re-planning on Friday 16 October, and associated communications not yet issued, time has been needed to assess this new information and its implications for the FBC.

In considering feeding back, it is recognised that providing an FBC for a complex technical endeavour such as ESMCP will always be a challenge, especially with so many moving pieces and a wide number of stakeholders and user communities, often with competing demands.

We are aware that a further revision to the FBC will be undertaken and an updated draft presented as part of the pack for the Major Projects Review Group (MPRG) towards the end of October. Therefore, please note that these comments are in respect to version 0.08d, dated 18<sup>th</sup> September 2020, and not any subsequent iteration.

The view of the National Fire Chiefs Council (NFCC) reflects that the ESMCP FBC has 3 main purposes:

- To provide an objective overview, analysis and detail that informs debate and decision making on the future viability and direction of the Programme
- To provide detailed financial information and assumptions that will form part of any bids into the impending and future Spending Review (SR) processes
- To provide detail of costs, including assumptions, such that these can be incorporated into User Organisations (Fire Authority) medium- and longer-term financial planning.

The NFCC recognises that previously sign off for the FBC for English Fire and Rescue has been undertaken by our overseeing Government Department, Home Office as funding sponsor body (FSB), we expect this to continue. NFCC assists with key inputs into these decisions by providing assurance of the FBC in terms of its:

- Technical viability
- Operational viability
- Overall deliverability

However Fire and Rescue Services and their overseeing Fire Authorities will want high levels of assurance on the financial elements, in particular the non-core costs which will directly affect them. A significant part of the need for this assurance is a growing concern that ESN will cost Fire and Rescue Authorities more at local level than they currently pay for Firelink (Airwave).

As currently presented the Draft FBC presents 4 options for the future of ESMCP

- Option 1: Stop ESN and continue with Airwave indefinitely (Do Minimum)
- Option 2: stopping ESN, extending Airwave and starting a new Programme to replace it from April 2022.
- Option 3a: incremental delivery of ESN, with a risk based, expected Airwave Shut Down date of June 2025. The base case of Airwave shut down for this option is November 2024.
- Option 3b: incremental delivery of ESN, with a risk based expected Airwave Shut Down date of February 2024. The base case of Airwave shut down for this option is June 2023 - this being the *Programme* preferred option.

Given the limited information within the draft FBC options 1 and 2 appear to offer little long-term benefit to the FRS user community. Technologically, options 3a and 3b appear to be in step with the NFCC's view that ESN offers the best strategic fit for the future of emergency services communications in providing mission critical voice and mobile broadband communications through a 4G / LTE capability. It further supports and complements other forthcoming technologies in the emergency services communications arena, such as the next generation of the 999 / 112 system.

However without the detailed plans, assumptions and other information that sit behind options 3a and 3b, the NFCC is not able to offer a firm view or any assurance around either option. At the start of the FBC revision process in the summer of 2020, the NFCC believed that the technical delivery components of plan 3a were already under considerable pressure in terms of meeting relevant milestones. In the main these concerns have centred around historic issues with supplier performance, in particular Motorola, combined with limited commercial leverage to address these issues. Consequently, we believe there was, and remains, over optimism with the base case dates, even factoring in the proposed contingency at P50 and P90 these do not provide sufficient assurance that ESN could be successfully and safely delivered within the cost and time envelope.

Users have very recently been made aware that the Prime replanning exercise undertaken by the Programme and suppliers has identified that Prime gate 5 has been further delayed by almost 6 months. Based upon the very limited evidence currently available the NFCC believes that this will add a further 6 months to the base case for option 3a but we do not have the factual evidence from the Programme to confirm or refute this. This further emphasises the importance of urgent work to develop a realistic and evidenced plan, including a realistic contingency, to underpin option 3a such that the NFCC can be assured it is deliverable within predicted timeframes. It is recognised that the

assurance, approval and governance processes for the FBC are already in train, and whilst the NFCC recognises the need for this to continue, the details now emerging from the Prime replanning cannot be ignored.

The NFCC has committed to work with Programme to assist in the viability assessment of option 3b, however concerns around the technical delivery of ESN highlighted for option 3a are equally applicable. Economically, option 3b appears attractive and, in tandem with the Programme, providing it is safe to do so, the NFCC would wish to see all Emergency Services transitioned onto ESN at the earliest possible moment for the greater benefit of all. However, the challenges to attain this accelerated transition will be considerable and the risks associated must be fully considered as part of any viability assessment exercise, including the risk that accelerating the transition may cost more in the long run. However, the need for transition to be safe and not to impose additional operational risk on user organisations and frontline staff must be a high priority.

Throughout the FBC option 3b is referred to as the preferred option. Whilst theoretically there are obvious benefits to it there has not, in the NFCC's view, been the conclusive joint work to assess its feasibility and so at this stage we feel it is premature to term it as the preferred option.

The economic case references areas of uncertainty and risk including the future operating model (FOM). The NFCC remains somewhat unsighted as to the proposals for any FOM, but we have clear ideas of what we require, and we consider that the success of ESN in life is heavily dependent upon the FOM. This lack of clarity impinges into areas within the finance case including, the cost of the FOM, its remit, how the funding for it will be recouped and flow, how any ESN core charges will be funded etc. From an NFCC perspective this is considered a priority area to be addressed.

The resilience of ESN is also a key concern of the NFCC, especially given that the high levels of resilience afforded by the current Airwave network were mostly as a result of investment through the Firelink contract. There is a clear expectation from Fire and Rescue Services that ESN will be sufficiently secure and resilient to meet foreseeable needs and circumstances. The different technologies underpinning Airwave and ESN lead to different opportunities and approaches, and it is recognised and that providing resilience won't necessarily take the same form for both systems. The NFCC understands the conundrum facing Government regarding the affordability of ESN resilience, and that investment to attain the highest levels of resilience may on balance be considered cost prohibitive. However, Fire and Rescue Services require suitable levels of resilience to enable them to discharge their statutory duties under the most demanding of circumstances, including, but not limited to widespread and sustained power outages. These situations will undoubtedly elicit a high level of expectation on the Emergency Services from the public and accordingly invoke the full spectrum of responses outlined in arrangements by Local Resilience Fora. Ultimately, the NFCC recognises that this is a decision for Government, however in making the determination Government must consider how much of the intrinsic risk it absorbs itself, and how much it will attempt to see transferred to user Organisations. In considering where the residual risk may lie, Fire Authorities and Fire and Rescue Services will wish to see this laid out in definitive terms – in summary it will be the expectation of Chief Fire Officers that ESN is at least as resilient as Airwave and some of the current proposals will not meet that requirement.

Loosely linked to resilience is the matter of Critical Operational Locations (COLs), these are of some concern to Fire and Rescue Services. The NFCC firmly believes that ESN coverage at least as good as Airwave is a necessity for FRS to consider transitioning onto ESN. FRS do not currently utilise menu coverage to provide any coverage uplift for Airwave, as contracted Airwave core coverage is adequate for our needs. Consequently, the NFCC has a clear view that 'coverage is core' and to be delivered purely through core funding. This is not how it is portrayed within the FBC where aspects

are considered as non-core. We support the work currently ongoing around COLs to more precisely identify the scale of the issue along with potential remedies, and therefore recognise that the figures relating to COLs within the FBC only represent Programme estimates at this stage. It is however essential that this work provide a more accurate assessment of COLs to better inform the FBC going forward. Given the difference of opinion regarding the funding of COLs, we would welcome further dialogue.

Within the commercial case, the proposal to extend the Motorola contract surfaces concerns from the Fire and Rescue Stakeholders. In particular, it appears to reward Motorola when their performance to date, in view of FRS, has far from met expectations. These concerns are compounded by their position of being the current incumbent supplier for Airwave, a situation that is leading to cynicism over commercial motives given the profitability of Airwave. In the NFCC's view the extensions appear to weaken the Authority's contractual leverage over Motorola rather than strengthening it, and in doing so disincentivising punctual delivery of ESN.

The commercial case also outlines options for the future strategy and delivery models for ESN. All of these will require analysis and consideration once further information is provided. The NFCC would wish to assist the Programme by being part of this exercise, perhaps as an integral component of work on the Future Operating Model.

Previously the NFCC has advised that it has found significant disparities in some of the non-core costs within the finance case following a zero-based exercise by the Fire and Rescue Service. Whilst some work has now commenced to examine this, it has not progressed significantly for it to be reflected in a revised finance case. Some of these concerns appear to align with the views of other user communities. It must also be noted that the baseline for each of the user communities in comparing 'like for like' is different, however in many areas they have been considered identical and many assumptions appear to be founded upon incorrect that is not applicable to the Fire and Rescue Service.

It is not clear how some of the in-life costs, e.g. core costs will be recouped, and where any apportionment may lie. Within the FBC it references an annual core cost of circa £6M for English Fire and Rescue Services, but without apparent inclusion in broader non-core costs. It will be essential for the FBC to progress through Fire governance for this absolute clarity to be provided. There has been commitment from ESMCP Finance to provide a suitable tool such that costs can be modelled and predicted at local level both for medium term financial planning, and also to assess the financial implications in more granular detail of ESN for Fire Authorities. The previously expressed concern for FRSs and their overseeing Fire Authorities, is that in life ESN will cost more at local level than the Firelink [Airwave] system. The provision of this tool may go some way to provide necessary assurance for the sector, and consequently will need to be a precursor for any progress of the FBC through FRS / NFCC governance.

The management case alludes to effective and collaborative arrangements between the Programme and users such that they build trust and confidence in delivering ESN, and in the main this is recognised as being the case. Unfortunately, the report following the recent PAR review has not been shared with users in either a full or redacted format, users have been briefed on just 3 recommendations at headline level. Given the implications for assurance of the FBC, the NFCC believe that this should be provided to Senior Users in its unredacted form such that any relevant findings and recommendations feed through NFCC governance as the FBC is being considered.

A number of Fire Authorities have expressed their desire to provide feedback on the FBC, and discussions are ongoing with the Local Government Association on a collective view. We understand that a revised draft of the FBC is expected for 23<sup>rd</sup> October ahead of MPRG it is

imperative that this is provided to NFCC representatives and shared with internal stakeholders without delay such that it can be provided to maximise the consultation window and provide the greatest opportunity to fit within Fire Authority governance cycles.

Given the information contained within the letter, the NFCC does not yet feel sufficiently informed to be in a position to assure the FBC on grounds of technical and operational viability, nor its overall deliverability. We hoped that a future draft of the FBC and its supporting documentation will be able to provide the information necessary to attain suitable levels of assurance.

As previously stated, the NFCC firmly believes that ESMCP is the right strategic direction for Emergency Services communications and will continue to work with the Programme to ensure it is delivered for the greatest benefit for all.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'DK', followed by a long horizontal line extending to the right.

Darryl Keen

Chief Fire Officer, Hertfordshire

NFCC Strategic Lead for Operational Communications

[Darryl.Keen@Hertfordshire.gov.uk](mailto:Darryl.Keen@Hertfordshire.gov.uk)

Copies to: Roy Wilsher, Chair of NFCC

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 November 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Sale of Great Holm Fire Station</b>
<b>EXECUTIVE SUMMARY</b>	<p>At the meeting of the Authority in February 2016, it was approved that the resources from Great Holm and Bletchley would relocate and merge into the new 'Blue Light Hub' facility at West Ashland and the existing station premises vacated.</p> <p>In respect of the Bletchley Fire Station site Milton Keynes Development Partnership (MKDP) had an option agreement on the site as part of the deal for us to purchase the site at West Ashland. MKDP have now exercised that option and the land transferred to MKDP on 28 October 2020.</p> <p>In respect of the Great Holm site the Director of Finance and Assets has received multiple expressions of interests from prospective purchasers. Details of their indicative offers are covered in Annex C. In order to maximise the value for money that can be achieved from any sale of the site it is recommended that a competitive tendering process now be undertaken.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that in order to dispose of the land (1.63 acres) at Great Holm Fire Station (Title Number BM 173869):</p> <ol style="list-style-type: none"> <li>1. the sale of the site through a competitive tendering process be approved;</li> <li>2. the Chief Finance Officer be delegated authority in consultation with the Chairman and the Vice Chairman and the Group Leaders to agree a minimum reserve price in the region of that indicated in Annex C; and</li> <li>3. the Chief Fire Officer be delegated authority to negotiate the terms and conditions of the contract of sale (including sale price) in consultation with the Chairman and the Vice Chairman to the preferred bidder and enter into</li> </ol>



	any necessary agreements needed for its disposal.
<b>RISK MANAGEMENT</b>	No direct impact.
<b>FINANCIAL IMPLICATIONS</b>	Annex C (Exempt from publication)
<b>LEGAL IMPLICATIONS</b>	<p>The recommendations are presented to the Executive Committee in compliance with the Authority's Contracts Standing Orders.</p> <p>Section 123(2) of the Local Government Act 1972 provides that: 'Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.'</p> <p>Section 123(2) applies to the Authority by virtue of section 8(3) of the Fire Services Act 1947 that was in force when the Authority was constituted: 'the provisions of the Local Government Act 1972, with respect to the [...] disposal of land shall apply to fire authorities constituted by combination schemes as they apply to fire authorities being councils of counties [...]., and accordingly references [...] the said provisions of the said Act of 1972 to local authorities shall include references to fire authorities constituted by combination schemes'.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	The project supports the MOU with Thames Valley Police to share facilities where it is mutually beneficial to do so. TVP were also an integral part of the original funding bid to DCLG. In addition, all the blue light services in Thames Valley have signed up to closer working in order to collaborate to improve efficiency, effectiveness and public safety. This project appears to be a unique collaboration in rolling out front line operational response services from one site, a significant achievement by any standard in the UK.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	<p>An agent will be appointed to market and sell the site through to exchange of contracts. It is anticipated that fees will be in the region of 1% of the sale price.</p> <p>An outline planning application for the site (19/033385/OUT) was previously submitted for the development of 18 homes and associated infrastructure at the site. This was withdrawn as the Authority did not have the resources to progress this while simultaneously responding to the initial phase of the</p>



	<p>COVID-19 pandemic. The cost of the outline planning application was less than £5k.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p>The Authority's Standing Orders Relating to Contracts state:</p> <p>20.5 Land and buildings owned by the Authority shall not be disposed by lease or freehold without the prior approval of a Committee of the Authority.</p> <p>20.6 Prior to approval being sought the following information must be provided:</p> <p>(a) a complete description of all the land and/or property to be included in the disposal;</p> <p>(b) confirmation that the title of the land and/or property is owned by the Authority;</p> <p>(c) the reason for the sale and any restrictions which this may impose;</p> <p>(d) a report on any information which is held by the Authority in the previous use of the land which may affect its value (e.g. if the site were contaminated);</p> <p>(e) the estimated value of the land and/or property together with evidence of comparable properties in the location or by reference to other recent, similar Authority transactions;</p> <p>(f) in cases where land and/or property is being sold as potential housing development, evidence that planning applications will be obtained prior to the completion of the disposal in order to obtain the best possible price for the land;</p> <p>(g) recommendations on the following:</p> <p>(i) issues that need to be resolved before marketing the land and/or property can commence;</p> <p>(ii) the preferred method of disposal (private treaty/public auction/formal tender);</p> <p>(iii) the title to be transferred; and</p> <p>(iv) the minimum price that the Authority is prepared to receive together with an asking price.</p> <p>20.7 Where it has been decided that the disposal of the land and/or property will be by formal tender, Standing Order 8 above relating to tenders shall be applied.</p> <p>Standing Orders Relating to Contracts (February 2020): <a href="https://bucksfire.gov.uk/documents/2020/03/contract_standing_orders_-_february_2020.pdf/">https://bucksfire.gov.uk/documents/2020/03/contract_standing_orders_-_february_2020.pdf/</a></p> <p>Sale of Great Holm Fire Station (Item 12) Executive Committee, 15 July 2020.</p>
<p><b>APPENDICES</b></p>	<p>Annex A – Title Plan BM173869</p> <p>Annex B – (Exempt from publication) Extract of valuation report for Great Holm</p>

	Annex C- (Exempt from publication) Financial Implications
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687

**Annex A – Title Plan BM173869**

The outlined area shows the area to be sold (shown for indicative purposes only).

HM Land Registry  
Official copy of  
title plan

Title number **BM173869**  
Ordnance Survey map reference **SP8237NE**  
Scale **1:1250**  
Administrative area **Milton Keynes**



Annex A



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