

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE
Director of Legal & Governance, Graham Britten
Buckinghamshire Fire & Rescue Service
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Chief Fire Officer and Chief Executive

Mark Jones

To: The Chairman and Members of Buckinghamshire
and Milton Keynes Fire Authority

10 February 2014

Dear Councillor

Your attendance is requested at a meeting of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 19 February 2014 at 11.00 am** when the business set out overleaf will be transacted.

Yours faithfully



Graham Britten
Director of Legal and Governance

Chairman: Councillor Busby
Councillors: Bendyshe-Brown, Chilver, Dransfield, Edwards, Exon, Glover, Gomm,
Huxley, Lambert, Mallen, Morris, Reed, Schofield, Vigor-Hedderly, Watson
and Webb



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COMBINED FIRE AUTHORITY - TERMS OF REFERENCE

Matters reserved to the Authority include:

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) 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
 - (iv) Setting the Council Tax.
 - (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 Best Value Performance Plan.
3. To determine the Code of Conduct for Members on recommendation from the Standards Committee.
4. To determine all other matters reserved by law or otherwise, whether delegated to a committee or not.

AGENDA

Item No:

1. Apologies

2. Minutes

To approve, and the Chairman to sign as a correct record, the Minutes of the meeting of the Fire Authority held on 18 December 2013 Item 2 **(Pages 5 - 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. Chairman's Announcements

To receive the Chairman's announcements (if any).

5. Petitions

To receive petitions under Standing Order SOA6.

6. Questions

To receive questions in accordance with Standing Order SOA7.

7. Recommendations from Committees

Executive Committee – 5 February 2014

(a) Treasury Management

"That the Authority be recommended to approve the Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy for 2014/15."

The report considered by the Executive Committee is attached at Item 7(a) **(Pages 13 - 26)**

(b) The Prudential Code, Prudential Indicators and Minimum Revenue Provision

"That the Authority be recommended to approve the prudential indicators and the minimum revenue provision policy statement."

The report considered by the Executive Committee is attached at Item 7(b) **(Pages 27 - 34)**

(c) Medium Term Financial Plan (MTFP) 2014/15 - 2017/18

"That recommendations for two options for precept be considered by the full Authority: i) 0% and ii) a percentage rise up to the referendum limit."

The report considered by the Executive Committee is attached at Item 7(c)
(Pages 35 - 44)

(d) BMKFA Pay Policy Principles and Statement 2014 15

"That the draft Pay Policy Principles and Statement be recommended as its statutory Pay Policy Statement for 2014/15."

The report considered by the Executive Committee is attached at Item 7(d)
(Pages 45 - 68)

8. Medium Term Financial Plan (MTFP) 2014/15 - 2017/18

To consider Item 8 **(Report to follow)**

9. Annual Report on Regulation of Investigatory Powers Act 2000 (RIPA)

To consider Item 9 **(Pages 69 - 86)**

10. Public Consultation - Pre-IRMP "Listening & Engagement" research - report of consultation outcomes

To consider Item 10 **(Pages 87 - 118)**

11. Change of Date for June AGM

To agree a date for the June AGM.

It is proposed that the date for the AGM be moved from Wednesday 11 June 2014 to Tuesday 24 June 2014 (to allow for Members to be appointed by Milton Keynes Council following their election).

12. Date of Next Meeting

To note that the next meeting of the Fire Authority will be held on Wednesday 9 April 2014 at 11.00am.

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

Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 18 DECEMBER 2013 at 11.00 am

Present Councillors Bendyshe-Brown, Busby, Dransfield, Edwards, Exon (part), Glover, Gomm, Huxley, Lambert, Mallen, Morris, Reed, Schofield, Vigor-Hedderly, Watson and Webb

Officers: M Jones (Chief Fire Officer), J Thelwell (Chief Operating Officer) G Britten (Director of Law and Governance), D Skinner (Director of Finance and Assets), L Swift (Director of People and Organisational Development) J May (Head of Finance [Deputy Director]), D O'Driscoll (Head of Service Development), M Osborne (Head of Service Delivery), Stuart Gowanlock (Corporate Planning Manager), M Crothers (GM Combined Control Project), Ian Taylor (GM Safety, Improvements and Resilience), A Chart (Health and Safety Manager), C Bell (Service Delivery Manager), T Parkins (Performance and Evaluation and Projects), K Nellist (Democratic Services Officer), F Pearson (Group Manager Communications), and E Andrews (Executive Assistant).

Also Present: A Stansfeld (Thames Valley Police and Crime Commissioner) and D Carroll (Thames Valley Deputy Police and Crime Commissioner).

3 Members of the Public.

Apologies: Councillor Chilver.

FA18 MINUTES

RESOLVED –

That the Minutes of the meeting of the Fire Authority held on 12 June 2013, be approved and signed by the Chairman as a correct record.

FA19 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that:

- (a) In July he had attended the LGA Conference in Manchester along with the Vice Chairman and Chief Fire Officer.
- (b) Members would be aware that the national dispute between the Fire Brigade's Union and the Government continued and he wished to offer the authority's congratulations to all of the officers and fire crews who had worked so hard to make this area one of the least affected. He knew the subject was on the agenda and would refrain from further discussion.
- (c) He had attended the local government employers' consultation on the matter of firefighter fitness and was disappointed to note the apparent lack of representation of the views of fire authorities by the organisation which purports to represent them.

- (d) In conjunction with the Chief Fire Officer, he had sent a response to the government's consultation on the extant matters in dispute and hoped these views would assist with resolution of the on-going strike so as to minimise the risk to our communities and the hardship faced by our fire crews; and that copies of the consultation from the DCLG and his response can be found in the members' library.
- (e) The Thames Valley Firecontrol project continued and a contract had recently been signed with the preferred provider which should hopefully deliver the new control before the end of 2014.
- (f) In October the Chairs and Chiefs of all CFAs were contacted by the DCLG for views on proposals which the DCLG was putting forward in the Deregulation Bill to amend the Fire and Rescue Services Act 2004 to remove certain regulatory burdens; and that he and the Chief Fire Officer responded that the proposals were quite modest and that few regulatory burdens on CFAs are imposed by the Fire and Rescue Services Act 2004; and that most regulatory burdens were to be found in the patchwork of other legislation that governs local authorities. (One example being the unnecessary cost to publish statutory notices in local newspapers, when publication could be better done on a CFA website). [Copies of the letter from the DCLG and the response can be found in the members' library].
- (g) The Vice Chairman represented the Authority at the Fire Sector Summit on 23 October with Area Manager Osborne.
- (h) The CFO/CEO had approved a 1% cost of living pay award for support staff under local 'green book' related terms and conditions for 2013/14, backdated to the 1 July 2013.
- (i) On Tuesday 22 October, the Authority had hosted a delegation of senior directors and officials from the United Arab Emirates, Ministry of Interior who are responsible for Civil Defence across the UAE which included both the Police and Fire & Rescue Services; and that the feedback received from their senior advisor to the crown prince and Ruler of Abu Dhabi has been extremely positive and they have become very interested in our research work around our resource optimisation model.
- (j) On Friday 25 October 2013, Thirty-seven members of staff who had served a total of nearly 900 years between them had been recognised at an awards ceremony. Many were there in person to receive their medals and certificates from the Lord Lieutenant at the presentation evening at The Oculus in Aylesbury.

Awards were also made to staff with exemplary attendance records, to staff and stations that had shown outstanding support for The Firefighters Charity, and to members of the Service's Urban Search and Rescue team following their success at this year's United Kingdom Rescue Organisation Challenge in Liverpool.

- (k) He had been delighted to welcome everyone to the Authority's Annual Carol Service at St Mary & All Saints Church, Beaconsfield last week and thanked everyone involved, especially Democratic Services Officer, Katie Nellist; and that the collection raised £338.50 which will be split between St Mary & All Saints Church and The Firefighters Charity.
- (l) On the 5 December he and the Vice-Chairman had attended a Fire Commission meeting at the Fire Service College at Moreton-in-Marsh.
- (m) The Authority had hosted an Emergency planning day in Milton Keynes on 11 December, and in the spirit of sharing best practice an invitation had been extended to all Fire Authority members and portfolio holders across the South East region; and that members from other authorities commented that this type of collaboration on training should be occurring more often and this Authority will continue to push the South East Authorities in this direction.

FA20

RECOMMENDATIONS FROM COMMITTEES

Executive Committee – 20 November 2013

(a) Members' Scheme of Allowances.

RESOLVED –

That the Scheme for Members' Allowances for 2014/15 be adopted.

(b) Medium Term Financial Plan (MTFP) 2014/15 – 2017/18.

(Cllr Exon joined the meeting)

The Chairman advised the Authority that a decision on the precept level for Council Tax did not need to be taken today but would be taken at the Fire Authority meeting on 19 February 2014. This was to be purely an informative discussion.

The Vice-Chairman introduced the report and explained that the three options presented were the updated recommendations from the Executive Committee on 20 November and ranged from a Council Tax freeze, a 2% Council Tax increase and a 1% reduction in Council Tax. These were the options that would need to be taken forward for consideration in February.

The Chief Fire Officer reminded Members that the Fire Authority

Precept was very different to a Council Precept as our funding was split between a Government Grant (40%) and Council Tax (60%). Members should be mindful of this when considering the options.

The Director of Finance and Assets advised Members of the general assumptions that had been made for pay and inflation increases and future years' government grants based on latest information received from CLG.

The Authority was advised that the savings and growth bids had been scrutinised by members of the business transformation board and strategic management board as part of the budget challenge process. A further Member/Officer challenge was scheduled for January 2014.

The Authority was asked to note the proposed summarised version of the Capital Programme. It was reported that current borrowing was £8.2 million against a £28 million reducing budget.

RESOLVED –

That the three Council Tax options – Council Tax freeze, 2% increase or 1% decrease – and their respective affects on the MTFP be noted.

FA21

INDUSTRIAL ACTION, COSTS AND CONSIDERATIONS

The Chief Fire Officer updated the Authority on the current position with regard to the dispute between the Department for Communities and Local Government and the Fire Brigades Union (FBU) as more strike dates had been announced for the 24 and 31 December 2013 and 3 January 2014.

The Head of Service Development updated the Authority on the costs implications for further action, and advised Members of the outcome of the ballot for 'action short of a strike' which was held on 4 December 2013:

Number of votes cast	-	18,446
Number of individuals answering 'yes'	-	15,758
Number of individuals answering 'no'	-	2,632
Number of spoiled voting papers	-	56

This second ballot also included 'control' staff, (the first ballot excluded control staff and members in Northern Ireland) and our own control staff had communicated to local FBU that they did not wish to take part in any 'action short of a strike'.

The Chairman and members of the Fire Authority wished to record their thanks to the Chief Fire Officer and all staff working during strike periods.

The Authority discussed the recommendation to approve the position in relation to Industrial Action leading to partial performance of duties and to give discretion to the Chief Fire Officer to accept partial performance on a case by case basis,

taking into account the associated cost implications in applying this position.

On a vote being taken in respect of the first and fourth resolutions, 15 in favour and 1 (Cllr Lambert) against, it was

RESOLVED:

1. That the position of not accepting partial performance from any member of staff participating in lawful industrial action be adopted.
2. That the costs incurred by the 4-hour strike on 25 September 2013 be noted.
3. That the potential costs of subsequent industrial action be noted.
4. That the position as set out in Appendix A due to the on-going cost of the industrial action be approved.

FA22

THE FIREFIGHTERS CHARITY AND ITS RELEVANCE TO BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY

(Moved forward in the agenda at the direction of the Chairman)

The Chief Fire Officer and the Director of People and Organisational Development declared an interest as both are trustees of the charity.

The Authority received a presentation on the work of The Firefighters Charity by Elizabeth Andrews.

The Authority were advised that the charity was available to all support staff, not only firefighters.

RESOLVED:

1. That the activities of The Firefighters Charity and the staff of Buckinghamshire Fire and Rescue Service in respect of the charity be noted.
2. That continued support for the fund raising efforts be given; and that the Chief Fire Officer be encouraged to give as much support as possible to this worthwhile cause which assists with firefighter rehabilitation and recuperation.

FA23

THAMES VALLEY FIRE CONTROL SERVICE PROGRAMME

The Chief Fire Officer updated Fire Authority Members on key aspects of the Thames Valley Fire Control Service Programme, including slippage of delivery until the last quarter of 2014 and the financial impact of the slippage.

The contract with the service provider Capita for the completion of the mobilisation system had now been signed by Royal

Berkshire Fire and Rescue Service and Oxfordshire Fire and Rescue Service.

The Chief Fire Officer commended the Control staff who continued to work and perform under difficult circumstances. The Authority asked the Chief Fire Officer to also convey their thanks and gratitude to the Control staff.

The Director of People and Organisational Development advised Members that Control staff received regular communication, by face to face meetings, information on the iDrive, individual letters and regular update meetings.

RESOLVED:

1. That the progress to date, including the programme slippage and outline financial impact of the slippage be noted;
2. That the use of the earmarked reserve to fund the retention package be approved;
3. That delegation to the Chief Fire Officer to determine the detailed allowances for the retention package within the total budget of £150k and £255k be approved.

FA24

**ATTENDANCE MANAGEMENT PERFORMANCE
IMPROVEMENT AND TRENDS**

The Authority considered the current position in respect of attendance management and the key improvements that have been made to date to reduce non-attendance caused by sickness absence.

The Director of People and Organisational Development advised Members that the report showed where we were, where we are now, what we did to improve the short to medium term position and although we are not where we want to be yet, what's possible.

The Chief Fire Officer instructed Members that the reduction in absence due to ill health was a good news story; the Chairman reiterated this and congratulated the team for getting improvements.

RESOLVED -

That the Authority's recorded attendance management performance trends, absence reductions to date, and plans for further improvements are noted.

FA25

EQUALITY AND DIVERSITY PROGRESS REPORT

The Authority were advised that the report summarised the outcomes of the Public Sector Equality Duty (PSED) Review, which showed there was very little change. It also provided a mid-year progress update on delivering the Authority's equality

and diversity priorities, with the emphasis during 2013/14 to fully embed equality and diversity considerations within the day to day activities of the Authority.

RESOLVED –

1. That the outcomes of the Public Sector Equality Duty Review be noted.
2. That the mid-year progress in relation to embedding equality and diversity within the authority be noted.

FA26

PUBLIC CONSULTATION – PRE-IRMP “LISTENING AND ENGAGEMENT” RESEARCH

The Chief Operating Officer advised the Authority that a two stage consultation process had been planned, parts of which had already been implemented, which would embrace the general public, Authority staff and other stakeholders.

The first phase with the public was the initial ‘listening and engagement’ research, which would explore a number of perceptions, awareness and what really mattered to them.

The second phase was a formal consultation on specific proposals arising out of the IRMP development process, where there would be scope to re-recruit the same participants again.

RESOLVED –

That the report be noted.

FA27

ANNUAL HEALTH AND SAFETY REPORT 2012/13

The Authority considered the annual health and safety report which detailed performance from 1 April 2012 to 31 March 2013 and, in so doing, recognised that the Service was performing well and was one of the top performing authorities when it came to the health and safety of its staff.

The Chief Operating Officer advised the Authority this was another good news story, essential to supporting our services and there was a genuine commitment which is embedded across the service.

The Health and Safety Manager gave Members a detailed updated on activities throughout the service. With new staff taking over the Health and Safety department in February 2013, it was decided not to pursue an award or accreditation this year to allow them to settle in to their new roles. However, in 2012 Buckinghamshire Fire and Rescue Service were awarded the Royal Society for the Prevention of Accidents (RoSPA) Gold award, at its first attempt, in recognition of its commitment to accident and ill health prevention in the workplace.

RESOLVED:

That the continued good performance of Buckinghamshire Fire & Rescue Service in this vital area of work be noted.

FA28

DATE OF NEXT MEETING

The Authority noted that the next meeting of the Fire Authority is to be held on Wednesday 19 February 2014 at 11.00am.

THE CHAIRMAN CLOSED THE MEETING AT 1.30 PM

DRAFT

Report considered by the Executive Committee – 5 February 2014



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	5 February 2014
OFFICER	David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Treasury Management
EXECUTIVE SUMMARY	<p>This report is being presented as the Fire Authority is required to approve the Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy. These documents (Appendix A) all support the Medium Term Financial Plan.</p> <p>The changes of note are:</p> <ol style="list-style-type: none"> 1. That the counterparty limit for Lloyds is increased from £5 million to £7.5 million; 2. That a limited number of non-UK based banks are added to the counterparty list; and 3. That a limited number of additional UK based building societies are added to the counterparty list.
ACTION	Decision.
RECOMMENDATIONS	That the Authority be recommended to approve the Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy for 2014/15.
RISK MANAGEMENT	<p>Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk will be managed in accordance with the strategy and with advice from external treasury management advisors.</p> <p>The Director of Finance and Assets will act in accordance with the Authority's policy statement; treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management. There are no direct staffing implications.</p>

<p>FINANCIAL IMPLICATIONS</p>	<p>The projected interest for 2014/15 is likely to be significantly lower than the projected outturn for 2013/14. However, it is still anticipated that the current budget of £70k is achievable, providing there is no significant worsening of the interest rate environment or a large decrease in cash balances. Detailed information is shown within Appendix A.</p>
<p>LEGAL IMPLICATIONS</p>	<p>The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146]to have regard to any prevailing CIPFA Treasury Management Code of Practice.</p>
<p>HEALTH AND SAFETY</p>	<p>No direct impact.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>No direct impact.</p>
<p>USE OF RESOURCES</p>	<p>The projected income has been factored into the Medium Term Financial Plan.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Treasury Management Strategy and Policy Statements 2012/13 http://www.bucksfire.gov.uk/NR/rdonlyres/99BE21DF-99EB-42E2-A9C7-8846A6E3F112/0/BMKFA13022013.pdf (page 31 – 42)</p> <p>Treasury Management Practices http://www.bucksfire.gov.uk/NR/rdonlyres/FDA454EA-1735-4569-BE96-C1E3D0079A75/0/ITEM6TreasuryManagementPractice sandASep13andAnnexA.pdf</p> <p>CIPFA Code of Practice for Treasury Management in the Public Services (CIPFA Code).</p> <p>Department for Communities and Local Government Guidance on Local Government Investments (DCLG Guidance).</p> <p>This paper should also be read in conjunction with the paper “The Prudential Code, prudential indicators and minimum revenue provision” and “Treasury Management Performance 2013-14 – Quarter 3”.</p>

APPENDICES	Appendix A – Treasury Management Policy Statement, Treasury Management Strategy Statement and Annual Investment Strategy. Appendix B – Provisional Counterparty List. Appendix C – Prospects for Interest Rates.
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

Appendix A – Treasury Management Policy Statement, Treasury Management Strategy Statement and Annual Investment Strategy

Treasury Management Policy Statement

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.

This Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

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.

The Authority's borrowing objectives are to minimise the revenue costs of debt whilst maintaining a balanced loan portfolio. The Authority will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit.

Treasury Management Strategy Statement

Current Portfolio Position

The Authority's treasury portfolio position as at 31 December 2013 comprised:

Borrowing

Fixed Rate Funding: £8.265m Average Rate: 4.59%

Investments

£16.738m Average Rate 1 April 2013 to 31 December 2013: 0.77%

Prospects for Interest Rates

For 2014/15, the Authority will continue with Capita (formerly known as Sector) as its external treasury management advisor. Capita's view of the prospects for interest rates can be seen in Appendix C.

Capita advise that the current benchmark rate of return on investments should be Base Rate (currently 0.50%), although the rate may be higher if the Authority is able and willing to commit funds for longer durations (up to one year). Using this benchmark figure would give an annual return of circa £84k on a balance of £16.738m (the total projected return for 2013/14 is circa £120k).

If the Annual Investment Strategy was to remain unchanged from 2013/14, the Authority projects that it could achieve an average rate of 0.55%, which would give an annual return of circa £92k on a balance of £16.738m.

By adopting the proposed revised counterparty limits within the Annual Investment Strategy (AIS) the Authority projects that it could achieve an average rate of 0.59%, which would give an annual return of circa £98k on a balance of £16.738m. Adopting the revised Strategy will also have a number of additional benefits, as detailed in 'Counterparty Limits' section of the AIS.

Borrowing Strategy

The Authority's borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio
- To manage the Authority's debt maturity profile, leaving no one future year with a disproportionate level of repayments

No additional borrowing is forecast to take place during the duration of the medium term financial plan.

Investment Strategy

This Authority maintains investments that are placed with reference to cash flow requirements. Investment of the Authority's funds is in accordance with the Annual Investment Strategy.

Debt Rescheduling

The potential for debt rescheduling is monitored in light of interest rate movements.

Any rescheduling will be in accordance with the borrowing strategy. The reasons for rescheduling include:

- The generation of cash savings at minimum risk
- Fulfilment of the borrowing strategy
- Enhancement of the maturity profile of the borrowing portfolio

Due to the current level of penalties on the early repayment of borrowing, it is not expected that any debt will be restructured over the medium term.

Annual Investment Strategy (AIS)

A prudent investment policy has two objectives (as defined by the DCLG guidance):

- achieving first of all security (protecting the capital sum from loss);
- and then liquidity (keeping the money readily available for expenditure when needed);
- once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with those priorities.

Investment Policy

In accordance with guidance from the DCLG and CIPFA, and in order to minimise the risk to investments, the Authority has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Authority's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority will engage with its advisors to maintain a monitor on market pricing such as credit default swaps (**CDS**) and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Creditworthiness Policy

This Authority applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies

- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

The Authority will also invest in AAA rated money market funds during the year.

Country Limits

In 2013/14, the Authority determined that it would only use approved counterparties based within the United Kingdom during the year. For 2014/15, it is proposed to allow a limited number of counterparties from outside of the UK to be used. The primary purpose of this is not to increase yield, but to provide additional diversity to the portfolio to effectively manage risk. A number of non-UK banks are ranked higher than some of the UK banks on the Authority's current counterparty list. A list of the proposed counterparties is shown in Appendix B. Although Capita advise that investments can be placed with some of the counterparties for longer than 100 days, the Authority proposes to limit the duration of all non-UK investments to 100 days.

Counterparty Limits

As per the 2013/14 AIS, the Authority has determined that the maximum balance that can be invested with a single counterparty at any point in time will be no more than 30% of the portfolio, up to a limit of £5 million.

The one exception to this limit in the 2014/15 AIS will be Lloyds, where the maximum balance that can be invested will be a limit of £7.5 million. Of this £7.5 million, no more than £5 million will be invested in non-instant access (call) accounts.

The rationale for this is that Lloyds are now the Authority's main banking provider, and as part of the contract will pay credit interest on all balances at a rate of Base Rate minus 0.10% (currently giving an effective rate of 0.40%). This means that:

- A higher rate would be achieved on our main instant access account (which currently pays between 0.27% - 0.33% depending on the balance held)
- The staff time taken to move money between our main bank account and our instant access account would be reduced
- The banking charges associated with the movement of the money between the accounts would be reduced
- The additional risk exposure to the Authority would be minimal as:
 - Lloyds are part nationalised and enjoy significant support from the Government
 - All amounts over the current £5 million limit would be available for withdrawal immediately should circumstances require

Investment Security

Investments are defined as being in one of two categories:

- Specified investments – these are investments with high security and high liquidity. All specified investments are in sterling and have a maturity of no more than one year. They will be with the UK government, a local authority, a parish council or with an investment scheme or body of "high credit quality" (as judged against the Creditworthiness Policy detailed earlier in this paper)
- Non-specified investments – any type of investment that is not a specified investment. The Authority does not plan to make any non-specified investments

during the year.

Investment Training

Relevant training and updates will be provided to relevant staff by the external treasury management advisors. This will be supplemented by additional training from CIPFA where necessary.

Investment of Money Borrowed in Advance of Need

The Authority does not currently have any money that has been borrowed in advance of need. No further borrowing is planned over the medium term.

Investment Liquidity

In consultation with external treasury advisors, the Authority will review its balance sheet position, level of reserves and cash requirements in order to determine the length of time for which investments can be prudently committed. Investments will be placed at a range of maturities, including having money on-call in order to maintain adequate liquidity.

Appendix B – Provisional Counterparty List

This list is based on information provided by Capita as at January 2014. Please note that all colours indicated refer to Capita's creditworthiness policy (see Appendix A):

UK Based Counterparties

Country	Counterparty	Maximum Duration
UK	Bank of New York Mellon (International) Ltd	Orange - 12 mths
UK	Barclays Bank plc – see Note 1	No colour - 0 mths
UK	Credit Suisse International	Red - 6 mths
UK	HSBC Bank plc	Orange - 12 mths
UK	MBNA Europe Bank	Red - 6 mths
UK	Santander UK PLC	Green - 100 days
UK	Standard Chartered Bank	Red - 6 mths
UK	Sumitomo Mitsui Banking Corporation Europe Ltd	Green - 100 days
UK	UBS Ltd	Red - 6 mths
UK	Nationwide BS	Green - 100 days
UK	Debt Management Office	Yellow - 60 mths
UK	Other Local Authorities	Yellow - 60 mths
UK*	Lloyds Banking Group Plc	Blue - 12 mths
UK*	Royal Bank of Scotland Group Plc	Blue - 12 mths

* Indicates that the counterparty is nationalised/part nationalised

The Authority will also have the ability to invest in AAA rated money market funds

Note 1 – Barclays Bank plc is currently rated by Capita at 'no colour'. This is due to the fact that the CDS rating for Barclays has moved from 'In-Range' to 'Monitoring' status when compared to the iTraxx benchmark. However this is not because the CDS rating for Barclays has risen, but because it has not fallen as fast as the benchmark. Capita expect this to be a temporary situation (possibly caused by low trading volumes over the Christmas period) and have recommended to leave the current investment of £5 million on-call, but to not place any additional fixed term deposits at present. The situation will be monitored closely over the next few weeks and months.

Non-UK Based Counterparties

Country	Counterparty	Maximum Duration (as rated by Capita)
Germany	Deutsche Bank AG	Green - 100 days
Germany	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	Green - 100 days
Germany	Landesbank Berlin AG	Green - 100 days
Germany	Landesbank Hessen-Thüringen Girozentrale	Green - 100 days
Germany	Landwirtschaftliche Rentenbank	Orange - 12 mths
Sweden	Nordea Bank AB	Orange - 12 mths
Sweden	Skandinaviska Enskilda Banken AB	Red - 6 mths
Sweden	Svenska Handelsbanken AB	Orange - 12 mths
Sweden	Swedbank AB	Red - 6 mths

As noted in Appendix A, the duration of all non-UK investments will be limited to 100 days, even where Capita advise that a longer duration is acceptable.

There are a number of other non-UK based counterparties that have not been included on the list, as either the rates offered are significantly lower than available elsewhere, or that the counterparty is unlikely to take deposits of the size the Authority would be able to offer.

Counterparties Rated 'No Colour' by Capita

As noted in Appendix A, sole reliance will not be placed on the use of Capita ratings. The Authority will also use market data and market information, information on government support for banks and the credit ratings of that supporting government. The Authority proposes to add the following UK building societies rated as 'no colour' to its counterparty list. The rationale for this is:

- Building societies have an unparalleled record of investor safety. No investor (retail or wholesale) has lost money invested with a building society at least since the Second World War
- All building societies are "credit institutions" for the purposes of the EU Banking Directives, and are required to meet the same standards for capital adequacy and risk control as UK and other EU banks
- Where occasionally a society has encountered difficulties, a merger with a stronger society has ensured that both retail savers and wholesale depositors experience no uncertainty or interruption to service

The purpose of adding these additional counterparties is to improve the liquidity and cash management of the portfolio. The building societies listed below generally offer more flexibility with their fixed term deposits, allowing maturities on selected days and less than one month in duration. This will allow the Authority greater flexibility to manage ad-hoc large payments, such as retirement lump sums, which may only become known a few weeks in advance of payment.

The following building societies that the Authority proposes to use all have group assets of at least £10billion. The maximum duration for investments will be limited to 100 days.

Country	Counterparty	Maximum Duration (as rated by Capita)
UK	Coventry Building Society	No colour - 0 mths
UK	Leeds Building Society	No colour - 0 mths
UK	Skipton Building Society	No colour - 0 mths
UK	Yorkshire Building Society	No colour - 0 mths

Appendix C – Prospects for Interest Rates

The Authority has appointed Capita as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. The following table gives the Capita central view:

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
December 2013	0.50%	2.50	4.40	4.40
March 2014	0.50%	2.50	4.40	4.40
June 2014	0.50%	2.60	4.50	4.50
September 2014	0.50%	2.70	4.50	4.50
December 2014	0.50%	2.70	4.60	4.60
March 2015	0.50%	2.80	4.60	4.70
June 2015	0.50%	2.80	4.70	4.80
September 2015	0.50%	2.90	4.80	4.90
December 2015	0.50%	3.00	4.90	5.00
March 2016	0.50%	3.10	5.00	5.10
June 2016	0.75%	3.20	5.10	5.20
September 2016	1.00%	3.30	5.10	5.20
December 2016	1.00%	3.40	5.10	5.20
March 2017	1.25%	3.40	5.10	5.20

The following paragraphs provide Capita's commentary on the current economic situation (*due to the potentially volatile nature of the economy, this section will be updated further before presentation to the CFA*).

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

Near-term, there is some residual risk of further QE - if there is a dip in strong growth or if the MPC takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years. This could cause shorter-dated gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in the table below. The failure in the US, (at the time of writing), over passing a Federal budget for the new financial year starting on 1 October, and the expected tension over raising the debt ceiling in mid-October, could also see bond yields temporarily dip until any binding agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed could cause bond yields to rise.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back

from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks currently include:

- The conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecasts
- Prolonged political disagreement over the US Federal Budget and raising the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth which could result in the ratio of total government debt to GDP to rise to levels that undermine investor confidence in the UK and UK debt.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

Report considered by the Executive Committee – 5 February 2014

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	5 February 2014
OFFICER	David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	The Prudential Code, Prudential Indicators and Minimum Revenue Provision
EXECUTIVE SUMMARY	<p>This report is being presented as the prudential indicators (Appendices A and B) and minimum revenue provision policy statement (Appendix C) are required to be approved by the Fire Authority and to support the Medium Term Financial Plan.</p> <p>A review of the Balance Sheet indicates that the Authority is currently in an over-borrowed position. Due to prohibitive penalties the early repayment of borrowing is not an option. The Authority will therefore ensure that no additional borrowing is undertaken in the foreseeable future.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>That the Authority be recommended to approve:</p> <ol style="list-style-type: none"> 1. the prudential indicators; and 2. the minimum revenue provision policy statement.
RISK MANAGEMENT	<p>The Prudential Code was established to ensure that capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The indicators presented here demonstrate that the current plans for capital investment meet these criteria and present an acceptable level of risk to the Authority.</p> <p>Minimum revenue provision is a statutory charge to the General Fund, which ensures that an Authority has sufficient cash balances to repay borrowing upon maturity, reducing the refinancing risk.</p> <p>There are no direct staffing implications.</p>

<p>FINANCIAL IMPLICATIONS</p>	<p>The decision on the prudential indicators sets out the financial limits within which the Authority will operate in future years.</p> <p>The minimum revenue provision is a statutory charge against the General Fund, estimated at £310k for 2014/15.</p>
<p>LEGAL IMPLICATIONS</p>	<p>The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, SI 2003/3146 make provision for capital finance and accounts under the Local Government Act 2003 requiring the authority to have regard to the 'Prudential Code for Capital Finance in Local Authorities' when determining, under the Local Government 2003 Act, how much money it can afford to borrow; and require the Authority to determine for the current financial year an amount of minimum revenue provision which it considers to be prudent.</p>
<p>HEALTH AND SAFETY</p>	<p>No impact.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>No impact.</p>
<p>USE OF RESOURCES</p>	<p>The impact of the Prudential Code will allow the Authority to make informed choices between revenue and capital financing of procured services, to encourage invest to save schemes and will only allow capital investment to proceed where the Authority can fund projects within prudential limits.</p> <p>Making sufficient minimum revenue provision ensures that when borrowing matures, cash is available to make the repayment. This ensures that the Authority does not need to borrow additional money to repay existing loans.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>The draft medium term financial plan 2014/15 - 2017/18 (final to be approved February 2014).</p>
<p>APPENDICES</p>	<p>Appendix A – Prudential Indicators Appendix B – Summary Table of Prudential Indicators Appendix C – Minimum Revenue Provision Policy Statement</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Mark Hemming mhemming@bucksfire.gov.uk 01296 744687</p>

Appendix A – Prudential Indicators

1.0 Indicators for Affordability

1.1 The ratio of financing costs to net revenue stream

This indicator measures the percentage of the net revenue funding used to finance external debt. In spite of falling funding levels this indicator is projected to remain stable in the medium term. This is due to the reducing minimum revenue provision charge, repayment of borrowing and no new additional borrowing planned over the medium term:

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Ratio of financing costs to net revenue stream	2.0%	2.1%	2.1%	2.1%	1.9%

1.2 The incremental impact of capital investment decisions on the council tax

This indicator measures the impact of any additional (or reduction in) financing costs on the council tax. The amount is forecast to reduce as money is set aside to reduce the capital financing requirement annually and no future borrowing is planned over the medium term:

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
The incremental impact of capital investment decisions on the council tax	£0.00	-£0.09	-£0.04	-£0.04	-£0.04

2.0 Indicators for Prudence

2.1 Gross borrowing and the capital financing requirement

The table below shows gross borrowing and the capital financing requirement (**CFR**). The Authority should ensure that gross borrowing does not, except in the short term, exceed the CFR. As can be seen, the gross borrowing exceeds the CFR for just one year. This is due to a minor timing difference between setting money aside to repay borrowing and the actual repayment date. Gross borrowing will remain at £8.265m for the majority of 2015/16, although £515k will be repaid in March 2016. A further £368k will be repaid in May 2016. The figures shown below indicate the maximum level of borrowing during the year (i.e. repayments will reduce the limit for the following year):

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Gross borrowing (£000)	8,265	8,265	8,265	8,265	7,750
Capital financing requirement (£000)	9,004	8,669	8,359	8,061	7,775

3.0 Indicators for Capital Expenditure

3.1 Capital expenditure

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

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Capital expenditure (£000)	1,558	930	4,068	1,479	1,357

3.2 Capital financing requirement (CFR)

The CFR reflects the Authority's underlying need to borrow. This figure is predicted to reduce in future years, as revenue is set aside each year to repay borrowing when it matures, and no additional borrowing is planned in the medium term. The CFR should be looked at in relation to gross borrowing, as detailed in Section 2.1:

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Capital financing requirement (underlying need to borrow for a capital purpose) (£000)	9,004	8,669	8,359	8,061	7,775

4.0 Indicators for External Debt

4.1 Authorised Limit

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

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Authorised limit for borrowing (£000)	8,265	8,265	8,265	8,265	7,750
Authorised limit for other long-term liabilities (£000)	1,920	1,873	1,826	1,779	1,732
Authorised limit for external debt (£000)	10,185	10,138	10,091	10,044	9,482

4.2 Operational Boundary

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

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Operational boundary for borrowing (£000)	8,265	8,265	8,265	8,265	7,750
Operational boundary for other long-term liabilities (£000)	1,920	1,873	1,826	1,779	1,732
Operational boundary for external debt (£000)	10,185	10,138	10,091	10,044	9,482

The actual external debt for the year ending 31 March 2013 was **£10.185m**.

5.0 Indicators for Treasury Management

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

The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the Authority's borrowing and investment portfolios. This guidance will be adopted for 2014/15.

5.2 Upper limit on fixed interest rate exposures

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

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%

5.3 Upper limit on variable interest rate exposures

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

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%

5.4 Maturity structure of fixed rate borrowing

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

Indicator	Actual 2012/13	Projected 2013/14		Estimate 2014/15		Estimate 2015/16		Estimate 2016/17	
	Actual Maturity	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0%	0%	0%	0%	6%	0%	5%	0%	0%
12 months and within 24 months	0%	0%	6%	0%	4%	0%	0%	0%	8%
24 months and within five years	11%	0%	12%	0%	7%	0%	8%	0%	0%
five years and within 10 years	15%	0%	20%	0%	20%	0%	21%	0%	22%
10 years and within 20 years	40%	0%	28%	0%	29%	0%	30%	0%	32%
20 years and within 30 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 years and within 40 years	26%	0%	26%	0%	26%	0%	36%	0%	38%
40 years and above	8%	0%	8%	0%	8%	0%	0%	0%	0%

5.5 Total principal sums invested for periods longer than 364 days

The purpose of this indicator is for the Authority to contain its exposure to the possibility of loss that might arise as a result of its having to seek early repayment or redemption of principal sums invested. The Authority currently has no plans to invest for periods longer than 364 days. This will be kept under review in light of economic conditions and advice from treasury management advisors:

Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Total principal sums invested for periods longer than 364 days (£000)	0	0	0	0	0

5.6 Credit Risk

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

Appendix B – Summary Table of Prudential Indicators

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

	Indicator	Actual 2012/13	Projected 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17
Indicators for Affordability						
1.1	Ratio of financing costs to net revenue stream	2.0%	2.1%	2.1%	2.1%	1.9%
1.2	The incremental impact of capital investment decisions on the council tax	£0.00	-£0.09	-£0.04	-£0.04	-£0.04
Indicators for Prudence						
2.1	Gross borrowing (£000)	8,265	8,265	8,265	8,265	7,750
Indicators for Capital Expenditure						
3.1	Capital expenditure (£000)	1,558	930	4,068	1,479	1,357
3.2	Capital financing requirement (£000)	9,004	8,669	8,359	8,061	7,775
Indicators for External Debt						
4.1	Authorised limit for external debt (£000)	10,185	10,138	10,091	10,044	9,482
4.2	Operational boundary for external debt (£000)	10,185	10,138	10,091	10,044	9,482
Indicators for Treasury Management						
5.2	Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%
5.3	Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%
5.5	Total principal sums invested for periods longer than 364 days (£000)	0	0	0	0	0

* The actual external debt for the year ending 31 March 2013 was £10.185m. The projected external debt for the year ending 31 March 2014 is £10.138m.

The following indicators are not shown above:

- 5.1 – the Authority has adopted CIPFA’s Treasury Management Code for 2013/14
- 5.4 – details of the maturity structure of fixed rate borrowing (see Appendix A)
- 5.6 – narrative regarding credit risk (see Appendix A)

Appendix C – Minimum Revenue Provision (MRP) Policy Statement

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

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

(a) CFR Method

MRP is equal to 4% of the Capital Financing Requirement (CFR) at the end of the preceding financial years which, in the case of this Authority is currently projected at £129k for 2014/15. This is the method of calculation applied to all capital assets for all borrowing taken out prior to 31 March 2008.

(b) Asset Life Method

Since 1 April 2008, where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset, based on an equal instalment method. This amount is projected to be £181k for 2014/15.

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

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

Report considered by the Executive Committee – 5 February 2014



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	5 February 2014
OFFICER	David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Medium Term Financial Plan (MTFP) 2014/15 – 2017/18.
EXECUTIVE SUMMARY	<p>Attached at Appendix A is the summary of the latest draft Medium Term Financial Plan (MTFP) 2014/15 to 2017/18.</p> <p>There are three scenarios in the summary representing three different council tax options (see Appendices A (i)-(iii));</p> <ul style="list-style-type: none"> (i) Council tax freeze; (ii) 2% Council tax increase each year; (iii) 1% Council tax decrease each year. <p>Each model includes the actual growth in the council tax base for 2014/15 and assumes a 0.75% increase in council tax base for each following year.</p> <p>Assumptions have been made for pay and inflation increases and future years’ government grants based on the latest information received from CLG. See Appendix B.</p> <p>The latest savings and growth bids identified by officers are summarised in Appendix C and D. These have been scrutinised by members of the business transformation board and senior management board as part of the budget challenge process.</p> <p>The provisional settlement was announced on 18 December 2013 and these latest figures are included in the summary. It is envisaged the final CSR announcement will be made in early January but dates are not yet known.</p> <p>Summary of changes since the last MTFP update;</p> <ul style="list-style-type: none"> • Adjustments to Government funding, specific grants and business rates as per the provisional settlement,

	<ul style="list-style-type: none"> • Adjustments to council tax base growth for 2014/15, • Inclusion of estimated control room costs for 2014/15, • 1% green book pay award from July 2013*, • 1% increase to Members allowances*, • Additional growth and savings bids as per the summaries at Appendix C and D <p><i>*Previous assumption of 1% pay award for grey book staff continues.</i></p> <p>The draft capital budget was discussed by the business transformation board and senior management board as part of the budget challenge process and is summarised at Appendix E.</p>
ACTION	Information.
RECOMMENDATIONS	<p>That Members:</p> <ol style="list-style-type: none"> 1. Consider the draft revenue budget and three different council tax options for 2014/15 to 2017/18 as set out in Appendix A (i)-(iii). 2. Consider the latest savings and growth bids at Appendix C and Appendix D. 3. Consider the draft capital budget for 2014/15 to 2017/18 at Appendix E.
RISK MANAGEMENT	<p>Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.</p>
FINANCIAL IMPLICATIONS	Included in the appendices.
LEGAL IMPLICATIONS	<p>The Local Government Act 2003 gives the responsible finance officer, namely the Treasurer of the Combined Fire Authority under Section 112 of the Local Government Finance Act 1988, the responsibility to report to members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves. This helps to inform members of the issues to be considered in advance of the budget decisions in February 2014.</p>

HEALTH AND SAFETY	No implications.
EQUALITY AND DIVERSITY	No implications.
USE OF RESOURCES	<p>The Medium Term Financial Plan identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP).</p> <p>Members, Senior Management Team and many staff will be involved in agreeing priorities and the budget setting process over the forthcoming months in line with the enclosed outline timetable.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>MTFP 2013/14 to 2016/17 - February 2013 CFA; Guidance issued to Cost Centre Managers on MTFP 2014/15 to 2017/18; MTFP 2014/15 to 2017/18 - Report to 20 November Executive Committee.</p>
APPENDICES	<p>Appendix A - (i)-(iii) – Summary of draft MTFP 2014/15 to 2017/18;</p> <p>Appendix B – Funding, pay and inflation increase assumptions;</p> <p>Appendix C – Summary of savings bids;</p> <p>Appendix D – Summary of growth bids;</p> <p>Appendix E – Draft capital budget 2014/15 to 2017/18</p>
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Graham Young gyoung@bucksfire.gov.uk 01296 744429</p>

Appendix A(i)

Medium Term Financial Plan 2014/15 to 2017/18 (Council Tax Freeze with revised expected growth in council tax base in 14/15 and a 0.75% increase in council tax base from 2015/16)

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Base Budget	28,463	28,988	28,927	28,346	28,902
Pay Adjustment	160	204	212	518	218
Inflation Adjustment		86	98	103	98
Savings	-1,584	-579	-238	-10	-12
Previous year saving adjustments	-173	-666	-55	-45	0
Precept growth and collection fund surplus	411	386			
Growth	238	420	-194	-77	-12
Previous year growth adjustments		-35	34	68	0
Revenue Contribution to Capital	1,035	124	-438		
Net Operating Budget	28,550	28,927	28,346	28,902	29,196
Specific Projects	1,181	1,254			
Contribution to/(from) Reserves - Capital	438				
Contribution to/(from) Reserves - Asset Management	-115				
Contribution to/(from) Reserves - Vehicle Replacement	18				
Contribution to/(from) Reserves - Funding Pressures					
Contribution to/(from) Reserves - Moving Forward Agenda					
Contribution to/(from) Reserves - New Burdens	-84				
Contribution to/(from) Reserves - Control Room	-1,000	-1,254			
Net Budget Requirement	28,988	28,927	28,346	28,902	29,196
Govt Funding	-6,934	-6,011	-5,018	-4,030	-3,416
Business Rates	-4,495	-4,583	-4,709	-5,024	-5,201
Council Tax Support Grant					
Council Tax Receipts Surplus/Deficit	-188	-190			
Council Tax Freeze Grant 11/12					
Council Tax Freeze Grant 13/14					
Specific Grants (S.31)	-1,166	-1,178	-1,178	-1,178	-1,178
Council Tax Receipts	-16,205	-16,632	-16,757	-16,882	-17,009
Total Funding Available	-28,988	-28,594	-27,662	-27,114	-26,804
Shortfall for year	0	333	684	1,788	2,392
Cumulative savings requirement	0	333	1,017	2,805	5,197

Appendix A(ii)

Medium Term Financial Plan 2014/15 to 2017/18 (2% Council Tax increase with revised expected growth in council tax base in 14/15 and a 0.75% increase in council tax base from 2015/16)

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Base Budget	28,463	28,988	28,927	28,346	28,902
Pay Adjustment	160	204	212	518	218
Inflation Adjustment	0	86	98	103	98
Savings	-1,584	-579	-238	-10	-12
Previous year saving adjustments	-173	-666	-55	-45	0
Precept growth and collection fund surplus	411	386	0	0	0
Growth	238	420	-194	-77	-12
Previous year growth adjustments		-35	34	68	0
Revenue Contribution to Capital	1,035	124	-438	0	0
Net Operating Budget	28,550	28,927	28,346	28,902	29,196
Specific Projects	1,181	1,254			
Contribution to/(from) Reserves - Capital	438				
Contribution to/(from) Reserves - Asset Management	-115				
Contribution to/(from) Reserves - Vehicle Replacement	18				
Contribution to/(from) Reserves - Funding Pressures					
Contribution to/(from) Reserves - Moving Forward Agenda					
Contribution to/(from) Reserves - New Burdens	-84				
Contribution to/(from) Reserves - Control Room	-1,000	-1,254	0		
Net Budget Requirement	28,988	28,927	28,346	28,902	29,196
Govt Funding	-6,934	-6,011	-5,018	-4,030	-3,416
Business Rates	-4,495	-4,583	-4,709	-5,024	-5,201
Council Tax Support Grant	0	0	0	0	0
Council Tax Receipts Surplus/Deficit	-188	-190	0	0	0
Council Tax Freeze Grant 11/12	0	0	0	0	0
Council Tax Freeze Grant 13/14	0	0	0	0	0
Specific Grants (S.31)	-1,166	-1,178	-1,178	-1,178	-1,178
Council Tax Receipts	-16,205	-16,965	-17,431	-17,911	-18,403
Total Funding Available	-28,988	-28,927	-28,336	-28,142	-28,198
Shortfall for year	0	0	10	760	998
Cumulative savings requirement	0	0	10	770	1,768

Appendix A(iii)

Medium Term Financial Plan 2014/15 to 2017/18 (1% Council Tax decrease with revised expected growth in council tax base in 14/15 and a 0.75% increase in council tax base from 2015/16)

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Base Budget	28,463	28,988	28,927	28,346	28,902
Pay Adjustment	160	204	212	518	218
Inflation Adjustment	0	86	98	103	98
Savings	-1,584	-579	-238	-10	-12
Previous year saving adjustments	-173	-666	-55	-45	0
Precept growth and collection fund surplus	411	386	0	0	0
Growth	238	420	-194	-77	-12
Previous year growth adjustments		-35	34	68	0
Revenue Contribution to Capital	1,035	124	-438	0	0
Net Operating Budget	28,550	28,927	28,346	28,902	29,196
Specific Projects	1,181	1,254			
Contribution to/(from) Reserves - Capital	438				
Contribution to/(from) Reserves - Asset Management	-115				
Contribution to/(from) Reserves - Vehicle Replacement	18				
Contribution to/(from) Reserves - Funding Pressures					
Contribution to/(from) Reserves - Moving Forward Agenda					
Contribution to/(from) Reserves - New Burdens	-84				
Contribution to/(from) Reserves - Control Room	-1,000	-1,254	0		
Net Budget Requirement	28,988	28,927	28,346	28,902	29,196
Govt Funding	-6,934	-6,011	-5,018	-4,030	-3,416
Business Rates	-4,495	-4,583	-4,709	-5,024	-5,201
Council Tax Support Grant	0	0	0	0	0
Council Tax Receipts Surplus/Deficit	-188	-190	0	0	0
Council Tax Freeze Grant 11/12	0	0	0	0	0
Council Tax Freeze Grant 13/14	0	0	0	0	0
Specific Grants (S.31)	-1,166	-1,178	-1,178	-1,178	-1,178
Council Tax Receipts	-16,205	-16,466	-16,423	-16,381	-16,339
Total Funding Available	-28,988	-28,428	-27,328	-26,613	-26,134
Shortfall for year	0	499	1,018	2,290	3,062
Cumulative savings requirement	0	499	1,517	3,807	6,869

Appendix B

Funding, Pay and Inflation adjustments

Notes	Expenditure/Income	2014/15 %	2015/16 %	2016/17 %	2017/18 %
1	Council Tax (Model 1)	+0.0	+0.0	+0.0	+0.0
2	Council Tax (Model 2)	+2.0	+2.0	+2.0	+2.0
3	Council Tax (Model 3)	-1.0	-1.0	-1.0	-1.0
4	Formula Grant	-13.3	-16.5	-19.7	-15.2
5	Business Rates	+2.0	+2.7	+6.7	+3.5
6	Grey book Employees	+1.0	+1.0	+1.0	+1.0
7	Green book Employees	+1.0	+1.0	+1.0	+1.0
8	Members Allowances	+1.0	+1.0	+1.0	+1.0
9	Employers National Insurance	+0.0	+0.0	+3.4	+0.0
10	Employers Pension Costs	+0.0	+0.0	+0.0	+0.0
11	General Inflation	+1.9	+1.9	+2.0	+2.0
12	Utilities	+5.0	+5.0	+5.0	+5.0
13	Fuel	+6.0	+6.0	+6.0	+6.0
14	Rates	+2.0	+2.0	+2.0	+2.0

- 1 Council Tax Model 1 - Budget with Council Tax freeze in 2014/15
- 2 Council Tax Model 2 - Budget with 2% Council Tax increase from 2014/15 onwards
- 3 Council Tax Model 3 - Budget with 1% Council Tax decrease from 2014/15 onwards
- 4 Formula Grant - Assumptions based on latest detail from DCLG
- 5 Business Rates - Assumed growth in base
- 6 Employee increase of 1% has been applied to grey book staff from 2014/15
- 7 Employee increase of 1% has been applied to green book staff from 2014/15
- 8 Members Allowances - 1% increase from 2014/15
- 9 No notification of Employers National Insurance rates received for 2014/15
- 10 No change for Employers costs of Pension for Fire-fighters or LGPS at present
- 11 1.9% general inflation has been assumed for 2014/15
- 12 Gas and Electricity charges assumed increase of 5% for 2014/15
- 13 Fuel rates constant at 6% per year
- 14 Rates - a 2.0% increase has been assumed

Appendix C

SAVINGS BIDS 2014/15 TO 2017/18

Ref	Dept	Amount				Outcome of BTB	Comments
		2014/15	2015/16	2016/17	2017/18		
	Total for Public Safety bids agreed	192,600	423,600	426,600	426,600		
SAPS09	Public Safety	19,860	19,860	19,860	19,860	Agreed	Bank Holiday Overtime
SAPS10	Public Safety	26,550	26,550	26,550	26,550		Co-responder SCAS scheme (recovery of costs relating to GRPS15)
	Total for Public Safety new bids received	46,410	46,410	46,410	46,410		
	Grand total for Public Safety	239,010	470,010	473,010	473,010		
	Total for POD bids agreed	25,000	25,000	25,000	25,000		
	Total for POD new bids received	0	0	0	0		
	Grand total for POD	25,000	25,000	25,000	25,000		
	Total for Finance & Assets bids agreed	44,380	44,380	44,380	44,380		
SAFA14	Finance & Assets	21,000	21,000	21,000	21,000	Agreed	Audit fee reduction
SAFA15	Finance & Assets	30,000	30,000	30,000	30,000	Agreed	Solar Panel income
SAFA16	Finance & Assets	10,000	17,000	24,000	36,000	Agreed	Reduction in MRP
SAFA17	Finance & Assets	200,000	200,000	200,000	200,000	Agreed	LGPS pensions contribution reduction
	Total for Finance & Assets new bids received	261,000	268,000	275,000	287,000		
	Grand total for Finance & Assets	305,380	312,380	319,380	331,380		
	Total new savings bids	307,410	314,410	321,410	333,410		
	Bids previously agreed	261,980	492,980	495,980	495,980		
	Minor savings below £10k	10,000	10,000	10,000	10,000		
	Total savings bids	579,390	817,390	827,390	839,390		
	Increase in savings from previous year	579,390	238,000	10,000	12,000		

Appendix D

GROWTH BIDS 2014/15 TO 2017/18

Ref	Dept					Outcome of BTB	Linked to Savings Bid (Give detail)?	Comments
		2014/15	2015/16	2016/17	2017/18			
	Total for Public Safety bids agreed	22,680	6,480	6,480	6,480			
GRPS12	Public Safety	71,160	-7,260	-7,260	-7,260	Agreed		Operational Support Room Staffing
GRPS14	Public Safety	61,100				Agreed		Smoke Alarm provision
GRPS15	Public Safety	26,550	26,550	26,550	26,550			Co-responder SCAS scheme (cost neutral - exp will be recovered)
	Total for Public Safety new bids received	158,810	19,290	19,290	19,290			
	Grand total for Public Safety	181,490	25,770	25,770	25,770			
	Total for POD bids agreed	17,560	16,370	16,370	4,830			
	Total for POD new bids received	0	0	0	0			
	Grand total for POD	17,560	16,370	16,370	4,830			
	Total for Finance & Assets bids agreed	125,230	138,510	61,130	61,130			
GRFA08	Finance & Assets	60,000	10,000	10,000	10,000	Agreed	Linked to Capital Bid	Software and on-going support for Command Support Unit
GRFA10	Finance & Assets	36,000	36,000	36,000	36,000		Linked to Capital Bid	Revenue impact of 2014/15 capital schemes
	Total for Finance & Assets new bids received	96,000	46,000	46,000	46,000			
	Grand total for Finance & Assets	221,230	184,510	107,130	107,130			
	Total new growth bids	254,810	65,290	65,290	65,290			
	Bids previously agreed	165,470	161,360	83,980	72,440			
	Total growth bids	420,280	226,650	149,270	137,730			
	Increase in growth from previous year	420,280	-193,630	-77,380	-11,540			

Appendix E

CAPITAL PROGRAMME 2014/15-2017/18

	2014/15	2015/16	2016/17	2017/18	
	Budget Requests £	Budget Requests £	Budget Requests £	Budget Requests £	Additional Comments
Property Portfolio					
Property Review	550,000	600,000	600,000	600,000	Priority 1's plus a number of priority 2's
Property Total	550,000	600,000	600,000	600,000	
Fire Appliances & Equipment					
Purchase of BA Telemetry equipment	174,000	122,000			Telemetry phase of RPE replacement
Operational Equipment	57,150	57,150	57,150	57,150	Annual replacement of ladders & general Op equip
PPE Uniform	33,200				
Operational Equipment		600,000	600,000	600,000	Agreed in 13/14 capital budget
Incident Command Unit Replacement	155,000				Purchase of CSU and share ICU with RBFRS
Fire Appliances & Equipment Total	419,350	779,150	657,150	657,150	
Support					
ICT	260,000	100,000	100,000	100,000	
Hydrant Vans	13,400				Total budget £28k - £15k in a reserve
Workshop Service Van	24,500				
Support Total	297,900	100,000	100,000	100,000	

Report considered by the Executive Committee – 5 February 2014

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	5 February 2014
OFFICER	Lynne Swift, Director People & Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	BMKFA Pay Policy Principles and Statement 2014 15
EXECUTIVE SUMMARY	<p>The purpose of this report is to recommend approval to the Authority for the attached Pay Policy Principles and Statement for 2014/15, thus achieving compliance with the requirements of sections 38 to 40 of the Localism Act 2011 with regards to Openness and Accountability in Local Pay.</p> <p>A meeting of the full Fire Authority is required to approve its Pay Policy Statement "before the end of the 31 March" (sic) immediately preceding the financial year to which it relates.</p> <p>It is proposed that the attached draft (Appendix 1) be the Authority's Pay Policy Principles and Statement for 2014/15. It is based on the Pay Policy Statement for 2013/14 save as amended by additional text underlined (<u>underlined</u>) and deleted text shown struck through (struck through).</p> <p>The proposed policy statement takes into account DCLG requirements as set out in correspondence from the Secretary of State relating to Openness and Accountability in Local Pay, February 2013 (Appendix 2 of this report); and the supplementary statutory guidance (February 2013).</p> <p>In addition members can be assured that the Authority's pay policy statement complies with guidance on senior management reengagement and remuneration; highlighted recently by the Fire Minister in public correspondence with Cambridgeshire & Peterborough Fire and Rescue Authority.</p>

ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that :-</p> <p>The draft Pay Policy Principles and Statement at Appendix 1 be recommended to the Authority as its statutory Pay Policy Statement for 2014/15.</p>
RISK MANAGEMENT	The Fire Authority is required to adopt and publish a Pay Policy Statement annually.
FINANCIAL IMPLICATIONS	<p>There are no direct financial implications arising from the Pay Policy Statement, however any financial impact of subsequent decisions will be factored into the Medium Term Financial Planning process and scrutinised and challenged by members. Any in-year impacts will be considered and reported through the budget monitoring process and any resource re-allocation will be subject to the usual virement approvals and limits as set out in the Financial Regulations.</p>
LEGAL IMPLICATIONS	<p>Section 38 of the Localism Act 2011 places a requirement on the Authority to prepare annually, a statement setting out the Authority’s policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. Chief officers are the most senior officers of the Authority. Authorities are required to state the definition of lowest paid employees they have adopted in the statement, and explain the reasons for adopting that particular definition. The statement may also set out the Authority’s policies relating to other terms and conditions applying to its senior officers. In preparing its statement, the Authority must have regard to any guidance issued or approved by the Secretary of State.</p> <p>The 2014/15 Pay Policy Statement must be approved by the full Authority before the end of 31 March 2014. Approvals cannot be delegated to any committee, subcommittee, or officers.</p> <p>The Pay Policy Statement may be amended by the full Authority during the financial year to which it applies.</p> <p>Section 41 of the Localism Act 2011 requires the Authority to comply with its Pay Policy Statement for the relevant financial year when making a determination that relates to the remuneration, or other terms and conditions of a senior officer of the Authority.</p> <p>The Pay Policy Statement must include the Authority’s policies in relation to senior pay on:-</p>

	<p>(a) the level and elements of remuneration (b) remuneration on recruitment (c) increases and additions to remuneration (d) the use of performance related pay (e) the use of bonuses (f) the approach to payment on their ceasing to be employed by the authority, and (g) the publication of and access to information relating to remuneration</p> <p>The statutory guidance gives discretion as to whether the Authority wishes to mirror these headings in its Pay Policy Statement in respect of its other employees.</p>
HEALTH AND SAFETY	No implications.
EQUALITY AND DIVERSITY	<p>Pay decisions will be subject to the demands of equal pay processes.</p> <p>A People Impact Assessment will be updated, as a minimum annually, as analysis is undertaken on all pay decisions and a review of trends carried out. This will ensure an equitable, transparent, consistent and legally compliant basis for the employment relationship between the Authority and its employees.</p>
USE OF RESOURCES	<p>Adoption of the annual Pay Policy Statement ensures statutory compliance. However, as the legislation permits in-year changes there is scope for the Authority to revisit certain elements to reflect the needs of the service.</p> <p>For example, the Authority is currently undertaking a review of support staff ('local Green Book') remuneration and conditions of service. Depending on the recommended outcomes, the 2014/15 Pay Policy Statement may require further amendments.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Reports to the Meeting of the Buckinghamshire & Milton Keynes Fire Authority held 15 February 2012</p> <p>Agenda and reports: Item 11: Openness and Accountability in Local Pay: BMKFA Pay Policy Statement 2012/13 (pages 130 to 150) Agenda and reports</p> <p>Reports to the Meeting of the Buckinghamshire & Milton Keynes Fire Authority held 13 February 2013</p> <p>Agenda and reports: Item 7a: Pay Policy Statement 2013/14 (pages 11 to 22)</p>

	<p>Agenda and reports</p> <p>Openness and accountability in local pay: Guidance under section 40 of the Localism Act, February 2012, Department for Communities and Local Government https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf</p> <p>Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 Supplementary Guidance, February 2013, Department for Communities and Local Government https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf</p>
<p>APPENDICES</p>	<p>Appendix 1: Pay Policy Principles and Statement 2014/2015 (Part 1: All staff, Part 2: SMB only)</p> <p>Annex A: "Grey Book" Pay rates from 1 July 2013</p> <p>Annex B: "Green Book" Current pay scales from 1 July 2013</p> <p>Annex C: Employee Bonus Payment Setting Scheme and Process</p> <p>Appendix 2 Openness and Accountability in Local Pay</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Faye Mansfield, Human Resources Operations Manager fmansfield@bucksfire.gov.uk 01296 744623</p>



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Policy Note:

Pay Policy Principles and Statement 2014/15

To:	Document Type:	✓	Document Summary:
All employees of the Authority, including temporary staff	Policy	✓	This policy sets out the principles of accountability, transparency and fairness relating to pay. The policy lays down how pay is managed and set for all employees of the Authority including the Strategic Management Board.
	Assessment		
	Procedure		
	Guidance Note		
	Technical Note		
	Information		
	Safety Critical		

Keyword:

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

Document History

First issue: 15 February 2012

Second issue: 13 February 2013. This is the Buckinghamshire and Milton Keynes Fire Authority Pay Policy Statement 2013/2014 for the purposes of the Localism Act 2011 and has been approved by resolution of the full Authority at the meeting of the Buckinghamshire & Milton Keynes Fire Authority on 13th February 2013.

Third issue: 19 February 2014 (subject to CFA approval)

A meeting of the full Authority is required to approve its Pay Policy Statement before the end of the 31 March immediately preceding the financial year to which it relates.

Adoption of the Pay Policy Statement ensures statutory compliance. Legislation permits in-year changes to revisit certain elements to reflect the needs of the service.

Version:	Version 3.0	Status of document:	Draft
Author:	Lynne Swift	PIA:	Reviewed annually .Next review June 2014
Issue Date:	TBC	Review Date:	TBC
File Name	Pay Policy Principles and Statement		



Policy Note:

**Pay Policy Principles and Statement
2014/15**

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Increases and additions to remuneration	7
Use of Performance related pay	7
Use of bonuses	7
Approach on ceasing to hold office or be employed	7
Publication of and access to information relating to remuneration	8

Version:	Version 3.0	Status of document:	Draft
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Policy Note:

Pay Policy Principles and Statement 2014/15

BMKFA Pay Policy Principles and Statement

This document applies to all employees of Buckinghamshire & Milton Keynes Fire Authority (The Authority).

Principles

1. Accountability

Decisions on pay policies will be taken by elected members - those who are directly accountable to local communities. We will ensure that all democratically accountable members have a significant input into how decisions on pay are made, and that we are open about the policies that determine those decisions.

Our annual Pay Policy Statements, and any amendments to them, will be considered by a meeting of the Fire Authority and will not be delegated to any sub-committee. In scheduling such meetings, we will act in accordance with our responsibilities under part 5A of the Local Government Act 1972. However, we note that the Secretary of State does not consider that any of the grounds for exclusion of the public would be met for discussions of Pay Policy Statements. Such meetings should therefore be open to the public and should not exclude observers. All decisions on pay and reward for chief officers must comply with the current pay policy statement.

The Fire Authority will be offered the opportunity to vote before salary packages (£100,000 plus) are offered in respect of a new appointment. For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.

2. Transparency

Our Pay Policy Statement, along with our approach to the publication of and access to information relating to remuneration, will be published on our website.

Although we are not required to use our Pay Policy Statement to publish specific numerical data on pay and reward, we will consider how the information within the Pay Policy Statement fits with that data on pay and reward that we publish separately.

This includes that data required to be published under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011.

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Author:	Lynne Swift	PIA:	Reviewed annually .Next review June 2014
Issue Date:	TBC	Review Date:	TBC
File Name	Pay Policy Principles and Statement		



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Policy Note:

Pay Policy Principles and Statement 2014/15

3. Fairness

We will ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff salaries, and that the relationship between those decisions is considered. We will consider our proposals for the pay relationship between the remuneration of chief officers and employees who are not chief officers.

We will publish our pay multiple – the ratio between the highest paid employee and the mean average earnings and the lowest paid across the Fire and Rescue Service.

We will set out our approach to the award of other elements of remuneration, including bonuses, performance related pay as well as severance payments.

Statement 1 April 2012

Part 1 Pay Policy (all staff excluding SMB)

1. All pay decisions will be fair, based on policy and reflecting the requirements of legislation.
2. Our systems will be transparent and well known amongst staff groups and we will discuss planned changes to our systems with the appropriate representative bodies.
3. We will where possible, avoid complex pay systems and in determining pay we will make reference to market rates in order to secure best value for the taxpayer.

Level and elements of remuneration

4. Staff are employed under contracts with either the terms and conditions of the NJC for Local Authority Fire and Rescue Services Scheme of Conditions of Service, 2004 "the Grey Book" incorporated; or with the provisions of the Buckinghamshire and Milton Keynes Fire Authority scheme of conditions of service, April 1997 incorporated.
5. For Grey Book staff, rates of pay are set out in circulars issued by the NJC and entitlements are governed by Part B of the Grey Book.
6. For other staff the pay structure takes the form of pay scales with incremental points. Incremental progression normally occurs on 1st April if the required criteria are met; at least six months in post, subject to performance and the maximum grade for the post not being exceeded.

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Author:	Lynne Swift	PIA:	Reviewed annually .Next review June 2014
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Policy Note:

Pay Policy Principles and Statement 2014/15

Incremental progression may be withheld if performance is not to the required standard.

7. Pay scales are inserted in the annexes:

- Annex A "Grey Book" Pay rates from 1 July 2013
- Annex B "Green Book" Pay scales from 1 July 2013

8. Some members of staff participate in lease car and private healthcare insurance arrangements.
9. The Authority reimburses mileage, travel expenses, subsistence and other expenses (e.g. overnight stays, meals and professional fees) when appropriate and in accordance with the Authority's policy and procedures relating to expenses.

Remuneration on Recruitment

10. Remuneration will be based on the evaluated rate for the job, either nationally or locally.

Increases and additions to remuneration

11. Additional Responsibility Allowance (ARA) payments for "Grey Book" staff and occasional Honoraria for staff on 'local Green Book' terms and conditions, are used to reward increased responsibilities, and duties beyond the normal remit of the role for specific periods, for existing staff to cover managed vacancies for short to medium term periods, enabling successful change management with minimal risk.
12. Any such payments require the signature of two Directors in accordance with the current procedures.

Use of Performance related pay

13. Performance related pay is not in operation although certain posts attract performance increments based on skill development.

Version:	Version 3.0	Status of document:	Draft
Author:	Lynne Swift	PIA:	Reviewed annually .Next review June 2014
Issue Date:	TBC	Review Date:	TBC
File Name	Pay Policy Principles and Statement		



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Policy Note:

Pay Policy Principles and Statement 2014/15

Use of bonuses

14. One off bonus payments may be considered linked to evidenced and scrutinised delivery of performance management objectives and is outlined in Annex C.

Approach on ceasing to hold office or be employed by the Authority

15. The Authority's current policies in respect of discretionary payments are in line with the recommendations to be found in the minutes of the Human Resources Sub Committee held on 12 December 2012 and entitled Statement of Policy on the Adoption of Certain Employer Discretions and the minutes of the Executive Committee held on 17 July 2013. [Minutes.](#)

Publication of and access to information relating to remuneration

16. We will publish information in accordance with "The Code of Recommended Practice for Local Authorities on the Data Transparency".

Pay Multiple

17. Our definition of lowest paid staff are those staff we employ who are paid at rates that are maintained in line with the National Minimum Wage at age 21 or over. We opt not to use lower pay rates permitted under the National Minimum Wage for 16 to 20 year olds or apprentices.

The current BMKFA pay multiples are;

Highest pay: lowest pay is ~~11.72~~ 11.5

Highest pay: median pay is ~~4.9~~ 4.87

18. It is our intention that salary multiples do not reach the 1:20 ratio referred to in the Hutton Report.

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Policy Note:

Pay Policy Principles and Statement 2014/15

Part 2 Pay Policy – Strategic Management Board (SMB)

SMB members pay arrangements are covered by the Gold Book.

Level and elements of remuneration

19. Senior management remuneration comprises salary, car provision and private medical insurance.
20. Gold Book Pay is based on a twin track approach of an annual nationally agreed pay deal and a local pay agreement. SMB Pay Policy includes proposals to consider the implementation of Earn Back Arrangements and addresses the requirements of the Localism Act in relation to the SMB.

Remuneration on Recruitment

21. Remuneration will be based on the evaluated rate for the job.

Increases and additions to remuneration

22. Increases and additions for senior management posts will require approval of the appropriate committee of the Authority.

Use of Performance related pay

23. Performance related pay will be used in the context of the relevant policy, based on "Earn back" principles and will need approval by the appropriate committee.

Use of Bonuses

24. One off bonus payments may be considered linked to evidenced and scrutinised delivery of performance management objectives.

Approach on ceasing to hold office or be employed by the Authority

- | | |
|---|---|
| <ol style="list-style-type: none"> 25. Summary dismissal Dismissal with notice Redundancy Resignation or leave date Redeployment | <p>dismissal without notice payments
 salary payment in line with contract
 in accordance with service policy
 normal salary payment until end of notice period
 in accordance with prevailing service policy</p> |
|---|---|

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Policy Note:

Pay Policy Principles and Statement 2014/15

26. This Authority does not make payments to senior staff members who leave other than to those who are leaving for the purposes of improved efficiency
27. Re-employment/re-engagement will not normally occur following retirement.
28. The Fire Authority will be given the opportunity to vote as to 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.

Publication of and access to information relating to remuneration

29. We will publish information in accordance with "The Code of Recommended Practice for Local Authorities on the Data Transparency".

DRAFT

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Buckinghamshire & Milton Keynes Fire Authority
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Policy Note:

Pay Policy Principles and Statement 2014/15

FIREFIGHTING ROLES - PAY RATES FROM 1st JULY 2013

Basic hourly rate
£

Overtime rate
£

Basic annual
£

Firefighter

Trainee	21,583	9.86	14.79
Development	22,481	10.27	15.41
Competent	28,766	13.14	19.71

Crew Manager

Development	30,574	13.96	20.94
Competent	31,892	14.56	21.84

Watch Manager

Development	32,582	14.88	22.32
Competent A	33,487	15.29	22.94
Competent B	35,664	16.29	24.44

Station Manager

Development	37,096	16.94	25.41
Competent A	38,209	17.45	26.18
Competent B	40,915	18.68	28.02

Group Manager

Development	42,723	19.51	Not Applicable
Competent A	44,005	20.09	"
Competent B	47,361	21.63	"

Area Manager

Development	50,156	22.90	Not applicable
Competent A	51,660	23.59	"
Competent B	55,018	25.12	"

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Policy Note:

Pay Policy Principles and Statement 2014/15

FIREFIGHTING ROLES – PAY RATES FROM 1st JULY 2013

(RETAINED DUTY SYSTEM) (1) £ per annum	(2) £ per annum	(3) £ per Hour	(4) £ per occasion
---	--------------------	-------------------	-----------------------

Firefighter

Trainee	2,158	1,079	9.86	3.78
Development	2,248	1,124	10.27	3.78
Competent	2,877	1,438	13.14	3.78

Crew Manager

Development	3,057	1,529	13.96	3.78
Competent	3,189	1,595	14.56	3.78

Watch Manager

Development	3,258	1,629	14.88	3.78
Competent A	3,349	1,674	15.29	3.78
Competent B	3,566	1,783	16.29	3.78

Station Manager

Development	3,710	1,855	16.94	3.78
Competent A	3,821	1,911	17.45	3.78
Competent B	4,092	2,046	18.68	3.78

Group Manager

Development	4,272	2,136	19.51	3.78
Competent A	4,400	2,200	20.09	3.78
Competent B	4,736	2,368	21.63	3.78

Area Manager

Development	5,016	2,508	22.90	3.78
Competent A	5,166	2,583	23.59	3.78
Competent B	5,502	2,751	25.12	3.78

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Policy Note:

Pay Policy Principles and Statement 2014/15

CONTROL SPECIFIC ROLES - PAY RATES FROM 1st JULY 2013

Basic annual
£

Basic hourly rate
£

Overtime rate
£

Firefighter (Control)

Trainee	20,504	9.36	14.04
Development	21,357	9.75	14.63
Competent	27,328	12.48	18.72

Crew Manager (Control)

Development	29,045	13.26	19.89
Competent	30,297	13.83	20.75

Watch Manager (Control)

Development	30,953	14.13	21.20
Competent A	31,813	14.53	21.80
Competent B	33,881	15.47	23.21

Station Manager (Control)

Development	35,241	16.09	24.14
Competent A	36,299	16.57	24.86
Competent B	38,869	17.75	26.63

Group Manager (Control)

Development	40,587	18.53	Not applicable
Competent A	41,805	19.09	"
Competent B	44,993	20.54	"

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Policy Note:

Pay Policy Principles and Statement 2014/15

NON-OPERATIONAL STAFF - PAY RATES FROM 1st JULY 2013 £ per annum

Fire Control Operator equivalent

During first six months	18,381
After six months and during 2 nd year	19,195
During 3 rd year	20,108
During 4 th year	21,097
During 5 th year	22,977
Leading Fire Control Operator equivalent	24606

Senior Fire Control Operator equivalent

During 1 st year in rank	25,238
During 2 nd year in rank	26,194

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Annex B - Local "Green Book" Pay scales with effect July 1 2013

Support Staff - Green Book

Scale Descriptor	Pre 01/07/13	WEF 01/07/2013	Incremental Point
Scale 1	£16,940.00	£17,110.00	1
	£17,674.00	£17,851.00	2
	£18,440.00	£18,625.00	3
Scale 2	£20,009.00	£20,210.00	4
	£20,377.00	£20,581.00	5
	£20,746.00	£20,954.00	6
Scale 3	£21,856.00	£22,075.00	7
	£22,347.00	£22,571.00	8
	£22,838.00	£23,067.00	9
Scale 4	£23,970.00	£24,210.00	10
	£24,315.00	£24,559.00	11
	£24,799.00	£25,047.00	12
Scale 5	£26,186.00	£26,448.00	13
	£26,657.00	£26,924.00	14
	£27,287.00	£27,560.00	15
Scale 6	£29,832.00	£30,131.00	16
	£30,646.00	£30,953.00	17
	£31,471.00	£31,786.00	18
Scale 7	£36,908.00	£37,278.00	19
	£37,843.00	£38,222.00	20
	£38,924.00	£39,314.00	21
Scale 8	£43,510.00	£43,946.00	22
	£44,707.00	£45,155.00	23
	£45,898.00	£46,357.00	24
Scale 9	£53,361.00	£53,895.00	25
	£54,691.00	£55,238.00	26
	£56,168.00	£56,730.00	27

Cleaners - Green Book

Clean HQ	£11,321 (Adjusted to £11,942.40 to comply with Minimum Wage wef 01/10/12)	£12062 (Adjusted to £12,173.88 to comply with Minimum Wage wef 01/10/13)	
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Fleet Management - Green Book

	£27,931.00	£28,211.00	FM Point 10
	£28,570.00	£28,856.00	FM Point 11
	£29,204.00	£29,497.00	FM Point 12
	£29,833.00	£30,132.00	FM Point 13
	£30,646.00	£30,953.00	FM Point 14
	£31,471.00	£31,786.00	FM Point 15

Fleet Management - Supervisors - Green Book

	£26,185.00	£26,447.00	SU Point 7
	£26,661.00	£26,928.00	SU Point 8
	£27,292.00	£27,565.00	SU Point 9

Fleet Management - Vehicle Technicians - Green Book

	£23,329.00	£23,563.00	VT Point 1
	£23,828.00	£24,067.00	VT Point 2
	£24,320.00	£24,564.00	VT Point 3
	£24,800.00	£25,048.00	VT Point 4

	£25,260.00	£25,513.00	VT Point 5
	£25,718.00	£25,976.00	VT Point 6
	£12,000.00	£12,120.00	VT Point 7
NATIONAL MIMUM WAGE RATES IF APPLICABLE - EFFECTIVE 01/10/13			
Apprentice	£2.65 per hour	£2.68 per hour	
Under 18	£3.68 per hour	£3.72 per hour	
18 - 20	£4.98 per hour	£5.03 per hour	
21 and over	£6.19 per hour	£6.31 per hour	

**BUCKINGHAMSHIRE & MILTON KEYNES FIRE
AUTHORITY**

**EMPLOYEE BONUS PAYMENT SETTING SCHEME AND
PROCESS**

Introduction

The purpose of this document is to set out in outline the principles and process for determining whether or not employees will receive bonus payments, and if so sets out the process to determine the allocation of such payments. Bonus payments will be one-off and paid only to reflect excellent performance; that is performance, which exceeds the standards and targets agreed with the employee during their annual appraisal process, and prior to the start of the financial year, for which any performance scheme is introduced.

Eligibility

Eligibility would be specified as part of any scheme rules, on an annual basis.

Key Principles

The following key principles underpin any bonus and/or performance related reward schemes:

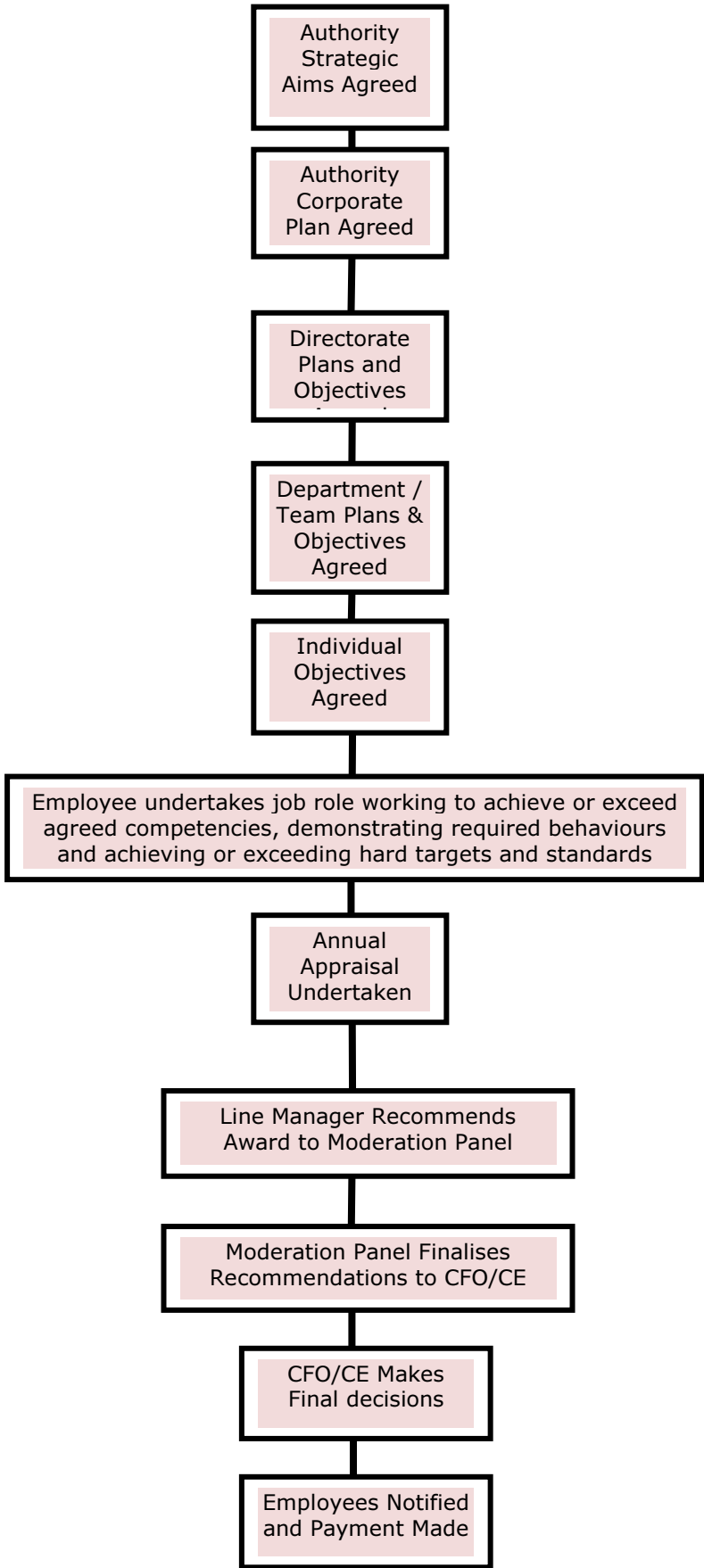
- The Scheme is entirely discretionary and forms no part of the contract of employment
- The Scheme sits in the context of the authority's overall strategic and performance management processes, therefore targets and objectives included in any scheme will align with the Corporate and Public Safety Plan objectives, via the "golden thread" process
- Payments will only be made where the employee's contribution not only reflects excellence but also clearly assists with achieving the Authority's strategic objectives
- It is intended to reward those who can demonstrate sustained, outstanding achievement or excellence in their role
- It is intended to recognise and reward, not only the exceeding of targets and standards, but also the acquisition of the necessary competencies and deployment of behaviours that reinforce the authority's values and norms

- The amount of money available to be paid in bonus payments to employees under the scheme, will be determined as part of the annual budgeting process, and any scheme will be self-funding
- All eligible candidates invited to participate in any scheme must have an agreed appraisal, including core and stretching objectives in advance of the bonus scheme year
- Recommendations for payments under the scheme will be made by the employees line manager, following the annual appraisal round, to the appropriate Director
- Recommendations will be reviewed by a Moderating Panel consisting of:
 - The Chief Operating Officer
 - The Director of People and Organisation Development
 - The Director of Finance and Assets
 - The Director of Legal and Governance

The Moderating Panel may choose to appoint an independent advisor, to assist with the process of ensuring that proposed awards are based on the exercise of consistent judgement, in both the setting of targets and standards and the assessment of achievement against these

- Payments under the Scheme will be authorised by the Chief Fire Officer/Chief Executive on recommendation of the Moderation Panel
- Employees will only be informed of approved awards and not as to whether or not a recommendation was made
- There will be no appeal against recommendations or final decisions
- The Human Resources Sub Committee will receive an annual report summarising the awards, if any, that have been made
- Eligibility criteria will be approved by SMT on an annual basis. This may include decisions not to run a bonus scheme or to extend to other workgroups
- Decisions will comply with the requirements of the authority's pay policy, which is reviewed and approved annually
- If and when an annual bonus scheme is agreed, specific detailed rules will be developed in advance of the scheme year; for example, new staff who become eligible in year, long term absence etc
- Any payments will be subject to statutory deductions.

**BUCKINGHAMSHIRE & MILTON KEYNES FIRE
AUTHORITY
Bonus Setting Scheme Process Flow Chart**





Department for
Communities and
Local Government

The Rt Hon Eric Pickles MP

Secretary of State for Communities and Local
Government

**Department for Communities and Local
Government** Eland

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Leaders of Local Authorities in England
Chairs of Fire and Rescue Authorities

20 February 2013

Dear All

Openness and Accountability in Local Pay

The introduction of the Localism Act's pay accountability measures was an important step in increasing accountability over local decisions on pay and reward, particularly senior pay. I am pleased that when exercising their responsibilities under these measures and preparing pay policy statements for 2012-13, the majority of relevant authorities sought to reflect the spirit of our approach. Pay policy statements have proved a rich source of information for local citizens and other interested parties, enabling a closer examination of how local taxpayers' money is spent on pay and reward of local authority staff.

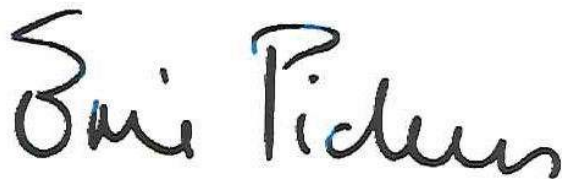
In February 2012, we published *Openness and Accountability in Local Pay*, to which authorities must have regard when exercising their duties on pay accountability. This guidance still stands. However, as authorities begin to prepare or review their statements for 2013-14, it is important that Members continue to consider how to improve the clarity and value of the information that their authorities are publishing. In addition, many authorities can do more to ensure that their most important – and often most costly – decisions on pay and reward are exposed to the scrutiny of Full Council.

I am therefore today issuing some short supplementary guidance for 2013-14 which seeks to reflect lessons learnt from the experience of last year. In particular, the supplementary guidance highlights:

- Members should ensure that pay policy statements are set out clearly, that they fully address all of the requirements of the Localism Act 2011 and accompanying guidance, and are accessible. While all authorities prepared a pay policy statement for 2012-13, not all could be found easily, for example from a simple search of the authority's website. This should change.
- Full Council should be given the opportunity to vote on salary packages of £100,000 or more. I was disappointed that, for 2012-13, not all authorities chose to articulate in their statement if this was being done. This should be made absolutely clear. In addition, those authorities who may not have senior posts over £100,000 should seek to achieve the same degree of openness and accountability by adopting a lower threshold for votes, appropriate to their local circumstances

- Full Council should also be given the opportunity to vote on severance payments over £100,000. Many believe that pay-offs to senior local government staff are excessive and too frequent. The Localism Act brings out into the open the approach taken to severance across the sector. There is a clear case for going further and ensuring that, as well as approving their authority's policy on severance, Members are able to consider each time it is proposed to spend local taxpayers' money on a large pay-off. This follows on from my announcement in November 2012 where I said that I intend to remove the costly and bureaucratic requirement for a designated independent person to investigate allegations of misconduct by senior officers from the Local Authorities (Standing Orders) (England) Regulations 2001. I am currently consulting with the Local Government Association and others on the draft regulations to give effect to these changes.
- Finally, our expectation would be that where councils have directly elected mayors, they would involve the directly elected mayor and have regard to any proposals the mayor may have before the statement is considered and approved.

In considering and approving their Council's pay policy statement, Members have an opportunity to demonstrate that they are seeking to protect the interests of local taxpayers. Ensuring that their authority follows the principles set out in this guidance will help Members to do so. In due course, I shall review how authorities have addressed these issues in their pay policy statements for 2013-14. If it appears that authorities are not following specific aspects of this guidance - and are therefore not achieving appropriate levels of openness and accountability in the setting of policies on pay and reward - I may take steps to require authorities to adopt particular policies.

A handwritten signature in blue ink that reads "Eric Pickles". The signature is written in a cursive, flowing style.

RT HON ERIC PICKLES MP

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Buckinghamshire & Milton Keynes Combined Fire Authority



MEETING	Fire Authority
DATE OF MEETING	19 February 2014
OFFICER	David Skinner, Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Medium Term Financial Plan (MTFP) 2014/15 to 2017/18
EXECUTIVE SUMMARY	<p>The attached MTFP report presents the proposed revenue and capital Medium Term Financial Plan (MTFP) for the financial years 2014/15 to 2017/18.</p> <p>The final settlement was announced on 5 February 2014 and is included in the funding assumptions for government grant funding, business rates and council tax receipts.</p> <p>All assumptions are detailed at section 5.10 of the report and are based on information received to date. At the time of writing final business rates information is still outstanding from a number of the districts. This is due to complications with the calculation of the new business rates scheme funding.</p> <p>In the event that any of the funding figures change, updated revenue, capital and reserves summaries will be presented at the meeting along with an update on the calculation of the baseline funding (Appendix D).</p> <p>The Model 1 (Council Tax freeze) summary at Appendix A(i) shows the base budget for 2014/15 with adjustments made for savings and growth to give the position for each future year. The savings and growth lines match the totals for those bids scrutinised by officers at Business Transformation Board, Senior Management Board and Lead Members at the challenge sessions held on 31 October 2013 and 9 January 2014.</p> <p>Model 2 at Appendix A(ii) is an estimation of the MTFP showing the likely outcome should Members opt to forego the council tax freeze grant and increase council tax by 1.99%.</p> <p>Appendix B(i) and B(ii) show the latest summary of the capital programme for 2014/15 and an indicative position for the following three years.</p> <p>The estimated reserves statement at Appendix C shows</p>

	<p>the expected movements required to set a balanced budget and sustain the financial plan in the medium term given the information available to date.</p> <p>The summary at Appendix D (to be presented at the meeting) gives a breakdown of the baseline funding calculation.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>Members are asked to:</p> <ol style="list-style-type: none"> 1) Note and have due regard to the report and Statement of the Chief Finance Officer at section 10, 2) Note the information provided at sections 2 to 4 showing the effects of the latest global and UK economic forecast, the Localism Act and Autumn Statement on the funding settlement for 2014/15, 3) Approve a Council Tax precept of £59.13 for a band D property and the revenue budget as set out in Model 1 (Council Tax freeze) at Appendix A(i), or, 4) Approve a Council tax precept of £60.31 for a band D property and the revenue budget as set out in Model 2 (1.99% Council Tax increase) at Appendix A(ii), 5) Approve the capital programme for 2014/15 as set out in Appendix B(i) and the indicative capital programme for 2015/16, 2016/17 and 2017/18 as set out in Appendix B(ii), 6) Agree that the general reserve balance should be maintained and note the estimated movements in earmarked reserves as set out at in Appendix C, 7) Note the baseline funding summary at Appendix D (to be presented at the meeting).
RISK MANAGEMENT	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.
FINANCIAL IMPLICATIONS	Included in the main body of the report.
LEGAL IMPLICATIONS	The Local Government Act 2003 gives the responsible finance officer, namely the Treasurer of the Combined Fire Authority under s112 of the Local Government

	<p>Finance Act 1988, the responsibility to report to Members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.</p> <p>Members must take account of the advice of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.</p>
HEALTH AND SAFETY	None directly.
EQUALITY AND DIVERSITY	None directly.
USE OF RESOURCES	<p>The Medium Term Financial Plan, including capital and revenue budgets, identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP)/Integrated Risk Management Plan (IRMP).</p> <p>Members, Senior Management Board and many staff have been involved in agreeing priorities and the budget setting process over the forthcoming months.</p>
PROVENANCE & BACKGROUND PAPERS	MTFP 2013/14 to 2016/17
APPENDICES	<p>Appendix A – MTFP budget models,</p> <p>Appendix B – Capital programme summaries,</p> <p>Appendix C – Summary of estimated movement on earmarked reserves,</p> <p>Appendix D – Summary of baseline funding (to be presented at the meeting).</p>
TIME REQUIRED	30 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Graham Young</p> <p>gyoung@bucksfire.gov.uk</p> <p>01296 744429</p>

Title: Medium Term Financial Plan (MTFP) 2014/15 to 2017/18

1 Introduction

- 1.1 The purpose of this report is to present the proposed revenue and capital Medium Term Financial Plan (MTFP) 2014-2018. Members are asked to consider and approve the 2014/15 budget and note the indicative budgets for the following three years.
- 1.2 The Medium Term Financial Plan (MTFP) links the outcomes required in the Authority's strategic aims and objectives as set out in the Public Safety Plan (PSP)/Integrated Risk Management Plan (IRMP) and Corporate Plan with the resources available to the Authority.
- 1.3 As part of the Fire Authority's Terms of Reference and Medium Term Financial Plan, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following three years.
- 1.4 Under Section 25 of the Local Government Act 2003 the Chief Finance Officer (as S.112 Chief Finance Officer of the Local Government Finance Act 1988) is required to report to members on:-
 - 1.4.1 The robustness of the estimates made for the purposes of the calculations of the budget;
 - 1.4.2 The adequacy of the proposed financial reserves;
- 1.5 The Local Government Act 2003 requires that Members have regard to the report in making their decisions.
- 1.6 Sections 32 and 43 of the Local Government Finance Act 1992 also require precepting authorities to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

2 The Economic Outlook

- 2.1 The UK budget 2013 highlighted three key global economic risks; the euro area sovereign debt crisis, the US 'fiscal cliff', and slowing growth in emerging markets (China, India, Russia and Brazil). Whilst some of these risks have subsequently eased, political and economic risks remain, with the potential to destabilise the UK recovery.
- 2.2 The US, which accounted for 17% of UK exports in 2012 is forecast to have growth strengthening in 2014. However the US fiscal and economic outlook is dependent on the progress of further budget and fiscal negotiations scheduled for the first half of the year. The major emerging markets taken together accounted for 7% of UK exports in 2012, however growth disappointed during 2013 due to significant capital outflows and currency depreciations mid-year.
- 2.3 The euro area is a key market for the UK and following improved financial market conditions throughout the year the euro area sovereign debt crisis has stabilised with growth in the European economy in the second and third

quarters of 2013. However, despite this improving economic outlook, activity across Europe remains subdued.

- 2.4 The UK economy picked up more strongly in 2013 than had previously been forecast mainly due to stronger than expected private consumption growth and housing investment. However it is judged that this growth surprise is more down to a reduction in the spare capacity in the economy rather than an indication of stronger underlying growth potential. It is therefore not expected that the growth rates seen during 2013 will be sustained into 2014 as despite consumer confidence, credit conditions and the housing market improving, productivity and real earnings growth have remained weak. It is forecast that growth will then strengthen from 2015 onwards as productivity picks up. Table 1.1 indicates the Gross Domestic Product (GDP) growth forecast.
- 2.5 Unemployment has been lower than forecast in 2013, continuing the pattern of previous years, however average earnings growth has remained weak. Whilst GDP has grown more strongly than expected, the number of hours worked was also higher leading to a weaker increase in productivity per hour. Employment forecasts have been revised up with unemployment forecast to fall steadily over the coming years reaching 6% by the end of 2017.
- 2.6 CPI inflation is currently at 2.0% having fallen back more than expected. It is forecast by the Office of Budget Responsibility (OBR) that CPI inflation will fall back to the Bank of England's 2% target during 2016.

A copy of the Office of Budget Responsibility's revised central economic forecast is shown in table 1.1 below:-

Table 1.1: Economic forecast overview

	Percentage change on a year earlier, unless otherwise stated						
	Outturn			Forecast ¹			
	2012	2013	2014	2015	2016	2017	2018
Gross domestic product (GDP)	0.1	1.4	2.4	2.2	2.6	2.7	2.7
Main Components of GDP							
Household consumption ²	1.2	1.9	1.9	1.7	2.4	2.8	2.8
Business investment	2.6	-5.5	5.1	8.6	8.7	8.9	7.9
General government consumption	1.7	0.7	0.4	-0.5	-1.0	-1.8	-1.1
General government investment	4.6	-6.9	7.3	1.2	2.1	0.5	-1.1
Net trade ³	-0.7	-0.2	0.0	0.1	0.0	0.0	-0.1
Inflation							
CPI	2.8	2.6	2.3	2.1	2.0	2.0	2.0
Labour market							
Employment (millions)	29.5	29.9	30.2	30.4	30.7	30.9	31.2
Average earnings ⁴	2.0	1.5	2.6	3.3	3.5	3.7	3.8
ILO unemployment (% rate)	7.9	7.6	7.1	7.0	6.6	6.1	5.6
Claimant count (millions)	1.59	1.43	1.27	1.23	1.18	1.13	1.10

¹ The forecast is consistent with the second estimate of GDP data for the third quarter of 2013, released by the Office for National Statistics on 27 November 2013.

² Includes households and non-profit institutions serving households.

³ Contribution to GDP growth, percentage points.

⁴ Wages and salaries divided by employees.

2.7 The Chancellor’s Autumn Statement presented to Parliament on 5 December 2013 saw an extra £1 billion per year cuts on central government departmental spending in every year until 2017, and further 10% cuts in local government spending for 2015/16. The Chancellor forecast that annual deficits will continue until 2018/19 when totally managed expenditure (TME) is forecast to be flat in real terms. The statement also announced that the government plans to tighten rules for tackling budgets in an updated charter for budget responsibility. The aim will be to ensure that after 2018/19 national debt will fall as a percentage of GDP.

2.8 Chart 1.1 below shows that as a result of the plans set out in the Autumn Statement, public spending is projected by the OBR to continue to fall as a percentage of GDP whilst public sector receipts are expected to rise with the underlying balance expected to move into surplus by 2018/19.

Chart 1.1: Total public sector spending and receipts

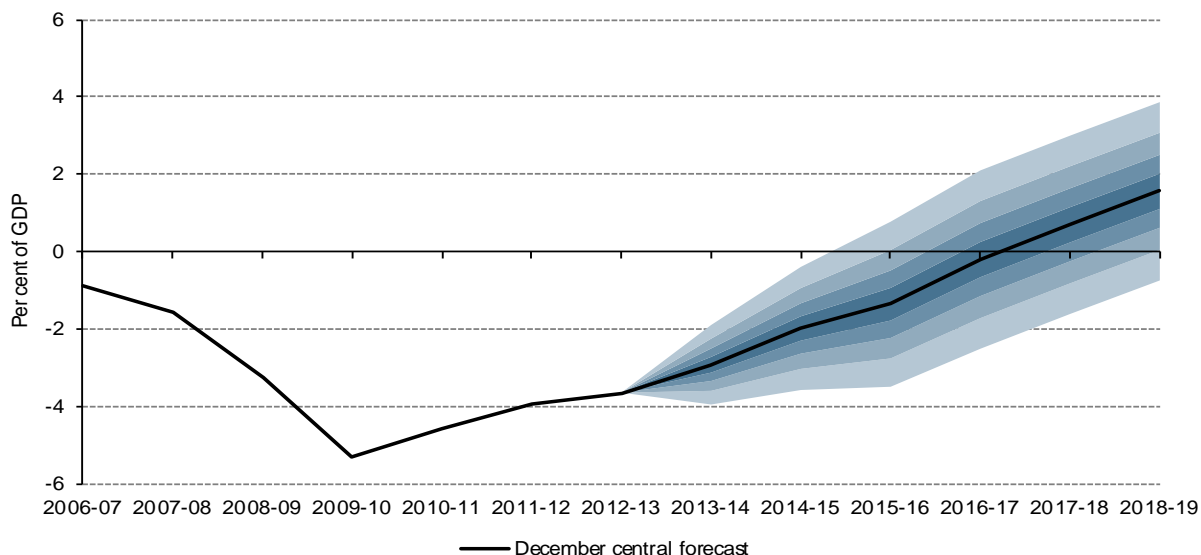


Source: ONS, OBR Excludes Royal Mail and APF transfers.

2.9 Fiscal policy remains at the heart of the Government’s commitment to reducing the deficit and promoting confidence in the sustainability of the public finances since the permanent structural deterioration caused by the global financial crisis. The Government’s fiscal strategy is underpinned by a forward-looking target to achieve a balanced budget by the end of the rolling, five-year forecast period (now 2018/19).

2.10 The OBR judges that there is a greater than 50% chance of meeting the fiscal target with the Government budget forecast to be in surplus by 1.6% of GDP in 2018/19. Chart 1.2 shows the current forecast with a fan showing the probability of differing outcomes based on the pattern of past forecasts with each shaded area representing a 20% probability band.

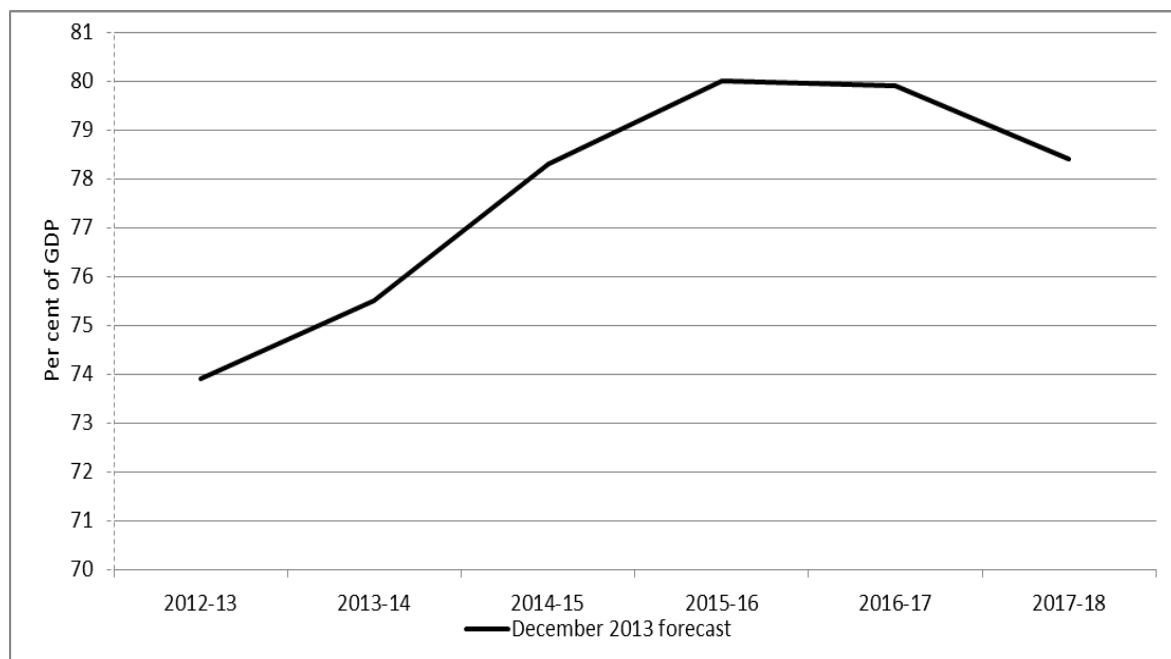
Chart 1.2: Cyclically-adjusted current budget fan chart



Source: OBR

2.11 The Government’s fiscal mandate is supplemented by a target for public sector net debt as a percentage of GDP to be falling at a fixed date of 2015-16. Chart 1.3 shows that the Government is not on course to meet the debt forecast in the target year with a projected rise to a peak of 80% of GDP in 2015-16 before falling in 2016-17 and subsequent years.

Chart 1.3: Public Sector Net Debt



2.12 Continued high levels of public debt create risks for the government’s economic and fiscal objectives, crowd out spending on public services and limit the ability to absorb the impact of future economic shocks.

3 The Effects of Localism

- 3.1 In April 2013, the Government introduced the business rates retention scheme and reformed the way in which local government is funded. The intention is that the local government sector will now benefit directly from supporting local business growth as they are able to keep half of any increases in business rates revenue to invest in local services.
- 3.2 Under this new scheme, there is little control for the Fire Authority as preceptor over the growth within our area, if the District, Unitary and County Authorities within our area gain we are likely to gain proportionately and vice versa if they lose. There is however a top-up and tariff system which should even up the odds and help cushion the blow for considerable losses in any given year.
- 3.3 In order to provide opportunities for the same incentives across all areas, the Government has included an arrangement within the new funding scheme for councils to be allowed to pool business rate resources where it makes local economic sense to do so. Providing a county council is part of a pooling arrangement, the creation of a pool within a two tier area can reduce or remove the levy on business rates growth paid to the Government by billing authorities. This will enable more business rates growth to be retained locally and used as agreed by the authorities within the pool.
- 3.4 The proposal of a pooling arrangement for Buckinghamshire local authorities has been discussed for 2014/15. However we are still not in a position to confirm whether or not participation would be of benefit to BMKFA as there are still so many unknowns in the estimates and calculations. Initial calculations indicate that this is too much of a risk for BMKFA as the potential loss is so much more disproportionate compared to any gains we might receive.
- 3.5 A key proposal in the Autumn Statement relating to business rates is to support businesses to expand by capping the RPI increase in business rates to 2% in 2014/15 thereby limiting the amount of possible business rates growth.
- 3.6 At the time of writing due to complications with the calculation of the new business rates scheme funding, final business rates information was still outstanding from a number of the districts. An update on the calculation of the baseline funding will be provided at the meeting.

4 The Autumn Statement 2013 and Funding Settlement (CSR)

- 4.1 The Autumn Statement sets out the next steps in the government's long-term economic plans. The Chancellor updates the budgets for each Government Department who in turn will allocate funds to cover public sector expenditure plans with the settlement funding then announced as the Comprehensive Spending Review.
- 4.2 The settlement funding is made up of baseline funding set by DCLG as part of business rates localisation and each authority's revenue support grant allocation. This is broadly similar to the old formula grant funding measure,

which was adjusted when business rates retention was introduced in April 2013.

- 4.3 Despite the improvement in the public finances, the Autumn Statement for 2013 was fiscally neutral reinforcing the government's commitment to the long-term economic plan of reducing the deficit and returning the public finances to a sustainable position.
- 4.4 The Treasury argues that economic growth alone will not bring the budget back into balance. Achieving this will require "deficit reduction plan", and therefore the trend of austerity will continue with further cuts in public spending.
- 4.5 The funding settlement for the last year of the CSR 2010 period was announced on the 5th February 2014. In cash terms, the grant for 2014/15 was reduced by £656k (-5.8%). The 2013 Spending Review (SR2013) also set out the government's spending plans for 2015/16 which will see further local authority funding reductions of 10% with the warning that austerity will last till 2020.
- 4.6 It was confirmed that the funding for the council tax freeze grant is now funded in the settlement.

5 Robustness of the Estimates

- 5.1 The budget proposed for 2014/15 Budget Model 1 at appendix A(i), has been compiled by looking in detail at where we are currently and then where we want to be in the future. Savings opportunities and growth bids compared to last years' budget have been identified and subjected to senior officer and Member challenge. As far as possible, bids and savings have been matched to the priorities as outlined in our corporate plan.
- 5.2 A Council Tax freeze for 2014/15 has been modelled at Budget Model 1, in line with government expectations.
- 5.3 Council Tax freeze grant allocations relating to previous years have now been absorbed into the baseline funding calculations.
- 5.4 The "supported borrowing" funding for capital expenditure is absorbed into the revenue grant funding calculation. We currently do not receive additional funding to support borrowing costs for the capital programme.
- 5.5 The Authority has also received provisional notification of section 31 grant funding of £1.178m for 2014/15, this is for New Dimension and Firelink and is distributed separately from the formula grant funding. Should the Government at any point in the future decide to aggregate all of the grants together into formula funding, then this could be subjected to revised floor damping arrangements, subject to continuing austerity measures, thus watering down the amount we would have received had it remained a separate grant.
- 5.6 Details of surpluses on council tax funds have been received from each billing authority. The proportion of surplus allocated to BMKFA has been used to

increase the revenue contribution to fund the capital programme due to the reduction in capital grant funding.

- 5.7 Based on the updated budget requirement including the assumptions at 5.10, Budget Model 1, at appendix A(i) demonstrates that the Authority will need to plan for further savings or an increase in council tax from April 2015 in order to avoid a cumulative shortfall at the end of 2017/18 of £4.9m.
- 5.8 Salaries have been adjusted to take into account savings to match our expectations from the retirement profile and the updated establishment.
- 5.9 Savings and growth bids which have been subjected to challenge are included for 2014/15 and the base adjusted. Other risks which have been identified are to be covered from the general reserves (see section 6 below) and contingency.
- 5.10 The detailed costings are based on the updated budget requirement including the inflation assumptions below: -

Assumptions

Notes	Expenditure/Income	2014/15 %	2015/16 %	2016/17 %	2017/18 %
1	Council Tax (Model 1 - Council Tax Freeze)	+0.00	+0.00	+0.00	+0.00
2	Council Tax (Model 2 - 1.99% increase)	+1.99	+1.99	+1.99	+1.99
3	Council Tax growth	+2.60	+0.75	+0.75	+0.75
4	Formula Grant	-13.30	-16.50	-19.70	-15.20
5	Business Rates	+2.00	+2.70	+3.50	+3.50
6	Grey book Employees	+1.00	+1.00	+1.00	+1.00
7	Green book Employees	+1.00	+1.00	+1.00	+1.00
8	Members Allowances	+1.00	+1.00	+1.00	+1.00
9	Employers National Insurance	+0.00	+0.00	+3.40	+0.00
10	Fire-fighters Employer Pension Costs	+0.00	+0.00	+0.00	+0.00
11	LGPS Employer Pension Costs	-6.60	+0.00	+0.00	+0.00
12	General Inflation	+1.90	+1.90	+2.00	+2.00
13	Utilities	+5.00	+5.00	+5.00	+5.00
14	Fuel	+6.00	+6.00	+6.00	+6.00
15	Rates	+2.00	+2.70	+3.50	+3.50

1. Council Tax Model 1 - Budget with Council Tax freeze from 2014/15;
2. Council Tax Model 2 - Budget with 1.99% Council Tax increase from 2014/15;
3. Council Tax Growth - Actual growth in 14/15, assumed 0.75% growth from 2015/16;
4. Formula Grant - Assumptions based on latest detail from DCLG;
5. Business Rates - Assumed increase in rates funding;
6. Employee increase of 1% has been applied to grey book staff from 2014/15;
7. Employee increase of 1% has been applied to green book staff from 2014/15;
8. Members Allowances - 1% increase has been applied from 2014/15;
9. No notification of Employers National Insurance rates received for 2014/15. Increase in 2016/17 due to the end of the employers NI contributions rebate;
10. No change for Employers costs of Pension for Fire-fighters at present;
11. 6.6% reduction in LGPS pension contributions from 2014/15 to reflect the structuring of the liability;
12. 1.9% general inflation has been assumed for 2014/15;
13. Gas and Electricity charges assumed increase of 5% for 2014/15;
14. Fuel rates constant at 6% per year;
15. Rates – expenditure increases in line with Business Rates

5.11 The Department for Communities and Local Government has set a referendum level for authorities for 2014/15 of 2% with any percentage point above this cap triggering a referendum. The costs of a referendum would be significant with the billing authorities not only incurring costs directly relating to the running of a referendum but also the costs of rebilling. These costs would be passed on to BMKFA which would potentially out-weigh any benefit of an increase in Council Tax.

5.12 The table below shows the additional annual, monthly and weekly difference for each band of council tax if there were a council tax freeze and also a 1.99% increase.

Band	Model 1 Council Tax Freeze £	Model 2 Council Tax 1.99% increase £	Annual Difference £	Monthly Difference £	Weekly Difference £
A	39.42	40.21	0.79	0.07	0.02
B	45.99	46.91	0.92	0.08	0.02
C	52.56	53.61	1.05	0.09	0.02
D	59.13	60.31	1.18	0.10	0.02
E	72.27	73.71	1.44	0.12	0.03
F	85.41	87.11	1.70	0.14	0.03
G	98.55	100.52	1.97	0.16	0.04
H	118.26	120.62	2.36	0.20	0.05

Band D Percentage Per Billing Authority 2014/15

Authority	Total £	BMKFA £	BMKFA percentage of total %	Total including BMKFA 1.99% increase £	BMKFA 1.99% increase £	BMKFA percentage of total %
Chiltern	1450.81	59.13	4.08%	1451.99	60.31	4.15%
Aylesbury Vale	1422.21	59.13	4.16%	1423.39	60.31	4.24%
South Bucks	1434.17	59.13	4.12%	1435.35	60.31	4.20%
Wycombe	1418.05	59.13	4.17%	1419.23	60.31	4.25%
Milton Keynes	1391.91	59.13	4.25%	1393.09	60.31	4.33%

Comparison of Band D Property Council Tax Across Years for Models 1 and 2.

	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Model 1 (Council Tax freeze - Band D)	59.13	59.13	59.13	59.13	59.13
Model 2 (1.99% increase - Band D)	59.13	60.31	61.52	62.75	64.00
Difference in Band D per year	0.00	1.18	2.39	3.62	4.87
Difference in Band D per week	0.00	0.02	0.05	0.07	0.09
	£000	£000	£000	£000	£000
Model 1 total receipts*	16,205	16,632	16,757	16,882	17,009
Model 2 total receipts*	16,205	16,965	17,431	17,911	18,403
Less freeze grant**		178	178	178	178
Difference		155	496	851	1,216

*includes an estimated 0.75% growth in council tax base each year

**assumption that council tax freeze grant will continue beyond 2014/15

The overall impact on the budget of a 1.99% council tax increase can be found in Budget Model 2 at appendix A(ii).

6 Risk factors in the budget assumptions

6.1 Key issues impacting on the budget estimates are:-

- 6.1.1 Pay awards - the nationally negotiated pay award is applied from the 1st July each year. A 1% increase has been applied to green and grey book staff for each year of the MTFP period. If however, higher increases are agreed in future years, the additional awards would need to be met from contingency.
- 6.1.2 Employers National Insurance contributions – at the time of writing, no amounts have been advised for future years. If increases are agreed, these will be calculated and would need to be met from contingency. It should be noted that in 2016/17 the impact of the removal of National Insurance Contributions rebate has been included in the estimates.
- 6.1.3 LGPS Pensions – the employer cost of this scheme has been reduced to 13.3% of pensionable pay due to the restructuring of the liability. No increase has been applied and the figures may vary in future years following the next actuarial revaluation of the Local Government Pension Scheme in three years' time.
- 6.1.4 Fire fighters Pensions – no increase in employer's contributions has been included for the fire-fighters pension fund for future years. The results of the consultation for new reforms to the scheme which would require an increase in employee contributions rather than employer's contributions have not yet been finalised. Should these reforms not go ahead, employer contribution rates could increase. Also, the effects of previous valuations by Government Actuary Department (GAD) are yet to be released by the DCLG.
- 6.1.5 Borrowing - the cost of borrowing to pay for assets would need to be paid from the revenue account this would include interest payments and a proportion of the principal sum spread across the lives of the assets involved. In order to mitigate the risk as far as possible, Members have agreed to maintain the Capital Programme within capital grant funding limits. Currently, average annual costs for each £1m worth of assets with a 12 year life would incur additional costs to the revenue account of £122k.
- 6.1.6 Unexpected events - the capital programme includes a provision for repairs and maintenance of the buildings but no contingency for unexpected events. Uninsured events would rely in the short term on the use of reserves.
- 6.1.7 Exceptional conditions - the operational activity budget is funded for the normal range of conditions. Prolonged spate conditions could lead to increased costs.
- 6.1.8 Uninsured Losses - the Authority has a robust approach to risk management across all areas and we have a good record of managing our insurable risks and health and safety within the organisation. Uninsured losses would need to be funded from reserves.

- 6.1.9 Savings proposals and have been aligned with the workforce planning model – whilst business cases for savings proposals have been scrutinised for feasibility, alignment with plans and known risks, there are still a number of uncertainties surrounding the deliverability (for example assumptions made for timing of savings being made earlier than happen in reality). In these cases and particularly where large sums are involved, they will be regularly monitored and reported back to SMB and Executive Committee for action.

For the future, Members will be considering the workforce plan alongside all other resourcing plans in line with the agreed IRMP and making decisions in order to meet budget pressures.

- 6.1.10 Growth bids have also been scrutinised by senior officers and Lead Members. Where details are known we have budgeted for any future growth items as accurately as possible using the information available. However there may be unforeseen events that occur during the year which lead to growth which has not been accounted for. Any such items will need to be funded from contingency or reserves.
- 6.1.11 A number of savings built into the budget are based on partnership working (Thames Valley Joint Control, Procurement shared with Royal Berkshire Fire and Rescue Service) and the achievement of these will be reliant on these partnerships working effectively.

7 Capital

- 7.1 Provisional capital grant funding of £1.19m has been awarded by CLG for 2014/15. The Authority has limited capital reserves set aside and there are no anticipated capital receipts for the near future, therefore in the event that capital grant funding is not forthcoming in future years any new expenditure over and above the grant funding and current revenue contributions will need to be funded through borrowing, additional revenue contributions or more commercial arrangements such as developer contributions or land swap deals. The costs of borrowing to fund the capital programme are a revenue cost thus further increasing the budget requirement.
- 7.2 The capital programme has been determined based on a series of challenge panels held by officers and then by Lead Members during the MTFP process. The revenue impact of outstanding borrowing only has been factored into the base revenue budget requirement. The following table sets out the indicative summary capital programme and funding for the next four years.
- 7.3 The DCLG have notified us that from 2015/16 a £45m Capital Transformation fund will be held to help secure efficiencies and ensure assets such as fire stations are appropriately located to ensure efficient and effective service delivery. Fire Authorities will be required to bid for this funding with further details of this bidding process to be announced in the spring.
- 7.4 The table at appendix B(i) details the approved capital programme for 2013/14, the estimated provisional outturn position and any proposed slippage to the programme. Any slippage is then added to the new budget requests for 2014/15 to give a total capital budget requirement of £4.1m for 2014/15.

- 7.5 The table at appendix B(ii) sets out the indicative summary capital programme and funding for the next four years
- 7.6 The Authority should also take cognisance of outstanding capital loans due for repayment as at 31st March 2014. These are set out in the table below:

Timeframe	Amount £000s
1-2 years	515
2-5 years	953
5-10 years	3996
10+ years	2,801
Total	8,265

8 Scrutiny and Challenge process

- 8.1 The Revenue and Capital budgets and the underlying assumptions have been scrutinised by the Business Transformation Board, Senior Management Board and Lead Members.
- 8.2 Adjustments have been made to the base where budgets are no longer required.
- 8.3 Senior Officers have submitted growth and savings proposals.
- 8.4 Regular detailed discussions have been held with the Chief Fire Officer and other members of the Senior Management Board (Officer Challenge).
- 8.5 Lead Member challenge sessions and Member briefings have occurred to scrutinise and challenge budget submissions in detail and have informed the proposed budget.
- 8.6 Three budget options (council tax freeze, 2% council tax increase and 1% council tax decrease) were originally modelled and reported to Executive Committee, with the council tax decrease option being dropped following the Executive Committee meeting. Members requested that an option was modelled with an increase just below the referendum capping limit. The announcement was made on 5 February 2014 that the DCLG have set a capping limit of 2% for 2014/15 and Model 2 therefore reflects the effect of a 1.99% increase.

9 Adequacy of reserves

- 9.1 The table at appendix C shows the estimated movement on earmarked reserves as at 31st March 2014 and 31st March 2015, assuming a Council Tax freeze:
- 9.2 There are currently 12 earmarked revenue reserves and the General Fund Reserve. A table showing an assessment of the risks that could impact on the general reserves is set out below:

Medium Term Financial Plan (MTFP) 2014/15 to 2017/18

	Risk description	Risk factor - likelihood Rank % factor {a}	Risk factor - impact Rank % factor {b}	Potential Amount Required £000's {c}	Result Actual Assessed Risk £000's {a} x {b} x {c}
1	Inflation budget assumptions - esp fuel and utilities	5%	50%	2,300	58
2	Pay awards - budget includes 1% increase (Grey/Green). This could vary dependent on national agreements	25%	50%	210	26
3	Savings assumptions - The savings built into the budget for 2014/15 are dependent on a number of factors and reliant on estimates made.	20%	100%	610	122
4	Property - very limited provision for capital maintenance. Would need to resort to use of reserves.	25%	100%	1,000	250
5	Capital budget assumptions - buildings. Limited capacity built into the budgets for unseen events. Current value of buildings is £12.6m. There is no contingency for uninsured risks	5%	40%	12,600	252
6	Capital assets - vehicles - risk of losses not covered by insurance policies. No provision within the budgets. Would need to be covered from reserves	10%	20%	3,700	74
7	Legal fees - there are times when it is necessary to take cases through the courts. There is provision in the budgets for this. However, there is always a risk that fees become burdensome and the case is lost with loss of our fees and the possibility that we would need to fund the company's costs	20%	75%	500	75
8	Spate conditions. The budget is set on the assumption that there is a normal pattern of turnouts for whole time and retained duty staff. In the event of extraordinary circumstances where turnouts significantly exceed the norm and overtime runs above the normal allowance, there would be an impact on reserves.	20%	70%	500	70
9	Staff risks - injury payments for uninsured risk - ie. the organisation is found to be negligent in its duty of care to staff	10%	100%	500	50
10	Staff risks - there is no provision in the budgets for redundancy costs nor unfair dismissal claims.	25%	25%	600	38
11	Public risks - there is no provision in the budgets for injury or damage to public or public property if the organisation is found to be negligent in its duty of care.	1%	100%	10,000	100
12	Combined FireControl project - further delay in cut-over.	25%	100%	1,500	375
13	Equal pay audit results in back pay settlement requirements	20%	100%	410	82
14	Part time workers pay reserve insufficient to meet negotiated settlement	50%	100%	100	50
15	Invest to Save and Moving Forward Agenda reserves inadequate for cost of implementing any agreed changes	50%	100%	300	150
16	Unable to negotiate satisfactory continued use of SAP from BCC - need to implement new financial or ERP system	25%	100%	1,000	250
17	Risk of merging S31 Grant into formula grant - inadequate or no grant funding to cover staff permanently employed but currently 100% funded.	50%	75%	924	347
18	Pension Fund LGPS Triennial revaluation	15%	75%	1,450	163
19	PSP risk and back office reviews	50%	75%	600	225
20	Provision for ill health retirements	5%	75%	3,000	113
21	Impact of Business Rates retention on funding	5%	80%	10,594	424
22	Localisation of Council Tax Benefits	3%	80%	16,632	399
	General Fund Balance Requirement				3,693

- 9.3 In the table "likelihood" is officer's estimate of the event actually occurring. Of course this presumes no action to mitigate against occurrence for the purposes of risk estimation. "impact" is assessed as the affect the event would have if it is realised. The actual assessed risk is the product of likelihood multiplied by impact and this is in turn calculated against the amount potentially required to give an estimate of reserve requirement.
- 9.4 The risk table shows that the general fund holds adequate amounts to match within the expected range of events. Specific reserves have been created for individual events that are above the general range of activity and for known pressures.
- 9.5 However any other unidentified events or specific pressures arising from asset based pressures would need to be met from either within existing reserves, by borrowing or funding from revenue with an associated pressure either on council tax or by increasing savings.

10 Statement by Chief Finance Officer

- 10.1 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Fire Authority's case the Director of Finance and Assets and Chief Finance Officer, must report on:-
- 10.1.1 The robustness of the estimates made for the purposes of the calculations of the budget and;
- 10.1.2 The adequacy of the proposed financial reserves;
- 10.1.3 In recommending the budget to the Authority, Members must take the advice of the Chief Finance Officer in respect of the above and the associated risks as highlighted within the report.
- 10.2 Given the level of the General Fund Balance and earmarked reserves available, the prudent approach to the budget setting process for the next financial year and the tighter controls introduced for budget management, it is my conclusion as Chief Finance Officer for the Authority that there is sufficient capacity in the reserves to cope with the financial risks the Authority faces for 2014/15 and future years and that the methodology applied provides the necessary assurance to the Authority about the robustness of the estimates used in constructing the budget.

11 Communication / Consultation

- 11.1 A number of workshops have already taken place with senior officers and Lead Members about the Medium Term Financial Plan and the effect on the overall aims and objectives of the Authority.
- 11.2 Any future changes to front-line service delivery including how we work with the community and our partners will have a people impact assessment carried out as part of the overall Public Safety Plan (PSP) review.

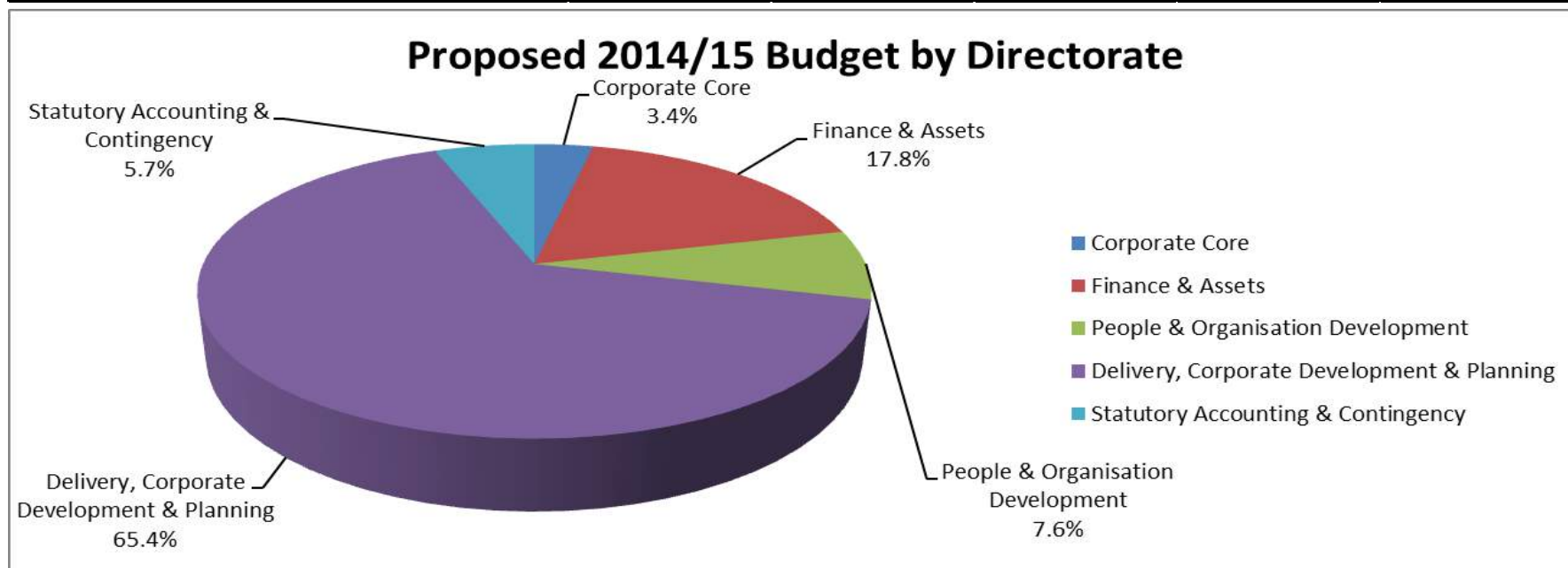
Appendix A(i)

Budget Model 1: Funding and Savings requirements (Council Tax freeze with estimated 0.75% growth in council tax base from 2015/16)

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Base Budget	28,463	28,988	28,882	28,302	28,861
Pay Adjustment	160	225	211	522	214
Inflation Adjustment		86	100	101	97
Savings	-1,584	-613	-238	-10	-12
Previous year saving adjustments	-173	-666	-55	-45	0
Precept growth and collection fund surplus	411	353			
Growth	238	420	-194	-77	-12
Previous year growth adjustments		-35	34	68	0
Revenue Contribution to Capital	1,035	124	-438		
Net Operating Budget	28,550	28,882	28,302	28,861	29,148
Specific Projects	1,181	970			
Contribution to/(from) Reserves - Capital	438				
Contribution to/(from) Reserves - Asset Management	-115				
Contribution to/(from) Reserves - Vehicle Replacement	18				
Contribution to/(from) Reserves - New Burdens	-84				
Contribution to/(from) Reserves - Control Room	-1,000	-970			
Net Budget Requirement	28,988	28,882	28,302	28,861	29,148
Govt Funding	-6,934	-6,013	-5,018	-4,030	-3,416
Business Rates	-4,495	-4,583	-4,709	-4,874	-5,044
Council Tax Receipts Surplus/Deficit	-188	-298			
Council Tax Freeze Grant 14/15		-178	-178		
Specific Grants (S.31)	-1,166	-1,178	-1,178	-1,178	-1,178
Council Tax Receipts	-16,205	-16,632	-16,757	-16,882	-17,009
Total Funding Available	-28,988	-28,882	-27,840	-26,964	-26,647
Shortfall for year	0	0	462	1,897	2,501
Cumulative savings requirement	0	0	462	2,359	4,860

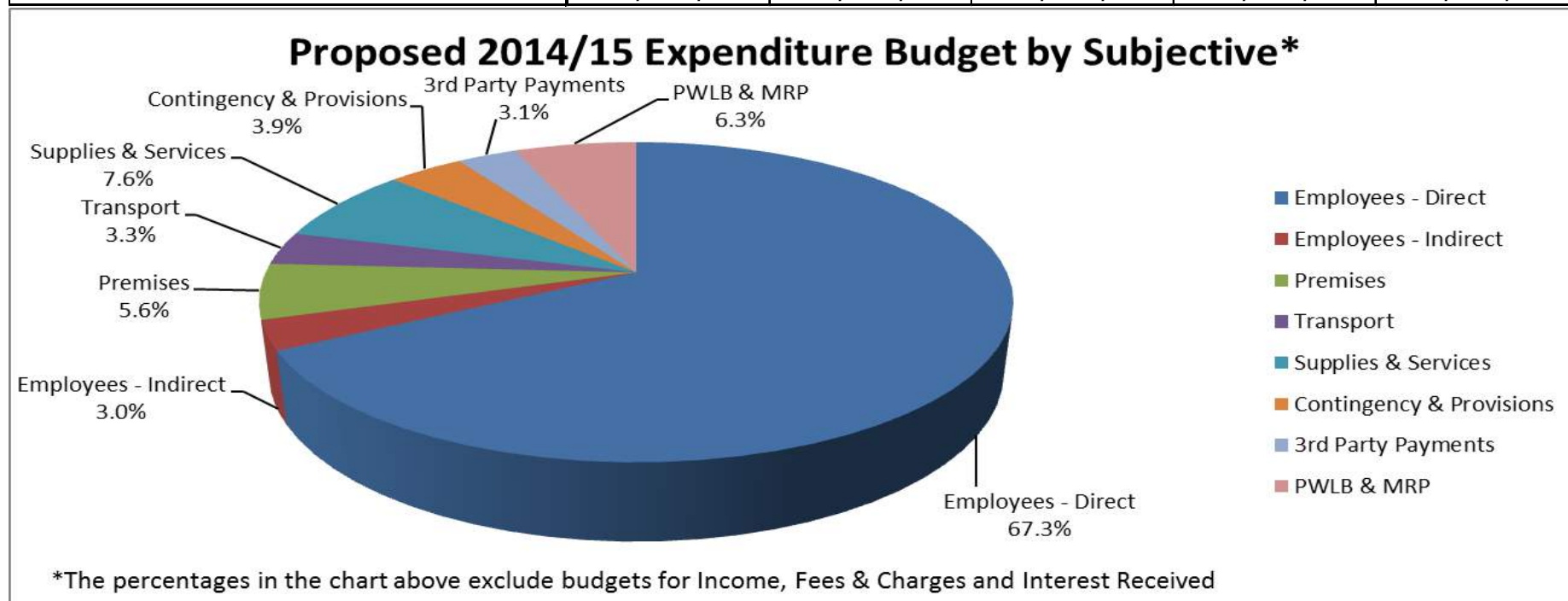
Model 1 Base Budget by Directorate

Directorate	Current Budget 2013/14 £	Proposed Base Budget 2014/15 £	Indicative Base Budget 2015/16 £	Indicative Base Budget 2016/17 £	Indicative Base Budget 2017/18 £
Corporate Core	1,041,723	971,855	977,056	989,264	993,887
Finance & Assets	5,105,998	5,147,284	4,820,431	4,917,221	4,981,240
People & Organisation Development	2,222,641	2,208,564	2,192,769	2,202,590	2,218,895
Delivery, Corporate Development & Planning	19,407,864	18,896,681	19,103,015	19,555,151	19,768,980
Statutory Accounting & Contingency	1,209,424	1,658,010	1,208,319	1,196,651	1,184,651
Grand Total	28,987,650	28,882,394	28,301,590	28,860,878	29,147,654



Model 1 Base Budget by Subjective Analysis

Subjective	Current Budget 2013/14 £	Proposed Base Budget 2014/15 £	Indicative Base Budget 2015/16 £	Indicative Base Budget 2016/17 £	Indicative Base Budget 2017/18 £
Employees - Direct	22,175,076	21,040,168	20,377,393	20,826,570	21,040,437
Employees - Indirect	906,247	930,849	688,690	702,464	700,995
Premises	1,667,932	1,748,798	1,668,623	1,631,536	1,672,372
Transport	1,094,984	1,042,592	1,053,157	1,069,133	1,085,067
Supplies & Services	2,147,999	2,362,142	1,715,375	1,746,623	1,772,583
Contingency & Provisions	968,918	1,216,201	1,216,201	1,216,201	1,216,201
3rd Party Payments	315,533	955,259	996,228	1,016,153	1,036,476
PWLB & MRP	1,755,000	1,956,000	1,944,000	1,932,000	1,920,000
Income, Fees & Charges	-1,974,039	-2,299,616	-1,288,078	-1,209,801	-1,226,478
Interest Received	-70,000	-70,000	-70,000	-70,000	-70,000
Grand Total	28,987,650	28,882,394	28,301,590	28,860,878	29,147,654



Appendix A(ii)

Budget Model 2: Funding and Savings requirements (1.99% Council Tax increase with estimated 0.75% growth in council tax base from 2015/16)

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Base Budget	28,463	28,988	28,882	28,302	28,861
Pay Adjustment	160	225	211	522	214
Inflation Adjustment		86	100	101	97
Savings	-1,584	-613	-238	-10	-12
Previous year saving adjustments	-173	-666	-55	-45	0
Precept growth and collection fund surplus	411	353			
Growth	238	420	-194	-77	-12
Previous year growth adjustments		-35	34	68	0
Revenue Contribution to Capital	1,035	124	-438		
Net Operating Budget	28,550	28,882	28,302	28,861	29,148
Specific Projects	1,181	970			
Contribution to/(from) Reserves - Capital	438	153	37		
Contribution to/(from) Reserves - Asset Management	-115				
Contribution to/(from) Reserves - Vehicle Replacement	18				
Contribution to/(from) Reserves - New Burdens	-84				
Contribution to/(from) Reserves - Control Room	-1,000	-970			
Net Budget Requirement	28,988	29,035	28,339	28,861	29,148
Govt Funding	-6,934	-6,013	-5,018	-4,030	-3,416
Business Rates	-4,495	-4,583	-4,709	-4,874	-5,044
Council Tax Receipts Surplus/Deficit	-188	-298	0	0	0
Specific Grants (S.31)	-1,166	-1,178	-1,178	-1,178	-1,178
Council Tax Receipts	-16,205	-16,963	-17,430	-17,910	-18,404
Total Funding Available	-28,988	-29,035	-28,335	-27,992	-28,042
Shortfall for year	0	0	0	869	1,106
Cumulative savings requirement	0	0	0	869	1,975

Appendix B(i)

Capital Programme	Approved Budget 2013/14	Provisional Outturn 2013/14	Slippage 2013/14	New Budget Requests 2014/15	Total Budget Requirement 2014/15
			A	B	A+B
	£000	£000	£000	£000	£000
Property Portfolio	1,353	407	940	550	1,490
Fire Appliances & Equipment	1,094	145	947	419	1,366
Community Safety	83	69	14	0	14
Support	412	309	100	313	413
Control Room Project	800	0	800	0	800
TOTAL ANTICIPATED SPEND	3,742	930	2,801	1,282	4,083
Funding Brought Forward					
<i>Capital Grants</i>		-75			-405
<i>Revenue Contribution to Capital</i>		-1,936			-3,357
<i>Capital Receipts</i>		-46			-46
<i>Other Capital Reserves</i>		-69			
<i>Control Room Grant</i>		-800			-800
Total Funding Brought Forward		-2,926			-4,608
In Year Funding					
<i>Capital Grants</i>		-1,190			-1,190
<i>Revenue Contribution to Capital</i>		-1,422			-1,704
Total In Year Funding		-2,612			-2,894
TOTAL ANTICIPATED FUNDING	0	-5,538	0	0	-7,502
FUNDING (SURPLUS)/DEFICIT		-4,608			-3,419
BORROWING REQUIRED		0			0
TOTAL USABLE CAPITAL RESERVES	0	-4,608	0	0	-3,419

Appendix B(ii)

4 Year Capital Programme	Total Budget Requirement 2014/15	Indicative budget 2015/16	Indicative budget 2016/17	Indicative budget 2017/18
	£000	£000	£000	£000
Property Portfolio	1,490	600	600	600
Fire Appliances & Equipment	1,366	779	657	657
Community Safety	14	0	0	0
Support	413	100	100	100
Control Room Project	800	0	0	0
TOTAL ANTICIPATED SPEND	4,083	1,479	1,357	1,357
Funding Brought Forward				
<i>Capital Grants</i>	-405			
<i>Revenue Contribution to Capital</i>	-3,357	-3,419	-3,206	-3,115
<i>Capital Receipts</i>	-46			
<i>Other Capital Reserves</i>				
<i>Control Room Grant</i>	-800			
Total Funding Brought Forward	-4,608	-3,419	-3,206	-3,115
In Year Funding				
<i>Capital Grants</i>	-1,190			
<i>Revenue Contribution to Capital</i>	-1,704	-1,266	-1,266	-1,266
Total In Year Funding	-2,894	-1,266	-1,266	-1,266
TOTAL ANTICIPATED FUNDING	-7,502	-4,685	-4,472	-4,381
FUNDING (SURPLUS)/DEFICIT	-3,419	-3,206	-3,115	-3,024
BORROWING REQUIRED	0	0	0	0
TOTAL USABLE CAPITAL RESERVES	-3,419	-3,206	-3,115	-3,024

Appendix C

Reserve	Balance at 1 April 2013 £000	Estimated Transfers In 2013/14 £000	Estimated Transfers Out 2013/14 £000	Estimated Balance at 31 March 2014 £000	Estimated Transfers In 2014/15 £000	Estimated Transfers Out 2014/15 £000	Estimated Balance at 31 March 2015 £000
General Fund	-3,700	0	0	-3,700	0	0	-3,700
Fire Control Reserve	-150	0	0	-150	0	150	0
Invest to Save Reserve	-500	0	0	-500	0	0	-500
Moving Forward Agenda Reserve	-617	0	617	0	0	0	0
S.31 Grant - New Dimensions (USAR) Reserve	-1,000	0	0	-1,000	0	0	-1,000
Asset Management Reserve	-124	0	124	0	0	0	0
Redundancy & Early Retirement Reserve	-180	-140	0	-320	0	0	-320
Vehicle Replacement Reserve	-51	-18	0	-69	-22	15	-76
Funding Pressures Reserve	-2,000	0	1,283	-717	0	0	-717
Control Room Reserve	-684	-900	233	-1,351	0	1,351	0
RDS Contribution Reserve	-650	0	0	-650	0	650	0
Continuing Projects Reserve	-300	0	0	-300	0	70	-230
Total Revenue Reserves	-9,956	-1,058	2,257	-8,757	-22	2,236	-6,543
Usable Capital Receipts Reserve	-40	-6	0	-46	0	46	0
Control Room Capital Grant Unapplied	-800	0	0	-800	0	800	0
Other Capital Grants Unapplied	-51	-380	51	-380	0	380	0
Revenue Contribution to Capital	-1,936	-1,421	0	-3,357	-1,704	1,642	-3,419
Total Capital Reserves	-2,827	-1,807	51	-4,583	-1,704	2,868	-3,419
Total Usable Reserves	-12,783	-2,865	2,308	-13,340	-1,726	5,104	-9,962

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Fire Authority
DATE OF MEETING	19 February 2014
OFFICER	Jason Thelwell, Chief Operating Officer
LEAD MEMBER	Councillor Adrian Busby
SUBJECT OF THE REPORT	Annual Report on Regulation of Investigatory Powers Act 2000 (RIPA)
EXECUTIVE SUMMARY	<p>The statutory guidance relating to RIPA requires that the Authority:</p> <ol style="list-style-type: none"> 1. Receive an update at least annually of the use by the authority of surveillance and use of Covert Human Intelligent Sources (CHIS) (Annex A). 2. Have the opportunity to review the CHIS and Surveillance policy annually (Annex B). <p>This report satisfies these requirements and updates the Authority on RIPA activity over the past year.</p> <p>The Authority has had no requirement to use RIPA for enforcing the Regulatory Reform (Fire Safety) Order 2005 since the last report to the Authority; and it supplied a nil return to the Office of the Surveillance Commissioner for year 2012/2013.</p>
ACTION	Information.
RECOMMENDATIONS	<p>It is recommended that:</p> <ol style="list-style-type: none"> 1. The update report be noted. 2. The CHIS and Surveillance policy be approved.
RISK MANAGEMENT	Non compliance in these regulations would have an impact on the organisation as well as on any employees who fail to discharge their responsibilities correctly.
FINANCIAL IMPLICATIONS	None directly arising from the recommendations.
LEGAL IMPLICATIONS	On 1 November 2012 Sections 37 and 38 of the Protection of Freedoms Act 2012 and the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 combined to amend RIPA in two

	<p>fundamental respects:</p> <p>1) It imposed a requirement for local authorities to get approval from a Magistrate for use of covert directed surveillance, covert human intelligence sources (CHIS) and access to communications data (e.g. billing and subscriber information); and</p> <p>2) local authorities became only permitted to use RIPA powers in respect of offences resulting in at least 6 months imprisonment or offences relating to the underage sale of alcohol or tobacco.</p> <p>Whilst applicable to Buckinghamshire and Milton Keynes councils, and to county brigades, standalone FRAs were omitted from these restrictions.</p>
HEALTH AND SAFETY	None.
EQUALITY AND DIVERSITY	None.
USE OF RESOURCES	Policy and enforcement officer time for training/awareness for staff.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Since the last report (18 April 2012), the findings of the Surveillance Commissioner’s Inspection have been reported to the Executive Committee (8 August 2012).</p> <p>Annual Report on Regulation of Investigatory Powers Act 2000. Fire Authority Meeting 18 April 2012, Item 8.</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/B15389B1-6432-415E-AAA7-1F8714EEFCCD/0/180412Agendaanditems.pdf</p> <p>Office of Surveillance Commissioner’s Inspection Report (RIPA) Executive Committee 8 August 2012 Item 15.</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/895C0376-D5C7-489B-A8F3-D09F0997AF1E/0/080812Executive14to22.pdf</p> <p>Covert Surveillance and Property Interference, Revised Code of Practice, Home Office, 2010.</p> <p>http://www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/code-of-practice-covert?view=Binary</p> <p>Covert Human Intelligence Sources, Code of Practice, Home Office, 2010.</p> <p>https://www.gov.uk/government/publications/code-of-practice-for-the-use-of-human-intelligence-sources</p> <p>Regulation of Investigatory Powers (Directed</p>

	<p>Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012.</p> <p>http://www.legislation.gov.uk/uksi/2012/1500/pdfs/uksi_20121500_en.pdf</p>
APPENDICES	<p>Annex A: Regulation of Investigatory Powers Act 2000 Update.</p> <p>Annex B: BMKFA CHIS and Surveillance Policy Note: 80-001-002.</p>
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Andy Jones</p> <p>ajones@bucksfire.gov.uk</p> <p>01296 744482</p>

Regulation of Investigatory Powers Act 2000 -Update

Background:

1. The Regulation of Investigatory Powers Act 2000 (known as RIPA) regulates a number of investigative procedures and these cover a range of subjects, including covert surveillance which are ways of investigating someone without alerting them to the fact that they are under investigation, this can be done by recording them by hidden camera for example.
2. In broad terms, RIPA requires that covert surveillance is authorised by an 'authorising officer' within the authority and RIPA also regulates the use of covert human intelligence sources (which is when someone is authorised by a public authority to establish or maintain a relationship in order to covertly obtain information and disclose it to the public authority).
3. Further to this RIPA also regulates the acquisition of communications data; this is when the authority obtains information about the times of calls and the location and identity of callers but not the content of the calls.


Use of RIPA within Buckinghamshire and Milton Keynes Fire Authority

4. Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is able to make use of these procedures during the course of investigations into alleged breaches of the Regulatory Reform (Fire Safety) Order 2005 and in relation to hoax or nuisance calls for emergency assistance.
5. However to date no investigative procedures covered under RIPA have been authorised or undertaken.
6. Where a public body acts in a manner that invades the privacy of an individual, which is likely to be the case if investigative procedures under RIPA are employed, it is for the public body to prove that the intrusion is lawful, necessary and proportionate.
7. In order to prove that due consideration has been given to the factors above, authorities who use powers under RIPA, must abide by clearly documented grounds for authorisation in respect of the specific investigative procedures:
8. To this end BMKFA has a RIPA policy which is reviewed each year and amended as necessary.
9. The following roles form an integral part of the authorisation procedure under RIPA and they are currently undertaken by the officers named in brackets:

Authorising Person (GM David Norris).
Single Point of Contact (SM Doug Gruchy).

10. These individuals have received formal training in relation to RIPA and they have accreditation which is issued by the Home Office, as a further safeguard the authority also has a Senior Responsible Person (SRO) and this role is currently undertaken by the Chief Operating Officer.
11. It is intended that the role of SRO will pass to the Director of Legal and Governance once the necessary training has been completed.
12. The SRO role under the relevant Codes of Practice is ensure:
 - the integrity of the process in place within the public authority for the management of Covert Human Intelligence Sources and Directed Surveillance
 - compliance with RIPA and with the Codes
 - engagement with the Office of Surveillance Commissioner's inspectors when they conduct their inspections, where applicable, and
 - where necessary, oversight of the implementation of post-inspection action plans approved by the Surveillance Commissioner.

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Policy Note: 80-001-002		CHIS and Surveillance Policy


To:	Document Type:	✓	Document Summary:
All employees	Policy	✓	The purpose of this document is to set out the Service policy and procedures on RIPA, to reinforce the requirements of the Act, the Order and Home Office Codes of Practice. This document also provides guidance to nominated officers, protects the rights of individuals and minimises the risk of legal challenge as a result of nominated officers' actions
	Assessment		
	Procedure		
	Guidance Note		
	Technical Note		
	Information		
	Safety Critical		

Keyword: each divided by commas

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1. Introduction

- 1.1 Some of the Buckinghamshire & Milton Keynes Fire Authority's (The Authority) activities may require covert surveillance as part of its enforcement functions. The Regulation of Investigatory Powers Act 2000 provides the statutory framework for the granting of authority to carry out surveillance.
- 1.2 The Authority is fully committed to complying with the Human Rights Act 1998 (HRA) and the Regulation of Investigatory Powers Act 2000 (RIPA – the Act). To ensure compliance, all covert surveillance and use of covert human intelligence source (CHIS), falling within the scope of the Act carried out by officers of the Authority, must be authorised by a designated 'Authorising Officer' in the form prescribed in the procedure note.
- 1.3 In complying with RIPA, officers must have full regard to the Code of Practices issued by the Home Office.


2. Purpose of the policy

- 2.1 It is essential that all activities of this nature, whether they will lead to prosecution or not, are carried out in accordance with the RIPA Codes of Practice and this policy. Investigations which fall within the scope of the Act, which are not authorised, could leave the authority vulnerable to legal challenge by individuals who consider that there has been an intrusion into their privacy.
- 2.2 The purpose of this document is to set out the authority's policy on RIPA, to reinforce the requirements of the Act the Order and Codes of Practice, to provide guidance to officers and to protect the rights of individuals and to minimise the risk of legal challenge as a result of officer actions.
- 2.3 Each investigation where the use of covert surveillance, CHIS or access to communications data is requested it must be subject to a separate authorisation request.

3. Access to communication data

- 3.1 In addition, local authorities investigating criminal offences now have powers (by virtue of The Regulation of Investigatory Powers (Communications Data)

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Order 2004 ("the Order") to gain access to communications data – that is, information held by telecommunication or postal service providers about the use of their services by persons who are the subject of criminal investigations.

- 3.2 In using such powers, officers must have full regard to the Code of Practice on Accessing Communications Data, issued by the Home Office. As with covert surveillance, access to communications data must be authorised by a designated 'Authorising Officer'.


4. Implementation

- 4.1 The policy is operational forthwith.
- 4.2 A copy of this Policy Document together with the Home Office Codes of Practice and Investigatory Powers Tribunal leaflets will be made available for Public Inspection at Service Headquarters.

5. Basic requirements

- 5.1 Under the Act, the Order and Home Office Codes of Practice, directed covert surveillance, use of CHIS and access to communications data should only be authorised if the authorising officer is satisfied that:
- a) The action is NECESSARY (in a democratic society) for the prevention or detection of crime or the prevention of disorder.
 - b) The surveillance/access to communications data is PROPORTIONATE – a measure or action is proportionate if it:-
 - Impairs as little as possible the rights and freedoms (of the individual concerned and of innocent third parties).
 - Is carefully designed to meet the objectives in question, is not arbitrary, unfair or based on irrational considerations.
 - c) Three essential elements are met:

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- That the proposed covert surveillance is proportional to the mischief under investigation;
- That it is proportional to the degree of anticipated intrusion on the target and others;
- It is the only option, other overt means having been considered and discounted.

6. Training

6.1 All enforcing officers and the Authorising Officer are trained on the provisions of RIPA, to ensure that the requirements of the law are complied with.

7. Types of surveillance


7.1 Covert Surveillance is surveillance that is carried out in a manner to ensure that the persons subject to the surveillance are unaware that it is or may be taking place. Surveillance may be 'directed' or 'intrusive'.

7.2 Local Authorities are NOT authorised to conduct Intrusive Surveillance, or to interfere with the property of others whilst conducting directed surveillance.

7.3 **Intrusive Surveillance** – is carried out in relation to anything taking place on any residential premises or in any private vehicle by an individual on the premises or in the vehicle or is carried out by means of a surveillance device. Although a surveillance device not on or in the premises/vehicle will only be intrusive if it consistently provides information of the same quality and detail as might be expected to be obtained for a device actually on/in the premises/vehicle.

7.4 **Directed Surveillance** – is covert, but not intrusive and is undertaken for the purposes of a specific investigation or operation and involving the observation of a person or persons in order to gather private information about them (which can include information about persons at work). Covert surveillance includes monitoring, observing or listening to persons without their knowledge.

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- 7.5 Deciding when authorisation under RIPA is required involves making a judgement. Where surveillance is covert and is directed at individual(s) to obtain information about them, RIPA is likely to apply and prior authorisation obtained in accordance with this document. If in doubt, seek authorisation.
- 7.6 Directed surveillance must be authorised in accordance with this policy and must only be used for legitimate purposes, and only when sufficient evidence exists and has been documented to warrant the exercise and when surveillance is shown to be both the least harmful means of meeting that purpose and proportionate to what it seeks to achieve.
- 7.7 It is extremely important that all reasonable alternative methods to resolve a situation, such as naked-eye observation, interview or changing methods of working or levels of security should be attempted first and recorded in writing and the reason for surveillance being requested fully documented. Where the subject of covert surveillance is an employee, the Authority's Legal Officer must be informed.

8. Authorisation and duration

- 8.1 All requests to conduct, extend or discontinue a covert surveillance exercise must be made in writing on the appropriate forms, in accordance with the procedure document BFRSD 80-002-007. All such requests must be submitted to the Authorising Officer. All requests and extensions must be considered, authorised in writing by the Authorising Officer, before any covert surveillance operation can commence or continue.
- 8.2 Authorisation will only be granted where covert surveillance is believed by the Authorising Officer to be necessary and proportionate. Written authorisations for Direct Covert Surveillance will be valid for 3 months from the date of the original authorisation or extension, the Authorising Officer is responsible for ensuring that surveillance is cancelled as soon as it is no longer required, and for ensuring that reviews of authorisation are carried out on at least a monthly basis.
- 8.3 if during the investigation it becomes clear that the activity being investigated does not amount to a criminal offence or that it would be a less serious offence that does not meet the threshold the use of directed surveillance

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should cease. If a directed surveillance authorisation is already in force it should be cancelled.

- 8.4 Applications for renewals should not be made until shortly before the original authorisation period is due to expire but the authority must take account of factors which may delay the renewal process (e.g. intervening weekends or the availability of the relevant local authority authorising officer and a JP to consider the application).


9. Authorising officer

- 9.1 The Authorising Officer will be a post holder in the role of Group Manager or above.

10. Evidence

- 10.1 During a covert operation, recorded material or information collected will be stored and transported securely. It will be reviewed regularly (at least weekly) and access to it will be restricted to the Authorising Officer and the enforcement officers concerned.
- 10.2 The Authorising Officer will decide whether to allow requests for access by third parties. Access will generally only be allowed to limited and prescribed parties including law enforcement agencies, prosecution agencies, legal representatives and the people subject to the surveillance (unless disclosure would prejudice any criminal enquiries or proceedings). Authorising Officers will maintain a record of all reviews of material recorded and collected covertly.
- 10.3 Once a covert operation results in an individual being under suspicion of having committed a criminal offence, he/she must be informed of this as promptly as is reasonably practicable if the fire authority is pursuing the offences. This is in order to ensure their right to a fair trial or hearing within a reasonable time in accordance with the Human Rights Act.
- 10.4 In a situation where it is considered that a matter gives rise to a potential criminal prosecution, any interview with the suspect must be 'under caution' and conducted by a suitably trained officer.

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11. Covert human intelligence sources

11.1 **Definition** – A person is a CHIS if :

- a) They establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs (b) or (c) below;
- b) They covertly use such a relationship to obtain information or to provide access to any information to another person; or
- c) they covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

11.2 A CHIS may be required to establish or maintain a personal or other relationship for a covert purpose, i.e. one which the person with whom the relationship is established is unaware of. A CHIS is “tasked” to obtain information, provide access to information or to otherwise act, incidentally, for the benefit of the relevant public authority. Authorisation for the use or conduct of a CHIS is required prior to any tasking where such tasking requires the source to establish or maintain a personal or other relationship for a covert purpose.


11.3 However, the provisions of the 2000 Act are not intended to apply in circumstances where members of the public volunteer information as part of their normal civic duties, or to contact numbers set up to receive information e.g. Crime stoppers or Anti-Fraud Hotline. Members of the public acting in this way would not generally be regarded as sources. A routine test purchase which does not go beyond a normal transaction is unlikely to be considered a CHIS activity.

11.4 The use of a CHIS by the Authority is likely to be extremely infrequent. A judgement must be made in determining when an individual taking part in an investigation may be acting as a CHIS and if officers are in any doubt, they should seek advice from the Authorising Officer.

12. Chis authorisation

12.1 The same principles and procedures apply for the authorisation of a CHIS as for directed surveillance (see section 5 & 8). The Authorising Officer may authorise the use of a CHIS, provided that they are satisfied that it is


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necessary and proportionate to do so, and that there are arrangements in place (set out below) for managing a CHIS.

- 12.2 Applications to use, extend or discontinue the use of a CHIS must be made in writing on the Fire Authority's corporate forms, as set out in the procedure document BFRSD 80-002-007.
- 12.3 Written authorisations for CHIS will be valid for 12 months from the date of authorisation or extension. Exceptionally, an oral authorisation may be granted for the use of a CHIS in circumstances of urgency.
- 12.4 An oral authorisation will be valid for 72 hours but will be subject to the same requirements as that set out in part 2 relating to urgent authorisations for directed surveillance. As with directed surveillance, the authorising officer is responsible for ensuring that authorisation is cancelled as soon as it is no longer required, and that reviews of authorisations are carried out on at least a monthly basis.
- 12.5 There are additional considerations which must be taken into account before the use of a CHIS can be authorised. These relate to the security, welfare and management of the source and records relating to his/her use. Details of these issues are set out in paragraphs 15.1 – 15.3 below.
- 12.6 Material obtained from a CHIS may be used as evidence in criminal proceedings and the proper authorisation of a CHIS should ensure the legality of such evidence.
- 12.7 Before authorising the use of a CHIS, the Authorising Officer and enforcing officers must ensure that, as far as is possible, measures are taken to avoid unnecessary intrusion into the lives of those not directly connected with the investigation.
- 12.8 An authorisation for a CHIS may be in broad terms and highlight the nature of the CHIS's task. However, where it is intended to task a source in a new or significantly greater way, the handler or controller (see below) must refer the proposed tasking to the authorising officer, who should consider whether a separate authorisation is required.

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13. Management of the source

13.1 The authorising officer must not grant an authorisation for the use or conduct of a source unless he/she has appointed a person who is responsible for having day to day contact with the source, and a person with the responsibility for the general oversight of the use of the source.

13.2 The person with day to day responsibility will be a 'Handler' and will deal with the CHIS on behalf of the authority, direct the day to day activities of the CHIS, record the information supplied by him/her and monitor the security and welfare of the CHIS. Meetings with the source must be recorded, along with details of meeting between the source and the subject of the investigation. Where there are unforeseen occurrences, these should be recorded as soon as practicable after the event, and the authority checked to ensure that it covers the circumstances that have arisen.

13.3 The person with the general oversight of the CHIS will be a 'Controller'.


14. Record keeping

14.1 Proper records must be kept of the authorisation and use of a source.

14.2 The Regulation of Investigatory Powers (Source Records) Regulations 2000 (SI2000/2725) provides that the following records must be kept when a CHIS is authorised:

- The identity of the source
- The identity, where known, used by the source
- Any relevant investigating authority other than the authority maintaining the records
- The means by which the source is referred to within each relevant investigating authority
- Any other significant information connected with the security and welfare of the source
- Any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that relevant information has been considered and that any identified risks to the

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security and welfare of the source have where appropriate been properly explained to and understood by the source

- The date when, and the circumstances in which, the source was recruited,
- The identifies of the persons who will act as handler, controller and person responsible for maintaining records of the use of the source
- The periods during which those persons have discharged those responsibilities
- The tasks given to the source and the demands made of him in relation to his activities as a source
- All contacts or communications between the source and the authority's handler
- The information obtained by the authority by the conduct or use of the source
- Any dissemination by that authority of information obtained in that way
- Any payment benefit or reward made or provided to the source (other than where the source is an authority employee acting as an undercover operative).


14.3 The Home Office Code of Practice on the use of CHIS also contains additional advice on records to be kept in relation to a source. In addition to the authorisation forms, risk assessment, and the above information, a record should be kept of the circumstances in which tasks were given to the source and the value of the source to the authority.

14.4 The records must be kept in a way that preserves the confidentiality of the source and the information provided by him/her. Records must not be made available to officers unless it is necessary for them to do so. The Authorising Officer must not authorise the use of a CHIS until an appropriate officer has been designated as the person with responsibility for maintaining a record of the use made of the CHIS, and arrangements are in place for ensuring that the records will be kept securely.

15. Safety & security

15.1 Prior to the authorising of a CHIS, the Authorising Officer shall have regard to the safety and welfare of the CHIS and shall continue to have such regard, throughout the use of the CHIS. The safety and welfare of the CHIS after the

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authorisation has been cancelled or where the investigation has been closed must also be taken into account at the outset. Officers seeking authorisation to use a CHIS must consider the corporate risks to determine the risk to the source of any tasking and the likely consequences should the role of the source become known. The nature and magnitude of risk to the source must be identified and evaluated. Risk on a personal, operational and ethical basis must be considered. These risk assessments must be taken into account by the Authorising Officer in deciding whether it is appropriate for authorisation to be granted for the use of the CHIS, along with the usual considerations of proportionality, necessity etc. The authorising officer must satisfy himself that any risks identified are justified in relation to the investigation, and that any identified risks have been properly explained and understood by the source. A copy of the risk assessment must be kept in accordance with the preceding paragraph.

15.2 The handler of the CHIS will be responsible for bringing any concerns about the personal circumstances of the source to the attention of the controller, in so far as they may affect the validity of the risk assessment, the conduct of the source and the safety and welfare of the source. Where appropriate such concerns should be brought to the attention of the Authorising Officer and a decision taken on whether or not to allow the authorisation to continue.

15.3 The use of vulnerable individuals or juveniles for a CHIS purpose must only be authorised by the Chief Fire Officer/ Chief Executive or the Chief Operating Officer and only in the most exceptional cases. The Authorising Officer should also abide by the Home Office Code of Practice relating to juveniles. On no account should the use or conduct of a source under 16 years of age be authorised to give information where the relationship to which the use of the source relates is between the source and his parents or any person who has parental responsibility for him. In other cases authorisation should not be granted unless the special provisions contained within the Regulation of Investigatory Powers (Juveniles) Order 2000 (SI2000/2793) are satisfied. These requirements relate to the presence of an appropriate adult (e.g. a parent) at meetings with the source and consideration of risk assessments. Authorisation of juvenile CHIS may only be granted by the Chief Fire Officer/ Chief Executive or the Chief Operating Officer (or equivalent) and the

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duration of such an authorisation will be only one month, rather than twelve months.

16. Annual review

16.1 In addition, elected members of a local authority should review the authority's use of the 2000 Act and set the policy at least once a year. They should also consider internal reports on use of the 2000 Act on at least a quarterly basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose. They should not, however, be involved in making decisions on specific authorisations.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Fire Authority
DATE OF MEETING	19 February 2014
OFFICER	Jason Thelwell, Chief Operating Officer
LEAD MEMBER	Councillor Catriona Morris
SUBJECT OF THE REPORT	Public Consultation – Pre-IRMP “Listening & Engagement” research – report of consultation outcomes.
EXECUTIVE SUMMARY	<p>At the Fire Authority meeting on 18 December 2013 Members were advised of some consultation work being undertaken on the Authority’s behalf, by Opinion Research Services (ORS), with the Public via a series of five focus groups across the areas served by the Authority. This early consultation work was designed to help inform the development of the next Integrated Risk Management Plan (IRMP) by:</p> <ul style="list-style-type: none"> • Exploring the participants’ general awareness and understanding of the Fire and Rescue Service and the issues facing it (without being given any significant background information); • Their views and expectations after being more acquainted with the issues and challenges facing the Authority/Service and some potential ways that it could respond to these. <p>In total 50 people participated across the five focus groups. ORS used a deliberative approach which enabled participants to reflect in depth about the issues facing the Authority/Service. Also participants were able to do this without the constraint of worrying about any imminent changes to local Fire and Rescue service provision.</p> <p>The consultation embraced consideration of a wide range of issues and topics relevant to the development of the next IRMP and the direction of the Service more generally including amongst other things:</p> <ul style="list-style-type: none"> • Awareness of and attitudes to risk; • Expectations of the FRS in relation to issues such as fire safety; • Views on Response Times; • Awareness of governance arrangements and, in

	<p>particular, the role of the Fire Authority;</p> <ul style="list-style-type: none"> • Awareness of issues and challenges facing the Authority including the current industrial action; • Perceptions of costs and value for money; • Preferences in relation to dealing with funding issues. <p>The outcomes of the consultation are contained in the annexed ORS report. Because recruitment to the focus groups was inclusive and the participants diverse, ORS advise that the outcomes of the consultation are broadly indicative of how informed public opinion would incline in similar discussions.</p> <p><u>Next Steps</u></p> <p>Preparation of the next IRMP, which will cover the period 2015-20, is currently underway with a view to officers presenting a draft for Members to approve for public consultation at the June 2014 Fire Authority meeting. Further stakeholder consultations are planned throughout the IRMP development process in line with Government ‘good practice’ guidance.</p> <p>Also it will be possible to re-convene the five focus groups reported on in the attached report, once Members have approved the draft IRMP for consultation, which means that it will receive scrutiny from a more informed perspective than would be possible with fresh groups of people drawn from the wider public. This will help the Authority to demonstrate that it has met the National Framework requirement for active and informed participation in IRMP consultations.</p>
ACTION	Information.
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	<p>A detailed risk assessment was carried out with ORS at the project planning stage and a risk log established within the Project Initiation Document (PID) & appropriate measures identified to control the identified risks.</p> <p>The key corporate risks arising out of the research process include:</p> <ul style="list-style-type: none"> • That the range of views expressed are not typical of the public as a whole; • That the research is poorly executed and fails to meet the specified requirements. <p>Both of these risks could impair the decision making process in relation to the development of the IRMP were they to crystallise.</p>

	<p>The first risk is controlled via the participant recruitment process which is designed to ensure that a representative sample of the public is selected by using quotas for age, gender, social group, ethnicity and geographic factors. The second, via ORS’ training and research methods which are fully accredited to relevant British, ISO and IQCS standards. ORS are also a Market Research Society (MRS) Company Partner and are fully compliant with the MRS Code of Conduct.</p>
FINANCIAL IMPLICATIONS	<p>The cost of Phase One of the research is c. £13,000 (including follow on research with Authority staff planned for the new year). This will be met from existing revenue budget resources.</p> <p>The cost of the second phase of the research (formal public consultation on the Draft 2015-20 IRMP) which will take place in the next financial year (2014/15) is to be established but likely to be similar to Phase One.</p>
LEGAL IMPLICATIONS	<p>The approach is consistent with the principles derived from case law on consultation and from the National Framework guidance, by ensuring that consultation is undertaken at appropriate points in the IRMP development process.</p> <p>The outcomes of the consultation are not binding on the Authority; however it is required to have regard to them in reaching decisions associated with the integrated risk management planning process where relevant.</p>
HEALTH AND SAFETY	<p>No direct implications arising from this initial consultation work.</p>
EQUALITY AND DIVERSITY	<p>The participant selection process was designed to ensure that a representative sample of the public is consulted as detailed in the risk management section above. The socio-demographic profile of the participants in the research is shown at page 7 of the annexed report.</p>
USE OF RESOURCES	<p>The consultation work is being resourced from within existing budgets and staff capacity. The outcomes of the consultation work will be used to help inform decision making in relation to future Authority resource allocation.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Public Consultation – Pre-IRMP ‘Listening & Engagement’ Research, Paper to 18 December 2013 CFA Meeting:</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/93AA5678-90C2-47F6-9386-30C1C3C836B3/0/ITEM12_PublicConsultationPreIRMPL</p>

	<p>ListeningandEngagementResearch.pdf</p> <p>Fire and Rescue National Framework for England (2012):</p> <p>https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england</p>
APPENDICES	<p>Appendix 1 – “Buckinghamshire Fire and Rescue Service: Responding to Change”, Report of Consultation Outcomes, Opinion Research Services, January 2014.</p>
TIME REQUIRED	<p>15 Minutes.</p>
REPORT ORIGINATOR AND CONTACT	<p>Stuart Gowanlock, Corporate Planning Manager</p> <p>sgowanlock@bucksfire.gov.uk</p> <p>01296 744435</p>



**Buckinghamshire
Fire and Rescue Service:
Responding to Change
Report of Consultation Outcomes**

**Opinion Research Services
January 2014**





As with all our studies, findings from this research are subject to Opinion Research Services' Standard Terms and Conditions of Contract

Any press release or publication of the findings of this research requires the advance approval of ORS. Such approval will only be refused on the grounds of inaccuracy or misrepresentation

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Acknowledgements

Opinion Research Services (ORS) is pleased to have worked with Buckinghamshire Fire and Rescue Service (BFRS) on the consultation reported here.

We are grateful to the members of the public who took part in the focus groups. They were patient in listening to background information before entering positively into the spirit of open discussions. They engaged with the service, with the issues under consideration and with each other in discussing their ideas readily.

We thank BFRS for commissioning the project as part of its programme of consultation. We particularly thank the senior staff and officers who attended the sessions to listen to the public's views and answer questions. Such meetings benefit considerably from the readiness of fire officers to answer participants' questions fully and frankly.

At all stages of the project, ORS' status as an independent organisation engaging with the public as objectively as possible was recognised and respected. We are grateful for the trust, and we hope this report will contribute usefully to thinking about BFRS's future service planning at a time of serious financial constraints. We hope also that ORS has been instrumental in strengthening BFRS's public engagement and consultation through the focus group participants.

The ORS Project Team

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Project Overview

The Commission

1. On the basis of our long-standing experience with the UK fire and rescue service, and our status as the sole approved provider of research and consultation services under the terms of the Fire Services Consultation Association's National Framework Contract, ORS was commissioned by Buckinghamshire Fire and Rescue Service (BFRS) to undertake five focus groups across its service area (in Aylesbury, Buckingham, Chesham, High Wycombe and Milton Keynes).
2. The point or purpose of the deliberative sessions was to allow BFRS to engage with, and listen to, members of the public about some important issues - so that the participants would become more informed about the fire and rescue service and the current constraints upon it; but also so that the discussions around people's perceptions of risk and ideas about their Fire and Rescue Service could contribute to BFRS's planning for the future. BFRS's key priority was that this would be a 'listening and engagement' process at a very early stage in the organisation's thinking – to understand public opinions and to 'test' some very general ideas and principles.
3. This very early stage consultation programme conforms to the Gunning Principles, which require, above all, that consultation should be at a 'formative stage', before authorities make decisions. The same principles also require that people should be given sufficient information and time to consider the issues in an informed manner, and also that their views should be taken conscientiously into account by the authority.
4. In this context, ORS' role was to design, facilitate and report the consultation in November and December 2013. We worked in collaboration with BFRS to prepare informative stimulus material for the meetings before facilitating the discussions and preparing this independent report of findings.

Deliberative Research

Attendance and Representativeness

5. The focus groups were designed to inform and 'engage' the participants both with the issues and with BFRS – by using a 'deliberative' approach to encourage members of the public to reflect in depth about the fire and rescue service, while both receiving and questioning background information and discussing important issues in detail. The meetings lasted for two hours.
6. In total, there were 50 diverse participants at the focus groups. The dates of the meetings and attendance levels by members of the public were as follows:

AREA	TIME AND DATE	NUMBER OF ATTENDEES
High Wycombe	6:30pm – 8:30pm Monday 25 th November 2013	11
Aylesbury	6:30pm – 8:30pm Wednesday 27 th November 2013	9
Chesham	6:30pm – 8:30pm Wednesday 27 th November 2013	10
Buckingham	6:30pm – 8:30pm Wednesday 4 th December 2013	11
Milton Keynes	6:30pm – 8:30pm Wednesday 4 th December 2013	9

7. The attendance target for the focus groups was around eight to 10 people, so the recruitment programme was successful. Participants were recruited by random-digit telephone dialling from ORS' Social Research Call Centre. Such recruitment by telephone is an effective way of ensuring that the participants are independent and broadly representative of the wider community. Overall (as shown in the table below), participants were a broad cross-section of residents from the local areas and, as standard good practice, were recompensed for their time and efforts in travelling and taking part.

CRITERIA	FOCUS GROUPS
Gender	Male: 24 Female: 26
Age	16-34: 6 35-54: 23 55+: 21
Social Grade	AB: 20 C1: 20 C2: 5 DE: 5
Ethnicity	4 BME
Limiting Long-term Illness	6

8. ORS typically over-recruits for focus groups to compensate for last minute 'no shows': on this occasion 12 people were recruited to achieve eight to 10 participants. While the overall drop-out rate was low, six of the 10 'no-shows' were in the 16-34 age bracket which explains the lower overall numbers of younger people at the sessions.

9. In recruitment, care was taken to ensure that no potential participants were disqualified or disadvantaged by disabilities or any other factors, and the venues at which the focus groups met were readily accessible. People's special needs were taken into account in the recruitment and venues.
10. Although, like all other forms of qualitative consultation, focus groups cannot be certified as statistically representative samples of public opinion, the meetings reported here gave diverse groups of people from Buckinghamshire and Milton Keynes the opportunity to participate. Because the recruitment was inclusive and participants were diverse, we are satisfied that the outcomes of the meeting (as reported below) are broadly indicative of how informed opinion would incline on the basis of similar discussions. In summary then, the outcomes reported here are reliable as examples of the needs and wants of diverse informed people reacting to the possible challenges facing BFRS.

Discussion Agenda

11. ORS worked in collaboration with BFRS to agree a suitable agenda and informative stimulus material for the meeting, which covered all of the following topics:

People's perceptions of risk and how they manage it

Sources of worry and concern

Perceptions of and attitudes towards fire risk

Fire risk in Buckinghamshire and Milton Keynes, the BFRS budget and future funding

BFRS's governance

Integrated Risk Management and the importance of prevention in the context of protection and response services

Attitudes to response times

The issues and challenges facing BFRS and possible future strategies to meet them

What members of the public typically want from their Fire and Rescue Service.

12. The questions were accompanied by a presentation devised by ORS and BFRS to inform and stimulate discussion of the issues – and participants were encouraged to ask any questions they wished throughout the discussions.

The Report

13. This report concisely reviews the sentiments and judgements of focus group participants about BFRS and what they expect and desire of it. Verbatim quotations are used, in indented italics, not because we agree or disagree with them – but for their vividness in capturing recurrent points of view. ORS does not endorse the opinions in question, but seeks only to portray them accurately and clearly. The report is an interpretative summary of the issues raised by participants.

Consultation Findings

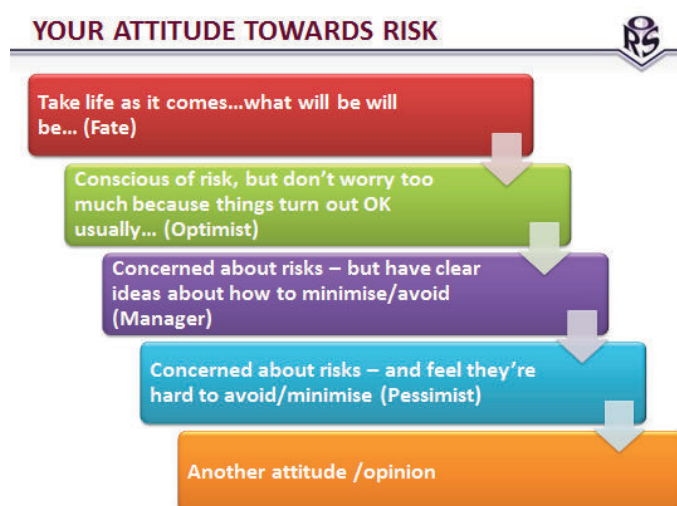
Introduction

- Overall, the five focus group sessions considered a wide range of important issues that are reported fully below. The report has been structured to address each of the areas of discussion in some detail. The views of the five meetings have been merged to give an overall report of findings, rather than five separate and rather repetitive mini-reports – but significant differences in views have been drawn out where appropriate.
- The report of findings is in two main sections – the first deals with people’s general awareness and understanding of the FRS (without being given any significant background information), while the second deals with their judgements and expectations after being more informed and asked some challenging questions about policy. Both parts of the report are, of course, relevant to a fuller understanding of public views. It should also be borne in mind that these participants’ views were not influenced by any imminent local decisions: they had the luxury of thinking about important public policy issues without the constraint of worrying about changes in their immediate local services.

Main Findings: Awareness and Perceptions

People’s Attitudes

- As an introductory exercise, participants were shown the following chart and asked to determine which of the following statements best describes their attitude towards risk:



- Most people across all groups considered themselves to be Managers; that is, they are concerned about risks, but also have clear ideas about how to minimise and/or avoid it – and certainly do not let it rule their lives:

I'm aware and conscious of it but I don't let it rule me

Life is about risk and it has to be managed. Sometimes there's nothing you can do about it and sometimes you can; you just have to know the difference

It's understanding and being aware of it but not necessarily worrying about it. Recognising that there are things you can adjust to minimise it

You do what you can do minimise and manage risk but you have to get on with life. What's the point in worrying and stressing yourself out about it? If you think about it there's a risk involved with everything. You can be concerned about it but I don't let it affect my life or me doing what I want to do.

18. In fact, people said that having regard to and worrying about risk can help with its management insofar as it helps concentrate the mind to find means of mitigation:

When you worry and it's flagged up in your head as an issue you can prepare and think 'there's something I need to do about that'.

19. Few people considered themselves to be Fatalists, Optimists or Pessimists – though several felt they fall between two categories depending on the situation. For example, some Managers said they tend to lean towards pessimism when new, less understood risks are introduced into their lives. A few parents cited their children taking up what they see as 'dangerous' activities as a catalyst to change from Manager to Pessimist – and said they need to better understand the risks to revert from the latter to the former:

If you don't understand the risk then you become more of a Pessimist

My youngest son has just announced that he's going to travel the world and I'm worried about that

When there are new risks I tend to turn into a Pessimist. My youngest has started playing rugby and I don't know enough about it to manage it. I need to learn about it so I can shift from pessimism to management by understanding it a bit better. If you understand the risk you can manage it, but if you don't understand it you can choose to worry or not. I don't understand the risk of an asteroid hitting the earth, but I'm just going to ignore that one – but I also don't understand the risk of rugby and find it a bit worrying.

I'm very much a Manager but if it involves the children I can be a Pessimist because I'm worried about their situations. I worry about my son playing rugby...I absolutely hate the idea of him doing it.

20. Further, others said they can be a Manager in certain situations, but an Optimist or Fatalist in others:

Different situations bring out a different personality. At work I have to be a Manager as I have to do risk assessments, but personally I'm more of an Optimist. It's a different frame of mind

It depends on the situation; where I am, who's involved and what I can and can't do about it. Like if you're driving down the road, you know there are risks from other drivers but there's nothing you can do about it. The most you can do is be aware of other drivers and hope to avoid it. But with risks around the home and in work for example, you can do something about those in terms of managing them.

21. A couple of people at High Wycombe and Buckingham suggested that today's culture is too risk averse and that the benefits of taking risks can often outweigh the danger of doing so – though they also said that this is not incompatible with recognising, assessing and managing potential threats:

I think without taking risks sometimes you can't push the boundaries and risk is part of life

My granddaughter is doing acrobatic trampolining which is very risky but the amount of good she gets out of it compared to the risk she is taking is positive...life is a balance isn't it?

Head for the risk. I do bike sports, climbing, paragliding etc. It doesn't mean you don't assess the risk, but you have to weigh up whether it is worth it. And I do wear safety gear so that's recognising and managing the risk.

Kinds of Risk

22. Only a minority of participants said that they worry more about big, rare events than every day, more minor occurrences. In this context, they mentioned large scale incidents, such as terrorist attacks and weather-related events that are difficult to predict and thus avoid (and are often heavily reported in the media, which fuels people's fear of them, particularly in the short-term):

I do worry about things like terrorism attacks because there's nothing I can do about them whereas I've got a good awareness of the everyday, minor things and I can risk assess them. There's nothing I can do about the big events so I'd say I worry more about those

Big but rare...like going on the Tube and thinking 'is it ok...what's in that bag?'

I do worry about the response to larger scale incidents like train crashes, terrorism incidents etc.

Major events like the recent typhoon; I worry more about things like that and the effect it has on people

When everything is thrown in your face by the media about the big, rare events it makes me worry. But you tend to worry about them for a week or two and forget about it

23. Most others, however, said they try not to worry about such events for that very reason; there is often nothing that can be done to avoid them and one simply has to get on with life in the hope that 'it will not happen to me':

I'm pretty logical about the big, rare events. Like an asteroid hitting the earth, it could be anytime but you can't control it so what's the point in worrying about it

I don't think you can do anything about it so what's the point worrying about it?

The big but rare events are the ones you know have happened but you've got to tread the same path; like getting on the Tube after a terrorist attack. You still have to do it and get on with life...what you have to do is try not to worry.

24. Overall, many more people said they worried about “everyday issues” rather than big catastrophes – for example, their finances, work, job security, neighbourhood anti-social behaviour, car accidents, health and routine safety issues; that is, about more minor things that are statistically far more likely to occur. A common theme was worrying about the safety and well-being of one's family – for example:

I know that the chance of my children being abducted or attacked by a stranger are incredibly small, but I know a lot of people who will worry about that whereas they don't think anything of sticking them in the back of the car and driving them somewhere without a seatbelt on which is statistically much more likely to result in something bad.

25. Indeed, participants' most commonly expressed ‘everyday’ fears were those concerning their families. Some typical comments were:

The health of your family; that's what you worry about

Children; I don't want to see them hurt or in danger

Older children when you let them do things for themselves and you get a phone call in the middle of the night

Grandchildren...you know there's something going to be happening around children all the time but you can't quantify it

You almost worry more for your grandchildren because the world has changed so much; it's so different for them now.

26. Other sources of worry were pets; the logistics of life; and the day-to-day cost of living:

I have two cats and I worry about them being run over

I worry about things like trying to get home from work in time to make sure the kids are fed before they go to Scouts. Logistical things rather than dangers... running my life

The day-to-day cost of living; the financial side of things is a worry.

27. Perhaps strikingly, none of the participants mentioned “fires” as an ‘everyday risk’ – though they were obviously interested when the risk of fire was raised by the facilitator. Interestingly, one respondent explained their omission of fire on the grounds that:

Fire is not really an ‘everyday’ risk nowadays – due to improved safety measures!

28. All of the above concerns and worries outlined above were raised unprompted, but the following slide was shown to establish whether participants also fear anything other than what was mentioned spontaneously:

YOUR PERCEPTIONS OF RISK

What, if anything, do you worry about?
Some examples...

Driving a car or being a passenger	Being mugged
Travelling by rail	Being burgled
Travelling by air	Drowning
Cycling on public roads	Fires at work
Crossing busy roads	Fire in the home
Accident in the home	Major illness (heart attack/stroke/cancer etc.)

29. Some participants referred to their concerns about possibly burglary, neighbourhood crime, traffic offences and drink driving. Major illness was also stated as an additional concern at this stage, mainly in the context of participants becoming ill themselves, and the health of their children and elderly parents:

Major illness; the older you get the more you have to face that

Being a parent as well, if you were to get a major illness there's the thought of having to leave your children

Illness is one...my parents are now in their seventies and they've had a lot of ill-health and if I stop to think about it, it does scare me. When your parents are in their seventies you know it's going to happen relatively soon. And young people, I had a friend who lost his daughter when she was 15 and my son is now 15 and again if I stopped and thought about that for too long I'd get in a state but you've just got to try not to think about it.

30. Again, it was said that what a person worries about can be heavily influenced by their personal circumstances, as the following examples illustrate:

If someone said to you 'there's a good chance you're going to have a heart attack' then you're going to worry about it aren't you?

In my family someone very young (26 years old) unexpectedly had a heart attack. It wasn't something you could prepare for and of course it's a concern because they didn't really know why it had happened. It's another thing at the back of your mind...a worry that 'will this re-occur?'

It depends where you live. I used to live in East Anglia and when Sizewell was being built the people who lived there were worried about big, rare events like Sizewell going critical. But you have to be living there to be worried about that.

Fire Safety and the Responsibilities of the FRS

31. As we have said, no-one was routinely or particularly worried about fires at work or in the home; the general sense was that these fall into the 'manage category' and that workplaces and dwellings are now safer than they have ever been:

I think it's in the manage category isn't it? We've got working smoke detectors and homes generally are a lot safer than they used to be. There's less smoking, fewer open fires.

32. In this context, there were many positive opinions about the importance of preventing fires through good public education and a proactive role by the BFRS. People referred approvingly to BFRS's safety talks in schools, Safe Drive/Stay Alive campaigns and home fire safety checks. There was evident support for BFRS's proactive role and an expectation that it would continue to highlight its safety messages in one way or another.
33. In relation to people's personal responsibilities, some agreed that *we should all take more responsibility for our own safety* and that *we cannot expect the FRS to be able to rescue everyone who endangers their own safety* – but a big majority felt that (while the first statement should certainly apply in principle), in practice, in the event of an incident, the Fire and Rescue Service must also *treat everyone equally regardless of how they live and however expensive the service*.
34. There was a clear expectation that the FRS should not penalise people for their carelessness or bad practices, but should be committed to rescuing them from the consequences of their actions wherever possible – for example, even if someone *stores petrol in their kitchen and causes a bad fire!*
35. The idea that everyone should be treated equally (that is, equally protected in this context) led some to wonder if response times might be fairer if they were somehow 'equalised' - and while several participants at most groups were realistic in their acknowledgment that choosing to live in a rural area brings an inherent additional risk, in some cases it took quite a lot of reflection to convince them that such equalisation is not feasible in practice, due to the realities of rural living.
36. A primary argument for the being committed to rescue whatever the circumstances was that BFRS cannot know what they will be faced with at an incident until they arrive, and equally will often have no idea as to what caused it until it has been investigated. Some typical comments were:

Everyone should take responsibility for their actions as much as possible but the Fire Service has to be there to respond to every incident

There can be no differentiation at the point of requirement but there must be some education so that everyone takes as much responsibility as they can

For an emergency service it's impossible to do anything but. What are you going to do, turn up to a car and say 'you were driving dangerously so we're not cutting you out'?

It's not for them to receive a call and have a degree of discernment about which they attend; they shouldn't have to shoulder that responsibility

How do you make that judgement? The first two sound right in an easy world; we should all be responsible and we shouldn't expect them to do everything but at the point at which you get a call how do you know whether a person had a smoke detector or not? How can we possibly expect the Fire Service to be involved in making decisions about who to respond to

How can they not respond to everything? What are they going to say, 'no just die, it's your fault for jumping out a plane'?

37. One participant suggested that:

The time to make those decisions is not at the time of the fire. The point of the Regulatory Reform Order is to make sure companies do their fire risk assessment and if they don't then they can be prosecuted. That's the time to say to people 'you're not taking enough responsibility'. So the question is could you do something similar in domestic situations and possibly fine people?

38. The possibility of charging those found to have caused an incident by their own irresponsibility was also raised by others:

They should take into account what people are doing. If someone goes abseiling and they get stuck up a mountain, should they perhaps be charged for that because it's something they're doing for fun but they've ended up having to call of the Fire and Rescue Service?

Risk in Buckinghamshire and Milton Keynes and BFRS Finances

39. In order to investigate their background perception of fire risk in the community, participants were asked to 'guesstimate' the annual total death rate from fires across Buckinghamshire and Milton Keynes and also certain key facts about the finances of the service. Overall, the respondents across the five groups were noticeably well informed, compared with respondents elsewhere in the UK.
40. In the context of 'general risks' some of the groups were asked by the researchers whether death by drowning is more or less likely than death by fire. Interestingly, a significant number thought that death by fire was more common than drowning; but the majority conjectured rightly that drowning must be the bigger danger.
41. It was generally agreed that the risk of death or injury by fire across Buckinghamshire and Milton Keynes is either *fairly* or *very* (or in one case *exceedingly*) low – and that this risk is decreasing. When asked why they thought this was the case, most cited BFRS's prevention and education work and the role it has played in raising awareness of fire risk among the general public:

Awareness, engagement, better equipment in terms of smoke alarms etc

42. Nevertheless, many people over-estimated the actual number of fire deaths in Buckinghamshire and Milton Keynes each year. Many guesses were above 15, though it should be noted that participants' estimates were, on the whole, far more accurate than those typically given elsewhere in the country, with a significant number in the BFRS area suggesting annual deaths are only in single figures or at least less than 20. People were pleased to know that the actual number is very low, with an average of three accidental dwelling fire deaths per year over the last five years.
43. In general, people felt that fire risks are reducing, due to the reduction in coal fires, better building materials and designs and public safety education.
44. Nonetheless, most people (sometimes radically) under-estimated how much it costs to crew one 24/7 wholetime fire engine per year. There were some guesses as low as £25,000 at Buckingham; but overall most people estimated between £350,000 and £700,000. A small minority thought the cost was higher at between three-quarters of a million and one million pounds. The latter is a reasonable estimate, in fact.
45. A few participants guessed relatively accurately that BFRS's annual budget is in the region of £30 million (the actual figure is £29 million), but most estimates were much higher (up to £150 million) and a few were much lower (just £5 million).
46. Almost all participants recognised that the County Council receives the largest proportion of Council Tax revenue, and that BFRS gets the least amount:
- I would say Local Authority, then Police, then Fire*
- They are the poor relation.*
47. However, when asked exactly how much each band D household pays per year for BFRS services there were widely varying estimates: a small number guessed quite accurately, but most estimates were higher (at £200 to £400 per year) and people were pleasantly surprised to learn that the actual figure is currently £59.
48. Overall, then, many people tended to overestimate both risk (expressed as the number of fire deaths) and the costs of running the Fire and Rescue Service. These trends are not unique to Buckinghamshire and, indeed, the estimates given in these groups were no less accurate (and were sometimes far more accurate) than those typically made elsewhere.

'Reasonable' Response Times

49. In order to gauge their perceptions of 'reasonable' response times, participants were asked what they would expect a standard town-based attendance time target should be. For most, the general consensus was around ten minutes (a few even said up to 15 minutes), but some thought a response time of four to five minutes should be required as a target (on the assumption of immediate response from wholetime fire stations). There was, however, some recognition that the time of day may have a bearing on this:

You have to think about traffic in towns, especially at certain times of day

It depends on what time of day it is.

50. When the same question was asked for very rural areas many participants thought 15 to 20 minutes to be reasonable, while some thought 10 to 15 minutes. Significantly, many increased their ideas of reasonable response time standards when reminded of the inherent five-minute delay from RDS fire stations in rural areas:

Logically we have to accept they're going to be longer in rural areas

So if they're retained you have the five minutes too. If they've got five minutes to get to the station then that's five minutes of our ten minutes isn't it?

It would take at least five minutes to get to me. If it takes them five minutes to get to the station and it's around about 11 minutes to get to me then we're talking around the 15-17 minute mark.

51. It was also agreed at that attendance standards should include the call handling time: they should be recorded from either the time of call or from when the Control Room despatches fire engines:

If it's a life critical call the response time should start when the call is made

We would expect the clock to start ticking from when you send the engine and put the phone down

It would be bonkers to measure it from the time the fire engine pulls out of the fire station!

Awareness of BFRS Governance

52. While it was understood that BFRS is managed locally, no-one at any of the five groups was aware of its exact governance arrangements. In fact, many people (especially at Buckingham) thought it is a department of Buckinghamshire County Council:

I would have though there were national guidelines that have to be followed and then implemented locally

It's run by the County Council isn't it?

53. There was little or no understanding of the composition and role of the Fire Authority.

Awareness of Issues and Challenges Facing BFRS

54. Although participants did not spontaneously mention the recent industrial action in the context of the issues and challenges facing BFRS, the majority indicated their awareness after prompting. However, they had no clear idea of the exact issues and retirement dates for different staff:

It was concern about the whole picture and not just their terms and conditions. It was about their ability to do their jobs, how long they can do them for in terms of their age etc.

The age business...having to work until they're 60

The pension issue generally. They've been striking about it haven't they?

Main Findings: Opinions on Policy Issues

BFRS Finances

55. When asked what they feel their £59 annual Band D council tax charge for BFRS actually pays for, most participants said something along the lines of 'peace of mind' or 'insurance':

Peace of mind...knowing someone is there when you need them and you never know when you will.

56. It was also said that the £59 is paying for the important prevention work undertaken by the Service (and that this is a good reason not to consider drastically reducing the number of firefighters to reflect the significant drop in incident levels):

Hopefully you're paying for the preventative work as well, not just for people sitting around waiting for a fire. A few months ago there was a news story saying 'fires have gone down so we can cut the Fire Service'. That's like saying that a health and safety manager at a factory had managed to cut the number of accidents so they don't need that manager anymore. It's just missing the point...that there is that educational aspect to it.

57. A few participants highlighted the co-responding role undertaken by BFRS firefighters in their area. The group as a whole considered this an excellent use of resources that should be extended to other areas where appropriate – and also went on to suggest that further integration between the emergency services would be beneficial in improving efficiency:

I didn't realise that they come out as first response for the Ambulance Service too. We rang for an ambulance as a lady had come to our meeting and had chest pains and I was surprised when a firefighter rolled up really quickly. I thought it was a really good use of resources

That's a good example of added value...it should be extended if it works

Someone somewhere should be looking at how to better integrate the three different services. Why shouldn't every police officer be trained to use a defibrillator for example? I think there's a lot more scope for integration between the services to make some efficiencies.

Value for money

58. The Band D charge of £59 a year for BFRS's services was universally considered to be exceptional value for money. In fact, the majority of participants would be prepared to pay more:

£59 is not enough!

I was surprised when I read it; I thought 'is that all?'

Would I be prepared to pay more? Yes I would!

It's really good value compared to other insurances.

59. Those with (typically positive) personal experience of BFRS were particularly keen to support a Council Tax precept increase – and it was suggested that a rise would also be more palatable to people if BFRS could demonstrate the added value it offers through schemes like co-responding:

We had a house fire...they were there within five to six minutes once the call was made and were brilliant. I also had to call them recently because I had visitors and a little girl had locked herself inside my living room. She and her mother were very distressed and although she wasn't in any danger, we just couldn't get her out. It seemed excessive to call the Fire Service but we didn't know who else to call. And again they were with us in five minutes. I've had very positive experiences and I'd be happy to pay another £20 or £30 because of them

I think people would be if they knew it was going to include co-responding...if they could raise the profile of that people would be more than happy to pay more.

60. However, a lack of understanding of the precepting process led some people to express concern that any additional revenue would not be received by the FRS – and they sought reassurance that this would be the case before they consented to paying more:

If we agree with them putting Council Tax up will it go to the Fire Service?

If the general population thought the extra £20 or £30 was definitely going to protect or even in some small way enhance the Fire Service I don't think many people would say no to that.

61. There was some suggestion that while a BFRS Council Tax precept increase would be acceptable in isolation, it would likely be one of several rises faced by residents. It was recognised that all public bodies are under pressure financially, and that people may not be as tolerant if, say, the Local Authority and Police also raised their charges:

It also depends on what other increases we are looking at from the Council and Police. It all adds up doesn't it?

If they put the Fire Service bit up they'll probably put all the others up as well. The problem is that if you look at all the services in this country, they could all do with more money. There's got to be a limit hasn't there? So I'd like to pay the least providing it gives me the level of protection I have at the moment.

62. The final sentence of the second quotation above highlights an important consideration for BFRS. Prior to an explanation of the likely financial challenges facing the Service, participants demonstrated little understanding of the difficult decisions that will have to be made in future. As such (and as the quotation above suggests) some people assumed that additional Council Tax revenue would be used to enhance the service, rather than to lessen the impact of future funding reductions – and they thus suggested that unless demonstrable improvements are put in place, the public at large may be reluctant to endorse a rise:

Is the level of resources we have in Buckingham based on an assessment of the needs of the town or is it financial? If the assessment has been done and what we have is adequate, why pay more when the figures show we don't really need extra resources? I'd only be prepared to pay more if what we have now isn't adequate

Response times are what matters to people. People will want to know, if I give them more money how much quicker will they get to me?

Generally, if you're asking people to part with more money, they want to know what they're getting. So if they could say 'we're asking you to pay £70 a year but these are the things we'll put in place' then yes fantastic but I think if nothing is going to change, what would we be paying more money for? People might be a bit reluctant.

63. A few people wanted explicitly to be convinced that, in the context of reducing risk, an increase in the precept really was necessary. For example, some in Milton Keynes said:

An increase would be reasonable [only] if the fire service was under real pressure

But is it necessary? There is a lot of waste! Are you really short of money? Is there a need?

We'd pay if you were short of manpower, but we might not need so many fire-fighters nowadays.

64. Despite this, however, after they had been informed of BFRS' forthcoming financial challenges, and understood that any Council Tax rise would be used to maintain the Service as close to current levels as possible, many agreed that:

Because the funding's going to be cut, it's not about what more they can provide but about how they can provide what they're already providing. If it was another £20 or £30 I'd be happy to pay that because of the experience I've had.

65. Nonetheless, the idea of rebalancing resources rather than Council Tax increases remained for some:

The question shouldn't be 'should we pay more?' – the question should we rebalance the resources of Buckinghamshire Fire and Rescue Service?

Are we at risk – do we need to pay more? I don't feel at risk!

I can't afford to pay more!

BFRS Governance and Consultation

66. After being informed that BFRS is locally run by the Combined Fire Authority, participants were asked to comment on whether such governance is important. Most felt that it is, insofar as local fire authority and managers are more aware of the area's needs than a remote department in, say, London:

Local services have a better feel for what local requirements are. If you're running something nationally and you're dealing with appliances available across population densities and so forth, if you're living in Wandsworth the picture probably looks very different to what it is in North Wales.

It's better that it's local. The people running it locally should have more of an idea about what we need here. Someone running it in London isn't going to have a clue what we need in Buckingham.

67. There was, however, some minority preference for national governance in the interest of fairness and to prevent parochialism:

Local people are just going to want the best for their area whereas nationally they'll know how to allocate things fairly

The trouble with local decisions is you can get bogged down in small issues.

68. No participant had been consulted by BFRS previously, and few felt the need to be asked to comment on its internal workings in a general sense due to their positive view of the Service – especially compared to other public bodies:

We've never been asked; this is the first time

We feel the Fire Service is adequate and efficient; we'd much rather talk about the Police which we don't feel that about

I was surprised that they felt the need to ask me what I thought to be honest because I suppose I thought 'they know what they doing'. The NHS is in a much bigger state and needs a lot more help through consultation than the Fire Service does

I have never felt I haven't been adequately consulted by the Fire Service because I've never felt that there's a need to be. I have faith that if my house was on fire that they would be there reasonable promptly.

69. Despite their inherent trust in the Service however, the vast majority of people would want to be consulted on any major changes to it. While they had a good deal of faith in BFRS's officers to make decisions in the public interest, they felt strongly about the need to be informed and given the opportunity to engage on important issues:

If there were major changes then I'd want to be consulted

I'd want to know if they were going to cut the number of fire engines or change from full-time to part-time for example. They could be saying 'we're going to cut the number of firefighters or engines etc. and the net result of that is we won't be getting to fires as quickly' and I'd want to know about that

Or Council Tax rises...I'd want to be consulted on that

To a certain extent you have to have faith in organisational leaders that they're doing their best to provide the best service...they've worked their way up and know what

they're talking about. But I think it's important to have a level of engagement on service changes.

70. Only a small minority did not consider it appropriate for BFRS to consult members of the public on any changes it seeks to make, simply because the latter do not have sufficient knowledge to make an informed judgement:

I don't feel that I know enough about the Fire Service or their role to be consulted

It's impossible for the lay person to make the kind of judgements needed.

Response Times

71. As demonstrated by the following quotations, people's natural reaction to the question 'how important are response times?' is that they are 'extremely' or 'very' important:

They're critical. It's the difference between life and death isn't it?

It's the response time that counts...more lives are saved with a faster response time. It's the security of life

I firmly believe that, in my mentality...the quicker the response time the safer I'll be

Seconds count. If someone's trapped upstairs in a house, the smoke alarm's gone off but they haven't been able to get out; if you're not there to get them out they're going to burn. The quicker you're there the more chance there is of getting them out

The quicker they get there the quicker the fire is out and from our point of view that's how we're all going to look at it. We want them to get there as quickly as they can

The response time, as we know, is key in terms of saving lives

Saving lives...more people will be saved. You could be stuck in the house and it could mean the difference between life and death

The fire is more likely to be put out.

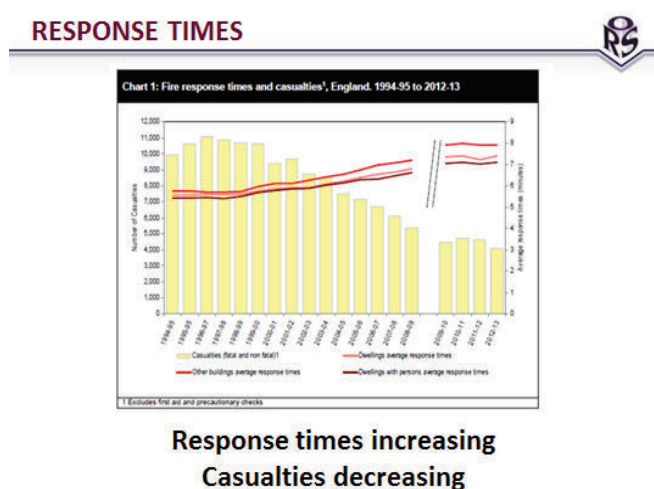
72. People evidently want the Fire and Rescue Service to 'get to them as quickly as possible' in an incident - and the quotations above demonstrate the assumption that doing so will not only save property, but lives as well.

73. Some people knew that response times may not be the main driving factor in reducing deaths and casualties, and that other inputs may be more important in doing so:

If it's about life and you've got a smoke detector you can get out so then it doesn't matter what the response time is. They're going to save your property but they're not going to save your life because you're already out. I don't see that the response time necessarily affects the deaths. It affects the damage to property, but what affects your life risk is whether people get out of the house because they've been notified or not. So response times may not be the key factor on reducing life risk; you have education and smoke detectors for that

If we're saying that our priority is life risk we need to find out how people die in fires and it may be nothing to do with response times. If we want our family photo albums not to be destroyed and our property and possessions to be saved then response times probably do matter. But we have to decide what matters to us; we're saying it's life but if we're focusing on response times we're probably not focusing on what's really going to save lives.

74. However, many participants said that saving property is almost as important as saving lives and preventing serious injuries. In fact, even after being shown the following graph (which illustrates the lack of correlation between attendance times and casualties), most participants still considered response times to be critical due to the importance they attach to their homes:



75. Some typical comments were:

It's a fundamental of life...a roof over your head

I don't think you can separate them because it's a question of levels; it's going to be me and my family, then my property

Lots of people have said it's about life but actually if someone's house is on fire they will want that house to be saved. It's the roof over your head. It did make me smile when people were saying lives need to be saved because when it comes down to it people would also say 'my property'. People wouldn't admit how high they'd put their property in terms of survival; that it's only just a little bit below life

That's why we're focusing on response times because I don't think they have a lot to do with deaths, but they do have a lot to do with saving property. That's why we're saying we don't want them to be slower because we don't want our properties to be burned down; they do mean a lot to us. We have to be honest about what we're placing the emphasis on and I think if we sit here and say 'it's all about life and death' we're not being honest with ourselves about what it really is

Human life is the main thing but you don't want your house to burn down do you? If the fire engine gets there quickly there's a good chance they'll be able to save the majority of your house. If they take ages the whole bloody thing will have burned down.

76. With regard to response times, one participant at High Wycombe suggested that BFRS should be looking more at outcome measures and less at time insofar as:

At the moment if you get there in seven minutes and don't save anything, that's a success whereas if you get there in nine minutes and save everything, that's a failure.

77. Despite all the above comments, the participants' views on response times have also to be considered in the context of their ready recognition that prevention and education are critically important. Indeed, in groups where the idea was tested, most agreed that if BFRS received an marginal additional £1M in funding, then it would be better spent on prevention and education initiatives than on, say, crewing an additional wholetime fire engine.

Possible Future Strategies

78. Some possible strategies to meet future challenges were outlined to participants, using the following simplified options (which, it should be noted, were positioned on the assumption that BFRS would have done everything possible to make savings from 'back office' functions):

FINANCIAL PRESSURES – POSSIBLE STRATEGIES?



1. Savings from ?

- (a) Fewer fire engines/longer response times
- (b) Reducing prevention and education
- (c) Different crewing systems
- (d) Cheaper ways of providing cover e.g. RDS
- (e) More flexible approaches to locating appliances
- (f) Co-locating with other agencies

2. Increasing revenue through BFRS Council Tax increase

79. People expressed two main views on this issue. The majority view was that all possible strategies should be considered apart from fewer fire engines (and longer response times) and reducing prevention and education. Indeed, if it meant the protection of fire engine numbers across the county, participants supported the use of different crewing systems:

I would not be comfortable with longer response times and fewer engines or reducing prevention and education so for me they are off the table. Everything else absolutely yes. If someone could prove to me that shutting the station down the road from me would mean the services could be provided in another, better way then why not?

If the argument is that longer response times don't affect fatalities I would agree with having fewer wholetime and more retained

I lived in a town where we have nothing but retained and we never had any major issues even though I lived right next to a major motorway so they had to deal with that as well

80. People's perceptions and expectations in terms of response times have been reported fully above, but most were equally keen to see BFRS's prevention and protection work maintained. As we have shown, when asked how a hypothetical £1M extra funding should be spent, most recognised that life risk would be most reduced by more investment in prevention and education:

You will probably achieve more for more people investing in education rather than putting one wholetime appliance in one particular area

I would personally say prevention and education though they still need to be consistent with response times as well and be within the guidelines

Deaths will probably occur among people on the lower end of the demographic scale who haven't realised that one of their priorities should be to get a smoke detector. To make more difference, if we've got to spend money on keeping response times static or on getting more people to have smoke detectors, we should be spending money on getting smoke detectors in those very homes.

81. However, some said that it should be determined what prevention work really achieves in practice because it is difficult to quantify:

With a fire engine, you can identify how many lives it's saved. If it has attended an incident and someone has been saved as a result, you know that engine has made a contribution. You can't identify the number of lives saved by education apart from the call rate coming down. Someone may have listened to that, changed what they do and not died as a result. But it's hard to quantify.

82. Overall, the majority view was that to cope with reduced income BFRS should pursue increases in council tax and different crewing systems rather than reductions in fire engines and fire-fighters or its important commitment to education and prevention work in the community. Participants were, however, informed that there are limitations on the Fire Authority's ability to raise revenue through council tax due to Communities and Local Government's capping regime.

83. The minority view was that everything should be 'on the table', particularly in light of the evidence showing the lack of correlation between response times and casualties:

We've just seen that response times are not affecting casualties; they are not as relevant as we would think. So surely we must allow them to have all of those options on the table?

Longer response times and fewer engines is not off the table for me because of the data you showed me earlier on. Response times are not the things affecting lives...there isn't a positive correlation and so I think it's on the table for discussion. I would have it on the

table until we've looked at the data in more detail and worked out what factors actually affect life risk – and if it's not response times then let's look at it. They should look at all the options.

84. Some participants were interested in possible innovations, in the context of reducing risk – commenting, for example, that

There is scope for a wider range of [smaller] vehicles to be used [rather than just traditional fire engines

Fire engines could be more mobile and located more flexibly in strategic locations

You could have a co-agency approach for the emergency services.

Post-incident Aftercare

85. BFRS was interested in exploring the extent to which people would expect the service to help them 'get their lives back to normal' after a major incident. The general consensus was that this is not really the Service's responsibility, and that they would expect to have to do this themselves with the help of their insurance company:

I don't think it's anything to do with the Fire Service; it's an emergency service

We have to put our lives back together ourselves...why is it their responsibility?

I wouldn't have thought that was their responsibility

I don't see that as their job or responsibility. As nice as it would be, I think they've got enough on their plate at the moment.

86. In other words, people were relatively conservative about possibly widening the role of the fire service to take on more 'welfare' aspects. Nonetheless, BFRS was thought to have a role in signposting people to organisations that could help with after-care - and there was strong support for post-incident prevention work with victims to ensure they are aware of why the incident occurred and what they must do in future to prevent it happening again:

They could say 'these are the places you can go to help you put your life back together'

I'd probably expect them to refer rather than deal with it. If you and your kids are standing in your garden homeless, I would hope they wouldn't just drive off and leave you there. I'd hope they would say 'we've phoned another agency and they're going to find you a place to stay for the night' or refer you on to another agency who will look after you

I think it has a role in helping people get their lives back together in the sense of helping them understand why the fire happened in the first place and how things could be done differently. I don't think it's as clear cut as 'ok I've got you out of a fire, that's my job done, goodbye'.

87. People also supported BFRS giving practical information about, for example, electronically scanning and remotely storing documents like passports and house deeds in the wider education it undertakes – by advising people to do this during Home Fire Safety Checks perhaps:

The idea of making sure you scan all your personal documents...that little bit of knowledge could save you a whole heap of pain

You can give information out pre-incident that can help post-incident. Give out information that can be practical and useful about things like copying documents

It's good advice to give as part of the Home Fire Risk Check and wider education

Is there a campaign they could do to make people aware of the importance of scanning documents etc. so you can prove who you are?

88. Participants at High Wycombe were particularly keen to see the production of case study examples (on the BFRS website and on leaflets) whereby those who have suffered losses through fires advice – both on prevention and how people can get their lives back to normal as quickly as possible:

It would demonstrate the real risks...

Unless we have been in that situation it's difficult to know what it would feel like to lose everything in a fire. I'm not sure I agree that it's just our business to deal with it because we have no idea what the trauma of losing everything is. Experiences of other people who have gone through it would be useful

It may not be the Fire Service's duty to help people with that but they might be in the best position to provide information on what you may experience and what other people have said it feels like.

Support for BFRS

89. It is clear from many passages above that the participants had a very positive and favourable opinion of BFRS. This was confirmed explicitly by participants who said they would not like to see alternative providers replace or compete with the current fire and rescue service – for example:

It's a non-starter for anyone else to provide the service

G4 or someone like that would be useless and chaotic!

You should leave things as they are. It's a democratic and local service and it should stay that way.



This project was carried out in compliance with ISO 20252:2012.