

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

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

To: The Members of the Overview and Audit Committee

2 November 2020

**MEMBERS OF THE PRESS
AND PUBLIC**

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

Dear Councillor

Your **remote** attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 **online** on **WEDNESDAY 11 NOVEMBER 2020 at 10.00 AM** when the business set out overleaf will be transacted.

Please be aware that the meeting will observe a two-minute silence at 11.00 am for Remembrance Day.

Your online remote access will be via Microsoft Teams.

Yours faithfully

Graham Britten
Director of Legal and Governance

Chairman: Councillor Carroll
Councillors: Christensen, Cole, Exon, Hussain, Mallen, Mills, Minns and Stuchbury



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

The Authority supports the principles of openness and transparency. To enable members of the press and public to see or hear the meeting this meeting will be livestreamed. Please visit: <https://www.youtube.com/channel/UCWmIXPWAscxpL3vIiv7bh1Q>

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

Adjournment and Rights to Speak – Public

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

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

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

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

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

Rights to Speak - Members

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

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

Questions

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

OVERVIEW AND AUDIT COMMITTEE

TERMS OF REFERENCE

Overview

1. To review current and emerging organisational issues and make recommendations to the Executive Committee as appropriate.
2. To comment upon proposed new policies and make recommendations to the Executive Committee as appropriate.
3. To review issues referred by the Authority and its other bodies and make recommendations to those bodies as appropriate.
4. To make recommendations to the Executive Committee on:
 - (a) the Electronic Services Delivery Plan;
 - (b) the Brigade Personnel Strategy;
 - (c) Levels of Incident Response;
 - (d) the Corporate Risk Management Policy;
 - (e) the Authority's Information Policy; andother such policies and procedures as are required from time to time
5. To consider and make recommendations to the Authority on the Annual Treasury Management Strategy.

Audit

1. To determine the internal and external audit plans and the Internal Audit Strategy
2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).
3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.
4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.
5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To oversee investigations arising out of fraud and corruption allegations.
9. To determine Insurance matters not delegated to officers, or another committee.

10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

Governance

1. To:
 - (a) make recommendations to the Authority in respect of:
 - (i) variations to Financial Regulations; and
 - (ii) variations to Contract Standing Orders.
 - (b) receive a report from the Chief Finance Officer/Treasurer when there has been any variation to the Financial Instructions in the preceding twelve month period.
2. To determine the following issues:
 - (a) the Authority's Anti-Money Laundering Policy;
 - (b) the Authority's Whistleblowing Policy; and
 - (c) the Authority's Anti Fraud and Corruption Policy.
3. To determine the Statement of Accounts and the Authority's Annual Governance Statement. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.
4. To consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice.
5. To monitor the Authority's compliance with its own and other published standards and controls.
6. To maintain and promote high standards of conduct by the Members and co-opted members of the Authority.
7. To assist Members and co-opted members of the Authority to observe the Authority's Code of Conduct.
8. To advise the Authority on the adoption or revision of a code of conduct.
9. To monitor the operation of the Authority's Code of Conduct
10. To deal with cases referred by the Monitoring Officer.
11. To advise on training, or arranging to train Members and co-opted members of the Authority on matters relating to the Authority's Code of Conduct.
12. To monitor the operation of any registers of interest, of disclosures of interests and disclosures of gifts and hospitality in respect of officers or Members

Risk

1. To monitor the effective development and operation of risk management and corporate governance within the Authority.
2. To consider reports dealing with the management of risk across the organisation, identifying the key risks facing the Authority and seeking assurance of appropriate management action.

Employees

1. To be a sounding board to help the Authority promote and maintain high standards of conduct by employees of the Authority.
2. To advise the Executive Committee on the adoption or revision of any policies, codes or guidance:
 - (a) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority;
 - (b) governing the conduct of employees of the Authority; or
 - (c) relating to complaints; andother such policies and procedures as are required from time to time.
3. To monitor the operation of any such policies, codes or guidance mentioned at 2 above.
4. To comment on the training arrangements in connection with any of the above.

General

1. To make such other recommendations to the Executive Committee on the issues within the remit of the Overview and Audit Committee as required.
2. To review any issue referred to it by the Chief Fire Officer, Treasurer, or Monitoring Officer, or any Authority body within the remit of these terms of reference.
3. To consider such other matters as are required in legislation or guidance to be within the proper remit of this Committee.
4. To commission reports from the Chief Fire Officer, the Internal Audit Service, the Monitoring Officer, or such other officer as is appropriate, when the Committee agrees that such reports are necessary.
5. To support the Monitoring Officer and the Treasurer in their statutory roles and in the issue of any guidance by them.
6. To receiving reports from the Monitoring Officer in his/her statutory role or otherwise relating to ethical standards and deciding action as appropriate.
7. To respond to consultation on probity and the ethical standards of public authorities.

AGENDA

Item No:

1. Apologies

2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 22 July 2020 (Item 2) **(Pages 9 - 22)**

3. Disclosure of Interests

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

4. Questions

To receive questions in accordance with Standing Order S0A7.

5. RIPA Policy (Minute OA39 - 090316) - To note that there has been no covert surveillance conducted by officers since the last meeting of the Committee.

6. Internal Audit Reports

(a) Update on Progress of Audit Recommendations

To consider Item 6a **(Pages 23 - 28)**

(b) Update on Progress of the Annual Audit Plan

To consider Item 6b **(Pages 29 - 32)**

7. Local Government Ethical Standards Best Practice Recommendations

To consider Item 7 **(Pages 33 - 52)**

8. Corporate Risk Management

To consider Item 8 **(Pages 53 - 70)**

9. Changes to the Investigatory Powers Act 2016

To consider Item 9 **(Pages 71 - 74)**

10. Equal Pay Audit

To consider Item 10 **(Pages 75 - 152)**

11. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) - Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update

To consider Item 11 **(Pages 153 - 164)**

12. Operational Assurance Improvement Plan

To receive a verbal update

13. Treasury Management Performance 2020/21 - Quarter 2

To consider Item 13 (**Pages 165 - 170**)

14. Draft Audit Results Report 2019/20

To consider Item 14 (**Pages 171 - 228**)

15. Letter of Management Representation 2019/20

To consider Item 15 (**Pages 229 - 236**)

16. Adoption of the Audited Statement of Accounts - Year ended 31 March 2020

To consider Item 16 (**Pages 237 - 322**)

17. Forward Plan

To note Item 17 (**Pages 323 - 324**)

18. Date of next meeting

To note that the next meeting of the Committee will be held on Wednesday 17 March 2021 at 10.00am.

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

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Minutes of the Meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held remotely on WEDNESDAY 22 JULY 2020 at 10.00 AM

Present: Councillors Carroll, Christensen, Cole, Exon, Hussain, Mallen, Mills, Minns and Stuchbury

Officers: M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), M Hemming (Director of Finance and Assets), A Hussain (Deputy Director of Finance and Assets), C Bell (Head of Protection and Assurance), D Norris (Head of Prevention, Response and Resilience) S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager), D Whitelock (Station Commander POD Projects), S Wells (Area Commander Organisational Assurance and Improvement), M Hussey (Principal Accountant), A Carter (Head of Technology, Transformation and PMO), M Gibb (Head of Business Assurance, Buckinghamshire Council), S Harlock (Audit Manager, Buckinghamshire Council), N Harris (Associate Partner, Ernst & Young), A Kennett (Assistant Manager Ernst & Young) and K Nellist (Democratic Services Officer)

Apologies: None.

Live webcast broadcast:

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

The Director of Legal and Governance confirmed the webcast was live.

EX01 ELECTION OF CHAIRMAN

(Director of Legal and Governance in the Chair)

The Director of Legal and Governance gave a roll call of Members, who provided their names when asked.

It was proposed and seconded that Councillor Carroll be elected Chairman of the Committee for 2020/21.

RESOLVED –

That Councillor Carroll be elected as Chairman of the Committee for 2020/21.

(Councillor Carroll in the Chair)

OA02 APPOINTMENT OF VICE CHAIRMAN

It was proposed and seconded that Councillor Mallen be appointed as Vice Chairman of the Committee for 2020/21.

RESOLVED -

That Councillor Mallen be appointed as Vice Chairman of the Committee for 2020/21.

OA03**MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on Wednesday 11 March 2020, be approved and signed by the Chairman as a correct record.

OA04**RIPA POLICY (MINUTE OA39 – 090316)**

The Director of Legal and Governance advised Members that RIPA stood for Regulation Investigatory Powers Act and this pertained to Buckinghamshire and Milton Keynes Fire Authority because as an enforcing and prosecuting authority for breaches of fire safety legislation, the Authority had powers to conduct covert surveillance. Following an inspection by the Surveillance Commissioner in 2016 it was recommended by the Inspector that elected Members be apprised, on a regular basis, on the use of these powers. This was a standing item on the agenda and the Authority had never had recourse to use these powers.

RESOLVED –

To note that there had been no covert surveillance conducted by officers since the last meeting of the Committee.

OA05**INTERNAL AUDIT REPORTS****a) Internal Audit Report: Final Audit Reports**

The Audit Manager advised that the purpose of this report was to update Members on the findings of the finalised Internal Audit reports issued since the last meeting. The first one was the 2019/20 Core Financial Controls Audit. The assurance opinion was 'Substantial' and there were no material weaknesses identified. There were three audit recommendations that were low priority.

The second was the Performance Management Audit. The assurance opinion was 'Reasonable' and there were four audit recommendations, two medium and two low priority.

A Member asked if there was a reason why the Risk Management Policy last updated in 2015, due to be formally reviewed in January 2018 hadn't taken place and was advised that it was delayed because of capacity and resourcing. Although a formal review had not been undertaken, it had been reviewed, which was still in line with the ALARM (Association of Local Authority Risk Managers) good practice guidance in relation to risk management.

RESOLVED -

That the recommendations raised in the finalised Internal Audit reports be noted.

b) Internal Audit Report: Annual Audit Report 2019/20

The Audit Manager advised Members that the purpose of this report was to outline the internal audit work undertaken by the Internal Audit Service for the year ending 31 March 2020, and to provide an opinion on the adequacy of the control environment detailing the incidences of any significant control failings or weaknesses. The Account and Audit Regulations required the Authority to maintain an adequate and effective internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards, which sets out proper practice for Internal Audit, required the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion of the overall adequacies of the internal control environment. It was managements responsibility to develop and maintain the internal control framework and ensure compliance. It was however the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

The Audit Manager advised Members that it was the Chief Internal Auditors opinion that the systems of internal control provided 'Reasonable' assurance regarding the effective, efficient and economic exercise of the Authority's functions. Findings raised from the 2019/20 internal audit reviews had not identified any material weaknesses to the internal control framework. Overall, the Authority had continued to demonstrate a robust and effective internal control and risk management environment.

It should be noted that due to Covid-19 a number of internal auditors were re-deployed to support the response to the pandemic. As a result, two audits were delayed and were not completed within planned timescales. However, those delays were communicated and agreed with the Director of Finance and Assets.

A Member was concerned about the risk of cyber security and was advised that as it was such a dynamic subject area, it was monitored very closely. The South East Regional Organised Crime Unit had been due to deliver some specific cyber training, but because of Covid-19 this had been postponed. It was now hoped to hold this training remotely via Microsoft Teams where more people could participate. The training was free of charge. Weekly reports from the National Cyber Centre were digested in terms of any areas of weakness that may affect the Authority. A current risk was people using the Covid-19 situation as a new environment for phishing scams.

RESOLVED –

That the contents of the Annual Report be reviewed and noted.

OA06

ANNUAL GOVERNANCE STATEMENT

The Director of Legal and Governance advised Members that the purpose of this report was to present the draft Annual Governance Statement 2019/20 for approval by the Committee for signature by the Chairman of the Authority and its Chief Fire Officer. An Annual Governance Statement must accompany the audited Statement of Accounts and must be approved in advance of the adoption of the Statement of Accounts. The draft Annual Governance Statement also contained a record of the progress against the Action Plan that was contained in last year's Annual Governance Statement.

The Director of Legal and Governance advised Members that there were four recommendations to be addressed in 2020/21. Two of the recommendations were vestiges of the Action Plan from 2019/20; in one of the headings to the progress report in Appendix A there is a typo which will be corrected before publication. The third recommendation was for a review and refresh of the internal project and governance arrangements; and the fourth recommendation was a review of existing and new external partnerships, particularly in light of the new collaborative arrangements that have evolved across the Thames Valley to address health and wellbeing issues arising from the Covid-19 pandemic.

A Member asked about gender pay gap reporting and was advised that from 2017, any organisation that had 250 or more employees must publish and report specific figures about their gender pay gap. The gender pay gap was the difference between the average earnings of men and women. With regard to equal pay, the service had just completed an equal pay audit, and this would be presented at a future Authority meeting.

RESOLVED –

1. That the Annual Governance Statement 2019/20 be approved.
2. That the progress of the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged.
3. That the priorities for 2020/21 (Appendix B to the Annual Governance Statement) be agreed.

OA07

AUDIT RESULTS REPORT – VERBAL UPDATE

The Associate Partner from Ernst & Young (EY) advised Members that although this was a verbal update, Members would have received by email a copy of the Audit Results Report which summarises the progress made to date on the external audit of the Authority's financial statements and also the work on the value for money conclusion.

The Associate Partner advised Members that External Audit had made very good progress against the areas of audit risk and audit focus in the external audit plan. The audit plan that went to

the last meeting in March 2020 set out the external audit areas of risk on the audit of the financial statement and the value for money conclusion, but those particular risks were pre Covid-19. As a result of the implications of Covid-19 pandemic, External Audit had revisited those areas that may influence the financial statement in terms of key judgement from management and areas where External Audit would be focusing their attention around disclosures and judgements as at 31 March 2020.

The Associate Partner did not have significant concerns on the Authority's ability to be a going concern and the work being done on the value for money conclusion does not express any significant issues on the Authority's financial resilience.

The Director of Finance and Assets advised Members that the final version of the audit and accounts would be presented to the Overview and Audit Committee meeting on Wednesday 11 November 2020.

OA08

LETTER OF MANAGEMENT REPRESENTATION 2019/20

The Principal Accountant advised Members that the Letter of Management Representation was a legislative requirement and a self-explanatory document. The Letter of Management Representation to EY cannot be signed by the Director of Finance and Assets and the Chairman of the Committee as the external audit had not yet been completed. Also, as part of the audit, the Chairman was required to provide a response to EY detailing how the Overview and Audit Committee gains assurance from management. As the Chairman had been appointed today, the Principal Accountant would liaise with him on the response.

A Member asked for an explanation on the pensions deficit and it was agreed that the Deputy Director of Finance and Assets would go through the pension status with the Member outside of the meeting.

RESOLVED –

That the Letter of Representation be noted.

OA09

UNAUDITED STATEMENT OF ACCOUNTS – YEAR ENDED 31 MARCH 2020

The Principal Accountant advised Members that the balance sheet showed the value of assets and liabilities recognised by the Authority at both the 31 March 2019 and 31 March 2020. The net assets of the Authority, assets less liabilities, were matched by the reserves held by the Authority.

The Committee were advised that, as previously discussed, the external audit of the Statement of Accounts has not been completed by the External Auditors so the Statement of Accounts could not be signed off at this meeting.

A Member asked regarding the deficit on the provision of service and was advised that the deficit on provision of services for 2019/20 was £10.513m (2018/19 was a deficit of £21.758m), that was the movement of what was spent during the year.

A Member asked if the map of the service was accurate and was advised that there was one slight change since the draft statement of accounts was produced, Great Holm and Bletchley Fire Stations were now combined at the Blue Light Hub at West Ashland.

A Member asked about the reduction in reserves and was advised that in terms of the Authority's medium-term financial plan process the Authority no longer received any capital grants. The impact of that is the Authority had to use its revenue funds to fund its capital purchases. The only way its reserves would increase was if it had year on year underspend, but that was unlikely in the future.

A Member asked what would happen if the Authority didn't get more funding and would the Authority be able to raise council tax and was advised that as part of the medium term financial plan officers were looking at a range of possibilities, including potential savings with a focus to protect the front line as much as possible.

RESOLVED –

That the Unaudited Statement of Accounts for the financial year ended 31 March 2020 be noted.

OA10

TREASURY MANAGEMENT PERFORMANCE

The Principal Accountant advised Members that this report was being presented to provide the treasury investment position as at the end of 2019/20. It was best practice to review on a regular basis how Treasury Management activity was performing. The accrued interest earned for 2019/20 was £195k, which was £45k higher than the budget for the period. Since the treasury management function had been managed in-house, the Authority had achieved investment returns of £1.156m between 2013/14 and 2019/20. This was in comparison to the returns of £0.550m the Authority would have earned through the SLA with Buckinghamshire County Council (as was) for the same period.

The Principal Accountant highlighted to Members the impact of Covid-19 and what this would mean for the Authority's potential return on investment. As mentioned at the last meeting of the Committee, the Bank of England had made two emergency cuts to the base rate, which resulted in the Authority being unable to achieve similar returns on investment during 2020/21 compared to 2019/20. Therefore, this meant that the interest receivable budget set for 2020/21 set at the Authority meeting in February 2020, prior to Covid-19, of £150k was unlikely to be achieved.

RESOLVED –

That the Treasury Management Performance 2019/20 report be noted.

OA11 BUSINESS AND SYSTEMS INTEGRATION PROJECT: EVALUATION

The Head of Technology, Transformation and PMO advised Members that in 2014 a feasibility study was completed reviewing a number of systems and processes across the service. The outcome of the study was the Business and Systems Integration (BASI) business case which was presented to the Executive Committee in 2015. The business case provided objectives and recommendations as shown in the executive summary. It also detailed the systems in scope which covered HR, Learning and Development, Payroll, Finance, Resource Management, Premises Risk/Asset Management. A project closedown report was presented to the last Overview and Audit Committee in March 2020, providing the final highlight report and status by system. The report being presented today was an evaluation of how the project had met the objectives and recommendations and would also be the final report brought to the Committee. The BASI project had delivered new modern systems and processes across the service, which gave flexibility for ongoing development, supporting continuous improvement.

The Head of Technology, Transformation and PMO advised Members that there was not one ERP system to fit the Authority's wide ranging needs across the service and this had led to timescales being extended as different systems had to be procured and developed. The project had delivered on budget and the project evaluation document provided more detail on how it had delivered against the recommendations and how it had met the objectives by area.

RESOLVED –

That the report be noted.

OA12 CORPORATE RISK MANAGEMENT

The Corporate Planning Manager advised Members that the methodology used for corporate risk management was based on good practice guidance from ALARM (Association of Local Authority Risk Managers) and was widely used across the public sector including central and local government, housing, education and the blue light services. As Members would have seen from the appendices to the report, a standard 5 x 5 scoring matrix was used to assess the probability and impact of a risk crystallising. The risk assessments were detailed in the corporate risk register.

The Corporate Planning Manager advised Members that as mentioned in the Executive Summary, the risks presented today were those that had been escalated from other registers, held at directorate and department levels, where most of the risks were recorded and assessed. Typically, the risks were escalated

because they had strategic implications. Departments and directorates regularly reviewed their own risk registers, and these were also scrutinised on a quarterly basis by the Performance Management Board. Anything that required potential escalation was referred to the Strategic Management Board who also reviewed the current set of corporate risks at their monthly meetings.

The Corporate Planning Manager advised Members that there were two risks displaying a red RAG status and three at amber. The staff availability risk had remained high throughout the period since the Covid-19 pandemic began here in the UK. This may be because the enhanced cleaning and social distancing regimes that had been adopted, had helped keep other seasonal infections at bay as well Covid-19 itself. However, the risk status remained at red because of the potential impact of recent rulings relating to the firefighters' pension scheme which meant that the Authority was likely to face a steeper staff retirement profile than would otherwise have been the case. Those affected include many more experienced and senior staff who would not be easy to replace on a like for like basis, especially as this was a national issue with all fire and rescue services exposed to this risk.

Most of the Authority's funding was derived from council tax receipts and an allocation from business rates. Historically these had been predictable from year to year with any uncertainties generally confined to areas where the Authority received specific government grants, i.e. Urban Search and Rescue (USAR). However, the impact of Covid-19 had meant there was now significant risk across the entire funding base over the medium term. The extent of this was not yet clear but there was potential for both council tax and business rate receipts to fall as many sectors of the economy contract with associated business failures and rising unemployment. Therefore, this risk remains at Red RAG status and was being closely monitored.

Members were advised that a new risk had been added to the register around the potential for a resurgence of Covid-19 and/or the emergence of pandemic influenza. In addition to the treatments listed, the Authority was offering free flu vaccinations to all staff; this wouldn't reduce the risk of Covid-19 infection, however the Service would continue to maintain its enhanced cleaning and social distancing regimes to reduce the risk of transmission until such time as a reliable vaccine became widely available.

A Member asked about the possible reduction in staff levels due to the pension situation and was advised that there was on going recruitment of apprentices, twenty had been recruited so far this year with the possibility of further recruitment in the autumn. There was also a lot of work taking place to develop existing staff through the Authority's supportive leadership programme.

A Member asked about the scoring of key risks on pandemic resurgence and did the severity rating need to be reviewed and was advised that it was being kept under constant review in light of intelligence being received.

A Member also asked if comparisons of the impact of Covid-19 on other fire and rescue authorities in more highly effected areas was being looked at and was advised that every day the Authority had to submit returns to the Home Officer around how Covid-19 had impacted upon the Service, and a report was produced across all fire and rescue services within the UK. Although one or two authorities may have had an amber rating, generally most fire and rescue services were green.

RESOLVED –

1. That the status on identified corporate risk at Annex C be reviewed and approved.
2. Comments be provided to officers for consideration and attention in future updates/reports.

OA13

2019/20 COMPLIMENTS, CONCERNS AND COMPLAINTS

The Information Governance and Compliance Manager advised Members that as the number of compliments, concerns and complaints received directly from the public was relatively low, data from the externally hosted annual Satisfaction Survey “After the Incident” was also included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises. There were no complaints arising from an information security incident and no complaints were investigated by the Local Government & Social Care Ombudsman or the Information Commissioner, during this reporting period.

RESOLVED –

That the report be noted.

OA14

APPRENTICESHIP PROGRAMME – ANNUAL STATUTORY REPORTING 2019/20

The Station Commander POD Projects, advised Members that this report set out the Authority’s annual statutory report against the public sector apprenticeship target for the year ending 31 March 2020. Although the figures for this reporting year appear low, this shortfall had been due to cohort four being employed by the Authority on 25 March 2019 and cohort five being employed on 6 April 2020, both of which were outside of this reporting period. However, it does state that qualifying organisations would be measured on average over a four-year period ending March 2021. Since April 2017 the Authority has had in excess of 70 new apprentices which would by far exceed the required figures for the Department for Education.

The Station Commander POD Projects advised Members that the Authority had been working hard to transform its firefighter apprenticeship proposition and as an organisation had moved away from its previous apprenticeship training agency model and was now employing directly and had appointed a separate training provider. This had enabled the organisation to utilise its levy and all new apprentices would benefit from local terms and conditions and national pay rates which would enable the Authority to employ the right candidates from a larger range of applicants, as it could offer a more attractive package. In addition to this, the Authority had demonstrated its commitment to apprenticeships by investing in, and appointing, a dedicated apprenticeship development officer to provide the necessary learning support to all apprentices.

The Authority had continued to have representation at the National Fire Chiefs Council (NFCC) Apprenticeship Forum and the Operational Firefighter Apprenticeship Standards review. Both of which would allow the organisation to be better equipped for the future.

A Member asked if Covid-19 had effected the apprenticeship programme this year, and was advised that there had been a lot of work undertaken with the Fire Service College in planning and preparation beforehand and how the Authority socially distance apprentices while they were on the course. It was decided nationally that the risk of having firefighters available to provide a service to the public outweighed the risk.

RESOLVED –

That the Authority's annual return, attached as Appendix B, be endorsed for submission to the Department for Education, and for publication on the Authority's website.

OA15

HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES (HMICFRS) – BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE (BFRS) IMPROVEMENT PLAN UPDATE

The Head of Prevention, Response and Resilience advised Members that the Authority's inspection had concluded in the Summer of 2019 and the report was released in December 2019.

The inspection is formed of consideration against three pillars, effectiveness, efficiency and people. Depending on the matters found, and considering a whole range of evidence, the inspection team give a judgement against each of those pillars. The Authority achieved a judgement of requiring improvement for both effectiveness and efficiency and a good for people. The report may suggest areas for improvement, a cause for concern, and recommendations. If a cause for concern is identified, it would always be accompanied by identified recommendations. In the Authority's report there were eleven identified areas for

improvement, one cause for concern which was accompanied by two recommendations.

The Head of Prevention, Response and Resilience advised Members that the Authority received a letter in March 2020, confirming that all inspection work would be suspended and would recommence towards the latter part of this year and the earlier part of next year.

The Chief Fire Officer was a member of the HMICFRS External Reference Group (ERG), formed of representatives from the Home Office, Local Government Association, Police Fire and Crime Commissioners, National Fire Chiefs Council and the HMICFRS Portfolio team. The ERG was a mechanism through which HMICFRS test the effectiveness and impact of the inspection regime. At the last ERG meeting on 12 May 2020 HMICFRS discussed the possibility of a Covid-19 related inspection for fire and rescue services and early discussion took place around what shape that inspection may take.

A Member asked about the service understanding the reasons for its reducing number of prevention visits and considering how it can better target those who are most at risk of fire and was advised that the approach being taken was to continue to deliver core activities, but to keep it under review, and the package delivered to the public would include a more integrated approach between prevention, response and protection activity and how to assist communities to help themselves.

A Member asked about the plan to increase the number of operational wholetime firefighters, against the concerns of HMICFRS that there wasn't sufficient finance and was advised by the Director of Finance and Assets that in terms of the budget setting for this year, a zero based budget approach had been taken, and this had enabled the Authority to locate savings across a number of areas which enabled it to increase its wholetime establishment from 260 to 280 which was effective from 1 April 2020.

A Member asked that with the current constraints on income would the Home Office still have the same commitment to continue to carry out inspections to the same high standards. The Member was advised that whilst the additional responsibility for fire and rescue had only been in place since early 2018, the Home Office's commitment to inspection regimes was enduring, and expected to continue.

RESOLVED –

That the current position regarding HMICFRS Inspection Programme, and the BFRS Inspection Improvement Plan be noted.

OA16

OPERATIONAL ASSURANCE IMPROVEMENT PLAN

The Area Commander Organisational Assurance and Improvement advised Members that the purpose of this report was to provide an update on the progress that continued to be made, regarding the Operational Assurance Improvement Plan (OAIP). The plan was very much a dynamic document used to enhance the ability to capture, scrutinise and respond to the learning originating from all operational activity, be that internally or externally. This learning was routinely shared with frontline staff, using different formats, emphasising the collective responsibility there was towards continuous improvement in respect of operational performance. A fundamental part of the assurance process had been the contractual arrangement with Operational Assurance Limited (OAL), which was due to end on the 31 August 2020. Their latest visit and resulting report focused on High Rise procedures and Command Support. The arrangement with OAL had proven to be extremely beneficial, strengthening the existing learning culture within the Service and better preparing it for any future inspections conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services.

RESOLVED –

That the progress made against each improvement recommendation detailed within the update OAIP be noted.

OA17

EMERGENCY SERVICES COLLABORATION IN THE THAMES VALLEY

The Head of Protection and Assurance advised Members that a Memorandum of Understanding was established in 2015 with Royal Berkshire Fire and Rescue Service and Oxfordshire Fire and Rescue Service to collaborate across the Thames Valley on the delivery of a Fire Control Service.

Following the introduction of the Policing and Crime Act in 2017, the Authority entered into formal arrangements to further explore collaboration opportunities across the Thames Valley. In 2018 a Thames Valley Collaboration Board was established which was made up of five key stakeholders. Buckinghamshire, Royal Berkshire and Oxfordshire Fire and Rescue Services, South Central Ambulance Service and Thames Valley Police. The Board oversee a programme of projects all of which were managed and scrutinised through an agreed governance structure, the Interoperability Group, Executive Board and Steering Group.

The current projects are operational alignment, policy, equipment, mobilising and training, fire protection, blue light estates, procurement and workforce reform. A major project that had recently been approved by the Board was to deliver the same Breathing Apparatus (BA) set across the whole of the Thames Valley for all three fire and rescue services.

Throughout the pandemic, from the earliest stages to where we are now, the Authority had been actively involved in working with a broad spectrum of partners to deliver benefits across the whole

of the Thames Valley. This has acted as a catalyst to refresh and further enhance arrangements with all partners to better understand the changing community risks and how the Authority can work in partnership to deliver a community prevention programme.

One other area of collaboration was working with Oxfordshire and Hampshire fire and rescue services in coordinating provision of volunteers from all three services to provide drivers for South Central Ambulance Service in support of their response to Covid-19. The detachment of these volunteers had now been paused; however, the Authority would maintain this arrangement with SCAS should further assistance be needed in future.

A Member asked if there was a decision to take this beyond collaborative working but to bring the management structure of the three services together and was advised that if the Authority were to look to explore sharing senior management, it would be brought to Members for approval.

A Member asked for clarification regarding the purchase of fire appliances and was advised that there was a planned programme of replacing appliances through a collaborative approach. When the existing fleet come towards the end of their life, the Authority would look to replace them, based on the current arrangement within the Thames Valley, so that best value can be sort.

RESOLVED –

That the progress of the Emergency Services Collaboration programme, within the Thames Valley Update, be noted.

OA18

FORWARD PLAN

The Chairman brought the Forward Plan for future Overview and Audit Committee meetings to the attention of Members.

RESOLVED –

That the Forward Plan be noted.

OA19

DATE OF NEXT MEETING

To note that the next meeting of the Committee will be held on Wednesday 11 November 2020 at 10.00 AM.

THE CHAIRMAN CLOSED THE MEETING AT 12:20 PM

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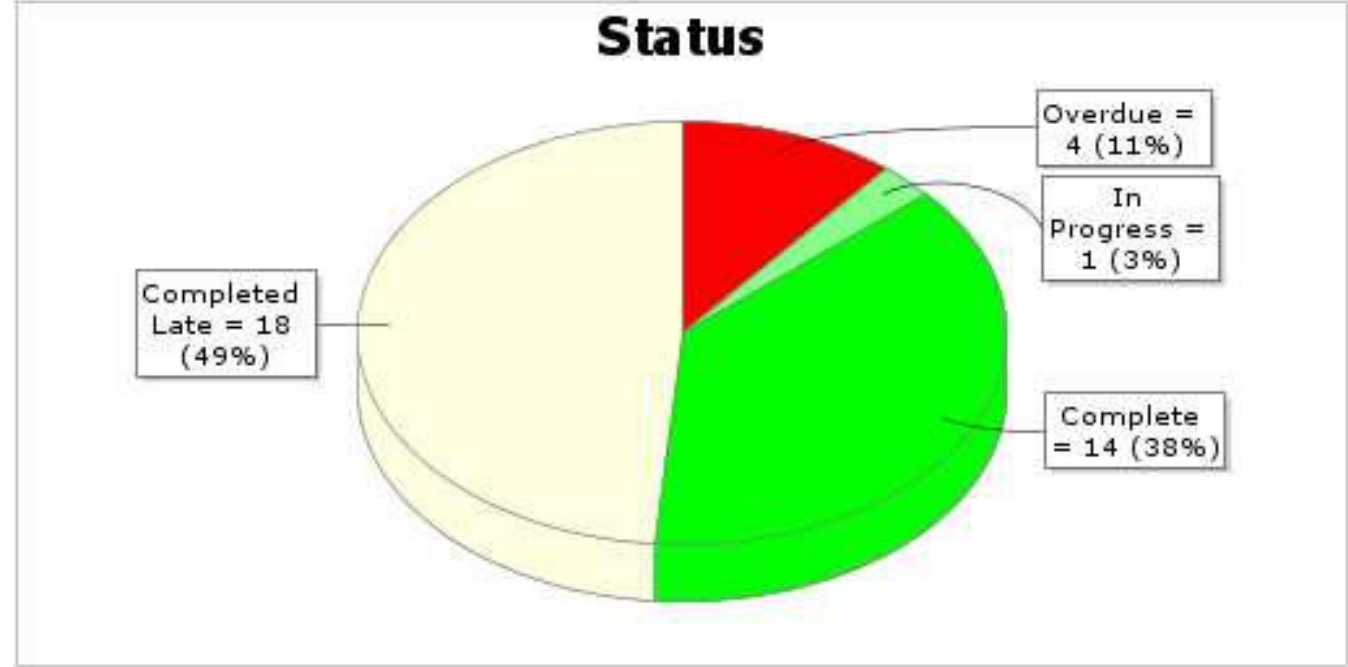
Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	Internal Audit Report: Update on Progress of Audit Recommendations
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the progress of the implementation of audit recommendations made as at 12 October 2020.</p> <p>Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 11 November 2020.</p> <p>In total there are 37 recommendations to report on the status of which are classified as follows:</p> <p>Implemented – 32/37 (86%) In-progress - 1/37 (3%) Past Due date (In-progress) – 4/37 (11%)</p> <p>Internal Audit continues to actively monitor implementation of all outstanding recommendations throughout the year.</p>
ACTION	Noting.
RECOMMENDATIONS	That the progress on implementation of recommendations be noted.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2020/21 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.

EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow-up reports and further updates will be submitted to SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2017/18, 2018/19 and 2019/20 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A: Status of Audit Recommendations – November 2020
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager Maggie.Gibb@buckinghamshire.gov.uk 01296 387327

BMKFA Audit Management Actions Summary
Generated on: 21 October 2020



BMKFA Audit Management Actions Summary

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Latest Note
BMKFA 1718 1802 Fleet Management (1a & b)Tranman Review	<p>Finding In discussion with the Fleet Manager it was confirmed that the latest Tranman training was delivered circa. December 2015 through a one day training event. This training event covered a large amount of materials in a short period of time and meant that a number of key topics were not covered in their entirety or in sufficient detail to fully absorbed the information to the required standard. Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes. In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Risk Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p>Action 1a) Tranman to carry out a review of the current system and its utilisation and offer options for further utilisation of the current system, available 'upgrades' and system improvements. This information can then be analysed to ascertain the most appropriate action. 1b) Identify training requirements, system improvements and possible upgrades for implementation in 2018/19 (depending on funding requirements).</p>	31-Aug-2017	Medium Priority	Jez Finden	<p>Update from Jez Finden, Fleet Manager:</p> <p>The situation with the fleet management system is still as in the previous update, but I can confirm the contract has recently been signed and an order raised for the upgrade.</p> <p>I have had the initial contact from the Tranman project leader who informed me that our upgrade is now on their calendar and will contact me when they are ready for more information from us. The initial estimate is the project should be underway in September.</p>
BMKFA 1718 1830 Property Management (1) Red Kite Functionality	<p>Finding Review of 10 Reactive Works jobs on Red Kite, identified two red rated jobs which were closed within 24 hours of the job being open, this cannot confirm whether it was made operationally safe within the four hour timeframe. There were also two Amber Rated jobs, one of which was closed within 72 Hours and the other 144 hours.</p> <p>Risk Where the Authority are unable to hold record events as they become operationally safe, there is a lack of information available to confirm whether these internal targets are being consistently met.</p> <p>Action As part of the latter phase of the BASI project it is intended to review the current asset management systems utilised by the Authority, part of this review will examine the case for improving the functionality of existing systems working with the suppliers to develop them accordingly. This work is currently scheduled for early 2019.</p>	31-Mar-2020	Low Priority	Gordon Wylie	<p>Update from Gordon Wylie, Property Manager:</p> <p>There is no further progress since my last update. Covid 19 has effected what is essential and non-essential in terms of workloads. I do not see us returning to this until early 2021.</p>

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Latest Note
BMKFA 1718 1831 Core Financial Controls (3) Debtors	<p>Finding A sample of 25 invoices raised between April and December 2017 and a sample of five current debts was reviewed to confirm that supporting documentation was held for each invoice raised, invoices were paid on time and that any outstanding debts are chased seven days after the due date in accordance with Financial Instructions. However the following exceptions were noted from the testing undertaken:</p> <ul style="list-style-type: none"> • Four current debts were subject to the standard debt recovery process, for two of these debts the chasing letter was sent out to debtors more than seven days after the due date (14 days and 11 days respectively). For one of these debts no first reminder was held on Integra. • Two of the five debts tested were older than 30 days. These were both being chased by way of email reminders from Finance and had not been referred to Legal Services as required by the Financial Instructions. <p>Risk If debts to the Fire Authority are not managed and actively pursued in line with the Financial Instructions, there is a risk that money owed to the Fire Authority may not be recovered</p> <p>Action Financial Instructions and Debt Management Policy to be updated to clarify that the Chief Finance Officer may choose to refer debts to legal, rather than implying that they are automatically referred after 30 days.</p>	31-Dec-2020	Medium Priority	Mark Hemming	<p>Update from Mark Hemming, Director of Finance & Assets:</p> <p>Due date has already been extended and there is no further update at this time.</p>
BMKFA 1819 1947 Project Management BLH (2) The Hub Performance	<p>Finding During the Audit it was confirmed that the HUB have had difficulties with technical support; which has had an impact of the timeliness of design work, changes or updates and which in turn has led to delays in providing information that is required by Kingerlee – the construction firm. The Quantity Surveyor maintains a schedule of delays caused by the HUB and the associated costs. It was confirmed that any financial implications that arise as a result of the HUB's poor performance could potentially be recoverable. However Audit found that whilst these potentially recoverable costs are reflected in the Budget Monitoring Financial Statements, they are not separately identified as attributable to any party as this will be the subject of negotiation between all parties depending on final outcomes at the conclusion of construction. The risk of HUB poor performance has been recorded in the risk register. It was confirmed that the Director for the HUB Professional Services has been made aware of potentially recoverable costs and the issues that were causing poor performance have been addressed.</p> <p>Risk Where the impact of poor performance is not completely and accurately reflected in the budget and/or risk register, this may lead to project overspend as the budget will not be forecasting all expected costs.</p> <p>Action The necessary actions to deal with potential financial loss arising from delays on the part of HUB have already been addressed during 2018 and a significant improvement has been seen. The current delay in the construction programme (5-6 weeks) has not altered for some months. Both the HUB and Kingerlee have a responsibility to mitigate any delay as much as possible and with some 8 months of construction still to take place at the time of writing (Feb 2019) they must both maintain the opportunity to do so. Only at post construction and during the period when the final account will be negotiated and agreed, will any financial loss due to delays or failures be attributed. The Director of HUB's parent company (Integral UK Ltd) has been in discussions with both DFA and Property Manager and he is well aware of the potential claim the Authority may have in due course. The financial statements produced by the QS do show all costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties. The Authority's officers will continue to maintain dialogue with senior representatives at both the HUB and Kingerlee over any potential situation (either worsening or improving) that may lead to a claim.</p>	31-Oct-2019	Medium Priority	David (BMKFA) Sutherland	<p>Update from Mark Hemming, Director of Finance and Assets:</p> <p>Although practical completion of the building was achieved on 7 May 2020, there are still a number of matters outstanding before the final account can be agreed. It is anticipated that this will take place in the latter part of the year.</p>

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Latest Note
BMKFA 1819 1948 Stores (2) Asset Review	<p>Finding Staff are required to undertake regular asset checks. The frequency of these inventory checks are dependent on the type of items, with this being determined by the PIT Number each asset is assigned. When the staff check the assets, a device would be used to scan the tag label of each asset to show that the asset has been located and checked. Once the staff have scanned the item, evidence of this scan is registered automatically on Red Kite. During these inventory checks the staff will declare if they have found the asset and if it is inadequate or faulty. A sample of ten items was selected randomly from the Red Kite system. These were tested to see if the items had been checked in accordance with the frequency required. In two cases the location of the items was not found and the item had not been checked as a result.</p> <p>Risk Where assets are not checked on a regular basis, there is a risk that faulty or inadequate items are being held and used by staff members.</p> <p>Action Inventory checks should be reviewed by the Asset Management Systems Officer. Where the inventory checks have not been undertaken on a consistent basis, this will be followed up with staff.</p>	31-Dec-2019	High Priority	Maria Darrell	To be followed up as part of the Asset Management Review w/c 2 November 2020.

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	Internal Audit Report: Update on Progress of the Annual Audit Plan
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the progress of the annual Internal Audit Plan since the last meeting.</p> <p>Work has progressed according to the 2020/21 plan, and regular discussions have been held with the Director of Finance and Assets to monitor progress.</p> <p>Terms of references for the GDPR, Resource Management System and Asset Management System have been agreed and fieldwork will commence in November for all three audits.</p> <p>The Core Financial Controls audit is currently at the planning stage.</p> <p>The final reports will be presented to Members at the next Overview and Audit Committee meeting.</p>
ACTION	Noting.
RECOMMENDATIONS	That Members note the progress on the Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2020/21 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.

HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2020/21 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A – Progress against 2020/21 Internal Audit Plan
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager Maggie.Gibb@buckinghamshire.gov.uk 01296 387327

Appendix A – Progress against the 2020/21 Internal Audit Plan

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status/ Comments
Core Financial Controls	<p>To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include:</p> <ul style="list-style-type: none"> • Financial Control/Monitoring • Procure to Pay • Payroll & Pensions • Debtors • Capital • Financial Regulations • General Ledger • Reconciliations • Treasury Management <p>This review will include a follow-up of the 2019/20 audit findings.</p>	40 days (Q3-4)	Planning in progress
GDPR	The objective of this audit is to ensure that the Fire Authority is compliant with the new legislation. The audit will evaluate the mechanisms in place to ensure continued compliance and identification on non-compliance to enable prompt and appropriate rectification.	10 days	Terms of Reference agreed, fieldwork commencing in November
Asset Management System	The objective of this audit is to provide assurance that there are adequate and effective controls over the recording and management of assets. This will include disposal of assets.	10 days	Terms of Reference agreed, fieldwork commencing in November
Resource Management System	This is an application (IT) audit of the new Resource Management System. The audit will consider key controls, including system security access protocols.	10 days	Terms of Reference agreed, fieldwork commencing in November

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Risk Assessed
Contingency	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the Director of Finance and Assets.	10 days	N/A
Follow-Up General	To ensure all outstanding medium and high recommendations raised in previous audits are implemented.	10 days	Various
Corporate Work	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/A
Total		100 days	

Below is a list of auditable areas identified during the development of the plan and will be noted as contingency audits or will be consider for the next year.

Auditable Area	Day Budget (Timing)
Procurement	10
Programme Management	10
HR People Management	10

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor Lesley Clarke OBE
SUBJECT OF THE REPORT	Local Government Ethical Standards Best Practice Recommendations
EXECUTIVE SUMMARY	<p>The purpose of this report is to highlight to Members the content of a letter published by the Committee on Standards in Public Life (CSPL) in July 2020 which was addressed to all local authorities in England (Annex A).</p> <p>The letter describes its purpose as to follow up the 15 best practice recommendations contained in the Review by the Committee on Standards in Public Life - Local Government Ethical Standards ('the CSPL Report'). The CSPL Report published January 2019 "represent a benchmark for ethical practice, and which we expect any local authority to implement."</p> <p>An audit has been undertaken by officers to compare the Authority against these best practice recommendations. The audit and its findings are attached (Annex B); in light of which the recommendations below are presented to Members for consideration.</p> <p>The CSPL Report states that the implementation of these best practice recommendations would be reviewed in 2020.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>That the Authority be recommended to:</p> <ol style="list-style-type: none"> 1. note the benchmarking report (Annex A) regarding the 15 Best Practice Recommendations in the CSPL's Local Government Ethical Standards Report; 2. approve that: <ol style="list-style-type: none"> a. the Code of Conduct is reviewed on an annual basis commencing 2021/22; and where possible taking into account the views of the public, community organisations, and neighbouring and appointing authorities;

	<p>b. in any review of the Code of Conduct:</p> <ul style="list-style-type: none"> i. the outcomes of the LGA's consultation on its draft Code of Conduct be taken into account; ii. the prohibition on 'harassment' be added to the prohibition of bullying; iii. definitions and examples of both bullying and of harassment be included; and iv. the requirement on Members to comply with any formal standards investigation be included. <p>c. the 'Procedure for the handling of allegations under the Code of Conduct against Members of the Buckinghamshire and Milton Keynes Fire Authority' be amended to include a non-exhaustive list of public interest factors which will be taken into account at the filtering stage of a complaint.</p>
RISK MANAGEMENT	The recommendation will have no adverse effect on the Authority's business.
FINANCIAL IMPLICATIONS	The best practice recommendations made by the Committee on Standards in Public Life are suggestions and are not compulsory. The recommendations can be accommodated within existing budgets.
LEGAL IMPLICATIONS	Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by Members and Co-Opted Members of the authority. Each local authority must publish a code of conduct.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact. It is the responsibility of each local authority to comply/or not with these best practice recommendations.
HEALTH AND SAFETY	No adverse implications arising from the recommendations.
EQUALITY AND DIVERSITY	<p>The Authority's objective is to embed Equality, Diversity and Inclusion (EDI) both internally and externally. The EDI objectives are set out and published against the Authority's core values: Diversity; Service to the Community; Improvement and People.</p> <p>The Authority recognises that fairness and inclusion is fundamental to everything it does, to achieve its vision of making Buckinghamshire and Milton Keynes the</p>

	<p>safest areas in England in which to live, work and travel.</p> <p>By complying with these recommendations, it would support the Authority in fulfilling its obligations under the Equality Act 2010 including the Public Sector Equality Duty to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act; advance equality of opportunity between people who share a protected characteristic and those who do not; and also foster good relations between people who share a protected characteristic and those who do not.</p>
USE OF RESOURCES	If the recommendations are accepted, issues such as annual reviews of the Code of Conduct can be accommodated within existing resources.
PROVENANCE SECTION & BACKGROUND PAPERS	Review by the Committee on Standards in Public Life - Local Government Ethical Standards
APPENDICES	<p>Annex A – Letter from the CSPL, by email to Local Authorities in England July 2020.</p> <p>Annex B - Report on the Local Government Ethical Standards Best Practice Recommendations</p>
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Katie Nellist</p> <p>knellist@bucksfire.gov.uk</p> <p>07799 098948</p>

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Annex A

Room G.07
1 Horse Guards Road
London
SW1A 2HQ

public@public-standards.gov.uk

Sent by email
to Local Authorities in England
For the attention of the Chief Executive

**Committee on
Standards in
Public Life**

July 2020

LOCAL GOVERNMENT ETHICAL STANDARDS

I am writing from the Committee on Standards in Public Life to follow up recommendations made in our January 2019 [report](#) on local government ethical standards.

In that report, we identified some best practice recommendations which represent a benchmark for ethical practice and which we expect any local authority should implement.

We said in our report that we would review the implementation of those best practice recommendations in 2020. We completely understand the unexpected and unprecedented pressures that local authorities are facing this year with COVID-19, so we are not of course asking for an immediate response. The purpose of this email is to let you know that we will be writing again in the autumn to ask you for your progress against these recommendations. I have attached a list of the best recommendations for ease of reference, but they are of course also set out in the report.

If you have any questions, please do just let us know. Otherwise, we wish you well and look forward to being in touch again later this year.

Secretariat
Committee on Standards in Public Life

List of Best Practice Recommendations

Our best practice recommendations are directed to local authorities, and we expect that any local authority can and should implement them. We intend to review the implementation of our best practice in 2020.

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial. 19 List of best practice

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

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Local Government Ethical Standards

Executive Summary

The Committee on Standards in Public Life (CSPL) is an advisory non-departmental public body sponsored by the Cabinet Office. The chairman and members are appointed by the Prime Minister. It monitors and reports on issues relating to the standards of conduct of all public office holders and promotes the seven principles of public life.

The Seven Principles of Public Life

The Principles of Public Life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

- **Selflessness**
Holders of public office should act solely in terms of the public interest.
- **Integrity**
Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity**
Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability**
Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness**
Holder of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honest**
Holder of public office should be truthful.
- **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The Committee, in its report published January 2019 on local government ethical standards, identified 15 'best practice recommendations' which represent a benchmark for ethical practice, which local authorities should implement. In the report it said that the implementation of these best practice recommendations would be reviewed in 2020. Due to the pressures of COVID-19, the Committee did not look for an immediate response, but asked for a progress report in the autumn of 2020.

The review was not prompted by any specific allegations of misconduct, but rather to assure the Committee that the current framework, particularly since the Localism Act 2011, is conducive to promoting and maintaining the standards expected by the public.

The report also makes 26 recommendations, the vast majority are aimed at Government to implement through legislative changes; one is to the Local Government Association that it should: "create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government." (see Endnote i)

Below are the 15 'best practice recommendations' made by the CSPL in its report which are directed to local authorities, with the CSPL's expectation "that any local authority can and should implement them". Also included below are extracts from the report setting out the some of the rationales for the recommendations.

An audit has been undertaken of Buckinghamshire and Milton Keynes Fire Authority in terms of compliance with these recommendations, and its findings are included below.

Best Practice Recommendations

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

The CSPL Report states:

"Whilst there is no statutory definition of bullying, the Advisory, Conciliation and Arbitration Service (Acas) have codified a helpful definition: "offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient".

"Harassment is defined in the Equality Act 2010 as "unwanted conduct related to a relevant protected characteristic", which has the purpose or effect of violating an individual's dignity or "creating an intimidating, hostile, degrading, humiliating or offensive environment" for that individual"

The CSPL Report continues:

"These definitions make clear that bullying and harassment are instances of serious misconduct. By their nature they are likely to be persistent behaviour, rather than one off instances. A councillor should not be considered to be bullying or harassing an officer or another councillor simply by making persistent enquiries or requests for information, nor by saying something that the individual concerned simply dislikes or with which they disagree strongly. Genuine instances of bullying and harassment will fall outside the limits of legitimate free expression; but equally accusations of such behaviour should not be used as an attempt to restrict legitimate inquiries or free expression"

The CPSL Report quotes from the [ASAS non statutory guidance; Bullying and Harassment at Work, A guide for managers](#) which includes a non-exhaustive list of ten examples of bullying behaviour, including: Spreading malicious rumours, or insulting someone by word or behaviour; Exclusion or victimisation Unfair treatment; Overbearing supervision or other misuse of power or position Unwelcome sexual advances. The CPSL Report does not put forward suggested examples of harassment.

Findings:

The Authority's current Code of Conduct for Councillors and Co-opted Members, states: 1(2) "You must not: (b) bully any person". There is no reference to prohibitions on harassment nor definitions nor examples of either bullying nor harassment.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

The CSPL Report states that:

"Complying with standards investigations, and not seeking to misuse the standards process, is an important aspect of ethical conduct. This is for three reasons. First, there is a strong public interest in an effective standards process that is not subject to disruption or abuse. Secondly, councillors should seek to maintain an ethical culture in their authority and showing appropriate respect for the process contributes to this. Thirdly, non-compliance and misuse wastes public money and the time of officers.

"Councillors should not seek to disrupt standards investigations by, for example, not responding to requests for information, clarification or comment in a timely way, or refusing to confirm their attendance at a standards hearing. Nor should councillors seek to misuse the standards process, for example, by making allegations against another councillor for the purposes of political gain."

Findings:

The Authority's Code of Conduct could be updated with the following wording:

"You must comply with any formal standards investigations."

"You must not make trivial or malicious allegations against other councillors or members of the public."

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

The CSPL Report states that:

"We have seen evidence that some councils have adopted a minimal code of conduct which amounts to a restatement of the Seven Principles of Public Life. [...] The Seven Principles of Public Life are not a code of conduct: codes of conduct specify what the principles demand in a specific context in order to guide behaviour. Using principles, rather than rules, in a code of conduct can also lead to protracted arguments about what sort of behaviour falls under a particular principle in the absence of specific guidance. [...]"

"A failure to create or adopt a substantive code means that the potential benefits of devolved standards are not being realised."

Findings:

The Authority's Code of Conduct has not been formally reviewed/amended since 2012.

The LGA held a consultation exercise about its draft member code of conduct which ran for 10 weeks from Monday 8 June until Monday 17 August 2020.

The LGA has stated that once it has reviewed the feedback it will "develop a final draft, which will be reviewed by the LGA's Executive Advisory Board before being presented to the next LGA General Assembly, which we hope will be held in the Autumn of 2020."

Milton Keynes Council is proposing that once the final version of the LGA Model Code is available, the Standards Committee will be able to consider it and whether to recommend that the Council adopts it, with (or without) modifications [Standards Committee – 23 July 2020](#)

Buckinghamshire Council is proposing to review its Code of Conduct annually, but external consultation is not currently proposed [Standards and General Purpose Committee – 2 July 2020](#)

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

The CSPL Report states:

"Codes of conduct should be written in plain English and be accessible for councillors and members of the public. They cannot be written to cover every eventuality, and attempts to do so may actually make codes less effective."

"Codes of conduct are central to upholding high standards in public life. They should not be inaccessible on a local authority's website, or as an annex to an authority's constitution."

Findings:

The Authority already does this.

All Members appointed to the Buckinghamshire & Milton Keynes Fire Authority undertake to observe the Code of Conduct for Councillors and Co-opted Members each year before the annual meeting in June.

The Code of Conduct for Councillors and Co-opted Members is sent to each new Member as part of their induction pack.

The Code of Conduct for Councillors and co-opted Members is available to both Councillors and the public on the Buckinghamshire Fire & Rescue Service website:

Code of Conduct for Councillors and Co-opted Members

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

The CSPL Report states that:

"Currently, there is no legal requirement for local authorities to maintain a gifts and hospitality register, nor for individual councillors to register or declare gifts and hospitality they receive as part of their role."

"The Committee has seen evidence that the accessibility and timeliness of local authorities' registers of interest varies widely. Many are reported in a non-standard format, and some registers are not updated for long periods. Independent oversight and inspection is important to maintaining high ethical standards, and local authorities should facilitate this by ensuring that their registers are accessible to those who would wish to inspect them."

Findings:

The Authority does not in its Code of Conduct require its Members to register or declare gifts and hospitality.

These are currently covered in the respective Codes of Conduct of the appointing councils

- ***Buckinghamshire Council Code of Conduct:***

Gifts and Hospitality

2.32. *In addition to the registration of interests, the Council requires councillors and co-opted members to register any gifts and hospitality worth **£25** or more they have received with the Monitoring Officer.*

2.33. *Councillors and co-opted members must:*

- a. register any gifts and hospitality with the Monitoring Officer within 28 days of being elected or appointed to office;*
- b. register any gifts and hospitality within 28 days of the Council's Code of Conduct becoming applicable;*
- c. register any gifts and hospitality with the Monitoring Officer within 28 days of receiving them;*
- d. declare any gifts and hospitality at any meeting of the Council at which they are present, where a relevant matter is being considered;*
- e. register any gifts and hospitality declared at a meeting, within 28 days of disclosing it.*

- **Milton Keynes Council Code of Conduct:**

D. Gifts and Hospitality

Councillors of Milton Keynes Council must:

*1 for inclusion in the Register of Interests for a period of [three years], notify the Monitoring Officer within 28 days and in writing of the receipt of any gift, benefit or hospitality with a value in excess of **£100** which they have accepted as a Councillor from any person or body other than the authority.*

2 This duty to notify the Monitoring Officer does not apply where the gift, benefit or hospitality comes within any description approved for this purpose as set out in the Council's protocol on gifts and hospitality.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

The CSPL Reports states:

"The Monitoring Officer usually filters complaints about councillor conduct and judges if the complaints are trivial or vexatious, or whether they should proceed to a full investigation. Usually this filtering is based on the judgment of the officer, often against a formal policy, though the Monitoring Officer may seek the advice of an independent person or members of a standards committee when they do so."

"The standards bodies in Scotland, Wales and Northern Ireland all make use of a 'public interest' test when filtering complaints. These tests set clear expectations to those making complaints and ensure consistency of approach. The tests do not necessarily need to be detailed. For example, the Northern Ireland Local

Government Commissioner for Standards provides a simple two-stage test, which asks whether they 'can' investigate the complaint, and whether they 'should'."

Findings:

The Authority's current Complaints Procedure Flowchart includes reference to a public interest test against which allegations are filtered i.e. 'Can we investigate a complaint' and 'should we investigate a complaint'.

It states at 2.1.3:

"In the absence of formal sanctions available to the Monitoring Officer to apply in the event of a breach of the Code the Authority expects this complaints procedure to be proportionate to the issues raised and the expected outcomes. **The Monitoring Officer will therefore take into account the wider public interest and the cost to the public purse of undertaking any investigation into alleged breaches of the Code. Complaints are, therefore, only likely to be taken forward for investigation where the allegations are reasonably considered to be serious matters.**" [emphasis added]

The standards bodies in Scotland (the Ethical Standards Commissioner), Wales (the Public Services Ombudsman for Wales) and Northern Ireland (Northern Ireland Local Government Commissioner) all make use of a 'public interest' test when filtering complaints. The CPSL believes that these tests set clear expectations to those making complaints and ensure consistency of approach.

The Monitoring Officer consults with one of the Independent Persons before making make an initial assessment of complaints but does not do so against published criteria.

The Public Services Ombudsman for Wales, for example, publishes a list of non-exhaustive criteria such as whether:

a member has deliberately sought a personal gain at the public expense for the member or others, misused a position of trust;

there evidence of previous similar behaviour on the part of the member;

an investigation is required to maintain public confidence in elected members or whether an investigation is proportionate in the circumstances; and

the breach motivated by any form of discrimination against ethnic or national origin, gender, disability, age, religion or belief, sexual orientation or gender identity.

These are the type of factors that would be taken into account when the Monitoring Officer consults with an Independent Person.

These could be published as part of the Complaints Procedure.

Best practice 7: Local authorities should have access to at least two Independent Persons.

The CSPL Report states:

"[...] it is clear that a positive relationship with the local authority's Monitoring Officer is crucial to being able to perform the role effectively. This relationship involves a mutual recognition of roles: on the one hand, recognising that the Monitoring Officer has specific responsibility and accountability for the standards process in an authority, and on the other that the Independent Person can bring a valuable external and impartial perspective that can assure and enhance the fairness of the process"

"Some authorities will, in any given case, have one Independent Person offer a view to members or complainants, and another to offer a view to the local authority, so as not to be in a position where they may be forced to prejudge the merit of an allegation."

Findings:

Buckinghamshire & Milton Keynes Fire Authority is required by section 28 (7) of the Localism Act 2011 to appoint at least one Independent Person whose views must be sought and taken into account before making a decision on a complaint that it has decided to investigate. The Authority has a panel of four Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

The CSPL Report states:

"We heard that many Monitoring Officers appreciate the impartial view that the Independent Person can offer, both to improve the quality of decision-making itself and as a visible check on the process to reassure councillors and complainants that their decisions are made fairly."

Findings:

The Director of Legal and Governance/Monitoring Officer consults with an Independent Person as to whether a formal investigation on an allegation should be undertaken.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

The CSPL Report states:

"Openness and transparency are important secondary safeguards, to ensure that the process can be scrutinised by other councillors and by the public. We heard evidence that many councils do not publish data and decisions on standards issues in a regular or open way. Councils should be free to make their own arrangements for whether they maintain a public list of pending investigations. However, councils should be recording allegations and complaints they receive, even if they do not result in an investigation, and should certainly publish decisions on formal investigations."

Findings:

This procedure is set down in the Authority's procedure.

'After the Decision Notice has been sent to the Complainant and the Member complained about, the Authority will publish the Decision Notice on its website. This will be prepared having regard to any professional advice and the information it contains will depend upon what information the Monitoring Officer decides should be provided. Normally, however, the Decision Notice will contain the complainant's name and a written summary of the complaint; the Monitoring Officer's decision; and record the main points the Monitoring Officer considered, the conclusion and the reasons.'

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

The CSPL Report states:

"We have seen examples of both good and bad practice in how open councils' standards processes are. The best examples involved a single, easily accessible page on an authority's website explaining in straightforward terms how a member of the public can make a complaint under the code of conduct, what their complaint needs to include, the process for handling complaints, and the expected timescales for investigations and decisions. That page would also include links to recent decisions on allegations that came before the standards committee."

Findings:

Buckinghamshire & Milton Keynes Fire Authority's complaints procedure gives straightforward and accessible guidance on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes and is easily available on the Authority's website: Complaints Procedure.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Findings:

Not applicable to a Combined Fire and Rescue Authority.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Findings:

Not applicable to a Combined Fire and Rescue Authority.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

The CSPL Report states:

"[...] serious complications can arise where the Monitoring Officer is overseeing an investigation into a senior member of the local authority, particularly a portfolio-holder. There is a potential conflict of interest, given the professional relationship between the Monitoring Officer and Cabinet members, in providing procedural and legal advice to enable them to pursue their objectives. In this case, the Monitoring Officer should be robustly supported and protected by the Chief Executive. Any investigation, even if outsourced to an independent investigator, should be overseen and managed ideally by the Monitoring Officer from a different authority, or failing that by a deputy, with the Monitoring Officer kept at arm's-length."

Findings

Arrangements are in place for the Directors for Legal and Democratic Service at Buckinghamshire Council and Milton Keynes Council to act for the Monitoring Officer should there be any conflicts of interest, or absence of illness of the Monitoring Officer.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Findings:

Not applicable (there are no separate outside arm's length bodies on which Members sit)

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The CSPL Report states:

"Our evidence suggests a strong link between failings in ethical standards and corporate failure by councils. The most obvious way in which this can happen is through a culture of 'slackness', where low level breaches of ethical standards go unchallenged and unaddressed. This can then seep into the culture of an authority and allows for more significant wrongdoing to take place, which would have significant implications for the performance and reputation of the council."

However, in most cases the process is more complicated, and several factors are jointly present in order for serious corporate governance failings to take place. As part of our review, we examined reports from high profile cases of corporate governance failure."

"The Chief Executive also plays an important role, especially among officers. Their leadership role includes modelling high standards of conduct, particularly those distinctive to officers in respect of political impartiality and objectivity. But the Chief Executive must also show leadership by empowering other senior officers – such as the Monitoring Officer – to carry out their role effectively. The Chief Executive is ultimately responsible for guarding the demarcation between officers and members, and needs to be clear about when members need to take a decision, and when officers should have the discretion to carry out their roles as they see fit."

"Leaders of political groups play a vital leadership role among councillors. Political group leaders set the tone for how new councillors will engage with each other, and set expectations for how councillors will engage with officers. Leader[s] of political groups not only need to model high standards themselves, but should be quick to address poor behaviour when they see it. They should seek to mentor and advise councillors in their party on how to maintain standards of conduct, and be willing to use party discipline when necessary."

Findings:

The Chief Fire Officer holds regular meetings with the political group leaders.

i Endnote

Local Government Association Model Member Code of Conduct

The LGA held an event on Civility in Public Life with a range of stakeholders at the end of 2019 and three consultation workshops at the beginning of 2020.

Its consultants have also examined examples of good practice, both in local government and other professions. The LGA consultation draft model member code of conduct is the result of this initial work. It is the intention to create additional guidance, working examples and explanatory text.

The LGA states that it is providing this model member code of conduct for consultation as part of its work supporting the sector to continue to aspire to high standards of leadership and performance.

The feedback from the consultation will be reviewed by the LGA's Executive Advisory Board before being presented to the next LGA General Assembly, which would be held in Autumn 2020.

The model member code of conduct has been developed in collaboration with the sector and will be offered as a template for councils to adopt in whole and/or with local amendments.

The LGA states that it will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation; and that, once finalised, the LGA will also offer support, training and mediation to councils and councillors on the application of the Code.



Buckinghamshire & Milton Keynes Fire Authority

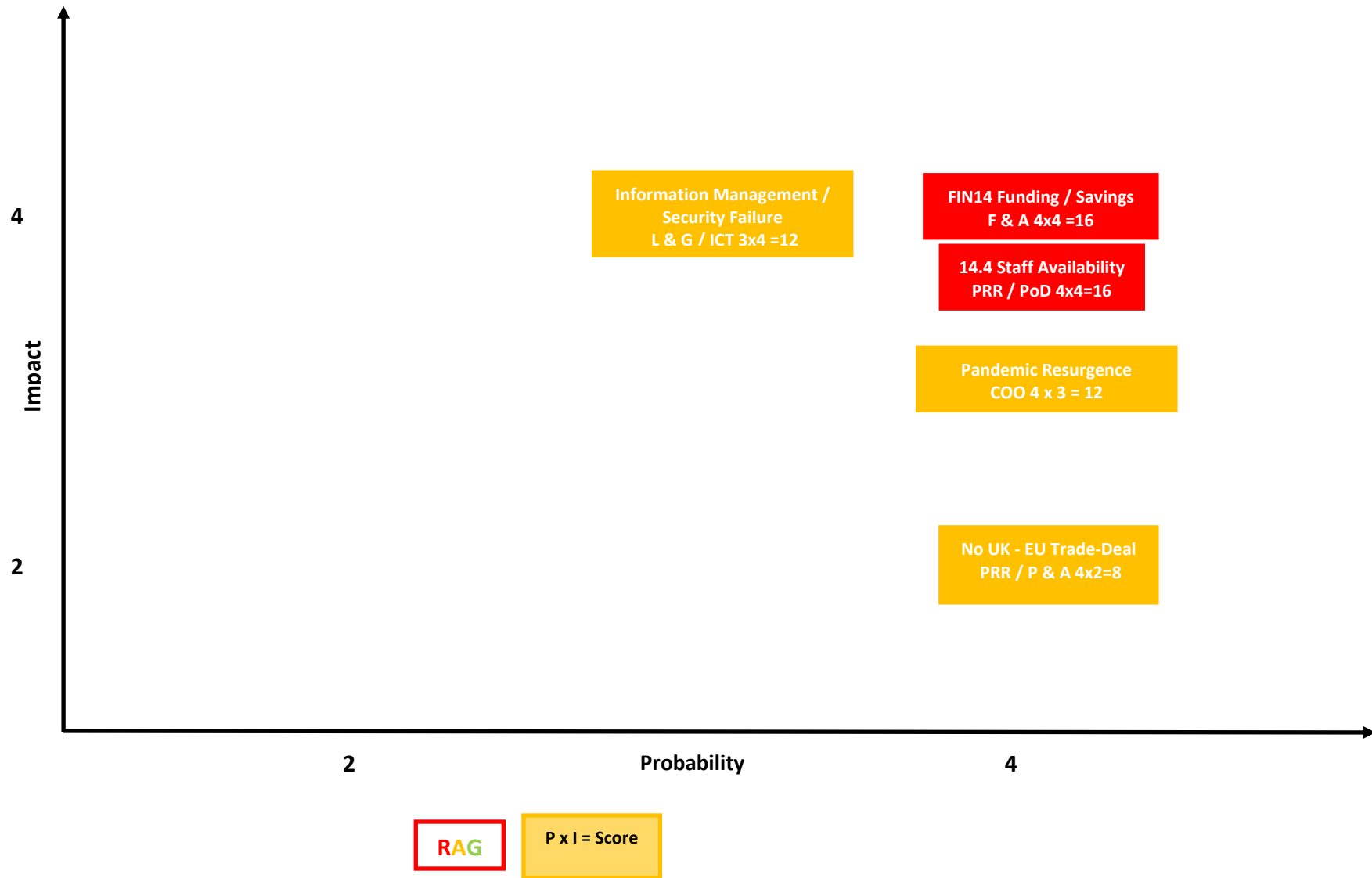
MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Graham Britten, Director of Legal & Governance
LEAD MEMBER	Councillor Keith McLean
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB) because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>Officers draw on a range of sources to assist with the identification and evaluation of corporate risks. For example, membership of the Thames Valley Local Resilience Forum (TVLRF)'s Strategic Coordinating Group (SCG) facilitates active monitoring of a range of risks with the potential for impacts on local communities and services including, at the present time, Coronavirus (COVID-19) and UK - EU post transition period risks (D-20).</p> <p>Our involvement with the Local Resilience Forum directly links us into national Government agencies and departments such as Public Health England and the Ministry of Housing, Communities and Local Government. This allows us to share intelligence and information with those who are making decisions at the very highest levels.</p> <p>The TVLRF SCG enables its partners to jointly develop combined responses to civil emergencies, and strategic consequence management. Matters under regular review include Covid-19 outbreak, winter pressures and D-20. This multi-agency partnership approach helps target our activity directly to the needs of the public.</p> <p>The Corporate Risk Register was last reviewed by the Performance Management Board (PMB) on 8 October 2020 and SMB on 20 October. At the PMB meeting:</p> <ul style="list-style-type: none"> All the directorate risk registers were reviewed but no items were identified for escalation to the Corporate Risk Register;

	<ul style="list-style-type: none"> No changes to the Corporate Risk scores were recommended; The UK – EU trade agreement risk was updated to reflect the latest known position in relation to a GDPR adequacy decision (as indicated at page 8 of Annex C); and, The potential to mitigate staff availability risks via FRS priority access to Covid-19 testing was added (see update at page 10 of the Corporate Risk Register at Annex C). <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.</p> <p>Changes to the corporate risk ratings over the last year are shown at Annex B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register at Annex C.</p> <p>The next Overview and Audit Committee review is scheduled for 17 March 2021 preceded by reviews at the 4 February PMB, at which all the directorate risks will be scrutinised, and 16 February 2021 SMB.</p>
ACTION	Decision
RECOMMENDATIONS	<p>It is recommended that:</p> <ol style="list-style-type: none"> the status report on identified corporate risks at Annex C be reviewed and approved; and, comments be provided to officers for consideration and attention in future updates/reports.
RISK MANAGEMENT	The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.
FINANCIAL IMPLICATIONS	No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.
LEGAL IMPLICATIONS	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Annex C.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The potential to share corporate risk intelligence with neighbouring FRS and other relevant agencies will be considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which

	produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
HEALTH AND SAFETY	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
EQUALITY AND DIVERSITY	No direct implications from the presentation of this report. However, risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
USE OF RESOURCES	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>The current Corporate Risk Management Policy was approved at the 18 March 2015 Executive Committee:</p> <p>https://bucksfire.gov.uk/documents/2020/03/180315_exec_committee_papers.pdf/</p> <p>CFA Members were last updated on the status of the Authority's Corporate Risks at the 22 July 2020 Overview & Audit Committee and will be updated again at the 17 March 2021 meeting.</p>
APPENDICES	<ol style="list-style-type: none"> 1. Annex A: Distribution of Corporate Risks at 20 October 2020 SMB meeting. 2. Annex B: 12 Month View of Changes to Corporate Risks 3. Annex C: Corporate Risk Register Report
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager

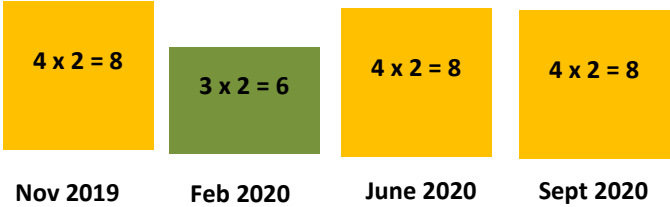
	sgowanlock@bucksfire.gov.uk 01296 744435
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Annex A: Corporate Risk Map – As at 20 October 2020 SMB

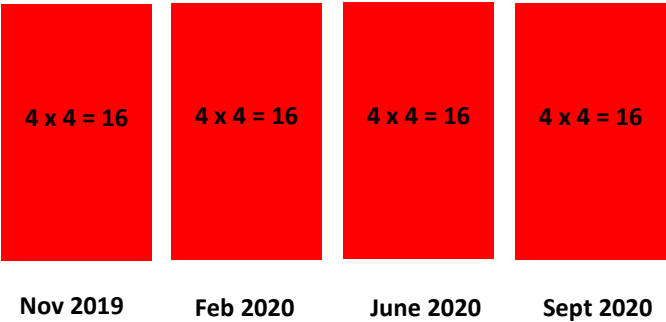


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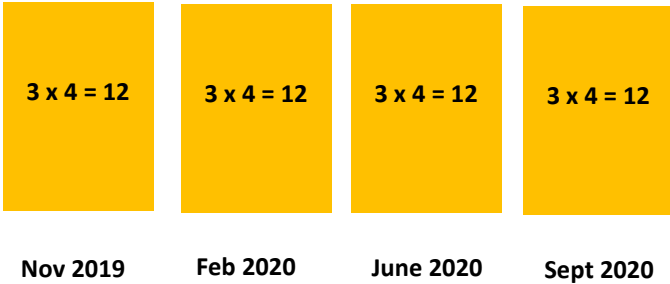
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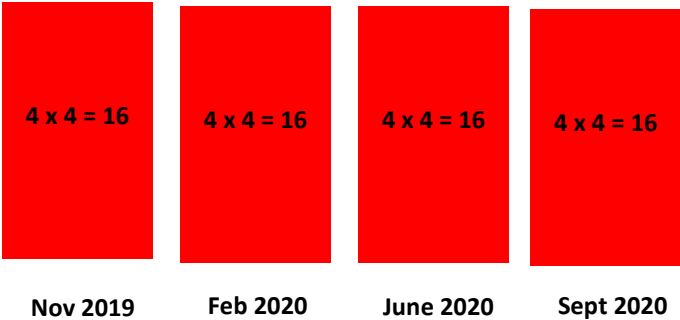
Staff Availability



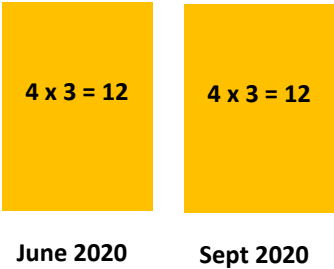
Information Management / Security Failure



Risk to Funding



Risk of Covid-19 Resurgence / Pandemic Flu



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Annex C - Corporate Risk Register – as at 20 October 2020 SMB

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
CRR 014.4 Staff Availability Emerging risks of 1/ Court of Appeal ruling on the McCloud / Sargeant cases. Potential for all affected staff retiring from the Service on or before March 2022 2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc. 3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.	Chief Operating Officer	Potential detrimental effects on service delivery to the community and our reputation. Failure to discharge statutory duties. Loss of critical knowledge / skills / capacity / competency levels.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> Full business continuity plans in place & uploaded to Resilience Direct. Peer review of the business continuity arrangements Bank System Flexi-Duty System Pilot Staff Transfer Procedure Employee assistance and welfare support Training Needs Assessment process Monitoring of staff 'stability ratio' relative to best practice and sector norms Review of Resourcing and Retention strategies Wider range of contracts offering more flexible ways of working A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options Workforce planning data is regularly reviewed with Prevention, Response & Resilience, HR and Finance. Growth bids to be considered to support future resourcing demands. HR are reviewing the future promotion and career development options Resourcing levels are constantly monitored to ensure coverage. 	R	14 January 2020 SMB On 18 December 2019, the employment tribunal ruled that more than 6,000 firefighters are entitled to return to their pre-2015 pension schemes. The claimants, members of the 1992 and 2006 firefighters' pension schemes, are now entitled to be treated as if they have remained members of their original pension scheme, with benefits including a retirement age of between 50 and 55. 30 January 2020 PMB Officers are monitoring developments associated with the recent 'Corona-Virus' (2019-nCoV) outbreak in China which has already spread to other parts of the world including the UK. Production of new guidance which consolidates, updates and supersedes a range of previous guidance relating to planning and preparedness for this area of risk has been accelerated and is being submitted to the 11 February SMB for approval and publication on the Intranet. 11 February 2020 SMB Updated Pandemic Outbreak Planning Guidance approved for release to all staff via the intranet. Officers continue to monitor developments and to work with Local Resilience Forum partners to prepare for all identifiable contingencies associated with this area of risk. 12 May 2020 SMB Resourcing levels are constantly monitored to ensure coverage. Resourcing has not been impacted by the pandemic outbreak, if anything they are better than previously. 20 Apprentices (cohort 5) joined the service on 6 April, and cohorts 3 and 4 joined on the 22 March.
			(5)	(5)	(25)	(H)			
			(3)	(5)	(15)	(H)			
			(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(4)	(20)	(H)			
			(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(3)	(3)	(9)	(M)			
			(4)	(3)	(12)	(M)			
			4	4	16	H			

Annex C - Corporate Risk Register – as at 20 October 2020 SMB

<p>This is a composite risk more detailed evaluations of individual risk components are contained in the P & OD Directorate Risk Register.</p>							<ul style="list-style-type: none"> • The Recruitment Oversight Board meets regularly to review resourcing and ensure a joined-up approach. • Pensions remedy consultation received, response to be drafted. Workforce planning to be reviewed for implications and plans put in place • GC/AC development centre held. • CC/WC/SC development centre being held in September 2020. • On-call virtual awareness evenings held and recruitment continues ensuring compliance with government guidance. 	<p>Development centres and recruitment are continuing to ensure roles are resourced. Plans are in place to ensure that the On-call recruitment continues in the near future.</p> <p><u>23 June 2020 SMB</u> No change to risk score or evaluation.</p> <p><u>25 August 2020 SMB</u> 8 On-call employees joined on 3 August. Flexi-Firefighter shortlisting is underway, interviews due to take place in September. HR presence at Pandemic Recovery meetings and government guidance is reviewed regularly. HR are working closely with Occupational Health, Welfare Officer and Employee Assistance providers to ensure welfare is in place to support employees.</p> <p><u>22 September 2020 SMB</u> Detailed workforce planning has been undertaken to understand the impact of the Sargeant pensions ruling and any necessary action that needs to be taken to mitigate the risk on workforce number. The annual succession planning and business continuity report was presented to the Executive Committee on 16 September.</p> <p>A Development centre has taken place to replenish development pools at Crew, Watch and Station level.</p> <p>The Recruitment Oversight Board is due to meet shortly, to ensure that joined up approach.</p> <p>A meeting took place week commencing 14 September to evaluate the Cohort Five recruitment and selection process and identify any learning to inform future processes.</p> <p>As the number of covid-19 cases increase nationally, this will be continually monitored to ensure the necessary guidance and support is in place and communicated to staff.</p>
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Annex C - Corporate Risk Register – as at 20 October 2020 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
Fin 14 – Funding and Savings Requirement	Director Finance & Assets	The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations. If either, or both, did not come to fruition then there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.	(4)	(4)	(16)	H	Proactive management of the MTFP is in force and is very closely aligned to workforce planning.	R	<p><u>14 January 2020 SMB</u></p> <p>On 17 December 2019, HMICFRS published the report on the outcomes of its inspection of the Service. Amongst other things, it corroborated the Service's position that it requires additional funding.</p> <p>On 20 December 2019, the Government published the provisional local government finance settlement for 2020-21. The proposed referendum principles for fire and rescue services is that any increases in Council Tax are limited to less than 2% (the threshold for the previous two years was 3%). Official confirmation that the pension grant funding will continue into 2020-21 has not yet been received, although this is expected before the final settlement.</p> <p><u>11 February 2020 SMB</u></p> <p>On 6 February 2020, the Government published the Final local government finance settlement: England, 2020 to 2021 via a written statement to Parliament (the debate on this is due to take place on 12 February 2020). The statement confirmed the referendum principles for fire and rescue services would be 2%.</p> <p>On 6 February 2020, the Home Office also formally confirmed that the same amounts of pension grant funding will be paid for 2020-21 as were paid in 2019-20.</p> <p><u>12 May 2020 SMB</u></p> <p>The immediate costs relating to COVID-19 have been covered by the additional grant funding provided by Government. However, there is a significant risk to future funding levels, as Council Tax and business rates revenues are likely to fall and Government funding may also be decrease. It is also unlikely that a Comprehensive Spending Review will be completed in</p>
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M	For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding.		
			4	4	16	H	The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £5.		

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									<p>time for 2021-22, adding further uncertainty to the current financial outlook.</p> <p><u>23 June 2020 SMB</u></p> <p>No change to risk score or evaluation</p> <p><u>25 August 2020 SMB.</u></p> <p>On 21 July 2020 The Chancellor launched the 2020 Comprehensive Spending Review (CSR). The review will set UK Government departments' resource budgets for the years 2021/22 to 2023/24. It is expected the Provisional Settlement, which will detail the budgets for the Service for those years, will be announced in late December 2020.</p> <p><u>22 September 2020 SMB</u></p> <p>No change to position reported at last meeting. No changes to risk score / RAG status recommended at this time.</p> <p><u>20 October 2020 SMB</u></p> <p>The Draft Financial Strategy was approved by SMB for recommendation to the Executive Committee and Fire Authority. The Strategy presents multiple financial scenarios with potential actions that the Service could take in relation to each.</p> <p><u>21 October 2020 Update</u></p> <p>The Government announced that the Chancellor has decided to conduct a one-year Spending Review. The Review will conclude in "late November" and we therefore expect the Local Government Finance Settlement will be announced in late December.</p>
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Annex C - Corporate Risk Register – as at 20 October 2020 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
Information Management* / Security failure to - a) comply with statutory or regulatory requirements b) manage technology c) manage organisational resources Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data	Senior Information Risk Owner (SIRO) Director Legal & Governance	<ul style="list-style-type: none"> Inability to access/use our e-information systems. Severe financial penalties from the Information Commissioner Lawsuits from the public whose sensitive personal information is accessed causing damage and distress. <p>*Information management is concerned with the acquisition, custodianship and the distribution of information to those who need it, and its ultimate disposition through archiving or deletion. Information security is the practice of protecting information by mitigating risks such as unauthorised access and its unlawful use, disclosure, disruption,</p>	(4) 3	(4) 4	(16) 12	(H) M	1. Appropriate roles: - SIRO has overall responsibility for the management of risk - Information and information systems assigned to relevant Information Asset Owners (IAO's) - Department Security Officer (DSO) the Information Governance & Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments - 'Stewards' assigned by IAO's with day-to-day responsibility for relevant information. 2. Virus detection/avoidance: Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links; 3. Policies / procedure: Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers, - current and tested business continuity plans / disaster recovery plans - employee training/education - tested data/systems protection clauses in contracts and data-sharing agreements - Integrated Impact Assessments (IIA) - disincentives to unauthorised access e.g. disciplinary action 4. Premises security: - Preventative maintenance schedule - Frequent audits at Stations and inventory aligned to asset management system. - Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;	A	11 February 2020 SMB A report of data breaches reported to the Information Commissioners Office in 2019 found that nine out of ten of the 2,376 breaches were owing to "mistakes by users". Phishing was named as the main cause of breaches. 12 May 2020 SMB: Threats to our network and systems are particularly disruptive during the coronavirus crisis when rules and guidance are dynamic and subject to frequent updates. (Refer to note 14 January); The use of video conferencing has not been commonplace across the Authority and most employees are unfamiliar with conferencing tools to be aware of additional security risks; employees failing to familiarise themselves with Authority policies and procedures and instructions put the Authority at risk. It is important to remember that privacy laws have not been suspended and new or amended procedures involving personally identifiable information must be impact assessed before changes are made. 23 June 2020 SMB As the use of video conferencing becomes more commonplace across the Authority its use has grown exponentially so that meetings are replacing telephone and email communications. This has enabled all relevant parties to interact concurrently rather than consecutively and issues are resolved with fewer iterations. No change to risk score or evaluation.

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		deletion and corruption. As more and more information is held electronically risks have become systems, as well as process and people based and are therefore vulnerable to cyber-attacks. Cyber-crime is unrelenting and issues arise at a greater frequency than existing intrusion attempts can be resolved. As such, this is a constant on the CRR.					<p>- Premises Security Group re-established to meet on a 3 monthly basis aligned to the PMB meeting schedule.</p> <p>5. Training: The biannual “Responsible for Information” training will be supplemented by the National Cyber Security Centre’s new e-learning package 'Top Tips for Staff' which will be built into the Heat training platform as a mandatory biannual package. Cyber-security training, delivered by Thames Valley Police’s cyber security advisor, being rolled out to Leadership Group during September 2020.</p>	<p><u>25 August 2020 SMB</u> UK partners at the National Security Agency (NSA) and Cybersecurity Infrastructure Security Agency (CISA) have recently warned that cyber actors are targeting critical assets by exploiting internet-enabled operation technology. Tactics, techniques, and procedures include spear phishing, deployment of commodity ransomware and connecting to internet-accessible systems. BFRS will monitor suggested mitigation treatments to identify anything that can be done to strengthen resilience.</p> <p><u>22 September 2020 SMB</u> Following the discovery of a new technique for introducing malicious documents that has a low detection rate and an increased chance of avoiding security systems, organisations that are still using macros in excel are being advised to develop a strategy to replace them. NCSC has updated their guidance to assist. We believe that our mitigation actions are still effective for the 2020 issues detected. Forcepoint, our email scanning system, checks all incoming (and outgoing emails) and does not allow emails containing macro enabled excel spreadsheets. Any of these received are quarantined and an email to the ICT Service Desk is automatically created.</p> <p><u>20 October 2020 SMB</u> Risk description updated to include wider information management as well as security risks.</p>
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Annex C - Corporate Risk Register – as at 20 October 2020 SMB

Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
Risk of physical disruption to Service operations due to no, or insufficiently comprehensive agreement covering future UK relations with the EU.	Heads of Prevention, Response & Resilience and Protection & Assurance.	Disruption to procurement processes leading to potential shortages of equipment or consumables. Disruption to transportation delaying personnel and or vehicle movements.	(4) (3) 4	(2) (2) 2	(8) (6) 8	(M) (L) M	The likely impact of short-term disruption to supplies of equipment to the Service is considered to be low given that: most Authority procurement contracts are with UK based suppliers; and, the relatively long timescales for procurement within the sector. Advice and guidance from the NFCC and Fire Industries Association in relation to this risk is monitored and acted on as required. The risk of transport disruption is considered relatively low due to absence of ports and international airports within the area served by the Authority. Authority officers are actively involved in in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.	A	<p>11 June 2020 PMB In light of the current state of negotiations between the UK and EU regarding their future relationship, PMB recommended increasing the risk probability score to 4 which raises the RAG status to Amber.</p> <p>23 June 2020 SMB SMB approved the increase in the risk probability score to 4. It was also noted that ongoing free trade negotiations with other countries such as the USA, Japan and Australia, that are being pursued in parallel with the UK – EU ones, could have implications for existing EU / UK focused supply chains, with the potential for changes to costs and standards associated with materials and end-products used in the fire sector. The CFO is monitoring these via the NFCC.</p> <p>25 August 2020 SMB The seventh round of UK – EU future relationship negotiations took place between 18-21 August with a view to securing an agreement by end October. Officers continue to monitor developments. No change to risk score recommended at this time.</p> <p>22 September 2020 SMB In the reasonable worst-case scenario (RWCS) no-deal scenario following the leave date, the UK will revert fully to 'third country' status with no privileged relationship with the EU and minimal goodwill among EU Member States. Regional traffic disruption caused by border delays could affect fuel distribution within</p>

Annex C - Corporate Risk Register – as at 20 October 2020 SMB

									<p>the local area, particularly if traffic queues in Kent block the Dartford crossing, which would disrupt fuel supply in London and the South East. In addition, customer behaviour could lead to local shortages in parts of the country.</p> <p>The European Commission may not have made a GDPR adequacy decision with regard to the UK before exit. Alternative legal bases for data transfer are available but where organisations do not ensure these are in place there could be instances of disruption, across a wide range of UK sectors, to the flow of personal data from the organisations in the EU. These may not materialise immediately but could multiply quickly if they did, potentially disrupting critical services, public and private, until mitigations are put in place.</p> <p><u>8 October 2020 PMB</u></p> <p>The potential for direct effects on the Service have been considered by our Information Governance & Compliance Manager who advises that even if there are significant delays in getting an adequacy decision, it is unlikely to affect our current /planned management of personal data as we do not operate within the EEA. Also, even if it were to do so, we would manage data transfers through contractual arrangements.</p>
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Annex C - Corporate Risk Register – as at 20 October 2020 SMB

Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
Risk of resurgence of Covid-19 and / or seasonal influenza in Autumn / Winter 2020.	Chief Operating Officer	Increased levels of sickness absence amongst staff. Potential degradation of capacity or capability to deliver key services to the public and / or sustain supporting functions.	4	3	12	M	<p>In addition to controls identified for existing staff availability risk (see page 1-2 above):</p> <ul style="list-style-type: none"> Maintenance of current social distancing and sanitisation regimes in all Authority workplaces. Remote working for functions that do not require physical presences in Authority workspaces. Risk assess and prioritise non-emergency services requiring physical contact with the public, suppliers, partner agencies etc. Provision of appropriate PPE for staff required to work in close proximity with the public. Appliance / service availability degradation planning. Free seasonal flu jabs available to all staff. Covid-19 app being rolled out to all sites, and pushed to all Authority phones 		<p>11 June 2020 PMB Overall risk assessment indicates high probability but medium impact based on current experience of operating under Covid-19 lockdown conditions. Staff and appliance availability have remained high. However, it has been necessary to scale back non-emergency service provision to the public and divert resources to support other agencies such as the ambulance service with response to the pandemic. PMB recommend that SMB approve this risk for inclusion in the Corporate Risk Register.</p> <p>23 June 2020 SMB Risk and accompanying evaluation approved for inclusion in the Corporate Risk Register.</p> <p>25 August 2020 SMB Officers continue to monitor developments internationally, nationally and locally via the TVLRF. In addition to the re-imposition of quarantine requirements for travellers returning from some overseas countries, local lockdowns have been imposed in a number of localities around the UK in recent weeks with the likelihood of more emerging. Locally, Milton Keynes has been identified as an 'area of concern' by PHE. Preparations to respond to any significant local outbreak continue apace with BFRS chairing the TVLRF Local Outbreak Management Group (LOMG). An LRF exercise has been planned for 3 September 2020.</p> <p>22 September 2020 SMB Concurrent risks associated with autumn and winter, such as adverse weather, flooding and seasonal flu as well as a potential 2nd</p>

Annex C - Corporate Risk Register – as at 20 October 2020 SMB

								<p>wave of Covid 19 could exacerbate a number of impacts and stretch resources of partners and responders.</p> <p>8 October PMB / 20 October 2020 SMB</p> <p>Potential to mitigate the staff availability risk by securing priority access to national Covid-19 testing is being limited due to diverted laboratory capacity to higher risk areas. Capacity within the Thames Valley area is therefore significantly reduced. National testing capacity is steadily improving, however, working in partnership with colleagues within Bucks Health Trust as part of a local testing task and finish group, we have been able to secure up to 17 daily local tests for symptomatic BFRS staff; prioritised to the operational frontline and control room, but also available to Protection and support staff. Access to these tests is expected by the end of October 2020. Other mitigating measures include a refreshed approach to staff working effectively from home wherever possible, a collective drive to achieve and maintain COVID-19 Secure premises across all Authority sites, and a risk assessed approach to delivering our range of services in a COVID-19 secure way.</p>
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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview & Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Graham Britten, Director of Legal & Governance
LEAD MEMBER	Councillor Keith McLean
SUBJECT OF THE REPORT	Changes to the Investigatory Powers Act 2016
EXECUTIVE SUMMARY	Appendix A to this report advises of a legislative change which came into force on 22 July 2020 removing fire and rescue authorities as relevant authorities for the purposes of the Investigatory Powers Act (IPA). The IPA provides the legal basis under which public authorities may exercise powers to obtain communications data.
ACTION	Noting.
RECOMMENDATIONS	That the report is noted.
RISK MANAGEMENT	<p>There are no risks associated with the paper. The powers that are being removed from the Buckinghamshire & Milton Keynes Fire Authority (the Authority) under schedule 4 of the IPA, are not being used. The requirements to maintain corollary prescribed internal governance arrangements are simultaneously removed.</p> <p>There are no privacy or security implications associated with this paper.</p>
FINANCIAL IMPLICATIONS	There are no cost implications associated with this paper.
LEGAL IMPLICATIONS	The Investigatory Powers (Communications Data) (Relevant Public Authorities and Designated Senior Officers) (No. 2) Regulations 2020 which have amended the IPA, will have no impact on the Authority.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The powers and constraints removed by the legislation from a fire and rescue authority to obtain communications data are still in place under the IPA for ambulance trusts in England with the authorised officer being a duty manager of an Ambulance Trust control room. The police have wider powers under the IPA and can obtain communications data for more purposes than could fire and rescue authorities.

HEALTH AND SAFETY	There are no health and safety issues.
EQUALITY AND DIVERSITY	There are no equality and diversity issues.
USE OF RESOURCES	N/A
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Prior to the amendment to remove fire and rescue authorities from Schedule 4 of the IPA, fire and rescue authorities could have made an application to the Investigatory Powers Commissioner, (IPC) under section 60A of the IPA, to seek authorisation intercept communications data. However, the National Fire Chiefs Council (NFCC) lobbied for these powers to be removed, which has led to the change in the legislation.</p> <p>Following the Regulation of Investigatory Powers Act 2000 (RIPA) inspection by the Authority on behalf of the Office of the Surveillance Commissioner (OSC) on the 20 January 2016, a report was received by the Overview and Audit Committee at which it approved a revised Covert Human Intelligence Sources (CHIS) and Surveillance Policy.</p> <p>Annual Report on Regulation of Investigatory Powers Act 2000 (RIPA) Item 11 9 March 2016 (Pages 119 - 121)</p> <p>Investigatory Powers (Communications Data) (Relevant Public Authorities and Designated Senior Officers) (No. 2) Regulations 2020</p>
APPENDICES	Appendix A
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	<p>Gerry Barry</p> <p>gbarry@bucksfire.gov.uk</p> <p>01296 744442</p>

Appendix A

Changes to the Investigatory Powers Act 2016 ('IPA')

Background

The IPA was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively. The IPA had a phased introduction and, from 5 February 2019, has regulated the acquisition and disclosure of communications data from communication service providers to a number of bodies, including fire and rescue authorities. This enabled fire and rescue authorities to access the who, where, when, how, and with whom of a communication but not what is written or said.

Fire and rescue authorities had been included in a specific and limited way under the IPA, if a) it is necessary to obtain the data for the purpose of preventing death or injury or any damage to a person's physical or mental health, or of mitigating any injury or damage to a person's physical or mental health; and b) the fire and rescue authority complied with prescribed internal governance arrangements.

If both of those criteria were met, the IPA designated the relevant officer as lawfully authorised to obtain the communications data. For fire and rescue authorities the IPA designated 'Watch Manager (Control)' as an authorised officer.

Representations by the National Fire Chief's Council

Representations have been made by the NFCC to the Investigatory Powers Commissioner ('IPC') seeking to remove fire and rescue authorities from the regulatory regimes for: (a) direct surveillance and covert human intelligence sources under the Regulation of Investigatory Powers Act 2000 (RIPA); and (b) the acquisition of communications data (IPA) on the basis that these provisions are not required or used by fire and rescue authorities.

The IPC has responded to the NFCC to advise that any change to the RIPA regime would require a decision from the Office for Security and Counter Terrorism but that, pending such a decision, the RIPA inspection regime¹ would be suspended for fire and rescue authorities subject to such authorities not using these provisions.

The Investigatory Powers (Communications Data) (Relevant Public Authorities and Designated Senior Officers) (No. 2) Regulations 2020 came into force on 22 July 2020. These Regulations remove Fire and rescue authorities as relevant authorities for the purposes of the Investigatory Powers Act 2016, which deals with the acquisition of communications data.

However, it should be noted that the Communications Act 2003 requires certain telecommunications operators to provide communications data to the emergency

¹

services following a “999” emergency call. IPA and its associated Codes of Practice are not intended to regulate the handling of such emergency calls and a period of one hour after termination of an emergency call (referred to as “the golden hour”) falls outside the provisions of IPA in relation to the disclosure of communications data to emergency services.

Conclusion

Whilst the amendments to the IPA means fire and rescue authorities can no longer authorise interception of communications data, the Authority’s ability under RIPA to conduct directed surveillance or use ‘covert human intelligence sources’ is unaffected, as fire and rescue authorities are still covered by the RIPA.

The NFCC has signalled its intent to request government to remove fire and rescue authorities from RIPA, but this will require a further statutory instrument.

The Authority has never used either direct surveillance or covert human intelligence sources for any of its enforcement activities and it is not envisaged that there would ever be a requirement for these techniques to be used.

Nonetheless, pending any further legislative change the RIPA regime continues to apply to the Authority albeit that the associated inspection program remains suspended.

It is therefore likely that the RIPA inspection of the Authority in January 2016, which was reported to the Overview and Audit Committee in March 2016, will be its last.

The Committee will be advised of any further changes.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	David Norris, Chief Operating Officer/ Deputy Chief Fire Officer
LEAD MEMBER	Councillor Lesley Clarke OBE
SUBJECT OF THE REPORT	Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update
EXECUTIVE SUMMARY	<p>Following completion of the first inspection round of all 45 fire and rescue services, HMICFRS published the report into Buckinghamshire Fire & Rescue Service on 17 December 2019, as part of the final tranche of reports.</p> <p>An improvement plan has been developed addressing specifically the report recommendations and identified areas for improvement. At the meeting of the Authority on the 12 February 2020, it was agreed that progress against this plan will be reported to this committee.</p> <p>Our Service Liaison Lead, Paul Kay, visited on the 10 March 2020 and indicated our approach to improvement, and addressing matters raised in the report, was sensible. On the 13 March 2020 Sir Tom Winsor (Her Majesty's Chief Inspector of Fire and Rescue Services) wrote to all fire and rescue services (FRSs) confirming;</p> <ul style="list-style-type: none"> • All inspection work is suspended (FRS performance would continue to be assessed based on available information) • Arrangements for secondees (GC Richard Priest is our seconded officer) <p>On the 20 March 2020, HMICFRS confirmed suspension of the HMICFRS survey of staff for FRSs in round 2, tranche 1 inspections. Whilst preparations have been made for the inspections to restart, we wait to be notified of the refreshed inspection programme.</p> <p>Following a commission by the Home Secretary in the Summer of 2020, HMICFRS announced a national review of fire and rescue service COVID-19</p>

	<p>preparations. The three Thames Valley fire and rescue services are being inspected at a similar time, with this service receiving the inspection team commencing Monday 2 November 2020.</p> <p>We remain in regular contact with our Service Liaison Lead Paul Kay.</p> <p>Through the efforts of all our staff we continue make satisfactory progress against the items in the improvement plan, notwithstanding the current inspection uncertainty.</p> <p>CFO Thelwell is a member of the HMICFRS External Reference Group (ERG). Formed of representatives from Home Office, Local Government Association, Police Fire and Crime Commissioners, National Fire Chiefs Council and HMICFRS Portfolio team, the ERG is a mechanism through which HMICFRS test the effectiveness and impact of the inspection regime.</p>
ACTION	Noting.
RECOMMENDATIONS	That Members note current position regarding HMICFRS inspection programme, and the BFRS inspection improvement plan.
RISK MANAGEMENT	There remain reputational corporate risks to the organisation should we have been judged as inadequate. The Service had already taken steps to mitigate this through having extensive internal and external audits of a number of areas of the Service. Notably, our operations have been subject to external independent assurance. Our Health, Safety and Wellbeing function has been independently audited by the Royal Society for the Prevention of Accidents and received a Gold Award.
FINANCIAL IMPLICATIONS	FRSs are not funded for the burden of preparation for, resource implications of, HMICFRS inspections, nor is the Service charged. This round of inspections was funded directly by the Home Office. The Police are top sliced from their government grants to fund the HMICFRS inspections of Police Forces. There has been no indication yet that this might be a future funding model for the inspection of FRSs.
LEGAL IMPLICATIONS	<p>The current Fire and Rescue Service National Framework issued under section 21 of the Fire and Rescue Services Act 2004, to which the Authority must have regard when carrying out its functions, states as follows at paragraph 7.5:</p> <p>'Fire and rescue authorities must give due regard to reports and recommendations made by HMICFRS and – if recommendations are made – prepare, update and regularly publish an action plan detailing</p>

	<p>how the recommendations are being actioned. If the fire and rescue authority does not propose to undertake any action as a result of a recommendation, reasons for this should be given.’[emphasis added]</p> <p>It continues: ‘When forming an action plan, the fire and rescue authority could seek advice and support from other organisations, for example, the National Fire Chiefs Council and the Local Government Association’.</p>
CONSISTENCY WITH THE PRINCIPLES OF DUTY TO COLLABORATE	Officers have developed our approach to inspection with our Thames Valley FRS partners, and with ‘peer’ support from Thames Valley and Gloucestershire Police Forces.
HEALTH AND SAFETY	There are no Health, Safety or Wellbeing implications from this report.
EQUALITY AND DIVERSITY	There are no Equality and Diversity implications as part of the report.
USE OF RESOURCES	<p>Following this Service’s inspection, an improvement plan was presented to the Fire Authority and approved on 12 February 2020.</p> <p>We maintain a robust and enduring relationship with HMICFRS. Our ongoing approach to HMICFRS inspections is now being led by the Head of Prevention, Response and Resilience, as the designated Service Liaison Officer.</p> <p><u>Communication with stakeholders</u></p> <p>Engagement and briefings have regularly been carried out, and points of communication with Members and staff have been scheduled.</p> <p><u>The system of internal control</u></p> <p>Specific areas for service improvement have been identified through a number of workshops. These are being captured in relevant departmental plans and in the Operational Assurance Plan. These will be reported on in the usual way and ultimately to the Overview and Audit Committee.</p> <p><u>The medium-term financial strategy</u></p> <p>No direct implications for the strategy are identified at this time. There may be future implications depending on the long-term funding model for HMICFRS.</p> <p><u>The balance between spending and resources</u></p> <p>No new capability requirements have been identified as being required to prepare for, and support an inspection. The Corporate Planning Manager oversees preparation of evidence with support from the</p>

	<p>Service's Resilience and Business Continuity Manager. The Viper system has been designed to capture evidence on an ongoing basis. This allows managers to provide evidence as part of their usual reporting process. Performance Management Board provides further scrutiny of progress towards the delivery of the corporate plan.</p> <p>The ethos of the Service will be to continue to deliver the Service's vision and strategic aims and gather the relevant evidence for the HMICFRS on a business as usual basis, rather than as an extra burden. While we develop an understanding of the inspection process and monitor the experience and effect on other Services we will revisit the resourcing needs. We have identified that preparations for aspects of the new Public Safety Plan (PSP) due in 2020 need to be closely aligned with preparations for the HMICFRS. This is reflected in the Public Safety Plan 2020-2025.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background</p> <p>Background Chapter four of the Policing and Crime Act 2017 established the legal framework for the inspection of English Fire and Rescue Services. Wales and Scotland have their own mechanisms for assuring Services. The Home Office subsequently awarded a contract to Her Majesty's Inspectorate of Constabulary and consequently they changed their name to Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services.</p> <p>Our preparation plans together with our response to HMICFRS' consultation on the inspection methodology was presented to, and considered at, the 14 February 2018 Fire Authority meeting (see pages 131 – 162):</p> <p>https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/</p> <p>14 November 2018 O & A preparation update (see pages 185-192):</p> <p>https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_141118-min.pdf/</p> <p>13 February 2019 – Fire Authority preparation update (see pages 155-244):</p> <p>https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/</p> <p>23 January 2020 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Inspection Findings Report: https://bucksfire.gov.uk/documents/2020/03/230120_item_7_hmicfrs_cover_report_23012020_appendix</p>

	<p>-min.pdf/</p> <p>12 February 2020 - HMICFRS Inspection Findings Report – Action Plan:</p> <p>https://bucksfire.gov.uk/documents/2020/03/120220_item12_hmicfrs_inspection_findings.pdf/</p> <p>22 July 2020- Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update</p> <p>https://bucksfire.gov.uk/documents/2020/07/item-18-hmicfrs-bfrs-inspection-improvement-plan.pdf/</p>
APPENDICES	BFRS Inspection Improvement Plan
TIME REQUIRED	15 minutes
REPORT ORIGINATOR AND CONTACT	<p>David Norris – Deputy Chief Fire Officer</p> <p>01296 744627</p> <p>dnorris@bucksfire.gov.uk</p>



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

Report Reference	Inspection Pillar	HMICFRS inspection report item	Improvement Activity	R/A/G
Page 11	Prevention – Area for improvement	The service should evaluate its prevention work, so it understands the benefits better.	<p>An evaluation of the prevention activity commenced in July 2020. The evaluation uses a diagnostic methodology developed from academic research and with colleagues from Manchester University. The approach uses the Viable Systems Methodology, which has been adapted for the Services purposes and forms the basis of the evaluative approach.</p> <p>The evaluation has been separated into work-stream to enable a more focussed and pragmatic approach to the evaluation. The first phases include fire and wellness checks (linked to the item above, youth engagement and safeguarding.)</p>	
Page 11	Prevention - Area for improvement	The service should understand the reasons for its reducing number of prevention visits and consider how it can better target those who are most at risk to fire.	<p>An increased shift to referral led prevention visits has been implemented from April 2019 to utilise service resources more effectively. Administration teams that are responsible for screening and booking in Fire and wellness visits, have previously been under established, affecting the ability to book in visits. A recruitment campaign has been undertaken and will soon see the three administration teams back to full establishment.</p> <p>Specific roles have been identified & funding has been agreed by the Authority to establish a number of new Prevention posts, which will help to oversee and deliver F & W visits, to address the volume of prevention visits in identified areas of increased risk, including to deliver a program of high-rise intervention and engagement</p>	



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

			with specialised housing. Intervention post incident, is being reinvigorated through a revised procedure supported by processes which enable this activity to be recorded in PRMS.	
Page 14	Protection - Area for improvement	The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme.	Several recruitment campaigns have been undertaken to fill posts that have become vacant following resignations and also to fill newly created apprentice fire safety roles, approved 2019/20 by the FA. Training is currently underway of these new staff members. This year 2020/21, the FA have approved four further fire safety posts, which will be utilised to increase capacity of existing inspecting officers, through the creation of lead teams in specialist areas, such as: Enforcement and prosecution, Specialised Housing and High Risk Residential Buildings (HRRB).	
Page 14	Protection - Area for improvement	The service should review its response to false alarms to ensure operational resources are used effectively (termed 'unwanted fire signals').	An evaluation of the policy on Automatic Fire Alarms commenced in July 2020, as part of a collaborative project with Oxfordshire and Royal Berkshire fire and rescue services. The evaluation uses a diagnostic methodology developed from academic research and with colleagues from Manchester University. The approach uses a methodology, which has been adapted for the Services purposes and forms the basis of the evaluative approach.	
Page 14	Protection - Area for improvement	The service should ensure it works with local businesses and large organisations to share information	Capacity to deliver proactive engagement activity has been limited due to vacancies in an already small protection department. These posts have now been	



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

		and expectations on compliance with fire safety regulations.	<p>filled and training up to Level 4 Diploma is currently underway.</p> <p>The creation of additional posts will enable the increased capacity to focus work on targeted engagement of lower risk premises that may not be included within a refreshed Risk Based Inspection Programme (RBIP).</p>	
Page 16	Response – Area for Improvement	The service should ensure it has a sustainable system to provide its operational response model.	<p>Following a review of the Resourcing Model, the Service has commenced work to improve further availability of appliances and disposition of staff. The introduction of new staff contracts has led to a better employment proposition for staff, which in turn provides resilience and opportunity.</p> <p>Total staffing numbers remain low, and the review has identified a range of areas in which efficiency can be improved. These efficiencies will be supported by the introduction of 20 additional firefighters to the establishment following a recent successful growth bids.</p> <p>The Service has clear plans for the recruitment and introduction of these new staff, which will have a significant and positive impact to appliance availability, and corresponding reduction in the use of Bank Shifts over the next two years.</p>	
Page 16	Response – Area for Improvement	The service should improve the availability of its on-call fire engines to respond to incidents.	<p>A new revised approach to On-Call awareness sessions has been created and delivered online (virtual) on three occasions now. This has seen an increase in new applications.</p> <p>A new On-Call Contract was introduced in 2018 which</p>	



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

			<p>created four options of availability. This ranged from immediate response through 20mins, 60mins and 3 hour response to mobilising.</p> <p>A new resource management system (FSR - Fire Service Rota) was introduced and the resilience availability options are being developed into the system. The strategic resourcing model requires only three appliances with up to 10 minute availability and this has been a focus on the stations that require priority On Call recruitment. All of this in line with the budgeted requirements for this crewing system</p>	
Page 23	Efficiency – Recommendation	Ensure it has the capacity and capability to support its activity in its public safety plan;	<p>Officers adopted a zero-based budget approach when developing the budget proposal for 2020/21. This approach has been developed alongside the new Public Safety Plan and feedback from our recent inspection report from HMICFRS. Although our report noted that the inspectorate “would like to see improvements in the year ahead, but without increased funding, it is difficult to see where progress can be made” the zero-based budget approach has identified some key opportunities within the current budgetary constraints:</p> <ul style="list-style-type: none"> • Increasing the wholetime establishment by up to 20 firefighters in 2020/21, with the potential to increase by a further 10 in the following year (depending on the outcome of the comprehensive spending review) • Increasing the Protection Team by 4 FTEs and introducing a Team Leader role and two further FTEs into the Prevention Team. • Introducing a Head of Technology, Transformation and Programme Management 	



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

			Office (PMO) to manage the actions required following our inspection report.	
Page 23	Efficiency – Recommendation	Consult with the people of Buckinghamshire and Milton Keynes on options to have the most effective and efficient response against the financial environment in which it operates.	<p>The 2020-2025 Public Safety Plan (PSP) was approved for public consultation at the Authority's 18 September 2019 meeting. The consultation was open for an eight-week period from 23 September to 18 November 2019.</p> <p>Officers will proceed with the further development of the strategy proposals set out in the PSP having regard to the consultation feedback as they are progressed and to undertake further consultations with stakeholders potentially affected by any specific changes arising from their implementation.</p>	
Page 25	Efficiency – Area for Improvement	The service should use sound financial management to ensure all additional costs such as pension liability are accounted for and that there is a contingency plan.	<p>The zero-based budgeting approach adopted for 2020/21 reviewed all costs to ensure that the right amount of money is being spent in the right places.</p> <p>The Medium Term Financial Plan (MTFP) for 2020/21 to 2024/25 shows two scenarios, one with the continuation of the pension grant funding and the other showing the impact if it were to cease after 2020/21.</p> <p>Following approval of the PSP a Financial Strategy has now been developed, which will be considered by the Executive Committee in November 2020 with a recommendation that it should be referred to the Fire Authority for approval in December 2020. This Strategy includes the development of alternative scenarios and contingency plans and further addresses the two</p>	



OVERVIEW AND AUDIT COMMITTEE NOVEMBER 2020

			Efficiency recommendations shown above.	
Page 31	People –Area for Improvement	The service should put in place an achievable succession plan, for the whole organisation.	Implementation of a pan-organisation succession plan which undertakes regular systematic and rigorous Strategic Workforce and Succession Planning processes, incorporating Public Safety requirements	
Page 33	People – Area for Improvement	The service should plan to be more ambitious in its efforts to attract a more diverse workforce which better reflects the community it serves.	Attendance at Career Fairs at Colleges, Schools, MK Stadium etc. Have a go days for Females, BAME groups. Review of the People Strategy portal to ensure the Equality, Diversity and Inclusion (EDI) message is consistent. Workforce Reform project as part of the Thames Valley Collaboration agenda established. Re-established Equality, Diversity and Inclusion (EDI) group to work on initiatives to attract a more diverse workforce.	
Page 34	People – Area for Improvement	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	Our talent management programme, continues to ensure replenished development pools at each level, resulting in staff with the required skills to fulfil the roles when needed. A pilot scheme to identify and develop future senior leaders was successfully employed to recruit an interim replacement for a Head of Service position. This pilot is being validated later this year with a senior management assessment and development centre. This approach will continue to futureproof the Service and minimise the potential impact on its workforce, ensuring the operational commitment can be maintained.	

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Treasury Management Performance 2020/21 – Quarter 2
EXECUTIVE SUMMARY	<p>This report is being presented to provide the treasury investment position as at the end of 2020/21. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for first half 2020/21 is £72k, which is £3k lower than the budget for the period.</p>
ACTION	Noting.
RECOMMENDATIONS	That the Treasury Management Performance 2020/21 report be noted.
RISK MANAGEMENT	<p>Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors.</p> <p>The Director of Finance and Assets will act in accordance with the Authority's policy statement; Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.</p> <p>The risk of counterparty failure is monitored on the directorate level risk register within Finance and Assets.</p> <p>There are no direct staffing implications.</p>
FINANCIAL IMPLICATIONS	The budget for 2020/21 relating to interest earned on balances invested is £150k. Performance against the budget is included within Appendix A.
LEGAL IMPLICATIONS	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Finance and Accounting) (England) Regulations 2003 [SI 3146] to

	have regard to any prevailing CIPFA Treasury Management Code of Practice
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	See Financial Implications.
PROVENANCE SECTION & BACKGROUND PAPERS	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/
APPENDICES	Appendix A – Treasury Management Performance 2020/21 – Quarter 1
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Linda Blunt lblunt@bucksfire.gov.uk 01296 744404

Appendix A – Treasury Management Performance 2020/21

Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. Since the treasury management function has been managed in-house, the Authority has achieved investment returns of £1.156m between 2013/14 and 2019/20. This is in comparison to the returns of £0.550m the Authority would have earned through BCC and the SLA for the same period.

This report highlights the performance to date of the in-house treasury management function for 2020/21.

Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Link. This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider that have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 30 June 2020 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank	1,500
Close Brothers	4,000
West Bromwich Building Society	2,000
Newcastle Building Society	2,000
Santander	2,000
Nottingham Building Society	1,000
Thurrock Borough Council	1,000
CCLA Money Market Fund	1,001
Aberdeen Money Market Fund	1001
Lloyds Bank (Current Accounts)	592
Total	16,094

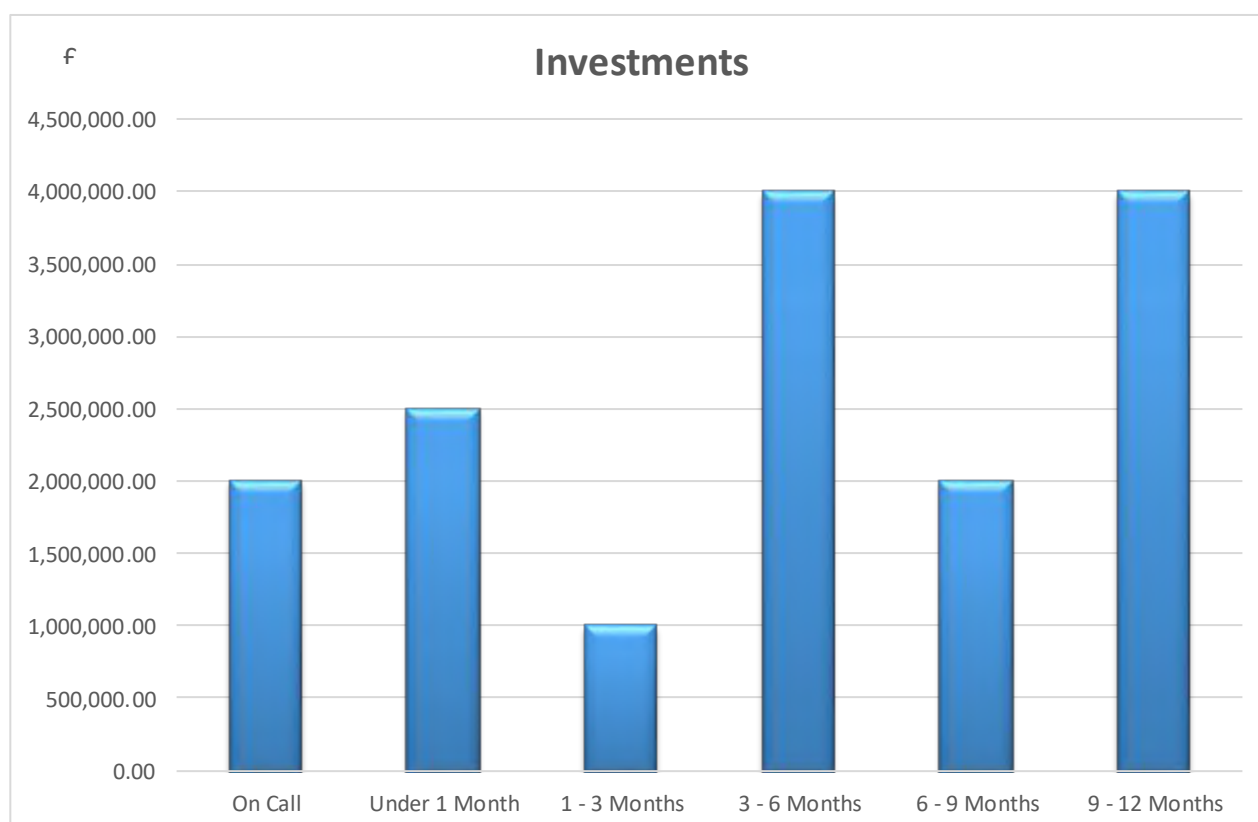
During No counterparty limits were breached during the 2020/21 financial year.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During Quarter 2 Link made no relevant changes to the counterparty listing.

Liquidity

Investments

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

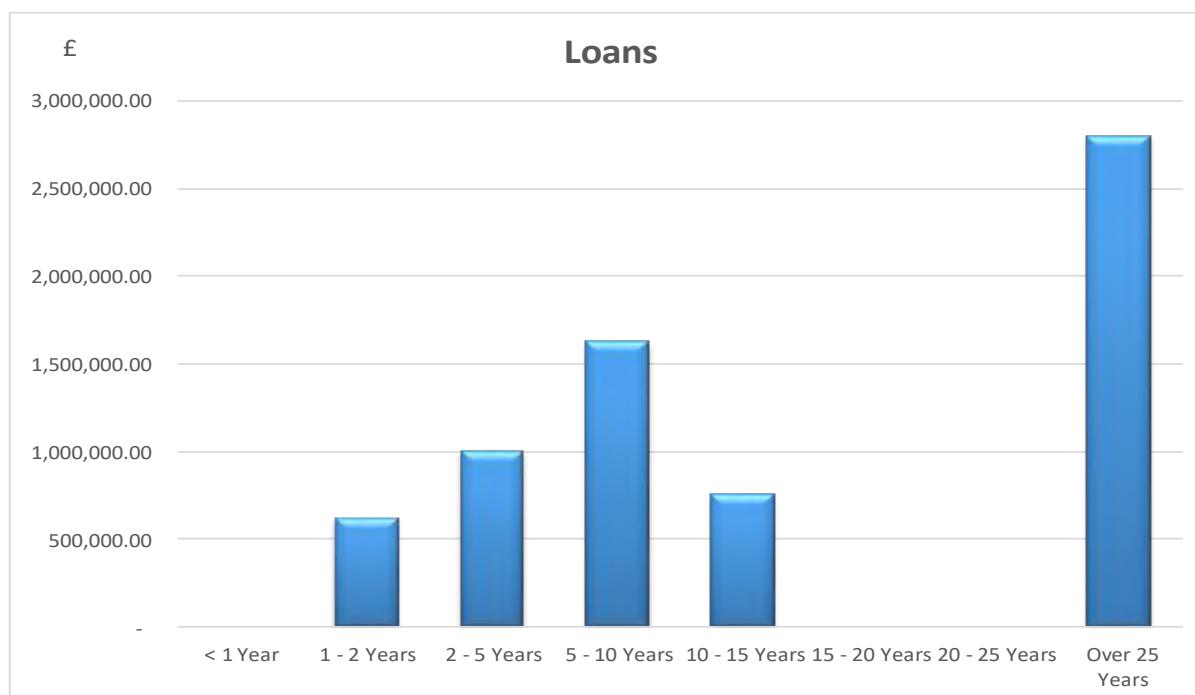


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which the Authority have made provisions within the Statement of Accounts, the balances are invested as short fixed-term deposits.

There are five investments currently falling in the 1-3 and 3-6 month periods. These mature one each month for the next five months and were all originally invested for different terms and will be re-invested for varying terms upon maturity in order to maintain liquidity and meet future commitments. The Authority continues to hold Money Market Funds to help improve the liquidity of the Authority's balances. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

Borrowing

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



The total borrowing outstanding as at 30 September 2020 is £6.797m. No further debt repayment is due until May 2022. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash accumulated by setting aside the appropriate minimum revenue provision (MRP) to settle the outstanding liability. At the Fire Authority meeting in February 2020, the Authority approved an increase in the Authorised Limit by £2m with immediate effect in-case short-term borrowing is required to effectively manage cashflow. This additional borrowing headroom was not utilised, primarily due to the receipt of £2m from South Central Ambulance Service for their contribution towards the Blue Light Hub.

Investment Yield

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

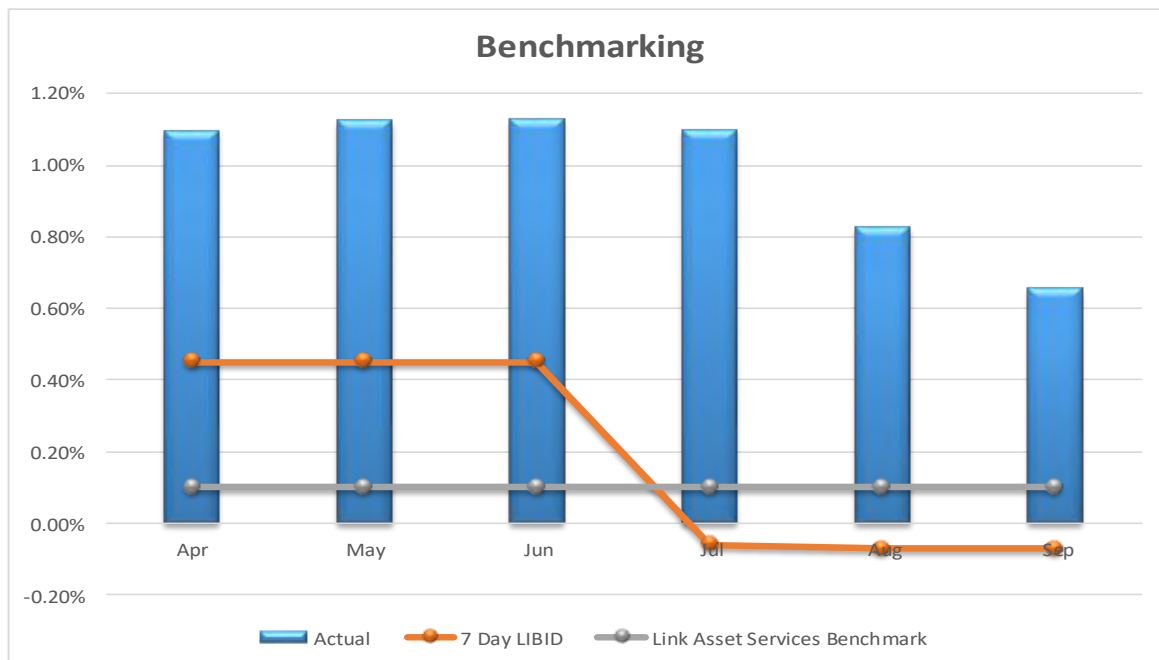
Performance Against Budget

The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target for 2020/21 is £150k. This has not increased for 2020/21 due to the continuing spend on the Blue Light Hub at West Ashlands, Milton Keynes. It is expected that there will be less funds available for investments, hence the potential to realise greater interest is diminished. The accrued interest earned as at 30 September 2020 is £72k against the planned budget of £75k for the first half of the year, this is an under achievement of £3k. It should be noted that £6.5k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS of £551k, achieving £13k interest for the current year.

Performance Against the Benchmark

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Link benchmark – this is the indicative rate that Link advised the Authority should be looking to achieve for 2020/21 at the start of the year
- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:



The Authority has out-performed both benchmark figures for the first half of the year. This is predominantly due to the Authority investing for longer durations with Local Authorities and other counterparties in the previous year.

It must also be noted that the level of funds available for investment have reduced as a result of the reduction in reserves. The Authority will continue to re-invest any surplus funds with varying maturity dates to ensure the Authority makes a return on investments and has sufficient liquidity to cover the day to day expenditure.

The coronavirus pandemic has had a significant impact on the global economic landscape. As a result, In March 2020, the Bank of England have made 2 unprecedented emergency interest rate cuts bringing the base rate to a record low of 0.10%. The full impact of the pandemic will not be known for quite some time but is having a major impact on the money markets and the world economy in general, which will take a considerable time to recover. The direct impact on the Authority will be interest rates on current accounts, money market funds and investments. For the first time in number of years the Authority has not met the quarterly budget target and this is a direct impact of the unprecedentedly low interest rates due to the coronavirus pandemic. This will certainly continue for the remainder of the financial year and into next financial year. For the current financial year, the Authority is forecasting to achieve £100k in interest receivables.

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	Draft Audit Results Report 2019/20
EXECUTIVE SUMMARY	This report summarises the findings from the 2019/20 audit. It includes messages arising from the audit of the Authority's financial statements and the results of the work on how the Authority secures value for money in its use of resources.
ACTION	Noting.
RECOMMENDATIONS	That the content of the report be noted.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	The Audit Results Report concludes that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
PROVENANCE SECTION & BACKGROUND PAPERS	None.

APPENDICES	Annex A: Draft Audit Results Report 2019-20
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

Annex A

Buckinghamshire and Milton Keynes Fire and Rescue Authority Audit results report

Year ended 31 March 2021

8 October 2020



Private and Confidential

8th October 2020

Dear Overview and Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Overview and Audit Committee.

We have substantially completed our audit of Buckinghamshire & Milton Keynes Fire Authority for the year ended 31 March 2020.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form that appears in section 4. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Overview and Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Overview and Audit Committee meeting on 10th November 2020.

Yours faithfully

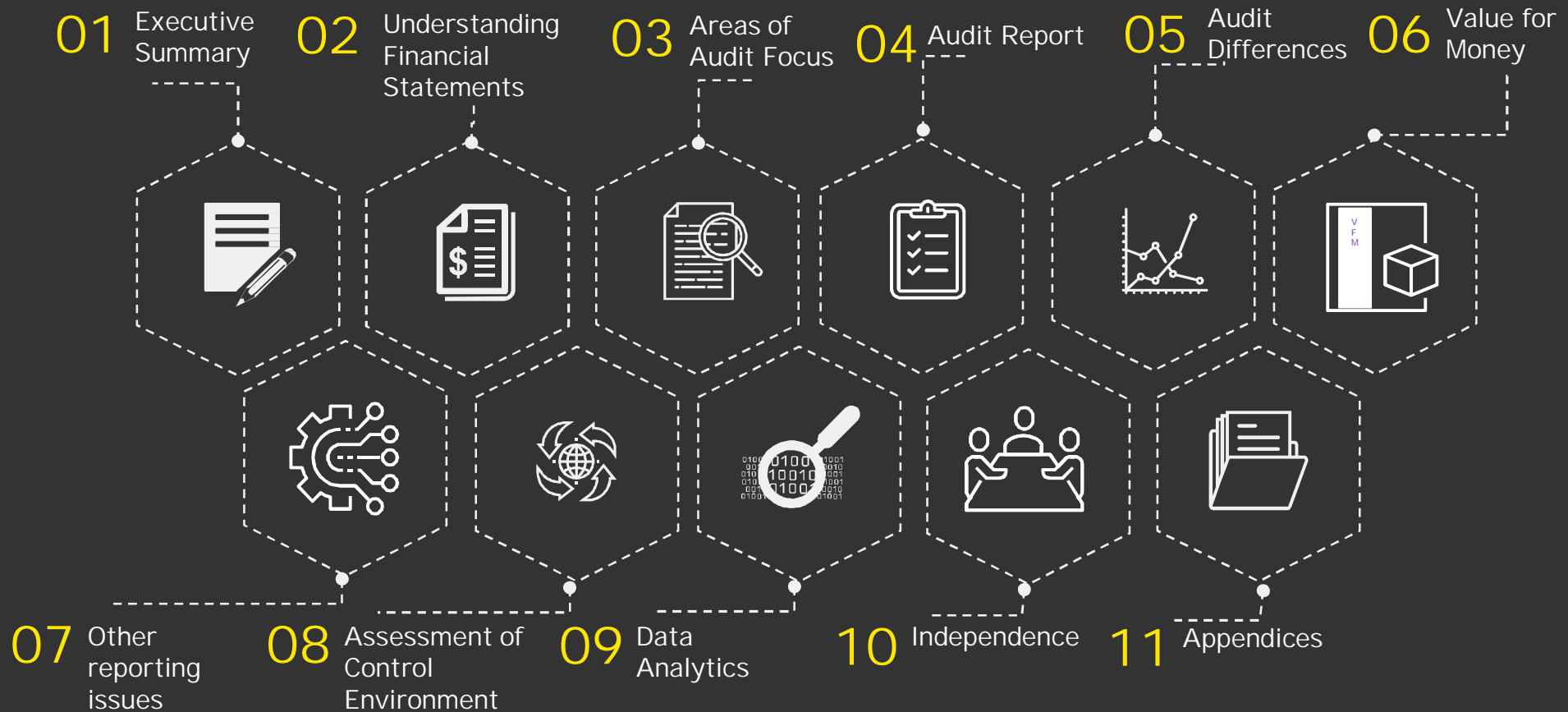
Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary



Executive Summary

Scope update

In our audit planning report tabled at the 11 March 2020 Overview and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes in Materiality

- We updated our planning materiality assessment using the draft accounts. Our materiality measure was in relation to gross expenditure on provision of services, we have updated our overall materiality assessment to £884k (Audit Planning Report – £1.07m). This results in updated performance materiality, at 75% of overall materiality, of £663k (£805k), and an updated threshold for reporting misstatements of £44k (£54k).
- We also updated our materiality in respect of the Firefighters' Pension Fund Accounts. Based on our materiality measure using Benefits Payable, we have updated our overall materiality assessment to £174k (Audit Planning Report – £195k). This results in updated performance materiality, at 75% of overall materiality, of £130k (£146k), and an updated threshold for reporting misstatements of £8.6k (£9.7k).

Changes to our risk assessment as a result of Covid-19

- Valuation of Property Plant and Equipment - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer may give rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- Disclosures on Going Concern – Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Local Authority's actual year end financial position and performance.
- Adoption of IFRS16 – The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.



Executive Summary

Scope update

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. We have set out the impact on our audit fee on page 42.



Executive Summary

Status of the audit

We have substantially completed our audit of Buckinghamshire & Milton Keynes Fire Authority's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4. However until work is complete, further amendments may arise:

- IAS19 procedures on the pension disclosures – We are still waiting for the following:
 - Response from the pension fund auditor whose audits are currently underway.
 - EY review of the PWC report on the actuary.
- PPE valuations work
- Covid-19 impact on going concern.
- Review of the final version of the financial statements.
- Completion of subsequent events review.
- Receipt of the signed management representation letter
- Final associate partner review of the audit work.
- Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

We expect to issue the audit certificate at the same time as the audit opinion.

Audit differences

There are no unadjusted or adjusted audit differences arising from our audit to date, but audit work at the time of writing is still ongoing.



Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Buckinghamshire & Milton Keynes Fire Authority's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit Focus" section of this report.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure

We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and the inappropriate capitalisation of revenue.

Audit findings and conclusions : Significant risk - Valuation of land and buildings

Work in this area is still ongoing at the time of writing this report.

Audit findings and conclusions : Area of audit focus – Pension liability valuation.

Work in this area is still ongoing at the time of writing this report.

Audit findings and conclusions : Area of audit focus - Going concern

Work in this area is still ongoing at the time of writing this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Overview and Audit Committee.



Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified a significant risk in respect of the decision making arrangements associated with the Blue Light Hub. We consider the results of our work and conclusions more fully in Section 6 of this Report.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have still to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.

We have no other matters to report.

Independence

Please refer to Section 10 for our update on Independence.



02

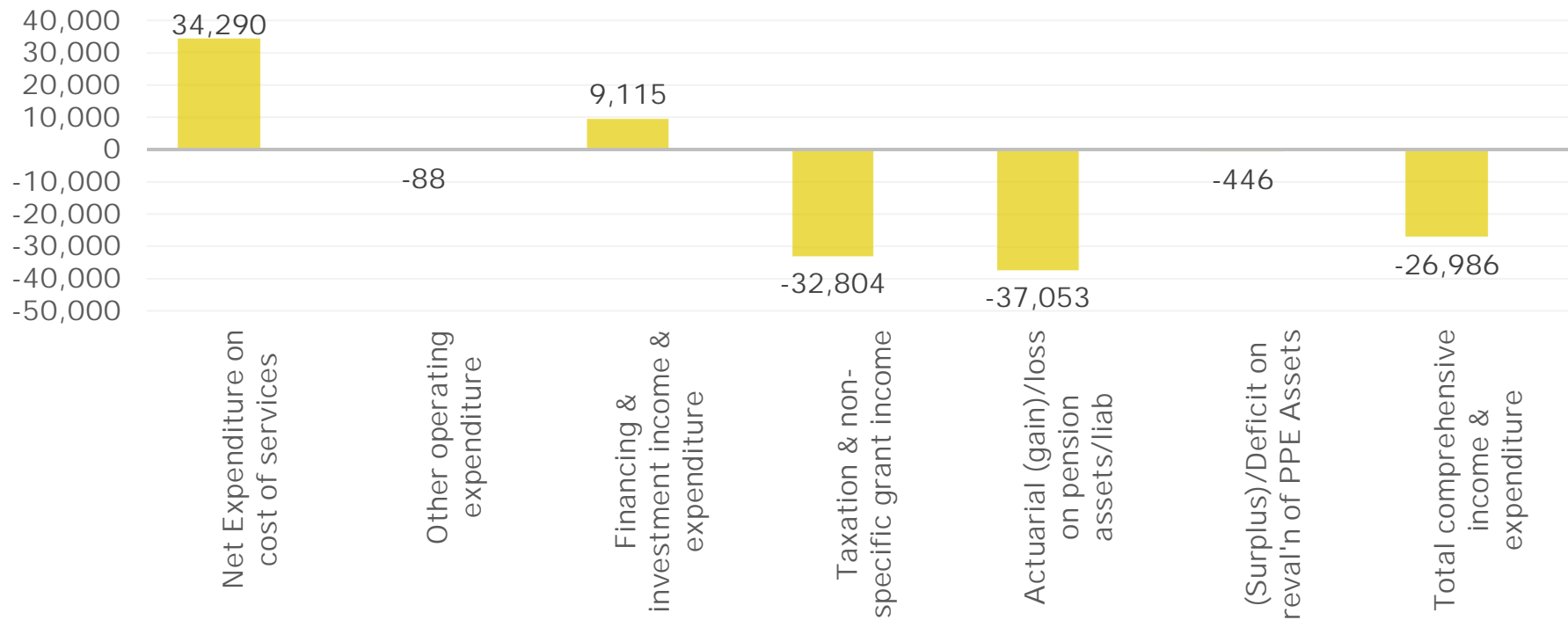
Understanding Financial Statements



Understanding Financial Statements

Key components of net expenditure

The provision of services for the year ended 31 March 2020 was £10,513k deficit, a decrease in deficit of £11,245k from the prior year. During the year there were no significant events that impacted the underlying financial position of the Authority. The following provides an overview of the material items:



Our audit procedures consider the nature of the Authority's results including the impact of non-recurring and recurring items where the size is variable although judgmental. Such an assessment provides a useful insight into the underlying net expenditure and outturn.



03 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

As part of our work we focused the key judgemental areas of financial statements, such as estimates, journals and unusual transactions.

What did we do?

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding.

We have:

- Reviewed key estimates made by management and the reasonableness of these;
- Reviewed the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of the financial statements;
- Reviewed the transactions in the financial statements for evidence of any significant unusual transactions.

What are our conclusions?

We have not identified any instances of inappropriate judgements being applied.

We have not identified any material weaknesses in controls over journals or evidence of material management override.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business





Areas of Audit Focus

Significant risk

Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this.

From our risk assessment, we have assessed that the risk could manifest itself through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.

Capitalised revenue expenditure can be funded through borrowing with only minimal MRP charges recorded in the general fund, deferring the expenditure for 30+ years when the borrowing is repaid.

What judgements are we focused on?

We focus on whether expenditure is properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.

For 2019/20, PPE additions totalled £7,579k. We will consider whether this figure is complete, the asset is in existence and whether the asset has been valued correctly in the statement of accounts.

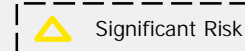
What did we do?

We have:

- ▶ Tested PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature; and
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

Our testing has not identified any material misstatements from inappropriate capitalisation of revenue expenditure.





Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

We identified the valuation of land and buildings as an area of audit focus in our Provisional Audit Results Report discussed at the Overview and Audit Committee on 22 July 2020. The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What judgements are we focused on?

The value of property, plant and equipment was £34m in 2018/19 and is now being reported at £33m for 2019/20.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Following the Covid-19 outbreak in March 2020, there is potential for significant impact on the estimations and assumptions applied to asset valuations with qualified valuers reporting 'material uncertainty' within valuation reports.

This impacts, in particular, on PPE valued at fair value due to the uncertainty over the future of rental income and predicted yields.

What did we do?

We have:

- Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries to ensure they have been correctly processed in the financial statements.
- Reviewed the Authority's assessment of valuations carried out to assess the material accuracy of the values reported as at the 31/03/2020;
- Assessed the Authority's asset base by type of asset and valuation methodology, as the impact of Covid-19 on valuations is likely to be more significant for assets valued at fair value on the basis of data from market transactions; and
- Ensured the appropriate disclosure has been made in the accounts concerning any material uncertainty relating to year end valuations.

What are our conclusions?

Work in this area has not yet been completed at the time of writing this report.

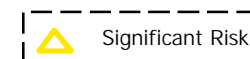
We have been able to:

- Consider the work performed by the Authority's valuers;
- Consider changes to useful economic lives as a result of the most recent valuation;
- Test accounting entries to ensure they have been correctly processed in the financial statements.
- Review the Authority's assessment of valuations carried out to assess the material accuracy of the values reported as at the 31/03/2020;
- Assess the Authority's asset base by type of asset and valuation methodology,

We have not yet;

- Sample tested key asset information used by the valuers in performing their valuation,

Ensured the appropriate disclosure has been made in the accounts concerning any material uncertainty relating to year end valuations.





Areas of Audit Focus

Other areas of audit focus

Pension liability valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Buckinghamshire County Council.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2019 this totalled £297 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to Buckinghamshire County Council and also the Firefighters Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

We have:

- Liaised with the auditors of Buckinghamshire County Council, to obtain assurances over the information supplied to the actuary in relation to Buckinghamshire and Milton Keynes Fire Authority;
- Assessed the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Barnet Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

What are our conclusions?

We have completed the pension liability valuation work as far as we can, at the time of writing this report we are still waiting to hear from the pension fund auditors.

We have found no issues to date.



Areas of Audit Focus

Going concern

Going concern disclosures (higher inherent risk)

What is the risk?

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19. This results in significant judgement to conclude whether events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. This judgement will determine the appropriate disclosures to be made in the financial statements, which will be reflected in the audit report.

What is the risk/area of focus?

There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: *Audit of financial statements of public sector bodies in the United Kingdom*, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Authority's assessment will also need to cover this period.



Areas of Audit Focus

Going concern (continued)

What did we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of future government support, we sought a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We reviewed the going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We considered whether the necessary disclosures had been included regarding any material uncertainties that do exist.

We considered whether these disclosures also included details of the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these included consideration of:

- Current and developing environment;
- Liquidity (operational and funding);
- Mitigating factors;
- Management information and forecasting;
- Sensitivities and stress testing; and
- Challenge of management's assessment, by thorough testing of the supporting evidence and consideration of the risk of management bias.

What are our conclusions?

At the time of writing this report work is still ongoing in this area. We have reviewed the disclosures and supporting assessment, and we are now going through our professional consultation process to confirm whether or not we intend to issue an EOM.



04 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements (draft)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement and the related notes 1 to 31.
- and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 19, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which the Authority's financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the [name of body] had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Buckinghamshire and Milton Keynes Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

Certificate

We certify that we have completed the audit of the accounts of Buckinghamshire and Milton Keynes Fire Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Buckinghamshire and Milton Keynes Fire Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Harris (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
November 2020



05 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight misstatements greater than £44k for the main accounts and £8.6k for the pension fund which have been corrected by management that were identified during the course of our audit.

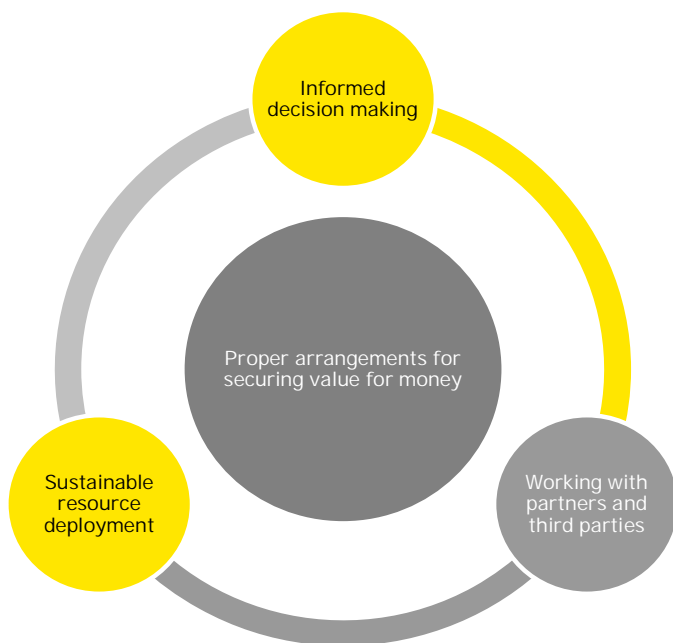
To date, there are no misstatements that need to be brought to the Overview and Audit Committee’s attention, a few errors were identified in the disclosure notes that were corrected.

Summary of unadjusted differences

There are no uncorrected misstatements to date.



06 Value for Money



Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

Overall conclusion

We identified a significant risk around these arrangements. The tables below present our findings in response to the risks in our Audit Planning Report.

We therefore had no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What did we do?
<p>Decision making arrangements associated with the Blue Light Hub.</p> <p>This is a complex project in size and scale for the size of the Authority, involving multiple partners. This also involves reliance on third parties for both advice on the project and the building of it.</p> <p>The value for money risk is that the project is not managed efficiently, the Authority receives poor advice and the project overruns both in terms of time and money.</p>	<ul style="list-style-type: none">• Take informed decisions• Work with partners and other third parties	<p>We have:</p> <ul style="list-style-type: none">• Reviewed the quality of the information provided to Members and Officers when taking decisions in relation to the Blue Light Hub.• Looked at the nature and consideration of advice taken by the Authority, including legal and financial advice.• Reviewed the extent to which the Authority has identified, considered, and mitigated the risks around the key decisions in the project.• Checked the adequacy of the processes established by the Authority to review and monitor delivery of the Blue Light Hub in accordance with the timetable set.

What are our findings?

We found that the actions that had been taken supported the view that the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.



07 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet been provided with the scope of work by the NAO, however, we expect it to be consistent with prior years. As the authority is below the expected threshold of £500m, we expect to have no issues to raise.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. There are no issues to report.



08

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

Reliance on internal audit

We have reviewed Internal Audit reports issued to management during the period to 31 March 2020 to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.



09 Data Analytics



Use of Data Analytics in the Audit

► Data analytics

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the Authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



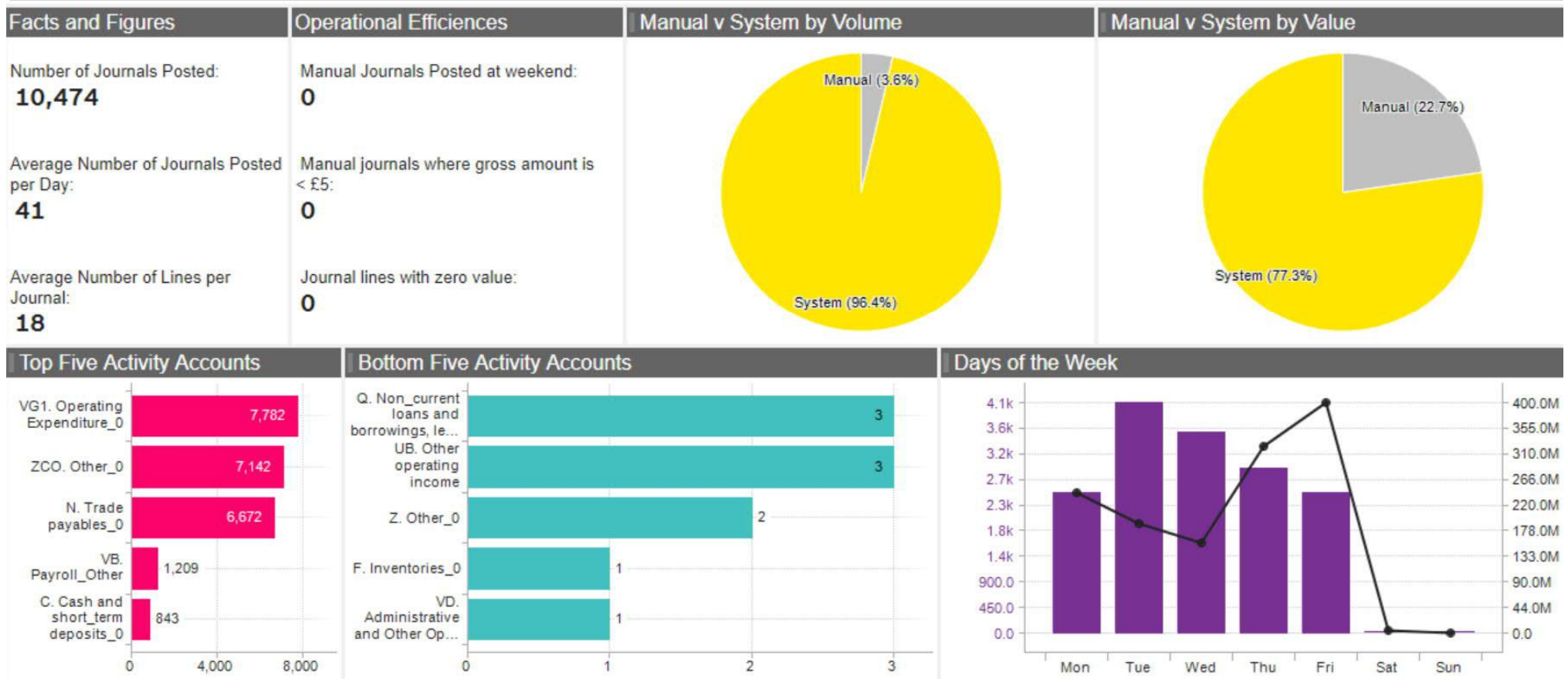
Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples. We can share this information with management to provide additional insight and value from our audit procedures.

EY Helix - GLASS: Journal Entry Data Insights - 20 Buckinghamshire & Milton Keynes Fire Authority -





Journal Entry Testing

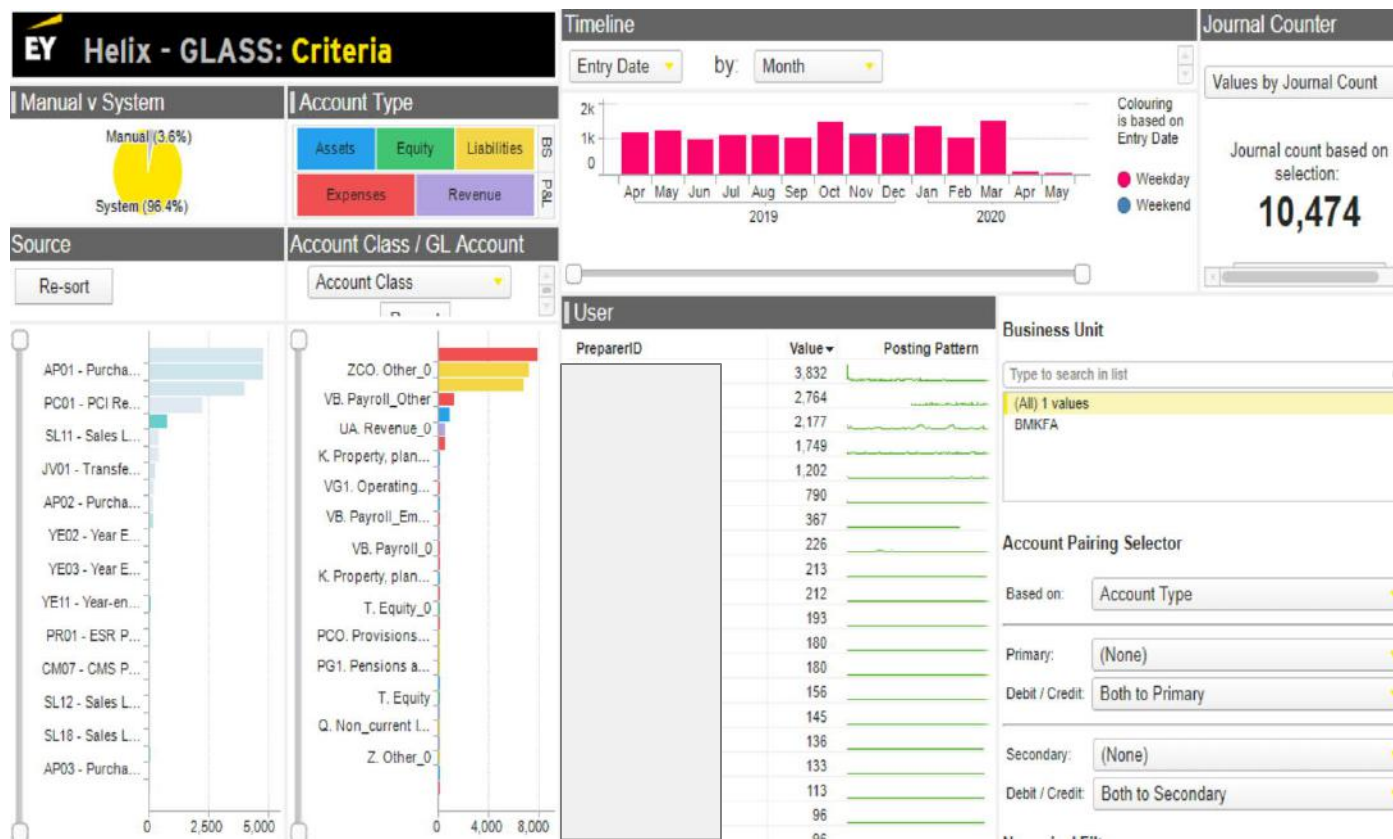
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – 31 March 2020

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



10

Independence

Independence

Confirmation

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Planning Report dated February 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Overview and Audit Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Overview and Audit Committee on 11 November 2020.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Page 42 includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Overview and Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Overview and Audit Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales. We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf

Fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2020.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements. We have complied with Auditor Guidance Note 1 issued by the NAO.

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work. A breakdown of our fees is shown below.

	Planned fee 2019/20	Final Fee 2018/19
	£'s	£'s
Current Scale Fee – Code work	24,162	24,162
Increase in scale fee/scale fee variation	Note 1 & 2	2,130
Total fees (excl. VAT)	TBC	26,292

As reporting in our Audit Plan, the agreed fee presented is based on a number assumptions which include the timing of agreed deliverables being met; unqualified financial statement opinion and VfM conclusion; and quality documentation being provided and controls being effective.

If any of these assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance before submission to the PSAA for approval.

For 2019/20, the scale fee will be impacted by a range of factors (see following pages) which will result in additional work. We will continue to discuss the impact of these factors with management and the impact on the final fee.

These factors were also reported in a national letter issued by EY to Chief Financial Officers and Chair of Audit Committees in February 2020. The External Audit engagement lead has had a discussion with the Authority's Chief Financial Officer on the implications of these factors on our assessment of your baseline fee to deliver a sustainable high-quality external audit.

Our assessment is that the scale fee for Buckinghamshire & Milton Keynes Fire Authority should be increased from £24,162 to £46,358 based on an expected number of 943 hours at mixed grades. This assessment is before considering the implications of COVID-19 on our audit procedures.

Note 1 – The proposed increase to the scale fee to £46,358 reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority (£12,000) as well as the changes and incremental increase in regulatory standards (£9,000). We have also adjusted the baseline fee to reflect our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers (£1,196). The proposed increase in the baseline fee is relatively consistent with other Fire and Rescue Authorities of a similar size, risk profile and complexity that EY audits.

Note 2 – The impact of Covid-19 on the audit and VfM conclusion will also impact the work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and where we propose a variation to the Authority's scale fee.

On both points, we will continue to discuss and share with the Chief Financial Officer our assessment of the audit fees required to safeguard audit quality and our professional standards. We will also report our proposed final position in the Audit Results Report to the Overview and Audit Committee.

We intend to report to PSAA at this stage our assessment of the changes required to the baseline fee from £24,162 to £46,358. In doing so, we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.

Fees (continued)

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity.

Summary of key factors

1. Status of sector. Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. Audit of estimates. There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. Regulatory environment. Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.



Fees (continued)

Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

Next steps

- In light of recent communication from PSAA, we have quantified the impact on page 40 of the above to be able to accurately re-assess what the baseline fee is for the Authority should be in the current environment.





11 Appendices

Appendix A

Required communications with the Overview and Audit Committee

There are certain communications that we must provide to the Overview and Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

Our Reporting to you		
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Overview and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report, presented at the Overview and Audit Committee on 11 March 2020.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report, presented at the Overview and Audit Committee on 11 March 2020.
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020.
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020.
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Overview and Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Request for Overview and Audit Committee to approve the letter of representation from management at the Overview and Audit Committee meeting on 11 November 2020.
Fraud	<ul style="list-style-type: none"> • Enquiries of the Overview and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Overview and Audit Committee responsibility. 	<p>Enquiries by letter to the Chair of the Overview and Audit Committee dated 8 April 2020.</p> <p>We have no matters to report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	<p>Audit results report, presented at the Overview and Audit Committee on 11 November 2020.</p> <p>We have no matters to report.</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Initial reporting in the Audit Planning Report presented at the Overview and Audit Committee 11 March 2020.</p> <p>Confirmation in the Audit Results Report presented at the Overview and Audit Committee 11 November 2020.</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>Audit results report, presented at the Overview and Audit Committee on 11 November 2020.</p> <p>We have no matters to report.</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Overview and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Overview and Audit Committee may be aware of 	<p>Audit results report, presented at the Overview and Audit Committee on 11 November 2020.</p> <p>We have no matters to report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020. We have no matters to report.
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Request for Overview and Audit Committee to approve the letter of representation from management at the Overview and Audit Committee meeting on 11 November 2020.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020. We have no matters to report.
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report, presented at the Overview and Audit Committee on 11 November 2020.
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Initial reporting in the Audit Planning Report presented at the Overview and Audit Committee 11 March 2020. Confirmation in the Audit Results Report presented at the Overview and Audit Committee 11 November 2020.

Appendix B

Management representation letter

Management Rep Letter

Ernst & Young
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Dear Neil,

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2020

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Buckinghamshire and Milton Keynes Fire Authority as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with [CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20].

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20].
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

Management representation letter

Management Rep Letter (continued)

3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority’s financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority’s activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: 16 September 2020 .

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From 20 November 2019 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

Management representation letter

Management Rep Letter (continued)

E. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Going Concern

The Statement of Accounting Policies in the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the fair value of property, plant and equipment and the IAS19 actuarial valuations of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Pension Liability and PPE Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 .
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic on the pension liability and PPE and are made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.



Appendix B

Management representation letter

Management Rep Letter (continued)

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Director of Finance and Chief Financial Officer



Chairman of the Overview and Audit Committee

Appendix C

Accounting and regulatory update

Future accounting developments



Since the date of our last report to the Overview and Audit Committee/Board, there have been a number of exposure drafts, discussion papers and other projects issues. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Buckinghamshire & Milton Keynes Fire Authority 
IFRS 16	<ul style="list-style-type: none">The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20.	<ul style="list-style-type: none">Effective for the 2021/22 financial statements.

Appendix C

Regulatory update

Since the date of our last report to the Overview and Audit Committee, there have been a number of regulatory developments. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Buckinghamshire and Milton Keynes Fire Authority 
Code of Audit Practice 2020	<ul style="list-style-type: none"> The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21. 	<ul style="list-style-type: none"> The NAO are currently updating the Auditor Guidance Notes which will set out how the new Code of Audit Practice should be applied when carrying out value for money work. As such, the impact remains to be confirmed. Further updates will be provided when possible.
Going Concern - ISA (UK) 570 (Revised September 2019)	<ul style="list-style-type: none"> The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY expects to early-adopt the revised standard for all of our audits of periods ending on or after 30 June 2020. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. 	<ul style="list-style-type: none"> Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. Further updates will be provided when possible.
Independence	<ul style="list-style-type: none"> The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to companies that are UK Public Interest Entities (PIEs). This prohibition will also extend to any UK parent and apply to all worldwide subsidiaries. A narrow list of permitted services will continue to be allowed. 	<ul style="list-style-type: none"> We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales. To date we have identified the following non-audit services being provided to [X] its UK parent [x], its subsidiaries and material associates which would be prohibited under the new standard.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	Letter of Management Representation 2019/20
EXECUTIVE SUMMARY	The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.
ACTION	Decision.
RECOMMENDATIONS	That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Overview and Audit Committee.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	Letter of Management Representation 2019-20 taken to O&A committee on 22 July 2020: https://bucksfire.gov.uk/documents/2020/07/item-11-letter-of-management-representation-2019-20.pdf/
APPENDICES	AnnexA: Letter of Management Representation 2019/20.

TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Marcus Hussey mhussey@bucksfire.gov.uk 01296 744680



Neil Harris
Ernst & Young
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Our ref: Letter of Representation 2019/20
Enquiries to: Mark Hemming
Direct line: 01296 744687
Date: 11 November 2020
Email: mhemming@bucksfire.gov.uk

Dear Neil,

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2020

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of **Buckinghamshire and Milton Keynes Fire Authority** as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United



Kingdom 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Director of Finance & Assets: Mark Hemming FCPFA

Buckinghamshire Fire & Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD
Tel: 01296 744400 Fax: 01296 744419



C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: 16 September 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 20 November 2019 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the

Director of Finance & Assets: Mark Hemming FCPFA

Buckinghamshire Fire & Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD
Tel: 01296 744400 Fax: 01296 744419



financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

E. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Going Concern

The Statement of Accounting Policies in the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the **fair value of property, plant and equipment and the IAS19 actuarial valuations of pension liabilities** and have adequately considered the qualifications of the specialists in



determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Pension Liability and PPE Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic on the pension liability and PPE and are made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Director of Finance and Chief Financial Officer

Chairman of the Overview and Audit Committee

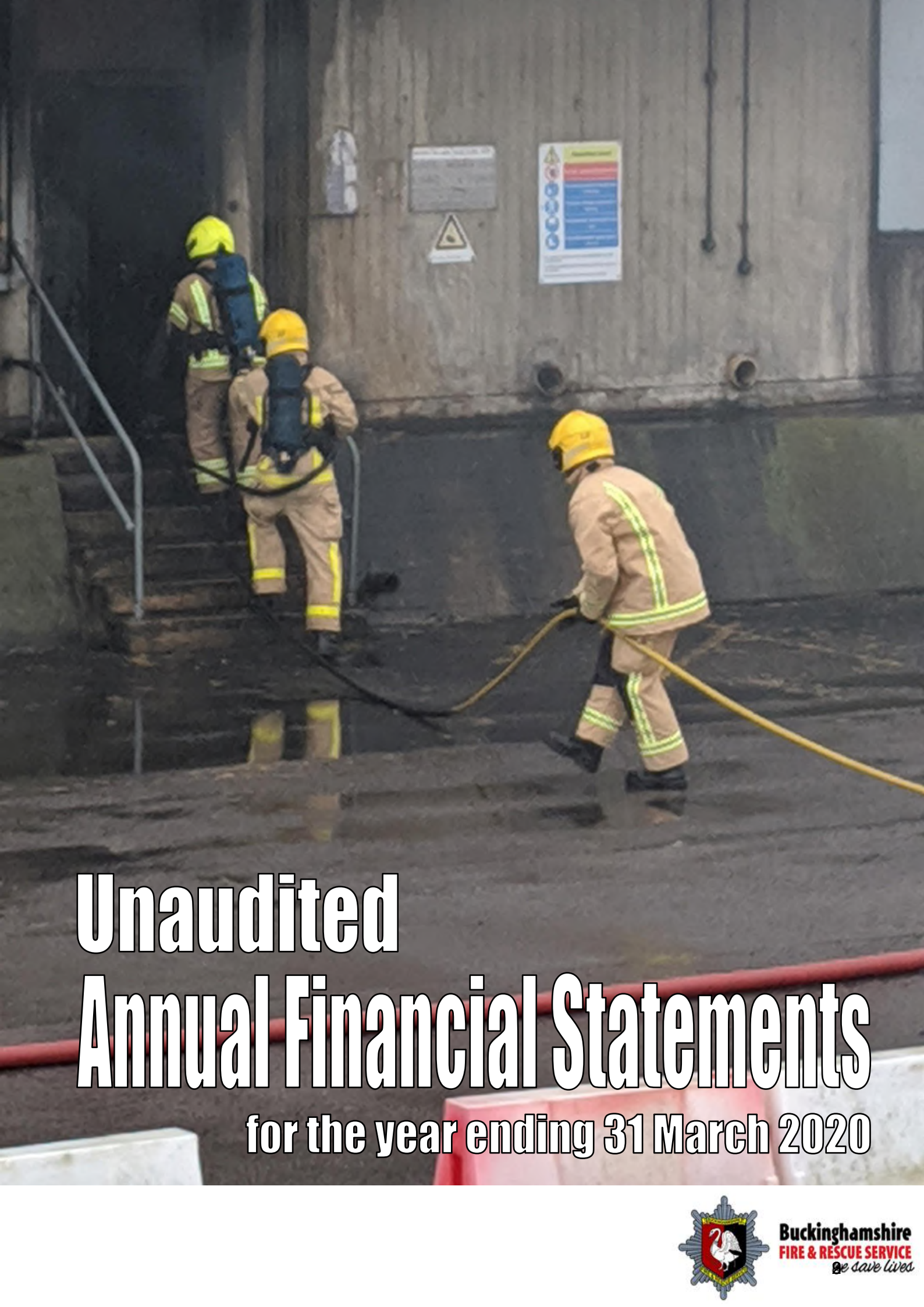
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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	11 November 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Adoption of the Audited Statement of Accounts – Year ended 31 March 2020
EXECUTIVE SUMMARY	<p>The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year.</p> <p>The audit has now been completed and the Fire Authority are asked to consider any issues raised during the audit before approving the accounts for signing.</p>
ACTION	Decision.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the matters raised by the external auditors be considered. 2. That the Statement of Accounts for the financial year ended 31 March 2020 be approved for signing by the Chairman of the Overview and Audit Committee.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The Statement of Accounts must, following consideration, be approved by the Authority or Committee of the Authority.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.

PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	Annex A: Annual Financial Statements 2019/20
TIME REQUIRED	15 minutes
REPORT ORIGINATOR AND CONTACT	Marcus Hussey mhussey@bucksfire.gov.uk 01296 744680



Unaudited Annual Financial Statements

for the year ending 31 March 2020



Buckinghamshire
FIRE & RESCUE SERVICE
we save lives

Table of Contents

The Annual Financial Statements contains the Statement of Accounts and additional accompanying statements.

The Statement of Accounts comprises the Statement of Accounting Policies, the Financial Statements (Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement) and the Notes to the Core Financial Statements. In addition, the Statement of Accounts also includes the Firefighters' Pension Fund Account and Notes to the Firefighters' Pension Fund Accounts.

The Auditor's Report and the Narrative Statement are outside the scope of the Statement of Accounts and therefore outside the scope of the responsible financial officer(s) true and fair certification.

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Introduction

Welcome to our Annual Financial Statements

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 2020. It shows the financial detail of the services the Authority have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

These statements are prepared for the Authority as a single entity. The Authority does not form part of a wider reporting group.

Buckinghamshire & Milton Keynes Fire and Rescue Service is a relatively small fire authority with limited resources both financially and in terms of numbers of personnel, but is constantly seeking to improve its services to the public, its performance and the value for money it delivers to its tax payers.

The economic pressures facing the country are reflected in the difficult financial decisions being made by the Authority. These are explained in further detail in the Narrative Statement. The Authority fully recognises that there is every likelihood that financial constraints will become tighter in the future and the Authority are already planning for that eventuality. The Authority are proactively working with our partners and the community to reduce the risks facing our communities.

Further details about the Authority's vision and values can be found on our website:

<https://bucksfire.gov.uk/about-us/>

https://bucksfire.gov.uk/documents/2020/03/vision_and_values_policy.pdf/

Chairman of the Overview and Audit Committee

Mark Hemming FCPFA

Director of Finance and Assets & Chief Finance Officer, Buckinghamshire & Milton Keynes Fire Authority

Narrative Statement

In compiling these accounts the Authority have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20: Based on International Financial Reporting Standards (the Code).

The accounts are drawn up in accordance with the accounting policies set out in detail in the Statement of Accounting Policies.

The responsibility for the proper administration of the Authority's financial affairs is vested in the statutory officer (referred to as the Section 112 Officer). This is the Director of Finance and Assets & Chief Finance Officer who is required by law to confirm that the Authority's system of internal controls can be relied upon to produce an accurate Statement of Accounts.

The Statement of Accounts contains four main statements. Each of the four main statements is accompanied by supplementary notes providing additional detail to figures presented. The four main statements are:

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2020 was £5.139m (as at 31 March 2019 was £7.397m);
- Comprehensive Income and Expenditure Statement - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The deficit on the provision of services for 2019/20 was £10.513m (2018/19 was a deficit of £21.758m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net increase in cash and cash equivalents during the year was £0.836m (net decrease of £3.120m in 2018/19). Please refer to Note 17 for details of the movement.

These four statements are supported by notes to the accounts, which provide supplementary information to aid the understanding of these statements.

The Statement of Accounts also contains information regarding the Firefighters' Pension Fund Account.

This Narrative Statement provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2020 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2019/20
- Corporate Risks
- Coronavirus (COVID-19) Pandemic
- Going Concern Review

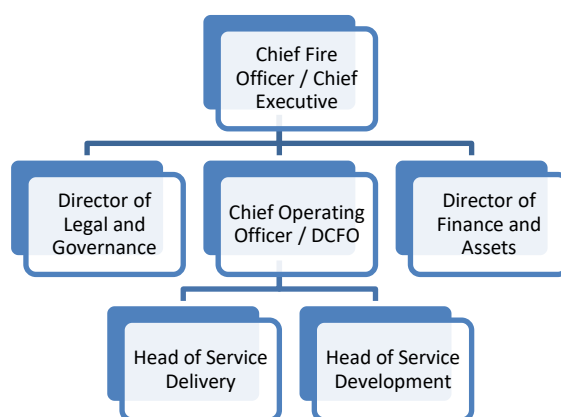
An Introduction to Buckinghamshire and Milton Keynes Fire Authority

Buckinghamshire and Milton Keynes Fire Authority is a local government body with responsibility for providing fire and rescue services for the County of Buckinghamshire and Borough of Milton Keynes. It oversees, on behalf of the public, the work of Buckinghamshire Fire and Rescue Service which undertakes the physical delivery of fire and rescue related safety and emergency response services. The Fire Authority consists of 17 elected Councillors – eleven nominated by Buckinghamshire County Council and six nominated by Milton Keynes Council in proportion to the size of their respective populations. The members of the Fire Authority make important decisions affecting the provision of fire and rescue services including:-

- Approving Buckinghamshire Fire & Rescue Service's plans, policies and strategies.
- Agreeing the staff, equipment and other resources needed to deliver an efficient and effective service.
- Setting the annual budget and Council Tax charge.

Our vision is to make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel.

Senior Management Structure



The Senior Management Team is responsible for the delivery of the services, directing improvements and future plans for the Authority. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans; and
- Reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

2015-2020 Public Safety Plan

This Public Safety Plan (PSP) sets out Buckinghamshire and Milton Keynes Fire Authority's strategy for the provision of fire and rescue services for the five year period April 2015 to March 2020. The Plan has been developed using integrated risk management planning methods and is designed to conform to the Government's guidance in relation to the preparation of integrated risk management plans. The Public Safety Plan 2015-2020 can be viewed here:

<https://bucksfire.gov.uk/documents/2020/03/2015-20-psp-final.pdf/>

The Efficiency Plan

The Efficiency Plan sets out how the Authority plans to improve the services it provides whilst managing with reduced real-terms funding levels. The Authority's strategy for the provision of fire and rescue services for the four year cycle is driven by the approved Public Safety Plan 2015-2020. The key benefits that the plan brings to the local community are:

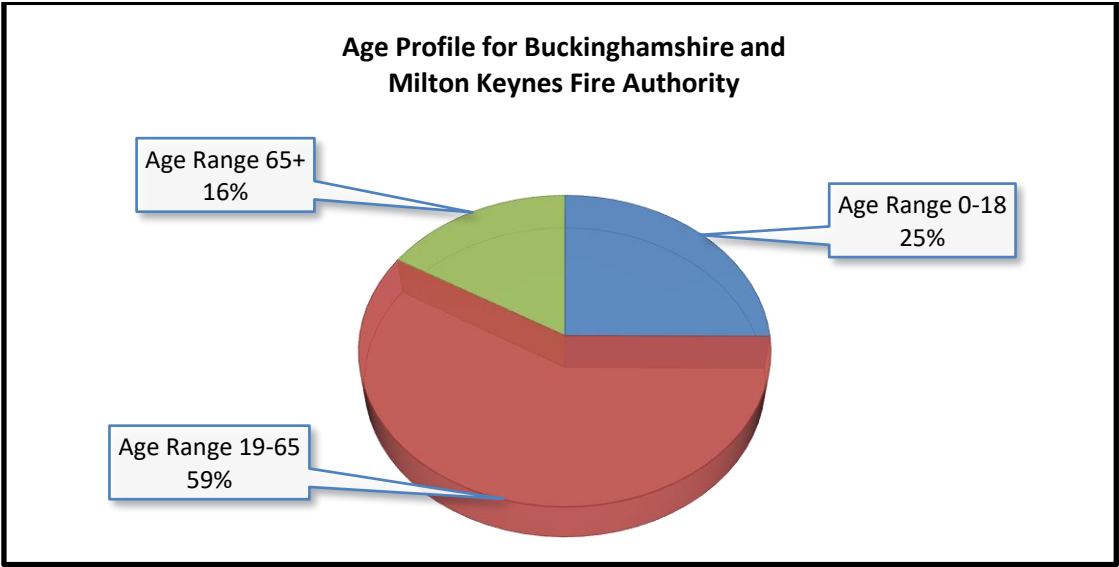
- A flexible approach to how the Authority prevents emergencies, protect life, properties and the environment and also respond when called upon.
- Improve the services and value that the Authority deliver to the public.

The Efficiency Plan can be viewed here:

https://bucksfire.gov.uk/documents/2020/03/bmkfa_efficiency_plan.pdf/

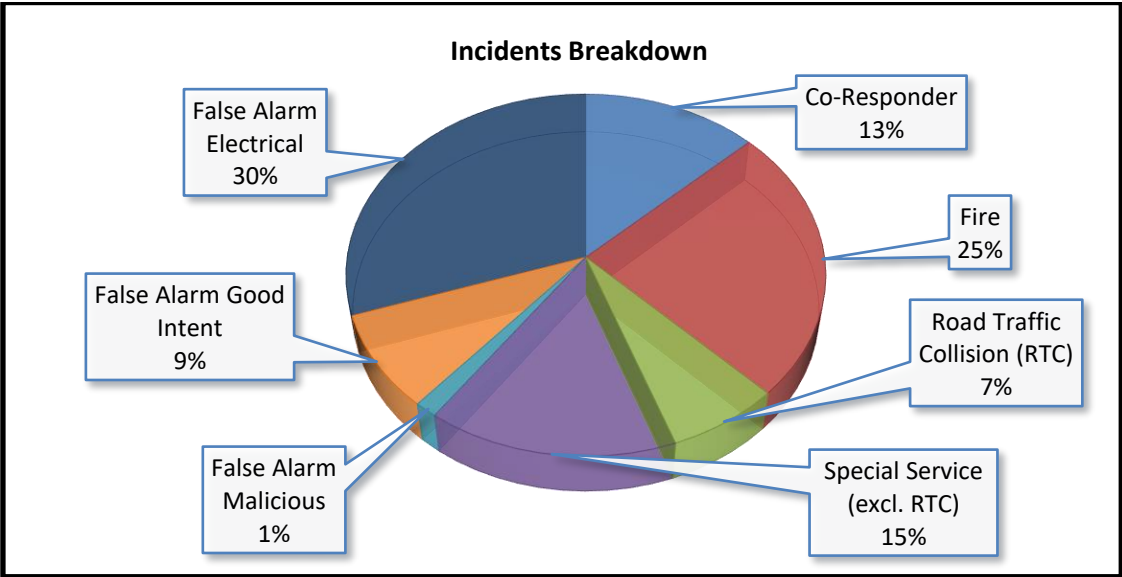
Key Facts about the Authority

The population for Buckinghamshire and Milton Keynes estimated by the Office for National Statistics (Mid-2019) was 813,430. The age profile is presented below:



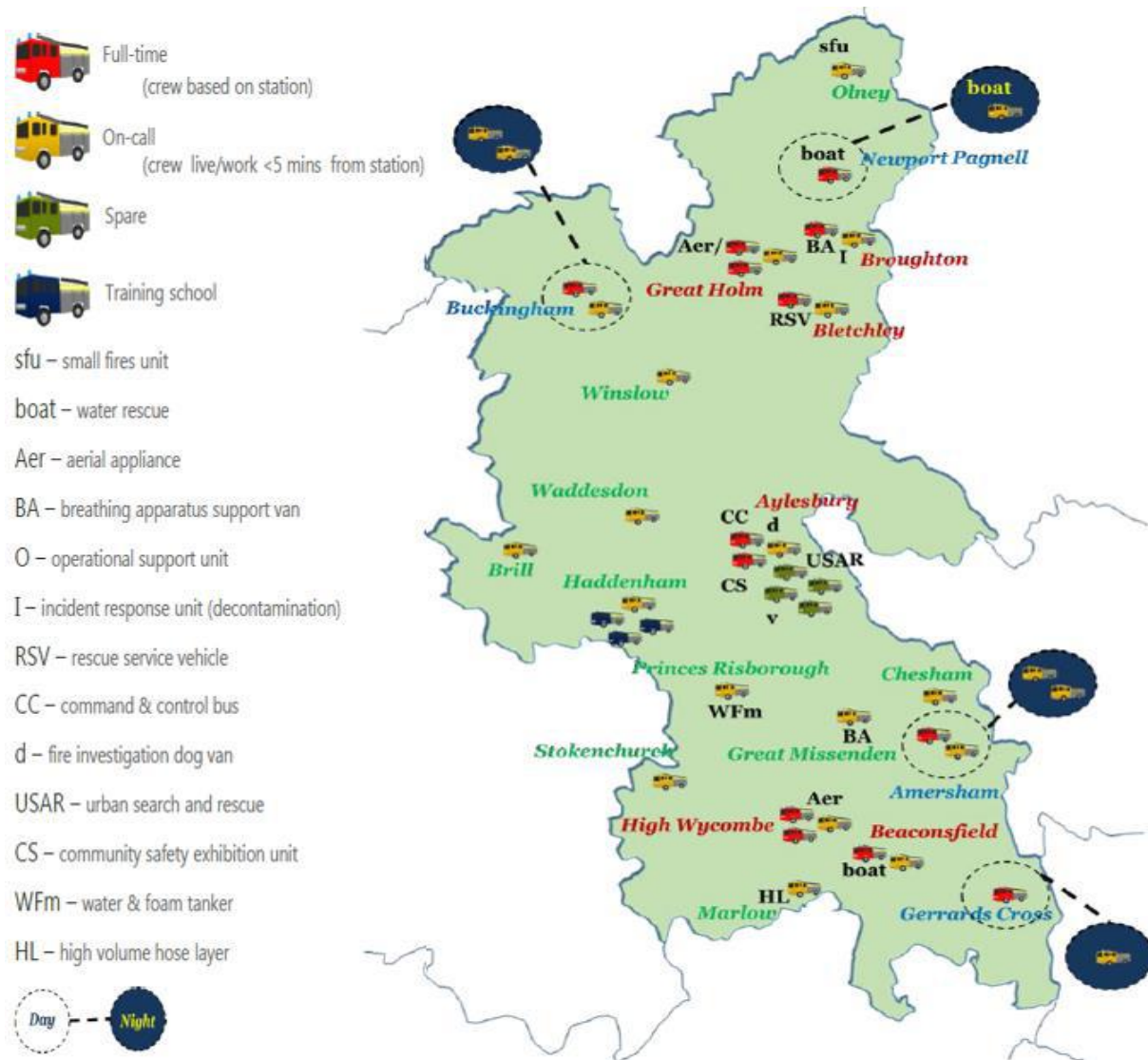
Incidents by type

False alarm electrical (30% of total incidents) and fire (25%) accounts for a large proportion of incidents recorded followed special service (15%), co-responder (13%), false alarm good intent (9%), road traffic collisions (7%) and false alarms malicious (1%).



In addition to attending incidents, fire-fighters carried out 1,642 Home Fire Risk Checks in our quest to target those who are most vulnerable and at risk from fire based upon our research and work with partners.

Current Operational Resourcing



The map above shows our station locations and their duty systems, number of appliances (fire engines) by type of cover and specialist appliances by location.

Our **Whole-time** stations provide full-time emergency response cover 24/7, every day of the year. These stations also have additional capacity offered by 'on-call' firefighters available on a 5 minute turn-out time.

Our **Day-Crewed** stations provide full-time cover during the day (08:00-18:00 hours) and On-Call cover at night (18:00-08:00 hours).

Our **On-Call** stations use firefighters who live/work in the area and come in as and when required. Usually they must be within 5 minutes of the station.

Since 2011, the Authority have been operating a **Co-Responding** service in partnership with South Central Ambulance Service from Great Missenden. Since then it has extended to several other stations including the Headquarters in Aylesbury.

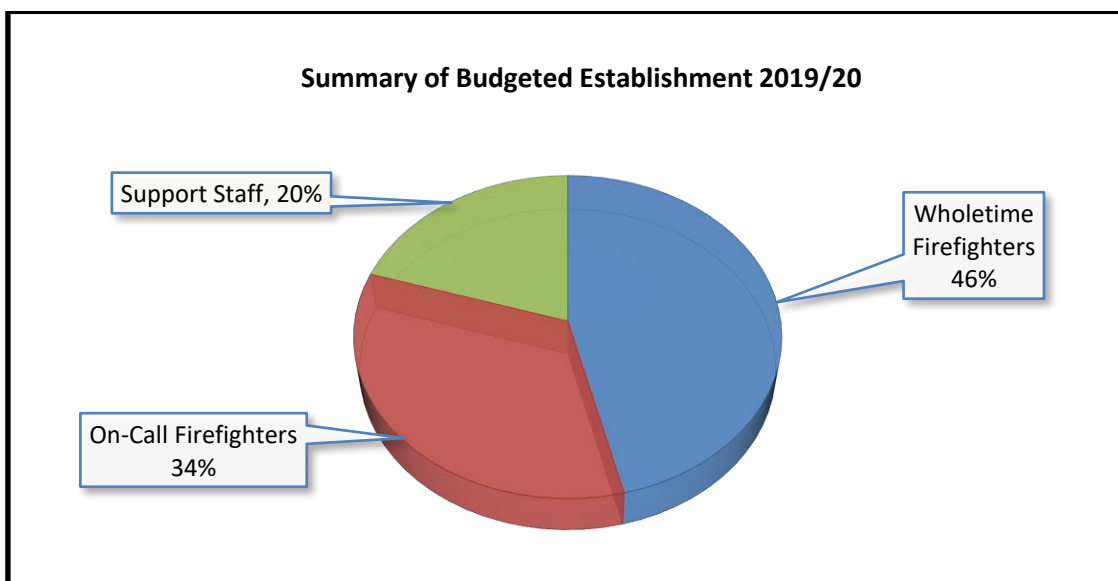
Apprenticeships

At the end of 2019/20, apprentices made up 6% of the Authority's total workforce, working to a number of different apprenticeship standards. This exceeds the Government's target of 2.3%, which equates to the equivalent of 13 FTEs per year. The apprenticeship journey for the second and third tranches of firefighters began in 2017/18. As part of the second tranche, 12 individuals were recruited as apprentice firefighters. At the end of their apprenticeship in September 2019, all apprentices who had successfully completed the apprenticeship were offered permanent wholetime positions. Similarly, as part of the third tranche 14 individuals were recruited as apprentice firefighters. At the end of their apprenticeship in March 2020, all apprentices who had successfully completed the apprenticeship were offered permanent wholetime positions. Tranche four consists of 14 apprentice firefighters and are expected to successfully complete their apprenticeship during 2020/21.

In March 2020, BFRS welcomed a further 20 apprentice firefighters. BFRS is continuing its plan to recruit and develop young people into careers across the Authority and the Government's nationwide commitment to create 3 million apprenticeships by 2020.

Establishment

The breakdown of the Authority's budgeted establishment can be seen in the chart below;

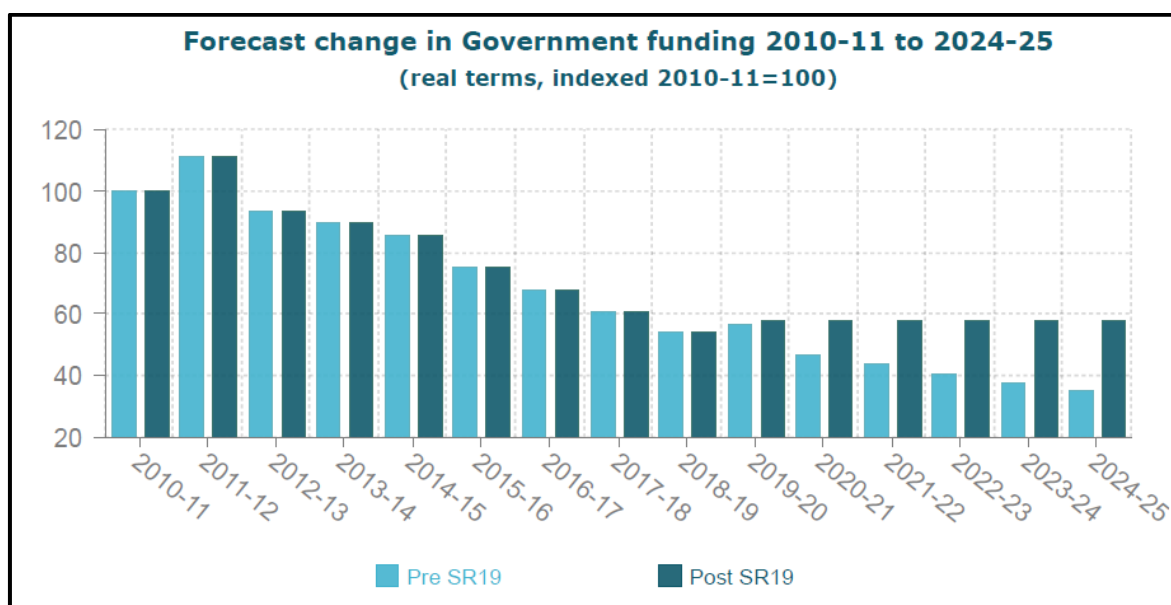


(Figures in the table above are based on full-time equivalents and exclude apprentices)

Financial Performance in 2019/20

Economic Climate

Since 2010, as part of its efforts to reduce the size of the national budget deficit, the Government has made significant reductions to its funding for Fire and Rescue Services. However, the Authority's ability to offset reductions to Government funding has also been constrained by the imposition of council tax referendum limits. The effects of these pressures since 2010 amount to a real-terms reduction in overall funding of 25 per cent, including a real-terms reduction of 42 per cent in funding from central government. Prior to Spending Round 2019 (SR19) the Authority were forecasting that real-terms central government funding would continue to fall over the period of this PSP. Since SR19 was announced the Authority have updated our forecasts to show this now being flat in real-terms.

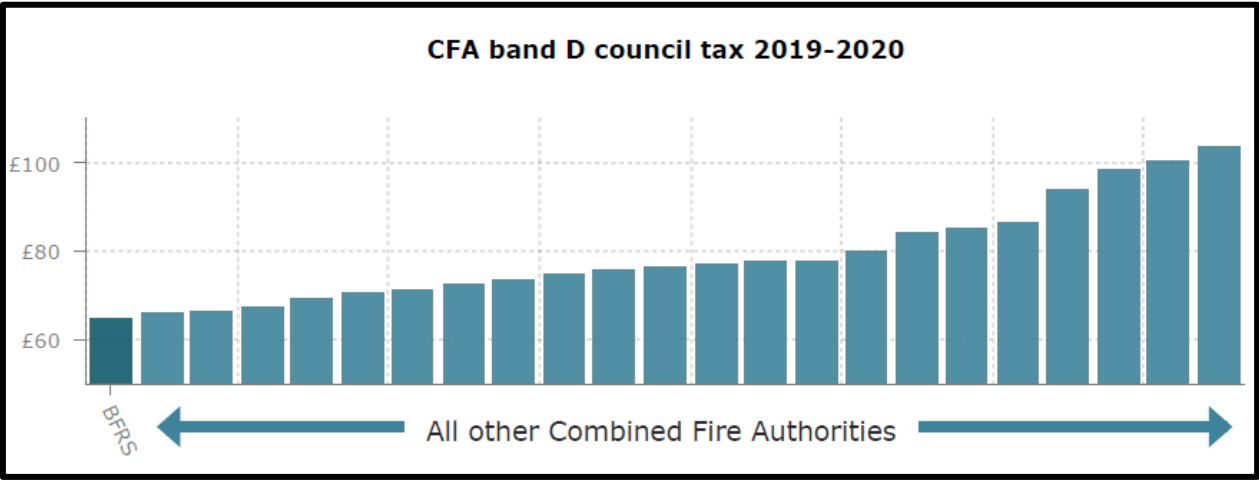


However, SR19 only covers a one-year time period, and future Comprehensive Spending Reviews may require these forecasts to be revisited. Also, despite the effect of efficiency measures already taken during the period 2015-2020, the Authority continue to face other financial uncertainties that potentially require the Authority to find additional funding and/or make further savings. These uncertainties arise from: increases in the amount that employers are required to contribute to the Firefighters' Pension Scheme due to changes made by the Government; uncertainty over long-term funding that the Authority receive from Government to provide Urban Search and Rescue as part of national resilience arrangements to deal with major civil emergencies such as terrorist attacks; and changes to the allocation of business rate receipts to local authorities.

The Authority manage our financial risks through strong governance and budgetary control frameworks. The Authority have received substantial assurance from independent auditors as to the robustness of these over the last six years. The Authority continue to meet our statutory requirement to deliver balanced budgets and are forecast to do so by our medium term financial planning. However, in order to continue to balance our budget over future years, the Authority may need to reduce the contribution the Authority makes from our revenue budget to fund our capital programme. Were the Authority to continue to do this for a prolonged period, the Authority's capital reserves would be close to exhausted before the end of the 2024-25 financial year. This means that, in that case, the Authority would only be able to fund essential property work and replacement of vehicles and equipment, with no funding available for future investment (unless the Authority chose to borrow in order to finance it, although further savings would need to be found to fund the revenue cost of any additional borrowing).

In view of this, and in addition to an ongoing search for further efficiencies, the Authority have been actively lobbying Government, with support from all our Members of Parliament, to review its policy on fire funding. In particular the Authority are keen to see a relaxation of the council tax referendum limits which would enable us to mitigate the risk of our reserves being reduced below the level considered prudent for us to maintain, and avoid cuts to services that would have an adverse effect on the safety of the public should central government funding reduce again.

The Authority already have the lowest council tax rates of any Combined Fire Authority (CFA) in the country. As such, the Authority are disadvantaged by the imposition of a single percentage limit (i.e. fire authorities that currently levy a higher rate of council tax than us than us get a correspondingly larger increase in their funding). The chart below shows our council tax charge relative to that of all other CFAs.



Alongside our efforts to find further savings from efficiencies and gain more flexibility to raise additional revenue from council taxes, the Authority plan to move to a 'zero based budgeting' approach. In contrast to the incremental approach used in previous years, which looks at taking the prior year budget and adjusting up or down, this looks to review all costs to ensure that the right amount of money is being spent in the right areas. This will help to ensure that our spend is as closely aligned as possible to delivering our strategic objectives.

Budget Setting 2019/20

The budget for 2019/20 was set at a full Authority meeting in February 2019, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be a 2.98 percent increase in council tax. Therefore, the levy for a council tax band D property to cover the services provided increased to £64.57 per annum.

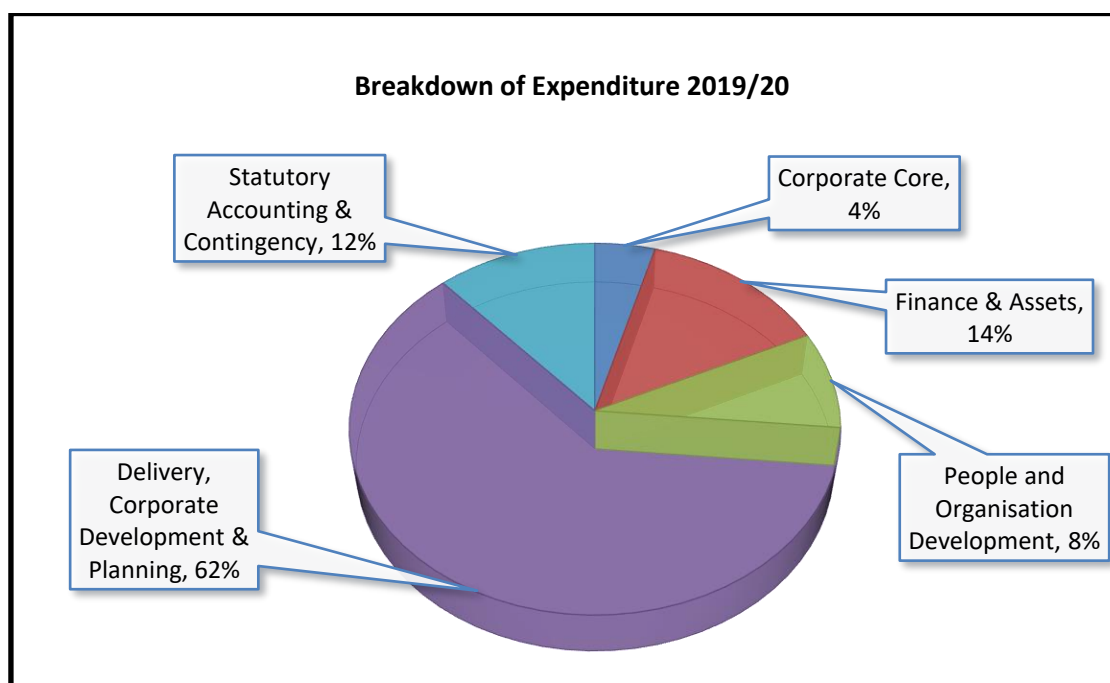
The remainder of total expenditure was funded through Central Government Grants, National Non-Domestic Rates (NNDR) redistribution and income for the recovery of costs from other agencies including grants for specific responsibilities such as Urban Search and Rescue Operations (USAR/New Dimensions).

The budget proposed for 2019/20 was a financial estimation based upon the priorities set out within our Public Safety Plan. The employee costs took account of the continued work plan to make efficiencies year on year whilst still ensuring resources were sufficient and in the right place with no reduction in our response capability.

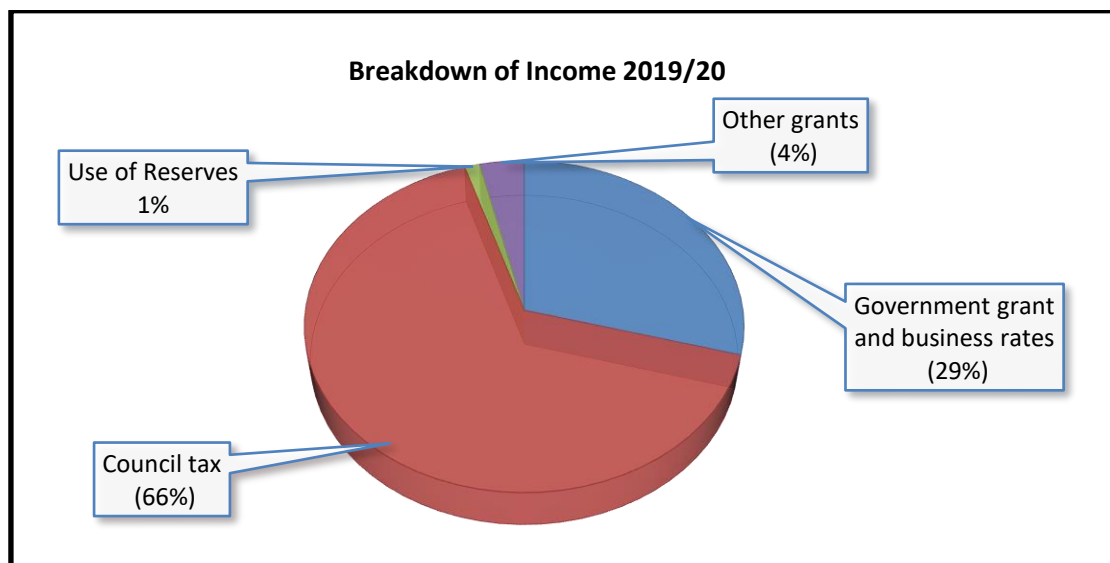
Specific items taken into account in setting the budget for 2019/20 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting process, savings and growth bid packages were submitted to challenge and authorisation by Members.

The Authority funds the capital programme predominantly through revenue funding, as the level of funding available via capital grants is limited to transformation initiatives. The capital programme was targeted to fund the essential refurbishment of our fire stations, the replacement of fire specialist equipment and appliances.

Breakdown of Expenditure 2019/20



Breakdown of Income 2019/20



Revenue Outturn

The revenue budget for 2019/20 was £30.332m set at the full Authority meeting held in February 2019. The table below shows the revenue outturn position for the year. The Authority reported an underspend of £0.716m

Directorate	Area Manager	Total Budget £000	Actual Year to Date £000	Variance £000
Corporate Core	Corporate Management	1,089	983	(106)
	Legal & Governance	332	301	(31)
Corporate Core Total		1,421	1,284	(137)
Finance & Assets	Finance & Procurement	895	851	(44)
	Resource Management	2,962	3,181	219
Finance & Assets Total		3,857	4,032	175
People & Organisation Development	Training & Development	2,020	1,799	(221)
	Operations & Services	695	691	(4)
People & Organisation Development Total		2,715	2,490	(225)
Delivery, Corporate Development & Planning	Service Delivery	17,538	15,996	(1,542)
	Service Development	541	481	(60)
	IT & Communications	1,811	1,813	2
Delivery, Corporate Development & Planning Total		19,890	18,290	(1,600)
Statutory Accounting & Contingency	Capital Charges	1,713	2,273	560
	Contingency	500	928	428
	Non Distributed Costs	230	228	(2)
	Savings	6	0	(6)
Statutory Accounting & Contingency Total		2,449	3,429	980
Total Expenditure		30,332	29,526	(807)
Total Funding		(30,332)	(30,242)	90
Net Position		0	(716)	(716)

Capital Outturn

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately. The capital programme for 2019/20 was £1.211m which together with a number of carry-forward schemes and in year funding totalled £9.535m. The table below shows the final capital position at year-end for each service area.

Portfolio	Budget 2019/20 £000	Actuals £000	Slippage £000	Year End Variance £000
Finance and Assets	8,241	7,104	1,137	0
Delivery, Corporate Development & Planning	1,181	362	672	(147)
Knowledge and Information Systems	113	113	0	0
Total	9,535	7,579	1,809	(147)

The majority of the expenditure within Finance and Assets directorate relates to the refurbishment of several stations as well as the build of the Blue Light Hub. The Blue Light Hub build is progressing well with most of the structure built and estimated completion in the first quarter of 2020/21. The level of spend seen within Delivery, Corporate Development and Planning predominantly relates to the purchase of two red fleet appliances, three white fleet vehicle and operational equipment. The outturn is reporting a slippage of £1.809m, which relates to the Blue Light Hub build and delays in the purchase of a further two red fleet appliances.

The Authority's loans are borrowed from the Public Works Loan Board (PWLb) and during 2019/20 no new loans were taken out. The Authority's total borrowing for capital purposes stands at £6.797m with loan repayments spread over the years 2020-2056.

Capital Programme 2019-2022

The table below summarises the provisional capital programme from 2020/21 to 2022/23. Central government funding for capital has reduced over the last few years and is expected to be ring-fenced in the future for transformation projects. Therefore, the capital programme for the Authority will be funded mainly from in year revenue contributions to capital.

Directorate	2020/21 £000	2021/22 * £000	2022/23 ** £000
Finance and Assets	500	500	500
Delivery, Corporate Development & Planning	641	891	1,391
Knowledge and Information Systems	75	75	75
Projected Slippage	1,809	-	-
Total Budget	3,025	1,466	1,966

* For 2021/22 the budget requests for Property and £0.750m (out of £0.891m) for Fire Appliances and Equipment are approved. The remainder are only indicative requirements at this stage.

** For 2022/23 the budget request for £0.750m (out of £1.391m) for Fire Appliances and Equipment are approved. The remainder are only indicative requirements at this stage.

Reserves Balances

The level of reserves held by the Authority as at 31 March 2020 are shown in the table below:

31 March 2019		31 March 2020
£000	Reserve Balances	£000
(1,500)	General Fund Balance	(1,500)
(1,500)	Sub Total Non-Earmarked General Fund Balance	(1,500)
(500)	Apprentice Reserve	(500)
(480)	Control Room Reserve (Revenue)	(534)
(268)	Continuing Projects Reserve	(148)
-	COVID-19 Reserve	(364)
(570)	Future Funding Reserve	(651)
(1,818)	Sub Total Earmarked Reserves - Revenue	(2,197)
-	Usable Capital Receipts Reserve	-
(4,080)	Revenue Contribution to Capital	(1,442)
(4,080)	Sub Total Earmarked Reserves - Capital	(1,442)
(7,397)	Total Usable Reserves	(5,139)

Further information on these reserves is set out in Note 23.

Pension Fund Liability

The accounting treatment for pensions follows International Accounting Standard 19 (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their pension funds and account for the liability to pay accumulated employee benefits in the future. In 2019/20, the Authority's share of the five Pension Fund's net liabilities decreased by £23.500m to £286.440m (for 2018/19 the net liability was £309.940m).

Effectively, the Pension Funds are in deficit by £286.440m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy.

Corporate Risks

The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.

Risk Description	Consequence if untreated	Treatment of risk
<p>Staff availability, emerging risks of;</p> <p>1/ Court of Appeal ruling on the McLeod/Sergeant cases. Potential for all affected staff retiring from the Service on or before March 2022</p> <p>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>3/ Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels.</p>	<ul style="list-style-type: none"> - Full business continuity plans in place & uploaded to Resilience Direct. - Peer review of the business continuity arrangements - Bank System - Flexi-Duty System Pilot - Staff Transfer Procedure - Employee assistance and welfare support - Training Needs Assessment process - Monitoring of staff 'stability ratio' relative to best practice and sector norms - Review of Resourcing and Retention strategies - Wider range of contracts offering more flexible ways of working - A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options - Workforce planning data is regularly reviewed with Service delivery, HR and Finance. - Project on Strategic Review of Operational Resourcing is underway with a number of work-streams, including On-Call and Geographic station reviews - Growth bids to be considered to support future resourcing demands. - HR are reviewing the future promotion and career development options
<p>Funding and Savings Requirement</p>	<p>The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations.</p> <p>If either, or both, did not come to fruition then there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.</p>	<p>Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</p> <p>For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £0.800m cut in funding.</p> <p>The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £5.</p>

<p>Information security failure to –</p> <p>a) Comply with statutory or regulatory requirements</p> <p>b) Manage technology</p> <p>c) Manage organisational resources</p> <p>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</p>	<p>Inability to access/use our e-information systems.</p> <p>Severe financial penalties from the Information Commissioner</p> <p>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</p>	<p>1. Appropriate roles:</p> <ul style="list-style-type: none"> - SIRO has overall responsibility for the management of risk - Information and information systems assigned to relevant Information Asset Owners (IAO's) - Department Security Officer (DSO) the Information Governance & Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments - 'Stewards' assigned by IAO's with day-to-day responsibility for relevant information. <p>2. Virus detection/avoidance:</p> <p>Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links;</p> <p>3. Policies / procedure:</p> <p>Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <ul style="list-style-type: none"> - Current and tested business continuity plans / disaster recovery plans - Employee training/education - Tested data/systems protection clauses in contracts and data-sharing agreements - Integrated Impact Assessments (IIA) - Disincentives to unauthorised access e.g. disciplinary action <p>4. Premises security:</p> <ul style="list-style-type: none"> - Preventative maintenance schedule - Frequent audits at Stations and inventory aligned to asset management system. - Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;
<p>Risk of physical disruption to Service operations due to no, or insufficiently comprehensive, agreement covering future UK relations with the EU.</p>	<p>Disruption to procurement processes leading to potential shortages of equipment or consumables.</p> <p>Disruption to transportation delaying personnel and or vehicle movements.</p>	<p>The likely impact of short-term disruption to supplies of equipment to the Service is considered to be low given that: most Authority procurement contracts are with UK based suppliers; and, the relatively long timescales for procurement within the sector. Advice and guidance from the NFCC and Fire Industries Association in relation to this risk is monitored and acted on as required.</p> <p>The risk of transport disruption is considered relatively low due to absence of ports and international airports within the area served by the Authority. Authority officers are actively involved in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.</p>

Coronavirus (COVID-19) Pandemic

The outbreak of the global coronavirus (COVID-19) pandemic has resulted in Buckinghamshire and Milton Keynes Fire Authority taking all necessary measures to minimise disruption to the emergency response and to continue to maintain the Authority's vision, to make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel. The Authority is working as part of the Thames Valley Local Resilience Forum (TVLRF) in response to COVID-19. Each organisation is making decisions every day, balancing the need to maintain essential services and support those most affected. The Authority's aim is to follow, implement and share public health guidance to protect the public and members of staff against infection from COVID-19.

The Authority activated the Pandemic Management Group (PMG), which includes representatives from service critical departments. The role of PMG is to consider, review, evaluate and monitor how the National and Local picture is impacting on the Authority. In responding to COVID-19 it was deemed necessary for the temporary suspension of some activities. The Authority will continue to provide safety advice to the public and members of staff via social media platforms. The safety advice will be adapted to the changes in situations and essential information and guidance will be issued where necessary. The Authority has robust contingency plans in place should the Authority encounter a high number of absences among firefighters and support staff to ensure the Authority continues to respond to every emergency to protect the communities. For the Authority to be able to minimise disruption on the potential impact of COVID-19, early contact was made to all suppliers to request their business continuity plans and impact of supplying goods and/or services during the COVID-19 pandemic. The responses from suppliers gave the Authority the reassurance that the provision of goods and/or services will be continue throughout COVID-19.

The Authority is monitoring the financial impact of COVID-19 on a daily basis and where possible is seeking to mitigate the financial impact on the Authority. On 19 March 2020 the Government announced £1.6bn additional funding for Local Government to help them respond to COVID-19 pressures across all the services they deliver (the Authority was allocated £0.091m). The Government on 18 April 2020 announced an extra £1.6bn additional funding for Local Government bringing the total additional funding to £3.2bn (the Authority was allocated £0.606m). In addition to the Authority receiving Government funding, a COVID-19 reserve has been set up by utilising the revenue underspends seen during 2019/20 (this can be seen in the reserve statement). With regards to financial impact on land and building valuations as of 31 March 2020, the Authority's property valuers insist due to the unprecedented set of circumstances and the impact of COVID-19 on the global financial markets, there is currently no evidence to rely upon to be able to assess the impact on property valuations. Therefore, the Authority will keep valuations under frequent review and continue to communicate with the property valuer experts as and when the situation changes.

On 19 March 2020, the Bank of England announced a cut to the base rate to 0.1% in light of the expected economic downturn due to COVID-19. The impact of this emergency base rate cut on the economy will not be known for some time. However, the immediate direct impact on the Authority is the potential return on investments and interest received on current accounts and money market funds during 2020/21. Therefore, the Authority will be closely monitoring the situation and will continuously communicate with the Authority's treasury advisors. Cashflow and access to cash could potentially become an issue for the Authority during COVID-19. To mitigate the impact, the Authority on a case by case basis will actively seek to hold cash and not reinvest maturing deals to ensure the Authority is able continue to pay members of staff and suppliers on time throughout the COVID-19 pandemic. As of 31 March 2020, there is no requirement to borrow additional funds in order to pay short term liabilities.

The Authority is taking all necessary measures to minimise disruption on the emergency response. The plans for recovery will be influenced by Government's COVID-19 recovery strategy. Using the Government's COVID-19 recovery strategy, the Authority will then determine an appropriate safe strategy which will consider the public and members of staff.

Going Concern Review

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

COVID-19 has increased uncertainty over future funding available to all Local Governments, with the likely impact on the economy in the medium to long term unknown. The Authority is monitoring the financial impact of COVID-19 and where possible is seeking to mitigate the financial impact on the Authority. On 19 March 2020 the Government announced £1.6bn additional funding for Local Government to help them respond to COVID-19 pressures across all the services they deliver (the Authority was allocated £0.091m). The Government on 18 April 2020 announced an extra £1.6bn additional funding for Local Government bringing the total additional funding to £3.2bn (the Authority was allocated £0.606m). In addition to the Authority receiving Government funding, a COVID-19 reserve of £0.364m has been set up by utilising the revenue underspends seen during 2019/20 (this can be seen in the reserve statement).

An economic downturn is a likely direct impact of COVID-19, which will result in the risk of households and businesses struggling to pay their council tax and business rates bills, restricting the funding available for the Authority. Since 2010, as part of its efforts to reduce the size of the national budget deficit, the Government has made significant reductions to its funding for Fire and Rescue Services. However, the Authority's ability to offset reductions to Government funding has also been constrained by the imposition of council tax referendum limits. Without relaxation of the constraints imposed on the council tax referendum limits, the Authority will remain limited on influencing increases in funding streams.

In terms of setting a balanced budget in future financial years, this will depend significantly on the uncertainty in Government funding and increasing cost pressures. It is therefore more important for the Authority to create various scenarios through the Medium Term Financial Plan (MTFP) process, which will include both the revenue and capital programme (capital is funded by contributions from revenue). The MTFP will be scrutinised in detail at two Officer and two Member challenge meetings throughout the financial year, before overall approval by the Fire Authority. If required, the Authority will make use of the usable reserves to ensure the Authority is able to set a balanced budget and smooth out the impact of funding reductions. However, utilising reserves will only be sustainable in the short to medium term. See below table showing a breakdown of the Authority's usable reserves, as reported in the financial statements.

31 March 2019		31 March 2020	
£000	Reserve Balances	£000	
(1,500)	General Fund Balance	(1,500)	
(1,818)	Total Earmarked Reserves - Revenue	(2,197)	
(4,080)	Total Earmarked Reserves - Capital	(1,442)	
(7,397)	Total Usable Reserves	(5,139)	

Cashflow and access to cash could potentially become an issue for the Authority during COVID-19. To mitigate the impact, the Authority has undertaken a review of the cashflow forecast up to 31 March 2022, with a number of assumptions surrounding income and expenditure. In addition, the Authority on a case by case basis will actively seek to hold cash and not reinvest maturing deals to ensure the Authority is able continue to pay members of staff and suppliers on time throughout the COVID-19 pandemic. As of 30 September 2020 the Authority had a cash and short term investment balances of £16.094m and no requirement to borrow additional funds in order to pay short term liabilities.

The Authority thereby concludes that it is appropriate to prepare the financial statements on a going concern basis and that the Authority's functions and services will continue in operational existence for the next 12 months, from the date of the audit report. This is based on the Authority's ability to set a balanced budget and the cashflow forecasting position.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Assets & Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Responsibilities of the Director of Finance and Assets

The Director of Finance and Assets & Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance and Assets & Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.

The Director of Finance and Assets & Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance and Assets

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31 March 2020 and its income and expenditure for the financial year 2019/20.



Mark Hemming FCPFA
Director of Finance and Assets & Chief Finance Officer, Buckinghamshire & Milton Keynes Fire Authority

Date: 31 May 2020

Independent Auditor's Report to Members of Buckinghamshire and Milton Keynes Fire Authority

External Audit to complete post audit.

Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which is required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The de-minimis level is set at £500 and anything below this will be accounted for in the year the transaction takes place regardless of which year the income or expense relates to.

iii. Acquisitions and Discontinued Operations

There were no acquired or discontinued operations during the year.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents include cash on deposit that is held for short-term cash flow management rather than investment purposes.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

v. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. There were no exceptional items during 2019/20.

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vii. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement.

This contribution is referred to as the Minimum Revenue Provision (MRP):

- Debt relating to capital expenditure incurred prior to 1 April 2008 will be calculated broadly on the basis of 4% of the Authority's Capital Financing Requirement
- Debt relating to capital expenditure incurred from 1 April 2008 will be calculated broadly on the asset life (equal instalments) method. The amount is dependent upon the estimated life of the asset for which the debt has been raised.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

A discretionary charge is also made to the revenue account to contribute towards the Revenue Contribution to Capital reserve. This will be used to help fund the capital programme in future years due to the reducing levels of capital grant funding that are expected to be available.

viii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are members of five separate pension schemes:

- Uniformed Firefighters - 1992 Pension Scheme, 2006 New Firefighters' Pension Scheme, 2015 Pension Scheme and 2015 Modified Pension Scheme;
- The Local Government Pensions Scheme, administered by Buckinghamshire County Council.

Uniformed Firefighters

The funding arrangements for the Firefighters' Pension Scheme in England changed by statute with effect from 1 April 2006 and are contained within the Firefighter's Pension Scheme (Amendment) (England) Order 2006 (SI 2006/1810). Before 1 April 2006 the 1992 Scheme did not have a percentage of pensionable pay type of employer's contribution: rather each fire authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain unfunded but will no longer be on a pay-as-you-go basis as far as the individual fire authority is concerned.

Authorities no longer meet the pension outgoing directly: instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

- Employees' contributions from firefighters
- Transfer values received from other authorities
- The employer's contributions due from the Authority
- Additional contributions required from the Authority for ill health retirements.

Debits to the Pension Fund

- Awards payable under any provision of the pension scheme
- Transfer values payable to other authorities
- Any repayment to the Authority of contributions towards ill health retirements.

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the DCLG the amount by which the amounts receivable by the Fund for the year exceed the amounts payable, or by receiving cash in the form of a pension top-up grant from the DCLG equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

Injury Awards

Under the Firefighters Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS 19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in the liability are treated in the same way as for the Firefighters pension schemes.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on the iBoxx 15 year corporate bond index).

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unitised securities – current bid price;
- Property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense. In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

x. Financial InstrumentsFinancial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus the accrued interest shown under short-term borrowing); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no repurchase or early settlements during 2019/20.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. There were no premiums paid or discounts received during 2019/20.

Financial Assets - Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

xii. Heritage Assets

The Authority does not hold any heritage assets.

xiii. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that the conditions attached to the grant or contribution will be satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which there is not reasonable assurance that the conditions will be satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested

for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds) the Capital Receipts Reserve.

xv. Interests in Companies and Other Entities

The Authority has no material interests in companies or other entities which would require it to prepare group accounts.

xvi. Inventories and Long Term Contracts

Inventories are generally included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula.

Where inventories are held for distribution at no charge or for a nominal charge they are measured at the lower of cost and current replacement cost. Replacement cost is defined as the cost the authority would incur to acquire the asset at the Balance Sheet date.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds) the Capital Receipts Reserve.

xviii. Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets

and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore, the contribution agreed by each authority was as follow:

- Buckinghamshire and Milton Keynes Authority – 32.7%
- Royal Berkshire Fire Authority – 37.8%
- Oxfordshire Fire Authority – 29.5%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The current NBV held on Buckinghamshire and Milton Keynes Authority is £0.083m, which relates to plant and equipment.

xix. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from

revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period Comprehensive Income and Expenditure Statement at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

In 2003/04 the Authority entered into a sale and leaseback agreement. The initial cost of the lease was matched by an increase in the value of land and buildings within fixed assets.

xx. Overheads and Support Services

The segmental reporting structure in the Comprehensive Income and Expenditure Statement is now structured in the way the Authority report to management internally.

xxi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Authority's de-minimis level for capital expenditure is £0.006m.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Where amounts are materially different, the gross book value and accumulated depreciation are restated proportionately at the year-end.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. In applying the principals of componentisation the de-minimis value of a property has been set at £0.550m and individual components at £0.055m, i.e. 10% of the overall asset below which any component will not be calculated separately. The components that have been identified as relevant to the authority are weatherproofing (to include windows, roofs, bay doors and doors), mechanical and electrical and finally yards and drill towers (i.e. external elements). Where the life expectancy of

any component would exceed the life expectancy of the main structure then the life expectancy of the component will be limited to that of the main structure.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

Amounts received for the disposal of any assets previously qualifying as Capital Expenditure are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xxii. Private Finance Initiative (PFI) and Similar Contracts

The Authority has not entered into any PFI or similar contracts

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiv. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxv. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxvi. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Critical Judgements in Applying the Accounting Policies

In this challenging financial environment, work continues to achieve a balanced budget, progressing in line with our Public Safety Plan for 2015-20 so that the Authority can carry on as usual without detriment to public safety or emergency responses.

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. For 2020/21 the Authority will continue to make further savings through a number of initiatives, which involve better ways of working and consolidating workforce plans to meet our vision for the longer term. The Authority are investing in more up-to-date technology, new ways of working and are pursuing avenues, which aim to share costs with our community partners and other fire authorities.

The accounts are prepared with the underlying assumptions of the accruals basis and the going concern basis i.e. the Authority will continue its operations for the foreseeable future. This means in particular that, despite the high degree of uncertainty resulting from reducing levels of funding in future years, the Comprehensive Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operation. At this stage there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce the level of service provision.

Use of Estimates and Judgements

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2019/20 and the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Depreciation (and amortisation of intangible assets) – the remaining useful lives of all assets are estimated. The Authority relies on the expertise of an external valuer to determine the lives of all building assets. The lives of vehicles, plant and equipment and intangible assets are based on historical experience and professional estimates. If the estimates were to differ from the actuals this would affect the level of depreciation and amortisation charged to the Comprehensive Income and Expenditure Statement, as well as the carrying amounts of non-current assets in the Balance Sheet. The carrying amounts of non-current assets as at 31 March 2020 was £52.999m. Total depreciation and amortisation for the year was £2.589m;
- Revaluations and Impairments – the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors (RICS) and the recently observed market information. The outbreak of COVID-19 and the impact COVID-19 has had on global financial markets has resulted in the valuation of non-current assets being reported on the basis of material valuation uncertainty, as per RICS Red Book Global. Therefore a higher degree of caution should be attached to the valuations than normally be the case. If the estimates were to differ from the actual results this would result in a higher or lower carrying amount for non-current assets in the Balance Sheet. Revaluations charged to the Revaluation Reserve during the year were £1.147m upwards and £0.701m downwards;
- Pensions IAS 19 – Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination.

The Government sought permission to appeal this decision but on 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud/Sargeant case. The Authority still have to wait for a remedy either be imposed by the Employment Tribunal or

negotiated and applied to all public service schemes, so the outcome for the Police Pension Schemes is still unknown.

The liability has been valued using “worst-case” calculations at the most recent valuation, 31 March 2017, with the assumption that all those who were previously members of a final salary scheme will remain in that scheme and only new staff joining after 1 April 2015 join the 2015 CARE scheme.

The results of this amended 31 March 2017 valuation were then rolled forward using the same approach as detailed in the 2018 and 2019 disclosures to 31 March 2019 and the increase in the liability is recorded as a past service cost. Changes in the liability arising from changes in assumptions in the 2019/20 accounts have been treated as an actuarial gain/loss within remeasurement of the defined benefit liability. A similar approach was also applied to the valuation of the Local Government Pension Scheme liability;

- Pensions Liability - the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an external actuary and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. The LGPS figure is also provided by an external actuary and based on actuals for the full 12 months. If the estimate was to differ from the actual it would result in a higher or lower pension liability and reserve figure on the Balance Sheet. The total pension liability as at 31 March 2020 was £286.440m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore the contribution agreed by each authority was as follow:
 - Buckinghamshire and Milton Keynes Authority – 32.7%
 - Royal Berkshire Fire Authority – 37.8%
 - Oxfordshire Fire Authority – 29.5%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet.

- Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is the Treasurer for the funding allocated to the Emergency Services Mobile Communications Programme (ESMCP) which includes BMKFA and the following brigades; Berkshire, Oxfordshire, Hampshire, Isle of Wight. The funding allocated by central government is based on control rooms and brigade sizes. Budgets and costs have been allocated based on the lead areas each brigade will be providing.

Changes in Accounting Estimates

There has been one change in existing accounting estimates during 2019/20, which relates to the pension liabilities. For 2019/20 the Authority provided a full 12 months actual data to the to the external actuary.

Standards Issued But Have Not Yet Been Adopted

The standards introduced in the 2019/20 Code are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

It is not anticipated that any of the revised standards will have a material impact on the amounts disclosed.

Movement in Reserves Statement

These statements show the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the Authority. Further detail on each reserve is shown in the notes to the accounts as referenced.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018 carried forward	(1,500)	(7,707)	(522)	-	(9,729)	245,929	236,200
<u>Movement in reserves during 2018/19</u>							
(Surplus) or deficit on the provision of services	21,758	-	-	-	21,758	-	21,758
Other Comprehensive Income and Expenditure	-	-	-	-	-	(1,071)	(1,071)
Total Comprehensive Income and Expenditure	21,758	-	-	-	21,758	(1,071)	20,687
Adjustments between accounting basis & funding basis under regulations (Note 23)	(19,948)	-	522	-	(19,426)	19,426	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,810	-	522	-	2,332	18,355	20,687
Transfers to/from Earmarked Reserves (Note 23)	(1,810)	1,810	-	-	-	-	-
(Increase) / Decrease in 2018/19	-	1,810	522	-	2,332	18,355	20,687
Balance at 31 March 2019 carried forward	(1,500)	(5,897)	-	-	(7,397)	264,284	256,887
Amounts held for revenue purposes	(1,500)	(1,818)			(3,317)	310,222	306,905
Amounts held for capital purposes	-	(4,080)	-		(4,080)	(45,938)	(50,018)

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Movement in Reserves Statement continued:

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2019 carried forward	(1,500)	(5,897)	-	-	(7,397)	264,284	256,887
<u>Movement in reserves during 2019/20</u>							
(Surplus) or deficit on the provision of services	10,513	-	-	-	10,513	-	10,513
Other Comprehensive Income and Expenditure	-	-	-	-	-	(37,499)	(37,499)
Total Comprehensive Income and Expenditure	10,513	-	-	-	10,513	(37,499)	(26,986)
Adjustments between accounting basis & funding basis under regulations (Note 23)	(8,254)	-	-	-	(8,254)	8,254	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	2,259	-	-	-	2,259	(29,245)	(26,986)
Transfers to/from Earmarked Reserves (Note 23)	(2,259)	2,259		-	-	-	-
(Increase) / Decrease in 2019/20	-	2,259	-	-	2,259	(29,245)	(26,986)
Balance at 31 March 2020 carried forward	(1,500)	(3,639)	-	-	(5,139)	235,041	229,902
Amounts held for revenue purposes	(1,500)	(2,197)	-	-	(3,697)	286,447	282,750
Amounts held for capital purposes	-	(1,442)	-	-	(1,442)	(51,406)	(52,848)

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the economic cost in the year of providing services in accordance with accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2018/19				2019/20		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,912	(16)	1,896	Corporate Core	1,435	(13)	1,422
4,254	(403)	3,851	Finance & Assets	5,456	(317)	5,139
4,100	(89)	4,011	People & Organisation Development	3,024	(103)	2,921
35,610	(130)	35,480	Delivery, Corporate Development & Planning	23,817	(165)	23,652
1,033	-	1,033	Statutory Accounting and Contingency	1,156	-	1,156
46,909	(638)	46,271	(Surplus) or Deficit on Continuing Operations (Note 1)	34,888	(598)	34,290
-	(64)	(64)	<u>Other Operating Expenditure</u> (Gain)/losses on disposals of non-current assets	-	(88)	(88)
-	(64)	(64)	Total Other Operating Expenditure	-	(88)	(88)
314	-	314	<u>Financing and Investment Income and Expenditure</u> Interest payable and similar charges (Note 29)	312	-	312
-	(226)	(226)	Interest and Investment income (Note 29)	-	(202)	(202)
6,476	-	6,476	Pension interest cost (Note 28)	9,005	-	9,005
6,790	(226)	6,564	Total Financing and Investment Income and Expenditure	9,317	(202)	9,115
-	(19,117)	(19,117)	<u>Taxation and Non-Specific Grant Income</u> Precepts	-	(20,027)	(20,027)
-	(6,133)	(6,133)	General Government Grants	-	(4,716)	(4,716)
-	(5,763)	(5,763)	Non Domestic Rates redistribution	-	(5,791)	(5,791)
-	-	-	Non Government contributions	-	(2,270)	(2,270)
-	(31,013)	(31,013)	Total Taxation and Non-Specific Grant Income (Note 10)	-	(32,804)	(32,804)
53,699	(31,941)	21,758	(Surplus) or Deficit on Provision of Services	44,205	(33,692)	10,513
		(1,990)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(446)
		919	Remeasurement of net defined liability (Note 24d)			(37,053)
		(1,071)	Other Comprehensive Income and Expenditure			(37,499)
		20,687	Total Comprehensive Income and Expenditure			(26,986)

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

31 March 2019		31 March 2020
£000	Balance Sheet	£000
	<u>Property, Plant and Equipment</u>	
34,060	Land & Buildings	33,216
5,230	Vehicles, Plant & Equipment (including Donated Assets)	4,952
7,901	Assets under construction	14,542
47,191	Total Property, Plant & Equipment (Note 11a)	52,710
175	Investment Property (Note 12)	183
212	Intangible Assets (Note 13)	106
47,578	Non-Current Assets	52,999
14,076	Short Term Investments (Note 14)	12,078
191	Inventories (Note 15)	214
5,887	Short Term Debtors (Note 16)	4,424
928	Cash and Cash Equivalents (Note 17)	1,764
21,082	Current Assets	18,480
(80)	Short Term Borrowing (Note 18)	(81)
(3,760)	Short Term Creditors (Note 18)	(3,922)
(401)	Provision for Accumulated Absences (Note 19)	(399)
-	Provision - Part Time Workers (Note 19)	-
(869)	Provision - VR/Special Payments (Note 19)	(537)
(881)	NNDR Appeals Provision (Note 19)	(871)
(792)	Injury Pensions Provision (Note 19)	(396)
(6,783)	Current Liabilities	(6,206)
(6,797)	Long Term Borrowing (Note 20)	(6,797)
	<u>Other Long Term liabilities</u>	
-	Capital Grants Received in Advance (Note 21)	-
(389)	Revenue Grants Received in Advance (Note 21)	(347)
(1,639)	Finance Lease (Note 22)	(1,591)
-	Donated Asset Account (Note 25)	-
(309,940)	Liability related to the Defined Benefit Pension Scheme (Note 28)	(286,440)
(311,968)	Total Other Long Term Liabilities	(288,378)
(318,765)	Long Term Liabilities	(295,175)
(256,888)	Net Assets	(229,902)
	<u>Reserves</u>	
(7,397)	Usable Reserves (Note 23)	(5,139)
264,285	Unusable Reserves (Note 24)	235,041
256,888	Total Reserves	229,902

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Cash Flow Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of the services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Authority.

2018/19		2019/20
£000	Cash Flow Statement	£000
(21,758)	Net surplus or deficit on the provision of services	(10,513)
25,464	Adjust for non-cash movements	17,019
(3,062)	Adjust for items that are investing or financing activities	(130)
644	Net Cash Flow from Operating Activities	6,376
(3,717)	Investing Activities	(5,493)
(47)	Financing Activities	(47)
(3,120)	Net Increase or decrease in cash and cash equivalents	836
4,048	Cash and Cash equivalents at the beginning of the reporting period	928
928	Cash and Cash equivalents at the end of the reporting period	1,764

Notes to the Cash Flow Statement can be found in Note 31.

Notes to the Core Financial Statements

1 - Service Information – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19			Expenditure and Funding Analysis	2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,255	641	1,896	Corporate Core	1,166	256	1,422
3,448	403	3,851	Finance and Assets	4,782	357	5,139
2,663	1,348	4,011	People and Organisational Development	2,492	429	2,921
20,462	15,018	35,480	Delivery, Corporate Development & Planning	20,146	3,506	23,652
1,033	-	1,033	Statutory Accounting and Contingency	1,156	0	1,156
28,861	17,410	46,271	Net Cost of Services	29,742	4,548	34,290
(26,529)	2,016	(24,513)	Other Income and Expenditure	(27,483)	3,706	(23,777)
2,332	19,426	21,758	Surplus or Deficit	2,259	8,254	10,513
(9,729)			Opening General Fund Balance	(7,397)		
2,332			Less/Plus Surplus or (Deficit) on General Fund	2,259		
(7,397)			Closing General Fund Balance at 31 March	(5,139)		

1a – Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	2019/20		
		Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Corporate Core	-	256	-	256
Finance and Assets	-	357	-	357
People and Organisational Development	-	429	-	429
Delivery, Corporate Development & Planning	-	3,506	-	3,506
Statutory Accounting and Contingency	-	-	-	-
Net Cost of Services	-	4,548	-	4,548
Other Income and Expenditure from the EFA Analysis	(5,299)	9,005	-	3,706
Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,299)	13,553	-	8,254

For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2018/19:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2018/19		Other Differences	Total Adjustments
	Adjustments For Capital Purposes	Net Change for Pension Adjustments		
	£000	£000	£000	£000
Corporate Core	-	641	-	641
Finance and Assets	-	403	-	403
People and Organisational Development	-	1,348	-	1,348
Delivery, Corporate Development & Planning	-	15,018	-	15,018
Statutory Accounting and Contingency	-	-	-	-
Net Cost of Services	-	17,410	-	17,410
Other Income and Expenditure from the EFA Analysis	(4,460)	6,476	-	2,016
Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,460)	23,886	-	19,426

Adjustments for Capital Purposes

- Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

- Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
 - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
 - The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for Compensated Absences earned but not taken in the year.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Segmental Income

2018/19		2019/20
£000	Income from Services	£000
(16)	Corporate Core	(13)
(403)	Finance and Assets	(317)
	People and Organisational	
(89)	Development	(103)
	Delivery, Corporate	
(130)	Development & Planning	(165)
	Statutory Accounting and	
-	Contingency	-
(638)	Net Cost of Services	(598)

Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2018/19		2019/20
£000	Expenditure/Income	£000
(638)	Fees, charges & other service income	(598)
(226)	Interest and investment income	(202)
(19,117)	Income from Council Tax	(20,027)
(11,896)	Government grants and contributions	(12,777)
(64)	Gain or loss on disposal of non current assets	(88)
(31,941)	Total Income	(33,692)
19,386	Employee Expenses	21,420
7,060	Other Operating Expenses	6,308
-	Support Service Recharges	-
3,053	Depreciation, amortisation and impairment	2,612
314	Interest payments	312
23,886	Pensions interest cost and return on Pension Fund assets	13,553
-	Gain or loss on disposal of non- current assets	-
53,699	Total Operating Expenses	44,205
21,758	Surplus (-) or deficit on the provision of services	10,513

2 - Officers Remuneration

The number of employees whose salary (including fees and allowances) and excluding employer's pension contributions was £50,000 or more in bands of £5,000 is shown below.

2018/19		2019/20
£000	Remuneration Band	£000
16	£50,000 - £54,999	27
12	£55,000 - £59,999	17
4	£60,000 - £64,999	12
3	£65,000 - £69,999	1
2	£70,000 - £74,999	4
2	£75,000 - £79,999	1
1	£80,000 - £84,999	1
1	£85,000 - £89,999	
	£90,000 - £94,999	1
1	£95,000 - £99,999	1
2	£100,000 - £104,999	
	£105,000 - £109,999	1
1	£120,000 - £124,999	
	£124,000 - £129,999	1
1	£145,000 - £149,999	
	£150,000 - £154,999	1
46	Total	68

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The following table sets out the remuneration disclosures for senior officers during 2019/20. All posts holders are included within the remuneration bands shown on the previous page.

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	150,850	-	-	-	150,850	42,971	193,821	
Chief Operating Officer	125,555	-	-	-	125,555	36,160	161,715	
Head of Service Delivery	96,124	-	-	-	96,124	36,101	132,225	
Head of Service Development	97,673	-	-	-	97,673	30,864	128,538	1
Director of People and Organisational Development	32,128	3,182	-	-	35,310	4,980	40,290	2
Director of Finance and Assets & Chief Finance Officer	87,745	5,000	-	-	92,745	13,600	106,346	
Director of Legal and Governance	95,454	12,646	-	-	108,101	14,795	122,896	
Total	685,530	20,828	-	-	706,358	179,472	885,830	

Notes

- 1 - Two different post holders during the year
- 2 - Post holder retired and not replaced

For comparison, the following table sets out the remuneration disclosures for senior officers during 2018/19:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	145,562	-	-	-	145,562	20,815	166,377	
Chief Operating Officer	122,755	-	-	-	122,755	17,284	140,039	
Head of Service Delivery	118,718	-	-	-	118,718	24,785	143,503	1
Head of Service Development	96,177	-	-	-	96,177	20,870	117,047	
Director of People and Organisational Development	93,124	8,886	-	-	102,010	14,434	116,444	
Director of Finance and Assets & Chief Finance Officer	85,453	5,473	-	-	90,926	13,245	104,171	2
Director of Legal and Governance	93,124	11,423	-	-	104,547	14,434	118,981	
Total	754,913	25,782	-	-	780,695	125,867	906,562	

Notes

- 1 & 2 - Two different post holders during the year

Exit Packages

There were no exit packages in 2019/20.

3 - Provision for Doubtful Debt

The provision for doubtful debts is £0 as at 31 March 2020 (£0 as at 31 March 2019).

4 - Leases and Lease Type Arrangements

The operating leases held by the Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £0.232m (£0.218m in 2018/19). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

2018/19			2019/20		
Vehicles Plant and Equipment	Land and Buildings	Years Operational Lease Remaining	Vehicles Plant and Equipment	Land and Buildings	
£000	£000		£000	£000	
144	83	0 - 1 years	123	83	
289	320	2 - 5 years	181	330	
-	299	6 years and onwards	-	227	
433	702	Total	304	640	

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses with London Quadrant (previously Opus Housing). The Authority has included the finance lease as a long-term liability. The finance lease is detailed in Note 22.

5 - Capital Financing Requirement

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

2018/19		2019/20
£000		£000
1,684	Opening Capital Financing Requirement	1,637
	<u>Capital Investment</u>	
7,658	Property Plant and Equipment	7,579
-	Intangible Assets	-
	<u>Sources of Finances</u>	
(586)	Capital Receipts	(88)
-	Donated Assets	-
(7,072)	Government Grants and Contributions	(7,491)
(47)	Revenue Funding including MRP	(47)
-	Voluntary Minimum Revenue Provision	-
-	Other Adjustments	-
1,637	Closing Capital Financing Requirement	1,590
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
(47)	Increase/(Decrease) in Capital Financing Requirement	(47)

6 - Members Allowances

Total allowances paid in 2019/20 to 21 Members amounted to £0.061m (2018/19 amounted to £0.064m and 21 Members).

7 - Audit Fees

Fees paid during the year to Ernst & Young LLP, the Authority's external auditor, for work on external audit and on inspection are set out in the table below. Please note that the actual fees are £0.024m with the remaining £0.002m relating to a scale variation fee for the previous year's audit.

2018/19		2019/20
£000	Audit Fees	£000
29	Scale fee for audit work	26
1	National Fraud Initiative (NFI)	-
30	Total	26

8 - Revenue Grants

Section 31 grants received from the Department for Communities and Local Government (DCLG) by the Authority are detailed below. The grants are not ring-fenced but are given for specific streams of work. As the grants are not ring-fenced, they are shown within Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

2018/19		2019/20
£000	Revenue Grant Applied	£000
(817)	New Dimension (Urban Search and Rescue)	(817)
(281)	Firelink	(290)
-	Pension Fire Grant	(1,209)
-	COVID-19	(91)
-	ESMCP	(12)
-	Transparency Grant	(7)
-	S106. Funding	(4)
(1,098)	Total	(2,430)

The New Dimension grant funds the national resilience capability provided by the Urban Search and Rescue team. Firelink funding contributes to the cost of communications within the control room.

9 - Related Parties

The Authority is required to disclose material transactions with related parties: bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

As at April 2015, the Joint Control Room became operational and operates from Royal Berkshire Fire Authority premises. All control functions are controlled jointly by Buckinghamshire and Milton Keynes Fire Authority (BMKFA), Oxfordshire Fire and Rescue and Royal Berkshire Fire Authority with the control room based in Theale, Reading.

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The net book value as at 31 March 2020 is £0.249m of which BMKFA share is £0.083m.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2019/20 was £2.230m from which BMKFA contributed £0.729m.

As of April 2016, Buckinghamshire and Milton Keynes Fire Authority was appointed as the treasurer for the ESMCP project and the funding was held on behalf of Royal Berkshire, Oxfordshire, Hampshire and Isle of Wight Fire Services.

Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2019/20 to the Authority.

Other Public Bodies

Buckinghamshire County Council provides Internal Audit Services, LGPS Pensions administration Services and SAP legacy access. The Authority provides accommodation to the South Central Ambulance Service and Thames Valley Police.

The Authority has entered into local public service agreements with all six councils within its geographic boundaries. The Authority is using these agreements to build capacity within its Community Fire Safety department so that it can contribute along with its partners to the shared vision of creating a safer Buckinghamshire and Milton Keynes.

A Memorandum of Understanding (MOU) was agreed with Royal Berkshire and Oxfordshire Fire & Rescue Service which set out a formal arrangement for collaborating with the neighbouring Thames Valley Fire and Rescue Services.

A MOU has been established for a number of years with Hampshire Fire & Rescue Service and provides a cost effective way for the Authority to deliver a notable element of an USAR mobilisation that complies with the national requirements.

Members of the Authority

Members have direct control over the Authority's financial and operational policies. However, any contracts entered into are in full compliance with the Authority's standing orders and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. All Members have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Senior Officers of the Authority

Senior Officers have control over the day-to-day management of the Authority. All Senior Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £0.025m per annum. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. However, during 2019/20 this officer retired. The Authority does not have a significant influence over the running of the centre.

Training Partnership – Fire Service College

The partnership underpins the Service's Training Strategy and Framework for Training, Learning and Development. It will provide the Authority with external assurance that training and exercising in BMKFRS is being delivered and assessed to a CFOA endorsed nationally recognised standard.

Companies and Joint Ventures

The Authority does not have any interests in companies outside of its normal contractual arrangement.

Blue Light Hub

In financial year 2020/21, the 'Blue Light Hub' in Milton Keynes will be completed and occupied. BMKFA are leading on this partnership with South Central Ambulance Service and Thames Valley Police and this will see all three services working together and moving into one purpose-built site.

10 - Funding

The Authority's net revenue expenditure is funded by local authority precepts, general government grants and non-domestic rates redistribution from the national pool.

2018/19		2019/20
£000	Funding	£000
(4,568)	Aylesbury Vale District Council	(4,839)
(2,844)	Chiltern District Council	(2,900)
(5,341)	Milton Keynes Council	(5,617)
(2,023)	South Buckinghamshire District Council	(2,206)
(4,341)	Wycombe District Council	(4,465)
(19,117)	Total Precepts	(20,027)
(2,793)	Revenue Support Grant	(2,286)
(1,098)	General Revenue Grants (Note 8)	(2,430)
(2,242)	Capital Grants	-
(6,133)	Total General Government Grants	(4,716)
(5,528)	Non Domestic Rates Redistribution	(5,791)
(235)	NNDR Pooling	-
(5,763)	Total Non Domestic Rates redistribution	(5,791)
-	Non Government Contributions	(2,270)
-	Total Non Government Contributions	(2,270)
(31,013)	Total	(32,804)

In 2019/20, there were 305,330 Band D properties and in 2018/19 there were 300,613 Band D properties.

11 - Non Current Assets

a) Movement of Property, Plant and Equipment

2019/20	Land and Buildings £000	Leased Land and Buildings £000	Total Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total £000
Gross Book Value as at 1 April 2019	34,017	2,357	36,374	13,954	7,901	58,229
Additions	144	-	144	542	6,893	7,579
Disposals and write offs	-	-	-	(528)	-	(528)
Reclassifications	-	-	-	252	(252)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	(1,149)	-	(1,149)	-	-	(1,149)
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(28)	-	(28)	-	-	(28)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2020	32,984	2,357	35,341	14,220	14,542	64,103
Accumulated depreciation and impairment as at 1 April 2019	(1,603)	(712)	(2,315)	(8,724)	-	(11,039)
Depreciation for the year	(1,364)	(47)	(1,411)	(1,072)	-	(2,483)
Depreciation on disposal	-	-	-	528	-	528
Depreciation written out to Revaluation Reserve	1,595	-	1,595	-	-	1,595
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	4	-	4	-	-	4
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(1,368)	(759)	(2,127)	(9,268)	-	(11,395)
Net Book Value as at 31 March 2020	31,618	1,598	33,216	4,952	14,542	52,710

Leased Land and Buildings refer to the Finance Lease item as detailed in Note 22

Comparative figures for 2018/19:

2018/19	Land and Buildings	Leased Land and Buildings	Total Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value as at 1 April 2018	32,898	2,357	35,255	13,516	1,501	50,272
Additions	500	-	500	587	6,570	7,657
Disposals and write offs	-	-	-	(319)	-	(319)
Reclassifications	-	-	-	170	(170)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	768	-	768	-	-	768
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(149)	-	(149)	-	-	(149)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2019	34,017	2,357	36,374	13,954	7,901	58,229
Accumulated depreciation and impairment as at 1 April 2018	(1,238)	(665)	(1,903)	(7,886)	-	(9,789)
Depreciation for the year	(1,600)	(47)	(1,647)	(1,157)	-	(2,804)
Depreciation on disposal	-	-	-	-	-	-
Depreciation written out to Revaluation Reserve	1,221	-	1,221	319	-	1,540
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	14	-	14	-	-	14
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(1,603)	(712)	(2,315)	(8,724)	-	(11,039)
Net Book Value as at 31 March 2019	32,414	1,645	34,060	5,230	7,901	47,191

b) Basis of Valuation

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2019. The valuations were updated as at 31 March 2020 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Martin Wilson BSc (Hons) MRICS of Bruton Knowles. All valuations were prepared in accordance with the RICS Appraisal Valuation Manual and International Financial Reporting Standards. The basis of valuation adopted is Existing Use Value (EUV). For specialised properties the Depreciated Replacement Cost method was used to arrive at the EUV whilst non-specialised properties have been valued using the Comparable Method of valuation to arrive at the EUV. The one investment property was valued at Market Value.

The following significant assumptions were applied in arriving at the fair values:

- The Authority owns the freehold, which is not subject to any unusual or onerous restrictions;
- Properties are unaffected by any matters that would be revealed by a local search;
- All parts are assumed to be in good repair and condition and all properties are free from hazardous materials; and
- Where the remaining useful life of a property is at least 20 years it is on the assumption that it will be maintained reasonably.

c) Valuation Information

The following statement shows the progress of the Authority's programme for the revaluation of assets.

Year of Valuation	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000
2019/20	31,618	-	-	31,618
Valued at Historic Cost	-	4,952	14,542	19,494
Total	31,618	4,952	14,542	51,112

d) Depreciation Lives

The Authority policy of depreciating assets is on a straight-line basis over their remaining useful lives as below:

- Red Fleet Vehicles - 1 to 15 years
- White Fleet Vehicles - 1 to 6 years
- Plant and Equipment - 1 to 24 years
- Buildings - 6 to 51 years
- Intangibles - 2 to 7 years

e) Commitments under Capital Contracts

At 31 March 2020, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets. The major commitments are:

Amount Outstanding as at 31 March 2019	Capital Contract	Contractor	Amount Outstanding as at 31 March 2020
486	Red Fleet Appliances	Emergency One	-
4,168	Property - Blue Light Hub	Kingerlee	1,188
-	Property - Blue Light Hub	Combined Office Interiors Ltd	204
4,654	Total		1,392

All commitments will be honoured during 2020/21.

12 - Investment Property

An office building at Bletchley Fire Station is classified as an investment property, as it is currently held solely for generating rental income.

2018/19		2019/20
£000	Investment Property	£000
155	Opening Balance	175
-	Transfer from Land and Buildings	-
20	Revaluation	8
-	Impairment	-
175	Closing Balance	183

13 - Movement of Intangible Fixed Assets

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Comprehensive Income and Expenditure Statement based on the cost and estimated useful life.

2018/19		2019/20
£000	Movement of Intangible Assets	£000
865	Gross Book Value	865
(537)	Accumulated Amortisation	(653)
328	Opening Net Book Value	212
-	Additions in year	-
-	Reclassifications	-
(116)	Amortisation for the year	(106)
212	Closing Net Book Value	106

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 2 to 7 years.

14 - Short Term Investments

The Authority holds a number of short-term investments in order to manage liquidity.

2018/19		2019/20
£000	Short Term Investments	£000
14,076	Short Term Investments	12,078
14,076	Total	12,078

15 – Inventories

All inventories are purchased at cost. No inventory items are purchased on deferred settlement terms or acquired by an exchange of goods and services. Inventories are distributed at cost or cost plus and do not use LIFO as a cost formula. All inventory items of a similar nature and similar use to the Authority use the same cost formula.

2018/19		2019/20
£000	Inventories	£000
54	Workshops	57
85	Stores	103
52	Fuel	54
191	Total	214

16 - Short Term Debtors

The note below shows the value of debtors as at 31 March 2020.

2018/19		2019/20
£000	Short Term Debtors	£000
2,879	Central Government Bodies	697
1,094	Other Local Authorities	1,264
-	NHS Bodies	-
575	Other Entities and Individuals	585
1,339	Payments in Advance	1,878
-	Provision for Doubtful Debts	-
5,887	Total	4,424

17 - Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments with a maturity of less than 90 days.

2018/19		2019/20
£000	Cash and cash equivalents	£000
928	Cash at bank	1,764
-	Cash on deposit	-
928	Total	1,764

18 - Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLb) interest accrued to the 31 March 2020 in accordance with the Code.

2018/19		2019/20
£000	Short Term Borrowing and Creditors	£000
(80)	Short Term Borrowing	(81)
	<u>Short Term Creditors</u>	
(380)	Central Government Bodies	(436)
(765)	Other Local Authorities	(958)
(1,887)	Other Entities and Individuals	(1,867)
(728)	Receipts in Advance	(661)
(3,760)	Total	(3,922)

19 - Provisions

The following table shows the movements on the Authority's provisions.

	Accumulated Absences	Voluntary Redundancy and Special Payments	NNDR Appeals Provisions	Injury Pension Payments	Total
	£000	£000	£000	£000	£000
Balance as at 1st April 2019	(401)	(869)	(881)	(792)	(2,943)
Additional provisions made in 2019/20	(399)	(62)	(871)	-	(1,332)
Amounts used in 2019/20	401	394	881	396	2,072
Balance as at 31 March 2020	(399)	(537)	(871)	(396)	(2,203)

Accumulated Absences Account

This provision shows the value of the outstanding leave entitlement held by employees of the Authority as at the balance sheet date. Any increase or decrease in the provision is offset by the Accumulated Absences Account (see Note 24a) so that this accounting adjustment does not impact on the level of usable reserves.

Voluntary Redundancy and Special Payments

This provision was established in 2010/11 to provide for the additional costs of redundancy and related payments as a result of restructuring within the Authority and potential ill health retirements.

NNDR Appeals Provision

This provision shows the Authority's share of the provision for appeals relating to income from business rates. Due to statutory accounting adjustments, this amount does not impact on the level of the General Fund balance.

Injury Pension Payments

This provision has arisen as a result of the requirement to reimburse the Home Office for pension top-up grant claimed in prior years relating to injury awards.

20 - Long Term Borrowing

The Authority undertakes long-term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed during 2019/20. The interest owing and shown as short term borrowing in Note 18 represents the Public Works Loan Board (PWLb) interest accrued to the 31 March 2020 and loans due to be repaid within one year in accordance with the Code.

2018/19		2019/20
£000	Source of Loan	£000
(6,797)	PWLb	(6,797)
(6,797)	Total	(6,797)

The interest rates applicable as at 31 March 2020 were between 3.90% and 5.32%.

Long-term external borrowing by repayment dates is shown in the table below:

2018/19		2019/20
£000	Repayments Dates	£000
(1,620)	Maturing in less than 5 years	(1,620)
(1,000)	Maturing in 5 to 10 years	(1,000)
(1,376)	Maturing in 10 to 15 years	(1,376)
-	Maturing in 15 to 20 years	-
-	Maturing in 20 to 25 years	-
(2,801)	Maturing in over 25 years	(2,801)
(6,797)	Total	(6,797)

21 - Grants Received in Advance

The Authority has received funding in relation to the ESMCP project.

2018/19		2019/20
£000	Grants Received in Advance	£000
(389)	ESMCP Funding	(347)
-	Transformation Fund	-
(389)	Total	(347)

22 - Finance Lease

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 50 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2019/20 were £0.135m charged as £0.088m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor.

2018/19		2019/20
£000	Outstanding Obligations under Finance Lease	£000
47	Payable in less than 1 year	47
141	Payable in 1 to 3 years	141
1,451	Payable in over 3 years	1,403
1,639	Total	1,591

23 - Usable Reserves

Adjustments under Regulations

General Fund Balance £000	2018/19 Usable Capital Receipts Reserve £000	Unusable Reserves £000		General Fund Balance £000	2019/20 Usable Capital Receipts Reserve £000	Unusable Reserves £000
			Adjustments primarily involving the Capital Adjustment Account			
			<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
(2,919)	-	2,919	Depreciation Charges	(2,589)	-	2,589
(134)	-	134	Impairment	(23)	-	23
7,072	-	(7,072)	Capital grants and contributions applied	7,491	-	(7,491)
20		(20)	Investment Assets Revaluation	8	-	(8)
-	-	-	Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
			<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	-		
47	-	(47)	Minimum Revenue Provision	47	-	(47)
			Adjustments primarily involving the Capital Receipts Reserve			
64	(64)	-	Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	88	(88)	-
	586	(586)	Use of the Capital Receipts Reserve to finance new capital expenditure	-	88	(88)
			Adjustments primarily involving the Financial Instruments Adjustment Account			
			Adjustments primarily involving the Pension Reserve			
(25,643)	-	25,643	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(15,302)	-	15,302
1,757	-	(1,757)	Employer's pensions contributions and direct payments to pensioners payable in the year	1,749	-	(1,749)
			Adjustments primarily involving the Collection Fund Adjustment Account			
(226)	-	226	Precept and NNDR Income	275	-	(275)
			Adjustments primarily involving the Accumulated Absences Account			
14	-	(14)	Employee Absence Account	2	-	(2)
(19,948)	522	19,426	Total Adjustments	(8,254)	-	8,254

Transfers To/From Reserves

	Note	Balance at 1 April 2018 £000	Transfers (In)/Out 2018/19 £000	Balance at 31 March 2019 £000	Transfers (In)/Out 2019/20 £000	Balance at 31 March 2020 £000
General Fund Balance	A	(1,500)	-	(1,500)	-	(1,500)
Sub Total Non Earmarked General Fund Balance		(1,500)	-	(1,500)	-	(1,500)
Apprentice Reserve	B	(500)	-	(500)	-	(500)
Sprinklers Reserve	C	(490)	490	-	-	-
Control Room Reserve	D	(424)	(56)	(480)	(54)	(534)
Continuing Projects Reserve	E	(465)	197	(268)	120	(148)
COVID-19 Reserve	F	-	-	-	(364)	(364)
Future Funding Reserve	G	-	(570)	(570)	(81)	(651)
Sub Total Earmarked Reserves - Revenue		(1,879)	61	(1,818)	(379)	(2,197)
Usable Capital Receipts Reserve	H	(521)	521	-	-	-
Revenue Contribution to Capital	I	(5,827)	1,747	(4,080)	2,638	(1,442)
Sub Total Earmarked Reserves - Capital		(6,348)	2,268	(4,080)	2,638	(1,442)
Total Usable Reserves		(9,727)	2,330	(7,397)	2,259	(5,139)

A – General Fund Balance

This is a non-earmarked reserve and is kept at a prudent level in order to cover unforeseen eventualities and liabilities.

B – Apprentice Reserve

This reserve is held to fund the apprenticeship initiative over the coming years.

C – Sprinklers Reserve

This reserve is held for suitable sprinkler initiative schemes which will be match funded by the Authority. This has now been fully utilised to fund the sprinklers in the Blue Light Hub and support the wider capital programme.

D – Control Room Reserve (Revenue)

This reserve contains the renewals fund used to replenish the Joint control room assets.

E – Continuing Projects Reserve

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

F – COVID-19 Reserve

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

G – Future Funding Reserve

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

H – Usable Capital Receipts Reserve

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

I – Revenue Contribution to Capital

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

24 - Unusable Reserves

a) Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year.

2018/19		2019/20
£000	Accumulated Absences Account	£000
414	Opening Balance	401
(414)	Reversal of provision for accumulated absences for previous year	(401)
401	Accumulated absences for the year	399
401	Closing Balance	399

b) Capital Adjustment Account

It is a statutory requirement to have a Capital Adjustment Account. The balance on this account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

2018/19		2019/20
£000	Capital Adjustment Account	£000
(25,040)	Opening Balance	(28,750)
2,920	Depreciation	2,589
960	Depreciation variance Historic to Current	785
(47)	Minimum Revenue Provision	(47)
134	Impairments	23
(20)	Other adjustments	(8)
-	- Additional Voluntary Contributions	-
-	- Revenue contributions	-
-	- Asset Disposal	-
(7,072)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,491)
(585)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(88)
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
(28,750)	Closing Balance	(32,987)

c) Collection Fund Adjustment Account

It is a statutory requirement to have a Collection Fund Adjustment Account. The balance on this account represents the timing differences between statutory accounting requirements and full accruals accounting for council tax.

2018/19		2019/20
£000	Collection Fund Adjustment Account	£000
(342)	Opening Balance	(118)
119	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(34)
105	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements.	(240)
(118)	Closing Balance	(392)

d) Pensions Reserve

It is a statutory requirement to have a Pensions Reserve. This reserve represents a balancing figure, reported by the actuary, to allow for the liabilities of both the Local Government Pension Scheme and the Firefighter's Pension Fund, as required under IAS 19.

2018/19		2019/20
£000	Pensions Reserve	£000
285,135	Opening Balance	309,940
23,886	Appropriations to and from (-) revenue	13,553
919	Actuarial gains (-) / losses relating to pensions	(37,053)
309,940	Closing Balance	286,440

e) Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising since the 1 April 2007 from the holding of fixed assets. As and when assets are revalued or revaluations are reversed then adjustments are made to this account. The revaluation reserve is also written down to the capital adjustment account over the remaining useful lives of the assets with revaluation reserve balances.

2018/19		2019/20
£000	Revaluation Reserve	£000
(14,239)	Opening Balance	(17,188)
(2,136)	Upward Asset revaluations	(1,147)
147	Downward Asset revaluations	701
-	Asset Disposal	-
(960)	Depreciation difference - historic cost to current value	(785)
-	Other adjustments	-
(17,188)	Closing Balance	(18,419)

25 - Donated Assets Account

In 2015/16 the Authority recognised on the Balance Sheet the value of the Thames Valley Control Room made available to it by Royal Berkshire Fire Authority. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Comprehensive Income Expenditure Statement (see Note 10).

26 - Contingent Assets

As at 31 March 2020, the Authority does not have any contingent assets.

27 - Contingent Liabilities

As at 31 March 2020, the Authority does not have any contingent liabilities.

28 - Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in four pension schemes:

- The Local Government Pension Scheme for non-firefighter staff administered locally by Buckinghamshire County Council is a funded defined benefit final salary scheme, administered in accordance with the Local Government Pension Scheme (1997) as amended. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension;
- The Fire-Fighter Pension Scheme for uniformed fire fighters is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (1992) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due; and
- The Fire-Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2006) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Fire Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2015) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Firefighters' Pension Scheme regulations (2014). It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The report provided by the actuaries has aggregated all the fire-fighter pension data. This approach was taken to condense the number of reports produced as previously there was an individual report for each pension scheme but with now having five schemes (including modified 2006 scheme), it has been condensed into two reports, LGPS and fire-fighter pensions.

Under the Firefighters' Pension Fund Regulations 2006 if the amounts receivable by the pension fund are less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the Pension Fund. Subject to scrutiny and approval by Parliament and the Secretary of State up to 100% of this cost is met by central government top-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority, which must then repay the amount to central government.

a) Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

2018/19				2019/20		
LGPS	Firefighters	Total		LGPS	Firefighters	Total
£000	£000	£000	Comprehensive Income and Expenditure Statement	£000	£000	£000
			<u>Cost of Service</u>			
1,280	4,527	5,807	Current Service Cost	1,289	5,008	6,297
253	13,107	13,360	Past Service Cost	-	-	-
-	-	-	Administration Expenses	-	-	-
1,533	17,634	19,167	Cost of Service Total	1,289	5,008	6,297
			<u>Financing and Investment Income and Expenditure</u>			
(379)	6,855	6,476	Net Interest on the defined liability (asset)	1,970	7,035	9,005
(379)	6,855	6,476	Financing and Investment Total	1,970	7,035	9,005
1,154	24,489	25,643	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,259	12,043	15,302
(212)	1,131	919	Actuarial Gains and Losses	(5,921)	(31,132)	(37,053)
942	25,620	26,562	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(2,662)	(19,089)	(21,751)
			Movement in Reserves Statement			
(1,154)	(24,489)	(25,643)	Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(3,259)	(12,043)	(15,302)
			Amount actually charged against the General Fund Balance for pensions in the year for:			
-	1,494	1,494	Employers contribution	-	1,520	1,520
13	250	263	Retirement benefit payable to pensioners	12	217	229

b) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities 2019/20

2018/19				2019/20		
LGPS	Firefighters	Total		LGPS	Firefighters	Total
£000	£000	£000	Reconciliation of present value of the scheme liabilities	£000	£000	£000
(38,650)	(272,651)	(311,301)	Present Value of scheme liabilities as at 1 April	(40,486)	(296,527)	(337,013)
(1,280)	(4,527)	(5,807)	Current Service Cost	(1,289)	(5,008)	(6,297)
(980)	(6,855)	(7,835)	Interest Cost	(963)	(7,035)	(7,998)
(2,109)	(14,052)	(16,161)	Change in financial assumptions	3,874	26,560	30,434
2,343	7,020	9,363	Change in demographic assumptions	625	(399)	226
-	-	-	Experience loss/(gain) on defined benefit obligation	1,048	-	1,048
668	8,640	9,308	Estimated benefits paid net of transfers in	993	7,720	8,713
(253)	(13,107)	(13,360)	Past service costs, including curtailments	-	-	-
(238)	(1,245)	(1,483)	Contribution by Scheme participants	(232)	(1,229)	(1,461)
13	250	263	Unfunded pension payments	12	217	229
(40,486)	(296,527)	(337,013)	Present Value of scheme liabilities as at 31 March	(36,418)	(275,701)	(312,119)

Reconciliation of fair value of the scheme assets 2019/20

2018/19			Reconciliation of fair value of the scheme assets	2019/20		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
26,167	-	26,167	Fair Value of scheme assets as at 1 April	27,074	-	27,074
662	-	662	Interest on Assets	641	-	641
697	-	697	Return on assets less interest	(1,648)	-	(1,648)
-	5,901	5,901	Other actuarial gains/(losses)	399	4,971	5,370
(22)	-	(22)	Administration expenses	(25)	-	(25)
13	1,744	1,757	Contributions by employer including unfunded	12	1,737	1,749
238	1,245	1,483	Contributions by Scheme participants	232	1,229	1,461
(681)	(8,890)	(9,571)	Estimated benefits paid plus unfunded net of transfers in	(1,005)	(7,937)	(8,942)
27,074	-	27,074	Fair Value of scheme assets as at 31 March	25,680	-	25,680

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect the long-term real rates of return experienced in the respective markets.

c) Scheme history

Reconciliation of present value of the scheme liabilities

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>Present Value of Liabilities</u>					
LGPS	(30,105)	(37,807)	(38,651)	(40,486)	(36,418)
Firefighters Scheme	(241,242)	(291,382)	(272,651)	(296,527)	(275,701)
Present Value of scheme liabilities as at 31 March	(271,347)	(329,189)	(311,302)	(337,013)	(312,119)
<u>Fair Value of Assets</u>					
LGPS	19,552	23,679	26,167	27,074	25,680
Total Assets - BMKFA estimated allocation of LGPS assets	19,552	23,679	26,167	27,074	25,680
LGPS Experience adjustments on scheme assets	-	-	-	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(10,553)	(14,128)	(12,484)	(13,413)	(10,739)
Firefighters Scheme	(241,242)	(291,382)	(272,651)	(296,527)	(275,701)
Total	(251,795)	(305,510)	(285,135)	(309,940)	(286,440)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £286.440m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £229.902m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary every three years;
- Finance is only required to be raised to cover firefighter's pensions when the pensions are actually paid.

d) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the Projected Unit Method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Firefighters' and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest valuations (31 March 2017 for the Local Government scheme and the 31 March 2005 for the Firefighters' scheme).

The main assumptions used in their calculations have been:

	LGPS		Firefighters	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Men	22.90	21.80	20.80	21.00
Women	24.80	25.10	23.10	23.10
Longevity at 65 for future pensioners				
Men	24.60	23.20	22.40	22.70
Women	26.60	26.50	25.00	24.90
<u>Financial Assumptions</u>				
Rate of Inflation (RPI)	3.40%	2.70%	3.40%	2.70%
Rate of Inflation (CPI)	2.40%	1.90%	2.40%	1.90%
Rate of salary inflation	3.90%	2.90%	3.90%	3.40%
Rate of pensions inflation	2.40%	1.90%	2.40%	1.90%
Rate for discounting scheme liabilities	2.40%	2.35%	2.40%	2.40%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%

The Local Government Pension Scheme's assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority's estimated allocation.

31 March 2019			31 March 2020		
£000	%	LGPS	£000	%	
3,343	12%	Gilts	2,211	9%	
13,777	51%	Equities	13,529	53%	
4,036	15%	Other Bonds	4,728	18%	
2,115	8%	Property	1,889	7%	
865	3%	Cash	624	2%	
207	1%	Alternative Assets	202	1%	
1,459	5%	Hedge Funds	1,299	5%	
1,272	5%	Absolute Return Portfolio	1,198	5%	
27,074	100%	Total	25,680	100%	

The Firefighters Pension Schemes have no assets to cover their liabilities.

e) Sensitivity Analysis

The following tables show a sensitivity analysis on the major assumptions used in the valuations:

2018/19				2019/20			
£000	£000	£000	LGPS	£000	£000	£000	
+0.1%	0.0%	-0.1%	Adjustment to discount rate	+0.1%	0.0%	-0.1%	
39,651	40,486	41,340	Present value of total obligation	35,669	36,418	37,184	
1,417	1,452	1,489	Projected service cost	1,452	1,488	1,525	
+0.1%	0.0%	-0.1%	Adjustment to long term salary increase	+0.1%	0.0%	-0.1%	
40,553	40,486	40,421	Present value of total obligation	36,474	36,418	36,363	
1,452	1,452	1,452	Projected service cost	1,489	1,488	1,487	
+0.1%	0.0%	-0.1%	Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%	
41,273	40,486	39,716	Present value of total obligation	37,131	36,418	35,720	
1,489	1,452	1,417	Projected service cost	1,525	1,488	1,452	
+1 year	None	- 1 Year	Adjustment to mortality age rating assumption	+1 year	None	- 1 Year	
41,923	40,486	39,100	Present value of total obligation	37,840	36,418	35,052	
1,502	1,452	1,404	Projected service cost	1,537	1,488	1,440	
£000	£000	£000	Firefighters	£000	£000	£000	
+0.1%	0.0%	-0.1%	Adjustment to discount rate	+0.1%	0.0%	-0.1%	
290,637	296,527	302,519	Present value of total obligation	270,166	275,701	281,362	
7,595	7,834	8,081	Projected service cost	4,870	5,039	5,214	
+0.1%	0.0%	-0.1%	Adjustment to long term salary increase	+0.1%	0.0%	-0.1%	
297,317	296,527	295,744	Present value of total obligation	276,464	275,701	274,945	
7,882	7,834	7,786	Projected service cost	5,047	5,039	5,032	
+0.1%	0.0%	-0.1%	Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%	
301,753	296,527	291,414	Present value of total obligation	280,618	275,701	270,893	
8,033	7,834	7,642	Projected service cost	5,207	5,039	4,877	
+1 year	None	- 1 Year	Adjustment to mortality age rating assumption	+1 year	None	- 1 Year	
308,215	296,527	285,296	Present value of total obligation	286,637	275,701	265,193	
8,084	7,834	7,592	Projected service cost	5,204	5,039	4,879	

29 - Financial Instruments

a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2019			31 March 2020		
Long Term	Current		Long Term	Current	
£000	£000	Financial Instruments Balances	£000	£000	
(8,436)	(3,425)	Financial liabilities at amortised cost	(8,388)	(3,628)	
(8,436)	(3,425)	Total Borrowings	(8,388)	(3,628)	
-	16,954	Loans and receivables	-	15,264	
-	16,954	Total Investments	-	15,264	

b) Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows.

2018/19			2019/20			
Financial Liabilities and Assets		Financial Liabilities	Financial Assets			
Total	Financial Instruments Gains and Losses	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Fair value through the CIES account	Total
£000		£000	£000	£000	£000	£000
314	Interest expense	312	-	-	-	312
-	Losses on derecognition	-	-	-	-	-
-	Impairment losses	-	-	-	-	-
314	Interest payable and similar charges	312	-	-	-	312
(226)	Interest income	-	(202)	-	-	(202)
-	Gains on derecognition	-	-	-	-	-
(226)	Interest and investment income	-	(202)	-	-	(202)
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
88	Net gain/loss (-) for the year	312	(202)	-	-	110

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2018/19		2019/20
£000		£000
-	Financial Instruments gain	-
-	Rental income from investment properties	-
(20)	Movement in fair value of investment properties	(8)
(206)	Interest on investments	(194)
(226)	Total Investment income received in the CIES	(202)

c) Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans, finance leases and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. It should be noted that the redemption rules applying to PWLB debt changed on 1 November 2007, and are less favourable than the previous procedures.
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amounts.

The fair values calculated are as follows:

31 March 2019			31 March 2020		
Carrying Amount	Fair Value		Carrying Amount	Fair Value	
£000	£000		£000	£000	
(6,797)	(9,027)	PWLB Debt at amortised cost	(6,797)	(8,634)	
(1,639)	(1,639)	Finance lease	(1,591)	(1,591)	
(3,425)	(3,425)	Creditors	(3,628)	(3,628)	
(11,861)	(14,091)	Total Financial Liabilities	(12,016)	(13,853)	
-	-	Cash and cash equivalents	-	-	
14,076	14,093	Short term investments	12,078	12,078	
2,878	2,878	Debtors	3,186	3,186	
16,954	16,971	Total Loans and Receivables	15,264	15,264	

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2020. All creditors and other payables are due to be paid in less than one year.

d) Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

e) Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting;
 - i.) The Authority's overall borrowing
 - ii.) The maximum and minimum exposures to fixed and variable rates
- By approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members. The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.

f) Credit risk and Liquidity Risk

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 Link ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support has had an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied have effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will 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, Link in producing its colour coding 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 Link. 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 have been used by the Authority to determine the suggested duration for investments. It is recommended that the Authority continues to use Link's colour codes plus an additional six months for UK counterparties only. It would be beneficial if the Authority could lend to existing counterparties for a longer duration. This will increase the risk slightly but will offer increased returns. 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 Link 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-. 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 Link 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.

Country Limits

In 2017/18, the Authority determined that it would not only use approved counterparties based within the United Kingdom but allowed any counterparty (UK or non UK based) rated at least 'Green' by Link. Although no counterparty outside UK was used during 2018/19, these will remain on the lending list for 2019/20.

Counterparty Limits

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 £5.000m. The one exception to this is Lloyds, as these are the Authority's primary banking provider. Up to £7.500m can be invested with Lloyds, of which at least £2.500m must be instant access.

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 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.

g) Refinancing and maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing PWLB Loans as they mature. It is possible that provisions will be made available to meet all PWLB Loans without the direct need to replace loans as they mature, therefore no risk / impairment or other adjustment is required.

A fair value debt calculation of £8.634m has been provided by the PWLB on the Authority's behalf

The maturity analysis of financial liabilities is as follows:

31 March 2019		31 March 2020
£000		£000
-	Maturing in less than 1 year	-
-	Maturing within 2 years	-
(1,620)	Maturing within 2 to 5 years	(1,620)
(1,000)	Maturing within 5 to 10 years	(1,000)
(4,177)	Maturing in more than 10 years	(4,177)
(6,797)	Total	(6,797)

h) Market risk

Interest rate risk

The Authority is exposed to interest rate movements on its investments as borrowings are taken at fixed rate and are carried at amortised cost. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.

Borrowings are not carried at fair value on the balance sheet but are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account (CIES). However, changes in interest payable on fixed rate borrowings and variable rate investments will be posted to the CIES and affect the General Fund Balance. Movements in the fair value of any variable rate investments will be reflected in Other Comprehensive Income and Expenditure, unless the investments have already been designated as fair value through the CIES.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

If interest rates had been 1% higher with all other variables held constant the financial effect would be:

	2019/20
	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	188
Increase in government grant receivable for financing costs	-
Impact on Comprehensive Income and Expenditure Statement	188
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Comprehensive Income and Expenditure Statement	-
Total Financial Effect	188

If rates had been 1% lower the amounts would be reversed.

Price risk

The Authority, excluding its share of assets in the Local Government Pension Scheme does not invest in equity shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

30 - Events after the Balance Sheet Date

There was one event after the balance sheet date which was the sale of Bletchley Fire Station on 22 October 2020, for the sum of £1.500m.

31 - Notes to the Cash Flow Statement

a) Net Cash flows from Operating Activities

2018/19		2019/20
£000		£000
(21,758)	Net Surplus or (Deficit) on the Provision of Services	(10,513)
3,055	Depreciation, amortisation, impairment and downward valuations	2,612
254	Net Movement in Creditors	162
(1,426)	Net Movement in Debtors	1,463
(32)	Net Movement in Stocks	(23)
23,886	Adjustment regarding Pension Liability	13,553
(253)	Contributions to/from Provisions	(740)
-	Carrying amount of non-current assets sold	-
(20)	Movement in Investment Property Values	(8)
25,464		17,019
(2,998)	Capital Grants Credited to surplus or deficit on the provision of services	(42)
(64)	Proceeds from the sale of assets	(88)
(3,062)		(130)
644	Net Cash Flows from Operating Activities	6,376

b) Net Cash flows from Operating Activities (Interest)

2018/19		2019/20
£000		£000
226	Ordinary interest received	202
-	Interest received on cash backed funds/reserves	-
226		202
(314)	Interest charge for year	(312)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	-
(314)		(312)
(88)	Net Cash Flows from Operating Activities (Interest)	(110)

c) Cash Flows from Investment Activities

2018/19		2019/20
£000		£000
(7,657)	Property Plant and Equipment Purchased	(7,579)
4,476	Purchase of short or long term investments	1,998
-	Movement on Capital Creditors	-
(3,181)		(5,581)
64	Proceeds from the sale of Assets	88
-	Proceeds from the sale of short or long term investments	-
(600)	Capital Grants Repaid	-
-	Capital Grants Received	-
(536)		88
(3,717)	Net Cash Flows from Investing Activities	(5,493)

d) Cash Flows from Financing Activities

2018/19		2019/20
£000		£000
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	-
-	Other receipts from financing activities	-
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
(47)	Net Cash Flows from Financing Activities	(47)

e) Make up of Cash and Cash Equivalents

2018/19		2019/20
£000		£000
928	Cash and bank balances	1,764
-	Cash investments	-
928	Total	1,764

Firefighters' Pension Fund Account

Firefighters' Pension Fund

2018/19		2019/20
£000	Fund Account	£000
	Income to the fund	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(1,429)	normal contributions	(2,751)
-	early retirements	-
(1,233)	From members	(1,238)
(122)	Ill health charges	(143)
(7)	Other miscellaneous eligible income	(18)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	(16)
-	Other transfers in	-
(2,791)	Total Income to the Fund	(4,166)
	Spending by the fund	
	<u>Benefits payable</u>	
6,860	Pension payments	7,348
2,737	Commutation of pensions and lump sum retirement benefits	662
	<u>Payments to and on behalf of leavers</u>	
-	Individual transfers out of the scheme	-
128	Other miscellaneous eligible expenditure	-
9,725	Total Spending by the Fund	8,010
6,933	Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department	3,844
(6,933)	Top up grant receivable/amount payable to sponsoring department	(3,844)
-	Net amount payable (-)/receivable for the year	-

Firefighters' Pension Fund Net Assets Statement

2018/19		2019/20
£000	Net Assets Statement	£000
	Net Current Assets and Liabilities	
2,068	Pensions top up grant receivable from sponsoring department	465
(2,068)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(465)
-	Net Assets at the End of the Year	-

Notes to the Firefighters' Pension Fund Account

1 - Pension Fund Arrangements

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the sponsoring department (DCLG) the amount by which the amounts receivable by the Fund for the year exceeded the amounts payable, or by receiving cash in the form of pension top-up grant from the sponsoring department equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

2 - Pension Fund Accounting Policies

The accounting policies followed are the same as for the main accounts of the Authority.

3 - Balancing the Pension Fund Account

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

This is shown under Short Term Debtors in Note 16 in the notes to the core financial statements.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

4 - Pension Fund Investment Assets

As the Scheme is unfunded there are no investment assets.

5 – Liabilities Shown in the Authority's Main Statements

The liabilities relating to the Firefighters' Pension scheme can be seen in Note 28 of the main statements.

6 – Holiday Contributions 18-20

Firefighters who joined the 1992 FPS aged 18-20 have previously had to contribute for up to 32 years to receive a 30-year pension at the earliest age of 50. Following a legal challenge from the FBU, they

received correspondence from the Department for Communities and Local Government conceding the case.

DCLG accepted that rules of the 1992 FPS would be amended to allow all affected members who joined before the age of 20 or affects members who have already retired and who found themselves in this position after 1 December 2006 when the age discrimination legislation for pensions came into force. Upon reaching 50, the affected member will be able to choose to:

- Retire with a pension.
- Continue employment and recommence payment of contributions (the accrual cap remains in place with a maximum thirty years pension).
- Or continue employment without paying contributions, thereby electing to defer their pension.

Payment of any additional amounts identified as due were made with simple interest calculations as well. These amounts have been disclosed separately within the Fire-Fighters Pension Fund.

Glossary of Terms

Amortisation / Amortise

The equivalent of depreciation when applied to intangible assets.

Accruals

Used to describe allocating expenditure or income to the relevant financial year.
Includes Debtors, Creditors and Prepayments

BMKFA

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

Budget

A statement of the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

BCC

Buckinghamshire County Council. BCC provide some services to the Authority under a service level agreement.

Capitalisation

Capitalisation is the addition to the balance sheet as an asset of an amount that will benefit the Authority for more than one year.

Capital Adjustment Account

Provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Financing Requirement

Measures the Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced, whether at the point of spend or over the longer term

Capital Receipts

Proceeds from the sale of capital assets that must be used to finance new capital expenditure or reduce the existing Capital Financing Requirement. Receipts available to finance capital expenditure in future years are held in the Usable Capital Receipts Reserve.

Carrying Amount

The carrying amount refers to the amounts that the Authority has on its books for an asset or a liability. For example, the carrying amount of the authority's rescue pump is the cost of the rescue pump minus the accumulated depreciation on the rescue pump.

CIES

Comprehensive Income and Expenditure Statement. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

CIPFA

Chartered Institute of Public Finance and Accountancy.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom. Sets out the proper practices for producing the Statement of Accounts.

FCPFA

Fellowship Chartered Public Finance Accountant.

CPI (see also RPI)

Consumer Price Index, a key measure of inflation in the UK.

Collection Fund Adjustment Account

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

Council Tax Support Scheme

Regulations introduced in April 2013 that allow councils to design their own schemes to provide incentives for people to find and stay in work.

Creditors

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

Curtailment

The early payment of accrued pensions upon retirement.

Debtors

Amounts due to the Authority but remaining unpaid at the Balance Sheet date.

Depreciation

The loss of value of assets due to wear and tear, age or obsolescence.

Derecognition

The removal of a previously recognised financial asset or liability from the balance sheet following the transfer of asset to a third party or expiry of contractual rights to an asset.

EUV

Existing Use Value. The price at which a property can be sold on the open market assuming that it can only be used for the existing use for the foreseeable future.

Fair Value

Asset – the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Liability – the amount at which that liability could be incurred or settled in a current transaction between willing parties, other than in liquidation.

Financial Instrument

A legal agreement involving some sort of monetary value. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset

General Fund

The balance held by the Authority against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

HMRC

Her Majesty's Revenue & Customs.

IAS

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards (IFRS).

IAS 19 (formerly FRS17)

The accounting standard that sets out (amongst other things) the requirements and accounting treatment for retirement benefits.

IFRS

The International Financial Reporting Standards which became applicable from the 1st April 2010. All future accounts will be presented using these standards.

Impairments

A downward movement in the value of assets; the opposite to revaluation (upwards) of asset values.

IRMP

The Integrated Risk Management Plan covers the 3 years 2010 – 13 and explains what BMKFA is going to do to develop its services for the future.

LIFO

Last in First Out is one of a number of methods for calculating the carrying value of inventories.

Loans Outstanding

Loans raised to finance capital spending which have to be repaid.

Local Government Pension Scheme (LGPS)

Is the Pension Scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

Lower of Cost and Net Realisable Value

A method for determining an asset's value such that either the original cost or the current replacement cost, whichever is lowest, is used for financial reporting purposes

Materiality

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Minimum Revenue Provision (MRP)

The minimum amount of the Authority's outstanding debt which must be repaid by the revenue accounts in the year.

National Non-Domestic Rates (NNDR)

Also known as Business Rates, these are collected by local authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.

NJC

National Joint Council for Local Authority Fire and Rescue Services.

Outturn

The actual level of spending and income in a particular year.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the billing authorities.

Prepayments

Where the authority pays for goods or services before they have been received, any amounts paid but not received by the end of an accounting period are shown in the balance sheet as prepayments.

Provisions

These are sums set aside for a specific purpose, the nature of which is known but the exact amount and due date is not.

Public Works Loan Board (PWLB)

A government body from which a local authority may raise long term loans.

Realised/Unrealised Gains

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain is an increase in the carrying value of an asset that has yet to be sold.

Revaluation

Revaluation of fixed assets is the process of increasing or decreasing their carrying value to reflect changes in fair value.

Revaluation Reserve

Records unrealised revaluation gains arising (since 1st April 2007) from holding fixed assets.

Revenue Expenditure

This is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates and stationery.

Reserves

Amounts set aside in one year to fund expenditure in subsequent years

Revenue Support Grant (RSG)

An amount of money given by central government to local authorities each year

RICS

Royal Institute of Chartered Surveyors

RPI

Retail Price Index, a measure of inflation in the UK. CPI excludes most owner occupier housing costs while the RPI includes mortgage interest payments and house depreciation. RPI generally produces a higher inflation figure than CPI.

Integra

The accounting system software used at Buckinghamshire and Milton Keynes Fire Authority.

SeRCOP

Service reporting Code of Practice 2011/12 replaces the Best Value Accounting Code of Practice (BVACOP) produced by CIPFA to establish a reporting protocol to demonstrate transparency and best value in the provision of services to the community.

Write Down

A reduction in the book value of an asset due to depreciation or a decline in market value

Overview and Audit Committee Forward Plan 2020/21

ITEM 17

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Reports (a) Final Audit Reports (c) Update on Progress of the Annual Audit Plan (b) Update on Progress of Audit Recommendations	March 2021	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Strategy and Annual Plan	March 2021	Decision	Director of Finance and Assets
Treasury Management Performance	March 2021	Noting	Director of Finance and Assets
External Audit Plan	March 2021	Noting	Director of Finance and Assets
Corporate Risk Management	March 2021	Decision	Director of Legal and Governance
Updated Corporate Risk Management Policy	March 2021	Decision	Director of Legal and Governance
2019/20 Statement of Assurance	March 2021	Decision	Director of Legal and Governance
HMICFRS Implementation Plan Progress Report	March 2021	Noting	Head of Prevention, Response & Resilience
Operational Assurance Improvement Plan	March 2021	Noting	Head of Protection and Assurance

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