

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 March 2020

MEMBERS OF THE PRESS
AND PUBLIC

Please note the content of
Page 2 of this Agenda Pack

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 11 MARCH 2020 at 10.00 AM** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten
Director of Legal and Governance

Chairman: Councillor Watson
Councillors: Brown, Carroll, Christensen, Clare, Cranmer, Exon, Glover and Minns



MAKING YOU SAFER

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Recording of the Meeting

The Authority supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public. Requests to take photographs or undertake audio or visual recordings either by members of the public or by the media should wherever possible be made to enquiries@bucksfire.gov.uk at least two working days before the meeting.

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, when members of the public are present, adjourn a Meeting to hear the views 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.

Prior to inviting the public to speak, the Chairman should advise that they:

- (a) raise their hands to indicate their wish to speak at the invitation of the Chairman,
- (b) speak for no more than four minutes,
- (c) 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 and should be confined to times when the views of the public need to be heard.

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.

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 20 November 2019 (Item 2) **(Pages 9 - 18)**

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) Final Audit Reports

To consider Item 6a **(Pages 19 - 32)**

(b) Update on Progress of Audit Recommendations

To consider Item 6b **(Pages 33 - 38)**

(c) Internal Audit Strategy and Annual Internal Audit Plan 2020/21

To consider Item 6c **(Pages 39 - 52)**

7. Ernst & Young Audit Plan 2019/20

To consider Item 7 **(Pages 53 - 94)**

8. Treasury Management Performance 2019/20 - Quarter 3

To consider Item 8 **(Pages 95 - 102)**

9. 2018/19 Statement of Assurance

To consider Item 9 **(Pages 103 - 120)**

10. Business and Systems Integration Project: Closedown

To consider Item 10 **(Pages 121 - 130)**

11. Corporate Risk Management

To consider Item 11 (**Pages 131 - 146**)

12. Local Pension Board Update - March 2020

To consider Item 12 (**Pages 147 - 188**)

13. HMICFRS Action Plan

To receive a verbal update

14. Forward Plan

To note Item 14 (**Pages 189 - 190**)

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 on WEDNESDAY 20 November 2019 at 10.00AM

Present: Councillors Brown (part), Clare, Cranmer, Exon, Glover, Minns and Watson

Officers: J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), M Hemming (Director of Finance and Assets), G Britten (Director of Legal and Governance), C Bell (Head of Service Development), D Norris (Head of Service Delivery) S Harlock (Senior Auditor), A Kennett (EY), M Grindley (EY), A Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) A Hussain (Principal Accountant), C Newman (Data Intelligence Team Manager), S Wells (Head of Operational Training & Assurance), K Nellist (Democratic Services Officer) and F Pearson (Communications and Consultation Manager)

Two members of the public

Apologies: Councillors Carroll and Christensen

OA19 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 17 July 2019, be approved and signed by the Chairman as a correct record.

OA20 RIPA POLICY (MINUTE OA39 – 090316)

RESOLVED –

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

OA21 INTERNAL AUDIT REPORTS

a) Internal Audit Report: Final Audit Reports

The Senior Auditor advised that the purpose of this paper was to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting. The 2019/20 Cyber Security Audit had been finalised. Three recommendations had been agreed with the Information Governance and Compliance Manager and a suitable deadline date for implementation had been identified. The audit activity focussed on the following key control areas: boundary firewalls and internet gateways; secure configuration; user access control; malware protection and patch management.

The overall opinion of 'Reasonable' Assurance for the Cyber Security audit was concluded as there were no significant

weaknesses in the control framework for the areas reviewed as part of this audit.

RESOLVED -

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

b) Internal Audit Report: Update on Progress of Audit Recommendations

The Senior Auditor advised that the purpose of the paper was to update Members on the progress of implementation of audit recommendations made as at 13 October 2019. In total there was 35 recommendations to report on, the status of which were classified as follows, 21 (60%) were implemented, 12 (34%) were in progress and 2 (6%) were past the due date but in progress. There were no outstanding recommendations to bring to the attention of Members at this time.

The Chairman asked for clarification on the 'red' items and was advised that dates were agreed with management when everything should be completed by. These two particular items had not been able to meet that deadline.

RESOLVED -

That the progress on implementation of recommendations be noted.

(Councillor Brown joined the meeting)

c) Internal Audit Report: Update on progress of the Annual Audit Plan

The Senior Auditor advised that the purpose of this paper was to update Members on the progress of the annual Internal Audit Plan. Work had progressed according to the 2019/20 plan and regular discussions had been held with the Director of Finance and Assets to monitor progress. The Cyber Security audit report had been completed and was high-lighted in yellow. Currently in progress was the Performance Management audit (field work stage), which should be completed in the next couple of weeks. Also in progress was the Budget Monitoring and Forecasting audit. All work was on track and the final reports would be presented to Members at the next Overview and Audit Committee meeting.

RESOLVED -

That the progress on the Annual Internal Audit Plan be noted.

OA22

BUSINESS AND SYSTEMS INTEGRATION (BASI) PROJECT: PROGRESS REPORT

The BASI Programme Manager advised Members that the Business and Systems Integration Project remained on track to meet requirements and on budget. Since the last Overview and Audit Committee meeting, the Resource Management System had

been developed to capture and measure working time metrics and was starting to provide some good information. A joint statement on Working Time Regulations had been issued to staff following discussions with the Health and Safety Department, Representative Bodies and the Senior Management Team. The work completed on the Premises Risk Management System and the Resource Management System had been showcased to other services.

The BASI Programme Manager advised Members that the Fleet Management System contract was currently in the process of going out to tender.

RESOLVED –

That the report be noted.

OA23

GENERAL DATA PROTECTION REGULATION (GDPR) ONE YEAR ON

The Information Governance and Compliance Manager advised Members that the purpose of this paper was to review the implementation of the GDPR across the Authority since it came into effect on 25 May 2018. The Overview and Audit Committee was last appraised of progress at its meeting in March 2019 at which it agreed that periodic progress reports on implementation be received.

The Information Governance and Compliance Manager advised Members that there had been limited further guidelines produced by the Information Commissioner and there was still no certification in place. Although the Authority would not be mandated to follow certification, it would provide assurance. The Authority was continuing to build on its training programme and was on top of the twelve step programme. The Authority continued to look at the security of all its processes.

A Member asked if there had been any data breaches in the last 18 months and was advised that there had only been minor ones, nothing reportable.

A Member asked what training was available to staff and was advised that an online, free of charge, government package was being used. Staff were also trained in different groups, i.e. there had been recent Watch Commander training.

The Chairman asked when Members would receive another update, and was advised by the Director of Legal and Governance that one of the features in the Annual Governance Statement look forward for 2019/20 was a large section on GDPR and GDPR compliance. When the Committee received the next Annual Government Statement a comprehensive update would be given.

RESOLVED –

That the report be noted.

OA24

ANNUAL PERFORMANCE MONITOR 2018-2019

The Data Intelligence Team Manager advised Members that this report provided an overview of the annual performance in relation to the Authority's 2015-20 Corporate Plan objectives, focusing, in particular, on prevention, protection and response. It covered the period 1 April 2018 to 31 March 2019. The report showed that in the face of an increasing population, the Service had achieved a continued reduction in the number of accidental dwelling fires (a key area for focus as this was typically where fire deaths occur). However, non-domestic building fires had seen a slight increase. The number of deliberate fires also continued to increase. This was a national trend which was also being experienced by this Service. The number of incidents attended had increased from 7,745 in 2017-18 to 7,982 this period.

A Member asked if the full-time specialist who worked with businesses to reduce false alarms was monitored and was advised that yes they were. The role was primarily to prevent repeat alarms, and when the individual started there were over 60 premises that were visited more than 5 times a year, it was now reduced to around 8 premises. Although fire alarm numbers were increasing, repeat offenders had reduced. It should also be noted that last year the Service visited over 500 new premises domestic and non-domestic, which gave the Authority the opportunity to engage with businesses as evidenced by the continued decrease in primary fires and fire injuries in commercial premises.

The Chairman requested further background information to explain the medical incidents trends and was advised that the numbers referred to co-responding. As Members would recall, the service had invested in on call staff predominantly assisting South Central Ambulance Service (SCAS) by responding to medical emergencies in rural areas where the ambulance service were not always able to reach within their preferred response time. The ambulance service then invested in those more remote areas and there was less requirement for the Service to provide co-responding activity and therefore in that period we saw a significant drop. Recently there had been a slight change in the SCAS performance matrix and this year the Service was supporting them again.

RESOLVED –

That the out-turn performance against the outcome measures specified in the Corporate Plan 2015-20 be noted.

OA25

OPERATIONAL ASSURANCE IMPROVEMENT PLAN

The Head of Operational Training and Assurance advised Members that the purpose of this report was to provide an update on the notable progress towards the delivery of the Service's approved Operational Assurance Improvement Plan (OAIP). The OAIP was a dynamic document, used to enhance the Service's ability to capture, scrutinise and respond to operational learning originating from events such as our own operational debriefs. This internal approach towards how the Service gathered and assessed

learning from operational activity, had better enabled the Service to effectively identify emerging issues, as well as implement practical and corrective solutions, in order to improve operational performance.

The Head of Operational Training and Assurance advised Members that an intrinsic part of the external review process continued to be the Authority's three year contractual agreement with Operational Assurance Limited (OAL). This agreement ensured the Service's risk critical operations were subject to regular independent scrutiny, thereby strengthening the Authority's ability to deliver the best possible public service and improve the safety of its firefighters. OAL were currently in Service and had been commissioned to undertake a review of the Authority's High Rise Procedures and Command and Support. OAL would then detail within their final report those improvement recommendations that were deserving of further consideration and inclusion onto the OAIP.

A Member asked with regard to the RBFRS Jubilee River Report on the Operational Assurance Improvement Plan why crews needed to have more familiarity with the Jubilee River near Beaconsfield, had there been any recent incidents and was advised that yes there had and although the incident had been in Royal Berkshire, the Water Rescue Team from Beaconsfield Fire Station had been called as the closest boat crew. Whilst not in the Authority's area, it was beneficial from an operational perspective, if crews had greater familiarity with the car parks, access, hazards and crossing points to make quicker access into the river.

A Member asked a question regarding the Service being unable to pronounce life extinct on a casualty even when death was obvious, did that mean that crews had to continue with Immediate Emergency Care (IEC) until SCAS said it was ok to stop, and was advised that SCAS work on recognition of life extinct as a criteria to make the assessment easy to determine. If there was any doubt, crews would continue with medical intervention.

A Member asked what Command Support was and was advised that when one of the fire appliances turned up to an incident, the initial command support would be performed at the back of that appliance by a firefighter. Incident Command helped to manage an incident and bring about a safe resolution. There were certain key roles that had to be introduced, Command Support being one of them, because it was about collating the information, recording messages sent back to control, identifying some of the hazards and risks during that incident. This would then support the Incident Commander with his tactical plan about how best to deal with that incident.

A Member asked what needed to be improved in this area and was advised that it was all about communication. How well incidents were commanded in the early stages and as they escalate, there needed to be mechanisms in place that were consistent across the Service whereby the lines of communication

and the procedures applied to different incidents, were consistent. The foundations of which were with the first attending appliances.

The Chairman felt that although it was a progress report, it was difficult to assess progress, it was more of a status report with red, amber and green, rather than changes over a period of time. Officers would look at how it was presented in future reports.

RESOLVED –

That the progress made against each improvement recommended detailed within the updated OAIP be noted.

OA26

CORPORATE RISK MANAGEMENT

The Corporate Planning Manager advised Members that the Corporate Risk Register was last reviewed by the Committee on 17 July 2019. Since then, it had been reviewed by the Performance Management Board (PMB) at which all the directorate risk registers were scrutinized and the Strategic Management Board at their regular meetings. The distribution of the corporate risks relative to probability and impact were shown at Annex A. Detailed assessments of identified corporate risks were shown at Annex C.

The Corporate Planning Manager gave Members a brief overview of the main changes and developments in relation to each of the risks since they were last discussed. The main change since the last meeting was the elevation of the Staff Availability risk to red RAG status following initial assessment of the potential impact of the Court of Appeal decision in relation to the firefighter pension scheme.

Members would recall the Court of Appeal ruling that the transition arrangements for the 2015 Firefighters Pension Scheme were unlawful. The next material event in relation to this risk was a 'remedies hearing' that had been scheduled for 18 December 2019. Any remedy awarded to scheme members was likely to have a significant impact on current assumptions about retirement profiles and succession pipelines. It was also important to note that this risk had national, as well as local dimensions, so would potentially affect all fire and rescue services to a greater or lesser extent, depending on their workforce profiles. This issue also cuts across into the funding and savings risk, it was among the uncertainties that would affect the medium-term financial outlook alongside the future of grant funding for USAR and changes to the allocation of business rate receipts to local authorities.

Albeit that the overall outlook for next year was somewhat better than originally envisaged, following the outcome of Spending Round 19 which levelled off rather than reduced central government funding. However, it was important to note that SR19 only covered a one-year period so the outlook could change again in light of future government priorities.

Finally, the Corporate Planning Manager touched on the risk of physical disruption to the Service in the event of a 'no deal' Brexit scenario. As Members were aware, the Authority had been working closely with its local resilience forum partners to plan for this contingency and at present it continued to prepare for a possible 'no deal' departure from the EU on 31 January 2020, which was the current revised legal default date following the EU's agreement to another extension. However, what transpired would be shaped by the outcome of the General Election.

RESOLVED –

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

OA27

**TREASURY MANAGEMENT PERFORMANCE 2019/20
QUARTER 2**

The Principal Accountant advised Members that this report was being presented to provide the treasury position as at the end of the second quarter. It was best practice to review on a regular basis how Treasury Management activity was performing. The accrued interest earned for the first half of 2019/20 was £97k, which was £22k higher than the budget for the period. It was anticipated that this trend would continue until the end of the year and should reach a higher return than the £150k budgeted for. However, next year the level of fund the Authority would have available to invest was likely to diminish.

The Chairman asked what was expected to happen in the second quarter and next year and was advised that when the Treasury Management budget was set this year it was assumed that funds of £20M would be available to invest and anticipated a return of £150k. In reality, next year the Authority would probably only have funds of around £12/13M to invest. All capital funds were being invested in the Blue Light Hub, which resulted in the Authority having less funds to invest.

The Chairman asked if there would be any Blue Light Hub payments beyond next year and was advised that all the payments should be made in this financial year, but there would be a small amount kept in retention to make sure any defects were covered.

RESOLVED –

That the Treasury Management Performance 2019/20 – Quarter 2 report be noted.

OA28

AUDIT RESULTS REPORT 2018/19

The Associate Partner on behalf of Ernst & Young LLP advised Members that the report summarised the findings from the 2018/19 audit. It included 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.

With regard to the audit, the actuary reports had needed to be re-run following the rulings on two pension cases regarding age discrimination (McCloud and Sargeant). This led to changes in the figures to the draft accounts. The effect of this was to change the materiality figures for the main accounts. This had all now been completed. There was one unadjusted audit item of around £200k, which was an estimated item and in the Letter of Management Representation, there was a representation that the Authority did not see it was a material item to adjust and there were no issues with regard to any significant risks.

The Associate Partner advised Members that the audit was complete and would be signed off today.

RESOLVED –

That the content of the report be noted.

OA29

LETTER OF MANAGEMENT REPRESENTATION 2018/19

The Principal Accountant advised that the Authority was required to consider and sign the letter of management representation to Ernst & Young in order for the audit opinion and conclusion to be issued. The Principal Account brought a couple of items to Member's attention, the first was Section A – Financial Statements and Financial Records, paragraph 5 'We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor due to the unadjusted differences being below the materiality threshold for the Auditor and therefore the impact to the financial statements will be immaterial.'

Also, Section C – Information Provided and Completeness of Information and Transactions, paragraph 3, 'We have made available to you all minutes of the meetings of the Authority, the Executive Committee and Overview and Audit Committee held through the year to the most recent meeting on the following date: 19 September 2019.' Since that date there had been a meeting on the 16 October 2019 of the Executive Committee, and the letter had now been update to show this.

RESOLVED –

That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Overview and Audit Committee.

OA30

ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS – YEAR ENDED 31 MARCH 2019

The Principal Accountant advised Members that the Authority must prepare, in accordance with proper practices a statement of

accounts for each year. Due to resourcing issues experienced by the external auditors this year, they had been unable to complete the audit by 31 July 2019. The audit had now been completed and the Authority was asked to consider any issues raised during the audit before approving the accounts for signing.

The Statement of Accounts presented to the Committee in July 2019, were the draft accounts. There were only a couple of changes since then, one being the pension's implications that had already been touched upon by the Senior Associate at E&Y. This did not impact the bottom line as it was a technical adjustment.

The revenue budget for 2018/19 was £28.492m set at the Authority meeting held in February 2018. In the revenue outturn position for the year, the Authority reported an underspend of £0.520m, which was 1.83% against the budget.

A Member asked how reliant was the Authority on using agency staff and was advised that Workshops had struggled to employ technicians and had now reviewed what they were paid and a market supplement had been implemented which had resulted in recruiting an additional member of staff. There was also one technician from Scania in Workshops. There were other agency staff across the Service, but these were mainly for transitional arrangements to fill a gap while recruitment took place.

RESOLVED –

1. That the matters raised by the external auditors be considered.
2. That the Statement of Accounts for the financial year ended 31 March 2019 be approved for signing by the Chairman of the Overview and Audit Committee.

OA31

FORWARD PLAN

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

The Chairman asked Members if the meeting in March 2020 would be quorate.

Members were all in agreement that the Overview and Audit Committee meeting on 11 March 2020 would go ahead.

RESOLVED –

That the Forward Plan be noted.

OA32

DATE OF NEXT MEETING

The Committee noted that the next Overview and Audit Committee meeting would be held on Wednesday 11 March 2020 at 10.00 am.

THE CHAIRMAN CLOSED THE MEETING AT 11.10 AM

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Reports
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.</p> <p>The 2019/20 Budget Monitoring and Forecasting Audit has been finalised. No recommendations were raised as a sound system of internal control designed to achieve objectives and minimise risk was found to be in place and operative effectively.</p>
ACTION	Noting.
RECOMMENDATIONS	That the recommendations raised in the finalised Internal Audit report be noted.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2019/20 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	<p>Communication and progress monitoring;</p> <p>All audits, follow up reports and further updates will be submitted to the Strategic Management Board and the</p>

	Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2019/20 Internal Audit reports taken to Overview and Audit Committee.
APPENDICES	Appendix A – Budget Monitoring and Forecasting Audit Final Report
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Business Assurance and Risk Management

Final BMKFA Budget Monitoring and Forecasting Audit Report (Ref-2036)

Auditors

Maggie Gibb, Head of Business Assurance (and Chief Internal Auditor)

Selina Harlock, Audit Manager

Caroline Jenkins, Senior Auditor

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Management Summary

Introduction

The audit of Budget Monitoring and Forecasting was undertaken as part of the 2019/20 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter three of 2019/20.

The Budget Monitoring and Forecasting Audit reviewed the Fire Authority's budget setting, monitoring, forecasting, and reporting processes for both the Revenue and Capital budgets. Having robust controls and governance over financial management is vital to the achievement of the Fire Authority's strategic objectives.

Audit Objective

Internal Audit's objectives for this audit were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system. This will serve as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually to the Fire Authority, and also as an assurance to the Section 112 Officer that financial affairs are being properly administered.

Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to Budget Monitoring and Forecasting:

- Policies and Procedures
- Budget Setting and Approval
- Adjustments
- Budget Monitoring Process
- Forecasting
- Reporting to Management
- Support and Training for Cost Centre Managers

The audit considered the controls in place at the time of the audit only. Where appropriate, testing was undertaken using samples of transactions since the beginning of the current financial year.

Table 1: Overall Conclusion

Overall conclusion on the system of internal control being maintained	Substantial
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RISK AREAS	AREA CONCLUSION	No of High Priority Management Actions	No of Medium Priority Management Actions	No of Low Priority Management Actions
Policies and Procedures	Substantial	0	0	0
Budget Setting and Approval	Substantial	0	0	0
Adjustments	Substantial	0	0	0
Budget Monitoring Process	Substantial	0	0	0
Forecasting	Substantial	0	0	0
Reporting to Management	Substantial	0	0	0
Support and Training for Cost Centre Managers	Substantial	0	0	0
		0	0	0

Appendix 1 provides a definition of the grading for each of the conclusions given.

Policies and Procedures

There are various policies and procedures in place that cover all aspects of budget management that are easily accessible to Budget Managers and Finance staff. This includes; the Financial Regulations that sets out responsibilities for budget setting, the Medium Term Financial Planning (MTFP) process, monitoring and reporting; and the Financial Instructions which sets out the roles of the Budget Managers and the Chief Financial Officer and what each role is required to do in relation to budget management. All policies and procedures are up to date and reflect current practices.

The Integra finance system was introduced in 2017 and is used for budget monitoring. During the budget monitoring cycle, access to Integra is restricted and controlled based on user roles and Audit confirmed that only Budget Managers can update their monthly budget forecasts in Integra. Once Finance reviews and approves the monthly budget forecasts in Integra, the forecasts are locked within the Integra so that no further amendments can be made by Budget Managers. Audit confirmed that any journals and virements can only be processed and approved within Integra by the relevant staff members in Finance once Budget Manager approval has been obtained.

Budget Setting and Approval

In previous years, the budget setting approach was incremental. However for the 2020/21 budget setting process, the approach has been changed to zero based budgeting which was communicated to the leadership and management teams. It was agreed by the Director of Finance and Assets that it was good practice to periodically have a complete overhaul of budgets to ensure that budgets are fit for purpose.

With regards to the budget setting process there are clear roles and responsibilities and a timetable in place.

Starting in May / June each year, Budget Managers review their budget forecasts, allowing for inflation etc and submit any savings, growth bids and capital bids. Finance then checks the bid proposals and work with the Budget Managers on the financial workings to ensure that the MTFP and bids are ready for challenge. The next stages are Officer and Member Challenges where it is agreed whether or not the MTFP and any proposals can be submitted to the Fire Authority. Members would then review and agree the MTFP and savings/growth/capital bids subject to final settlement in January. The Fire Authority formally approves the budget in February and following on from approval, the budget is uploaded onto the Integra finance system for the forthcoming financial year.

Audit confirmed that the 2019/20 budget setting was completed within the required timescales as set out in the timetable and that the 2020/21 budget setting process was on track. For 2020/21 budget, there was evidence that the budgets were built from scratch before taking into account any carry forward from prior years. As the budget setting approach has changed for 2020/21 and has yet to go through a complete cycle, it is recommended that the budget setting process is re-visited by Audit in 2020/21 once the full budget setting cycle has been completed.

Audit also confirmed, from a sample test, that there were appropriate records of meetings, consultations including a breakdown of figures and assumptions to support the rationale and discussions held in developing the budgets. It was noted that the Strategic Requirements section of the capital bid document was not completed for the bid to extend the Red Fleet replacement programme for a further four years from 2021/22. As the specific bid relates to the 2019/20 budget

setting process, no further action can be taken. However it was agreed by Finance that going forward, any budget proposals would reflect the agreed priorities of the Fire Authority as well as any front line service requirements as such all bid documents will be completed in full. This will ensure that Officers and Members have all information readily available when considering and making decisions in line with strategic priorities. On this basis, we have not raised an action point regarding this.

Adjustments

According to the Financial Regulations and the Financial Instructions a virement does not create additional overall budget liability, it is a transfer of budget provision either within or between budget headings and can be used as an effective tool to assist in managing budgets effectively within a cash limit.

The Fire Authority is responsible for agreeing procedures for virement. Budget Managers and Strategic Management Board (SMB) are responsible for agreeing in-year virements within delegated limits and budget line restrictions. The Chief Finance Officer must sign-off all virements.

Audit confirmed for a sample of virements that they were processed in accordance to the Financial Regulations and Instructions.

Budget Monitoring and Forecasting Process

Budget monitoring occurs on a monthly basis. As seventy percent of the Fire Authority's budget is made up of salaries, a large section of the budget calculation is done through the Salary Calculator which is reviewed by Budget Managers. On a monthly basis, Finance exports the salary information from the Integra finance system into the Salary Calculator; the cost centre information is copied, a macro is run which updates the control sheet actuals in the spreadsheet.

The payroll file, which contains actual payments made and is based on the previous month's payments, is received from the Itrent HR system and uploaded via a general ledger interface to Integra. Any payroll errors are usually down to a cost centre / cost element not being attached. If there are any errors with the payroll file, the payroll errors get posted to the suspense account. Finance then queries the payroll with Payroll Team and once resolved, makes the necessary journals to correct the payroll information.

In addition, Budget Managers have to review their budgets and provide forecasts on a monthly basis within the Integra finance system. An automated email is sent from Integra to Finance to notify that a cost centre is ready for review and approval. Finance monitors the completion of budget update (forecasts) on Integra through the BDM330 Cost Centre Manager page which shows all the cost centres and the budget monitoring stage.

For a sample of budgets (five revenue and five capital), there was sufficient information and adequate explanations recorded on forecast figures and any budget variances.

Reporting to Management

Monthly and quarterly budget monitoring reports are produced using a download from the Integra finance system. The monthly reports are produced for the Area Commanders and Directors, with a copy sent to the Lead Member. The quarterly reports are presented at the Executive Committee Meetings.

Any issues and risks which would require the relevant Budget Manager to take appropriate action are highlighted through the budget monitoring reporting. Finance also makes recommendations to members when assessing the overall budget picture including making suggestions to transfer money to and from reserves.

As of November 2019 for the 2019/20 financial year, the actual expenditure year to date versus funding received year to date was £2.09m with a projected year end variance of £102k (underspend).

Support and Training for Cost Centre Managers

There is support and training available to Budget Managers with regards to budget management. Before Budget Managers are given access to the Integra finance system, they are required to complete their finance and procurement induction with the Finance team.

The Budget Monitoring Performance report for April to September 2019 (presented to the Executive Committee) indicated that the Budget Monitoring Training compliance had been at 100% for the 2019/20 year to date.

In addition, there are guidance notes available and there is ongoing support by Finance through the monthly budget monitoring process and also outside the budget monitoring process.

Budget Requirements and Funding

During the audit, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) issued its report in December 2019 which states that the Fire Authority 'requires Improvement'. One of the questions asked was 'How efficient is the service at keeping people safe and secure?' and the following was noted by HMICFRS:

"We have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it doesn't have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs."

It should be noted that the focus of this audit was limited to budget monitoring and forecasting processes and did not consider the MTFP process in detail. However whilst the outcome of the HMICRS's inspection and funding are outside the scope of this review, we have included a reference in this report as senior management of the Fire Authority must address the findings in the HMICFRS report to ensure that budget requirements and funding are sustainable in the future. We have been informed that the Fire Authority is due to have an extraordinary meeting on 23 January 2020 to agree an action plan to address the HMICFRS recommendations.

We acknowledge that the Fire Authority has made representations through the consultation on the local government finance settlement; that for a number of years that the service is underfunded and requires additional precept flexibility. The 2020/21 zero-based budget approach will look to ensure that the capacity and capability is optimised as far as possible with the funding available and to set a balanced budget.

Appendix 1: Definition of Conclusions

Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

Definition		Rating Reason
Substantial	There is a sound system of internal control designed to achieve objectives and minimise risk.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
Reasonable	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority but some high priority actions may be present.</p>
Partial	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
Limited	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
High (H)	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
Medium (M)	Action is considered necessary to avoid exposing the organisation to significant risk.
Low (L)	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

Name:

Mark Hemming
Asif Hussain
Marcus Hussey
Laura Taylor

Title:

Director of Finance and Assets
Principal Accountant
Principal Accountant
Trainee Accountant

The Exit Meeting was attended by:

Name:

Mark Hemming
Asif Hussain
Marcus Hussey

Title:

Director of Finance and Assets
Principal Accountant
Principal Accountant

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

Appendix 3: Distribution List

Draft Report:

Mark Hemming
Asif Hussain
Marcus Hussey

Director of Finance and Assets
Principal Accountant
Principal Accountant

Final Report as above plus:

Jason Thelwell
Ernst and Young

Chief Fire Officer
External Audit

Audit Control:

Closing Meeting
Draft Report
Management Responses
Final Report
Audit File Ref

09 December 2019
14 January 2020
17 January 2020
3 February 2020
20-36

Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

Contact Persons

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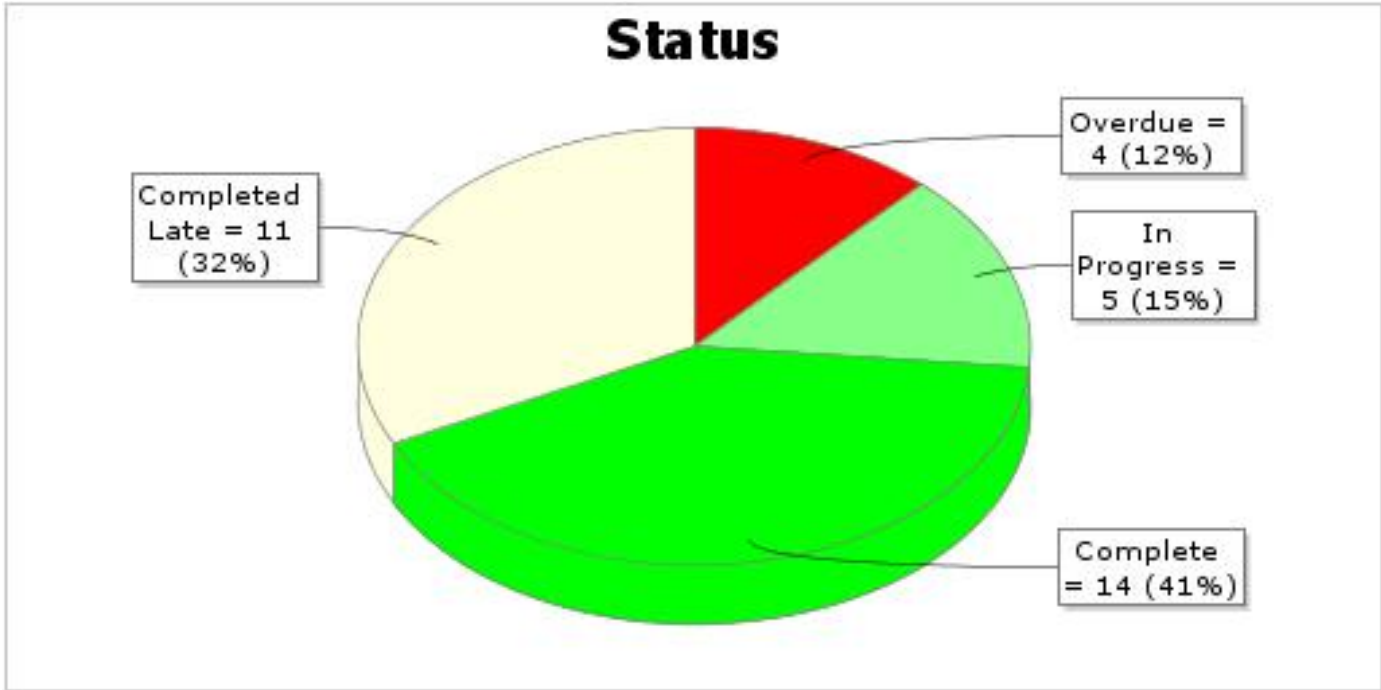


Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
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 14 February 2020.</p> <p>Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 11 March 2020.</p> <p>In total there are 35 recommendations to report on the status of which are classified as follows:</p> <p>Implemented – 25/34 (73%) In-progress - 5/34 (15%) Past due date (In-progress) - 4/34 (12%)</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 2019/20 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 2016/17, 2017/18, 2018/19 and 2019/20. Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Status of Internal Audit Recommendations – March 2020
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

BMKFA Audits All Management Actions Summary



BMKFA Audits - Overdue Management Actions

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.</p> <p>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.</p> <p>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	The Tranman upgrade will be implemented during 2020/21. The new version will provide enhanced functionality and all training needs will be addressed during the implementation period. Expected completion date December 2020.
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	A full review of inventories is currently underway and being reviewed by the Asset Management Systems Officer. Expected completion date March 2020.

Annex A: Status of Internal Audit Recommendations –March 2020

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Latest Note
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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Sutherland	The matter will remain on-going until final accounts are agreed by all parties. Given that construction is now unlikely to finish until around March 2020, it is unlikely we will agree final accounts before the calendar year end.
BMKFA 1819 1948 Stores (7) Polices and Procedures	<p>Finding A Red Kite Asset Management User Guide is in place. This is a guide for staff members on how to use the Asset Management Software. Review of the User Guide identified that there is no issue or review date to the guide. Therefore we were unable to confirm if the Red Kite Asset Management User Guide is being reviewed on a regular basis.</p> <p>Risk Where policies and procedures are not reviewed on a regular basis, there is a risk that staff are working with practices that are out-of-date.</p> <p>Action A review and issue date will be added to the User Guide.</p>	31-Dec-2019	Low Priority	Maria Darrell	The User Guide will be reviewed and re-issued with an updated issue date. Expected completion date March 2020

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Mark Hemming, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Internal Audit Strategy and Annual Internal Audit Plan 2020/21
EXECUTIVE SUMMARY	<p>This paper sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2020/21 (attached at Appendix A) for the approval of the Committee.</p> <p>There are no material changes from the strategy of previous years, however, there remains some flexibility through a small provision of contingency days to enable the Director of Finance and Assets to work with Internal Audit to direct the work to the most appropriate areas.</p>
ACTION	Decision
RECOMMENDATIONS	That the Internal Audit Strategy and Annual Internal Audit Plan be approved.
RISK MANAGEMENT	The service level agreement will transition to the new single Buckinghamshire Council from 1 April 2020. There will be no impact on the delivery of the Internal Audit Service or the officers responsible for delivering the work programme.
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	No direct impact.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND	There are no equality and diversity implications arising

DIVERSITY	from this report.
USE OF RESOURCES	Communication and progress monitoring; All audits, follow up reports and further updates will be submitted to the Strategic Management Board (SMB) and the Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2019/20 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A – Internal Audit Strategy and Annual Plan for 2020/21
TIME REQUIRED	15 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Buckinghamshire & Milton Keynes Fire Authority



Internal Audit Strategy and Annual Plan 2020/21

Overview and Audit Committee

11 March 2020

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1. Introduction

- 1.1 Buckinghamshire County Council's (BCC) Business Assurance Team is responsible for implementing Buckinghamshire and Milton Keynes Fire Authority's (BMKFA) Internal Audit Strategy through delivery of work programmes in accordance with the Service Level Agreement. This paper details the Internal Audit Strategy for 2020/21 and the proposed Internal Audit Plan for the year. The Plan will be subject to regular review and presented to the Overview and Audit Committee on a quarterly basis, together with a progress report, for approval.
- 1.2 The responsibility, status and authority of Internal Audit at the Fire Authority is outlined within the Constitution and Financial Regulations.

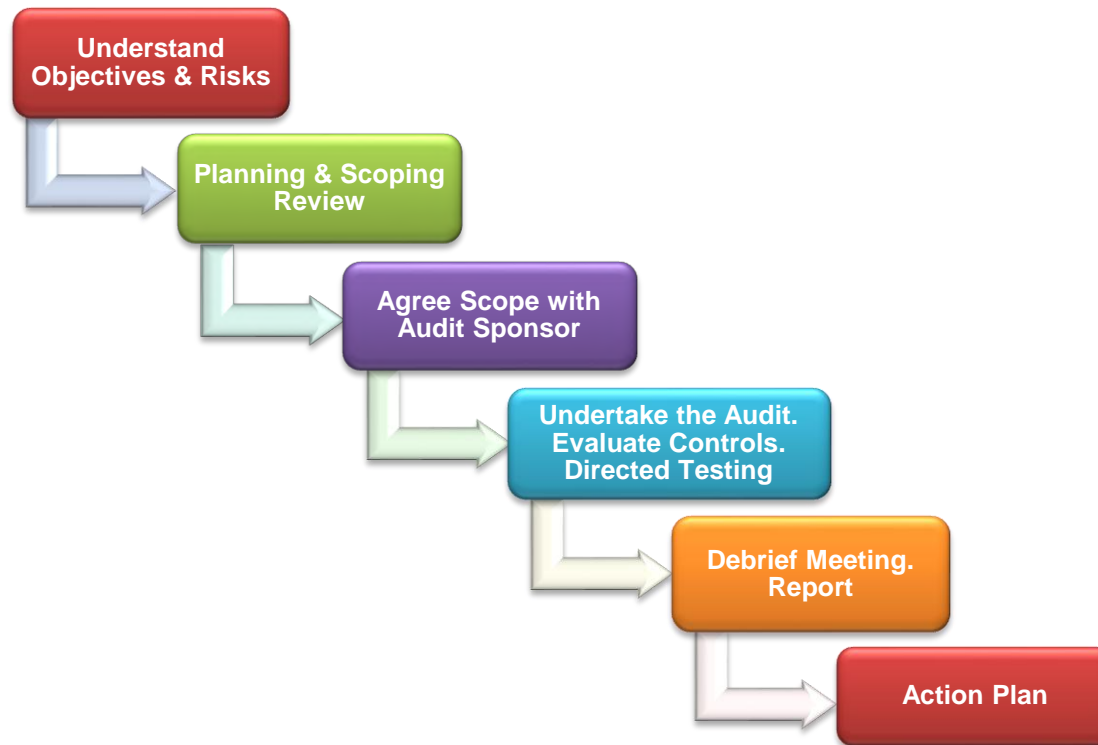
2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2015 (R5) state that the Fire Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Proper internal audit practices are defined in the Public Sector Internal Audit Standards 2017.
- 2.2 The Public Sector Internal Audit Standards defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 2.3 The Chief Internal Auditor provides this opinion in an annual report on the System of Internal Control, which is used to inform the Fire Authority's Annual Governance Statement. In providing this opinion we are required to review annually the

financial management, risk management and governance processes operating within the Authority. This includes reviewing internal control systems for key processes on a risk basis.

- 2.4 The Internal Audit Service is provided as part of a service level agreement with Buckinghamshire County Council. The Council's Internal Audit Service is delivered in partnership with the Apex Audit Framework, hosted by the London Borough of Croydon. This partnership arrangement includes an element of a “call off contract” should it be necessary to outsource specific technical audits such as ICT or complex contracts.
- 2.5 The service level agreement will transition to the new single Buckinghamshire Council from 1 April 2020. There will be no impact on the delivery of the Internal Audit Service or the officers responsible for delivering the work programme.
- 2.6 A key part of the strategy is ensuring that the right skills mix and resources exist to deliver an effective service. For the 2019/20 Internal Audit Plan, we aim to provide continuity in the resources we allocate for the audit assignments; an Audit Manager will oversee the programme of work, ensuring work is delivered on time and to the correct quality, and will present the quarterly plans and progress reports to the Overview and Audit Committee; suitably qualified and experienced auditors will be allocated to undertake the audit assignments.
- 2.7 The Annual Internal Audit Plan is drafted for the approval of the Overview and Audit Committee, in consultation with the Senior Management Board, with consideration of the Fire Authority's Corporate Plan, Strategic Risks and previous audit activity. There will remain a significant emphasis for internal audit activity in reviewing financial systems and compliance with the governance framework; however, the Plan also reflects other strategic reviews that will be progressed during 2020/21. **Appendix B** is the Fire Authority's Audit Universe, which is a list audits performed in previous years and the awarded assurance opinions.
- 2.8 The plan and allocation of audit days will be regularly reviewed by the Audit Manager and the Director of Finance and Assets to ensure the focus of the audit activity is directed to the key risk areas where independent assurance is required.

Our Approach to an Internal Audit Assignment



- 2.9 In order to underpin the Annual Audit Opinion, a risk based methodology will be applied to all audit assignments, providing assurance that key controls are well designed and operating effectively to mitigate principal risk exposures. Terms of reference will be prepared for each audit assignment, in consultation with the relevant Manager, to ensure that key risks within the audited area are identified.
- 2.10 The quality of work is assured through the close supervision of staff and the subsequent review of reports, audit files and working papers by an Audit Manager. Exit meetings are held with the relevant officers to ensure factual accuracy of findings and subsequent reporting, and to agree appropriate action where additional risk mitigation is required.

3. The Internal Audit Plan

3.1 The Internal Audit Plan for 2020/21 is outlined within Appendix A.

3.2 Each audit assignment will result in a specific audit report although the audit methodology will vary depending on the requirements of the scope of work. The audit techniques to be used will be selected from the following, depending on which is considered to be the most effective for delivering the audit objectives:

- **Risk Based Audit (Risk):** A full audit which focuses on key risks in relation to system objectives. Audit work will be structured to direct audit resource in proportion to risk exposures.
- **Systems Based Audit (Systems):** A full audit in which every aspect and stage of the audited subject is fully considered. It includes review of both the design and operation of controls. Undertaken from a systems perspective with a 'cradle to grave approach'.
- **Key Controls Testing (Key):** Clearly focused on a small number of material or key controls.
- **Systems Development Audit (SDA):** Ongoing review of developing plans and designs for new systems and processes aimed at identifying potential weaknesses in control if the plans and designs go ahead as they are.
- **Verification Audit (Verification):** Where there is pre-existing confidence that controls are well designed, but compliance is a material issue, audits which test only for compliance with controls can be appropriate. Audit undertaken to verify key outcomes. This work normally takes the form of checking data and management actions to confirm accuracy and appropriateness and does not consider controls or risks in the wider sense.
- **Follow-Up:** Work undertaken to assess the extent to which management action plans have been implemented. This may be following up our own recommendations from previous years or through follow up of other assurance provider outcomes (e.g. External Audit).

- 3.3 In accordance with the Audit Strategy, we will audit the processes in place for governance, financial management and risk management on an annual basis. We will continue to work with the External Auditors to ensure the scope of our work is sufficient that they can seek to place reliance on it for their audit of the Statement of Accounts and value for money opinion.
- 3.4 Implementation of the Internal Audit Plan will be monitored by use of Key Performance Indicators as outlined in **Appendix C**. These will be discussed at service level agreement meetings with the Director of Finance and Assets.

4. Responsible Officers

Audit Service

Maggie Gibb (Chief Auditor)	01296 387327	mgibb@buckscc.gov.uk
Selina Harlock (Audit Manager)	01296 383717	sharlock@buckscc.gov.uk
Caroline Jenkins (Senior Auditor)	01296 387089	carjenkins@buckscc.gov.uk

Fire Authority

Mark Hemming (Director of Finance & Assets)	01296 744671	mhemming@bucksfire.gov.uk
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Appendix A – Internal Audit Plan 2020/21

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Risk Assessed
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)	High
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	Medium
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	High
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	High

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

Appendix B – Audit Universe (Previous Audit Activity and Assurance Level)

Audit	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Core Financial Controls	✓ (Reasonable)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (TBC)
Asset Management System (Project)	✓ (Reasonable)							
HR Workforce Planning, Training and Appraisal / Performance Management	✓ (Reasonable)							
Property Management	✓ (Reasonable)					✓ (Substantial)		
Treasury Management		✓ (Substantial)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)		
Fleet Management		✓ (Reasonable)				✓ (Substantial)		
ICT Strategy		✓ (Reasonable)		✓ (Reasonable)				
Asset Management System		✓ (Limited)		✓ (Reasonable)				

Audit	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Corporate Governance			✓ (Reasonable)			✓ (Substantial)		
Risk Management			✓ (Substantial)					
Housing Accommodation and Allowances			✓ (Reasonable)					
HR People Management			✓ (Substantial)					
Pensions Administration				✓ (Reasonable)				
Control Centre				✓ (Reasonable)				
Financial Planning					✓ (Substantial)			
Business Continuity					✓ (Reasonable)			
Project Management					✓ (Reasonable)			
Information Security							✓ (Reasonable)	
Project Management BLH							✓ (Reasonable)	
Stores							✓ (Limited)	
Cyber Security								✓ (Reasonable)
Performance Management								✓ (TBC)
Budget Monitoring and Forecasting								✓ (Substantial)

Appendix C – 2020/21 Internal Audit Key Performance Indicators

	Performance Measure	Target	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc.)	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System
4	% of Internal Audit Planned Activity delivered by 30 April 2021	100% of Plan by End of April 2021	Internal Audit Performance Monitoring System
5	% of High and Medium priority recommendations followed up after implementation date	All High and Medium recommendations followed up within three months of the date of expected implementation	Internal Audit Performance Monitoring System
6	Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire
7	Extent of reliance External Audit can place on Internal Audit	Reliance placed on IA work	External Audit Annual Report

We will also continue to monitor performance standards outlined in the service level agreement. This includes ensuring requests for assistance with suspected cases of fraud (% of responses made within 24 working hours) as appropriate and also monitors relationship management issues in the areas of:

- Timeliness
- Willingness to cooperate/helpfulness
- Responsiveness
- Methodical approach to dealing with requests
- Quality of work/service provided



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Mark Hemming, Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Ernst & Young Audit Plan 2019/20
EXECUTIVE SUMMARY	The report at Annex A sets out the plan of activity for the Authority's external auditors, Ernst & Young, for their work in relation to the financial year 2019/20.
ACTION	Noting
RECOMMENDATIONS	That the Audit Plan 2019/20 (Annex A) be noted.
RISK MANAGEMENT	The work carried out by Ernst & Young and their opinion of the Authority's financial integrity and ability to provide council taxpayers with value for money, is an essential part of the authority's governance arrangements and a key element of the annual Statement of Assurance.
FINANCIAL IMPLICATIONS	The external audit fee is included within the current budget.
LEGAL IMPLICATIONS	No direct impact.
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	Whilst there are no directly applicable matters as part of this report, a key element of the service provided by Ernst & Young is to provide an opinion on the financial integrity of the Authority. This will include such issues as the arrangements for setting, reviewing and implementing strategic and operational objectives; performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance indicators. This will also

	include associated issues such as medium term financial planning, management of the asset base and the arrangements to promote and ensure probity and propriety.
PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	Annex A – Ernst & Young Audit Plan 2019/20
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

A background image showing a group of people in a meeting. A person in a yellow shirt is pointing at a document on a white table. Another person's hand is visible, also pointing at the document. A smartphone is on the table. The scene is brightly lit.

Buckinghamshire and Milton Keynes Fire Authority

Audit planning report
Year ended 31 March 2020
February 2020

Annex A



Private and Confidential

February 2020

Overview and Audit Committee
Buckinghamshire & Milton Keynes Fire Authority
Brigade Headquarters
Stocklake
Aylesbury
Buckinghamshire
HP20 1BD

Dear Overview and Audit Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Overview and Audit Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks. We will update the Overview and Audit Committee if our assessment changes during the course of the audit.

This report is intended solely for the information and use of the Overview and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 11 March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The 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 and further guidance (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Overview and Audit Committee and management of Buckinghamshire and Milton Keynes Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Overview and Audit Committee, and management of Buckinghamshire and Milton Keynes Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Overview and Audit Committee and management of Buckinghamshire and Milton Keynes Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Overview and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Inappropriate capitalisation of revenue expenditure	Fraud risk	New risk for 2019/20	As noted above, 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. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the Authority's capital programme.
Valuation of land and buildings	Inherent risk	No change in risk or focus	Property, Plant and Equipment (PPE) represents significant balances in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet. As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk assets may be under/overstated or the associated accounting entries incorrectly posted.
Pension liability valuation	Inherent risk	No change in risk or focus	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 and the Firefighters Pension Scheme. The Authority's pension fund liabilities are material estimated balances and the Code requires that these liabilities be disclosed on the Authority's balance sheet. The information disclosed is based on the IAS 19 reports issued to the Authority by the actuary of the Pension Schemes. Accounting for these schemes involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

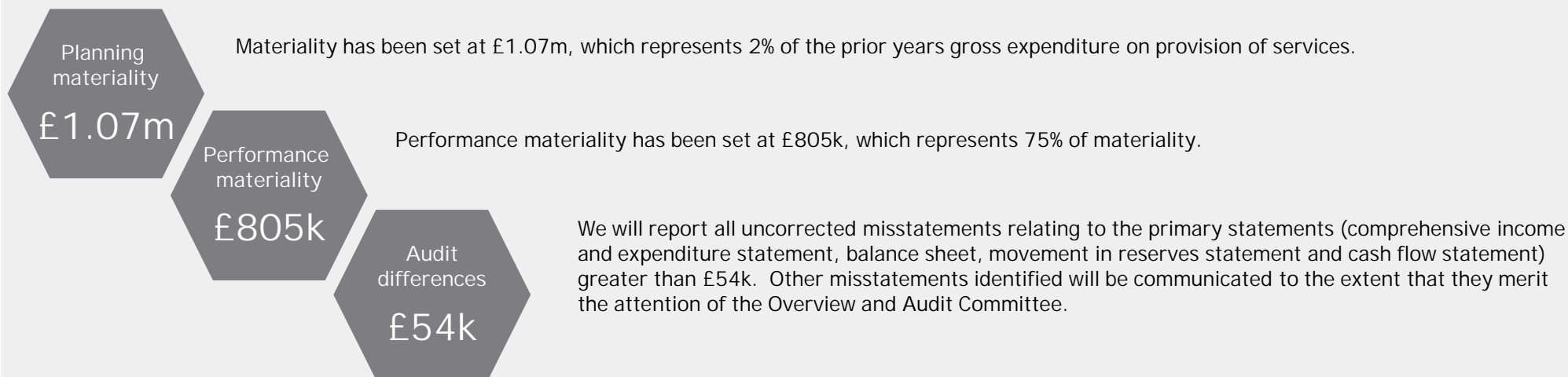
Overview of our 2019/20 audit strategy

Audit risks and areas of focus

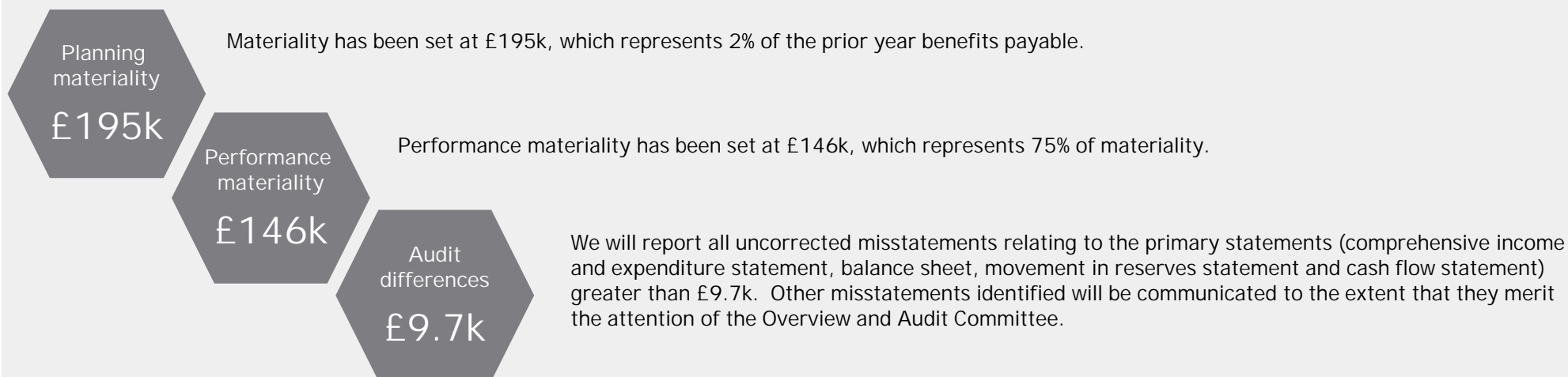
Risk / area of focus	Risk identified	Change from PY	Details
Going Concern: Compliance with ISA 570	Inherent risk	New risk for 2019/20	The revised standard increases the work we are required to perform when assessing whether the Authority is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Overview and Audit Committee.
IFRS 16 – readiness assessment	Inherent risk	New risk for 2019/20	Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

Overview of our 2019/20 audit strategy

Materiality – Buckinghamshire and Milton Keynes Fire Authority



Materiality – Firefighter's Pension Fund



Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Buckinghamshire and Milton Keynes Fire Authority give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Buckinghamshire and Milton Keynes Fire Authority's audit, we will discuss these with management as to the impact on the scale fee.



02 Audit risks





Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

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 will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Inappropriate capitalisation of revenue expenditure *	What is the risk? <p>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.</p> <p>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.</p> <p>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.</p>	What will we do? <p>Our approach will focus on:</p> <ul style="list-style-type: none">• For significant additions, we will examine invoices, capital expenditure authorisations, leases and other data that support these additions. We review the sample selected against the definition of capital expenditure in IAS 16.• We will extend our testing of items capitalised in the year by lowering our testing threshold. We will also review a larger random sample of capital additions below our testing threshold.• Journal testing – we will use our testing of Journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.
Financial statement impact <p>Inappropriate capitalisation of revenue expenditure would decrease the net expenditure from the general fund, and increase the value of non-current assets.</p>		

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p>Valuation of Land and Buildings</p> <p>The fair value of Property, Plant and Equipment (PPE) 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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Consider 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 testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); • We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; • Consider changes to useful economic lives as a result of the most recent valuation; and • Test accounting entries have been correctly processed in the financial statements.
<p>Pension Liability Valuation</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Liaise 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; • Assess 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 • Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Going Concern Compliance with ISA 570

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.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for Buckinghamshire and Milton Keynes Fire Authority will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether Buckinghamshire and Milton Keynes Fire Authority is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Overview and Audit Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states '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.'

'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.'

What will we do?

The revised standard requires:

- auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. Whilst Authority is not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.

Other areas of audit focus

What is the risk/area of focus?

IFRS16 – leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- the identification of leases
- the recognition of right-of-use assets and liabilities and their subsequent measurement
- treatment of gains and losses
- derecognition and presentation and disclosure in the financial statements,
- the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

IFRS 16 – leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- all leases which need to be accounted for
- the costs and lease term which apply to the lease
- the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will discuss progress made in preparing for the implementation of IFRS 16 – leases with the finance team over the course of our 2019/20 audit.



03

Value for Money Risks





Value for Money

Background

We are required to consider whether Buckinghamshire and Milton Keynes Fire 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.

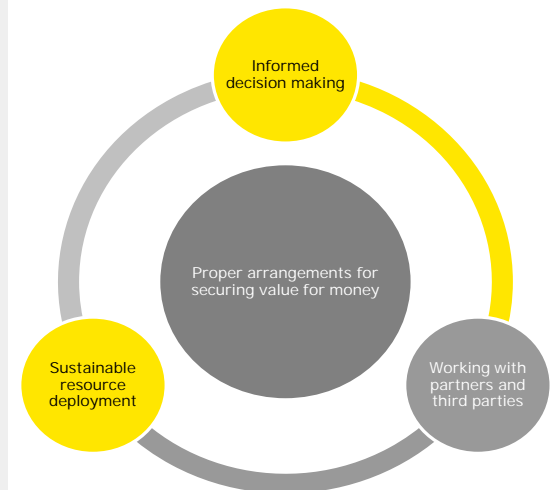
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines 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 sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2019/20 this has included consideration of the steps taken by Buckinghamshire and Milton Keynes Fire Authority to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authority will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risks noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
<p>Decision making arrangements associated with the Blue Light Hub. 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>Our approach will focus on:</p> <ul style="list-style-type: none">• The quality of the information provided to Members and Officers when taking decisions in relation to the Blue Light Hub.• The nature and consideration of advice taken by the Authority, including legal and financial advice.• The extent to which the Authority has identified, considered, and mitigated the risks around the key decisions in the project.• 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.
Other areas of focus on the value for money conclusion	What will we do?	
<p>Financial resilience.</p> <p>The Authority have produced a balanced budget for the 2020/21 financial year, however the recent HMICFRS inspection expressed concerns regarding the Authority's financial position.</p>	<p>Our approach will be to review the Authority's financial resilience by:</p> <ul style="list-style-type: none">• Reviewing the Authority's 2020/21 budget.• Looking at the Authority's medium term financial plan against our qualitative and quantitative financial resilience tools.• Undertaking a review of supporting savings and efficiency programmes only where we identify any remaining significant risks on the Authority's financial position and future sustainability.	



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £1,074k and £195k for the pension fund. This represents 2% of the Authority's prior year gross expenditure on provision of services and benefit's payable respectively. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

Main statements:



Firefighter's pension fund:



We request that the Overview and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £805k for the main statements and £146k for the Firefighter's pension which represents 75% of materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Overview and Audit Committee, or are important from a qualitative perspective.

Specific materiality – We have set a materiality of £1k for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Overview and Audit Committee.

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06 Audit team



Audit team

Audit team and Use of specialists

Audit team

The core audit team is led by Neil Harris as Associate Partner and Alison Kennett as Engagement Manager.

Use of specialist

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Bruton Knowles (Buckinghamshire and Milton Keynes Fire Authority's property valuer), EY Estates (EY specialist) where we believe it is appropriate to do so.
Pensions disclosure	Barnett Waddingham (Pension Funds Actuary), EY Pensions Advisory and PwC (Consulting Actuary to the National Audit Office)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07 Audit timeline





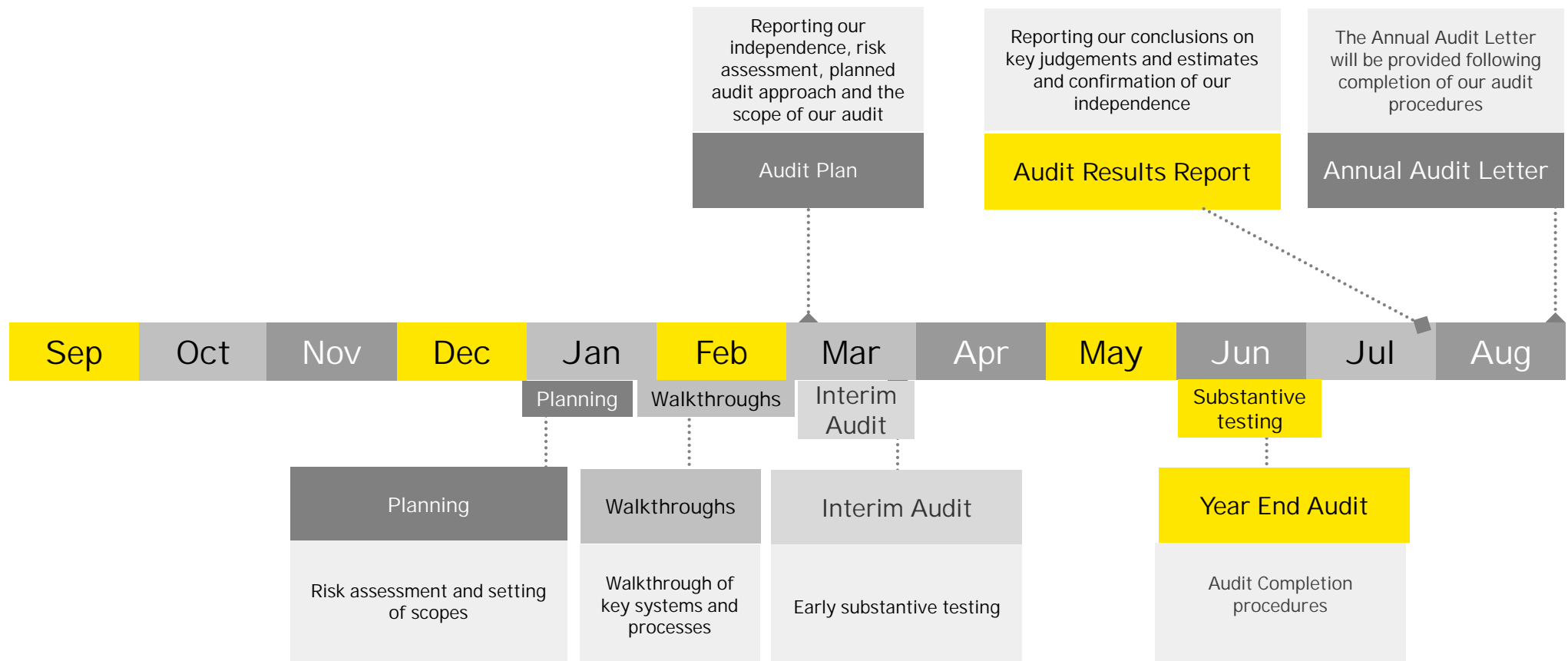
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Overview and Audit Committee and we will discuss them with the Overview and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Authority (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 Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the 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



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

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.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee – Code work	Note 2	24,162	(Note 1)
Total fees	TBC	24,162	TBC

All fees exclude VAT

(1) We undertook additional work in 2018/19 in relation to the McCloud ruling. We have discussed the proposed fee variation with the Director of Finance and Assets. We will also supply this to PSAA to enable PSAA to determine the final fee for 2018-19 audit. We will provide an update on the final fee position determined by PSAA to the Overview and Audit Committee.

(2) For 2019/20, the scale fee of £24,162 (plus VAT) will be impacted by a range of factors, for example the valuations of land and buildings, the valuation of pension obligations (see page 8) which will result in additional work, on which we will update the Overview and Audit Committee, as the audit progresses.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.



Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.




Appendix B

Required communications with the Audit Committee

We have detailed the communications that we must provide to the Overview and Audit Committee.




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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report – 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 – July 2020

Required communications with the Audit Committee (continued)

		 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 – July 2020
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report – July 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 entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report – July 2020
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • 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 entity 	Audit results report – July 2020




Appendix B

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
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>Audit planning report – March 2020</p> <p>Audit results report – July 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 	Audit results report – July 2020
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • 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 	Audit results report – July 2020
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Audit results report – July 2020

Appendix B

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Group audits	<ul style="list-style-type: none"> • An overview of the type of work to be performed on the financial information of the components • An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components • Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work • Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted • Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit planning report – March 2020 Audit results report – July 2020
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – July 2020
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – July 2020
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 – July 2020
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit planning report – March 2020 Audit results report – July 2020

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Overview and Audit Committee reporting appropriately addresses matters communicated by us to the Overview and Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Treasury Management Performance 2019/20 - Quarter 3
EXECUTIVE SUMMARY	<p>This report is being presented to provide the treasury investment position as at the end of the third quarter. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for the first 3 quarters of 2019/20 is £150k, which is £37.5k higher than the budget for the period.</p>
ACTION	Noting
RECOMMENDATIONS	That the Treasury Management Performance 2019/2020 – Quarter 3 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 2019/20 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	<p>Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy:</p> <p>http://bucksfire.gov.uk/files/1614/4827/6491/ITEM_8_Treasury_Management_Strategy_2016-17_FINAL.pdf</p> <p>Treasury Management Practices:</p> <p>https://bucksfire.gov.uk/files/4314/5527/8969/OA250913.compressed.pdf</p>
APPENDICES	Appendix A – Treasury Management Performance 2019/20 – Quarter 3
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Linda Blunt</p> <p>lblunt@bucksfire.gov.uk</p> <p>01296 744404</p>

Appendix A – Treasury Management Performance 2019/20 – Quarter 3

Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance to date of the in-house treasury management function for 2019/20.

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 31 December 2019 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank	5,000
Nottingham Building Society	2,000
Principality Building Society	2,000
Warrington Borough Council	2,000
Newcastle Building Society	1,000
Thurrock Borough Council	1,000
West Bromwich Building Society	1,000
Lloyds Bank (Current Accounts)	541
Total	14,541

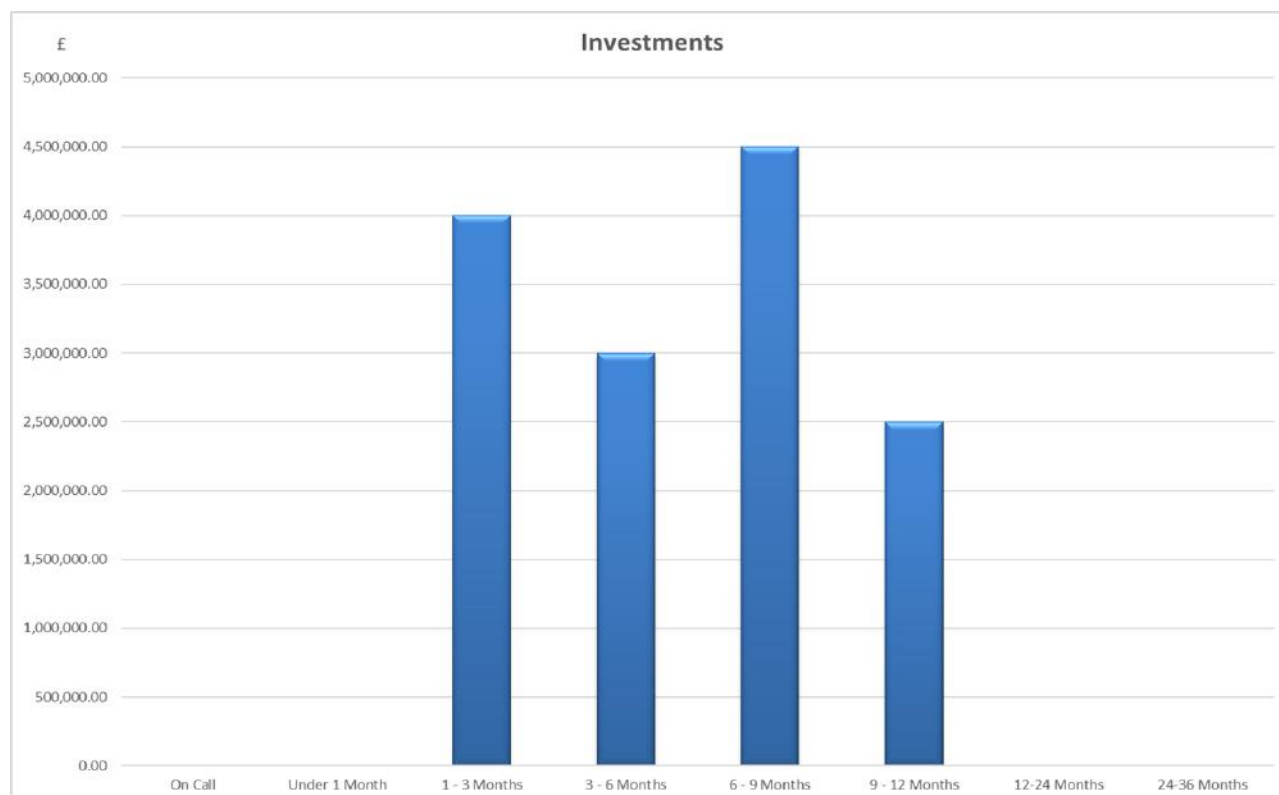
No counterparty limits were breached during Quarter 3.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During Quarter 3 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:

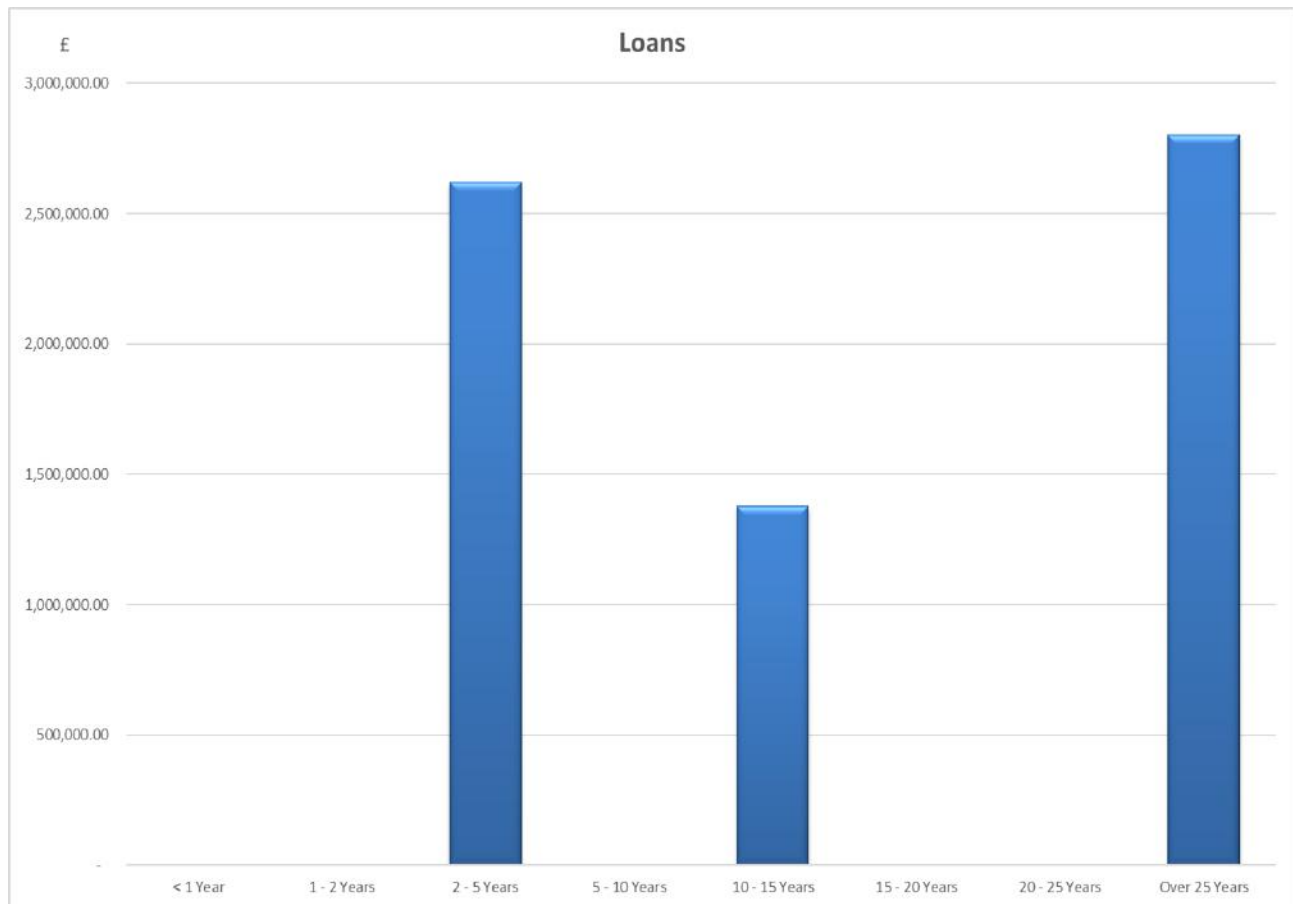


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, the balances are invested as short fixed-term deposits.

There are six investments currently falling in the 1-3 and 3-6 month periods. These 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. However, there is currently no money invested in these funds due to the timing of payments relating to the Blue Light Hub. This is expected to change during the next financial year. 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 31 December 2019 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.

Investment Yield

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

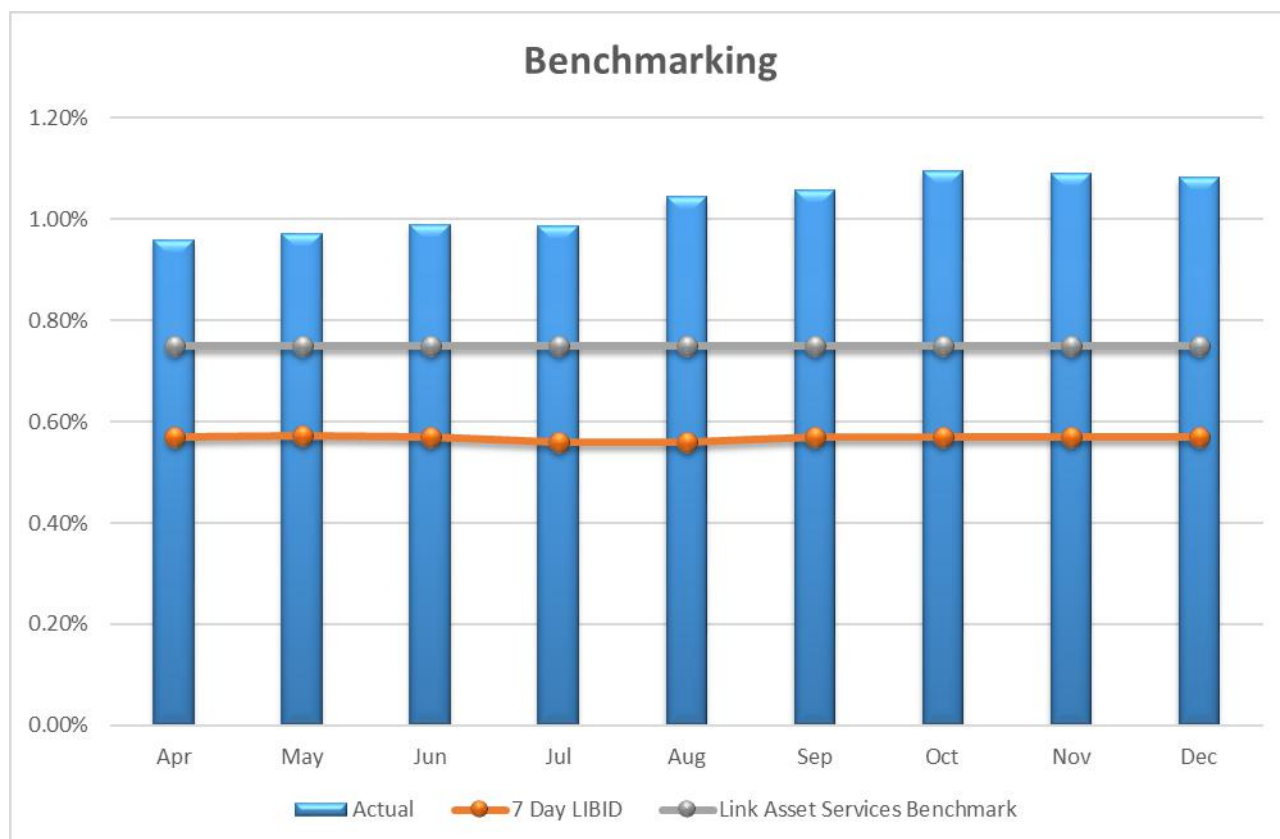
Performance Against Budget – Quarter 3

The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target for 2019/20 is £150k. This has not increased for 2019/20 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 31 December 2019 is £150k against the planned budget of £112.5k for the first three quarters of the year, which is an over achievement of £37.5k. It should be noted that £26.5k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS of £1.3m, achieving £36k interest per year for the current year.

Performance Against the Benchmark – Quarter 3

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 we should be looking to achieve for 2019/20 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 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 and going forward, they will continue to do so as they are being used to fund the build of the Blue Light Hub at West Ashlands, Milton Keynes. The Authority will continue to re-invest any surplus funds with varying maturity dates to ensure we make a return and have sufficient liquidity to cover the day to day expenditure.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor David Watson (Chairman, Overview and Audit Committee)
SUBJECT OF THE REPORT	2018/19 Statement of Assurance
EXECUTIVE SUMMARY	<p>The Fire and Rescue National Framework, published by the Department of Communities and Local Government in July 2012, introduced the requirement for fire and rescue authorities in England to produce a 'Statement of Assurance' on an annual basis. An updated National Framework was published in May 2018. This maintained the requirement that every authority must publish an annual statement of assurance of compliance with the Framework. The statements are intended to provide assurance to the public on financial, governance and operational matters and demonstrate that National Framework requirements, including those relating to integrated risk management planning, are being met.</p> <p>The precise form, content and methodology used to prepare the statements are left to local discretion. Where authorities "<i>have already set out relevant information that is clear, accessible, and user-friendly within existing documents</i>" they may draw on these in preparing their statements of assurance.</p> <p>Buckinghamshire and Milton Keynes Fire Authority already produces and publishes a variety of separate statements relating to financial, governance and operational performance such as the Annual Governance Statement and Annual Financial Statements. The draft 2018/19 Statement of Assurance, shown at Annex A, draws on, summarises and includes relevant extracts from these more detailed assessments. Changes from the 2017/18 Statement of Assurance are shown as shaded text. Officers are of the view that collectively the assurance processes underpinning the range of existing statements covers the scope and nature of what is required for the statement of assurance.</p> <p>The statement of assurance should be signed off by an elected member of the Authority who is able to take responsibility for its contents. It is for authorities to</p>

	<p>decide who the most appropriate person is.</p> <p>In respect of Buckinghamshire and Milton Keynes Fire Authority, officers are of the view that the most appropriate person is the Chairman of the Overview and Audit Committee.</p>
ACTION	Decision.
RECOMMENDATIONS	That the 2018/19 Statement of Assurance be approved for signature by the Chairman of the Overview and Audit Committee and the Chief Fire Officer.
RISK MANAGEMENT	Financial, governance and operational assurance processes form part of the Authority's risk management framework. The effectiveness of these contributes to the identification, reduction and mitigation of corporate and operational risks. Following consultation with the Data Protection Officer, no privacy issues have been identified or associated with the Statement of Assurance.
FINANCIAL IMPLICATIONS	There are no direct financial implications arising from the production of the annual Statement of Assurance.
LEGAL IMPLICATIONS	<p>Section 21 of the Fire and Rescue Services Act 2004 (FRSA 2004) provides the statutory authority for the National Framework and requires Fire and Rescue Authorities to 'have regard' to it in carrying out their functions. However, Section 22 of the Act gives the Secretary of State the power to intervene if he considers that "...a fire and rescue authority is failing, or is likely to fail, to act in accordance with the Framework prepared under section 21".</p> <p>Also "The Secretary of State must report to Parliament on —</p> <p>(a) the extent to which fire and rescue authorities are acting in accordance with the Framework prepared under section 21;</p> <p>(b) any steps taken by him for the purpose of securing that fire and rescue authorities act in accordance with the Framework".</p> <p>The Statement of Assurance will be used as a source of information by the Secretary of State when preparing biennial reports required by section 25 of the Fire & Rescue Services Act 2004.</p>
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The statement is designed to provide assurance in relation to the operations of the Authority and details any relevant collaborative work with the other Thames Valley Fire Authorities and other agencies.
HEALTH AND SAFETY	There are no direct health and safety implications

	arising from this report.
EQUALITY AND DIVERSITY	There are no direct equality and diversity implications arising from this report.
USE OF RESOURCES	<p>Communication and consultation</p> <p>The officers with responsibility for the areas reported on in the Statement of Assurance have been responsible for supplying the information and responses necessary for its preparation.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>The requirement for Statements of Assurance arose from the revisions to the National Framework published by the Department for Communities and Local Government in July 2012. An evaluation of the implications of the new Framework was reported to the Fire Authority at its 27 September 2012 meeting:</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/E6EE2A89-79F6-45B3-B02E-CE3675D252A3/0/270912Agendaandreports.pdf</p> <p>The 2017/18 Statement of Assurance was approved on 14 November 2018:</p> <p>https://bucksfire.gov.uk/files/6815/4108/8549/ITEM_9_Statement_of_Assurance_-_Cover_Paper_Appendices.pdf</p>
APPENDICES	<p>Annex A: Draft 2018/19 Statement of Assurance</p> <p>Annex B: CLG Guidance on Statements of Assurance</p>
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Stuart Gowanlock</p> <p>sgowanlock@bucksfire.gov.uk</p> <p>01296 744435</p>

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Approval date: 11 March 2020



Statement of Assurance 2018/2019

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1. INTRODUCTION

- 1.1 Although fire and rescue services in England are run by local government bodies, the Fire and Rescue Services Act 2004 requires that local fire and rescue authorities must have regard to direction from central government. This direction, issued in the form of a 'National Framework', sets out the Government's strategic aims and requirements for Fire and Rescue Services in England. An updated National Framework was published in May 2018. This maintained the requirement, introduced by Government in 2012, that every authority must publish an annual statement of assurance of compliance with the Framework that:

"should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan... prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters".

- 1.2 The purpose of this document is to provide the public and Government with assurance that Buckinghamshire and Milton Keynes Fire Authority ('The Authority') met the requirements set out in the National Framework and accompanying Government guidance¹ during the 2018/19 financial year.
- 1.3 Where relevant the document draws on, consolidates and summarises the findings of existing assurance processes relating to financial, governance and operational matters that were set up to meet other statutory and regulatory requirements of fire and rescue authorities.

- 1.4 During the year, Service Officers liaised with Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) to prepare the Service for the formal inspection visit by the HMICFRS fieldwork teams in June 2019. This included engagement with the HMICFRS Service Liaison Lead to familiarise them with the Service and responding to HMICFRS requests for data and documentation. The report of the inspection findings and any recommendations arising from these will be published in December 2019 and referenced in the 2019/20 Statement of Assurance.

2. FINANCIAL ASSURANCE

- 2.1 It is a statutory requirement under the Accounts and Audit Regulations 2015 for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of

¹ 'Guidance on Statements of assurance for fire and rescue authorities in England, Department for Communities and Local Government, May 2013.

providing the Service and is determined by a Code of Practice which aims to give a "true and fair" view of the financial position and transactions of the authority.

- 2.2 The audited annual financial statements for the Year Ending 31 March 2019 can be accessed via this hyperlink:
https://bucksfire.gov.uk/files/5015/7432/6887/Signed_Statement_of_Accounts_2018-19.pdf
- 2.3 The financial statements are required to be audited under the Local Audit and Accountability Act 2014. The auditors are responsible for:
- forming an opinion on the financial statements;
 - reviewing the Annual Governance Statement;
 - forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources.
- 2.4 In the auditor's opinion the financial statements:
- Gave a true and fair view of the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and,
 - had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- 2.5 Regarding the requirement to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources – known as the 'value for money conclusion' the auditors found that:
- "...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 2019."*
- The detailed results and conclusions from the appointed external auditors audit process can be found in the Audit Results Report for the year ended 31 March 2019:
https://bucksfire.gov.uk/files/1015/7564/1121/BMKFA_Final_-_446GPSR_-_Audit_Results_Report.pdf
- 2.6 The Authority is also required to report annually on progress against the Efficiency Plan. The Plan required the Authority to make savings of £4.5million between 2015/16 and 2019/20. The Authority is currently forecasting that it will have made savings totalling £5million by the end of 2019/20.

- 2.7 The Authority's internal auditors also produce an annual report on the internal control environment. In this report, the Chief Internal Auditor stated that:

"In my opinion the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the Authority's functions. Findings raised from the internal audit reviews undertaken in 2018/19 have not identified any material weaknesses to the internal control framework. Overall, the Fire Authority has continued to demonstrate a continued robust and effective internal control and risk management environment".

The full internal audit report containing the Internal Auditors opinion can be viewed via the following hyperlink:

https://bucksfire.gov.uk/files/1115/6231/8991/ITEM_8b_BMKFA_Internal_Audit_Report_-_Annual_Report_1819_Appendix.pdf

- 2.8 In addition to the statutory requirement to publish annual financial results, the government is committed to increasing transparency across local authorities. One of the steps in this process is for the publication online of information relating to spend items in excess of £500. In accordance with that requirement, the Authority is publishing monthly schedules of payments, which can be found on our website:

<http://bucksfire.gov.uk/fire-authority/financial-information/spend-over-500/>

3. GOVERNANCE

- 3.1 The Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding public money and organisational assets. There is also a requirement to ensure that the Authority is administered prudently and economically and that resources are used efficiently and effectively and that sound arrangements are in place for the identification and management of risks.
- 3.2 The Authority's approach to governance is based on the six core principles of good governance set out in the CIPFA / SOLACE governance framework ("*Delivering Good Governance in Local Government*"):
1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;

3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

5. Developing the capacity and capability of members and officers to be effective;

6. Engaging with local people and other stakeholders to ensure robust public accountability.

3.3 There is already a statutory requirement for the Authority to produce an annual governance statement to demonstrate and evidence that it operates an effective system of internal control. The internal control systems underlying the annual governance statement are assessed by Internal Audit to ensure that they are adequate and effective so that:

- The Authority can establish the extent to which they can rely on the whole system; and,
- Individual managers can establish the reliability of the systems and controls for which they are responsible.

3.4 Details of the Authority's governance arrangements and the internal auditor's findings in relation to these (summarised at paragraph 2.7 above) can be found in the Annual Governance Statement 2018/19:

https://bucksfire.gov.uk/files/5115/6231/9023/ITEM_9_Annual_Governance_Statement_2018-19_Cover_Paper_and_Annexes.pdf

3.5 The Annual Governance Statement also confirms that the Authority met its statutory obligation to review its Pay Policy Statement annually. This sets out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This was approved and adopted by the Authority at its February 2019 meeting, and can be viewed via the following link to the Authority's website:

https://bucksfire.gov.uk/files/6215/4894/2646/ITEM_11_Cover_Report_-_Pay_Policy_Principles_Statement_2019-20_Fire_Authority_13_February_2019_Annex_A-min.pdf

4. OPERATIONAL ASSURANCE

4.1 The Government requires Fire Authorities to provide assurance that they meet the requirements arising out of the legislative and policy framework for fire and rescue services. In particular:

- Details of specific events that raise issues of operational competence or delivery such as advice received under health and safety or other legislation together with assurance that these matters have been considered and, where appropriate, acted on;
- That integrated risk management plans are consulted on and that during the consultations appropriate information was provided to enable active and informed participation;
- Details of any agreements and / or mutual aid arrangements with other relevant bodies such as neighbouring fire and rescue services.

Statutory Duties and Operational Effectiveness

Fire and rescue authorities operate within in a clearly defined legislative and policy framework comprising of:

- The Fire and Rescue Services Act 2004;
- The Civil Contingencies Act 2004;
- The Regulatory Reform (Fire Safety) Order 2005;
- The Fire and Rescue Services (Emergencies) (England) Order 2007;
- The Localism Act 2011;
- The Fire and Rescue National Framework for England;
- Policing and Crime Act 2017.

4.2 In 2016 the Authority reviewed its approach to assuring operational effectiveness and developed a new operational assurance model to help identify and meet known 'best practice' requirements. A fundamental part of the assurance process is the Authority's three-year contractual agreement with Operational Assurance Limited (OAL), a specialist, external provider. This agreement ensures the Service's risk critical operations are subject to regular independent scrutiny, thereby strengthening the Authority's ability to deliver the best possible public service and improve the safety of Firefighters by: improving our performance at incidents; coping with future changes in the operational environment; and, driving development and innovation. The first of two planned OAL reviews took place during November 2018, focusing on the following key topic areas:

- management of site-specific risk information;
- operational discretion; and,
- the refined Operational Assurance model

4.3 In their report on the findings of the review, OAL identified 26 improvement recommendations. These were scheduled for follow up action in the Service's Operational Assurance Improvement Plan which, together with the full report of OAL's findings can be seen via the following hyperlink:

https://bucksfire.gov.uk/files/8615/6231/9337/ITEM_18_Operational_Assurance_Improvement_Plan_-_OA_-_17_July_2019_Appendices-min.pdf

5. INTEGRATED RISK MANAGEMENT PLANNING

5.1 The National Framework requires that Fire Authorities must produce an Integrated Risk Management Plan (IRMP) that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and / or national nature. The plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Each fire and rescue authority integrated IRMP must:

- be easily accessible and publicly available; and,
- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies, and partners.

5.2 The Government guidance relating to statements of assurance requires that they should include details of IRMP consultations and, in particular, that appropriate information was provided to enable active and informed participation.

5.3 Buckinghamshire and Milton Keynes Fire Authority regularly reviews the fire and rescue related risks to the community it serves and updates its IRMP in response to any material changes to the nature and level of the risks identified and assessed.

5.4 The Authority's current IRMP, known as the '2015-20 Public Safety Plan', is published on its website. This sets out the Authority's strategy for achieving its vision of making '*Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel*':

[http://bucksfire.gov.uk/files/8114/2116/4524/2015 -
20 PSP Updated after 17 Dec CFA.pdf](http://bucksfire.gov.uk/files/8114/2116/4524/2015-_20_PSP_Updated_after_17_Dec_CFA.pdf)

- 5.5 The draft Public Safety Plan (PSP) was subject to extensive consultations prior to the Authority reaching any decisions. The consultation process embraced key stakeholder groups including the general public, Authority staff, neighbouring fire and rescue services and a range of other organisations with a potential interest in the development of the plan. It also included the use of qualitative consultation methods such as 'community engagement forums' and focus groups which encourage participants to reflect in depth about their priorities for the Authority while both receiving and questioning background information and discussing service delivery issues in detail. Full details of the consultation process and its outcomes are available on the Authority's website:

[http://bucksfire.gov.uk/files/5514/5527/7938/ITEM_16_2015-
20 PSP Consultation -
_17 December 14 CFA Paper Annexes.compressed.pdf](http://bucksfire.gov.uk/files/5514/5527/7938/ITEM_16_2015-20_PSP_Consultation_-_17_December_14_CFA_Paper_Annexes.compressed.pdf)

- 5.6 A follow up public consultation was undertaken in 2015 to assist the Authority with its determinations in relation to a proposal to consolidate two of its existing fire stations in Milton Keynes onto a new tri-service 'blue light hub' facility with police and ambulance services (see Agenda Item 9, Pages 87 – 189):

[http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons
and Agenda 100216 72dpi.pdf](http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf)

- 5.7 In January 2018, preparatory work began on the development of the next PSP that will cover the period April 2020 – March 2025. This will include a comprehensive programme of public and other stakeholder consultation work to help inform the setting of the Authority's future strategic priorities.

As part of these preparations an initial 'listening and engagement' exercise, with a representative cross-section of the public, was carried out in November / December 2018 to help inform the development of the draft 2020-25 PSP. The findings from this can be viewed via this hyperlink:

[https://bucksfire.gov.uk/files/4915/4894/2682/ITEM_12_Outcomes_of_2
020-2025 PSP Focus Groups Report Appendix.pdf](https://bucksfire.gov.uk/files/4915/4894/2682/ITEM_12_Outcomes_of_2020-2025_PSP_Focus_Groups_Report_Appendix.pdf)

The Authority has also established a framework of key performance indicators and measures to help it assess progress towards the achievement of its vision. Performance in relation to these is reported to the Authority's Overview and Audit Committee on a regular basis whose role is to scrutinise any areas of under-performance together with proposals for corrective action. A report on performance outcomes against

the framework of indicators and measures can be viewed on the Authority's website:

https://bucksfire.gov.uk/files/9815/7312/5553/ITEM_9_Annual_Performance_Monitor_2018-19_cover_report_for_OA_Annexes-min.pdf

6. MUTUAL AID, REGIONAL AND NATIONAL RESILIENCE

6.1 The National Framework requires fire authorities to consider risks of a cross-border, multi-authority and / or national nature and to make appropriate provision for dealing with these. The Authority does this via:

- Its active participation in the Thames Valley Local Resilience Forum which comprises other Category 1 and 2 responders. The forum maintains a community risk register which the Authority considers as part of its integrated risk management planning process;
- Review of the National Risk Register, National Risk Assessment and National Resilience Planning Assumptions which are maintained by the UK Government Cabinet Office to inform planning in relation to major civil emergencies of a national or regional nature;
- Mutual aid agreements with neighbouring fire and rescue authorities which enable authorities to provide each other with additional resources to deal with emergencies that cannot be dealt with by an authority acting alone. Buckinghamshire and Milton Keynes Fire Authority maintains formal mutual aid agreements with all six of its neighbours – Bedfordshire, Hertfordshire, London, Royal Berkshire, Oxfordshire and Northamptonshire.
- Working with South Central Ambulance Service (SCAS) to provide co-responding services to medical emergencies and in allowing SCAS crews to use Authority premises.

6.2 The Authority maintains specialist assets to enable it to deal with major civil emergencies such as major transport incidents, natural disasters and terrorist incidents. The capabilities, which include Urban Search and Rescue (USAR), Detection, Identification & Monitoring Officers (DIM) and water rescue are available on a local, regional and national scale, and have been deployed in support of other Authorities during major emergencies. The Authority's USAR and water rescue assets are included on the National Asset Register. The National Asset DIM capability is overseen by Oxfordshire FRS, with support from specially trained officers from across the three Thames Valley FRS's.

- 6.3 The Authority also has an established cadre of National Inter-Agency Liaison Officers (NILO) who are trained and qualified officers who can advise and support FRS Incident Commanders, police, medical, military and other government agencies on the FRS's operational capacity and capability to reduce risk and safety resolve incidents at which a FRS attendance may be required.
- 6.4 The Authority collaborates with all the other South East Fire and Rescue Services to jointly fund the post of a NILO who is seconded to the Counter Terrorism Policing South East (CTPSE). This post acts as a focal point for advice to and from the unit.
- 6.5 As a Category 1 responder as defined in the Civil Contingencies Act 2004, business continuity is a high priority for Buckinghamshire and Milton Keynes Fire Authority. The Authority has secured a number of employees who work on flexible resilience contracts. These contracts ensure the Authority maintains availability of local, regional and national assets during the full range of foreseeable business continuity events.
- 6.6 At all times we also maintain sufficient numbers of trained USAR staff on duty to provide an initial response to incidents in line with the USAR Concept of Operations. Additionally, we have staff who maintain cover through a recall to duty contract, who deliver our second set of staff as detailed under the USAR Concept of Operations and enable us to maintain operational cover locally if USAR is deployed for an extended period, this includes national exercising. Under their contractual arrangements these staff are required to maintain this cover during periods of industrial action, meaning Buckinghamshire FRS were one of only two USAR hosting Services that guaranteed this capability during the most recent industrial action.
- 6.7 The Service remains committed to continued improvement in relation to joint-working between the emergency services and other responders thorough the adoption of the 'Joint Emergency Services Interoperability Principles (JESIP). This is supported and delivered by a local structure that includes nominated Strategic, Training and Joint Organisational Learning (JOL) leads.
- 6.8 Operational multi-agency exercises are routinely undertaken, utilising the fire-ground facilities at the Fire Service College with identified learning captured during a facilitated debrief. Any captured learning, along with notable practices originating from exercises or incidents have been inputted to JOL Online, so as to ensure that the lessons identified are available to other responder agencies. Furthermore, all operational commanders, along with colleagues from the other Thames Valley fire & rescue services, Thames Valley Police and South Central Ambulance, undergo a day's

training. This training has been designed to allow delegates the opportunity to demonstrate and apply knowledge of JESIP to any given situation, making decisions based on the joint emergency service interoperability principles in collaboration with our blue light partners.

6.9 All activities relating to JESIP are included within the embedding self-assessment questionnaire, submitted every quarter to the JESIP team, which is intended to provide assurance that JESIP is being embedded with the Service.

6.10 Since 3 April 2017 section 2 of the Policing and Crime Act 2017 has placed a duty on the Authority to keep opportunities for collaboration with the police and ambulance services under review. Where two or more of the emergency services consider it would be in the interests of their efficiency or effectiveness to collaborate, there then arises a duty to enter into a collaboration agreement.

6.11 A Thames Valley Emergency Services Collaboration Executive Board was established in 2017, comprised of the Chief Fire Officers from the Thames Valley Fire and Rescue Authorities, the Thames Valley Police Deputy Chief Constable and the Chief Executive from South Central Ambulance service, as the forum to determine collaboration opportunities and enter collaboration agreements.

6.12 Following the move to a jointly funded Thames Valley Fire Control Centre in 2015, the Authority has continued its commitment to collaboration through a Thames Valley Operational Alignment Programme. Amongst other things, the programme sets out to align:

6.12.1 Operational equipment, procedures, training and practice across the region. The key benefits are improved interoperability, enhanced resilience, a reduction in cross border mobilisations and maximised Best Value through collaborative contract negotiation and joint procurement. A recent example is the jointly procured red fleet replacement, which has standardised the front line fire appliances and equipment across the Thames Valley, and has generated significant savings for the public purse;

6.11.2 Protection Policy. Work between Thames Valley fire services, chaired by Oxfordshire Fire and Rescue Service (OFRS), to develop a collaborative protection model has been ongoing. An options appraisal has been carried out to identify each Service's current position and governance structure, identifying the Critical Success Factors (CSF) necessary to develop and deliver a combined Fire Protection function across the Thames Valley. Following a SWOT

analysis of the identified options, a one size fits all approach has been ruled out as a viable option at this time, and a bottom up approach will be taken. We will seek to align policies, procedures and ways of working where we can, developing a common framework, which will build a foundation that will facilitate a move to a single Fire Protection, function in the future. Whilst this 'bottom up' approach is developed, any work streams, such as integrated system development or data purchasing will be shared with Thames Valley partners and collaboration considered.

6.11.3 Workforce Reform - two interdependent projects are underway within one work stream: to develop a single attraction, engagement and recruitment process for Whole time and On Call fire fighters across the Thames Valley; and, to develop and deliver a joint Thames Valley apprenticeship programme based on the Buckinghamshire Fire and Rescue Service's model.

The key benefits from these enabling projects are a more cost effective and efficient shared recruitment function achieved through pooling external and internal resources, and the opportunity to increase the diversity of the workforce and consistency of approach across the Thames Valley. In addition, the joint approach to apprenticeships recruitment will also optimise the opportunity to draw down the apprenticeship levy to fund apprenticeships training.

A joint recruitment process has been developed, workforce plans including expected recruitment requirements are being shared and the focus has been and continues to be on improving the diversity of applicants for operational roles, including apprenticeships and on design and delivery of an end to end recruitment through to training programme for On-Call fire fighters.

DECLARATION

Buckinghamshire and Milton Keynes Fire Authority are satisfied that the financial, governance and operational assurance arrangements in place across the organisation meet the requirements set out in the National Framework.

Jason Thelwell
Chief Fire Officer and Chief Executive

Councillor David Watson
Chairman, Overview and Audit Committee



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Business and Systems Integration Project: Closedown
EXECUTIVE SUMMARY	<p>As agreed in May 2018, the close down of the Business and Systems Integration Project (BASI) was extended into a second phase and will close on 31 March 2020.</p> <p>Appendix D: Current Status, shows the status of each area and outstanding work at the time of completing the report.</p> <p>Key Activities taking place up to 31 March are:</p> <ul style="list-style-type: none"> - Complete Project Evaluation to review what has been delivered v's the business case, this will be presented at the next Overview and Audit Committee; July 2020 - Vision integration testing to get underway - Handover to business as usual for Resource Management System and Premises Risk Management System <p>Since the last Overview and Audit Committee meeting there has been the following activity:</p> <ul style="list-style-type: none"> - Fire Service Rota completed their development in preparation for integration with Vision but there has been a delay with testing due to issues at Capita - SSRI methodology designed following workshops with a range of staff - Agreement to link new Appraisal system with the relaunch of the appraisal process - Opex budget signed off allowing us to move forward with the Fleet Management system upgrade. <p>The BASI Project is within budget. Regular reviews are completed with the Finance team (See Appendix C for Spend breakdown).</p>

ACTION	Noting
RECOMMENDATIONS	That the report is noted.
RISK MANAGEMENT	<p>The project risks are contained within a project risk register.</p> <p>Current high-level project risks can be seen in Appendix A – Highlight Report – Jan/Feb 2020.</p> <p>The governance of this register, including escalations is in line with existing Service policy.</p> <p>DPIA to be completed by each systems Information Asset owner.</p>
FINANCIAL IMPLICATIONS	There are no further financial implications related to the project identified in this paper.
LEGAL IMPLICATIONS	There are no further legal implications related to the project identified in this paper.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>Opportunities for collaboration have been actively sought and considered during the procurement phase of the project.</p> <p>Collaboration with Warwickshire and Shropshire Fire Services continues to support the development of the Resource Management system.</p> <p>We continue to look beyond our Thames Valley partners, working with organisations that use the same systems as us to share knowledge and collaborate on developing the systems i.e. Bedfordshire.</p>
HEALTH AND SAFETY	The Working Time Directive measures that have been built into the Resource Management System, are being reviewed.
EQUALITY AND DIVERSITY	The HR system allows us to collect 'real time' Equality & Diversity (E&D) data securely allowing it to be used for trend analysis. eRecruitment will provide E&D data at all stages of recruitment.
USE OF RESOURCES	<p>The project is managed by the Project Manager. The Project Manager is proactively using existing skills and experience within the workforce to move the project forward.</p> <p>An Alternative Duties Business Case was submitted, and approval given to allocate an operational member of staff onto the project to support its delivery, who was temporarily unable to fulfil their operational role due to injury.</p> <p>Staff are being kept abreast of progress through the Intranet and blogs. The communication strategy will be followed as part of the roll out of the new systems</p>

	and in line with the project plan, which has to be agreed with the suppliers.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>As part of the ICT Strategy 2014-2019 an independent review of systems integration was commissioned. An external consultant undertook this task and delivered a business case which was formally agreed to be progressed by the Executive Committee Meeting 29 July 2015.</p> <p>The project is scheduled to be delivered in phases over a two-year period.</p> <p>Background Papers</p> <ul style="list-style-type: none"> • ICT Strategy 2014-2019 • Business and Systems Terms of Reference • Business and Systems Integration Business case • Business and Systems Integration Project: Governance Reporting Arrangements (18 November 2015) • NEW - ICT Strategy 2019-2024
APPENDICES	<p>Appendix A: Highlight Report – Jan/Feb 2020</p> <p>Appendix B: Highlight Report – Nov/Dec 2019</p> <p>Appendix C: Spend Breakdown</p> <p>Appendix D: Current Status</p>
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Anne-Marie Carter</p> <p>acarter@bucksfire.gov.uk</p> <p>07966 886689</p>

Appendix A: Sponsor Highlight Report – Jan/Feb 2020**Business & Systems Integration project – January/February 2020**

Business Owner: Project Manager: Business Sponsors:		Calum Bell Anne-Marie Carter Mick Osborne Mark Hemming		Project Objectives: To streamline, automate and integrate systems and business processes across: - HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase			Overall RAG <div></div>		
Finance	<div></div>	Plan	<div></div>	Risks & Issues	<div></div>	Scope	<div></div>	Resources	<div></div>
Exec Summary – Past Period's Activities <i>HR & Payroll</i> - System and processes continues to be updated following feedback from across POD - Appraisal workshops continue to build detailed plan and training approach <i>Premises Risk Management</i> - SSRI build slightly delayed due to review of question weighting review - System updated following feedback from end users - Support Process drafted <i>Resource Management</i> - FDO training completed - Vision integration testing started - Support process drafted <i>Asset Management</i> - Trial Hand scanner on order - Fleet management proposal received and reviewed					Priorities for Next Period – Mar '20 <i>HR & Payroll</i> - Handover system admin responsibilities <i>Premises Risk Management</i> - Complete handover/ <i>Resource Management</i> - Vision integration testing to be completed - Complete handover/ <i>Asset Management</i> - Test new hand scanners - Sign Fleet Management contract				
Key Decisions Required: - None					Key Risks & Issues				
Key Milestones									
Milestone			Forecast/ Actual	RAG					
Next BTB			19 th Mar	<div></div>					
Next O&A			11 th Mar	<div></div>					
Project Closedown			31 st Mar	<div></div>					
					Risk/ Issue	RAG	Description	Mitigating Action	Next Action
					R	<div></div>	FSR integration with Vision – BFRS solution proposed and testing started	Weekly calls with FSR/RBFRS/TVFC and Capita	Mar
					R	<div></div>	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
					R	<div></div>	Budget Management	Review monthly	Ongoing

Appendix B: Sponsor Highlight Report – Nov/Dec 2019

Business & Systems Integration project – November/December 2019

Business Owner: Project Manager: Business Sponsors:		Calum Bell Anne-Marie Carter Mick Osborne Mark Hemming		Project Objectives: To streamline, automate and integrate systems and business processes across: - HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase				Overall RAG <div></div>																					
Finance	<div></div>	Plan	<div></div>	Risks & Issues	<div></div>	Scope	<div></div>	Resources	<div></div>																				
Exec Summary – Past Period's Activities <i>HR & Payroll</i> <ul style="list-style-type: none">- System and processes continues to be updated following feedback from across POD- Appraisal workshop completed with agreement to link system launch with relaunch of process. <i>Premises Risk Management</i> <ul style="list-style-type: none">- SSRI Question set agreed following workshops- System updated following feedback from end users <i>Resource Management</i> <ul style="list-style-type: none">- Handover plan agreed <i>Asset Management</i> <ul style="list-style-type: none">- Visited Redkite to understand development opportunities- Budget signed off to upgrade Fleet Management system to offsite hosted solution <i>Overall</i> <ul style="list-style-type: none">- Showcased both PRMS and RMS with a Humberside and Hertfordshire					Priorities for Next Period – Jan/Feb '20 <i>HR & Payroll</i> <ul style="list-style-type: none">- Continue updating system/processes following Optimisation workshop- Agree launch plan for appraisals <u>inc</u> Training programme <i>Premises Risk Management</i> <ul style="list-style-type: none">- Start build of SSRI, linking to Risk Information Management Programme- Continue to update system following feedback from end users- Complete handover/support process <i>Resource Management</i> <ul style="list-style-type: none">- Continue to review Go Live feedback and complete development based on this feedback- Complete FDO training- Vision integration testing to be completed- Complete handover/support process <i>Asset Management</i> <ul style="list-style-type: none">- Test new hand scanners- Sign Fleet Management contract																								
Key Decisions Required: - None					<table><tr><th>Risk/ Issue</th><th>RAG</th><th>Description</th><th>Mitigating Action</th><th>Next Action</th></tr><tr><td>I</td><td><div></div></td><td>FSR integration with Vision – Capita unable to agree on how to install solution</td><td>Weekly calls with FSR/RBFRS/TVFC and Capita</td><td>Jan</td></tr><tr><td>R</td><td><div></div></td><td>New systems and ways of working impacting BASI</td><td>Continue to engage with Stakeholders. Agree change control process</td><td>Ongoing</td></tr><tr><td>R</td><td><div></div></td><td>Budget Management</td><td>Review monthly</td><td>Ongoing</td></tr></table>					Risk/ Issue	RAG	Description	Mitigating Action	Next Action	I	<div></div>	FSR integration with Vision – Capita unable to agree on how to install solution	Weekly calls with FSR/RBFRS/TVFC and Capita	Jan	R	<div></div>	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing	R	<div></div>	Budget Management	Review monthly	Ongoing
Risk/ Issue	RAG	Description	Mitigating Action	Next Action																									
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R	<div></div>	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing																									
R	<div></div>	Budget Management	Review monthly	Ongoing																									
Key Milestones <table><tr><th>Milestone</th><th>Forecast/ Actual</th><th>RAG</th></tr><tr><td>Next BTB</td><td>23rd Jan</td><td><div></div></td></tr><tr><td>Next O&A</td><td>11th Mar</td><td><div></div></td></tr><tr><td>Project Closedown</td><td>31st Mar</td><td><div></div></td></tr><tr><td></td><td></td><td></td></tr></table>					Milestone	Forecast/ Actual	RAG	Next BTB	23 rd Jan	<div></div>	Next O&A	11 th Mar	<div></div>	Project Closedown	31 st Mar	<div></div>													
Milestone	Forecast/ Actual	RAG																											
Next BTB	23 rd Jan	<div></div>																											
Next O&A	11 th Mar	<div></div>																											
Project Closedown	31 st Mar	<div></div>																											

Appendix C: Spend Breakdown

Summary:

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Budget		590	410	0	0	1,000
Spent	34	373	237	208	92	944
Committed		0	0	0	71	71
Earmarked		0	0	0	105	105
Total	34	373	237	208	268	1,120

Contingency is set at £200k of which £120k is being used in the following ways, this is included in the total above:

	18/19 £000	19/20 £000	Total £000
Project Manager Extension	31	74	105
Resource Management Integrations		15	15

Please note:

- All figures as at end of Dec 2019
- Spent = Purchase Order paid
- Committed = Purchase Order raised
- Earmarked = For Asset Management system; Fleet Management Upgrade; Project Support and training

Appendix D: Current Status

Area	Target Go Live	Tracking	Delivered	Outstanding
Finance	April 2017	Achieved	<ul style="list-style-type: none"> Finance system replaced with Capita Integra. All process documented Training completed across all users with supporting user guides Finance have taken full ownership 	Nothing
HR – Phase 1	April 2017	Achieved	<ul style="list-style-type: none"> HR system replaced with MHR iTrent. All process documented Training completed across all users with supporting user guides HR have taken full ownership of business as usual 	Agreement on system admin ownership.
HR – Phase 2	September 2017-March 2019	Recruitment – Achieved Learning events – Achieved	<ul style="list-style-type: none"> System replaced with MHR iTrent All processes documented Training completed across all users with supporting user guides HR have taken full ownership of Recruitment L&D have taken full ownership of Learning events 	Agreement on system admin ownership.
	September 2017-March 2019	Obj/EOY – Delayed (Early 2020)	<ul style="list-style-type: none"> System replaced with MHR iTrent All processes documented 	Rollout of Appraisal system alongside Relaunch of appraisals
Payroll	April 2017	Achieved	<ul style="list-style-type: none"> Payroll system replaced with MHR iTrent. Training completed across all users with supporting user guides Payroll have taken full ownership of business as usual 	Agreement on system admin ownership.
Premises Risk Management (PRM)	April 2019	Prevention – Achieved	<ul style="list-style-type: none"> Access database replaced with PRM system. All processes documented Training completed across all users with 	Agreement on system admin ownership. Prevention Team to take full ownership

			supporting user guides completed	
		Protection – Achieved	<ul style="list-style-type: none"> Access database replaced with PRM system. All process documented Finance have taken full ownership 	<p>Agreement on system admin ownership.</p> <p>User guide to be signed off</p> <p>Protection Team to take full ownership</p>
		SSRI – Delayed (TBC)	<ul style="list-style-type: none"> PRM system purchased that allows for SSRI to be built in Methodology drafted 	<p>Document new processes</p> <p>Build new system</p> <p>Train and upskill staff on new processes and system</p>
Resource Management	Oct 2018 – March 2019	Operational – Achieved Support Staff – Delayed (Early 2020)	<ul style="list-style-type: none"> Resource Management system replaced with Fire Service Rota (FSR). All operational staff use the system to capture all hours they work. Training completed across all Operational users with some user guides completed 	<p>Handover to business as usual</p> <p>Integration between FSR and Vision.</p> <p>Go Live with Support staff.</p> <p>All user guides to be signed off</p> <p>Resource Management Team to take full ownership.</p>
Asset Management	Mid 2020	March 2020	<ul style="list-style-type: none"> Agreement on scope of project – the Asset Management system supplied by Redkite will not be replaced but processes put in place to ensure BFRS are getting the most from it. 	<p>Procure new Hand scanners</p> <p>Policy and resilience team to review the usage of the Redkite system</p>
Fleet Management	Mid 2020	TBC	<ul style="list-style-type: none"> Agreement to replace the Fleet management system but upgrade Tranman. Budget signed off to cloud host 	<p>Document new processes</p> <p>Build new system</p> <p>Train and upskill staff on new processes and system</p>

System Descriptions:

Finance: Replacement of SAP covering all areas of Finance and Planning

HR – Phase 1: Replacement of SAP covering Core HR, Absence, Pensions, Costing and Employee and Manager Self Service.

HR – Phase 2: Replacement of SAP covering Learning Events, People Development, Discipline and grievance, Dashboards, Org Charting, Recruitment/web recruitment.

Payroll: Replacement of SAP covering all Payroll elements

Premises Risk Management: Replacement of Microsoft access database and manual processes covering:

- Home Fire and Risk Checks and prevention activities;
- Site Specific Risk Information. This is the data used by our firefighters when attending operational incidents;
- Fire Protection Audits. This is the data collected as part of our activities in enforcing fire safety regulations in commercial premises.

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Buckinghamshire & Milton Keynes Fire Authority

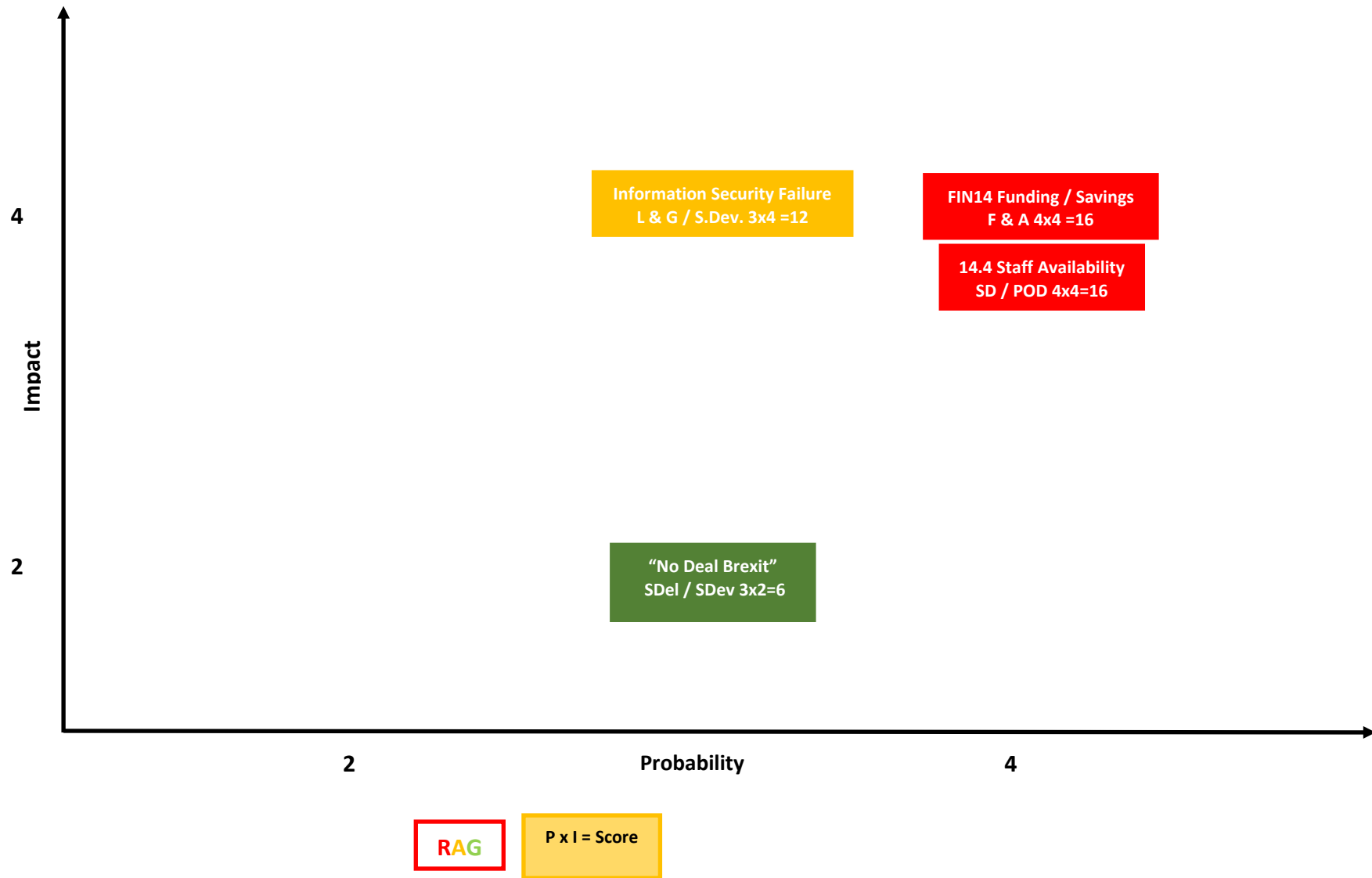
MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor Jean Teesdale
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report provides an update on the current status of identified corporate risks. 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>The Corporate Risk Register was last reviewed by the Overview and Audit Committee (O&A) at its 20 November 2019 meeting. Since then it has been reviewed by the Performance Management Board (PMB) and SMB at their regular meetings.</p> <p>Since the last O&A meeting, the risk register has since been updated to reflect the latest positions in relation to all four corporate risks. In particular, the staff availability risk has been updated with the outcome of the employment tribunal hearing relating to the firefighters' pension scheme and also to include consideration of the Novel Coronavirus (2019-nCoV) risk. The 'Brexit' risk has been re-defined following the UK's formal departure from the EU on 31 January 2020 and also re-scored (Probability 3, Impact 2 – Green RAG status) given that the proximity of the risk has receded.</p> <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 O&A review is provisionally scheduled for 22 July 2020 (subject to confirmation of the Fire Authority meeting calendar at the 10 June AGM) preceded by reviews at the 23 April 2020 PMB, at which all the directorate risk registers will also be scrutinised, and</p>

	the 12 May 2020 SMB.
ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that:</p> <ol style="list-style-type: none"> 1. the status report on identified corporate risks at Annex C be reviewed and approved; and, 2. 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 fire and rescue services 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	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

	<p>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>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to Members at the 15 September 2010 Fire Authority meeting (see Annex A and Item 8):</p> <p>http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</p> <p>An updated Corporate Risk Management Policy was approved at the 18 March 2015 Executive Committee:</p> <p>http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Committee_180315.pdf</p> <p>Fire Authority Members were last updated on the status of the Authority's Corporate Risks at the 20 November 2019 Overview & Audit Committee and will be updated again at the 22 July 2020 meeting (provisional date).</p>
APPENDICES	<ol style="list-style-type: none"> 1. Annex A: Distribution of Corporate Risks at 11 February 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	<p>Stuart Gowanlock, Corporate Planning Manager</p> <p>sgowanlock@bucksfire.gov.uk</p>

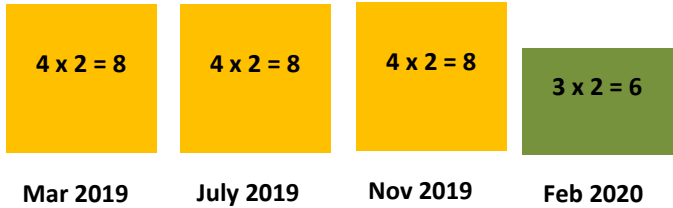
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Annex A: Corporate Risk Map – As at 11 February 2020

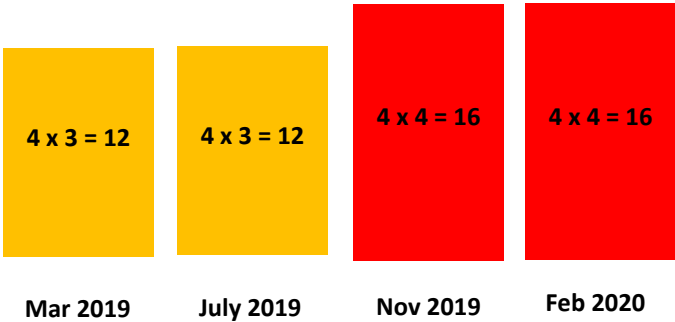


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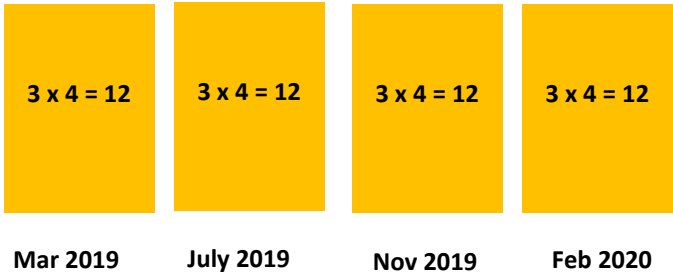
No Deal Brexit Scenario



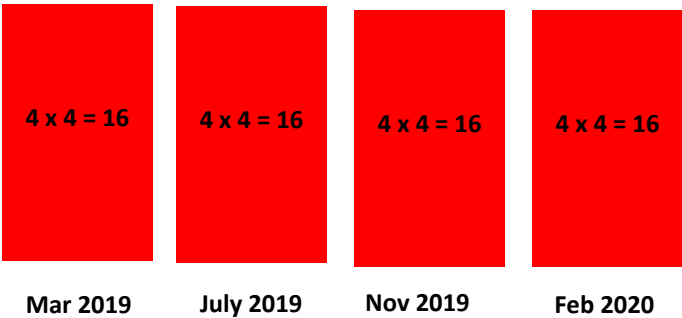
Staff Availability



Information Security Failure



Risk to Funding



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Annex C - Corporate Risk Register – as at 20 February 2020

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
CRR 014.4 Staff Availability Emerging risks of 1/ Court of Appeal ruling on the McLeod/Sergeant 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.	COO / POD Dir.	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 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. 	R	2 July 2019 SMB The FBU have put employers 'on notice' of a potential trade dispute with the possibility of industrial action following their members' rejection of a pay proposal from the employers. – 58% of FBU members took part in the ballot to reject the offer. The Government's application to appeal the Court of Appeal ruling that the transition arrangements for the 2015 Firefighters Pension Scheme were unlawful was refused on 27 June 2019. The case will now be remitted back to the employment tribunal for remedy. This decision will impact on retirement dates and staff retention. Workforce plan modelling is underway covering a range of potential scenarios. These scenarios will be refined as the remedy is developed. 27 August 2019 Informal SMB Early analysis of the potential impact of the pensions' decision indicates that senior and middle ranking officers are likely to be most affected. In light of this the risk has been elevated to red RAG status (with a 4 x 4 = 16 probability and impact score). 17 September 2019 SMB No changes to risk score / RAG status recommended. 22 October 2019 SMB As the transitional provisions transferring members into the 2015 Firefighters' Pension Scheme were found to be unlawful, a 'remedies hearing' has been scheduled for 18 December 2019. Any remedy awarded to scheme members is
			(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 February 2020

<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"> HR are reviewing the future promotion and career development options 	<p>likely to have a significant impact on current assumptions about retirement profiles and succession pipelines.</p> <p><u>14 January 2020 SMB</u> 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.</p> <p><u>30 January 2020 PMB</u> 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.</p> <p><u>11 February 2020 SMB</u> 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.</p>
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Annex C - Corporate Risk Register – as at 20 February 2020

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	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	<u>2 July 2019 SMB</u> On 27 June 2019 it was announced that the Government's application to appeal the Court of Appeal ruling that the transition arrangements for the 2015 Firefighters Pension Scheme were unlawful, has been refused. The case will now be remitted back to the employment tribunal for remedy. Although the initial cost of remedy is expected to be met by Government, it is likely that it will mean longer-term increases in the employer contributions that will need to be paid for by the Authority. <u>17 September 2019 SMB</u> Spending Round 2019 (SR19) was announced by the Chancellor on 4 September 2019. Prior to SR2019 we were forecasting that real-terms central government funding would continue to fall over the period of this PSP. Since SR19 was announced we 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, we continue to face other financial uncertainties that potentially require us 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 we 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
			(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.		

Annex C - Corporate Risk Register – as at 20 February 2020

								<p>changes to the allocation of business rate receipts to local authorities.</p> <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%).</p> <p>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>
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Annex C - Corporate Risk Register – as at 20 February 2020

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
Information 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. 	(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	17 September 2019 SMB The National Cyber Security Centre weekly threat report advised that security breaches against service desk/ support lines lead to an increase in phishing scams. GB to investigate the availability of training packages for "mock" phishing scams to help to raise awareness amongst employees. Not all departments have a retention and disposal schedule in place. This is a legal requirement and also helps the Authority to identify all of the information types it holds and enables an audit of information to ensure security arrangements including timely destruction. 22 October 2019 SMB The South East Regional Organised Crime Unit (SEROUC) cyber training to be reviewed with a view to rolling it out to a large group of employees. 14 January 2020 SMB NCSC weekly threat report - as at 20 Dec no new UK threat notified. Large volumes of data stored on our network drives, particularly Outlook files, are threatening to delay the migration to Microsoft 365 and to cloud hosting. We have already experienced significant systems disruption as a result of server failure so any delay to cloud hosting may lead to further incidents. 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

Annex C - Corporate Risk Register – as at 20 February 2020

							<p>- Premises Security Group re-established to meet on a 3 monthly basis aligned to the PMB meeting schedule.</p> <p>5. Training:</p> <p>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.</p>		breaches were owing to “mistakes by users”. Phishing was named as the main cause of breaches.
Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	HML			
Risk of physical disruption to Service operations due to no, or insufficiently comprehensive, agreement covering future UK relations with the EU.	Heads of Service Development and Delivery.	<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>	(4) 3	(2) 2	(8) 6	(M) L	<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 in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.</p>	L	<p>5 November 2019 Update</p> <p>On 28 October 2019, EU27 ambassadors agreed to extend the Brexit negotiations for a further three months until 31 January 2020. Technically the UK would be able to leave sooner, should the UK Parliament ratify the withdrawal agreement before that date. However, this is likely to depend on the outcome of the General Election on 12 December 2019. The departure arrangements and timing therefore remain uncertain but the possibility of a ‘no deal’ exit remains and officers therefore continue to plan for this contingency.</p> <p>14 January 2020 SMB</p> <p>Following the outcome of the UK General Election of 12 December 2019, the Prime Minister has indicated his intention to proceed with the enactment of the legislation required to ratify the EU Withdrawal Agreement. If the UK leaves the EU with a deal on 31 January 2020, the UK will enter a transition period until 31 December 2020. During the transition period, the UK will be treated in the same way as Member states and be required to continue following EU law. However, it will no longer have representation and voting</p>

Annex C - Corporate Risk Register – as at 20 February 2020

								<p>rights in the EU institutions when the EU makes decisions about how EU law should change. Therefore, the likelihood of a 'no deal' exit before 31 December 2020 has receded. In light of this MHCLG has advised that the operational phase of Yellowhammer will not be stood up in January 2020 and no further preparation is needed for a no deal exit on 31 January 2020. Therefore, LRFs will not be required to further report on Yellowhammer preparedness. No change to the risk score is recommended at this time as this relates to the likelihood of physical disruption to the Service in the event of 'no deal' rather than the likelihood of 'no deal' itself. Therefore, the nature of this risk is contingent.</p> <p><u>11 February 2020 SMB</u></p> <p>On 31 January 2020, the UK formally withdrew from the European Union. Whilst it has left the EU's political structures, it will remain within the Single Market and Customs Union for a transitional period which ends on 31 December 2020. However, the risk of disruption to UK trading and other relations with EU countries remains, pending and dependent on the nature of any future agreement reached with the EU. Greater clarity regarding this is unlikely to emerge before the autumn, in the meantime officers continue to monitor developments with a view to identifying any emerging implications for the Authority / Service and its operations. Agreed to reduce risk probability score to 3, given that proximity of risk has receded, pending further information as to progress with trade and other future EU relationship negotiations.</p>
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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2020
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Local Pension Board Update – March 2020
EXECUTIVE SUMMARY	<p>This paper is being presented to inform the Committee of the work undertaken by the Local Pension Board (the Board) for Buckinghamshire and Milton Keynes Fire Authority (BMKFA). The key actions taken by the Board, and any actions outstanding, can be seen in Appendix A.</p> <p>Minutes of the most recent Board meeting can be seen in Appendix B.</p> <p>The Pension Regulator (TPR) is keen to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement.</p> <p>In 2018, 94% of all public service pension schemes completed a survey, which helped TPR build a comprehensive picture of governance and administration standards. The findings of this survey can be seen in Appendix C.</p> <p>In November 2019, David Fairs, Executive Director of Regulatory Policy, Analysis and Advice at The Pensions Regulator (TPR), commissioned OMB Research to carry out a survey into annual governance and administration of public service pension schemes, namely: Public Service Governance & Administration Survey 2019.</p> <p>This survey was designed to provide an update on how schemes are progressing, compared to previous results, as well as capturing data on some new areas.</p> <p>Our submission to that survey can be seen in Appendix D.</p>
ACTION	Noting
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	The Board maintains a risk register, which is discussed and reviewed at each meeting. A copy of the most

	<p>recent Risk Register and Trend Report can be seen in Appendix E and F.</p> <p>There is one identified “Red”, which is as a consequence of the recent Court of Appeal ruling on the McLeod/Sergeant cases. It was determined that the transitional provisions introduced in 2015 to the Firefighters’ pension schemes resulted in direct age discrimination.</p> <p>A copy of the most recent update issued by the Home Office and shared with staff can be seen in Appendix G.</p>
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	No direct impact.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>The possibility of a joint Board with Royal Berkshire continues to be a matter for consideration. However, it is felt that this is not a key priority for the Collaboration Board at this time. This will continue to be kept under review.</p> <p>The Authority continues to collaborate with the Eastern and South regional pension groups; for networking, joint learning, development and understanding and the development of pension related policies and procedures. These groups feed into the regional technical groups and Scheme Advisory Board (SAB) and information is also cascaded to the Local Pension Board.</p>
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	<p>Communication with stakeholders;</p> <p>The Board consists of three employer representatives and three employee representatives. The Authority is the Scheme Manager for the Firefighters Pension Schemes and this report seeks to keep senior managers informed of the work of the Board.</p> <p>Members of the Board attend the LGA pension briefing sessions with key and relevant information being shared with staff via the Intranet and through their representatives on the Board.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	Appendix A – Action Log for the Board

	<p>Appendix B – Minutes of the Board, October 2019</p> <p>Appendix C – TPR Survey of FRA Local Pension Boards 2018 (published July 2019)</p> <p>Appendix D – Board TPR Survey response 2019</p> <p>Appendix E – Board Risk Register</p> <p>Appendix F – Board Risk Trend Report</p> <p>Appendix G – Fact Sheet, Transitional Protections</p>
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Calum Bell</p> <p>cbell@bucksfire.gov.uk</p> <p>07766 340974</p>

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Actions from the FF's Local Pension Board Meeting – 23rd Oct 2019

Carried over from meeting on 17th July 2019

Item 4 – Urgent Items

Outstanding Pension Issues regarding Temporary Promotions

MH & FM to bring a report to the Board with a summary reviewing of the actions taken regarding Pension issues due to temporary promotions.

MH informed the Board that this issue had not been completed – more information was required from some leavers (bank details) and a few employees have not been completed - It is hope that a report will be presented to the Board at the next meeting. Action to remain open (23rd October)

Item 5 - BFRS - Local Pension Activity Report

FM to bring figures regarding the number of apprentices that have joined the FF Pension Scheme since becoming fulltime Fire Fighters.

FM confirmed that she was unable to bring final figures regarding new FF's joining the FF's Pension Scheme to the meeting. FM to bring the information to the next meeting. Action to remain open (23rd October)

Actions from the FF's Local Pension Board Meeting – 23rd Oct 2019

Item 4 - Urgent Items

Communications between WYPF and BFRS.

FM to update the next meeting FM on new targets arising from the introduction of the new SLA and who will be accessing the dedicated Pension in-box.

Pensionable Allowances

FM to report to the Board any changes to pensionable allowances for discussion at the next meeting.

Board Members and Terms of Reference

All to look at changes to the Terms of Reference for the FF's Local Pension Board included number of Board Members and the tenure of the Chair (three years) for a discussion at the next meeting.

Item 5 - BFRS - Local Pension Activity Report

FM to save the monthly reports from WYPF in the Local Pensions folder and send copies to members.

FM agreed to bring the "Injury Pension Overpayments" paper presented at the Executive Committee in November to the next meeting.

Item 6 - WYPF Update including KPI Update

HS agreed to look at how the "Pension Estimates" numbers are calculated and report back to the next meeting.

Item 8 - National Pension Update

All Board Members - HS advised that all Board Members look at the TPR's Survey results published in July 2019 and discuss at the next meeting as the TPR have been making random visits to FRS Local Pension Boards.

CB to add to the next agenda.

Item 9 - Risk and Breaches Register Updates.

HS to send copy of the "Risk Trend Report" that other Pensions Boards are using.

CB and CJ to look at adapting the report for use at BFRS.

Item 10 - Communications and Training Needs

CJ to try and arrange Pension's training with either Clair Hay or Clair Alcock asap, may be at the next meeting in January.

All to send information regarding training/seminars/conferences attended to CJ so information can be added to Training Spreadsheet.

**Buckinghamshire & Milton Keynes Fire Authority
Fire Fighters Local Pension Board Meeting**

**23rd October 2019
Minutes of meeting**

Present: Calum Bell (CB) – Chair, Richard Priest (RP), Tony Cliffe (TC), Chris Wycherley (CW) Simon Tuffley (ST) & Marcus Hussey (MHu)

Also attending: Mark Hemming (MH) Faye Mansfield (FM) and Helen Scargill (HG) – West Yorkshire Pension Fund (WYPF)

Minutes: Caroline Jordan (CJ)

Item		Action
1	<p>Apologies for Absence:</p> <p>No apologies</p> <p>CB asked if any Board Members objected to the appointment of Simon Tuffley (ST) to the Board. There were no objections.</p> <p>CB welcomed Simon Tuffley (ST) to the Fire Fighters Local Pension Board.</p>	
2	<p>Minutes from Previous Meeting</p> <p>The minutes from the meeting held on the 17th July 2019 were agreed.</p> <p>All but 2 actions were completed from 17th July. The two outstanding actions have been carried over for completion for the next meeting on 29th January 2020. For more information see the action log.</p> <p>Item 4 – Urgent Items</p> <p>Outstanding Pension Issues regarding Temporary Promotions MH & FM to bring a report to the Board with a summary reviewing of the actions taken regarding Pension issues due to temporary promotions.</p> <p>Item 5 - BFRS - Local Pension Activity Report</p> <p>FM to bring figures regarding the number of apprentices that have joined the FF Pension Scheme since becoming fulltime Fire Fighters.</p>	
3	<p>Declarations of Interest</p> <p>No new declarations of interest declared.</p>	
4	<p>Urgent Items</p> <p>Ill Health Retirement</p> <p>CW asked HS for an update on ill health retirement calculations. The FBU were suggesting that different calculation was required. HS informed the meeting that at present the calculation would remain unchanged.</p> <p>Communications between WYPF and BFRS.</p> <p>HS raised some issues regarding communications between BFRS & WYPS. Some e-mails are going to a general HR in-box or personal in-boxes, so work is being overlooked or not going</p>	

	<p>to the right person. Following meetings with BFRS and WYPF it has been decided to introduce an WYPF in-box to ensure that all e-mails are centralised.</p> <p>BFRS are also looking at introducing a revised SLA between BFRS and WYPF. This will help to show what is expected of both WYPF and BFRS.</p> <p>It was agreed that at the next meeting FM will update the Board on new targets arising from the introduction of the new SLA and who will be accessing the dedicated in-box.</p> <p>Pensionable Allowances BFRS and WYPF will also be looking at all Firefighters allowances so a full register showing what allowances are pensionable can be published. FM agreed to report back to the Board for discussion at the next meeting.</p> <p>Split Pensions CW asked about the changes to Split pensions. HS confirmed that letters had gone out to all effected. If any Firefighters are unhappy or have not received a letter they should get in touch so it can be looked at.</p> <p>Board Members and Terms of Reference CB raised the Term of Reference for the FF's Local Pension Board and asked if the Board should look at them again. Issues discussed included how many people needed on the Board and the tenure of the Chair (three years). CB asked that everyone thought about this for discussion at the next meeting.</p>	<p>FM</p> <p>FM</p> <p>All</p>
5	<p>BFRS - Local Pension Activity Report</p> <p>FM updated the meeting on the figures available regarding FF's pension schemes.</p> <p>FM explained that sometimes the figures from WYPF and BFRS did into agree as some of their reporting dates were different. FM confirmed that BFRS receive a monthly report from WYPF, but the date of the report varies. FM agreed to save the monthly reports in the Local Pensions folder and send copies to members.</p> <p>FM also confirmed that an "Injury Pension Overpayments" paper will be presented to the Executive Committee in November. FM agreed to update the Board at the next meeting.</p>	<p>FM</p> <p>FM</p>
6	<p>WYPF Update including KPI Update</p> <p>HS updated the Board on current issues and KPI's.</p> <ul style="list-style-type: none"> • KPI's: There were two KPI's not meeting the set targets. The "Deferred Benefits" KPI was not met due to older more complicated cases taking longer than expected to be completed. As these cases are completed the targets will be meet as the newer straight forward cases are being completed in the timescales expected. 	

	<p>The "Pension Estimates" were more difficult to explain why targets had not been met. HS agreed to look at how these were calculated and report back at the next meeting.</p> <p>Durham and Darlington FRS joined WYPF on 1st October 2019.</p>	HS
7	<p>FPS Bulletins and Actions</p> <p>Bulletin 22: No actions</p> <p>Bulletin 23: All actions completed</p> <p>Bulletin 24: All actions completed</p>	
8	<p>National Pension Update</p> <p>HS updated the meeting on national issues including:</p> <ul style="list-style-type: none"> • The McCloud pension case and how this affects the fire service. FRS's will have to wait until the remedy has been published to learn the full effect which is scheduled for December 2019. The Home Office have published a Q&A sheet on the case. • The Annual Conference on 24 and 25 September. All presentations can be found on the LGA website. • The LPB have carried out some random supervisory visits to FRS Local Pension Boards. The Board should be looking at the survey results published in July 2019 and discuss them at the next Board meeting. CB to add to the next agenda. 	All CB
9	<p>Risk and Breaches Register Updates.</p> <p>The Board looked at the Risk Register and discussed Risk 11 (Staff Availability).</p> <p>HS highlighted a Risk Trend Report that other Pensions Boards have used. CB asked CJ to look at adapting the report for use at BFRS. HS to send copy of report.</p>	CB/CJ/HS
10	<p>Communications and Training Needs</p> <p>The Board discussed what training was required by members. All agreed that either Clair Hay or Clair Alcock from the LGA should be asked to BFRS for some training. CJ agreed to arrange the training, may be at the next meeting in January.</p> <p>CJ asked if everyone can send her information regarding what training/seminars/conferences they have attended so the training spreadsheet can be updated. All agreed.</p>	CJ ALL
11	<p>Date of Next Meeting</p> <p>RP confirmed that due to his position within BFRS changing he had tendered his resigning from the Board and this would be his last meeting.</p> <p>Wednesday 29th January 2020 - Meeting Room 3</p>	

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Public service governance and administration survey 2018

Commentary on results

Background

Public service pension schemes provide pensions for nearly 17 million civil servants, judiciary, local government workers, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces.

Our code of practice 14 sets out the standards we expect of the people who manage these schemes. Our aim is to improve standards across the board, focusing our interventions on the schemes that we consider present the greatest risk.

In the past year we have engaged with a number of pension scheme managers and pension board members. This, together with one-to-one relationships with large schemes, has helped to inform our understanding of the landscape.

To gather further information about public service pension schemes, we carried out our fourth annual governance and administration survey in November and December 2018. Previous surveys identified that key features of good governance were becoming more commonplace across public sector schemes. In the latest survey, we looked in more depth into how these features were operating in practice.

The survey findings support our existing assessment that the top risks in this landscape are around governance, record keeping, and member communications. They also identify cyber security as a significant issue requiring attention.

The survey is anonymous by default, although scheme representatives can attribute their answers so that we and/or their Scheme Advisory Board can see them. We do not take direct regulatory action based on the answers given, but the answers in aggregate may inform our regulatory approach.

This commentary accompanies the full research report which details all the survey results. It is intended to draw out the key points and areas of concern we have identified. Scheme managers should read the full results of the survey to understand more about the issues highlighted in this statement.

Key issues

Three-quarters (74%) of public service schemes had all six of our key processes in place, an improvement on previous years. However, it is disappointing that the remainder of schemes still did not have all six of these simple measures in place.

Pension Board meetings

Only half of schemes had four or more pension board meetings in the previous 12 months. We have previously highlighted that scheme governing bodies should meet at least quarterly. We are concerned that irregular meetings may be an indicator of poorly-governed schemes. We note that Fire schemes had both infrequent meetings and were the most likely cohort to postpone meetings. We expect to see an improvement in this area.

Knowledge and understanding

Almost all respondents believed that the scheme manager and pension board had access to all the knowledge and skills necessary to run the scheme and were more confident than in previous years that they had sufficient time and resources to do so. However, the survey results did not fully support this view. Only in four-fifths (82%) of schemes did the scheme manager and pension board evaluate the board's knowledge and understanding at least annually. Furthermore, 39% of schemes saw recruitment, training and retention of staff and knowledge as a barrier to improving their governance and administration over the next 12 months, and 47% cited lack of resources or time. We see this lack of knowledge and resources as a key reason for scheme managers not being able to drive the improvements that we expect.

The concerns expressed by respondents about knowledge and understanding may partly be driven by the significant annual turnover in pension board members. On average schemes reported that 20% of the total positions on their pension board had left in the previous 12 months. The loss of knowledge and understanding that this represents is significant. It is essential that pension boards have documented processes in place to ensure the preservation of knowledge and should carry out a skills analysis to assess the areas where their knowledge may be weakest. This will also highlight situations where there is a concentration of knowledge in particular individuals. This will help in the recruitment of members with the knowledge, skills and experience required. Pension boards should also ensure that they have all appropriate training in place for new recruits to build their own understanding.

Board membership

We have very significant concerns about 11 schemes that reported that at the time they completed the survey they were operating with fewer pension board members than required by their respective scheme regulations. The situation appears to have been temporary in most cases until new pension board members could be recruited. In the meantime, however, these schemes were breaching the law. We urge scheme managers to maintain a pension board with more than the minimum number of members to avoid this situation. They should also take steps to ensure that pension board members are recruited before a vacancy exists to enable an effective handover to take place.

Risk registers

While more schemes had a risk register than in previous years, it does not appear that every scheme recognises their value. Only half of schemes had reviewed their exposure to new and existing risks at least quarterly in the previous 12 months. The risk register should be a living document that recognises how risks are emerging, developing and being mitigated or controlled. The pension board and scheme manager are key players in identifying and controlling risks, and a review of the risk register should form part of every meeting.

Collecting data

We expected to see that multi-employer schemes had lower levels of employers presenting data in a timely or accurate and complete manner. This was borne out by the survey findings, although some single employer Police and Fire schemes also reported that they were facing issues. However, we feel that some schemes, particularly the local government schemes, could do more to facilitate the collection of data. Only half of Local Government schemes said that all their employers submitted data electronically and just two-fifths said that all their employers submitted their data monthly. Monthly electronic data submission should be the default for all schemes and we recommend that schemes take steps to put this in place. Aligning data submission with payroll cycles makes it easier for employers to comply as information can be provided as part of the payroll process. Current practices that allow data to be submitted by annual paper return increase the burden for both participating employers and the schemes processing that data. Paper schedules also increase the chances of mistakes occurring that take longer to rectify.

Cyber security

In recent years we have asked schemes to recognise the importance of cyber security. The survey found that there were generally high levels of compliance with basic security measures such as system and access controls and policies on data and use of devices. However, these basic measures were not universal - for example, 17% of schemes did not report that they have controls restricting access to systems and data. A similar number (18%) did not report that they have systems controls such as firewalls, antivirus or software updates. Around half of schemes said that they had experienced a cyber breach or attack in the previous 12 months. The majority of these involved staff receiving fraudulent emails or being directed to fraudulent websites and attacks that try to take down websites or online services.

It is vital that schemes also consider their cyber footprint. Pension schemes share large amounts of data with third parties such as administrators, actuaries, employers and legal advisors. An awareness of the security processes that these bodies have in place is necessary too. Cyber security is not just about reducing the risk of incidents occurring, but also requires preparation for when things go wrong. Schemes need to have an incident response plan in place, and the scheme manager must be aware of the contingencies in place. The lack of pension boards and scheme managers who received regular updates on cyber risks, incidents and controls indicates that this risk is still not being taken seriously.

Data quality

Around three-quarters of schemes that had reviewed their common data in their most recently completed review said that they had identified problems with it. This is lower than we would expect, given that common data includes addresses which can rapidly become out of date. We therefore think it is likely that schemes are not reporting on all elements of common data. Fewer Police schemes reported identifying issues with their common and scheme specific data in their most recently completed review than other cohorts. We are aware that data cleansing has been a focus for Police schemes for some time now and we trust that their results indicate that a well-functioning and effective data cleansing process has now been widely adopted. To ensure comparability within cohorts, we support the work of Scheme Advisory Boards to develop a common definition and standard for their schemes to report on.

Annual benefit statements

There was a general improvement in the number of annual benefit statements issued on time again this year. However, there is still considerable scope for improvement by schemes in this area. We are troubled by the 10% of schemes (15% of Local Government schemes) that did not report that all the annual benefit statements they sent out in 2018 contained all the data required by regulations. We understand that schemes may be taking this action to meet the 31 August deadline for issuing statements. In our view however, deliberately sending out a statement with missing or incorrect data is worse than sending out an accurate statement late. Those schemes that have given us a Breach of Law report in relation to annual benefit statements in recent years have typically had a plan to get their statements out very soon after the deadline, for the few members it affected. We are unlikely to take action on the basis of a breach of law report on its own where there is a reasonable plan for rectification of the situation.

Administration

Pension boards have two fundamental responsibilities - to oversee both the governance and administration of the scheme. A board that is failing to meet its basic responsibilities by not having administration as a feature of every meeting is failing in one of its fundamental functions. We are pleased to see that more schemes are giving administration the attention it deserves, with three-quarters of schemes considering it at every pension board meeting in the previous 12 months. We do still see some space for improvement in the locally administered (Police, Fire and Local Government) schemes, however. It is notable that most of the complaints received by schemes continue to stem from poor administration. This might be around disputes or queries about the amount of benefit paid, slow or ineffective communication, delays to benefit payments, or inaccuracies or disputes around pension value or definitions. Pension boards should continue to ensure that administration is considered on every agenda to identify persistent and emerging issues, and to advise the scheme manager to make improvements.

Conclusion

The pattern of results this year indicates that while pension boards have managed to drive improvements in some areas, they continue to struggle in many others. The locally administered schemes appear to find it particularly hard to meet their responsibilities. There are a variety of reasons for this depending on the exact circumstances of the scheme. Scheme managers and pension boards need to drive improvements in the key areas highlighted here. Some are more straightforward than others but taken together will improve the running of the scheme. We suggest that pension boards, scheme managers and scheme advisory boards examine ways in which collaboration and sharing of resources can deliver better governance and administration.

The information gathered in the survey will be used to inform our regulatory initiatives with all schemes. Over the course of the next year some public service schemes will experience greater engagement from us through our new supervisory processes. This new range of regulatory tools and techniques, which includes one-to-one relationships with schemes of strategic importance and broader scheme supervision and thematic work, helps clarify our expectations of schemes on whom millions of savers rely.

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Public service governance and administration survey 2018 Commentary on results

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The Pensions Regulator

Public Service Governance and Administration Survey 2019

This document is intended to be used as a guide to help you gather the information required for the survey. Please note, however, that we need you to complete the questionnaire through the [online survey link](#) contained in your invitation email.

Thank you for taking the time to complete this survey. Please answer the questions in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful.

SECTION A – GOVERNANCE

The first set of questions is about how your pension board works in practice.

A1. EVERYONE TO ANSWER

Does your scheme have a documented policy to manage the pension board members' conflicts of interest?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A2. EVERYONE TO ANSWER

Does your scheme maintain a register of pension board members' interests?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A3. EVERYONE TO ANSWER

Focusing on the scheme's pension board meetings in the last 12 months, please tell us the following:

Please write in the number for each of a-c below

- | | |
|--|---|
| a) Number of board meetings that were <u>scheduled</u> to take place (in the last 12 months) | 4 |
| b) Number of board meetings that actually <u>took place</u> (in the last 12 months) | 4 |
| c) Number of board meetings that were attended by the scheme manager or their representative (in the last 12 months) | 4 |

A4. EVERYONE TO ANSWER

Do the scheme manager and pension board have sufficient time and resources to run the scheme properly?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A5. EVERYONE TO ANSWER

Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A6. EVERYONE TO ANSWER

How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

Please select one answer only

1. At least monthly
2. At least quarterly
3. At least every six months
4. At least annually
5. Less frequently ✓
6. Never
7. Don't know

A7. EVERYONE TO ANSWER

On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?

Please write in the number below

2 – 3 hours per year

A8. EVERYONE TO ANSWER

Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

A9. EVERYONE TO ANSWER

Is the pension board able to obtain sufficient specialist advice on the following matters when it needs to?

Please select one answer per row

	Yes	No	Don't know
a) Administration	✓	<input type="radio"/>	<input type="radio"/>
b) Cyber security	✓	<input type="radio"/>	<input type="radio"/>
c) Legal	✓	<input type="radio"/>	<input type="radio"/>

A10. EVERYONE TO ANSWER

Focusing on the composition of your pension board, please tell us the following:

Please write in the number for each of a-d below

- | | |
|--|---|
| a) Number of <u>current</u> board members | 5 |
| b) Number of <u>vacant</u> positions on the board | 1 |
| c) Number of members that have <u>left</u> the board
in the last 12 months | 3 |
| d) Number of members that have been <u>appointed</u>
to the board in the last 12 months | 2 |

A11. EVERYONE TO ANSWER

Does the scheme have a succession plan in place for the members of the pension board?

Please select one answer only

1. Yes ☒
2. No
3. Don't know

A12. EVERYONE TO ANSWER

Has the scheme manager delegated the responsibility for making the day-to-day decisions needed to run the scheme to another person?

Please select one answer only

1. Yes ☒
2. No
3. Don't know

SECTION B – MANAGING RISKS

The next set of questions is about managing risks.

B1. EVERYONE TO ANSWER

Does your scheme have its own documented procedures for assessing and managing risk?

Please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk.

Please select one answer only

1. Yes ☒
2. No
3. Don't know

B2. EVERYONE TO ANSWER

Does your scheme have its own risk register?

Please select 'No' if your scheme relies on your local authority's risk register.

Please select one answer only

1. Yes ☒
2. No
3. Don't know

B3. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number below

4

B4. EVERYONE TO ANSWER

To what do the top three governance and administration risks on your register relate? If you do not have a risk register, please tell us to what the top three governance and administration risks facing your scheme relate.

Please select up to three options below

1. Funding or investment
2. Record-keeping (i.e. the receipt and management of correct data) ✓
3. Guaranteed Minimum Pension (GMP) reconciliation
4. Securing compliance with changes in scheme regulations ✓
5. Production of annual benefit statements
6. Receiving contributions from the employer(s)
7. Lack of resources/time
8. Recruitment and retention of staff or knowledge
9. Lack of knowledge, effectiveness or leadership among key personnel
10. Poor communications between key personnel (board, scheme manager, administrator, etc.) ✓
11. Failure of internal controls
12. Systems failures (IT, payroll, administration systems, etc.)
13. Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
14. Administrator issues (expense, performance, etc.)
15. Other (please specify):
16. Don't know

SECTION C – ADMINISTRATION AND RECORD-KEEPING PROCESSES

The next set of questions is about administration and record-keeping.

C1. EVERYONE TO ANSWER

Does the scheme have an administration strategy?

Please select one answer only

1. Yes Our Scheme Administrator does
2. No
3. Don't know

C2. EVERYONE TO ANSWER

Which of the following best describes the scheme's administration services?

Please select one answer only

1. Delivered in house
2. Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract ✓
3. Outsourced to a commercial third party
4. Other
5. Don't know

C3. EVERYONE TO ANSWER

Which of the following do you use to measure the performance of your administrators (whether in-house or outsourced)?

Please select all the options that apply

1. Performance against a service level agreement or service schedule ✓
2. Member satisfaction ratings
3. 'Right first time' statistics
4. Testing the accuracy of calculations
5. Analysis of errors
6. Complaints volumes and trends ✓
7. Volumes of rework required
8. Assessing project delivery against initially agreed time and cost ✓
9. Benchmarking against the market
10. Auditing administration functions and systems
11. None of these
12. Don't know

C4. EVERYONE TO ANSWER

To what extent are the following processes automated?

A process is automated if it is completed through the use of technology, for example through a software platform, with minimal human intervention.

Please select one answer per row

	Fully automated	Mainly automated with some manual intervention	Mainly done manually	All done manually	Don't know
a) Verification and input of employer data	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Reconciliation of contributions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Reporting – data quality	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Reporting – complaints and issues	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Benefit value calculations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Transfer value calculations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Production of benefit statements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Monitoring workload and resourcing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C5. EVERYONE TO ANSWER

What, if any, barriers do you face to automating more of the scheme's processes?

Please select all the options that apply

1. Lack of suitable technology
2. Difficulty in integrating it with the scheme's existing systems
3. The initial set-up costs involved
4. Securing the necessary internal approval
5. Internal resistance to (further) automation
6. Lack of knowledge/expertise about how to implement this
7. Poor quality of the data
8. Other (please specify): **Time constraints and resource issues**
9. No barriers to automating more of the scheme's processes
10. Don't know

C6. EVERYONE TO ANSWER

In the last 12 months, how many pension board meetings had administration as a dedicated item on the agenda?

Please write in the number below

4

C7. EVERYONE TO ANSWER

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

C8. EVERYONE TO ANSWER

Does the scheme have an agreed process in place with the employer(s) to receive, check and review data?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

C9. EVERYONE TO ANSWER

Is your scheme single employer or multi-employer?

Please select one answer only

1. Single employer scheme (i.e. used by just one employer) ✓
2. Multi-employer scheme (i.e. used by several different employers)

C10. ANSWER IF SINGLE EMPLOYER SCHEME (C9=1)**Does your participating employer...***Please select one answer per row*

	Yes	No	Don't know
a) Always provide you with timely data?	✓	<input type="radio"/>	<input type="radio"/>
b) Always provide accurate and complete data?	✓	<input type="radio"/>	<input type="radio"/>
c) Submit data to you monthly?	✓	<input type="radio"/>	<input type="radio"/>
d) Submit data to you electronically?	✓	<input type="radio"/>	<input type="radio"/>

C11. ANSWER IF MULTI-EMPLOYER SCHEME (C9=2)**What proportion of your scheme's employers...**

Please write in the percentage (from 0% to 100%) for each of a-d below. If you do not know exactly, please give an approximate percentage.

- a) Always provide you with timely data? %
- b) Always provide accurate and complete data? %
- c) Submit data to you monthly? %
- d) Submit data to you electronically? %

C12. EVERYONE TO ANSWER**Does the scheme have a process in place for monitoring the payment of contributions?***Please select one answer only*

1. Yes ✓
2. No
3. Don't know

C13. EVERYONE TO ANSWER**Does the scheme have a process in place for resolving contribution payment issues?***Please select one answer only*

1. Yes ✓
2. No
3. Don't know

SECTION D – CYBER SECURITY

The next set of questions is about your scheme’s cyber security.

D1. EVERYONE TO ANSWER

Which, if any, of the following controls does your scheme have in place to protect your data and assets from ‘cyber risk’? **Yes to all bar last two**

By ‘cyber risk’ we mean the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes.

Please select all the options that apply

1. Roles and responsibilities in respect of cyber resilience are clearly defined and documented
2. Cyber risk is on the risk register and regularly reviewed
3. Assessment of the vulnerability to a cyber incident of the key functions, systems, assets and parties involved in the running of the scheme
4. Assessment of the likelihood of different types of breaches occurring in the scheme
5. Access to specialist skills and expertise to understand and manage the risk
6. System controls (e.g. firewalls, anti-virus and anti-malware products and regular updates of software)
7. Controls restricting access to systems and data
8. Critical systems and data are regularly backed up
9. Policies on the acceptable use of devices, passwords and other authentication, and on home and mobile working
10. Policies on data access, protection, use and transmission which are in line with data protection legislation and guidance
11. An incident response plan to deal with any incidents which occur
12. The scheme manager has assured themselves of third party providers’ controls (including administrators)
13. The scheme manager receives regular updates on cyber risks, incidents and controls
14. The pension board receives regular updates on cyber risks, incidents and controls
- ~~15. None of these~~
- ~~16. Don’t know~~

D2. EVERYONE TO ANSWER

Have any of the following happened to your scheme, including at your administration provider, in the last 12 months?

Please select all the options that apply

1. Computers becoming infected with ransomware No
2. Computers becoming infected with other viruses, spyware or malware No
3. Attacks that try to take down your website or online services Yes
4. Hacking or attempted hacking of online bank accounts No
5. People impersonating your scheme in emails or online No
6. Staff receiving fraudulent emails or being directed to fraudulent websites Yes
7. Unauthorised use of computers, networks or servers by staff, even if accidental No
8. Unauthorised use or hacking of computers, networks or servers by people outside your scheme No
9. Any other types of cyber security breaches or attacks No
- ~~10. None of these~~
- ~~11. Don’t know~~

D3. ANSWER IF EXPERIENCED ANY CYBER SECURITY BREACHES IN THE LAST 12 MONTHS (D2=1-9)

Thinking of all the cyber security breaches or attacks experienced by your scheme in the last 12 months (including at your administration provider), which, if any, of the following happened as a result?

Please select all the options that apply

1. Software or systems were corrupted or damaged
2. Personal data (e.g. on members, beneficiaries or staff) was altered, destroyed or taken
3. Permanent loss of files (other than personal data)
4. Temporary loss of access to files or networks
5. Lost or stolen assets, trade secrets or intellectual property
6. Money was stolen
7. Your website or online services were taken down or made slower
8. Lost access to any third-party services you rely on
9. None of these ✓
10. Don't know

SECTION E – DATA REVIEW

The next set of questions is about your scheme's approach to reviewing and improving its data.

E1. EVERYONE TO ANSWER

When did your scheme last complete a data review exercise?

Please select one answer only

1. Within the last 12 months ✓
2. More than 12 months ago
3. Never completed one
4. Don't know

E2. ANSWER IF SCHEME HAS EVER COMPLETED A DATA REVIEW EXERCISE (E1=1 OR 2)

Did your scheme's most recently completed data review exercise identify any issues or problems with the following?

Please select one answer per row

	Yes	No	Don't know
a) National insurance number	✓	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	✓	<input type="radio"/>
c) First name	<input type="radio"/>	✓	<input type="radio"/>
d) Surname	<input type="radio"/>	✓	<input type="radio"/>
e) Gender	<input type="radio"/>	✓	<input type="radio"/>
f) First line of address	✓	<input type="radio"/>	<input type="radio"/>
g) Postcode	✓	<input type="radio"/>	<input type="radio"/>
h) Membership start date	✓	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	✓	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	✓	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	✓	<input type="radio"/>
l) Other data item(s)	<input type="radio"/>	✓	<input type="radio"/>

E3. ANSWER IF REVIEW IDENTIFIED ISSUES WITH ANY OF THE SPECIFIC DATA ITEMS (YES AT ANY OF E2a-k)

Focussing just on the specific data items that you identified issues or problems with in your most recently completed data review, approximately what percentage of the scheme memberships were affected by each one?

Please select one answer per row

% of memberships affected

<i>(just for those selected at E2)</i>	<1%	1-9%	10-19%	20-29%	30%+	Don't know
a) National insurance number	✓	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Date of birth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) First name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Surname	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) First line of address	✓	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Postcode	✓	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Membership start date	✓	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Membership end date (if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Expected retirement age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Anticipated income at retirement (based on expected retirement age)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E4. ANSWER IF DATA REVIEW IDENTIFIED ISSUES WITH ANY DATA ITEMS (YES AT ANY OF E2a-l)

Has any action been taken to address the issues or problems identified with the data?

Please choose one answer that most closely describes the action your scheme has taken to date

1. An improvement plan is in development
2. An improvement plan is in place but rectification work is not yet complete ✓
3. An improvement plan has been put in place and rectification work has been completed
4. Rectification work has been undertaken without an improvement plan
5. No improvement plan has been developed and no work has been undertaken
6. Don't know

SECTION F – ANNUAL BENEFIT STATEMENTS

The next set of questions is about members' annual benefit statements.

F1. EVERYONE TO ANSWER

In 2019, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

100 %

F2. ANSWER IF DEADLINE WAS MISSED FOR ANY MEMBERS (F1=0-99%)

Was the missed deadline for issuing active member statements reported to TPR?

Please select one answer only

1. Yes - and Breach of Law report made
2. Yes - but decided not to make a Breach of Law report
3. No - not reported
4. Don't know

F3. ANSWER IF MISSED DEADLINE WAS NOT REPORTED TO TPR (F2=3)

What was the main reason for not reporting the breach?

Please select one answer only

1. Not material - few statements affected
2. Not material - very short delay
3. Other reason (please specify):
4. Don't know

F4. EVERYONE TO ANSWER

What proportion of all the annual benefit statements the scheme sent out in 2019 contained all the data required by regulations?

Please write in the percentage below. If you do not know exactly, please give an approximate percentage.

100 %

SECTION G – RESOLVING ISSUES

The next set of questions is about resolving issues or complaints the scheme has received.

G1. EVERYONE TO ANSWER

Does the scheme have a working definition of what constitutes a complaint?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

G2. EVERYONE TO ANSWER

Focusing on the complaints you have received in the last 12 months from members or beneficiaries in relation to their benefits and/or the running of the scheme, please tell us the following information.

Please write in the number for each of a), b) and c) below. The number at b) should be equal to or lower than the number at a). The number at c) should be equal to or lower than the number at b).

- | | |
|--|----------|
| a) <u>Total</u> number of complaints received | 0 |
| b) Number of these complaints that have entered the Internal Dispute Resolution (IDR) process | 0 |
| c) Number of these complaints that were upheld by the IDR process | 0 |

G3. ANSWER IF ANY COMPLAINTS ENTERED THE IDR PROCESS IN THE LAST 12 MONTHS (G2b>0)

To what did the top three types of complaint going through the IDR process relate?

Please select up to three options below

1. Slow or ineffective communication
2. Inaccuracies or disputes around pension value or definitions
3. Delays to benefit payments
4. Disputes or queries about the amount of benefit paid
5. Delay or refusal of pension transfer
6. Inaccurate data held and/or statement issued
7. Pension overpayment and recovery
8. Eligibility for ill health benefit
9. Other (please specify):
10. Don't know

SECTION H – REPORTING BREACHES

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

H1. EVERYONE TO ANSWER

Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify breaches of the law?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

H2. EVERYONE TO ANSWER

In the last 12 months, have you identified any breaches of the law that are not related to annual benefit statements?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

H3. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

What were the root causes of the breaches identified?

Please select all the options that apply

1. Systems or process failure
2. Failure to maintain records or rectify errors ✓
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of the employer(s) to provide timely, accurate or complete data ✓
5. Late or non-payment of contributions by the employer(s)
6. Other employer-related issues (please specify):
7. Something else (please specify):
8. Don't know

H4. EVERYONE TO ANSWER

Are there procedures in place to assess breaches of the law, and report these to TPR if required?

Please select one answer only

1. Yes ✓
2. No
3. Don't know

H5. ANSWER IF ANY BREACHES OF THE LAW NOT RELATED TO ANNUAL BENEFIT STATEMENTS HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (H2=1)

In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to annual benefit statements.

Please select one answer only

1. Yes ✓
2. No
3. Don't know

SECTION I – GOVERNANCE AND ADMINISTRATION

The next set of questions is about your progress in addressing governance and administration issues.

I1. EVERYONE TO ANSWER

What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved engagement by TPR
3. Improved understanding of the risks facing the scheme
4. Resources increased or redeployed to address risks
5. Administrator action (please specify):
6. Scheme manager action (please specify):
7. Pension board action (please specify):
8. Other (please specify):
9. No improvements made to governance/administration in the last 12 months
10. Don't know ✓

I2. EVERYONE TO ANSWER

What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

Please select up to three options below

1. Lack of resources or time ✓
2. Complexity of the scheme ✓
3. The volume of changes that are required to comply with legislation
4. Recruitment, training and retention of staff and knowledge
5. Lack of knowledge, effectiveness or leadership among key personnel
6. Poor communications between key personnel (board, scheme manager, administrator, etc.)
7. Employer compliance
8. Issues with systems (IT, payroll, administration systems, etc.)
9. The McCloud judgement ✓
10. Other (please specify):
11. There are no barriers
12. Don't know

SECTION J – PERCEPTIONS OF TPR

The final set of questions is about your views of TPR.

J1. EVERYONE TO ANSWER

Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) Tough	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Efficient	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Visible	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Fair	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Respected	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Evidence-based	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Decisive	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Clear	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Approachable	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J2. EVERYONE TO ANSWER

Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?

Please select one answer only

1. Very effective
2. Fairly effective
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don't know ☒

J3. EVERYONE TO ANSWER

To what extent do you agree or disagree with the following statements?

Please select one answer per row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
a) TPR is effective at bringing about the right changes in behaviour among its regulated audiences	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) TPR is proactive at reducing serious risks to member benefits	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SECTION K – ATTRIBUTION

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

K1. EVERYONE TO ANSWER

Which of the following best describes your role within the pension scheme?

Please select one answer only

1. Scheme manager*
2. Representative of the scheme manager
3. Pension board chair ✓
4. Pension board member
5. Administrator
6. Other (please specify):

**In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

K2. EVERYONE TO ANSWER

What other parties did you consult with to complete this survey?

Please select all the options that apply

1. Scheme manager ✓
2. Representative of the scheme manager ✓
3. Pension board chair
4. Pension board member ✓
5. Administrator ✓
6. Other ✓
7. Did not consult with any other parties

K3. EVERYONE TO ANSWER

To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose ✓
2. No, I would like my responses to remain anonymous

K4. EVERYONE TO ANSWER

And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

Please select one answer only

1. Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board ✓
2. No, I would like my responses to remain anonymous

K5. EVERYONE TO ANSWER

TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

Please select one answer only

1. Yes, I am happy to be contacted for follow-up research
2. No, I would prefer not to be contacted for follow-up research ✓

K6. EVERYONE TO ANSWER

Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Please write in below

Calum Bell

K7. EVERYONE TO ANSWER

Finally, please use the space below if you have any other comments or would like to clarify/explain any of the answers you have given.

Please write in below if applicable

N/A

.....

.....


.....

.....

.....

.....

Thank you. Please now submit your responses through the [online survey link](#) contained in your invitation email. If you have any queries or technical issues please contact James Murray (Director, OMB Research) at james.murray@ombresearch.co.uk or on 01732 220582.

		Risk Register for: Local Pensions Board										
	Completed by:	Local Pension Board										
	Date completed:	Sep-18										
	Reviewed by:	Local Pension Board										
	Date reviewed:	Oct-19										
	Next review date:	Feb-20										
Risk No.	Risk Description	IMPACT Description	LIKELIHOOD Description	Gross Risk Rating			Opportunities	Mitigating actions and timeframes	Net Risk Rating			Responsible Person(s)
				IMPACT	LIKELIHOOD	RISK Rating			IMPACT	LIKELIHOOD	RISK Rating	
10	Staff Availability - Emerging risks of industrial action due to pension change Risk CRR 014.4 on Corproate Risk Registrar	Serious: 27 August 2019 Informal SMB - Early analysis of the potential impact of the pensions decision indicates that senior and middle ranking officers are likely to be most affected. In light of this the risk has been elevated to red RAG status (with a 4 x 4 = 16 probability and impact score).	Likely: Out of our control - will depend on the courts and the remedy	4	4	16	Ensure pension data is maintained, administered and accounted for correctly	To be discussed at the Local Pension Board Meeting and aligned to Corpate Risk outcomes	4	4	16	SMB and Fire Authority

Buckinghamshire Fire and Rescue Service Local Pension Board
Risk Management Trend Report
As at October 2019

No	Risk	Trend	Sept 18	Jan 19	April 19	July 19	Oct 19
1	Operational Disaster (e.g. Flood, Fire, Cyber Crime)	No Change ➡	4	4	4	4	4
2	Pension Payroll and data not being transferred to the Scheme Administrator accurately or in a timely manner. Risk of delay in pension payroll, risk of incorrect pension calculations	No Change ➡	12	12	12	12	12
3	Member Data incomplete or inaccurate	No Change ➡	12	12	12	12	12
4	Administration process failure/ maladministration	No Change ➡	12	12	12	12	12
5	Annual Benefit Statement (ABS) not produced in time	No Change ➡	12	12	12	12	12
6	Officers acting outside of delegated responsibility	No Change ➡	12	12	12	12	12
7	Employer fails to deduct correct pension contributions from Scheme members	No Change ➡	12	12	12	12	12
8	Failure to interpret rules or legislation correctly	No Change ➡	12	12	12	12	12
9	Annual Statutory Accounts criticised by external auditors / The Pension Regulator	No Change ➡	12	12	12	12	12
10	Staff Availability - Emerging risks of industrial action due to pension change - Risk CRR 014.4 on Corporate Risk Register	No Change ➡	N/A	N/A	N/A	16	16

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Last updated: 20 December 2019

Home Office – Sargeant fact sheet

Background

CARE Schemes

In 2014 or 2015 all main public service pensions, including the firefighters' scheme, were reformed to provide defined benefits on a career-average basis.

In a career average scheme, members build up pension each year based on a percentage of their pensionable earnings and this is added to their pension account. The pension account contains the pension built up in previous years and is revalued each year. When a member retires, the total built up in your pension account is received as an annual pension. This is called Career Average Revalued Earnings (CARE).

Reforms were made that reflected the recommendations of Lord Hutton's Independent Public Service Pensions Commission, which produced its final report in March 2011, and were intended to make public sector pensions affordable and sustainable in the long term.

Transitional Protection

In all the main public service CARE schemes introduced in 2015, those closest to their scheme's Normal Pension Age (NPA), which is when a member could choose to retire with an unreduced pension, were given 'full' transitional protection. In practical terms this meant that those within 10 years of their NPA as at April 2012 were allowed to remain in their current scheme.

In most of these schemes those who were between 10 and 14 years from normal retirement age were given 'tapered' transitional protection, meaning they did move to the new 2015 scheme, but at a later date than those members who were not afforded transitional protection.

McCloud/Sargeant

Two claims were brought, one against the judges' pension scheme (the *McCloud* case), the other against the firefighters' pension scheme (the *Sargeant* case) claiming that transitional arrangements were discriminatory on the basis of age, sex and race. The claims were heard together.

The Court of Appeal determined, amongst other things that transitional protection gave rise to unlawful age discrimination in the judges' and firefighters' pension schemes. The Supreme Court refused the Government's application for permission to appeal, meaning that the Court of Appeal decision stands.

On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement (HCWS1725) confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. The statement set out that government, alongside the Employment Tribunal process, will also engage with employer and member representatives, and the devolved administrations, to help inform proposals to the Tribunal and in respect of the other public service pension schemes.

A case management hearing was scheduled for 18 December 2019 in the *Sargeant* case, with a view to setting out the procedural steps to appropriately implement the Court of Appeal decision.

1. What happened at the Firefighters' case management hearing on the 18 December?

The Court of Appeal determined in its judgment in *Sargeant* that the transitional provisions in the Firefighters' pension schemes resulted in direct age discrimination between:

- a) those who were members of the old scheme (the Firefighters' Pension Scheme 1992) ("FPS") and were fully transitionally protected by remaining in that Scheme after 31st March 2015 as a result of being an active member under the 1992 Scheme on 31st March 2012,
- b) those who were members of the FPS as at 31st March 2012 and were not treated as fully transitionally protected and moved to the new English Firefighters' Pension Schemes after 31st March 2015,

In the light of this, the Tribunal in the *Sargeant* case gave an interim declaration that the claimants (who all fell in within category (b)) are entitled to be treated as if they had been given full transitional protection and had remained in their current scheme after 1 April 2015.

The Government intends to extend the same treatment to all members of the public service pension schemes (whether claimants or not) who are in the same legal and factual position as the claimants.

The Government is also aware that many non-protected members may be better off in the new career average pension arrangements than they would have been in the old pre-2015 pension schemes and would suffer a detriment if they simply moved back to the old schemes. It is therefore the government's intention to ensure that such persons can keep the benefits they have accrued and making the required changes to the public service pension schemes will take time.

2. Changes to the Firefighter Pension Schemes

The difference in treatment will in due course be removed for all members with relevant service across all the main public service pension schemes – not just those who have lodged legal claims. Any solution will need to ensure that all members can instead keep the pensions they have earned to date.

The Government will be launching a public consultation on changes to the schemes and before that will hold a series of technical discussions with stakeholders. This will progress alongside the remedy directed by the Tribunals in the *Sargeant* case.

For the Firefighters' pension scheme, some members are likely to have been better off remaining in their old scheme, while others may benefit more from the new scheme – that will depend on the individual circumstances of affected members. Any changes to the scheme must take account of this in order to ensure members can keep benefits they have already accrued.

Technical discussions will be held with the Firefighters' Pensions Scheme Advisory Board (SAB). The SAB comprises members of the Fire Brigade's Union, Fire and Rescue Services Association, the Fire Officers' Association and the Fire Leaders' Association as well as employer representatives.

These discussions will consider changes to the scheme which are necessary:

- in order to remove discriminatory provisions from the public service pension schemes for non-claimants; and

- to ensure individuals can keep benefits they have accrued regardless of changes needed to remove discrimination, for example if they would have been better off in the new scheme.

Following these discussions, the Government will formally consult on its proposals, providing a further opportunity for input.

3. What about ill-health retirees and those who have already retired?

The Government is committed to urgently addressing the position of scheme members who have been ill-health retired or have already retired from the 2015 scheme. Changes of this nature require time to implement and the Home Office will provide further detail in due course. Please contact your FRA if you are an affected claimant.

4. Does the McCloud/Sargeant judgment increase the costs of public service pensions?

Initial estimates suggest removing the difference in treatment the discrimination will add around £4bn per annum to scheme liabilities across the public services from 2015.

The underlying aims of the 2015 reforms remain: public service pensions are and will continue to be a significant cost for the taxpayer. The McCloud/Sargeant judgment does not alter the government's commitment to ensuring that the cost of public service pensions is both affordable for taxpayers and sustainable for the long term.

5. Will the additional cost of removing the difference in treatment be borne by employers?

The most recent valuation process set employer contribution rates until 2023. The next valuation will assess scheme costs in the round, in the usual way, and will set employer contribution rates from 2023. There are numerous factors that could affect the valuations between now and then, of which the McCloud ruling is just one.

It is too early to say whether employer contribution rates will increase from 2023. If deficits do emerge in the scheme, they will need to be paid off over the deficit recovery period in the usual way.

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Overview and Audit Committee Forward Plan 2020/21

ITEM 14

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Report: Final Audit Reports	July 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Report: Update on Progress of Audit Recommendations	July 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Annual Audit Report 2019/20	July 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Audit Results - Year Ending 31 March 2020	July 2020	Noting	Director of Finance and Assets
Letter of Management Representation 2019/20	July 2020	Noting	Director of Finance and Assets
Adoption of Audited Statement of Accounts Year ended 31 March 2020	July 2020	Decision	Director of Finance and Assets
Treasury Management Performance - Quarter 4	July 2020	Noting	Director of Finance and Assets
Annual Governance Statement	July 2020	Decision	Director of Legal and Governance/ Director of Finance and Assets
Annual Apprenticeship Report (including Dept of Education Submission)	July 2020	Decision	Deputy Chief Fire Officer
HMICFRS Action Plan	July 2020	Noting	Head of Service Delivery
Thames Valley Collaboration	July 2020	Noting	Head of Service Development
Corporate Risk Management	July 2020	Decision	Head of Service Development
Operational Assurance	July 2020	Noting	Head of Service Development
Compliments and Complaints	July 2020	Noting	Director of Legal and Governance

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